THIRD ANNUAL PROGRESS REPORT
2015-2016

THIRD ANNUAL PROGRESS REPORT
2015/2016

of the Kenya Vision 2030

MONITORING AND EVALUATION DEPARTMENT
STATE DEPARTMENT FOR PLANNING AND STATISTICS
MINISTRY OF DEVOLUTION AND PLANNING

NOVEMBER 2017
# TABLE OF CONTENTS

List of Tables........................................................................................................ x
List of Figures...................................................................................................... xi
Abbreviations and Acronyms........................................................................... xii
Foreword ............................................................................................................. xix
Acknowledgements............................................................................................ xxi
Executive Summary........................................................................................... xiii

## CHAPTER ONE................................................................................................. 1

**OVERVIEW OF KENYA VISION 2030 AND MEDIUM TERM PLAN II**.......................................................................................................................... 1

1.1 Overview of Kenya Vision 2030.............................................................. 2
1.2 Overview of the Second Medium Term Plan (2013-2017).................... 2
1.3 The Annual Progress Report and its Preparation.................................... 3
1.4 Organization of the Report........................................................................ 3

## CHAPTER TWO................................................................................................ 5

**MACROECONOMIC FRAMEWORK**................................................................ 5

2.1 Overall Economic Performance............................................................. 5
2.2 Sectoral Performance............................................................................. 6
2.3 Agricultural Sector.................................................................................. 6
2.4 Industry Sector........................................................................................ 7
2.5 Services Sector........................................................................................ 8
2.6 Performance of Key Macroeconomic Indicators...................................... 9
  2.6.1 National Accounts and Prices............................................................ 10
  2.6.2 Central Government Budget.............................................................. 11
  2.6.3 Money Sector.................................................................................... 12
  2.6.4 External Sector................................................................................ 12
2.7 Employment............................................................................................ 13
2.8 Structural Reforms.................................................................................. 14
2.9 Human Development.............................................................................. 15
2.10 Statistical Reforms ................................................................. 15
2.11 Tax Reforms ............................................................................ 15
2.12 Challenges .............................................................................. 16

CHAPTER THREE ................................................................................ 18

FOUNDATIONS FOR NATIONAL TRANSFORMATION .................. 18

3.1 Overview .................................................................................. 18
3.2 Infrastructure ........................................................................... 18
  3.2.1 Roads .............................................................................. 18
  3.2.2 Buildings and Other Public Works Sub-sector ................... 19
  3.2.3 Railway ........................................................................... 20
  3.2.4 Implementation Challenges and Lessons Learnt ................ 21
3.3 Energy ..................................................................................... 21
  3.3.1 Power Generation ............................................................. 23
  3.3.2 Increased Access to Electricity: ......................................... 23
  3.3.3 Development of Renewable and Alternative Energy
       Technologies: ........................................................................ 24
  3.3.4 Coal Exploration and Development: ................................. 24
  3.3.5 Geothermal Exploration and Development ..................... 25
  3.3.6 Nuclear Resources Exploration and Development in Kenya .. 25
  3.3.7 Implementation Challenges and Lessons Learnt ............... 25
3.4 Information and Communications Technology (ICT) ............... 26
  3.4.1 Sector Performance .......................................................... 26
  3.4.2 Implementation Challenges and Lessons Learnt ............... 27
3.5 Science, Technology and Innovation (STI) .............................. 27
  3.5.1 Sector Performance .......................................................... 27
  3.5.2 Implementation Challenges and Lessons Learnt ............... 29
3.6 Public Sector Reforms ............................................................... 29
  3.6.1 Sector Performance .......................................................... 29
3.7 Land Reforms .......................................................................... 31
  3.7.1 Sector Performance .......................................................... 31
  3.7.2 Implementation Challenges and Lessons Learnt ............... 33
3.8 Labour and Employment .......................................................... 33
3.8.1 Sector Performance ........................................................................ 33
3.8.2 Achievements of Flagship Projects .............................................. 34
3.8.3 Internship and Industrial Attachment ............................................ 35
3.8.4 National Labour Market Information System .................................. 35
3.8.5 Public Employment Services ......................................................... 35
3.8.6 Strengthening of Linkages between Industry and Training Institutions ....................................................................................... 36
3.8.7 Establishment of the Conciliation and Mediation Commission ........ 36
3.8.8 Transformation of the National Social Security Fund (NSSF) to a Pension Scheme ................................................................. 36
3.8.9 Other Key MTP II Projects and Programmes in the Sector .................. 37
3.8.10 Policy, Legal and Institutional Reforms ........................................ 38
3.8.11 Implementation Challenges and Lessons Learnt ................................ 39
3.9 Security, Peace building and Conflict Management .................................. 40
3.9.1 Sector Performance ......................................................................... 40
3.9.2 Policy, Legal and Institutional Reforms ......................................... 41
3.9.3 Implementation Challenges and Lessons Learnt ................................. 44
3.10 National Values and Ethics ................................................................. 42
3.11 Ending Drought Emergencies (EDE) .................................................. 43
3.11.1 Sector Performance ..................................................................... 43

CHAPTER FOUR ............................................................................................. 45
ECONOMIC PILLAR ...................................................................................... 45
4.1 Overview ............................................................................................ 45
4.2 Tourism Sector .................................................................................... 45
4.2.1 Tourist Arrivals and Earnings ....................................................... 46
4.2.2 Domestic Tourism ......................................................................... 47
4.2.3 Other activities that lead to the Achievements in the Tourism Sector Included: .......................................................... 48
4.2.4 Implementation Challenges and Lessons learnt ................................. 51
4.3 Agriculture, Livestock and Fisheries Sector ........................................ 52
4.3.1 Agriculture ................................................................................ 53
4.3.2 Livestock ................................................................................. 54
4.3.3 Fisheries.................................................................................... 54
4.3.4 Implementation Challenges and Lessons Learnt...................... 55
4.4 Manufacturing Sector........................................................................ 55
  4.4.1 Special Economic Zones (SEZ)............................................... 56
  4.4.2 Ease of Doing Business............................................................ 56
  4.4.3 Textile and Apparel Development............................................ 56
  4.4.4 Leather Development............................................................... 57
  4.4.5 Development of Small and Medium Enterprises (SME) Parks......................................................................................... 57
  4.4.6 Other Achievements in the Sector............................................. 58
  4.4.7 Implementation Challenges and Lessons Learnt...................... 59
4.5 Financial Services Sector.................................................................. 60
  4.5.1 Sector Performance.................................................................. 60
  4.5.2 Implementation Challenges and Lessons Learnt...................... 62
4.6 Wholesale and Retail Trade Sector.................................................... 62
  4.6.1 Implementation of Flagship Projects........................................ 63
  4.6.2 Other Programmes and Projects............................................... 64
  4.6.3 Policy, Legal and Institutional Reforms................................... 65
  4.6.4 Implementation Challenges and Lessons Learnt...................... 66
4.7 Business Process Outsourcing (BPO) and IT-Enabled Services (ITES)................................................................................. 66
  4.7.1 Flagship Projects...................................................................... 67
  4.7.2 Other Projects and Programmes............................................... 67
  4.7.3 Policy, Legal and Institutional Reforms................................... 68
  4.7.4 Implementation Challenges and Lessons Learnt...................... 68
4.8 Oil and Gas Sector........................................................................... 69
  4.8.1 Sector Performance.................................................................. 69
  4.8.2 Policy, Legal, Regulatory and Institutional Frameworks......... 72
  4.8.3 Implementation Challenges and Lessons learnt...................... 73
CHAPTER FIVE................................................................................................ 75
SOCIAL PILLAR................................................................................................ 75

5.1 Overview........................................................................................... 75

5.2 Education and Training Sector.......................................................... 75
5.2.1 Sector Performance................................................................... 75
5.2.2 Policy, Legal, Regulatory and Institutional Frameworks........... 81
5.2.3 Implementation Challenges and Lessons Learnt...................... 83

5.3 Health................................................................................................ 86
5.3.1 Scale up of Community Health High Impact Interventions..... 86
5.3.2 Modernization of Teaching and Referral Hospitals............... 88
5.3.3 Health and Medical Tourism..................................................... 89
5.3.4 Implementation Challenges and Lessons Learnt...................... 89

5.4 Environment, Water and Sanitation.................................................... 90
5.4.1 Sector Performance................................................................... 90
5.4.2 Implementation Challenges and Lessons Learnt....................... 93

5.5 Population, Urbanization and Housing............................................. 94
5.5.1 Sector Performance................................................................... 94
5.5.2 Implementation Challenges and Lessons Learned.................... 95

5.6 Gender, Youths and Vulnerable Groups........................................... 95
5.6.1 Sector Performance................................................................... 95
5.6.2 Vulnerable Groups.................................................................... 96
5.6.3 Child Protection Programmes................................................... 99
5.6.4 Women, Youth and PWD.......................................................... 100
5.6.5 Other Achievements................................................................. 102
5.6.6 Policy, Legal and Institutional Reforms.................................... 102
5.6.7 Implementation Challenges and Lessons Learnt....................... 103

5.7 Sports, Culture and the Arts............................................................... 104
5.7.1 Sector Performance................................................................... 104
5.7.2 Implementation Challenges and Lessons Learnt....................... 106
CHAPTER SIX .................................................................................................................. 108
POLITICAL PILLAR ........................................................................................................ 108

6.1 Overview .................................................................................................................. 108
6.2 Devolution ................................................................................................................. 108
   6.2.1 Capacity Building and Civic Education .................................................. 108
   6.2.2 Policy and legal Reforms ............................................................................ 108
   6.2.3 Intergovernmental Relations ................................................................. 109
   6.2.4 Devolution Conference ............................................................................. 109
6.3 Governance and the Rule of Law ........................................................................... 109
   6.3.1 Constitution and Legal Reforms ............................................................ 109
6.4 Leadership, Ethics and Integrity .............................................................................. 110
   6.4.1 Legislative, Policy and Institutional Framework ........................................ 110
   6.4.2 Ethics and Anti-Corruption Commission (EACC) ..................................... 111
   6.4.3 Asset Recovery Agency ............................................................................. 111
   6.4.4 Review of the Companies Act .................................................................. 111
   6.4.5 Legal Aid and Awareness ........................................................................ 112
6.5 Criminal Justice System ......................................................................................... 112
   6.5.1 Correction Services (Prison and Probation Services) ............................... 112
   6.5.2 Witness Protection Services .................................................................... 112
6.6 Other Programmes and Projects ............................................................................. 112
   6.6.1 Implementation of the Bill Of Rights ....................................................... 112
   6.6.2 Coordination of Sector Reforms .............................................................. 113
   6.6.3 Political and Economic Governance ....................................................... 113
   6.6.4 Judicial Transformation .......................................................................... 113
   6.6.5 Victim of Offences Programme ................................................................ 114
6.7 Implementation Challenges and Lessons Learnt .................................................... 114

CHAPTER SEVEN .......................................................................................................... 116
NATIONAL MONITORING AND EVALUATION SYSTEMS ..................................... 116

7.1 Overview .................................................................................................................. 116
7.2 National Integrated Monitoring and Evaluation System ...................................... 116
7.3 Electronic National Integrated Monitoring and Evaluation Systems .................... 117
7.3.1 Electronic Project Monitoring Information System (eProMIS) .................................................................................. 118
7.3.2 Electronic National Integrated Monitoring, and Evaluation
System (e-NIMES)................................................................................................................................. 118
7.4 Role of Line Ministries and Government Departments in M&E ............................................................................. 119
7.5 County Monitoring and Evaluation System ................................................................................................. 119
7.6 Vision Delivery Board and Vision Delivery Secretariat ........................................................................... 120
7.7 Kenya President's Delivery Unit (KPDU) ................................................................................................. 120

CHAPTER EIGHT ................................................................................................................................................. 122
PRIORITY CHALLENGES, LESSONS LEARNT AND RECOMMENDATIONS ........................................................................................................ 122

8.1 Overview .................................................................................................................................................. 122
8.2 Lessons Learnt ....................................................................................................................................... 124
8.3 Recommendations ................................................................................................................................. 124
**List of Tables**

Table 2.1: Targeted and Actual Sectoral Growth Rates, 2013-2016......................... 6
Table 2.2: Performance of Key Macroeconomic Indicators, 2012/2013 To 2015/2016.. 9
Table 2.3: Employment Targets and Actuals 2013-2016 (000)................................. 14
Table 3.1: Performance in the Roads Subsector....................................................... 18
Table 3.2: Improved Quality of Rail Transport Infrastructure............................... 20
Table 3.3: Energy Sub-Sector MTP II Achievements.............................................. 22
Table 3.4: Mtp II Performance in the ICT Subsector, 2015/16................................. 26
Table 3.5: Performance in the Science, Technology and Innovation Sub-Sector ....... 28
Table 3.6: MTP II Performance for the Labour and Employment Sub-Sector........... 34
Table 3.7: Projects/Programmes Implemented to Enhance Security, 2015/2016....... 40
Table 3.8: Reduced Drought Vulnerability and Enhanced Adaptation to Climate Change in Asal................................................................. 43
Table 4.1: Tourism Sub-Sector MTP II Achievements............................................. 46
Table 4.2: Key Tourism Sector Statistics.................................................................... 49
Table 4.3: Agriculture, Livestock and Fisheries MTP II Achievements, 2015/16....... 52
Table 4.4: GDP Growth Rates in Manufacturing....................................................... 56
Table 4.5: Progress Matrix for Financial Services................................................. 61
Table 4.6: Indicators for Domestic Trade................................................................. 62
Table 4.7: Performance in the Oil and Gas Sector................................................... 69
Table 5.1: Education and Training Sector MTP II Outcome Indicators................. 75
Table 5.2: Performance In The Health Sector, 2015/16......................................... 86
Table 5.3: Status of Managed Equipment Services, 2015/16................................... 87
Table 5.4: Achievements in the Environment, Water and Sanitation Sector........... 91
Table 5.5: MTP II Outcome Indicators- Population, Urbanization and Housing....... 94
Table 5.6: Performance in the Gender, Youths and Vulnerable Groups Sector......... 96
Table 5.7: Participation in Key Decision Making Positions by Sex, 2015-2016....... 101
Table 5.8: Tender Allocations by Category, 2015/2016......................................... 102
Table 5.9: MTP II Outcome Indicators- Sports, Culture and the Arts..................... 105
List of Figures

Figure 2.1: Targeted and Actual GDP Growth Rates for the Period of 2012-2015 ..... 6
Figure 2.2: Agricultural Sector Performance, 2012-2016........................................... 7
Figure 2.3: Industry Sector Performance, 2012-2016............................................. 8
Figure 2.4: Service Sector Performance, 2012-2016............................................. 8
Figure 2.5: Target and Actual Ratio of Saving and Investment to GDP 2012/2013 to 2015/2016.......................................................... 10
Figure 2.6: Target and Actual Central Government Budget Indicators, 2012/2013 to 2015/2016.......................................................... 11
Figure 2.7: Target and Actual Monetary Sector Aggregates 2012/2013 to 2015/2016. 12
Figure 2.8: Performance of Current Accounts for 2012/2013 to 2015/2016.......... 13
Figure 2.9  Comparison between Kenyan, Global and Sub-Saharan Africa’s HDIs, 2012 - 2015.......................................................... 15
Figure 4.1: The Trends in Tourism Earnings and Arrivals, 2012- 2016 ...................... 47
Figure 4.2: Domestic Tourism Performance for the Period 2012-2016..................... 48
Figure 5.1: Trends in GER and NER in ECDE, 2014-2016.................................... 76
Figure 5.2: Trends in GER and NER in Primary Education, 2014-2016 ............... 77
Figure 5.3: Trends in GER and NER in Secondary, 2014-2016............................ 79
### Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE</td>
<td>Adult and Continuing Education</td>
</tr>
<tr>
<td>ACT</td>
<td>Artemisinin Combination Therapy</td>
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<td>ADB</td>
<td>African Development Bank</td>
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<td>ADR</td>
<td>Alternate Dispute Resolution</td>
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<td>AG</td>
<td>Attorney General</td>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>AMS</td>
<td>Agricultural Mechanization Services</td>
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<td>APR</td>
<td>Annual Progress Report</td>
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<td>ASAL</td>
<td>Arid and Semi-Arid Land</td>
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<td>ASCU</td>
<td>Agriculture Sector Coordination Unit</td>
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<td>ATC</td>
<td>Agricultural Training Centres</td>
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<td>AUSDGEA</td>
<td>African Union Solemn Declaration of Gender Equality in Africa</td>
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<td>BMU</td>
<td>Beach Management Unit</td>
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<td>BOP</td>
<td>Balance of Payment</td>
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<td>BPO</td>
<td>Business Process Outsourcing</td>
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<td>BSPS</td>
<td>Business Sector Program Support</td>
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<td>CBD</td>
<td>Central Business District</td>
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<td>CCTV</td>
<td>Closed Circuit Television</td>
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<td>CDF</td>
<td>Constituency Development Fund</td>
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<td>CEDAW</td>
<td>Convention on Elimination of all forms of Discrimination Against Women</td>
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<td>CIDC</td>
<td>Constituency Industrial Development Centre</td>
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<td>CIDP</td>
<td>County Integrated Development Plan</td>
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<td>CIPEV</td>
<td>Commission of Inquiry into Post Election Violence</td>
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<td>CMEC</td>
<td>Constituency Monitoring and Evaluation Committees</td>
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<tr>
<td>COE</td>
<td>Committee of Experts</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CPI</td>
<td>Consumer Price Index</td>
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<td>CPPMUs</td>
<td>Central Project Planning and Monitoring Units</td>
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<td>CRC</td>
<td>Convention of the Rights of the Child</td>
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CSDRMS  Commonwealth Secretariat Debt Recording and Management System
CSO  Civil Society Organizations
DDP  District Development Plan
DFZ  Disease Free Zone
DIT  Directorate of Industrial Training
DMECs  District Monitoring & Evaluation Committees
DRSRS  Department of Resource Survey and Remote Sensing
EAC  East Africa Community
EASSy  East African Submarine Systems
ECDE  Early Childhood Development Education
EFA  Education for All
EMCA  Environmental Management and Coordination Act
e-NIMES  Electronic National Integrated Monitoring, and Evaluation System
EPC  Export Promotion Council
eProMIS  Project Monitoring Information System
EPZ  Export Processing Zones
ERC  Energy Regulation Commission
ERSWEC  Economic Recovery Strategy for Wealth and Employment Creation
ESP  Economic Stimulus Programme
EU  European Union
FDI  Foreign Direct Investment
FDSE  Free Day Secondary Education
FGM  Female Genital Mutilation
FOSA  Front Office Savings Account
FPE  Free Primary Education
FY  Financial Year
GBVRC  Gender Based Violence Recovery Centres
GDC  Government Data Centre
GDP  Gross Domestic Product
GER  Gross Enrolment Rate
GIS  Geographical Information System
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<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
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<td>GJLOS</td>
<td>Governance, Justice, Law and Order Sector</td>
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<td>GoK</td>
<td>Government of Kenya</td>
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<td>GPS</td>
<td>Global Positioning system</td>
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<td>GRB</td>
<td>Gender Responsive Budgeting</td>
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<td>HESTI</td>
<td>Higher Education, Science, Technology and Innovation</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>HMIS</td>
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<td>Internally Displaced Persons</td>
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<td>Kenya Industrial Property Institute</td>
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<td>Monitoring, Evaluation and Reporting</td>
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<td>MoHEST</td>
<td>Ministry of Higher Education, Science and Technology</td>
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<td>National Campaign Against Drug Abuse</td>
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<td>National Cohesion and Integration Commission</td>
</tr>
<tr>
<td>NCPB</td>
<td>National Cereals and Produce Board</td>
</tr>
<tr>
<td>NCPD</td>
<td>National Coordination for Population and Development</td>
</tr>
<tr>
<td>NCPWD</td>
<td>National Council for Persons With Disability</td>
</tr>
<tr>
<td>NCTIP</td>
<td>Northern Corridor Transport Improvement Project</td>
</tr>
<tr>
<td>NIMES</td>
<td>National Integrated Monitoring and Evaluation System</td>
</tr>
<tr>
<td>NEMA</td>
<td>National Environment Management Authority</td>
</tr>
<tr>
<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<td>NESC</td>
<td>National Economic and Social Council</td>
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<td>NGAAF</td>
<td>National Government Affirmative Action Fund</td>
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<td>NHIF</td>
<td>National Hospital Insurance Fund</td>
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<td>NLB</td>
<td>National Labour Board</td>
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<td>National Social Security Fund</td>
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<td>OSHIBA</td>
<td>Occupational Safety and Health Injury Benefits Authority</td>
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<td>OVC</td>
<td>Orphans and Vulnerable Children</td>
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<tr>
<td>OVOP</td>
<td>One Village One Product</td>
</tr>
<tr>
<td>PBGs</td>
<td>Producer Business Groups</td>
</tr>
<tr>
<td>PCBS</td>
<td>Port Community Based System</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>---------</td>
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</tr>
<tr>
<td>PCK</td>
<td>Productivity Centre of Kenya</td>
</tr>
<tr>
<td>PER</td>
<td>Public Expenditure Review</td>
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<td>PEV</td>
<td>Post Election Violence</td>
</tr>
<tr>
<td>PLWHAS</td>
<td>People Living With HIV and AIDS</td>
</tr>
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<td>PMIS</td>
<td>Pensions Management Information Systems</td>
</tr>
<tr>
<td>PPOA</td>
<td>Public Procurement Oversight Authority</td>
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<td>Public Private Partnership</td>
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<td>PPSC</td>
<td>Pilot Project Steering Committees</td>
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<td>PSC</td>
<td>Parliamentary Select Committee</td>
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<td>PWD</td>
<td>Persons With Disabilities</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RBM</td>
<td>Result Based Management</td>
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<tr>
<td>RFP</td>
<td>Request for Proposals</td>
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<td>RRT</td>
<td>Rent Restriction Tribunal</td>
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<td>RTGSS</td>
<td>Real Time Gross Settlement System</td>
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<tr>
<td>SACCO</td>
<td>Savings and Credit Cooperatives Organization</td>
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<td>SAGA</td>
<td>Semi-Autonomous Government Agency</td>
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<td>SDCP</td>
<td>Small Holder Dairy Commercialization Program</td>
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<tr>
<td>SEZ</td>
<td>Special Economic Zones</td>
</tr>
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<td>SPINAP</td>
<td>Support Project for the Integrated National Action Plan</td>
</tr>
<tr>
<td>STI</td>
<td>Science Technology and Innovations</td>
</tr>
<tr>
<td>TB</td>
<td>Tuberculosis</td>
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<tr>
<td>TIVET</td>
<td>Technical, Industrial, Vocational and Entrepreneurship Training</td>
</tr>
<tr>
<td>TJRC</td>
<td>Truth, Justice and Reconciliation Commission</td>
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<tr>
<td>TORs</td>
<td>Terms of References</td>
</tr>
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<td>TSC</td>
<td>Teachers Service Commission</td>
</tr>
<tr>
<td>TSPs</td>
<td>Technical Service Providers</td>
</tr>
<tr>
<td>TTI</td>
<td>Technical Training Institute</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education Training</td>
</tr>
<tr>
<td>UMR</td>
<td>Under-five Mortality Rate</td>
</tr>
</tbody>
</table>
UN  United Nations
USA  United States of America
VDB  Vision Delivery Board
VDS  Vision Delivery Secretariat
WEF  Women Enterprise Fund
YEF  Youth Enterprise Fund
Foreword

It gives me pleasure to present the Third Annual Progress Report (APR III) for the Second Medium Term Plan, 2013-2017 (MTP II). This Report on the implementation of the MTP II of the Kenya Vision 2030 presents achievements made during the 2015/16 Financial Year (FY). The Kenya Vision 2030 seeks to create a globally competitive and prosperous country with a high quality of life by 2030.

The Second Medium Term Plan (MTP II) is based on the same structure as the Kenya Vision 2030 and the First Medium Term Plans with Foundations for Socio-Economic Transformation anchoring the Economic, Social and Political pillars. The Plan, however, includes two key sectors, which were not in the First MTP. The oil and other minerals sector has been included under the priority sectors under the Economic Pillar while National Values and Ethics have been included under the Enablers. Inclusion of the two sectors is in response to the country’s recent discovery of oil and other mineral resources and the recognition by the government that there is need to enhance national unity in line with the values and principles of the Constitution of Kenya 2010. The mainstreaming of devolution is also a key feature of the MTP II.

The main highlight of the MTP II is the prioritization of the implementation of the Constitution of Kenya, which was promulgated in 2010. The theme of the Second MTP is “Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity.” It is expected to deliver accelerated and inclusive economic growth, higher living standards, better education and health care, increased job creation especially for youth, commercialized agriculture providing higher rural incomes and affordable food, improved manufacturing sector and more diversified exports.

Implementation of the Kenya Vision 2030 is firmly in progress. As the country moves
on with the implementation of the Vision, the need for dedication and sustaining of the momentum for implementation cannot be gainsaid. This will inevitably require commitment and effective participation of all the state and non-state actors, and development partners. The Government on its part is committed to full and effective implementation of the *Kenya Vision 2030* and the attainment of Medium Terms Plans. The Government realizes that it is only through this that the social contract between it and the Kenyan people for improved social welfare can be achieved.

It is my sincere hope that this report will be useful in updating Kenyans on the implementation of the country’s blue print-*Kenya Vision 2030*. It is the governments’ intention to work with likeminded stakeholders to embrace monitoring and reporting using the Annual Progress Reports to support accountability. It is expected that effective feedback to government will increase learning and encourage remedial actions towards development initiatives.

Hon. Mwangi Kiunjuri, EGH, MGH
Cabinet Secretary
Ministry of Devolution and Planning
Acknowledgements

The Constitution of Kenya 2010 obliges the state to facilitate provision of information to the citizens. It is in keeping with this constitutional provision and the tenets of good national planning and development that the Ministry of Devolution and Planning through the Monitoring and Evaluation Department (MED) produces the Annual Progress Report on the implementation of the Medium Term Plan of the Kenya Vision 2030. This report which was developed by MED in collaboration with other stakeholders covers 2015/16 FY. The report, the third to be produced during the Second Medium Term Plan plays an important role especially in updating Kenyans on the implementation status of Kenya Vision 2030 through the Medium Term Plan as at 30th June 2016.

Invaluable effort and commitment has gone into ensuring that Kenyans are provided with accurate, objective and timely information on the progress and state of implementation of the Kenya Vision 2030 and the Medium Term Plan. I, therefore, wish to take this early opportunity to express my personal and institutional gratitude to all our collaborators from the public and private sectors, development partners and civil society for their effective participation and commitment in developing this Third Annual Progress Report.

I wish to particularly recognize and acknowledge the technical officers from the Central Planning and Project Monitoring Units at all levels of government for providing Annual Ministerial Monitoring and Evaluation Reports, which were the major source of information for this report. I would also like to thank the Technical Committee that worked tirelessly in the collection, collation and compilation of the data that went into production of this Report. I would like to acknowledge the contribution of the Director of Monitoring and Evaluation Department, Dr. Samson Machuka, under whose able leadership and guidance the Report was produced.
This Report is available on the website of the Ministry of Devolution and Planning (www.devolutionplanning.go.ke) and the department’s resource centre. I wish to call upon all to use the Report to inform policymaking, planning, budgeting and research.

NYAKER A IRUNGU, CBS
Principal Secretary
State Department for Planning and Statistics
Ministry of Devolution and Planning
Executive Summary

Overview: The third Annual Progress Report of the second MTP for the Kenya Vision 2030 provides information on the progress made in the implementation of projects and programmes, challenges encountered and recommendations for future implementation. The report is structured into eight chapters. The first chapter presents an overview of Kenya Vision 2030 and MTP II. Chapter two provides the macroeconomic framework. The subsequent chapters present sectoral performance in respective pillars. The seventh chapter explain how the national monitoring and evaluation system tracks implementation of the Vision, while the final chapter discusses specific sector challenges and offers recommendations for improving performance.

Macroeconomic Framework: Overall, macroeconomic indicators remain broadly stable despite the global economic slowdown. The economic growth averaged 5.7 per cent between 2013 and 2016 and the economy grew by 5.8 per cent in 2016 compared to 5.7 per cent in 2015. The economy’s growth momentum was supported by significant investment in infrastructure, construction and mining sectors, strong recovery in tourism, lower energy prices, and improved agricultural production due to favourable weather conditions. The GDP growth rates for 2015 and 2016 were not realized. The reasons for this lower than projected growth include: insecurity which impacted on investment and other key sectors such as tourism; slowdown in growth of manufacturing sector as a result of cheaper imports of manufactured products; reduced share of Kenya’s manufactured export in the regional market and adverse weather.

Foundations for National Transformation: The foundations for national transformation of the economy, also known as the Enablers registered mixed performance during the period. For the roads sector, 598 km of new roads were constructed against a target of 1,101 km. The railway sub-sector recorded significant performance with an increased railway line length of 415km against a target of 263km. Under the energy sector, the installed electricity generation capacity increased by 118MW, against a target of 126MW. There were 1,253,196 electricity...
connections to new households, which surpassed the target of 1,000,000 household. The same trend was replicated in electricity connection of public primary schools with 3,622 new connections against a target of 1,100.

Land reforms sector recorded a dismal performance with 349,567 titles of land parcels processed and registered against a target of 1,000,000 titles. Thirteen (13) land registries were digitized, and two out of a targeted 12 land registries were rehabilitated. Similarly, in the Labour sector, 832,900 jobs were created against a target of 1,000,000, representing an achievement of 83.3 per cent. Informal sector contributed 89.7 per cent of the new jobs created in 2016. Total employment in 2016 stood at 15,996,500, with 83 per cent of these workers being in the informal sector.

**Economic Pillar:** Towards attainment of the overall growth rate of 10 per cent as envisioned in the economic pillar, the various sectors under this pillar recorded mixed achievements. Specifically, the tourism sector recorded depressed performance mainly attributed to frequent terror attacks, adverse travel advisories and continued spread of Ebola in West African countries. On the other hand, Agriculture, Livestock and Fisheries sector contributed 28.7 per cent to the GDP and 65 per cent of Kenya’s total exports. Further, the sector contributed an average of 18 per cent of formal employment and 60 per cent of total employment. However, within the Manufacturing sector, GDP growth declined to 3.5 per cent against a target of 10.2 per cent in 2016. The formal manufacturing sector also created 300,900 thousand jobs accounting for 11.8 per cent of the total formal employment in the country.

In the year 2016, the Wholesale and Retail Trade Sector was ranked fifth in value terms after agriculture, manufacturing, transport and storage, and real estate with its value increasing from KSh. 473.1 billion in 2015 to KSh. 520.4 billion in 2016. Despite the growth in the sub-sector, its contribution to GDP declined from 8.0 per cent in 2013 to 7.3 per cent in 2016. The average contribution over the second medium term period was 7.8 per cent, which was below the 9.7 per cent realized in the first Medium Term Plan period.

**Social Pillar:** Under the Social Pillar, the economy recorded mixed performance with some sectors performing well and others were below expectations. In the education sector, overall Pupil Teacher Ratio target was achieved at 42:1. However, primary to secondary school transition rate fell short of the target by 5.6 percentage points, while the net enrolment rate to primary education in ASALs declined by 17.7
percentage points below the target. Net enrolment rate in early childhood education stood at 74.6 per cent, which is a 4.4 percentage points below the target. With an objective of attaining equitable, affordable, accessible and quality health care for all Kenyan citizens, the health sector did not meet the Under-five Mortality Rate (UMR) and Maternal Mortality Rate (MMR) targets during the review period. The UMR performance was 52 per 1,000 live births against a target of 50 per 1,000 live births while MMR recorded 362 per 100,000 live births against a target of 300 per 100,000 live births. This was mainly due to inadequate institutional and human capacity to manage effectively health care system as well as uneven distribution of health personnel across the country. For instance, it is interesting to note that the targets for the proportion of skilled attendant at birth (74%) and proportion of patients under ARVs (83.5%) were surpassed during the review period.

The Environment, Water and Sanitation sector made some progress towards achieving the set annual targets. Implementation of the outcome on promoting low carbon climate resilient development (Green House gases emissions per capita) has been very slow due to the set international standards. The targets for increasing access to water to households were met. The Urban Water Supply Programme; Rural Water Supply Programme; Water Harvesting and Storage Programme and Sewerage and Sanitation Programme, can be credited to this achievement. Some of the targets under Population, Urbanization and Housing sector were surpassed, despite challenges faced in resettling displaced persons on government purchased lands. Gender, Youth and Vulnerable Groups sector recorded an increasing demand for social protection due to increased vulnerability, despite the various initiatives that have already been put in place. Sports, Culture and Arts sector recorded a number of achievements, which include: construction of Kenya Academy of Sports; Sports Talent Academies and refurbishment of County Stadia to international standards.

**Political Pillar:** In the political pillar, the major tenets are devolution, governance and the rule of law as envisaged in the Constitution of Kenya. A number of achievements were reported under the political pillar. Devolution Sector implemented a number of flagship projects namely: capacity building (Training and System Development) and civic education on devolution; Policy and legal Reforms; Intergovernmental Relations and hosting of the Devolution Conference. Under governance and rule of law, various achievements were recorded namely: constitution and legal reforms; development of laws to implement the constitution; development of policy and institutional frameworks for leadership, integrity and ethics; revamping of the Ethics
and Anti-Corruption Commission; instituting a Permanent Asset Recovery Agency and review of the Company’s Act.

Monitoring and Evaluation: The Ministry of Devolution and Planning through the Monitoring and Evaluation Department (MED) coordinated the National Integrated Monitoring and Evaluation System (NIMES). During the year under review, the government utilized NIMES to produce Annual Progress Report (APR). MED enhanced partnerships through initiatives such as Kenya Community of Practice (KCoP), Evaluation Society of Kenya (ESK) and Knowledge Management Africa (KMA) as a way of increasing the culture and practice of monitoring and evaluation in the Country. For timely reporting, the Ministry embraced the use of electronic monitoring and evaluation through the development of an electronic National Integrated Monitoring and Evaluation Systems (e-NIMES) and the electronic Project Monitoring Information System (eProMIS).

**Challenges and Recommendations:** Challenges that hindered the performance of the MTP II during the review period were weak legal, institutional and policy framework; resource management; insecurity; land acquisition for projects; climate change, community resistance to government projects; devolution; population pressure; and social, cultural and economic factors. Recommendation to accelerate implementation of future policies, programmes and projects include proper financial and Human Resource Management; strong legal, institutional and policy framework; strong Public Private Partnership (PPP); enhanced security measures; use of advanced technology; public participation as enshrined in the Constitution; proper linkages between Planning and Budgeting; strong partnerships and collaborations; and enhanced government communication.
KENYA VISION 2030
Towards a globally competitive and prosperous nation.
CHAPTER ONE

OVERVIEW OF KENYA VISION 2030 AND MEDIUM TERM PLAN II

1.1 Overview of Kenya Vision 2030

The Kenya Vision 2030 aims at creating a globally competitive and prosperous country providing a high quality of life for all its citizens. It aspires to transform Kenya into a newly industrialized, middle-income country by 2030. The Vision is anchored on three key pillars namely: economic, social and political that are sustained by the enablers, which form the foundations for social and economic transformation of the country.

The Economic Pillar targeted to accelerate economic growth from 6.2 per cent in 2008 to 10 per cent in 2012 and sustained up to 2030. Six priority sectors were identified based on their potential to drive this growth through various economic development programmes. These sectors were: tourism; agriculture, livestock and fisheries; wholesale and retail trade; manufacturing; financial services; and Business Process Outsourcing (BPO). Oil and other mineral resources were identified as an additional sector during the formulation of MTP II.

The Social Pillar seeks to build a just, cohesive and equitable society living in a clean and secure environment. This is to be realized through transformation in eight key sectors: Education and Training; Health; Water and Sanitation; Environment; Housing and Urbanisation; as well as in Gender, Youth, Sports and Culture. Special provisions were made for Kenyans with various disabilities and previously marginalised communities.

The Political Pillar aims to build a democratic political system that is issue-based, people centred, results oriented and accountable to the public. It also aims to move all Kenyans to the future as one nation. This will be achieved through: adherence to the rule of law; electoral and political reforms; democracy and public service delivery; transparency and accountability and security; peace building and conflict
management.

The three pillars are anchored on the following enablers: macroeconomic stability; governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; Science, Technology and Innovation (STI); land reform; human resources development; security; and public sector reforms.

The Kenya vision 2030 is implemented in successive five-year Medium Term Plans (MTPs), with the first one covering the period 2008-2012 and the second covering the period 2013-2017. The progress in implementation of these MTPs are monitored and reported through, annual progress reports, mid-term and end-term reviews.

1.2 Overview of The Second Medium Term Plan (2013-2017)

The second Medium Term Plan (MTP II) of Kenya Vision 2030 identified key policy actions, reforms, programmes and projects that the Government planned to implement in the 2013-2017 period. Accordingly, the theme of MTP II was “Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity”. The MTP gives priority to devolution as spelt out in our constitution and to more rapid socio-economic development with equity as a tool for building national unity.

The MTP II focused on transformation of the economy pegged on rapid economic growth underpinned by: a stable macro-economic environment; modernisation of the infrastructure; diversification and commercialisation of agriculture; food security; a higher contribution of manufacturing to Gross Domestic Product (GDP); wider access to African and global markets; wider access for Kenyans to better quality education and health care; job creation targeting unemployed youth; provision of better housing and improved water sources; and better sanitation to Kenyan households.

The MTP II was formulated following the promulgation of the Kenya Constitution 2010. The constitution provided several legal and institutional reforms that were incorporated into the MTP. The main focus was implementation of the constitution to ensure that: all pending legislation required by the Constitution are completed and enacted; effect devolution; transform the Judiciary; strengthen independent offices and public service reforms.
1.3 The Annual Progress Report and Its Preparation

The Annual Progress Reports (APRs) are aimed at monitoring the implementation of the Kenya Vision 2030 and its MTPs. The Reports provide information on the progress in the implementation of policies, programmes and projects; challenges encountered; and recommendations for future implementation. Review of performance is based on targets as spelt out in the MTP Handbook of National Reporting Indicators and other key government publications.

The Ministry of Devolution and Planning coordinates preparation of the APR in collaboration with implementing government Ministries, Departments and Agencies (MDAs). This is undertaken within the framework of the National Integrated Monitoring and Evaluation System (NIMES). The MDAs prepare respective Annual Monitoring and Evaluation Reports, which forms the basis of the preparation of the APR. The process of preparing the APR involves consultations with various state and non-state actors and is further subjected to a stakeholder validation process to enhance ownership. This report is the third APR (APR III) of the MTP II and covers the period 2015/16.

1.4 Organization of The Report

The third APR is organized into eight chapters. The first chapter presents a brief overview of the Kenya Vision 2030 and its MTP II. The subsequent chapters highlight the status of implementation of the MTP II (2013-2017), milestones realized, key challenges, lessons learnt and recommendations to inform future project/programme planning and execution.

Chapter two focuses on the macroeconomic framework while chapter three contains discussion on the progress of implementation of the enablers/foundations for national transformation. Chapters four, five and six reviews the state of implementation of the economic, social, and political pillars, respectively. Chapter seven presents achievements on the monitoring and evaluation systems. The eighth chapter presents key challenges, lessons learnt, recommendations and conclusions.
2016 INDEX OF ECONOMIC FREEDOM

Kenya

Country Score Over Time

2016 Score Comparison

CHAPTER TWO
MACROECONOMIC FRAMEWORK

2.1 Overall Economic Performance
The medium term macroeconomic framework for the Second MTP 2013-2017 aims at attaining high growth trajectory and broad based inclusive growth. This was envisaged to be achieved through implementing the five pillars of the economic transformation agenda, namely: creating conducive business environment; developing infrastructure for growth of industries; transforming agriculture to sustain growth; supporting manufacturing to create employment; investing in quality, accessible and relevant social services; and enhancing rural economic development through consolidating gains made in devolution.

Kenya’s macroeconomic performance remains broadly stable despite the global economic slowdown. The economic growth averaged 5.7 per cent between 2013 and 2016. As shown in Figure 2.1, the economy grew by 5.8 per cent in 2016 against a target of 8.7 per cent in 2015/16 per cent. The economy’s growth momentum has been strong supported by significant investment in infrastructure, construction and mining sectors. Strong recovery in tourism, lower energy prices, and improved agricultural production due to favourable weather conditions also sustained the growth drive.

Figure 2.1 gives a comparative analysis of the targeted and actual GDP growth rates over the period 2012-2016 against the respective targeted growth rates. The Figure shows that the GDP growth target for 2016 was missed by 3.3 percentage points due to insecurity; slowdown in growth of manufacturing sector as a result of cheaper imports and reduced share of Kenya’s manufactured export in the regional market. Adverse weather pattern affected growth of agriculture sector while high lending rates slowed uptake of Public Private Partnership (PPP) projects.
2.2 Sectoral Performance

The MTP II growth targets for the Agriculture, Industry and Services sectors were 7.1, 10.1 per cent and 10.0 per cent, respectively in 2016. The targets for 2016 were not realized in overall economic performance as well as at sectoral levels as shown in Table 2.1

Table 2.1: Targeted and actual sectoral growth rates, 2013-2016

<table>
<thead>
<tr>
<th>Sector</th>
<th>2013 Actual</th>
<th>2013 Target</th>
<th>2015 Actual</th>
<th>2015 Target</th>
<th>2016 Actual</th>
<th>2016 Target</th>
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<tr>
<td>Overall</td>
<td>5.7</td>
<td>8.7</td>
<td>5.6</td>
<td>9.1</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>5.4</td>
<td>6.8</td>
<td>5.5</td>
<td>7.1</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>5.3</td>
<td>8.6</td>
<td>6.9</td>
<td>10.1</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>5.9</td>
<td>9.4</td>
<td>5.3</td>
<td>10.0</td>
<td>7.1</td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic survey, 2017

2.3 Agricultural Sector

Agriculture sector contributed 32.6 per cent to GDP in 2016 compared to 30.4 per cent in 2015 as detailed in Figure 2.2. The increased sector contribution to GDP was due to improved crop production whose share contribution to the sector increased from 19.7 per cent in 2014 to 25.9 per cent in 2016.
The sector’s growth declined to 4.0 per cent in 2016 compared to 5.5 per cent in 2015. The sector missed its targets by per cent 0.3 percentage points in 2015 and 3.1 percentage points in 2016. Some of the factors that contributed to lower growth include: recurring drought; pest and crop diseases; and slow implementation of key initiatives to support growth of the sector. Key flagship project of irrigating one million acres only saw 10,000 acres, as pilot project, put under irrigation.

Figure 2.2: Agricultural sector performance, 2012-2016

Kenya Economic Survey

### 2.4 Industry Sector

The sector performance registered an accelerated growth during the first three years of MTP II (2013-2015) as presented in Figure 2.3. However, the sector’s growth declined to 5.8 per cent in 2016 against the targeted growth of per cent 10.1 per cent in 2016. The target therefore, was missed partly attributed to the slight decline in growth of the manufacturing sub-sector from 3.6 per cent in 2015 to 3.5 per cent in 2016 coupled by slow uptake of credit from KSh. 290.1 billion in 2015 to KSh. 276.7 billion in 2016.
2.5 Services Sector

The services sector registered an improved growth of 7.1 per cent against a target of 10 per cent in 2016 as shown in Figure 2.4. The growth was supported by improved performance in real estate, accommodation and food services, and information and communication, which grew by 8.8 per cent, 13.3 per cent and 9.7 per cent in 2016 respectively from growth of 7.2 per cent, -1.3 per cent and 7.4 per cent in 2015 respectively.

Figure 2.4: Service sector performance, 2012-2016
2.6 Performance of Key Macroeconomic Indicators

The broad categories of key macroeconomic indicators are classified into: national accounts and prices, central government budget, monetary sector and external sector. MTP II provided a macroeconomic framework with specific targets for the Plan period consistent with the aspiration of Kenya Vision 2030. The government takes cognizance of the fact that stable macroeconomic environment provides a solid foundation for growth of other sectors of the economy. This is reflected in macroeconomic fundamentals such as stable prices, savings and investments, revenue collection and debt management, monetary and external sector aggregates. Table 2.2 presents performance of key macroeconomic indicators for the period 2012/2013 to 2015/2016.

Table 2.2: Performance of key macroeconomic indicators, 2012/2013 to 2015/2016

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<tbody>
<tr>
<td><strong>National Accounts And Prices (% Change)</strong></td>
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<tr>
<td>Real GDP Growth</td>
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<td>6.7</td>
<td>5.7</td>
<td>7.8</td>
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<tr>
<td>Overall Inflation</td>
<td>9.4</td>
<td>5.0</td>
<td>5.7</td>
<td>5.0</td>
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<td>Gross National Savings (As A % of GDP)</td>
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<td>16.4</td>
<td>12.7</td>
<td>19.7</td>
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<tr>
<td>Investment (As a % of GDP)</td>
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<td>24.7</td>
<td>21.2</td>
<td>26.9</td>
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<td><strong>Central Government Budget Indicators (% of GDP)</strong></td>
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<tr>
<td>Total Revenue</td>
<td>19.3</td>
<td>20.1</td>
<td>19.7</td>
<td>22.3</td>
</tr>
<tr>
<td>Total Expenditure and Net Lending</td>
<td>24.8</td>
<td>26.1</td>
<td>25.6</td>
<td>32.0</td>
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<td>Development Spending</td>
<td>6.6</td>
<td>6.4</td>
<td>6.3</td>
<td>12.1</td>
</tr>
<tr>
<td>Overall Balance (Including Grants)</td>
<td>-5.5</td>
<td>-6.0</td>
<td>-5.9</td>
<td>-9.7</td>
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<td>Total Public Debt</td>
<td>38.5</td>
<td>44.7</td>
<td>44.1</td>
<td>43.8</td>
</tr>
<tr>
<td><strong>Monetary Sector (% Change)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad Money (M3)</td>
<td>15.5</td>
<td>16.0</td>
<td>16.1</td>
<td>16.5</td>
</tr>
<tr>
<td>Credit To Private Sector</td>
<td>16.5</td>
<td>16.9</td>
<td>17.9</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>External Sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Accounts Incl. Official Transfers (% Of GDP)</td>
<td>-8.5</td>
<td>-8.9</td>
<td>-9.5</td>
<td>-9.1</td>
</tr>
</tbody>
</table>

TABLE 2.2: Performance of key macroeconomic indicators, 2012/2013 to 2015/2016

This table presents the performance of key macroeconomic indicators for the period 2012/2013 to 2015/2016. The indicators are classified into national accounts and prices, central government budget, monetary sector and external sector. The performance of each indicator is compared against the targets set in the MTP II framework. The table shows that most indicators have met or exceeded their targets, indicating a stable and growing macroeconomic environment.
2.6.1 National Accounts and Prices

Overall GDP grew by 5.6 per cent and 5.8 per cent during 2014/15 and 2015/16 respectively as shown in Figure 2.5. The growths were below the MTP II targets of 7.8 and 8.7 per cent, respectively over the same period. Overall inflation declined marginally from an average of 6.6 per cent in 2014/15 to 6.5 per cent 2015/16. The actual overall inflation was above the MTP II target of 5 per cent but falls within the Central Bank of Kenya target of 5+/- 2.5 per cent. The easing of inflation was due to reduced costs of petroleum products and tight monetary policies.

The MTP II target of economic growth of 10 per cent per annum by 2017 was anchored on higher growth of saving and investment as a percentage of GDP. Savings and investments were targeted to grow from 19.7 per cent and 26.9 per cent, respectively in 2014/15 to 22.7 and 28.6 per cent in 2015/16. Savings and investments grew by 14.4 per cent and 22.6 per cent in 2014/2015 compared to 16.8 per cent and 23.3 per cent in 2015/2016, respectively. Saving and investment targets were therefore, missed by 5.9 and 5.3 percentage points in 2015/2016 FY, respectively.

---

<table>
<thead>
<tr>
<th>Reserves (months of import cover)</th>
<th>3.9</th>
<th>4.1</th>
<th>4.1</th>
<th>4.4</th>
<th>4.4</th>
<th>5.3</th>
<th>5.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total external debt (% of GDP)</td>
<td>23.5</td>
<td>22.5</td>
<td>22.6</td>
<td>21.7</td>
<td>24.0</td>
<td>20.6</td>
<td>27.3</td>
</tr>
<tr>
<td>Debt Service Ratio (% of Exports)</td>
<td>5.3</td>
<td>7.6</td>
<td>4.91</td>
<td>15.3</td>
<td>11.5</td>
<td>6.3</td>
<td>7.7</td>
</tr>
</tbody>
</table>

---

![Figure 2.5: Target and Actual Ratio of Saving and Investment to GDP 2012/2013 to 2015/2016](image-url)
2.6.2 Central Government Budget

The target for the Second MTP was to pursue prudent macroeconomic policies to ensure fiscal and debt sustainability. As shown in Figure 2.6, Total revenue as a percentage of GDP stood at 19.0 per cent in 2014/2015 compared to 18.2 per cent in 2015/2016, which were slightly below targets of, 25.0 and 20.2 per cent, respectively. Total expenditure and net lending stood at 28.1 and 26.4 per cent of GDP in 2014/2015 and 2015/2016 respectively and were far below targets of 32.0 per cent and 28.8 per cent in depicting prudence with regard to aligning public spending to available budgetary resources. Development spending as a percentage of GDP decreased from 8.8 per cent in 2014/2015 to 7.4 per cent in 2015/2016 against a target of 12.1 per cent and 10.1 per cent in similar period, respectively.

Overall balance declined from -8.6 per cent in 2014/2015 to -7.8 per cent in 2015/2016 compared to Second MTP target of -9.7 per cent and -6.3 per cent over similar period respectively. The Second MTP had programmed to reduce the ratio of domestic and external financing to 30:70 by the end of plan period. The ratio of domestic to external financing stood at 53:47 in 2014/2015 and 56:44 in 2015/2016, and progressing towards the Second MTP target to avoid crowding out the private sector in the credit market. The government borrowing plans remain anchored in the medium-term debt management strategy, which aims at ensuring public debt sustainability and continued private sector access to adequate financial resources. Total Public debt as a percentage of GDP increased from 43.9 per cent in 2014/2015 to 48.7 per cent in 2015/2016 and was above the set targets of 43.8 per cent and
44.4 per cent respectively. The rise in public debt was as a result of government borrowing to finance infrastructural development.

2.6.3 Money Sector
Over the review period, the Central Bank of Kenya continued to pursue prudent monetary policy to ensure price stability. The change in broad money supply declined from 15.4 per cent in 2014/2015 to 8.8 per cent in 2015/2016. As shown in Figure 2.7, the change was below the MTP II target of 16.5 per cent and 17.0 per cent during similar period. The decline in money supply in 2015/2016 was due to a decline in foreign currency deposits and quasi money deposits.

![Figure 2.7: Target and Actual Monetary Sector Aggregates 2012/2013 to 2015/2016](image)

Total domestic credit grew by 10.7 per cent in 2015/2016 compared to 19.9 per cent in 2014/2015. Credit to private sector expanded by 12.5 per cent in 2015/2016 and 20.6 per cent in 2014/2015 against the MTP II target of 17.8 per cent and 17.6 per cent during similar period, respectively.

2.6.4 External Sector
Figure 2.8 presents performance of current accounts for the period 2012/2013 to 2015/2016. Current account balance as a percentage of GDP improved from a deficit of 8.6 per cent in 2014/2015 to a deficit of 6.0 per cent in 2015/2016 against a MTP II target of -9.1 per cent and -8.1 per cent for similar period, respectively. This performance is attributed to improvement in merchandise trade balance on account
of lower merchandise imports of oil, machinery and transport equipment, which more than offset the reduction in the value of merchandise exports.

**Figure 2.8: Performance of Current Accounts for 2012/2013 to 2015/2016**

International reserves grew from 4.4 months of import cover in 2014/2015 to 5.5 months in 2015/16 and were higher than the Second MTP target of 4.4 and 5.3 months of import cover for the fiscal years 2014/2015 and 2015/2016, respectively. This was due to an increase of official reserves held by Central Bank during the period under review.

Total external debt increased from 24 per cent in 2014/2015 to 27.3 per cent in 2015/2016 and was higher than the MTP II target of 21.7 per cent and 20.6 per cent during a similar period, respectively.

### 2.7 Employment

In 2016, the economy generated 832.9 thousand new jobs compared to 841.6 thousand jobs created in 2015, a slight decline of 1 per cent. The decline was as a result of 33.1 per cent decline in formal jobs created in 2016, which was not offset by 4.7 per cent increase in informal jobs created in the same year. As shown in Table 2.3 the decline in total jobs created was also reflected in the ratio of formal employment, which declined from 15 per cent in 2015 to 10 per cent in 2016.
Table 2.3: Employment Targets and Actuals 2013-2016 (000)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>Target</th>
<th>2015</th>
<th>2016</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Actual</td>
<td>Target</td>
<td>Actual</td>
<td>Target</td>
<td>Actual</td>
</tr>
<tr>
<td>Formal</td>
<td>108</td>
<td>134.2</td>
<td>164</td>
<td>106.3</td>
<td>250</td>
<td>128</td>
</tr>
<tr>
<td>Informal</td>
<td>615</td>
<td>601.7</td>
<td>657</td>
<td>695.9</td>
<td>750</td>
<td>713.6</td>
</tr>
<tr>
<td>Total</td>
<td>723</td>
<td>735.9</td>
<td>821</td>
<td>802.2</td>
<td>1000</td>
<td>841.6</td>
</tr>
<tr>
<td>Ratio Of Formal</td>
<td>0.15</td>
<td>0.18</td>
<td>0.20</td>
<td>0.13</td>
<td>0.25</td>
<td>0.15</td>
</tr>
<tr>
<td>Ratio Of Informal</td>
<td>0.85</td>
<td>0.82</td>
<td>0.80</td>
<td>0.87</td>
<td>0.75</td>
<td>0.85</td>
</tr>
</tbody>
</table>

2.8 Structural Reforms

The MTP II aims at enhancing competition and efficiency of the economy by undertaking various structural reforms. According to World Bank, 2016 Ease of Doing Business Report, Kenya’s ranking improved 21 places from position 129 in 2015 to position 108 out of 189 countries. Despite not achieving the targeted rank, Kenya has recorded the most marked improvement in starting a business, electricity connectivity, registering property, and accessing credit. This is attributed to digitization of the company and land registries, rolling out of Huduma Centres and the last mile electricity connectivity program.

The government continues to re-engineer business processes of six of the ten World Bank Doing Business Indicators. The process of connecting electricity to businesses, for instance, has been simplified to only three steps and the time taken has reduced from 155 to 70 days. Under the Business Registration Service Act 2015, the process of registering business in Kenya has been made easier by the implementation of various reforms, such as online title search and online reservation of business name.

In order to promote investment in industrial development, the government enacted Special Economic Zones Act 2015 to provide a framework for the establishment of Special Economic Zones in the country. The Act has supported the ongoing development of a Special Economic Zone in Dongo-Kundu in Mombasa County. The Mining Act 2016 was enacted and is also expected to support investments in the mining and quarrying sub-sector and contribute to the growth of the industry sector. Further, the Public Finance Management Act, 2012 was revised in 2015 while the Public Finance Management (County Government) regulations, 2015 and Public Finance Management (National Government) regulations, 2015 were issued in order to improve the management of public resources.
2.9 Human Development

Human Development Index (HDI) represents three basic dimensions, namely health, education and income. It is an alternative to conventional measures of national development such as level of income and economic growth. Kenya’s HDI slightly increased from 0.548 in 2014 to 0.554 in 2015 as detailed in Figure 2.9. However, the country’s index was higher than Sub-Saharan Africa’s index of 0.522 in 2015 but relatively lower than the global index of 0.715 in 2015.

Figure 2.9 Comparison between Kenyan, global and Sub-Saharan Africa’s HDIs, 2012 - 2015.

2.10 Statistical Reforms

The MTP II envisages that a number of surveys and censuses will be conducted to support policy, planning, budgeting, and monitoring and evaluation. In 2015, KNBS prepared and published 47 County Statistical Abstract (CSA). In 2016 Micro, Small and Medium Enterprises Survey (MSME) and Information and Communication Technologies (ICT) Survey were undertaken. KNBS also initiated preparatory activities towards Kenya Integrated Household Budget Survey (KIHBS) 2015/16, Census of Agriculture and Census of Business establishment.

2.11 Tax Reforms

Various reforms aimed at enhancing government revenue were implemented during the MTP II period. They include:

- **Taxation of Real Estate Sector** was yet to be implemented, however, the use of simplified rental income commenced on 1st January 2016 and by the end of FY 2015/2016, 14,000 new landlords had filed returns;
• **Taxation of High Net Worth Individuals (HNWI):** A dedicated unit to handle taxation of HNWI was established in the Domestic Taxes Department, Medium Taxpayers Office (MTO) and a framework developed to guide on the identification of the HNWI;

• **Implementation of Electronic Cargo Tracking System (ECTS)** is ongoing and as at June 2015, over 1700 trucks had already installed the ECTS while six service providers had been certified to track trucks and vehicles;

• **Tax Laws:** Various tax laws were modernised and simplified for easier tax administration, eliminate unnecessary tax expenses and conform to international best practises. They include: the Excise Act 2015 and the Tax Procedures Act 2015. At the same time, Income Tax Act was amended to include a Ninth schedule for taxation of both mining and oil exploration.

2.12 Challenges
The country’s macroeconomic performance was undermined by adverse weather conditions that negatively affected performance in agriculture and energy sectors; insecurity and travel advisories that led to decline in performance in the tourism sector. Slow uptake of programmes and projects planned to be implemented under PPPs and marginal growth of exports that led to widening balance of trade affected economic growth.
3.1 Overview
The foundations for national transformation also known as enablers include: Infrastructure (roads, rail network, seaports, airports and pipelines); Energy; Information and Communication Technology (ICT); Science, Technology and Innovation (ST&I); Land Reforms; Human Resources Development, Labour and Employment; Security, Peace Building and Conflict Management; Public Sector Reforms; National Values and Ethics; and Ending Drought Emergencies (EDE). This chapter outlines the progress made in the implementation of the enablers/ foundations, challenges faced and lessons learnt during the period under review.

3.2 Infrastructure

3.2.1 Roads
The roads sub-sector implemented a number of projects, which were aimed at improving the road network in the country. Table 3.1 presents achievements in the roads sub-sector.

<table>
<thead>
<tr>
<th>MTP II Outcome Indicator(S)</th>
<th>MTP II Outcome Target(2015/16)</th>
<th>Actual Achievement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage Of Classified Roads Maintained And Rehabilitated</td>
<td>78%</td>
<td>77.96%</td>
<td>99% ACHIEVEMENT</td>
</tr>
<tr>
<td>Additional Classified Roads Constructed</td>
<td>1,101KM</td>
<td>598KM</td>
<td>54.31% ACHIEVEMENT</td>
</tr>
</tbody>
</table>

The sub-sector maintained and rehabilitated 77.96 per cent of the total classified roads against a target of 78 per cent. A total of 598km of new roads were constructed against a target of 1,101km. The achievements were realized through road expansion
programme, which involved the implementation of the following programmes/projects:

i. **Northern Corridor Transport Improvement Project (NCTIP):** Timboroa-Eldoret (73km) road reconstructed and Kericho - Nyamasaria (76 km) rehabilitated.

ii. **Kenya Transport Sector Support Project (KTSSP):** Kisumu –Kakamega (21.5km); Webuye-Kitale (8km), Eldoret- Webuye (9km) and Webuye-Malaba (3km) roads constructed/rehabilitated.

iii. **Decongestion of Nairobi and other Urban Centers:** 34.17kms of roads were constructed/ upgraded.

iv. **Lamu Port Southern Sudan and Ethiopia Transport Corridor (LAPSSET) Project:**
   - **Merille River – Marsabit Road (120Km):** 50km constructed.
   - **Marsabit – Turbi Road (122Km):** 50km constructed
   - **Turbi – Moyale Road (125Km):** 43km constructed

v. **East Africa Road Network Project:** Voi-Mwatate-Taveta road (144km); 49km rehabilitated

### 3.2.2 Buildings and Other Public Works Sub-sector

The sub-sector implemented a number of projects/programmes geared towards achieving the following outcomes:

**Improved living and working conditions in Government buildings:** Completed four (4) stalled building projects- Mithiani house phase V, West Park police housing, Kitui Primary Teachers Training College and Voi Primary Teachers Training College. In addition, nine (9) stalled district headquarters that were initiated under the Economic Stimulus Programme were completed and 189 other building projects were rehabilitated and maintained at both national and county levels.

**Improved water transport and accessibility and protected land and property from erosion and sea wave actions:**

- **Development and Maintenance of Coastline Infrastructure and Inland Water Transport:** 54 metres of seawall was constructed at Ndau and two (2) jetties were completed namely Matondani and Lamu to provide for safe landing in and out of the water body.
• **Improvement of communication in human settlements:** Eleven footbridges constructed across counties for safety of residents while crossing the rivers and streams.

### 3.2.3 Railway

The focus for the MTP II on rail transport infrastructure was to improve the quality of rail transport infrastructure for efficiency gains and effectiveness. The intended objective being reduction on the cost of transportation, hence that of doing business in the country and the region to encourage investment.

#### 3.2.3.1 Standard Gauge Railway (SGR)

This sub-sector focused on improving the quality of rail transport infrastructure. The progress and key achievements are depicted in Table 3.2. The achievement in the sector surpassed its target of 263Km by achieving 415Km. Under the Standard Gauge Railway (SGR) sub-sector, Phase I of the rail transport infrastructure, which entailed the development of the SGR from Mombasa to Nairobi commenced. Towards this end 415Km were constructed against the initial target of 263Km.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Railway Gauge (SGR) Constructed</td>
<td>263KM</td>
<td>415KM</td>
<td>The construction surpassed the target</td>
</tr>
</tbody>
</table>

#### 3.2.3.2 Nairobi – Malaba Standard Gauge Railway

Detailed design for the Phase 2A of the SGR construction that covers Nairobi – Naivasha was completed during 2015/16 FY while Resettlement Action Plan for SGR Phase 2A continued during the same period.

#### 3.2.3.3 Other Railway Infrastructure Development

Other rail infrastructure implemented during the same period include: refurbishment and maintenance of rolling stock of 20 coaches, development of Nairobi Commuter Rail Services–JKIA and development of the 10 Stations in Phase 1 of Nairobi Commuter Railway Service. The subsector also undertook the following activities to improve railway transport:
(i) **Nairobi commuter rail – JKIA line construction:** - Preliminary designs for existing facilities and the equipment have been undertaken.

(ii) **Nairobi commuter rail (construction of Railway stations):**- Procurement of a consultant to undertake the various preliminary designs was completed.

(iii) **Light rail for Nairobi and Suburbs construction:** - Detailed engineering designs completed.

(iv) **Mombasa Commuter Rail Constructed and Kisumu Commuter Rail Construction:** - Development of Expression of Interest was done during the review period

3.2.4 Implementation Challenges and Lessons Learnt
The infrastructure sector faced several challenges that inhibited effective and efficient implementation of its policies, programmes, projects and activities during the review period. Key amongst these included expensive valuation of land along the transport corridors; inadequate funding of counterparts projects; heavy rains that hampered work progress; high cost/delays in relocation of utilities and services along and across the road reserves; and slow disbursement of development partners’ fund.

Key lessons learnt during the period that will inform future implementation include: timely disbursement and provision of counterpart’s funds; establishment of a financing institution; fiscal incentives/disincentives to expedite relocation; and development of an efficient system for land ownership and administration through the land policy.

3.3 Energy.
The sector mandate is to facilitate provision of clean, sustainable, affordable, competitive and secure energy for national development while protecting the environment. In order to realize this, the following major programmes were implemented: Enhancing power generation capacity; Transmission and Distribution network reinforcement and expansion; enhancing regional trade through interconnection of regional networks, Enhancing access to electricity; Promoting renewable energy and introduction of new technologies in electricity generation. Table 3.3 presents the energy subsector performance for the 2015/16 FY.
At the end of 2015/16 FY, the cumulative power generating capacity stood at 2,341 MW against a target of 3,215 MW. This was attributed to the low demand and delays in realization of various flagship projects and low consumption growth rates in the commercial and industrial sectors. The additional electricity capacity enabled the country to phase out the last 120 MW of emergency rental power that had been retained in the system at varying levels for a decade. It also raised the reserve capacity to 26 per cent when all the effective 2,236 MW interconnected capacity is available to serve the 1,650 MW peak demand. Further, the grid supply is now more robust with a diversified mix from three predominant sources, hydropower, geothermal and fossil thermal. Hydropower and geothermal contribute 35.4 per cent and 28.6 per cent, respectively while fossil thermal plants constitute 33.8 per cent of the existing effective capacity.

The sector connected 1,279,469 new customers to electricity bringing the total number of customers connected to electricity to 4,890,373 as at the end of 2015/16, representing an increase of 35.4 per cent. This increased electricity access rate was attributed to increased availability of loans to prospective customers and connection through Last Mile Connectivity Project to meet a significant share of reticulation cost and World Bank funded Global Partnership Output Based Aid (GPOBA) electrification project aimed at connecting customers to electricity in high-density areas.

Table 3.3: Energy sub-sector MTP II Achievements

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASED INSTALLED POWER GENERATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Power generating capacity, (Megawatts (MW))</td>
<td>126 MW</td>
<td>118 MW</td>
<td>The cumulative achievement was 2,341 MW against a target of 3,215 MW.</td>
</tr>
<tr>
<td>Proportion of Installed power generation capacity from renewable sources, (%)</td>
<td>67%</td>
<td>64%</td>
<td>The reduction in the proportion was as a result of completion of several thermal power plants.</td>
</tr>
<tr>
<td><strong>INCREASED ACCESS TO ELECTRICITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households with new electricity connection, (numbers)</td>
<td>1,000,000 New Customers</td>
<td>1,253,196 new customers connected</td>
<td>The cumulative achievement was 4,890,373 against a target of 2,930,962.</td>
</tr>
<tr>
<td>1,100 Public Primary Schools</td>
<td>3,622 Public Primary Schools connected</td>
<td>The government aims to electrify all the public primary schools by the 2016/17FY. So far over 90% of schools are electrified.</td>
<td></td>
</tr>
</tbody>
</table>
The sector realized its outcomes through the following projects/programmes:

3.2.1 Power Generation
Additional 118 MW of power was installed bringing the total installed capacity to 2,341 MW from 2,298MW in the previous year. The following generation plants were completed: 83MW from Triumph Medium Speed Diesel (MSD); 29MW of Geothermal Well Head from Orpower IV; 5MW of Geothermal from KenGen Well Head 37; 2MW of Biogas from Biojoule Kenya Limited. In addition, Two (2) off grid Power Generation Stations were constructed.

3.3.2 Increased Access to Electricity
i. Expand and upgrade electricity Transmission. A total of 500Km of transmission lines were completed. These lines are: 49.93Km and 25KM of 220kV Olkaria I–Suswa and Olkaria IV–Suswa, respectively; 94.27Km and 96Km of 132kV Meru-Isiolo-Nanyuki transmission line; 250Km of 132kV Kindaruma-Mwingi-Garissa transmission line; 65Km of 132kV Eldoret-Kitale transmission line; and 40.04Km 132kV Kisii-Awendo transmission line. During the same period, 258 transmission substations were constructed, which included 135 substations of 220/66kV and 123substations of 132/33kV.

ii. Expand and upgrade electricity distribution network: A total of 8,677Km of new distribution lines were constructed of which 6,127Km is 33kV and 2550Km is 11kV. The bulk of these distribution lines was realised in rural areas. In addition, 500 distribution substations were constructed of which 299 are 66/33kV and 201 are 33/11kV.

iii. Connecting Electricity to All Public Primary Schools in the Country: A total of 3,622 (2,843 on grid and 779 on solar) public primary schools were connected with electricity. The government intends to achieve 100 per cent electrification of all existing public primary schools in the Country by the end of 2016/17 FY. This programme is aimed at supporting the Digital Literacy Programme that is being implemented by the Ministry of Education.

iv. Other Public Facilities Connected: A total of 1,051 other public institutions which included markets, trading centres, health centres, government offices, water points and tea buying centres were connected with electricity

v. Public Street Lighting Project: A total of 35,916 street lighting points were installed across the Country against a target of 8,000. The positive variance was because the initial scope was intended to cover Nairobi City but was later
extended to cover the whole of Nairobi City County and other major cities and towns in the Country.

3.3.3 Development of Renewable and Alternative Energy Technologies

i. **Solar Energy Development:** Solar photovoltaic systems were installed in 108 public institutions against a target of 100. Additionally, maintenance of 208 previously installed solar photovoltaic systems in public institutions was completed. The objective of this initiative is to electrify the areas far away from the main electricity grid;

ii. **Wind Energy Development:** Twelve (12) wind masts and data loggers were installed. In addition collection and analysis of data from previously installed wind masts and data loggers across the country continued. The objective of the Wind Masts is to collect data that will be key in determining the intensity of wind, which will in turn help in decision making in Wind Energy development;

iii. **Small hydro Power Development:** Ngerechi Community Small Hydro Project was at 95 per cent complete and was awaiting Numerical Machine Complex to undertake electro-mechanical equipment testing and commissioning;

iv. **Re-Afforestation of water towers:** A total of 968 Hectares (360 hectares new and 608 hectares ongoing.) were reforested. The water towers provide water for hydro power generation and promotes environmental conservation;

v. **Energy Audits:** Conducted 17 investment Grade and General Audits to promote energy efficiency and conservation;

vi. **Promote new and Alternative Renewable Energy Technologies:** 12,000 promotional/ awareness brochures on renewable energy technologies were produced, printed produced, and distributed.

3.3.4 Coal Exploration and Development

The following activities were carried out under this area: A master plan to guide coal exploration and development was created; land adjudication and registration for issuance of Title Deeds to the communities which will be affected by the coal project in Mui Basin Block A (Zombe-Kabati), Block B (Mutitu-Itiku), Block C (Yoonye-Kateiko) and Block D (Karunga-Isekele); Coal Concession in Kitui County; Draft Resettlement Action Plan report for the Lamu Coal Power Plant finalised; and coal exploration in Kwale, Kilifi, Taita Taveta and Kitui Counties undertaken.
### 3.3.5 Geothermal exploration and development

To support geothermal development: Seven geothermal and 20 exploration wells were drilled; 137MW of steam equivalent was brought on board; additional geothermal prospects were identified, which included South Rift, Central Rift, North Rift; Makueni and Coast Regions; surface geological studies, geophysical surveys, geochemical surveys; and processing of the data and generation of anomaly maps in Geothermal Exploration in Nakuru and Baringo counties were completed.

### 3.3.6 Nuclear Resources Exploration and Development in Kenya

The following activities were carried out: Two (2) Conventions, Treaties and Protocol were acceded to; Development of a Strategy to fast track nuclear energy resources; Electric Grid Study was completed; Assessment of Nuclear fuel cycle and Reactor technology options continued; Site studies for the nuclear power plant was undertaken; Establishment of legal and regulatory framework for Kenya’s nuclear power program continued; 30 Public/Stakeholder Education, Consultation and involvement for Kenya’s Nuclear Power Programme were held; Development of a national position for Kenya’s nuclear power programme; and 86 officers were trained in Nuclear related courses.

### 3.3.7 Implementation Challenges and Lessons Learnt

Despite the achievements in the energy sector during the period, performance was constrained by major challenges including relatively long lead-time of between 5 and 10 years from conception to completion of electricity and other energy sector projects; delays in securing guarantees; and high capital investment cost required in energy projects. Other challenges include inadequate local skills and a low number of technical personnel graduating from institutions of higher learning; acquisition of way leaves; vandalism of energy infrastructure facilities; vulnerability of hydropower due to vagaries of weather and effects of climate change; and weak legal and regulatory frameworks for energy resources exploration, exploitation and development.

Lessons learned to replicate in future programming include consensus building and mutual understanding among stakeholders are crucial to energy development; short-term energy projects may not alleviate the high demand for energy in the country; and geological formation will enhance drilling in geothermal greenfield.
3.4 Information and Communications Technology (ICT)

3.4.1 Sector Performance

This sub-sector focuses on strengthening the foundation for a knowledge economy. The outcome of the sector is to improve access of ICT services countrywide. Table 3.4 presents the sub-sector performance.

Table 3.4: MTP II performance in the ICT subsector, 2015/16

<table>
<thead>
<tr>
<th>MTP II Outcome Indicator(s)</th>
<th>Target 2015/16</th>
<th>Actual 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households with access to radios (Population with access to radio)</td>
<td>100%</td>
<td>99%</td>
</tr>
<tr>
<td>Households with access to TVs (Population with access to tv services)</td>
<td>90%</td>
<td>62%</td>
</tr>
<tr>
<td>Population with mobile phones (Population with mobile)</td>
<td>82%</td>
<td>85.4%</td>
</tr>
<tr>
<td>Population using the internet (Population with access to internet)</td>
<td>60%</td>
<td>54.2%</td>
</tr>
</tbody>
</table>

*Source: Economic survey 2015*

These achievements were realized through the following outputs:

i. **National Optic Fibre Backbone Initiative Phase II**: The subsector laid 1,800 KM of optic fibre cable against a target of 2,100KM with the aim of enhancing connectivity in all the 47 counties and improving public service delivery;

ii. **County Connectivity Project**: A total of 35 county headquarters and commissioners’ offices connected to the internet using the last mile technology to facilitate the provision of online services using telephones, emails and teleconferencing;

iii. **Digital transmission**: Eleven (11) Transmission Sites installed;

iv. **Digital Literacy Programme (ICT Integration in Primary Education)**: 240,000 learning devices were procured and distributed against a target of 1.2 million learning devices with the aim of integrating ICT into teaching and learning for pupils in primary schools;

v. **Konza Technology City**: A total of 8.1 KM of access road was constructed and water network established linking five (5) viable boreholes to the water distribution network and reservoir;

vi. **Business Process Outsourcing (BPO)/Information Technology Enabled**
Services (ITES) Jobs: - Kenya was marketed as BPO destination in four (4) international fora. ICT start-ups were supported in five (5) counties.

3.4.2 Implementation Challenges and Lessons Learnt
The ICT sector faced a number of challenges in its endeavour to achieve its targets. These include the capacity to harness ICT for efficient and effective government, economic growth, and job creation for the youth; high cost and unreliability of telecommunications; BPO specific skills; a wide internal digital divide between rural and urban areas; low bandwidth; and cybercrime.

Lessons learnt to inform implementation in the next plan period to utilize ICT services fully as an economic include collaboration and support from other sectors such as energy; bridging the wide internet digital divide between rural and urban areas will accelerate ICT intake; and private sector participation in ICT infrastructural projects will enhance ICT services.

3.5 Science, Technology and Innovation (STI)

3.5.1 Sector Performance
Science Technology and Innovation (STI) is a key foundation for enhanced efficiency, sustained economic growth and promotion of value addition in goods and services. It focuses on strengthening technical capacities and capabilities of individuals and institutions involved in research at both the national and devolved levels. Table 3.5 highlights the targets and achievements in the sub-sector.
### Table 3.5: Performance in the Science, Technology and Innovation sub-sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nano-Sciences, Material Science and New Production Technologies Programme</td>
<td>Establishment of National Physical Science Research Laboratory (NPSRL) and KIRDI Technology Center</td>
<td>60 per cent completion of KIRDI Technology Center.</td>
<td>NPSRL to be established upon completion of KIRDI Technology Center.</td>
</tr>
<tr>
<td>Science, Technology, Engineering and Mathematics (STEM)</td>
<td>Establishment of Kenya Advanced Institute of Science and Technology (KAIST)</td>
<td>KAIST feasibility study was done.</td>
<td>The proposed National Skills Inventory and Audit for ST&amp;I was not conducted due to inadequate funds.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>An MOU on financing of KAIST was signed</td>
<td>Increased placement attributed to repackaging of STEM</td>
</tr>
<tr>
<td>Coordination of the Technology, Innovation and Commercialization Programme</td>
<td>Design of a National ST&amp;I Statistics Observatory.</td>
<td>National ST&amp;I Statistics Observatory designed</td>
<td>Framework for capturing, developing, sharing and storing National ST&amp;I information for decision making in place</td>
</tr>
<tr>
<td>County Technology and Innovations Delivery Services Programme</td>
<td>Develop and transfer county specific technologies</td>
<td>Kenya National Innovation Agency and Regional Technical advisory Offices were established and operationalized.</td>
<td>Achieved</td>
</tr>
<tr>
<td>Biotechnology and Bioscience Programme</td>
<td>Establishment of state of the art modern biotechnology laboratory</td>
<td>State of the art modern biotechnology laboratory established at Egerton University.</td>
<td>A draft biosciences policy is undergoing stakeholder analysis</td>
</tr>
<tr>
<td>Natural Products Programme</td>
<td>Natural Products Policy and Bill</td>
<td>Natural Products Policy and Bill developed.</td>
<td></td>
</tr>
</tbody>
</table>

The subsector undertook various Policy, Legal and Institutional Reforms that led to the realization of the above achievements. These include the development of the:

1) Biosciences Policy and Bill,
2) Atomic Energy Policy and Bill,
3) Kenya Institute of Nanotechnology legal framework,
4) Kenya Space Science and Technology policy and bill and
5) Natural Products Policy and Bill.
6) National Research and Development draft policy

In addition, the following institutions were established to support ST&I: National Research Fund (NRF), Kenya National Innovation Agency (KENIA), National
Commission on Science Technology and Innovation (NACOSTI), University Funding Board (NFB), Kenya Universities and Colleges Central Placement Service (KUCCPS) and Pan African University at JKUAT.

3.5.2 Implementation Challenges and Lessons Learnt
The STI sector experienced challenges that influenced the achievement of its objectives as set out in the MTP II. Some of the challenges include weak enforcement of Triple Helix “4”; weak collaboration and coordination amongst stakeholders; dependency on donor funding for research; weak intellectual property; poor state of infrastructure and equipment for research in higher education and training institutions; and inadequate domestic industries to harness local research. Other challenges include weak enforcement of local content; weak acquisition, adoption, adaptation and diffusion of technology; weak project implementation, monitoring and evaluation; and limited employment opportunities for ST&I graduates leading to apathy and low enrolment in science based courses.

Useful lessons learnt to exploit the full potential of science, technology and innovations include incentives to science students to enrol in Science, Technology, Engineering and Mathematics (STEM) courses; revival of the Science Equipment Programme Unit (SEPU) will promote effective teaching of basic sciences in secondary Schools; and a highly skilled human capital is necessary for the success of the sector.

3.6 Public Sector Reforms

3.6.1 Sector Performance
The public sector reforms major outcome was a citizen-focused and results-oriented public service. To achieve the sector outcomes, a number of outputs were realised during the period under review that include:

3.6.1.1 Results Based Management (RBM) in the Public Service
The milestones achieved include: performance management training, harmonization of the County Performance Management Framework with the National Performance Management Framework to improve human resource management in the counties.
3.6.1.2 Huduma Kenya Integrated Service Delivery Model
Integrated service delivery (One stop shop) was implemented through the establishment of Huduma Centers across the country. During the review period, a cumulative total of 45 Huduma Centers in 41 counties had been established and 38 fully operational and over 60 services uploaded. In addition, one (1) Government-Wide Contact Centre, Smart Service and Payment Card, E-Huduma and M-Huduma Service delivery systems were launched.

3.6.1.3 Staff Rationalization Study
A Capacity Assessment and Rationalization of the Public Service (CARPS) programme study was conducted and a Human Resource Planning and Succession Management Strategy was developed. In addition, Job evaluation in the public sector to harmonize grading structure and address existing remuneration and benefits disparities and inequalities in the public service was initiated.

3.6.1.4 Government Human Resource Management Information System
Additional modules on Discipline Management System (DMS) and the Staff Performance Appraisal system (SPAS) were developed and uploaded on the Government Human Resource Information System (GHRIS).

3.6.1.5 Career Management Strategy:
Organization structures and staffing levels for newly established State Departments were developed; Schemes of Service and Career Progression Guidelines for Cadres in the Civil Service and State Corporations were developed. In addition, Generic Organization Structure and guidelines for entry, progression and grading of staff in the county governments were developed.

3.6.1.6 Infrastructural development at Kenya School of Government (KSG)
KSG continued to develop infrastructural facilities and curriculum. The curricula included programs such as Transformational Leadership, Management for Results, Business Process Re-engineering, Public Service Values and Principles, Performance Management and Information, Communication and Technology. Focus shifted to competency based training and capacity building for improved service delivery as well as attitudinal change.
3.6.1.7 National Productivity Policy Framework
The National Productivity Policy Framework was finalized and implemented. In addition, over 300 technical service providers were trained on productivity. Two (2) productivity surveys on productivity awareness were conducted.

3.6.1.8 Public Finance Reforms
The reengineering of IFMIS continued during the review period with all MDAs and county governments using it. Integrated Tax System (iTax system) was fully rolled out.

3.6.1.9 Restructuring of the Kenya Foreign Service Institute
The Cabinet approved the transformation of the Foreign Service Institute into a Semi-Autonomous Government Agency (SAGA).

3.6.1.10 Implementation Challenges and Lessons Learnt
The main implementation challenges experienced in the sector were capacity constraints; delays in policy formulation, enactment of the necessary legislations and development of regulations and guidelines; delayed appointment/establishment of institutions’ councils and boards committees; unfavourable work environment in terms of office space, tools and equipment, security and safety; industrial unrest witnessed that affected service delivery; and corruption.

Lessons learnt to guide future implementation include mainstreaming Sector Plans into the overall national planning and budget framework to strengthen linkages between the costed plans and the MTEF budget; effective and efficient management and rationalization of staff; building trust between unions and management to foster transparency in labour management relations; and coordination and collaboration in intergovernmental and interagency.

3.7 Land Reforms

3.7.1 Sector performance
The reforms in this sub-sector sought to ascertain all land rights and interests on land
with the aim of achieving secure land tenure to encourage greater investments in land and agriculture. The sub sector recorded the following achievements:

**3.7.1.1 National Land Title Register**
The sector processed and registered 349,567 titles of land parcel against a target of 1,000,000 titles. In addition, 96,912 plots against a target of 100,000 plots were captured into cadastral database. The variance was due to budgetary cuts and low land transactions arising from land adjudication cases and court litigations.

**3.7.1.2 National Land Information Management System**
Thirteen (13) land registries were digitized to improve the delivery of services through electronic land transactions.

**3.7.1.3 Rehabilitation of land registries**
Two (2) land registries were rehabilitated against a target of 12 to enhance security of land information.

**3.7.1.4 National and County Spatial Plans**
The preparation of National Spatial plan was finalized awaiting publication and launch. Physical planning manuals (standards and guidelines) to guide counties in preparation of county spatial plans were developed. In addition, capacity needs assessment on physical planning was conducted in 47 counties.

**3.7.1.5 Surveying and Maintaining of National and International Boundaries**
A total of 290km was surveyed, reaffirmed and maintained along Kenya territorial boundaries to ensure peaceful coexistence with the neighbouring countries. This covered Kenya-Uganda (44km), Kenya-Ethiopia (110km), Kenya-Tanzania (30km) and Kenya-Somalia (106km). Common boundary between Meru and Isiolo counties was also surveyed.

**3.7.1.6 Development of Geospatial Data**
A total of 40 topographical and thematic maps were updated against a target of 65.
### 3.7.1.7 Settlement of the Landless
A total of 7,807 households were settled at Waitiki farm in Likoni.

### 3.7.1.8 Policy and Legal Reforms
Land Law (Amendment) Bill was approved by Parliament; Physical Planning Bill and Community Land Bill were also forwarded to Parliament for approval; draft National Land Use policy and Kenya National Spatial Data Infrastructure Policy was finalized awaiting validation and submission to cabinet.

### 3.7.2 Implementation Challenges and Lessons Learnt
The key challenges in the sector were high number of litigation cases and inhibitive cultural practices; manual land records; lack of a land value index; high rate of urbanization; lack of a national land use policy and legislation; inadequate capacity in land administration and management. Apathy to embrace new and emerging technologies in land administration; compliance to agreed regional and international treaties; and insecurity along the international boundaries hampered achievement of sector.

Key lessons learnt during the period include coordination, collaboration amongst state organs will enhance service delivery; and public participation, and access to information in land management and utilization are important in service delivery.

### 3.8 Labour and Employment

#### 3.8.1 Sector Performance
The Labour and Employment subsector implemented projects during the MTP II period aimed at creating jobs and enhancing decent work. Table 3.6 illustrates the outcomes for the sector in 2015/16 FY.
Table 3.6: MTP II performance for the Labour and Employment Subsector

<table>
<thead>
<tr>
<th>MTP II Outcome Indicator(s)</th>
<th>MTP II Annual Target (2015/16)</th>
<th>Actual Achievement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Created (No.)</td>
<td>1,000,000</td>
<td>832,900</td>
<td>83.3% Achievement</td>
</tr>
<tr>
<td>New Employers Offering Attachment (No.)</td>
<td>1,250</td>
<td>382</td>
<td>30.6%</td>
</tr>
<tr>
<td>Organizations Embracing Productivity Practices (No.)</td>
<td>60</td>
<td>25</td>
<td>41.67% Achievement</td>
</tr>
<tr>
<td>Time Taken to Settle Reported Industrial Disputes (Months)</td>
<td>3</td>
<td>2</td>
<td>150% Achievement</td>
</tr>
<tr>
<td>MSE Centres of Excellence Established (No.)</td>
<td>2</td>
<td>1</td>
<td>50%</td>
</tr>
<tr>
<td>Additional Mse Worksites Upgraded (No.)</td>
<td>33</td>
<td>13</td>
<td>39.4%</td>
</tr>
</tbody>
</table>

During the period, 832,900 jobs were created against a target of 1,000,000 jobs, representing an achievement of 83.3 per cent. Of the new jobs created in 2016, the informal sector contributed 89.7 per cent. Total employment in 2016 stood at 15,996,500 people with the proportion of people employed in the informal sector constituting 83.2 per cent.

During the review period, 382 employers were participating in the industrial attachment programme against a target of 1,250 employers. Productivity improvement programmes were implemented in 25 organizations representing an achievement of 41.67 per cent. In addition, the time taken to settle reported industrial disputes was reduced to 2 months against a target of 3 months for 2015/16. The pilot Micro and Small Enterprise (MSE) Centre of Excellence at the Kariobangi Jua Kali Demonstration Centre constructed and partially equipped five workshops for mechanical and automotive activities. The government plans to replicate the Centre of Excellence in all counties. In addition, 13 MSE worksites were upgraded against a target of 33, representing an achievement of 39.4 per cent.

3.8.2 Achievements of Flagship Projects
The MTP II flagship projects in the Labour and Employment sector were: promotion of internship and industrial attachment; National Skills Audit; development and implementation of the Labour Export Policy; development of the National Labour Market Information System (LMIS); establishment of new Public Employment Offices; operationalization of Child Labour Free Zones (CLFZs). Other achievements
were strengthening of linkages between industry and training institutions; establishment of the Mediation and Conciliation Commission; and establishment of the National Insurance Pension Scheme. The achievements realized in these projects during the 2015/16 period were as follows:

3.8.3 Internship and Industrial Attachment
The sector placed 16,165 trainees on industrial attachment against the MTP II target of 18,000, representing an achievement of 89.8 per cent. Placement of trainees on industrial attachment is aimed at exposing the attachees to the world of work and enhancing the acquisition of practical work skills. In addition, the government upgraded the on-line Industrial Training Attachment Portal (www.nita.go.ke/itap) for linking jobseekers with internship opportunities in industry. The portal provides a platform for employers to declare opportunities for industrial attachment, online application for attachment by trainees, placement of trainees on attachment by NITA and verification of the eligibility of applicants by training institutions. It also facilitates the sharing of information between training institutions and employers.

3.8.4 National Labour Market Information System
The 2015/16 MTP II target was to operationalize the National Labour Market Information System (LMIS). The National Steering Committee on the Kenya LMIS was constituted to provide policy guidance on its implementation. A data centre was also established and partially equipped while an interactive web-based LMIS employer/employee module was finalized. During the period, a Labour Market Information Job Opportunity Index to monitor periodic skills demand was finalized. The index is being used to monitor job opportunities on a quarterly basis. Further, the National Skills Inventory based on the 2011-2012 National Manpower Survey basic report was finalized and launched.

3.8.5 Public Employment Services
During the period under review, construction at the National Employment Promotion Centre in Kabete had a completion rate of 40 per cent. The National Employment Promotion Centre will be a one-stop-shop for coordination and promotion of employment in the country. A total of 26,284 job seekers were placed in jobs through the Public Employment Services in 2015/16. This was an increase of 4,091 job seekers (over the number placed during the previous period, representing 18.4 per cent.)
3.8.6 Strengthening of Linkages Between Industry and Training Institutions

Sessional Paper No. 2 of 2013 on the National Industrial Training and Attachment Policy was approved by Parliament to provide a policy framework for coordination, regulation and promotion of industrial training in the country. In addition, 30,171 persons were trained in various industrial skills during the 2015/16 FY, representing an increase of 2,097 persons (7.47 per cent). Furthermore, trade test examinations were carried out for 52,344 candidates for award of government trade test certificates in various trades (Masonry, Motor vehicles mechanics, Refrigeration and Air-conditioning Mechanics, carpentry and joinery).

Fifteen new industrial training curricula and assessment guidelines were developed against a target of three. The new curricula covered the following training areas; biogas, solar photovoltaic, solar home system, solar water heating for plumbers, mechanical tea harvesting, floriculture, soft furnishing for apparel making, energy audits, auto-electric, automotive vehicle technology, welding and fabrication skills, metal processing skills, programmable logical control, textile machine operator and machine operator course.

3.8.7 Establishment of the Conciliation and Mediation Commission

The Labour Institutions Bill (2014) and Labour Relations Bill (2014) were submitted to the Office of the Attorney General for legal drafting. The proposed Commission is an amicable, faster and cost-effective institutional framework for Alternative Dispute Resolution (ADR) for labour and employment disputes. The Commission will reduce the number of employment and labour disputes filed in the Employment and Labour Relations Court.

3.8.8 Transformation of the National Social Security Fund (NSSF)

Stakeholder mapping was finalized to facilitate awareness creation on the establishment of the NSSF as a National Pension Scheme. Awareness creation campaigns were carried out through the media and other public forums in all the counties. In addition, the Fund established 13 additional branches countrywide and 39 NSSF desks opened in Huduma Centres. The Fund pursued Alternative Dispute Resolution mechanisms with the aim of reaching an out-of-court settlement with regard to the case seeking to block implementation of part of the NSSF Act (2013), which provides for the transformation of NSSF from a provident to a pension fund.
3.8.9 Other key MTP II Projects and Programmes in the Sector

3.8.9.1 Promotion of Occupational Safety and Health
The sector developed Eight (8) curricula in the following areas: Fire Safety Management; Construction Safety; Occupational Safety Course for Medical Officers; Occupational Safety Course for Nurses; Lifting Equipment examination & testing; Pressurized vessels inspection; Occupational Hygiene and Competence Course for Occupational Safety and Health Professionals. Construction of a five-storey building to house the Institute was 85 per cent complete. The institute is expected to offer training and research on occupational safety and health towards achievement of the social pillar of Kenya Vision 2030.

During the 2015/16, 70,049 workers in hazardous occupations underwent medical examinations against a target of 70,000 workers. This was an increase of 5,072 workers (7.81 per cent) over the number examined during the previous FY. In addition, 28,800 examinations carried out on hazardous industrial plant and equipment compared to 15,049 examinations in 2014/15. Further, 12,469 members of Safety and Health Committees and other workers were trained on Occupational Safety and Health by the end of the review period compared to the 12,594 members trained in the previous period.

3.8.9.2 Productivity Management
The National Productivity Council Bill, 2014 was recalled from Parliament during the review period. The bill seeks to transform the Productivity Centre of Kenya to a Council to enhance its institutional capacity to implement productivity management programmes. Recalling of the bill was to allow for further deliberation and consultation with stakeholders on the establishment of the Council. During the review period, 374 Technical Service Providers (TSPs) from the public and private sectors were trained on productivity management. This was an increase of 113 TSPs (43.30 %) over the number trained during the previous period.
3.8.10 Policy, Legal and Institutional Reforms

3.8.10.1 Policy Reforms

Finalization of the National Policy on Child Labour: The Policy was discussed by the Labour and Social Welfare Committee of the National Assembly and was thereafter submitted to Parliament for approval. It seeks to protect all children in Kenya from all forms of child labour, and promote holistic development of the children.

Finalization of the National Disability Policy to align it with the Constitution: National Policy on Disability finalized and submitted to the Cabinet Secretary, National Treasury after it received comments from stakeholders. The Policy is aligned to the Constitution and the United Nations Convention on the Rights of Persons with Disabilities (UN-CRPD).

Finalization of the National Community Development Policy: Comments from the Cabinet on the draft National Community Development were incorporated in the Policy. The revised draft policy was circulated to stakeholders for additional comments. The policy seeks to provide a comprehensive framework for streamlined coordination of Community Development for national development.

Development of the National Volunteerism Policy: The National Volunteerism Policy approved and adopted by Cabinet. A National Plan of Action for implementation of the National Volunteerism Policy was developed and submitted to stakeholders for comments. The comments were incorporated in the document. National Guidelines on Volunteerism were also developed during the review period.

Development and implementation of a Sessional Paper on the National Social Protection Policy: The Sessional Paper No. 2 of 2014 on the National Social Protection Policy was approved by Parliament during the review period. The policy proposes the development of the National Social Protection Bill which was developed and forwarded to Parliament for legislation. The bill was however recalled from Parliament to allow for wider consultations on expanding the scope of the legislation to effectively accommodate the three pillars of social protection as identified in the policy, namely: social assistance; social security; and social health insurance.


3.8.10.2 Legal Reforms

**Alignment of the labour laws to the Constitution:** The Employment (Amendment) Bill (2015); Labour Institutions (Amendment) Bill (2015); and Labour Relations (Amendment) Bill (2015) were finalized. A workshop was held with Parliamentary Committee on Labour and Social Welfare to discuss the bills. Comments from the Committee were incorporated and the bill was submitted to Parliament for legislation.

**Finalization and implementation of the Disability Act Amendment Bill 2012:** A National Disability Bill, 2016 was developed. Stakeholder validation forums on the bill were held with representatives of the civil society, and public and private sectors. Comments from the stakeholder forums were incorporated in the document. The bill was finalized and submitted to the Cabinet in June, 2016.

**Enactment and implementation of the Occupational Safety and Health (OSH) Bill (2014) and Work Injury Compensation Bill (2013):** The OSH Bill (2014) and Work Injury Compensation Bill (2014) were submitted to the Office of the Attorney General for legal drafting during the period under review.

3.8.10.3 Institutional Reforms

**Transformation of Directorate of Occupational Safety and Health Services (DOSHS) to the Occupational Safety and Health Injury Compensation Authority (OSHICA):** The OSH Bill (2014) was developed to provide for the establishment of the Occupational Safety and Health Injury Compensation Authority (OSHICA). The bill is awaiting legislation by Parliament.

3.8.11 Implementation Challenges and Lessons Learnt

The main challenges and constraints that affected the sector performance included: low funding; slow pace of approval of policies and enactment of requisite laws; inadequate and up to date labour market information; high demand for industrial attachment that is not matched by the low supply; and inadequate institutional capacities to promote productivity culture, safety and health issues.

The following lessons learnt will inform future programming: enhancement of Public Private Partnership (PPP) framework; new skills are required to exploit the newly found deposits of extractive minerals; and investment in advanced and new technologies will enhance sector performance.
3.9 Security, Peace building and Conflict Management

3.9.1 Sector Performance
This sector plays a vital role in the country’s security, peace building and conflict management that contributes to sustainable economic growth as envisaged in Vision 2030. During the period under review, the sector realized several milestones, which were aimed at improved security in the country. Modernization programme for Police as well as capacity building and intelligence sharing resulted to drastic reduction of security threats. Table 3.7 indicates the sector outputs.

Table 3.7: Projects/programmes implemented to enhance security, 2015/2016

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Flagship Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Installation Of A</td>
<td>Complete The National</td>
<td>Established The Command</td>
<td>Phase II will involve the installation of CCTV cameras in other major towns in the country. In collaboration with county governments.</td>
</tr>
<tr>
<td></td>
<td>National Surveillance Communication, Command &amp; Control System In Nairobi, Mombasa And Its Environs</td>
<td>Surveillance Communication, Command &amp; Control System In Nairobi, Mombasa And Its Environs</td>
<td>and Control Centre at Jogoo House;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Installed 3000 Cameras in Nairobi and Mombasa</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Established a Call Centre Lines 999/112 At Jogoo House;</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Establishment of A</td>
<td>Complete The Construction Of A</td>
<td>Construction Of The Forensic Laboratory At Dci H/Qs Is At 95% Complete.</td>
<td>Funds to acquire forensic equipment required</td>
</tr>
<tr>
<td></td>
<td>Forensic Laboratory at DCI H/Qs</td>
<td>Forensic Laboratory At Dci H/Qs</td>
<td>At Dci H/Qs Is At 95% Complete.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Police Reform</td>
<td>Acquisition Of 2000 Of Police Housing Units;</td>
<td>1754 Police Housing Units Acquired Countrywide;</td>
<td>Inadequate funds, delayed payments. Need to solicit for funds to implement NPS modernization programme.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion Of NPS Training Facilities At Kpc-Kiganjo, Apte-Embakasi, Aps Field Training School At Kanyoyo, Kitui Gsu-Embakasi, &amp; Magadi;</td>
<td>Developed Community Policing/Nyumba Kumi Guidelines</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establish Policing/Nyumba Kumi Guidelines &amp; Programmes To Enhance Interaction With The Public &amp; Pro-Active Policing;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>National Government Administration at The Counties</td>
<td>Acquisition Of 400 Vehicles For National Government Administration Officers And 5000 Motor Bikes For The Chiefs</td>
<td>Acquired 300 Vehicles For National Government Administration Officers And 5000 Motor Bikes For The Chiefs</td>
<td></td>
</tr>
</tbody>
</table>
### Other Priority Projects

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Births And Deaths Registration (Crd) System</td>
<td>Roll Out Civil Registration And Vital Statistics System (Crvss) To 47 Counties</td>
</tr>
<tr>
<td>6</td>
<td>Passport Issuing System</td>
<td>Upgrade The Passport Issuing System</td>
</tr>
<tr>
<td>7</td>
<td>Construction Of County Commissioners And Deputy County Commissioners Offices Countrywide</td>
<td>Construct 79 Offices</td>
</tr>
<tr>
<td>8</td>
<td>Establishment Of Forgery Detection Units</td>
<td>Complete The Establishment Of Forgery Detection Units</td>
</tr>
<tr>
<td>9</td>
<td>Electronic Queue Management System In Passports Issuance And Foreign Nationals Management Section</td>
<td>Install An Electronic Queue Management System In Passports Issuance And Foreign Nationals Management Section</td>
</tr>
</tbody>
</table>

### 3.9.2 Policy, Legal and Institutional Reforms

The sector undertook a number of legal and institutional reforms, which played a critical role in addressing issues of national security. The sector finalized the National lottery Bill and gaming policy; enacted the National Coroner and Private Security regulation Act (2016); amended the Betting Lottery and Gaming Act (2016); and reviewed the Betting, Lotteries and Gaming Act, Cap 131 to conform to the constitution.

The reforms undertaken include finalization of the restructuring of the national administration; reviewed legislation on SALW; installed modern security devices including mobile phones and security cameras in prisons; established 47 County Offices for the Directorate of National Cohesion and National Values; established Peace Committee; recruited an addition 10,000 police officers to enhance capacity of NPS; and recruited 1,500 prison warders.
3.9.3 Implementation Challenges and Lessons Learnt
The main implementation challenges experienced in the security sector were changing threat levels especially from changing trends in crime and terrorism; inadequate police houses; inadequate transport facilities; inadequate inter-agency collaboration; Low level of ICT adoption in the fight against crime and other emerging security challenges; re-emergence of criminal gangs; and inadequate resources especially for the security modernization programme.

The lessons learnt during implementation of sector programmes will enhance an efficient and effective security sector. These include building capacity to fight a more complex and sophisticated crime and bio terrorism; and enhancement and institutionalization the use of technology. Stakeholder engagement to address the new Legal Frontiers Conflicts revolving around the discovery of natural resources, international organized crime, global changes in the legal environment, and ethics; and compliance with various policies and programmes arising out of the decisions of international institutions are some of the lessons learnt.

3.10. National Values and Ethics
National Values and Ethics Sector was introduced into the MTP II to realise the implementation of the Constitution of Kenya 2010. It is aimed at building a nation with a tolerant culture based on diversity that gives top preference to the common nationhood.

During the period under review, the sector focused on the following activities: education and training to prepare individuals to participate effectively and responsibly in the society; monitoring and reporting by the Presidency and county governments; and participation of the private sector and other key players in the realisation of the values enshrined in the Constitution.

Key achievements during the review period include:

- **Annual President’s Reports**: Production of 2015 Annual President’s Reports on National Values and Principles of Governance;
- **Development of Effective Mechanisms for Promoting National Values and Principles of Governance**: Mainstreamed National Cohesion and Values into 2015/2016 Performance Contracting cycles of MDAs; 46 County
Forums on National Cohesion & National Values were held; and 46 County Public Service Boards (CPSBs) were engaged on the promotion of National Values and Principles of Governance;

- **Policy, legal and institutional reforms**: Sessional Paper 8 of 2013 on National values and Principles of Governance and Sessional Paper 9 of 2013 on National Cohesion and Integration were developed.

### 3.11 Ending Drought Emergencies (EDE)

#### 3.11.1 Sector Performance

The sector realized several milestones, which were aimed at ending drought emergencies in Arid and Semi-Arid Lands (ASAL). These include implementation of Integrated Earlier Warning System; establishment of the Integrated Knowledge Management Systems for Drought; implementation of Hunger Safety Net Programme; and establishment of the National Drought and Disaster Contingency Fund (NDDCF) that facilitated 23 ASAL county governments.

**Table 3.8: Reduced drought vulnerability and enhanced adaptation to climate change in ASAL**

<table>
<thead>
<tr>
<th>Outcome Flagships Projects</th>
<th>Target</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Integrated Earlier Warning Systems</td>
<td>Drought early warning and response systems</td>
<td>Established Integrated Earlier Warning Systems</td>
</tr>
<tr>
<td>Integrated Knowledge management systems for drought</td>
<td>Providing prior climate related information</td>
<td>Adaptation consortium helped one million people in Isiolo, Wajir, Garissa, Makueni, and Kitui to cope with climate changes by investing in local adaptation project by providing climate information system</td>
</tr>
<tr>
<td>Hunger safety net programme</td>
<td>Building resilience and adaptive capacity</td>
<td>Help people in counties cope with climate change by investing in local adaptation projects.</td>
</tr>
</tbody>
</table>
| National drought and disaster contingency Fund (NDDCF) | Disbursement of finance to disaster affected regions | • Implementation of drought fund by the European Union  
• Facilitation of the 23 ASAL county governments |
CHAPTER FOUR

ECONOMIC PILLAR

4.1 Overview
The economic pillar of the Kenya Vision 2030 aims at achieving a high and sustained economic growth rate of 10 per cent per annum. The MTP II prioritized seven sectors that have the potential of catalyzing the desired economic growth and development. These sectors are tourism, agriculture, livestock and fisheries, wholesale and retail trade, manufacturing, Business Process Outsourcing/IT Enabled Services (ITES), financial services and oil and other mineral resources.

4.2 Tourism Sector
The overall aim of the tourism sector is to position Kenya amongst the top ten long haul tourists destination offering a high end, diverse and distinctive visitor experience. The Tourism industry plays an important role in the economy of Kenya through its enormous contribution to GDP, employment and foreign exchange. The industry is also a catalyst for investment and growth in other sectors and therefore stimulates economic diversification across sectors through multiplier effect. Table 4.1 depicts performance in the sector during the review period. The tourism sector continued to be an important source of foreign exchange earnings for the country, taking the third position after the agricultural sector and the diaspora. The sector recorded mixed performance compared to the MTP II targets.
### Table 4.1: Tourism sub-sector MTP II Achievements

<table>
<thead>
<tr>
<th>MTP Output / Outcome</th>
<th>Targets 2015/16</th>
<th>Actual 2015/16</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome: Increased International Visitor Arrivals, Bed Nights And Tourism Earnings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Increased Tourism Earnings (Ksh. Billion)</td>
<td>143</td>
<td>84.6</td>
<td>Depressed performance was attributed to insecurity mainly associated with terror attacks, adverse travel advisories and continued spread of ebola in west african countries.</td>
</tr>
<tr>
<td>2. Increased Tourist Arrivals (Millions)</td>
<td>2.7</td>
<td>1.18</td>
<td></td>
</tr>
<tr>
<td>3. Increased bed nights by Kenyans (millions)</td>
<td>3.5</td>
<td>3.15</td>
<td>Under performance was attributed to insecurity mainly associated with terror attacks and harsh economic conditions</td>
</tr>
</tbody>
</table>

Source: Economic survey

### 4.2.1 Tourist Arrivals and Earnings

Tourism sector received major boost after key attractions and hotels scooped top awards at the World Travel Awards. Kenya was endorsed as the World’s leading safari destination in 2013 and 2015; voted Africa’s leading beach destination in 2014 and 2015; Mombasa port voted Africa’s leading cruise port in 2015; Maasai Mara National Reserve ranked Africa’s leading national park (2015) and Kenya Tourism Board (KTB) voted Africa’s leading tourist board (2012 to 2015). The sector’s growth was supported by the introduction of a single tourist visa and use of identification card as a travel document between Kenya, Uganda and Rwanda. The Country also played host to a number of high profile conferences including the 10th World Trade Organisation, Ministerial Conference and the Global Entrepreneurship Summit.

The recovery of the tourism sector was enhanced by: constitution of the Tourism Recovery Taskforce; the Charter Incentive Program and subsidy which aimed at reducing tourist travel costs and recovering lost business from tourist charter companies; incentives and tax breaks to hoteliers and tour operators; waiver of visa fees for children aged under 16; lowering of park entry fees for local and international tourists through removal of Value Added Tax; and tembea Kenya initiative to promote domestic tourism.

Other recovery initiatives included: the engagement of an international Public
Relations firm which developed a Digital Global Media Strategy and enhanced the top tier Media relations; enhanced awareness/visibility of the MAKE IT KENYA brand by featuring World’s first live web broadcast of the great wildebeest migration in partnership with Herd tracker; scrapping landing fees at Mombasa and Malindi international airports for chartered planes to boost and encourage charter airlines to fly to the Coastal region; a subsidy of US$ 30 was provided for each passenger who disembarked in the country.

Figure 4.1 presents trends in tourism earnings and arrivals for the period 2012 to 2016. The year 2016 marked the rebound of the tourism sector when travel restrictions to Kenya by USA, UK, French and Germany were lifted. Earnings from the tourism sector improved by 17.8 per cent from KSh 84.6 billion in 2015 to KSh 99.7 billion in 2016. Similarly, the number of international visitor arrivals rose by 13.5 per cent to 1.34 Million in 2016. The sector performance did not meet the MTP II targets even with the positive product and brand endorsement, incentives and recovery initiatives. The sector’s suppressed performance was attributed to security concerns, particularly in the coastal region, and negative travel advisories from some European source markets and the aftermath of Ebola outbreak in West Africa in 2014.

4.2.2 Domestic Tourism
On the domestic front, bed nights by Kenyans increased from 2.95 million to 3.15 million in 2015. In 2016, the domestic tourism segment hit a high of 3.4 million
bed nights by Kenyans, reflecting a 10.8 per cent growth. This is marginal variance from the target of 3.5 millions bed nights. Figure 4.2 shows the trend of domestic bed occupancy.

Figure 4.2: domestic tourism performance for the period 2012-2016

<table>
<thead>
<tr>
<th>Years</th>
<th>Bednights by Kenyans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,787.7</td>
</tr>
<tr>
<td>2013</td>
<td>2,699.1</td>
</tr>
<tr>
<td>2014</td>
<td>2,948.7</td>
</tr>
<tr>
<td>2015</td>
<td>3,154.1</td>
</tr>
<tr>
<td>2016</td>
<td>3,495.9</td>
</tr>
</tbody>
</table>

4.2.3 Other Activities in the Tourism Sector

i. Business and Conference Tourism

Meetings, Incentives, Convention and Exhibitions (MICE) is a fast growing segment of tourism with the potential of bringing in high value tourists. To tap into its potential, the Ministry has prioritized the development of Bomas International Convention and Exhibition Centre (BICEC). During the review period, feasibility study for the project was completed and the process of developing BICEC Master Plan initiated.

Table 4.2 provides data on other key tourism sector statistics for 2015/2016 FY. The number of international conferences and delegates dropped by 9.5 per cent and 8.0 per cent, respectively, in 2015. Local conferences and delegates increased by 4.0 per cent and 7.4 per cent, respectively to 3,199 and 465,116 respectively over the same period. The average occupancy rate of conference facilities declined by 0.3 percentage points to 11.1 per cent in 2015. Significant growth was registered in 2016, an indication that Kenya is now exploiting its potential and thereby enhancing its brand equity. The number of international conferences and delegates rose by 4.1 Percent and 41.9 Percent to 227 and 101,599 respectively, in 2016. Similarly, local conferences and delegates
increased by 17.4 Percent and 14.5 Percent, to 3,755 and 532,674 respectively in 2016. The overall conference percentage occupancy rose from 11.1 Percent in 2015 to 11.6 Percent in 2016.

Table 4.2: Key tourism sector statistics

<table>
<thead>
<tr>
<th>Flagship project</th>
<th>Target</th>
<th>Achievements 2015/16</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Business and Conference Tourism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased Number Of International Conferences Hosted</td>
<td>437</td>
<td>218</td>
<td></td>
</tr>
<tr>
<td>Increased Number International Of Delegates</td>
<td>47,467</td>
<td>71,620</td>
<td></td>
</tr>
<tr>
<td>Bicec Project</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engage Transaction Adviser</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undertake Feasibility Study</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction Adviser Engaged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feasibility Study Report Submitted.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master Plan Development Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Expanded Tourism Training Facilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1 Of Ronald Ngala Utalii College</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60% Project Completion Rate</td>
<td></td>
<td>40% Project Completion Rate</td>
<td></td>
</tr>
<tr>
<td>Construction Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Community-Based Tourism Initiative And Agro Tourism:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural Festivals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Achievements Of The Result Was Through Holding Of Mombasa International Cultural Festival, Turkana Tourism And Cultural Festival, Meru Cultural Festival, Luo Cultural Festival In Kisumu And Nyeri Cultural Festival</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Classified Hotels And Inspected Tourism Establishments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess 50</td>
<td>122</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect 3,000</td>
<td>2,688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classification In The Nyanza, Western Rift, Central, Upper Eastern And Coastal Regions Done</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspections Based On Tourism Establishment Inventory From 36 Counties</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ii. Premium Park Initiative

In 2016, total visitors to Kenya Wildlife Service Parks/Reserves grew by 24 per cent from 1,591,007 in 2015 to 1,979,298 as shown in Figure 4.3. Revenue also went up by 2 per cent in 2016 compared to 2015. Under the premium park initiative, infrastructure improvements were realized through routine maintenance of 219 km roads and refurbishment of eco-lodges. In addition, two campsites and
three viewpoints and Naishi airstrip restrooms renovated in Amboseli and Nakuru National Parks, respectively.

**Figure 4.3: Visitor trend to Kenya Wildlife Service National Parks**

<table>
<thead>
<tr>
<th>Years</th>
<th>Visitors (numbers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>500,000</td>
</tr>
<tr>
<td>2013</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>1,500,000</td>
</tr>
<tr>
<td>2015</td>
<td>2,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>2,500,000</td>
</tr>
</tbody>
</table>

Kenya Wildlife Services

**iii. Expansion of Tourism Training**

The construction of the Ronald Ngala Utalii College is well on course having attained a completion rate of 47 per cent of the project works. Kenya Utalii College (KUC) continued with development of its Master Plan, expansion and renovation of its tourism training infrastructure in Nairobi and its satellite campuses in Kisumu and Mombasa. Through collaboration with the University of Nairobi, KUC also introduced two degree programmes in Hospitality Management and Travel and Tourism Management. The number of graduates who pursued various courses at KUC increased from 2,350 in 2014 to 2,664 in 2016.

**iv. Community-based Tourism Initiative and Agro-Tourism**

The National government in collaboration with respective county government’s held landmark cultural events in Mombasa, Turkana, Meru, Nyeri and Kisumu counties besides the Kenya Tourism Week/World Tourism day celebrations.

**v. Development of policies and legal frameworks for the Tourism sector**

To support the tourism sector, the tourism Act (2011) and Sessional Paper No. 1 of 2010 were implemented. Key measures undertaken to implement the sector policies are as below:
a. **Development of National Tourism Strategy:** The sector developed a five year National Tourism Strategy (2013-2017). The sector also developed the National Tourism Blueprint (2016-2030) which is awaiting Cabinet Approval.

b. **Establishment of Tourism Regulatory Authority:** Tourism Regulatory Authority was operationalized in April 2014 as a body corporate, administered and managed by a Board. The Authority now has a fully constituted board of directors, staff and has fully taken up the mandates as stipulated in the Tourism Act, 2011.

c. **Establishment of Tourism Research Institute:** Tourism Research Institute (TRI) has been established and a board appointed.

d. **Standards of Tourism Facilities and Services:** During the period under review, the sector has steadily increased the number of establishments inspected from 1,500 per year to over 2,700 in 2015/16 and targets to inspect 3,500 in 2016/17. The sector undertook national classification of the tourist facilities in the entire country. This was preceded by pre-classification activities focused on sensitizing and training of key stakeholders. A total of 162 tourism facilities were star rated between 1-5 star.

e. **Enforcement of standards for hospitality and tourism training institutions:** Due to the sector’s contribution to employment, numerous training institutions have mushroomed in many parts of the country offering tourism training. To this end, the following regulations were drafted to address the situation: Developed Tourism (Education and Regulations) 2016; Drafted Workforce and Training Accreditation Regulations; and Drafted Tourism Sector Association Regulations.

### 4.2.4 Implementation Challenges and Lessons learnt

The sector encountered constraints and challenges that hindered achievement of set targets. The main challenge is insecurity, safety and health concerns especially violence and terrorism that received international media coverage, travel advisories and Ebola outbreak in the continent. Other challenges that slowed down the performance in the sector include tourism product that are not in tandem with the changing consumer needs and trends; incidences of poaching; weak marketing of
Kenya as a preferred tourism destination due to inadequate funding; development of tourism product facilities that are capital intensive investment; and perception that Kenya is an expensive destination.

A number of lessons learnt during the period include strengthening collaborative engagements between the two levels of governments; collaboration with regional, national and international agencies/governments on security and safety; and setting realistic targets based on budgetary allocations will enhance sector performance.

4.3 Agriculture, Livestock and Fisheries Sector

The sector contributes to the national economy through income generation, employment and wealth creation, foreign exchange earnings as well as ensuring food security. In 2015, the sector contributed 28.7 per cent to GDP and has remained the leading sector in contribution to GDP. It accounts for 65 per cent of Kenya’s total exports and about 75 per cent of industrial raw materials. Further, the sector provides an average of 18 per cent of formal employment and 60 per cent of total employment. Table 4.3 presents a summary of the sector indicators achievements.

| Table 4.3: Agriculture, Livestock and Fisheries MTP II Achievements, 2015/16 |
|---------------------------------|--------------------------|----------------|---------------------------|-----------------------------|
| **Outcome**                     | **Outcome Indicator**    | **Target 2015/16** | **Achievement 2015/16** | **Remarks**                 |
| Increased Agriculture Production| GDP Growth of Agriculture Sector | 6.0 % | 7.2 % | Improved production in the sector due to favourable weather conditions |
| Value Addition in Agriculture   | Number of Agro-processing technologies promoted | 5 | 7 | groundnut value chain equipment, soybean milling technology, palm oil extraction, coconut and cotton processing |
|                                | Number of Agro-processing technologies developed | 2 | 4 | |
| Enhanced Food Security          | Grain Reserves (90kg Bags) of Maize | 5.1 Million bags of maize | 4,897,800 bags of maize | Target not achieved |
| Increased export of livestock and livestock products | Value of livestock products exported | - | KSh. 100 billion | This refers to total worth of livestock and products marketed in 2015 |
| Increase exports of fish and fish products | Value of fish and fishery products exported | KSh 6.2 Billion | KSh 3.3 Billion | 53.2 per cent of target achieved |
4.3.1 Agriculture

Agriculture subsector growth rate accelerated from 3.5 per cent in 2014 to 7.2 per cent in 2015. This was achieved through increased production of maize by 9.0 per cent from 39.0 million bags in 2014 to 42.5 million bags in 2015; Sugar cane by 4.6 per cent from 6.5 million tonnes in 2014 to 6.8 million tonnes in 2015; and horticultural exports by 8.4 per cent from 220.2 thousand tonnes in 2014 to 238.7 thousand tonnes in 2015. Export earnings from horticulture produce rose by 7.6 per cent from KSh 84.1 billion in 2014 to KSh 90.4 billion in 2015.

In order to enhance value addition of agricultural products, seven (7) technological innovations were developed, tested and promoted. These include; juice making, cassava chipping & flour making, solar dryers for tubers, fruits & vegetables, wheat milling & rice de-hullers, banana ripening technology-chambers, aloe plant processing & value addition. In addition, four (4) agro-processing and value addition technologies were promoted. These include; groundnut value chain equipment, soybean milling technology, palm oil extraction, coconut and cotton processing.

During the period under review, the Government enhanced the Strategic Grain Reserve (SGR) through purchase of 4,897,800 bags (90kgs) of maize. The target was not achieved due to reluctance of farmers to sell off their produce to NCPB as the price offered was not in tandem with the prevailing market price. Further, the Government diversified its food reserves through purchase of 548 metric tonnes of powdered milk.

To address cost of fertilizer, a fertilizer subsidy programme and a local fertilizer factory were established. The sector distributed 147,926 metric tonnes of subsidized fertilizer that benefited 591,704 farmers. As part of the process towards the establishment of a local fertilizer manufacturing factory, a blending facility was established in Eldoret by Toyota Tsusuh with a potential capacity of producing 150,000 metric tonnes of fertilizer annually.

To implement the consolidated Agricultural Reform Act (year), four (4) draft policies, two (2) bills and three (3) regulations were developed. In addition, Agriculture and Food Authority and Kenya Agricultural & Livestock Research Organization were operationalized.
4.3.2 Livestock
During the period under review, the livestock and livestock products marketed amounted to KSh 100 billion of which cattle and calves accounted for KSh 66 billion, milk accounted for KSh 21 billion, chicken and eggs KSh 6 billion and other products KSh 7 billion. The volume of milk production was 615.9 million litres while production of processed milk stood at 439.8 million litres in 2015.

4.3.3 Fisheries
During the period under review, fish and fishery products worth KSh 3.3 billion were exported. A total of 125,682 metric tonnes (71.3 per cent of the target) of fish landed and 18,656 metric tonnes (65.2 per cent of the target) of farmed fish were harvested. To improve access to quality fish fingerlings and fish feed for aquaculture development, 30 hatchery operators and 30 County Directors of Fisheries were trained on Intensive Catfish Production and Fish Feed Development Technology.

To promote marketing of fish both locally and internationally, a Residue Monitoring Plan for Farmed Fish approved by the European Union was rolled out. In addition, infrastructure for fish breeding and preservation of genetic materials at the National Aquaculture Research and Training Centres were upgraded and are at 25 per cent completion level. Demonstration infrastructure for Recirculation Aquaculture Systems (RAS) was established at the Sagana Centre to facilitate transfer of technology on intensive aquaculture production. Further, a cold storage and mini fish processing facility at Rongo in Migori County was at 95 per cent complete.

To enhance the productivity of the natural fish stocks Rivers Kipsonoi, Thiririka and Morun were restocked with 20,000 trout fingerlings each while Turkwell Dam was restocked with 150,000 tilapia fingerlings and Lake Jipe with 90,000 tilapia fingerlings. Three (3) breeding areas in Lake Baringo and Lake Turkana were demarcated to protect the fragile habitats and promote in-situ recruitment. The beach management units were sensitized on protection of demarcated breeding areas to enhance resource sustainability.

To strengthen monitoring, control and surveillance systems; the construction of the vessel’s hull, heli-deck and super structure was 80 per cent complete. A deep sea fishing fleet development plan was developed; one foreign fishing vessel inspected, reflagged and commenced fishing in the Economic Exclusive Zones.
To ensure adherence to international fish safety standards, the following was undertaken: quarterly scheduled audits and spot-checks inspections of licensed fish processing establishments; analysis of samples of fish, water and sediments; commencement of construction of a national fish quality laboratory; and a baseline survey of market dynamics and fish marketing routes.

The National Oceans and Fisheries Policy was revised to align it with the constitution and harmonize with regional policies and address emerging issues. Both the National Assembly and Senate passed the Fisheries Management and Development Bill (2014). To tap the under-utilized fishery resources of Lake Turkana, the Lake Turkana Fisheries Management Plan was developed and validated by stakeholders.

4.3.4 Implementation Challenges and Lessons Learnt

There were several challenges that hindered implementation in the year under review. These were competing land use; low uptake of technology; inadequate markets and poor infrastructure; limited access to financial services; high cost of production; and climate change. Other challenges included HIV/AIDS and limited use of appropriate technology.

The lessons learnt during the implementation period will aid sector performance in the future. These were fasttracking finalization of pending policies and legal frameworks; completion of on-going infrastructure (Markets/sheds) projects before starting others; fasttracking mitigation and adaptation of climate change measures in line with Kenya Climate Change Response Strategy (2010) and National Action Plan (2013-2017). Other lessons include undertaking strategic projects/programmes that have potential to impact highly on the economy; enhance linkages and build stronger collaboration with all the stakeholders, particularly between the national and county Governments; and monitoring and evaluation should be part of the implementation strategy.

4.4 Manufacturing Sector

Kenya aims to have a robust, diversified, and competitive manufacturing sector. The overall goal of the sector is to increase its contribution to GDP by at least 10 per cent per annum and propel Kenya towards becoming Africa Industrial hub. The sector’s performance is detailed in Table 4.4.:
**Table 4.4: GDP growth rates in manufacturing**

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Target 2015</th>
<th>Target 2016</th>
<th>Actual 2015</th>
<th>Actual 2016</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth of manufacturing sector, %</td>
<td>8.6</td>
<td>10.1</td>
<td>3.6</td>
<td>3.5</td>
<td>Targets not met</td>
</tr>
</tbody>
</table>

*Source: Economic Survey*

The GDP growth of manufacturing sector declined marginally to 3.5 per cent against a target of 10.2 per cent in 2016. The formal manufacturing sector also created 300.9 thousand jobs accounting for 11.8 per cent of the total formal employment in the country. The manufacturing sector implemented the following projects and programmes with varied completion rates.

### 4.4.1 Special Economic Zones (SEZ)

The sector identified land measuring 3,000 acres in Dong’o Kundu to develop the first phase of Special Economic Zone (SEZ) including Free Trade Zone. A Master Plan was also developed and completed in June 2015. Marketing and Investment Promotion were conducted and promotion materials developed. A SEZ Law was enacted in 2015, and operationalization of SEZ Authority is underway.

### 4.4.2 Ease of Doing Business

To enhance the ease of doing business, a Business Environment Delivery unit comprising of representatives from the Government MDAs was established. Process re-engineering and re-modeling was undertaken in five (5) pilot indicators (starting a business; registering property; getting electricity; paying taxes; and trading across borders). These reforms moved Kenya in the World Bank Ranking on ease of doing business from position 129 in 2015 to 108 in 2016.

### 4.4.3 Textile and Apparel Development

The infrastructure development of Textile Hub was started with the construction of the first 30,000 square feet warehouses in Athi River together with requisite basic infrastructure (roads, sewer, and power supply). The status is that 16 large units of the industrial shed are at 70 per cent complete, eight (8) small units are 50 per cent complete. Construction of road infrastructure Lot I is 80 per cent complete and Lot II is 90 per cent complete. The Textile and Garments Value Chain Study was
completed and its recommendations implemented. Aggressive investor targeting and attraction started with 42 major textile buyers invited to Kenya and discussions held with the second largest textile manufacturer in the world.

4.4.4 Leather Development
A blue print design of the Kenanie Leather Industrial Park was designed that will be located in a 500 acre site at the Export Processing Zone Authority land. The following were undertaken: desludging of the ponds is 80 per cent complete; rehabilitation of the ponds is 50 per cent complete; roadwork’s is 60 per cent complete (0.4km); drilling of the boreholes completed; the Leather Value Chain Study was completed and its recommendations being implemented.

4.4.5 Development of Small and Medium Enterprises (SME) Parks
The Small and Medium Enterprises (SME) parks are to attract new companies, expand employment opportunities to citizens and attract Foreign Direct Investments (FDI). During the period under review 135, 32 and 20 acres of land were identified in Eldoret, Juja and Taita Taveta, respectively for the construction of SME parks.

Development of the Integrated Iron and Steel Mill: To facilitate the establishment of an integrated iron and steel mill, the Scrap Metal Act (2015) was enacted, a feasibility study on the establishment of the integrated steel mill was completed, and the National Steering and Technical Committees on its implementation inaugurated.

One Village One Product Project (OVOP): One Village One Product (OVOP) programme is a strategic movement designed specifically for regional and community development. During period under review, the project facilitated the Taita basket weavers to brand their baskets by acquiring collective mark to improve the quality and marketing of baskets.

Construction and Equipping of Constituency Industrial Development Centres (CIDC): During the period under review, 165 Constituency Industrial Development Centres (CIDC) were completed while 24 stalled. In 21 constituencies, no land had been provided for construction. Two CIDCs in Kiambaa and Kitui Central have been equipped and handed over to Kenya Industrial Estate for operationalization. All the completed CIDCs have been handed over to the Micro and Small Enterprises Authority (MSEA) for operationalization and completion. MSEA refurbished and
operationalized 10 CIDCs in 2015/2016.

4.4.6 Other achievements in the sector

**Export Processing Zones Authority (EPZA):** The Authority achieved the following: the number of Gazetted zones increased to 57 in 2015/16 from 52 in 2014/15; operating firms increased from 86 to 89; and direct investments increased from KSh 61 billion to KSh 74 billion. The total employment opportunities increased from 47,526 jobs in 2014/2015 to 52,007 jobs in 2015/2016 while employment opportunities by apparel firms increased from 39,443 jobs in 2014/2015 to 42,901 jobs in 2015/2016 and export under the AGOA programme grew to KSh 66.6 billion in 2015/2016.

**Kenya Investment Authority:** In 2015/2016, Ken-Invest prepared the draft National Investment Policy, Attracted Foreign Direct Investment and Domestic Investment to the tune of KSh 224 billion compared to KSh 191 billion in 2014/2015, and state of the art One Stop Centre is 65 per cent complete.

**Numerical Machining Complex:** The Company in 2015/16, developed 56 water pumps, 184 metric tonnes of production castings and 6,146 transmission parts compared to 167 water pumps, 92 metric tonnes of production castings and 8,813 transmission parts in the previous year.

**Kenya Bureau of Standards (KEBS):** KEBS developed 533 new standards including standard for e-learning tablets. KEBS also reviewed and maintained 1,292 standards in 2015/16 up from 409 in 2014/15. To support the SME sector, a total of 2,296 permits were issued for SME products and 7,427 permits for large firms in 2015/16. Laboratory upgrading project at KEBS Coast Region, Mombasa Laboratory and Lake Region Kisumu office were 90 per cent complete.

**Kenya National Accreditation Services (KENAS):** In its effort to offer accreditation services in Kenya, Kenya National Accreditation Services (KENAS) accredited 14 new Conformity Assessment Bodies (CABs) while 104 Conformity Assessment Bodies (CABs) were assessed. KENAS also conducted 124 awareness programmes on accreditation services and 98 assessors were trained in the areas of inspection, testing, certification, testing and medical laboratories.
Kenya Industrial Estates: In order to promote indigenous entrepreneurship, development and incubation of MSME through providing credit and Business Development Services financing and industrial working sites, the amount of credit / capital issued stood at KSh 183 million in 2015/16. During this period, the institution constructed 148 industrial working sites and created 1,910 new enterprises. This created 10,602 direct jobs in the sector. The number of entrepreneurs trained improved from 28,071 in 2014/15 to 31,453 2015/2016. In 2015/2016 number of jobs created improved marginally to 3,732 from 3,721 in 2014/15.

Micro Small Enterprise Authority (MSEA): In order to promote the development of competitive and sustainable Micro and Small Enterprises sector, MSEA Act was operationalized. In 2015/2016, MSEA facilitated 2,001 MSEs access to county, national, regional and international markets and trained 1,352 MSEs on management and entrepreneurship. These facilitated the creation of 41,275 jobs in the sector.

Industrial Commercial Development Corporation (ICDC): In 2015/16, ICDC financed new investment (Industrial Credit) to Small medium & large enterprises to the tune of KSh 804 million up from KSh 481 million in 2014/15.

Kenya Industrial Research Development Institute (KIRDI): KIRDI developed and commercialized 165 products under the natural product, value addition and productivity initiatives mainly in agro-processing and natural product among others. A modern state of the art Industrial Research, Technology and Innovation laboratories, administration offices and a Techno Business Centre in Kisumu were completed. Equipping of the Leather Pilot Plant and research laboratories was completed.

Kenya Intellectual Property Institute (KIPI): In effort to promote Industrial Property Rights, the institute disseminates technological information to the public and training on industrial property rights. In 2015/16, 4,083 trademarks (national) were registered compared with 5,991 trademarks in 2014/15. New trademarks applications grew from 4,613 in 2014/15 to 4,083 in 2015/16.

4.4.7 Implementation Challenges and Lessons Learnt
The following issues and challenges slowed down performance in the sector and non-achievement of the targets. The challenges include high cost and non-zoning
of industrial land; rapidly changing consumer needs, preferences and quality requirements; stiff competition in the local, regional and global market due to high cost of production, non-compliance to international standards and non-tariff barriers; limited access to long term and affordable financing; and unfavorable business climate.

Other challenges were inadequate infrastructural facilities; use of inappropriate production technology; and limited scope for product diversification and expansion of export base; threat of terrorism that required extra security, CCTVs, and other security devices; and challenges emanating from devolution leading to slow uptake of the One Village One Product (OVOP) programme by the county governments.

The lessons learnt during the reporting period were promotion of micro, small and medium industries through investment in physical facilities and access to affordable long-term financing and credit facilities will enhance sector performance; mobilization of adequate resources is essential for sector success; and a strong Public Private Partnership legal framework is essential for the performance of the sector.

4.5 Financial Services Sector

4.5.1 Sector Performance
The financial services sector is key to the realization of the goals of the Kenya Vision 2030. The second MTP envisions a vibrant and globally competitive financial sector that drives high levels of savings and financing Kenya’s investment needs. The sector aims at achieving its goal through deepening the financial markets by enhancing its access, efficiency and stability. Table 4.5 presents performance in the sector.
Table 4.5: Progress Matrix for Financial Services

<table>
<thead>
<tr>
<th>S. No.</th>
<th>MTP II Outcome Indicator(s)</th>
<th>MTP II Outcome Target 2015/2016</th>
<th>Actual Achievement 2015/2016</th>
<th>Remarks</th>
</tr>
</thead>
</table>
| 1      | Nairobi International Financial Centre (NIFC) | NIFC Established and Operationalized | • A policy framework for the establishment of NIFCA was finalized in 2015.  
• NIFCA draft bill was submitted to parliament | • An executive order to establish NIFCA was signed Vide legal notice 44 of 2014.  
• Interim secretariat was formed with staff seconded from; CMA, IRA and CBK.  
• NIFCA has signed a MOU with Qatar Financial Centre. |
| 2      | Deepening of Capital Markets | A vibrant Market for Shariah Compliant Products Developed | • Islamic Finance Project management office was established  
• Islamic Finance Consultative Committee (IFCC) established  
• Islamic Finance Steering Committee (IFSC) established. | |
| 3      | Architecture of the Financial Services Sector | Stronger Sacco Sector Developed | • Policy paper on Consolidation submitted to Principal Secretary, State Department of Coops, Ministry of Industry, Trade and Cooperatives. |
| 4      | Long Term Savings | Credit information system expanded | • Micro-insurance policy paper and Micro-Insurance Act 2015 have been developed  
The policy and the Act are under discussion by stakeholders | |
| 5      | EAC Financial Services Integration | Low cost, more timely and secure payments system in place | • Implementation of the Capital Market Infrastructure | |

The Banking Subsector remained stable and resilient in 2015 as evidenced by a 9.2 per cent growth in the banking sector’s balance sheet from KSh 3.2 trillion in December 2014 to KSh 3.5 trillion in December 2015.

Gross National savings increased from 12.73 per cent of GDP in 2014 to 14.39 per cent of the GDP in 2015. This was against the MTP II target of 19.7 per cent and 22.7 per cent of GDP in 2014/15 and 2015/16, respectively. Total investment to GDP declined from 22.49 per cent of GDP in 2014 to 21.21 per cent of GDP in 2015. The MTP II target was for investment to reach 28.6 per cent of the GDP by 2015/16.
4.5.2 Implementation Challenges and Lessons Learnt

The main challenges impending the growth and development of the financial sector include access and high level of exclusion from financial services; cyber-crime; and weak supervision due to expansion in the sector.

Lessons learnt in the sector to be replicated in subsequent implementation periods were adoption of innovative business models and more client-centric approaches; adoption of mobile and digital financial services to address constraints in delivery and cost of financial services; digital payments platforms will lower cost of financial services; and sharing of credit information to reduce defaulters. Other lessons include decentralisation of operations and use of technology in the SACCO sub-sector is key in its development; efficiency in financial sector supervision helps reduce costs and potential threats to stability of the sector; and expanding asset classes can be included in the pension schemes to diversify portfolios and improve long-term returns.

4.6 Wholesale and Retail Trade Sector

The Wholesale and Retail Trade Sector is the link between production and consumption. Table 4.6 summarizes the trend of selected indicators for the sub-sector over the period 2013-2016. The sector registered improved performance during the second MTP implementation period. The sub-sector was valued at KSh 473.1 billion and KSh 520.4 billion in 2015 and 2016, respectively. In 2016, the sub-sector was ranked fifth in value terms after agriculture, manufacturing, transport and storage, and real estate. Despite the growth of the sub-sector in value terms, its share contribution to GDP declined from 8.0 per cent in 2013 to 7.3 per cent in 2016. The average contribution over the second medium term period was 7.8 per cent, which was below the 9.7 per cent realized in the first Medium Term Plan period.

Table 4.6: Indicators for domestic trade

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to GDP (Percent)</td>
<td>8.0</td>
<td>8.0</td>
<td>7.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Total Number of persons engaged in the informal Trade Sector (No.)</td>
<td>11,150,100</td>
<td>11,84,600</td>
<td>12,562,500</td>
<td>13,309,700</td>
</tr>
<tr>
<td>Number of persons engaged in the informal sector in the wholesale and retail trade (No.)</td>
<td>6,693,400</td>
<td>7,120,400</td>
<td>7,510,900</td>
<td>7,946,700</td>
</tr>
</tbody>
</table>

Source: Economic Survey 2017
4.6.1 Implementation of Flagship Projects

The main MTP II target for the sector in the 2015/2016 FY is to complete one wholesale hub in Maragua, Profile 300 producer business groups, complete 60% of the tier one retail market in Athi river, operationalize credit guarantee scheme and export development Fund, operationalize Lubumbashi Distribution Infrastructure (warehouse) and operationalize Juba 2 distribution infrastructure (warehouse). The progress made in the implementation of flagship projects and other programmes/projects by the sector include:

**Building pilot wholesale Hub in Maragua to serve as model for the Private Sector:** Scheme and detailed designs for the proposed wholesale hub were completed and geotechnical and topological surveys undertaken. The designs were disseminated in Mombasa, Nairobi, Taita-Taveta, Murang’a, Uasin Gishu and Kisumu counties, which were identified to develop similar markets.

**Building pilot Tier I retail market in Athi-river:** The retail market in Athi River will serve as model for the private sector. Scheme and detailed designs for the proposed Tier I retail market were completed and geotechnical and topological surveys undertaken. The designs were disseminated in six counties namely; Mombasa, Nairobi, Taita-Taveta, Muranga, Uasin Gishu and Kisumu counties, which will develop similar markets.

**Profiling of Producer Business Groups (PBGs):** The sector profiled 350 PBGs through identification of economic activities; challenges faced and expected mitigation measures to address the challenges. In view of this, a strategy for implementation of PBGs interventions was developed and shared with six counties for implementation.

**Establishment of Credit Guarantee Scheme:** A credit guarantee scheme Policy and Bill whose objective is to support access to credit by Micro, Small and Medium Enterprises (MSMEs) was developed. The credit guarantee scheme will provide the necessary assurance for financial institutions to increase availability of credit to export oriented enterprises.

**Establishment of Commodity Exchange:** Establishment of a Commodity Exchange whose aim is to address the challenges faced by smallholder farmers in the liberalized market place due to the absence of transparent and efficient structured trading system.
was initiated. Towards this, a feasibility study was undertaken, standards for 18 commonly traded commodities developed, Capital Market Act (2013) amended to license and regulate spot exchange, and stakeholder sensitization undertaken both at national and county governments.

4.6.2 Other Programmes and Projects

Establishment and institutionalization of International Road Transport (T.I.R.) Carnet in Kenya and its application in East Africa: Feasibility study for the compatibility of the transport system to the existing regional trade facilitation and transit instruments in application within EAC and COMESA region was finalised. In addition, key stakeholders were sensitized on the functional attributes of the T.I.R system.

Revitalization of Joint Loans Board (JLB) Scheme through carrying out socio-economic impact assessment, establishing enabling legal and institutional framework and enhanced funding: The devolvement of the JLB scheme which entails developing a legal framework and asset verification is on-going and will be completed within the plan period.

Construction of Legal Metrology Laboratories in 47 counties to meet international best practices: The modernization of legal metrology laboratories at the Weights and Measures Department was undertaken. The mass laboratory was equipped with electronic comparators and additional E2 and F1 mass standards. In addition, specification and bill of quantities for water meters and electricity meters type approval laboratories were developed.

Strategy to address the influx of counterfeit goods: A strategy on Inter-Agency collaboration to address emerging counterfeiting issues, strengthen enforcement and protection of Intellectual Property Right was developed. In addition, the sector through KEBs increased compliance of products to standards from 88 per cent in 2015 to 96.4 in 2016. Suspected counterfeit goods worthy KSh. 1.558 billion were seized out of which counterfeit goods worthy KSh 900 million worth were destroyed.

Establishment of EMPRETEC Centre: This centre will provide entrepreneurial and management training, consultancy and Counselling Services to Micro, Small and Medium scale enterprises and other interest groups. Kenya Institute of Business
Training (KIBT), Department of Internal Trade and the private sector developed a concept note and organizational structure for operationalization of the centre. The programme is being undertaken with technical support of UNCTAD.

**Export Development Strategy:** The consultative process towards profiling the sectors and identifying the interventions that would lead to higher export performance has been undertaken. Steering committee, sector-working committees have engaged with critical stakeholders with a view to develop sector strategies that will form the pillars and basis for action within the national export strategy.

**World class trade Centre and a modern exhibition and convention Centre:** A concept note was developed to actualise the centre. Consultations with the Agricultural Society of Kenya (ASK) are ongoing to house the facility at the ASK grounds in Nairobi.

**4.6.3 Policy, Legal and Institutional Reforms**

The following policies were developed, reviewed or enacted:

**National Trade Policy:** National Trade Policy was approved by the Cabinet in December 2016. The Policy aims at spurring economic growth by enhancing export growth through value addition in export oriented manufactures and in the services sector as well as pursuing diversification to fully exploit the export opportunities in the emerging markets.

**Trade Development Bill:** A draft Trade Development Bill, whose objective is to provide a legal framework for the National Trade Policy, was developed in consultation with the county governments. The Bill has been submitted to Parliament for consideration.

**Trade Remedies Bill:** The Trade Remedies Bill has gone through the second reading at the National Assembly. Implementation of this law will address issues of unfair trade practices from imports that cause material injury to Kenya’s domestic industry.

**Review of the Weights and Measures Act:** A Legal Metrology Bill reviewing the Weights and Measures Act was developed. The Bill aims at making provisions for the manufacture, sale and use of weighing and measuring equipment in trade, health
and safety, environment and the sale of goods. The Bill has gone through the second reading in Parliament and it is at the committee stage.

**Enactment of the Export Development and Promotion Bill:** A draft Export Development and Promotion Bill whose aim is to create coherence in the export sector was developed with the technical support of the Kenya Law Reform Commission. The Bill was forwarded to Parliament for consideration.

**Review of the Anti-Counterfeit Act:** Amendment proposals to the Anti-Counterfeit Act, (2008) and Anti-Counterfeit Regulations (2010) have been developed and forwarded to the Office of the Attorney General. The proposed amendments will address emerging issues to enhance enforcement capacity in prohibiting counterfeits.

**Develop e-Commerce Policy:** A concept note and working framework for the policy was developed in consultation with key stakeholders.

### 4.6.4 Implementation Challenges and Lessons Learnt

The performance of the wholesale and retail trade sector was hindered by influx of sub-standard, counterfeits and contra-band goods hence discouraging innovation; access to credit; multiple trade regulations and existence of Non-Tariff Barriers; and delay in enactment of legislations. Other challenges include inadequate market infrastructure and inefficient value chain model and weak coordination amongst stakeholders; inadequate capacity to develop new products, innovation, inventions and value addition on produced goods; and unfavourable business environment immanating from unconducive licensing and regulations. In addition inadequate modern wholesale and retail markets, particularly for the fresh agricultural products; lack of adequate business management skills; high transportation costs resulting from inadequate development of hard infrastructure inhibit the growth of trade.

### 4.7 Business Process Outsourcing (BPO) and IT-Enabled Services (ITES)

The Kenya Vision 2030 identified BPO/ITES as a priority sector to create over 200,000 jobs and contribute over 10 per cent to GDP. To achieve this goal, the government implemented various initiatives that include; improving universal access to ICTs, promotion of the BPO/ITES, capacity building through the Ajira Digital program, development of digital content, rollout of e-government services
and development of the ICT Industry and innovation. These initiatives were geared towards creating a favorable environment for the growth of the ICT market. This section provides the performance of the sector during the review period.

4.7.1 Flagship Projects

**Establishment of Konza Technology City:** The sector developed the Konza Techno City Bill and submitted to Parliament for approval. The sector undertook infrastructural development that included access roads, electricity and water. A funding model for resource mobilization of US$ 750 million for on-site infrastructure development for Phase 1 was developed. An implementation Roadmap for Konza Techno City Project was developed while a Local Physical Development Plan (Buffer Zone) was approved.

4.7.2 Other Projects and Programmes

The following programmes and projects were also undertaken.

**Business Processing Outsourcing Jobs Created:** A cumulative 20,000 jobs had been created by the sector by 2016 against an MTP target of 200,000 jobs. The sector marketed Kenya as a BPO destination in four (4) International for a while 2000 jobs were created in 2016.

**ICT Infrastructure Connectivity:** During the period under review, the sector launched the National Broadband Strategy connected 47 county governments’ headquarters with high capacity broadband and connected Tertiary Public Institutions with National Terrestrial Fibre optic cables networks. It also rollout the digital TV Broadcast by the deadline of 30th June 2015. The County Connectivity Project connected all the 47 county headquarters to the National Backbone Fibre Cable. The sector also automated 23 government services for Huduma Centres.

**Data, Content Development and Innovations:** in 2015/16, the sector developed content for 18 ministry portals; facilitated the development of Incubation Hubs for ICT startups in 10 Counties; commissioned the operationalization of the IBM laboratory and ensured that Kenyan scientists are working in the laboratory; published 24 Bimonthly Mawasiliano News Letter; and developed 47 on-line county edition.
profiles. The sector also developed civic educational materials and disseminated news features.

4.7.3 Policy, Legal and Institutional Reforms

i. Developed the National ICT Master Plan and Strategy to implement the master plan

ii. Reviewed the Kenya Information and Communications Act (KICA) 2013

iii. Developed 2013-17 Ministry of ICT Strategic Plan

iv. Developed National ICT Master Plan

v. Developed and Launched and Implement the National Broadband Strategy

vi. Developed the National Addressing System (NAS)

vii. Developed standards for the digitization in order to guide all MDAs in digitization

viii. Reviewed the National ICT Policy

ix. Development of Government advertising guidelines to reduce cost

tax. Develop standards for the digitization in order to guide all MDAs in digitization.

xi. Development of ICT County 5 year Development plan for 47 counties

xii. Operationalize the National Cyber Security Framework to enhance security through establishment of Kenya Certificate.

4.7.4 Implementation Challenges and Lessons learnt

The sector experienced some challenges that affected full achievement of its objectives. Some of the challenges inadequate legislation to institutionalize the agencies in charge of ICT; vandalism of ICT infrastructure; lack of harmonized data management system; limited penetration of telecommunication infrastructure in rural areas, digital divide between the rural and urban areas; and inadequate supply of affordable and uninterrupted power supply. Other challenges were inadequate competencies and highly skilled workforce; cyber Security presenting new security risks; lack of ICT policy; limited interoperability of government systems; and rapid technological change that require high investments.
Lessons Learnt during the implementation period include online jobs opportunities provides immense opportunities for the youth; developing supporting infrastructure will enhance uptake of BPO and online jobs; a comprehensive policy, legal and regulatory frameworks can facilitate collaboration of government agencies. Other lessons include provision of adequate, affordable and uninterrupted power supply will contribute to lessening the existing digital divide; interoperability of government systems will remove duplication and inefficient resource management and enhance service delivery to the citizens; and adoption of technological changes will enhance sector performance.

4.8 Oil and Gas Sector

4.8.1 Sector Performance
The sector objective is to explore, develop and produce the petroleum reserves existing in the country’s sedimentary basins for sustainable national economic development and wealth creation. The sub sector is strategically organized into three delivery functional units: the upstream, mid-stream and downstream. The upstream involves the process of exploration, development and production of crude oil and natural gas; mid-stream revolves around storage, refining and transportation of crude oil, and downstream ensures refined products are made available to the consumers through supply and distribution of petroleum products.

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Security of supply of Petroleum Products</td>
<td>2,577</td>
<td>2,706</td>
<td>The target was met.</td>
</tr>
<tr>
<td>Skilled Human Resource In The Oil and Gas Sector</td>
<td>85</td>
<td>145</td>
<td>This was made possible through the Kenya Petroleum Technical Assistance Project (KEPTAP).</td>
</tr>
<tr>
<td>Increased oil and gas exploration activities in Kenya’s sedimentary Basins</td>
<td>5</td>
<td>5</td>
<td>Though the target was met, oil and gas exploration activities have slowed down due to the fall in world crude oil prices.</td>
</tr>
</tbody>
</table>
During the period under review, 17 new petroleum exploration blocks were created and gazetted in readiness for licensing to International Oil Companies (IOCs). To enhance reticulation of oil and gas in the country through the pipeline network, 120 km (10 inch diameter) Sinendet – Kisumu parallel spur refined products oil pipeline was completed. In addition, Mombasa – Nairobi refined oil products pipeline was under construction. These pipelines will contribute to lower petroleum costs and security of supply in the country besides decongesting the roads.

During the year, 2,706 metric tonnes of petroleum products were distributed. The sector realized its outcomes through the following projects/programmes:

i. **Construction of a new 454Km (20-inch diameter) refined oil products pipeline from Mombasa to Nairobi (Line 5):** 54 per cent of construction works was completed. In addition, a total of 155.805 km of pipe lowered and 152.518 km backfilled.

ii. **Construction of 120Km (10-inch diameter) parallel oil pipeline from Sinendet to Kisumu (Line 6):** The pipeline was completed and commissioned.

iii. **Construction of additional Storage Tanks at Nairobi Terminal:** 99.1 per cent of the construction works in the addition four (4) tanks completed. These storage facilities will contribute to the security of supply of refined petroleum products in the western parts of the country and neighbouring countries.

iv. **Hoima-Lokichar-Lamu Crude oil pipeline:** Feasibility study for the pipeline was completed. Project route was changed from Hoima-Lokichar-Lamu to Lokichar-Lamu. This pipeline will evacuate crude oil from Lokichar oil fields to the refinery.

<table>
<thead>
<tr>
<th>Improved and expanded oil and gas pipeline network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility study for Lokichar – Lamu crude oil pipeline</td>
</tr>
<tr>
<td>482 Km 20 inch Mombasa – Nairobi refined petroleum products pipeline (%)</td>
</tr>
<tr>
<td>120 km 10 inch Sinendet – Kisumu parallel spur refined petroleum products pipeline (%)</td>
</tr>
</tbody>
</table>
v. **Throughput:** A throughput of 5,937,834 metre cubed was attained against a target of 6,393,689 metre cubed in 2016. In addition, 2,706 metric tonnes of oil and gas was distributed against a target of 2,577 metric tonnes during the same period.

vi. **Mombasa – Nairobi Pipeline (Line 1) Optimization:** The annual average flow rate of the line was 660 cubic metre per hour against a target of 705 cubic metre per hour, which represents 94 per cent achievement.

vii. **Ensure security of supply of petroleum products in the country:** Monitoring of; utilization of petroleum infrastructure, international and local pump prices and petroleum stock position in the country.

viii. **Drilling of Exploration and Appraisal Wells:** A total of three (3) exploration wells were drilled; one (1) well in Block 12A, one (1) wells in Block 11A and one (1) well in Block 2B. A total of two (2) appraisal wells were drilled: Sidetracking (parallel drilling) of Amosing 5 appraisal well in Block 10BB and Etom-2 appraisal well in Block 13T.

ix. **Creation and gazettement of new Petroleum Exploration Blocks:** Seventeen new petroleum blocks were created and gazetted.

x. **Geo-chemical and Petro-physical laboratory:** During the period, feasibility study on Geochemical and Petrophysical Laboratory was completed. In addition, an MOU with a strategic partner for setting up the Geochemical and Petrophysical Laboratory was signed. Another MOU between the University of Nairobi and National Oil to support the Master in Science degree in Geosciences offered in the University through giving students access to equipment for research purposes was signed. The Laboratory will provide upstream support services to companies in Kenya and across Africa.

xi. **Modernization of the National Petroleum Data Centre:** In 2016, digitization of all manual data was completed while transition to an online web based platform for the data centre is awaiting development of security access protocols.

xii. **National Seismic Processing Centre and Data Visualization Facility:** During the year, National Oil Company (NOC) of Kenya established strategic partnership with Schlumberger WesternGeco for establishment of a seismic processing and data visualization centre. NOC (K) and the Ministry acquired the initial software and hardware for the establishment of a seismic processing centre.
xiii. **Establish a Petroleum and Natural Gas Drilling Services Unit:** During the 2015/16 FY, feasibility study on onshore drilling joint venture was completed. An international drilling contractor was identified to form the National Oil drilling joint venture and a draft Joint Venture agreement was prepared and reviewed.

xiv. **Expansion of National Oil Company (NOC) of Kenya Market Share:** Allocation of 30 per cent of local ullage for Automotive Gas Oil (AGO) and 20 per cent for Premium Motor Spirit (PMS) was allowed. An additional 12 petrol stations were constructed.

xv. **Kenya Petroleum Technical Assistance Project:** A total of 145 against a target of 85 officers from relevant MDAs were trained under Kenya Petroleum Technical Assistance Project. This World Bank funded programme is aimed at building capacity in oil and gas sector.

### 4.8.2 Policy, Legal, Regulatory and Institutional Frameworks

During the 2015/16 period, the following Policy, Legal, Regulatory and Institutional reforms were undertaken:

i. Draft Petroleum Bill 2015 was developed and submitted to Parliament for enactment.

ii. Draft Energy (Local Content) Regulations (2014) reviewed.

iii. Draft Petroleum Exploration, Development and Production (Local Content) Regulations, 2014 reviewed.


v. The draft Energy (Licensing of Petroleum Logistics Business and Facility Construction) Regulations 2013 reviewed.

vi. Draft Energy (Licensing of Petroleum Road Transportation Business) Regulations 2013 reviewed.


4.8.3 Implementation Challenges and Lessons Learnt
The main challenges that affected the oil and gas sector were high capital investment cost required for oil and gas projects; managing local community expectations; inadequate oil and gas infrastructure; escalating cost of land acquisition for developing oil and gas fields. Others include high costs of petroleum products; lack of adequate skilled local professionals; falling of crude oil prices leading to slowed exploration; and misunderstanding amongst strategic partners in the crude oil pipeline construction.
CHAPTER FIVE

SOCIAL PILLAR

5.1 Overview
The Social Pillar aims at building a just and cohesive society that enjoys equitable social development in a clean and secure environment. The Vision identifies eight sectors in the Pillar namely: Education and Training, Health, Environment, Water and Sanitation, Population, Urbanization and Housing, Gender, Youth and Vulnerable Groups, and Sports, Culture and Arts. The social pillar also integrates the needs of special interest groups such as persons with disabilities and the marginalized communities.

5.2 Education and Training Sector

5.2.1 Sector Performance
The overall goal of the sector is to provide quality education and training to all Kenyans. Table 5.1 presents a summary of the sector indicators, targets and achievements for 2015/16.

Table 5.1: Education and Training Sector MTP II Outcome Indicators

<table>
<thead>
<tr>
<th>MTP II OUTCOME INDICATOR (S)</th>
<th>TARGET 2015/2016</th>
<th>ACTUAL 2015/2016</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary school to secondary school transition rate</td>
<td>90.5% (T) 89 (M) 92.0 (F)</td>
<td>84.9%(T) 85.0(M) 84.8(F)</td>
<td>Target missed by 5.6 percentage points</td>
</tr>
<tr>
<td>Net Enrolment rate to primary education in ASALs</td>
<td>62.5% (T) 64.2 (M) 60.8(F)</td>
<td>44.8%(T) 47.7%(M) 44.5 % (F)</td>
<td>Target missed by 17.7 percentage points</td>
</tr>
<tr>
<td>Net enrolment rate in early childhood education</td>
<td>79.0%(T) 79.5% (M) 78.5%(F)</td>
<td>74.6% (T) 76.0 (M) 73.2 (F)</td>
<td>Target missed by 4.4 percentage points</td>
</tr>
<tr>
<td>Pupil teacher ratio</td>
<td>42:1</td>
<td>42:1</td>
<td>Target Achieved</td>
</tr>
</tbody>
</table>
5.2.1.1 Early Childhood Development Education

The GER increased from 76.5 per cent (78.5% males and 74.4% females) in 2015 to 76.6 per cent (78.7% males and 74.6% females) in 2016. The NER improved from 74.6 per cent (76.0% males and 73.2% females) in 2015 and to 74.9 per cent (76.9% males and 73.0% females) in 2016. A comparison of GER and NER is presented in Figure 5.1. The relatively low levels of NER are attributed to low participation level, and some children directly joining primary schools without going through ECDE. The gender parity index between girls and boys at ECDE level dropped marginally from 0.97 in 2015 to 0.96 in 2016.

![Figure 5.1: Trends in GER and NER in ECDE, 2014-2016](image)

The number of ECDE centers increased from 40,775 (24,862 public and 15,913 private) in 2015 to 41,248 (25,175 public and 16,073 private) in 2016. Subsequently, enrolment increased from 3.1 million (1.6 million boys and 1.5 million girls) in...
2015 to 3.20 million (1.63 million boys and 1.57 million girls) in 2016.

The number of trained ECDE teachers increased from 83,814 (13,854 males and 69,960 females) in 2013 to 97,717 (15,366 males and 82,351 females) in 2016, representing a 9.8 per cent increase. This was mainly due to employment of more teachers by county governments.

5.2.1.2 Primary School Education
The primary GER moved from 103.6 per cent (105.8% males and 101.5% females) in 2015 to 104.1 per cent (106.3% males and 102.1% females) in 2016 as shown in Figure 5.2. The NER improved from 88.2 per cent (89.1% boys and 87.4% girls) in 2015 to 91.1 per cent (92.2% boys and 89.9% girls) in 2016. The gap between the GER and the NER declined from 15.4 percentage points in 2015 to 12.9 percentage points in 2016 implying that the governments’ policies on repetition and promotion have impacted positively on access to education. The Primary Completion Rate (PCR) increased from 82.7 per cent in 2015 to 83.5 per cent in 2016. The Primary Gender Parity Index remained constant at 0.97 in 2015 and 2016. Regional disparities in NER existed especially in marginalised areas of Northern Kenya, which recorded 44.8 per cent (47.7% male and 44.5% female) compared to the national average of 88.4 per cent in 2016.

Figure 5.2: Trends in GER and NER in Primary Education, 2014-2016
The sustained performance in primary school enrolment rates is attributed to Free Primary Education programme (FPE); the Sanitary Towels Initiative and School health, Nutrition and Feeding Initiative (SFP). A total of 1.6 million primary and pre-primary children are provided with a mid-day meal annually under the two initiatives.

The KCPE examination candidatures increased from 938,912 (473,259 males and 465,653 females) to 942,021 (473,503 males and 468,518 females) in 2016 with a mean score of 52.78 and 53.2 respectively. The number of public primary teachers increased from 200,697 (101,764 males and 98,933 females) in 2014 to 210,991 (105,479 males and 210,991 females) in 2015. The pupil teacher ratio improved from 41:1 in 2015 to 40:1 in 2016 with inequalities witnessed across regions.

The transition rates from primary to secondary recorded 84.7 per cent (89.9% males and 86.9% females) in 2015 and 84.9 per cent (85% males and 84.8% females) in 2016. The Textbook-Pupil ratio (TPR) for lower primary improved from 1:1 in 2014 and 1:1 in 2015. The TPR for 2014 and 2015 for upper primary remained constant at 1:2 against a target of 1:1. There were challenges in book storage and maintenance facing primary schools due to theft, wear and tear.

5.2.1.3 Secondary Education
The secondary GER increased from 63.3 per cent (67.1% males and 59.6% females) in 2015 to 66.8 per cent (68.9% males and 64.7% females) in 2016. The NER increased from 47.8 per cent (49.7% male and 45.9% female) in 2015 to 49.5 per cent (49.7% males and 49.4% females) in 2016. This increase was attributed mainly to the sustained implementation of Free Day Secondary Education (FDSE).

The enrolment in both public and private secondary schools increased from 2.56 million (1.35 million males and 1.21 million females) in 2015 to 2.72 million (1.40 million males and 1.32 million females) in 2016. Girls’ enrolment at secondary increased thereby improving the gender parity index from 0.9 in 2015 to 0.95 in 2016. The student teacher ratio at secondary level stood at 20:1 for both public and private schools. The KCSE candidature increased from 525,893 candidates (280,914 males and 244,979 females) in 2015 to 572,103 candidates (299,815 males and 272,288 females) in 2016.
5.2.1.4 Adult and Continuing Education
Enrolment of adult learners stood at 325,000 in 2015. A total of 19 primers of different titles were reviewed and printed to improve teaching and learning in the centres. The Special Board of Adult and Continuing Education (SBACE) was launched and operationalised. KCSE adult learners’ candidates increased from 2,081 in 2013 to 3,263 in 2016.

5.2.1.5 Teacher Education
The total enrolment in Public Primary Teacher Training Colleges (TTCs) increased from 21,380 (10,400 males and 10,980 females) students in 2014/2015 to 21,431 (males 9,994 and females 11,437) in 2015/2016. The number of teacher training colleges increased from 123 in 2014 to 125 in 2015. Out of the 125 TTCs, 26 were public while 99 are private TTCs. In addition, two diploma teacher-training colleges were established.

5.2.1.6 Technical and Vocational Education Training (TVET)
The number of public Technical and Vocational Education Training (TVET) institutions rose from 755 in 2014 to 881 in 2016. Enrolment in the institutions increased from 55,308 in 2015 to 94,361 in 2016. The increase is attributed to establishment of New Technical Training Institute (TTIs) in the Country, expansion of existing TTIs, increased funding of four (4) special needs TVET institutions and putting in place reforms in the TVET sector. The Technical Vocational Education Training Authority (TVETA) carried out assessment of 960 TVET institutions of
which 850 were accredited while 168 were recommended for improvement. TVETA also developed criteria for Competency Based Education and Training and Assessment (CBETA) training programs, Prior Learning Assessment and Recognition (PLAR) standards; and initiated development of a Trainers Qualification Framework.

To integrate ICT in TVET the sector developed a draft ICT lecturers’ competencies framework and an e-resource centre. A total of 40 TVET institutions were connected to the fibre optic cable and eight (8) technical institutions started offering Cisco Networking Academy Programmes. Smart classrooms in 10 TVET institutions were established and teachers trained on application of ICT to teaching, learning and management. In addition, a flexible and blended e-learning programme was introduced in 44 TVET institutions in collaboration with the Commonwealth of Learning. A total of 150 Youth Polytechnics (YPs) integrated ICT in their programmes.

5.2.1.7 University Education

The number of universities (public and private) increased from 67 in 2014/15 to 70 in 2015/2016 resulting in increased enrolment of students from 421,152 in 2014/2015 to 475,750 in 2015/2016. There was a considerable increase in the number of students placed in public universities from 56,986 students for the 2013 KCSE cohort to 74,046 (42,494 males and 31,552 females) for the 2015 KCSE cohort.

The number of students receiving university funding increased from 167,861 in 2014/2015 to 219,004 in 2015/16. The total amount of funds disbursed for university students was KSh 7,960 million in 2015/2016. The number of postgraduate students receiving loans was 2,245 students in 2014/2015 but decreased to 2,151 students in 2015/16. The total amount of loan funds disbursed to postgraduate students was KSh 227.4 million in 2014/15 and increased to KSh 263.9 million in 2015/2016.

The number of students receiving bursary funds was 15,174 in 2014/2015 and 15,171 in 2015/16 while the amount disbursed as bursary increased from KSh 91.08 million in 2014/2015 to KSh 92 million in 2015/16. The Higher Education Loans Board (HELB) commenced disbursement of loans and bursaries to TVET institutions with 12,148 students in 2015/16 receiving bursary funds as compared to 7,071 students in 2014/15. A total of 16,822 TVET students benefited from loans in 2015/16 as compared to 10,148 students in 2014/15.
5.2.2 Policy, Legal, Regulatory and Institutional Frameworks

**ECDE mainstreaming:** While ECDE is a devolved function, the sector in line with its mandate developed ECDE Policy and the Kenya Schools Readiness Assessment Tool (KSRAT).

**Establishment of Education Management Information System (EMIS) centres in each county:** To support the creation of the county data hubs, 16 counties were provided with two (2) desktop computers and accessories. The National Education Management Information System (NEMIS) and overall architecture was developed for the entire education continuum; interface for Basic Education developed and tested; and the infrastructure needs in support of the system identified and costed. The development of the TVET Management Information System, to be anchored on NEMIS, was initiated and a consultant procured. Once completed, the system will facilitate timely collection of data from public and private TVET institutions.

**Curriculum Review and Reforms:** Elimika training programmes for orientation of teachers and e-content materials were developed for class 4-7 mathematics and science and form 1-4 in 12 subjects. Digital Literacy Programme (DLP) materials for class 1-2 in 5 subjects were and class three (3) were developed and waiting for roll out while Interactive Radio programme aired on KBC English station and Pilot of the new curriculum was initiated.

TVET Curriculum Development Assessment and Certification Council (TVET CDACC) was established and operationalized to address issues of Curriculum, Assessment and Certification in the TVET sub sector. TVET CDACC has developed guidelines for the development of competency based curriculum and established competence assessment and certification process. The Competency Based Education and Training (CBET) Framework was developed.

**Digital Literacy Programme (Laptop Project):** An initial lot of master trainers and a total of 91,526 people were trained to support the implementation of the program. Digital content in a number of subjects for class one and two, and five subjects for the visually impaired was developed to support the roll out of the DLP. In addition, 108 readers in Kiswahili and English were also developed. A total of 882,765 learner devices, 43,777 teacher devices, 21,133 content access points and 19,409 projectors were procured and provided to the users.
Basic Education Infrastructure (Education in Arid and Semi-Arid Lands): The National Council for Nomadic Education in Kenya (NACONEK) was established to address the educational needs and aspirations of the marginalized communities in Kenya. Additional Low Cost Boarding (LCB) and mobile schools were established while a total of 22 LCB primary schools were rehabilitated. A total of 426 LCBs and 117 Mobile schools received FPE support grants.

Technical Vocational Education and Training (TVET) Infrastructure and Equipment: Construction works for Phase I of 60 new Technical Training Institutes (TTIs) attained an average physical progress completion level of 90%. A total of 24 out of the 60 TTI's under Phase I were fully (100%) completed of which 12 were assessed and Principals posted. In addition, the sector commenced construction of phase II of 70 TTIs recording 40% completion level.

During the period under review, 10 GoK/ADB funded TTIs were registered by TVETA and operationalised. Equipment for five (5) new TTIs in underserved regions was provided and commissioned. Equipment in eight TTIs were upgraded resulting to their elevation to National Polytechnic status. A total of 48 workshops and laboratories initiated under the Economic Stimulus Programme (ESP) in existing TTIs were completed.

The Government in conjunction with Kenya Italy Debt Development Programme (KIDDP) completed 9 twin workshops in 9 Vocational Training Centres (VTCS). Construction was initiated for another three (3) twin workshops, three (3) hostel blocks and four (4) administration blocks. A total of 53 Youth Polytechnics were equipped with training tools and equipment. Through this partnership, scholarships to 450 trainees amounting to Ksh. 9 million were disbursed.

To enhance quality and relevance of skills provided by universities, eight universities were supplied with modern engineering and applied science equipment. Further, 162 university teaching staff were enrolled at Masters and Doctorate levels in engineering and applied sciences. A total of 63 German Academic Exchange Service (DAAD) Doctor of Philosphy scholarships in specialized areas in science and technology development were awarded.

Education and Training Curriculum Reforms: During the period under review, the sector undertook major reforms of the national curriculum in line with
relevant provisions of the Constitution, aspirations of Kenya Vision 2030 and East African Community protocol. The education and training system is moving away from objective to competence approach, which envisages the combination of knowledge, skills, values and attitudes to enable learners successfully perform expected functions. Additionally, the Curriculum reforms in TVET, which is a vehicle for social, economic and technological transformation is underway. TVET provides hands on skills training required for participation in the labour market are. The Formation of Sector Skills Advisory Committees (SSAC) and establishment of Competence Based Assessment Centres (CBACs) are key requirements to the curriculum reforms in TVET. The current reforms in curriculum calls for increased resources for piloting the new curriculum; and training and in servicing of teachers/trainers for effective implementation.

5.2.3 Implementation Challenges and Lessons Learnt
The following challenges hampered education and training sector performance:

(i) Insecurity especially in the ASAL areas due to cattle rustling and bandit attacks has made it impossible for learners to have seamless provision of education services;

(ii) Regional and gender disparities in access to education and training;

(iii) Inadequate and dilapidated infrastructure at all levels of education and training.

(iv) Inadequate number of trainers with pedagogical competency;

(v) Inadequate number of technical trainer colleges;

(vi) Limited industry participation and inadequate research support services;

(vii) Low enrolment for females in Science Engineering and Technology (SET) courses;

(viii) The constitution transferred a number of functions previously implemented by the national government to gounty governments. Development of policies to manage the provision of services in these areas however, was retained at the national government. The operational challenges of the independence and inter-dependence of these two levels of governments were not anticipated;

(ix) Lack of a comprehensive curriculum in TVET, which is a vehicle for social, economic and technological transformation. TVET provides hands on skills training required for participation in the labour market. The Formation of
Sector Skills Advisory Committees (SSAC) and establishment of Competence Based Assessment Centres (CBACs) are key requirements to the curriculum reforms in TVET. MTP III will continue to address the ongoing curriculum reforms with a focus on teacher /trainer capacity development, e-learning, innovation, technology, entrepreneurship and talent development;

(x) Increased agitation and litigation by Trade Unions on salary adjustments and other terms of employment for workers affected the teaching and learning process. There were also litigation around the mandates of government agencies in the education sector, mainly arising from differences in interpretations of legal mandates. Recent court cases were because of lack of a policy on recruitment, remuneration and management of non-teaching and administrative staff;

(xi) Uncoordinated skills training, as several ministries oversee the management of public TVET institutions. The arrangement has created difficulties due to multiplicity of testing and certification standards. This situation has implications on standardization of training, quality assurance, recognition of prior learning, and further education of TVET graduates due to the absence of a framework for mutual recognition of qualifications. In addition, the diverse TVET management structures and the sharing of supervisory responsibilities by various government bodies and ministries leads to inefficiencies in the system. These inefficiencies lead to duplication and segmentation of training, and the absence of a common platform for developing coherent policies and joint initiatives;

(xii) There is inadequate industry participation in the formulation of the curriculum, and therefore graduates do not have relevant skills that match the labour market needs. This mismatch between demand and supply of labour has led to unemployment and low productivity;

(xiii) Mismatch between skills acquired by university graduates and the demands of the labour market;

(xiv) Imbalance between the number of students studying science and arts based courses;

(xv) The differentiated unit cost funding for universities which is under implementation requires enhanced funding.

The following lessons were learnt during the period:
(i) High transition rates from primary to secondary school as result of the ministry’s commitment to ensure existing secondary schools have adequate capacity for prospective students;

(ii) Implementation of a new curriculum for early grades to address transition from examination-oriented system of education to competence-based curriculum will boost transition rates;

(iii) Reviewing the structure of education to address the length students stay in school will enhance sector performance. The proposed structure will have two (2) years of pre-primary; three (3) years of junior secondary; three (3) years of senior secondary;

(iv) Necessary interventions will address the challenge of gender parity at TVET as girls are still disadvantaged;

(v) There is need for continued affirmative action for learners with special needs. The enrolment rate for learners with special needs increased with the mainstreaming of Special TVET institutions into TVET;

(vi) High cost of TVET requires substantial investments. There exists a social and geographical inequality in access to TVET services that is worsened by the high poverty levels;

(vii) The need for harmonization in the development of work plans, institutional and legal framework in order to avoid duplication and overlaps in implementation of Programmes in TVET. This can be achieved by establishing clear M&E framework, database and dissemination policy;

(viii) Ensure preparation of the MTP is aligned to the preparation of the Medium Term Expenditure Framework (MTEF) for synergy and harmony in the prioritization and funding of programmes;

(ix) There is need to Support TVET beyond training towards social inclusion and job creation. Mismatch between skills acquired by university graduates and the demands of the industry are becoming a huge challenge.

(x) The successful delivery of quality education and training is a collaborative effort of good governance and accountability; teachers, students, parents, community members and other stakeholders; and development partners and the private sector. Despite the substantial resources available for education and training sector, the resources have not been able to address adequately the ever-increasing needs. It is therefore important to embrace PPP in priority projects in education and training.
5.3 Health

The sector’s goal is, “to attain equitable, affordable, accessible and quality health care for all Kenyan citizens” and thereby, reduce health inequalities while also reversing the downward trend that has been seen in some health-related outcome and impact indicators. Table 5.2 presents performance of the health sector during the period under review.

Table 5.2: Performance in the Health Sector, 2015/16

<table>
<thead>
<tr>
<th>OUTCOME INDICATOR(S)</th>
<th>TARGET 2015/2016</th>
<th>ACHIEVEMENTS 2015/2016</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-5 Mortality Rate (per 1,000 live births)</td>
<td>50</td>
<td>52*</td>
<td>Achievement, as per 2014 Kenya Demographic and Health Survey (KDHS) data.</td>
</tr>
<tr>
<td>Maternal Mortality Ratio (per 100,000 live births)</td>
<td>300</td>
<td>362</td>
<td>Achievement, as per 2014 KDHS data.</td>
</tr>
<tr>
<td>Proportion of skilled attendant at birth (%)</td>
<td>58</td>
<td>74</td>
<td>Target surpassed mainly due to free maternity services</td>
</tr>
<tr>
<td>Immunization coverage of children under one year (%)</td>
<td>88</td>
<td>83.5</td>
<td>Achievement, as per 2014 KDHS data.</td>
</tr>
<tr>
<td>HIV prevalence rate (%) (Total)</td>
<td>5</td>
<td>5.6</td>
<td>Achievement as per 2012 Kenya AIDS Indicator Survey. No new data has been produced.</td>
</tr>
<tr>
<td>HIV prevalence rate (%) (Male)</td>
<td>4</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>HIV prevalence rate (%) (Female)</td>
<td>6.5</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td>Proportion of HIV Patients on ARVs (%)</td>
<td>75</td>
<td>83.5</td>
<td>Target surpassed</td>
</tr>
<tr>
<td>Malaria incidence ratio (per 100,000 population)</td>
<td>10</td>
<td>22</td>
<td>Target not achieved</td>
</tr>
</tbody>
</table>


Due to the high cost of conducting surveys there is a lag in production of reports as per schedule and therefore most of the data presented in Table 5.2 is as contained in the latest surveys. The sector implemented the following programmes / projects during the review period to achieve the outcomes indicated in Table 5.2.

5.3.1 Scale up of Community Health High Impact Interventions

To scale up community health high impact interventions the following projects were implemented:

Free Maternity Services: Maternal utilization and delivery uptake increased from
52 per cent to 60 per cent while skilled delivery increased from 62 per cent to 74 per cent. Maternal Mortality Rate (MMR) declined from 488 to 362/100,000 (KDHS, 2014) due to removal of user fees for all deliveries in public health facilities, improvement of Mother to Child Health (MCH) infrastructure and an increase in health personnel.

**Managed Equipment Service (MES):** The project targets 98 hospitals, two (2) in each county and four (4) national hospitals. The project was 76 per cent complete by the end of the review period. The breakdown by category of equipment, target and the level of achievement under each is presented in Table 5.3.

**Table 5.3: Status of Managed Equipment Services, 2015/16**

<table>
<thead>
<tr>
<th>No.</th>
<th>Equipment by Type</th>
<th>Target for the Period</th>
<th>No. complete</th>
<th>% Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Theatre Equipment</td>
<td>96</td>
<td>69</td>
<td>72%</td>
</tr>
<tr>
<td>2</td>
<td>Sterilization Equipment, Surgical Set</td>
<td>96</td>
<td>87</td>
<td>91%</td>
</tr>
<tr>
<td>3</td>
<td>Renal Equipment</td>
<td>99</td>
<td>26</td>
<td>26%</td>
</tr>
<tr>
<td>4</td>
<td>ICU Equipment</td>
<td>11</td>
<td>2</td>
<td>18%</td>
</tr>
<tr>
<td>5</td>
<td>Radiology Equipment</td>
<td>98</td>
<td>83</td>
<td>85%</td>
</tr>
</tbody>
</table>

**Upgrading of Health facilities in slum areas:** Eleven mobile facilities (clinics) were established of which eight (8) are operational in Kibera slum in Nairobi County.

**Health Insurance Subsidy Programme (HISP):** The total number of poor households registered under the subsidy programme to access a health facility of their choice was 21,525 in 2016 against a target of 21,530 households. On the other hand, to cater for the health needs for the elderly and people with severe disability, a total of 24,558 were registered.

**Cover for the elderly and persons with severe disability:** An estimated 198,752 elderly and persons with disability have been registered and accessing health care services against a target of 150,000.

**Scale up of Output Based Activity (OBA) Programme:** The programme enrolled 104,657 women who are accessing services in accredited facilities through the voucher system (OBA).

**Deworming of schoolchildren:** By the FY 2015/16 a total of 9.5 million-school going children were dewormed across the country, this is accumulative based on the
annual target of 6 million.

**Translation of research into policy and practical solutions:** The overall goal is to improve decisions about health systems in Kenya by improving policymakers’ access to and use of research evidence that is relevant, reliable, accessible and timely. During the review period: a committee and a web portal for research were established; 65 research protocols developed against a target of 115; diagnostic kits for HIV 1 and 2 and viral hepatitis were developed; and a human DNA testing facility for paternity and forensic purposes was established.

### 5.3.2 Modernization of Teaching and Referral Hospitals

The overall goal of this project is to increase access to specialized clinical care at the referral hospitals. The following were achieved:

#### 5.3.2.1 Modernization of Kenyatta National Hospital

**Construction of burns and Pediatric Centres:** During the period under review, a Burns Management Center and Pediatric Emergency Centre were constructed. The Burns Centre contains 82 general ward beds, 14 ICU beds and six (6) HDU beds while the Pediatric Centre contains 82 general ward beds, 24 ICU and six (6) High Dependency beds.

**Establishment of 300 bed Private Hospital through PPP:** This is a Vision 2030 project involves construction and equipping of a 300-bed private hospital that will be a subsidiary to the main KNH to be run on private business principles. Appointment of Project Transaction Advisor was done and the project was 20 per cent complete at the end of the review period.

**Construction and equipping of a Cancer centre of Excellence:** The project acquired a 6MV Linear Accelerator and accessories; construction of a bunker; and 16 rooms at the sisters’ mess renovated and converted to patient waiting and treatment areas. The project was approximately 90 per cent complete.

**Establish one centre of excellence (East Africa Kidney Institute):** The project will offer specialized training and services in the East Africa region. The training curricula was developed and the project was at 30 per cent completion level during the review period.
5.3.2.2 Modernization of Moi Teaching and Referral Hospital (MTRH)

Equip the Outpatient and Research Floor of Chandaria Cancer and Chronic Disease Centre: Budget and procurement plan prepared and approved.

Equip the Emergency Room, Main Laboratory ICU and Wards of Shoe4Africa Children’s Hospital: Laboratory and emergency rooms were equipped and commissioned.

Equipping the Renal Centre: The renal Centre fully equipped and operationalised under MES Programme.

5.3.3 Health and Medical Tourism

As part of Kenya Vision 2030 aspiration of making the country a health and medical tourism hub, a strategy paper was developed during the review period. This is to market Kenya as a destination Hub for medical services in the sub-saharan region and beyond as well as reduce the number of Kenyans seeking medical services abroad.

5.3.3.4 Implementation challenges and Lessons Learnt

The following challenges hindered the health sector performance:

i) Inadequate institutional and human capacity to manage health care system effectively. Most of the health facilities are not adequately equipped and neither do they have the requisite staff compliment. In addition, there is uneven distribution of health personnel across the country leaving some areas under served;

ii) Lack of investment plan for health infrastructure hence leading to mushrooming of unplanned health facilities that do not meet the accepted health norms and standards;

iii) Rising incidences of communicable and non-communicable diseases that strains the available resources;

iv) Lack of social health protection for vulnerable groups;

v) Inadequate budgetary allocation to support a robust health care system; and

vi) Persistent labour disputes affecting service delivery.
The following were key lessons learnt:

i) Multi-sectoral approach is critical for successful implementation of the health sectors programmes and projects;

ii) Disease surveillance and response mechanisms need to be enhanced due to emergence of recurrent infections and other communicable diseases;

iii) There is need to strengthen cross border collaboration and partnerships in addressing critical infectious and communicable diseases such as Ebola.

5.4 Environment, Water and Sanitation

5.4.1 Sector performance
The sector has made progress in the implementation of MTP II towards sustainable exploitation, utilization and management of natural resources as well as strengthening the framework for equitable sharing of the benefits. Table 5.4 highlights performance in the sector.
### Table 5.4: Achievements in the Environment, Water and Sanitation sector

<table>
<thead>
<tr>
<th>Outcome Indicator(s)</th>
<th>TARGET 2015/2016</th>
<th>ACTUAL 2015/2016</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved access to clean and safe water (urban households with access to clean and</td>
<td>67%</td>
<td>68.3%</td>
<td>Construction/ rehabilitation of water supplies in the major cities of Nairobi, Kisumu, Mombasa and Nakuru have resulted in the increased access.</td>
</tr>
<tr>
<td>safe water)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved access to clean and safe water (rural households with access to clean and</td>
<td>49%</td>
<td>50.2%</td>
<td>Rehabilitation and extension of rural water schemes has contributed to the increased access.</td>
</tr>
<tr>
<td>safe water)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased water storage and harvesting capacity (water storage per capita)</td>
<td>5.3M³</td>
<td>5.6M³</td>
<td>This was due to the development of small dams, pans and catchment conservation efforts.</td>
</tr>
<tr>
<td>Increased access to sewerage (urban households with individual or shared access to</td>
<td>25%</td>
<td>24.7%</td>
<td>About 350,000 new sewer connections (for 3.2 million people) are required annually, according to WASREB, for universal access to be achieved.</td>
</tr>
<tr>
<td>toilets facilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased access to sewerage (rural households with individual or shared access to</td>
<td>7%</td>
<td>0%</td>
<td>Rural areas continue to be served by on-site sanitation systems due to the high cost of developing rural sewerage infrastructure.</td>
</tr>
<tr>
<td>toilets facilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased forest cover (Proportion of Land area covered by forest)</td>
<td>9.0%</td>
<td>7.24%</td>
<td></td>
</tr>
<tr>
<td>Low carbon climate resilient development promoted (Green House gases emissions per</td>
<td>1.52 TONNES</td>
<td>-</td>
<td>Not measured yet</td>
</tr>
<tr>
<td>capita)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The sector has made progress towards achieving the set annual targets. However, implementation of the outcome on promoting Low carbon climate resilient development (Green House gases emissions per capita) has been very slow due to the set international standards.

The sector realized its outcomes through the following projects/programmes:

#### 5.4.1.1 Urban Water Supply Programme

Urban water supply coverage increased to 68.3 per cent in 2015/16 against a target of 67 per cent. This increase in water coverage was achieved through the construction of water schemes in the major cities of Nairobi, Kisumu and Mombasa. The construction and expansion of water supplies in 15 medium sized towns have also contributed to the increase in access. In addition, service areas of 66 urban water utilities were digitally mapped to promote efficiency in service provision.
5.4.1.2 Rural Water Supply Programme
Rural water supply coverage improved to 50.2 per cent in 2015/16 against a target of 49 per cent. Rural access was boosted through rehabilitation and extension of rural water schemes where 199 new water and sanitation projects were constructed, 410 existing rural water supplies rehabilitated and 276 new boreholes drilled and equipped. However, it is important to note that most of the functions under this sub programme are implemented directly by the county governments since this aspect of water services was devolved.

5.4.1.3 Water Harvesting and Storage Programme
Under this programme the sector targeted to construct two (2) large multipurpose dams in Nzoia and Nyando; 21 medium sized dams; develop national rainwater harvesting strategy and water storage investment plans for all the villages and urban centres; and revise building by-laws to require all new development to have water harvesting. In line with this, a final dam development plan for Nzoia dam was completed. On the construction of 21 medium sized dams with storage capacity of 2 billion cubic metres, five (5) dams were completed while the others are at various stages of implementation; an action plan was developed for Nyando (Koru) dam resettlement; land compensation surveys completed and implementation initiated; and designs and tendering documents finalized.
5.4.1.4 Sewerage and Sanitation Programme
The increase in sewerage coverage in urban areas was achieved through rehabilitation of sewerage schemes in Nairobi, Kisumu, Mombasa, Kericho, Kisii, Nyahururu and Muranga. In addition, new sewerage schemes were constructed in Othaya, Ruiru, Isiolo, Bomet, Garissa, Siaya, Bondo and Kitui.

5.4.1.5 Forestry Conservation and Management
The sector increased forest and tree cover to 7.24 per cent in 2016 against a target of 9.0 per cent and rehabilitated 750,000 hectares in degraded natural forests water towers and woodlands (Mau Aberdares, Mt. Elgon, Cherenganyi and Mt. Kenya). The sector also established 20,893 hectares of commercial woodlots across the country; and protected 1.99 million hectares of natural forests in the water towers for natural regeneration. Acreage of commercial forest plantations rose by 24,482 hectares planted to increase supply wood to meet the growing domestic demand for timber. In 2015/16 FY, the sector produced 583,727,981 tree seedlings, enough to plant on 584,000 hectares.

5.4.2 Implementation Challenges and Lessons Learnt
The challenges and contraints witnessed in the sector that slowed its performance were low budgetary allocations coupled with scaling down of revised estimates and late disbursement; land degradation and environment pollution and the impacts of climate change; degradation of water catchments due to encroachment, illegal logging, charcoal burning and opening up of lands for farming. Other challenges experienced include transition to devolved system of government, which devolved water projects; resistance from local communities towards the construction of large dams; and low sewerage coverage and insufficient treatment of effluent.

Key lessons learnt during the period under review to inform future implementation include strengthening environment conservation and protection as the foundation for national development, growth and livelihoods support; strengthening overnance systems to sustain environmental resources; strong water harvesting and storage policy. Other lessons were: strengthening legal and institutional arrangements to address the challenges of devolution; public participation in environmental conservation; and strengthening dialogue platforms as a forum for joint planning,
monitoring and evaluating the progress of the sector.

5.5  Population, Urbanization and Housing

5.5.1  Sector Performance
The Kenya Vision 2030 aims to provide adequate and decent housing for sustainable development. This will be attained through: (i) better development of and access to affordable and adequate housing; (ii) enhanced access to adequate finance for developers and buyers; (iii) pursuit of targeted key reforms to unlock the potential of the housing sector; (iv) initiation of a nationwide urban planning and development campaign. Table 5.5 presents performance in the Population, urbanization and housing sector.

Table 5.5: MTP II Outcome Indicators- Population, urbanization and housing

<table>
<thead>
<tr>
<th>MTP II OUTCOME INDICATOR(S)</th>
<th>TARGET 2015/2016</th>
<th>ACTUAL 2015/2016</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced population growth</td>
<td>2.5%</td>
<td>2.7%</td>
<td>Teenage pregnancies continue to pose a challenge</td>
</tr>
<tr>
<td>Increased access to housing (housing units constructed annually)</td>
<td>200,000</td>
<td>262,324</td>
<td>The target was surpassed.</td>
</tr>
<tr>
<td>Upgraded slum areas(urban slums with physical and social infrastructure installed annually)</td>
<td>2</td>
<td>4</td>
<td>This has benefitted 45,500 residents</td>
</tr>
<tr>
<td>Guaranteed security of men and women and their property(police: population)</td>
<td>1:450</td>
<td>1: 407</td>
<td></td>
</tr>
<tr>
<td>Improved access to justice (pending cases)</td>
<td>255,561</td>
<td>499,341</td>
<td>The target was not achieved even though the cases were reduced by 112,968 from the 2014/15 level.</td>
</tr>
</tbody>
</table>

During the period under review, 1,129 housing units were constructed directly by the government while another 2,562 units were initiated. The Government also facilitated the acquisition of 633 units through mortgage facilities and 3,000 units through use of interlocking stabilized soil blocks (ISSB) technology. Various actors constructed an estimated 255,000 housing units in 2015/16. Informal settlements of Ziwa La Ngombe, Jomvu Kuu, Mikanjuni and Mkomani in Mombasa County were
upgraded.

The government also refurbished 484 government pool houses countrywide and installed 587 streetlights and floodlights within Nairobi Metropolitan Region in pursuance of the proposed 24-hour economy.

5.5.2 Implementation Challenges and Lessons Learned
The challenges experienced by the sector that influenced the achievements of targeted results include hostility by some communities towards the resettlement of displaced persons in purchased farms; conflicting stakeholder interests in slum upgrading; non-availability of public land for solid waste management and housing development; and inadequate incentives to spur private sector investments in low cost housing. Others were high rural-urban migration; high cost of building materials; numerous court injunctions and caveats put on land; prolonged court cases over land; and high crime rates in some areas;

5.6 Gender, Youths and Vulnerable Groups.
Engendering the development process enables men and women participate on an equal basis in determining their common future. A strong, dynamic and empowered youth is critical in catalyzing and driving the transformations envisioned in the Kenya Vision 2030, the Constitution of Kenya and the MTP II. Vulnerable groups include widows and widowers, orphans and children at risk, persons with disabilities, underage mothers, the poor of the poorest, internally and externally displaced persons and the elderly. These groups are faced with multiple challenges in their daily life.

5.6.1 Sector Performance
Table 5.6 highlights the performance of the gender, youth and vulnerable groups sector.
Table 5.6: Performance in the Gender, Youths and Vulnerable Groups Sector

<table>
<thead>
<tr>
<th>OUTCOME INDICATOR(S)</th>
<th>TARGET 2015/2016</th>
<th>ACTUAL 2015/2016</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of women in key decision making positions</td>
<td>33%</td>
<td>The constitutional threshold of one-third was met for Principal Secretaries (36.6%), County Commissioners (38.3%), Magistrates (48.9%), Lawyers (38.6%) and Members of County Assembly (34.2%)</td>
<td>The 2/3 gender bill was presented to parliament</td>
</tr>
<tr>
<td>Number of Youth, Women and Persons With Disabilities (PWDs) supported through WEF, Uwezo fund and National Government Affirmative Action Fund (NGAAF)</td>
<td>UWEZO – 900M WEF – 2 BILLION NGAAF – 4.3 Billion</td>
<td>KSh 948 million disbursed to 13,296 groups through UWEZO fund. KSh 2.27 billion disbursed to 13,932 groups benefiting 178,334 individuals through WEF. KSh 1.866 billion disbursed to counties to support Youth, Women and PWDs projects and programs through NGAAF</td>
<td>NGAAF court case delayed disbursement of the fund to counties</td>
</tr>
<tr>
<td>Number of households taking care of orphans and other vulnerable children (OVCs)</td>
<td>12.3%</td>
<td>Funds allocated for the OVC increased by 63.6% from KSh 5,957.6 million in 2014/15 to KSh 9,746.3 million in 2015/16</td>
<td>On course</td>
</tr>
<tr>
<td>Improved livelihoods of vulnerable groups</td>
<td>48.1%</td>
<td>The funds allocated towards social protection for older persons increased by 57.7% from KSh 5,051.5 million in 2014/15 to KSh 7,966.3 million in 2015/16. The direct cash disbursed increased by 49.8% to KSh 7,334.5 million in 2015/16 due to an increase in the targeted number of beneficiaries.</td>
<td>On course</td>
</tr>
</tbody>
</table>

5.6.2 Vulnerable Groups

5.6.2.1 Establishment of National Safety Nets Programme

The government is implementing the National Safety Net Programme (NSNP) whose main aim is to improve the well-being of and increase resilience among specific vulnerable groups in order to reduce poverty and vulnerability in Kenya. The programme consists of four major cash transfers: (i) the Cash Transfer to Orphans and Vulnerable Children (CT-OVC) Programme; (ii) the Hunger Safety Net Programme (HSNP); (iii) the Older Persons Cash Transfer (OP-CT) Programme; and (iv) the Persons with Severe Disability Cash Transfer (PWSD-CT) Programme. The four cash transfers programme under NSNP pay monthly cash transfers to targeted households.

Implementation of the expansion plan for the Cash Transfer programmes commenced in 2015/16 where 224,000 new beneficiaries were enrolled in the three cash transfer programmes. The CT-OVC and the OPCT programmes enrolled 100,000...
new beneficiaries each while the PWSD-CT programme enrolled 24,000 new beneficiaries. The total number of households benefiting from the Cash Transfer Programmes therefore, increased from 493,050 beneficiaries in the 2014/15 FY to 710,200 beneficiaries in 2015/16, representing 44.0 per cent increase.

Reporting on Complaints and Grievance (C&G) for the NSNP was set up at the national, county and sub-county levels. In addition, the toll-free line (1533) for reporting complaints was activated and officers were assigned at the national level to handle complaints and grievances from beneficiaries on the cash transfers. A contract was signed between the government and Safaricom to operationalize the 1533 toll free line to enable individual and communities to report complaints free of charge.

A Programme Implementation and Beneficiaries Satisfaction (PIBS) survey was carried out to assess overall implementation of the programme. Further, Monitoring and Evaluation reports were produced from the Single Registry for Social Protection programmes.

**Cash Transfer to Orphans and Vulnerable Children (CT-OVC) Programme:**
The programme provided cash transfer to 353,000 households taking care of Orphans and Vulnerable Children in 2015/16 FY against a target of 353,000 households. Financial allocation to the programme increased from KSh 7,443 million in 2014/15 to KSh 9,025 million in 2015/16, an increase of 21.25 per cent.

**Older Persons Cash Transfer (OPCT) Programme:** The programme provided 310,223 households with cash transfers under the OPCT programme during the 2015/16 FY. This was an increase of 85,180 households (37.85 per cent) over the number provided with cash transfers during the previous FY. Financial allocation to the programme was increased from KSh 5,929 million in 2014/15 to KSh 8,028 million in 2015/16, an increase of 35.41 per cent.

**Persons With Severe Disabilities Cash Transfer (CT-PWSDs) Programme:** During the 2015/16 period, 46,414 Persons With Disabilities (PWDs) beneficiaries received cash transfers under the Persons With Severe Disabilities Cash Transfer (PWSD-CT) Programme against the target of 47,000. The amount allocated to the programme increased by 55.84 per cent from KSh 770 million in 2014/15 to KSh 1,200 million in 2015/16.
Establishment of the Single Registry for all Consolidated Social Protection Fund (CSPF) Initiatives: The Integrated Management System for the Consolidated Social Protection Fund (CSPF) was established to facilitate easier management of information on the cash transfer programmes namely: CT-OVC; OP-CT programme; PWSD-CT programme; and the Hunger Safety Net Programme (HSNP). During the period under review, an additional 19 county offices were linked to the Single Registry for Social Protection programmes.

A work plan to guide the decentralization of the Single Registry to the county offices was prepared. ICT capacity audits were conducted and ICT equipment distributed to all the 19 counties prior to being linked to the Single Registry. End-user training on the single registry was also conducted for 214 officers in the 19 counties.

Support to Persons with Albinism (PWA): The National Council for NCPWD in collaboration with Kenya Medical Supplies Agency (KEMSA) procured 40,000 bottles of sunscreen lotion and distributed them to 3,026 Persons with Albinism. The lotions are distributed to the beneficiaries through 120 major healthcare facilities throughout the country. The number of PWAs supported in 2015/16 was an increase of 234 persons or 8.38 per cent over the number supported during the previous period.

The National Development Fund for Persons With Disability (PWDs): The National Development Fund for Persons with Disabilities (NDFPWD) supports the provision of assistive devices and services to Persons with Disabilities (PWDs) to enable these individuals to function in society. The Fund distributed 9,462 assistive devices to institutions and individuals against a target of 3,000 devices. The over-achievement was due to donations given and a high number of applications received. In addition, 510 self-help groups and 9 National Organizations with PWDs received grants for economic empowerment under the Fund. The self-help groups and National Organizations with PWDs received KSh 13,500 each for economic activities.

During the review period, 53 learning institutions for PWDs were provided with support for infrastructure and equipment projects against a target of 20 institutions. The over achievement was due to a high number of applications which were approved as a result of the availability of funding which was carried over from the previous FY. In addition, 284 employees in critical sectors were trained in the Kenya
Sign Language against an annual target of 55 persons. Training in the Kenyan Sign Language is offered to persons providing essential services in the public sector.

5.6.3 Child Protection Programmes

Establishment and implementation of a National Anti-Human Trafficking Framework: During the 2015/16 period, the National Counter Trafficking Committee and secretariat were operationalized and members of the Trafficking in Persons National Committee trained on their mandate. In addition, Training of Trainers (ToTs) from key stakeholders were trained during the review period. Draft National Guidelines for identification of victims of trafficking were developed and the National Plan of Action for combating human Trafficking was launched. The main aim of the Action Plan is to combat human trafficking through prevention, protection and prosecution.

Implementation of Children Rehabilitation Programmes: Construction works in the Kisumu West Children Rehabilitation School and the Meru Children Remand Home continued during the period under review. The dormitories, kitchens and one staff house were completed in each of the schools. The centres provide various services on a broad level to children with diverse needs. A total of 275 children enrolled in Children Rehabilitation Centres in Kakamega, Othaya, Wamumu, Kabete and Likoni were trained in various skills aimed at self-reliance. National Standards for Charitable Children Institutions (CCIs) were finalized. In addition, 468 Charitable Children Institutions were registered and went into operation during the period while 210,000 cases of children in need of care and protection were handled.

Alternative Family Care Services: There were no children placed under adoption during the 2015/16 period due to the dissolution of the Adoption Committee. A total of 16,032 children were provided with basic needs, 32,362 children were offered psychosocial support (food, clothing, shelter, mediation, rehabilitation and counseling) while 4,345 separated children were provided with identification, registration and family tracing.

Support Children Assemblies: The fifth Kenya National Children Assembly was held in April, 2016 under the theme “End Violence against children: A safe society for children”. The forum promotes child participation and is anchored in the United Nations Convention on the Rights of Children (UNCRC). Delegates in the forum
were drawn from all the 47 counties.

**Child helpline (116):** The Child Helpline (116) received and responded to 342,674 calls on cases of children in need of protection in 2015/16 compared to the 322,432 in 2014/15 calls received. Interventions included; support by counselors, referrals to justice system (the police and court), linkages with education services, direct intervention by social workers, counselors or children officers, rescues, home or school visits, and case follow up. Further, thirty officers in Busia County from government and Non-Governmental Organizations were trained on case management during the period under review.

### 5.6.4 Women, Youth and Persons With Disabilities

**Uwezo Fund:** The Uwezo Fund was established in 2014 with the objective of expanding access to finances for youth and women in business. In 2015/2016, the Fund disbursed KSh 948 million to youth and women.

**Women Enterprise Fund:** Women Enterprise Fund is one of the flagship projects under the Vision 2030. The fund disbursed KSh 2.27 billion to youth, women and PWDs.

**Prevention and response to Gender Based Violence:** Gender Based Violence (GBV) results in unnecessary costs and impose an economic burden on the government in terms of; increased spending on health care, social services, civil and criminal justice system among others. During 2015/2016 FY, the government prepared a joint programme with UN Agencies on prevention and response to GBV. Seven GBV Recovery Centres (GBVRC) were established in Kilifi, Kisii, Narok, Kiambu, Tran Nzoia, Nyeri and Homa-Bay. Capacity building on Standard Operating Procedures for GBVRC was undertaken to committee members of these centres. The Government also undertook sensitization campaigns against GBV and Female Genital Mutilation (FGM) in counties.

**Women in Decision Making:** Improvement of the status of gender equality and empowerment of women is one of the Government’s primary goals. Table 5.7 presents the participation of women in key decision-making positions in government from 2015 to 2016. The representation of women in the National Assembly and Senate remained at 19.8 and 26.9 per cent of total Members of Parliament and
Senators in 2016, respectively. The proportion of women cabinet secretaries and principal secretaries remained at 25.5 per cent and 36.6 per cent in 2015 and 2016, respectively. The number of Magistrates, Practicing Lawyers, High Court Judges, County Commissioners and Members of County Assembly met the constitutional threshold of one-third gender rule.

Table 5.7: Participation in Key Decision Making Positions by Sex, 2015-2016

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>2015 NUMBER</th>
<th>2016 NUMBER</th>
<th>2015 NUMBER</th>
<th>2016 NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>M</td>
<td>TOTAL</td>
<td>%</td>
</tr>
<tr>
<td>Cabinet Secretaries</td>
<td>5</td>
<td>15</td>
<td>20</td>
<td>25.5</td>
</tr>
<tr>
<td>National Assembly</td>
<td>69</td>
<td>280</td>
<td>349</td>
<td>19.8</td>
</tr>
<tr>
<td>Principal Secretaries.</td>
<td>15</td>
<td>62</td>
<td>41</td>
<td>36.6</td>
</tr>
<tr>
<td>Diplomatic Corps</td>
<td>17</td>
<td>47</td>
<td>64</td>
<td>26.6</td>
</tr>
<tr>
<td>Senators</td>
<td>18</td>
<td>49</td>
<td>67</td>
<td>26.9</td>
</tr>
<tr>
<td>Governors</td>
<td>0</td>
<td>47</td>
<td>47</td>
<td>0.0</td>
</tr>
<tr>
<td>Deputy Governors</td>
<td>9</td>
<td>29</td>
<td>47</td>
<td>38.3</td>
</tr>
<tr>
<td>County Commissioners</td>
<td>18</td>
<td>29</td>
<td>47</td>
<td>38.3</td>
</tr>
<tr>
<td>Sub-County Comm</td>
<td>35</td>
<td>260</td>
<td>295</td>
<td>11.9</td>
</tr>
<tr>
<td>Deputy Secretaries</td>
<td>62</td>
<td>142</td>
<td>204</td>
<td>30.4</td>
</tr>
<tr>
<td>Supreme Court Judges</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>28.6</td>
</tr>
<tr>
<td>Court of Appeal Judges</td>
<td>8</td>
<td>18</td>
<td>26</td>
<td>30.8</td>
</tr>
<tr>
<td>High Court Judge</td>
<td>37</td>
<td>60</td>
<td>97</td>
<td>38.1</td>
</tr>
<tr>
<td>Magistrates</td>
<td>216</td>
<td>235</td>
<td>451</td>
<td>47.9</td>
</tr>
<tr>
<td>Kadhis</td>
<td>0</td>
<td>35</td>
<td>35</td>
<td>0.0</td>
</tr>
<tr>
<td>Chiefs</td>
<td>114</td>
<td>2,476</td>
<td>2,590</td>
<td>4.4</td>
</tr>
<tr>
<td>Assistant Chiefs</td>
<td>482</td>
<td>5,404</td>
<td>5,886</td>
<td>8.2</td>
</tr>
<tr>
<td>Practicing Lawyers</td>
<td>2,708</td>
<td>4,305</td>
<td>7,013</td>
<td>38.6</td>
</tr>
<tr>
<td>Members of C.Assembly</td>
<td>761</td>
<td>1,463</td>
<td>2,224</td>
<td>34.2</td>
</tr>
</tbody>
</table>

Source Ministry of Interior and Co-ordination of National Government, National Assembly,

**Tender allocations by category in 2015/2016:** In 2015/2016 FY, 17,349 tenders worth KSh 15.7 billion were won by enterprises owned by youth, women and PWDs. Of these, 7,627 tenders worth KSh 7.6 billion were awarded to enterprises owned by youth, 8,795 tenders worth KSh 7.5 billion awarded to enterprises owned by women while 927 tenders worth KSh 588.3 million were awarded to enterprises owned by
PWDs. In the previous year (2014/2015), youth owned enterprises won 48 per cent of the total tenders awarded to these category groups followed by women enterprises at 47 per cent and PWDs at 5 per cent.

### Table 5.8: Tender allocations by category, 2015/2016

<table>
<thead>
<tr>
<th>Nos</th>
<th>Category</th>
<th>Tenders won</th>
<th>Percentage</th>
<th>Tender worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Women</td>
<td>8,795</td>
<td>51</td>
<td>7.5 Billion</td>
</tr>
<tr>
<td>2</td>
<td>Youth</td>
<td>7,527</td>
<td>44</td>
<td>7.6 Billion</td>
</tr>
<tr>
<td>3</td>
<td>PWD</td>
<td>927</td>
<td>5</td>
<td>588.3 Million</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>17,249</td>
<td>100</td>
<td>15.7 Billion</td>
</tr>
</tbody>
</table>

*Source:* Economic Survey, 2017

During the year, the Government achieved 27 per cent against a target 30 per cent. The decline in performance was attributed to enactment of the new Public Procurement and Assets Disposal Act, 2015, which introduced new legal requirements on AGPO implementation and reporting.

### 5.6.5 Other Achievements

Other achievements in the sector included: A National Strategy for empowerment of women developed; 700 self help-groups supported with grants through NGAAFT; Status of Women in Kenya Report prepared; National Equality Policy prepared; Kenya National Action Plan on United Nations Security Council Resolution 1325 on Women Peace and Security prepared; 150 women trained on entrepreneur skills; commemorated zero tolerance to FGM Day; and held Anti-FGM campaigns in 10 counties.

### 5.6.6 Policy, legal and Institutional Reforms

**Finalization of the National Disability Policy to align it with the Constitution:**

The National Disability Policy was finalized after being validated by stakeholders and submitted to the Cabinet Secretary, National Treasury. The Policy is aligned to the Constitution and the United Nations Convention on the Rights of PWDs.

**Finalization of the National Community Development Policy:** Comments from
the Cabinet on the draft National Community Development were incorporated in the document. The revised draft policy was circulated to stakeholders for additional comments. The policy seeks to provide a comprehensive framework for streamlined coordination of community development for national development.

**Development and implementation of the National Volunteerism Policy:** The National Volunteerism Policy was approved and adopted by the Cabinet in 2015/16. A National Plan of Action for implementation of the National Volunteerism Policy was developed. The National Guidelines on Volunteerism were also developed during the review period.

**Development of a Sessional Paper on the National Social Protection Policy:** The Sessional Paper No. 2 of 2014 on the National Social Protection Policy was approved by Parliament during the review period. The policy proposes the development of the National Social Protection Bill, which was developed.

**Finalization of the Disability Act Amendment Bill 2012:** A National Disability Bill, 2016 was developed that received contributions from the Kenya Law Review Commission (KLRC).

**Establishment of a National Social Protection Council:** The National Social Protection Bill, 2014 was that seeks to establish the National Social Protection Council was developed. The main functions of the Council will be to develop and review the national strategy for co-ordinating social protection programmes; develop and harmonize integrated social protection programmes, activities; review the status and progress of social protection programmes and activities; and provide advice on social protection policies, programmes and activities.

**5.6.7 Implementation Challenges and Lessons Learnt**

The following challenges constrained realisation of the sector results:

i. Increased demand for social protection from Kenyans due to increased vulnerability;

ii. Limited awareness on operational issues related to the cash transfer programmes amongst the public;

iii. Inadequate in-house technical expertise on the establishment of the Single Registry for the Cash Transfer programmes;
iv. Continued prevalence of incidences of trafficking in humans, especially children;

v. Slow pace of institutional reforms, including establishment of the National Social Protection Council;

vi. Limited registration of PWDs with the National Council for Persons With Disabilities (NCPWD);

vii. Gender-Based violence (GBV) and harmful socio-cultural and religious practices;

viii. Inadequate psychosocial support systems for the victims as well as perpetrators of GBV;

ix. The uptake of Affirmative Action Funds in some regions has been low due to inadequate awareness;

x. Increasing unemployment among the youth remains a major issue.

xi. Insufficient disaggregated data on different categories of vulnerable groups in the country; and

xii. Slow implementation of gender policies and laws.

Lessons learnt by the sector to be replicated in future programming include awareness creation on Affirmative Action Funds needs to be increased; and tackling the increasing unemployment among the youth.

5.7 Sports, culture and the arts.

5.7.1 Sector Performance
Sports, culture and arts is an important source of income and recreation for the population. Table 5.9 presents the performance of the sector for 2015/16 FY.
Table 5.9: MTP II Outcome Indicators- Sports, culture and the arts

<table>
<thead>
<tr>
<th>MTP OUTCOME INDICATOR</th>
<th>TARGET 2015/2016</th>
<th>ACTUAL 2015/2016</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preserved National heritage and culture</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved Performance in sports</td>
<td>47</td>
<td>3</td>
<td>Refurbishment of county stadia</td>
</tr>
<tr>
<td>Establishment of Kenya Academy of Sports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of Sports Talent Academies</td>
<td>9</td>
<td>1</td>
<td>Rabai Road Sports Talent Centre established</td>
</tr>
<tr>
<td>Construction of National Stadia</td>
<td>5</td>
<td>0</td>
<td>Feasibility study and Preliminary design complete for three new national stadia (Shimo La Tewa in Mombasa County, University of Eldoret in UasinGishu County and Ngong Road in Nairobi City County Discussions held on PPP between the Kenya Government and private investors from Brazil.</td>
</tr>
<tr>
<td>Operationalization of a Sports Lottery Fund</td>
<td>Functional Sports Lottery Partner with a lottery operator to run a sports lottery</td>
<td>Procurement process was ongoing for lottery operator to Disbursement of funds to sports organizations in place Mobilized KSh. 24 million through donations and disbursed KSh. 23.28 million to sports organizations</td>
<td>On course</td>
</tr>
</tbody>
</table>

The Kenya Academy of Sports: Construction of the Kenya Academy of Sports entails construction of hostels, classrooms, football pitches, rugby pitch and basketball court. The underground, ground and first floors are ready for occupation. Construction of two (2) football fields, one (1) rugby and two (2) basketball courts was ongoing.

Sports Talent Academies: Establishment of Sports Talent Academies entails establishment of a talent centres in each of the eight (8) regions and a sports talent centre in Nairobi.

County Stadia: Refurbishment of county stadia to international standards was meant to enable the youth to actively develop and tap the immense talent in sports. Installation of tartan and rehabilitation of changing rooms at the Kipchoge Keino Regional Stadium in Eldoret was carried out. Installation of floodlights at Mombasa Municipal and Moi-Kisumu Stadia were carried out. Refurbishment of Moi International Sports Centre phase II was completed. Feasibility study was
undertaken for seven county stadia (Kamariny, Marsabit, Wote, Chuka, Karatu-Ndarugu, Ruring’u and KipchogeKeino).

5.7.2 Implementation Challenges and Lessons Learnt
The challenges that the sector faced that hampered performance in realisation of set targets include inadequate legal, institutional and policy framework especially a comprehensive policy and legal framework in sports; human resource constraint; inadequate sports facilities and infrastructure; encroachment of sports facilities by private developers; and doping among athletes. Strong collaboration amongst sector players especially the two levels of government is a key lesson learnt.
THE JUDICIARY
6.1 Overview
The Kenya Vision 2030 takes cognizance of the importance of a democratic society that respects individual liberties, freedom of speech, association and worship and the rule of law. It envisages a political system that is issue-based, people-centered, result-oriented and accountable to the public. The tenets of the political pillar are devolution, governance and the rule of law as envisaged in the Constitution of Kenya. In view of devolution being noted as the most challenging constitutional commitment, the MTP II identified “Making Devolution Work” as the theme and key flagship project of the political pillar.

6.2 Devolution
Devolution is one of the most transformative changes to Kenya’s governance system. Flagship projects under the Devolution Sector for the MTP II are capacity building (training and system development) and civic education on devolution. The following are the achievements during the period:

6.2.1 Capacity Building and Civic Education
Public participation guidelines were finalized, validated and launched in April 2016. Other achievements included the preparation, launch and dissemination of the Civic Education Handbook and Curriculum in 25 Counties.

6.2.2 Policy and Legal Reforms
The sector developed and reviewed 51 County Model Laws to guide counties on the development of laws to implement devolution. The Devolution Policy was finalized and approved. An M&E framework was also developed and launched.
6.2.3 Intergovernmental Relations
Eighteen intergovernmental sectoral forums were established and operationalized. In addition, draft guidelines for sectoral forums, inter agency collaboration and dispute resolution mechanism were prepared. The Intergovernmental Relation Technical Committee (IGRTC) and its secretariat was established. The National and County Government Coordinating Summit, held its first Intergovernmental and Inter-ministerial forum.

6.2.4 Devolution Conference
The third Devolution conference was held in Meru in 2016 and highlighted the achievements of strong collaboration between the national and county governments. The conference adopted a 21-point resolution to be implemented by stakeholders.

6.3 Governance and the Rule of Law
The following were the achievements:

6.3.1 Constitution and Legal Reforms
Development of Laws to implement the Constitution: 17 bills for the implementation of the Constitution and 20 Bills for the harmonization of existing laws with the Constitution were finalized. 28 Acts of Parliament and 85 legal Notices
were published while 133 legal Notices were drafted and finalized.

The following laws to implement the constitution under schedule five and harmonization of existing laws were passed: The Public Audit Act No. 34 of 2015; The Public Procurement and Asset Disposal Act No.33 of 2015; The County Allocation of Revenue Act No. 10 of 2015; The Organisation and Administration of the High court Act No 27 of 2015; Transfer of Prisoners Act 2015; The Magistrates’ Court Act No. 26 of 2015; Mining Act 2015; The Business Registration Services Act No. 15 of 2015; Statute Law (Miscellaneous) Amendment Act (No 2); Prohibition of Anti-Personnel Mines Act No. 21 of 2015; Companies Act No.17 of 2015 and The Access to Information Act 2016


6.4 Leadership, Ethics and Integrity
Achievements under the key strategic areas identified were as follows:

6.4.1 Legislative, policy and institutional framework
Attorney-General submitted a report to the President on the Review of the Legal, Policy and Institutional Framework for Fighting Corruption in Kenya and an implementation committee established. A number of laws were reviewed namely: The Anti-Corruption and Economic Crimes Act, (Cap. 65 of the Laws of Kenya)
(ACECA); The Public Officer Ethics Act (Cap. 183) (POEA); The Ethics and Anti-Corruption Commission Act, 2011; The Leadership and Integrity Act (Cap 182); and The Whistle Blower Protection Bill 2016 developed.

Trainings were held for: 1,040 Integrity Assurance Officers; 2,153 Members of Corruption Prevention Committees and 1,979 officers from both the public and private on ethics and leadership. The number of students, teachers and non-academic staff trained increased from 21,426 in 2015 to 58,445 in 2016. Members of the County Assemblies were trained on their oversight, representative and legislative roles and matters of good governance, transparency, accountability and the rule of law. IEC materials were developed and distributed to schools, tertiary institutions and public and private institutions.

6.4.2 Ethics and Anti-Corruption Commission (EACC)
The EACC partnered with the performance contracting division to ensure that all government departments and other public entities implement measures in their operations to mainstream ethical practices and integrity. Other achievements include: A draft National Ethics and Anti Corruption Policy prepared; proposals for amendment to Public Officer’s Ethics Act (2005) were made; implementation of the United Nations Convention Against Corruption (UNCAC) reviewed and finalised; and anti-corruption programmes carried out in 10 counties Kakamega, Bungoma, Buisa, West Pokot, Garissa, Uasin Gishu, Elgeyo Marakwet and Baringo.

6.4.3 Asset Recovery Agency
A permanent Multi-Agency Team to tackle corruption was established. An Assets Recovery Agency was set up; KSh 3 billion proceeds of corruption and crime was preserved and recovered and 360 criminal cases presented before various Anti-Corruption Courts.

6.4.4 Review of the Companies Act
The Companies Act (2015) was operationalized and the Companies (General) Regulations (2015) gazetted.
6.4.5 Legal Aid and Awareness
The National Legal Aid (and awareness) Programme (NALEAP) finalised the Legal Aid Policy while Legal Aid Act (2016) was enacted. 37 community elders from Meru, Mbeere, Embu, Isiolo, Nanyuki and Laikipia and 30 Judicial Officers were trained on Alternative Dispute Resolution and a pool of 150 professional mediators created in Nairobi, Mombasa, Kisumu, Nakuru and Eldoret. Three Legal Resource Centres were established in Nairobi, Kisumu and Eldoret, with support from the European Union, to build capacity for paralegals, pro bono lawyers and law students.

6.5 Criminal Justice System

6.5.1 Correction Services (Prison and Probation Services)
The Probation Service partnered with the Swedish Prisons and Probation Services to provide training programmes to their staff.

6.5.2 Witness Protection Services

6.6 Other Programmes and Projects

6.6.1 Implementation of the Bill Of Rights
The country report on the African Charter was presented before the African Commission in November 2015 during its 57th Ordinary session held in Banjul, Gambia. The second cycle Universal Periodic Review (UPR) report was adopted by the Human Rights Council and an implementation matrix was developed.

The 5th-7th country report on Internation Convention on the Elimination of all Forms of Racial Discrimination and 2nd to 5th country reports on the International Covenant on Economic, Social and Cultural Rights were prepared and submitted to the Committee on the elimination of racial discrimination in December 2015.
6.6.2 Coordination of Sector Reforms
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) signed with Kenya a new agreement on Strengthening Good Governance programme to be implemented from January 2017 to December 2018.

6.6.3 Political and Economic Governance
The Companies, Insolvency and Business Registration Services Acts, 2015 was enacted and the Business Registration Services Board (BRSB) operationalised.

6.6.4 Judicial Transformation

6.6.4.1 Integrated Judiciary Transformation Framework
The Judiciary developed an Integrated Judiciary Transformation Framework (IJTF). Consequently, the magistrates courts increased from 109 to 120 presided over by 462 magistrates up from 316 magistrates in 2011. High Court stations also increased from 14 to 34 and Court of Appeal stations increased from one (1) in 2011 to four (4) in 2016. The number of judges rose from 53 to 136 while Kadhis rose from 15 to 56 during the same period. The number of mobile courts increased from 19 in 2011 to 52 in 2016 and other new courts established namely; Employment and Labour Relations Court, and Land and Environment Court.

The Judiciary Training Institute trained and accredited 30 judicial officers and also oversaw pilots of Alternative Justice Systems (AJS) with community elders. The case backlog at the Judiciary reduced from one (1) million in 2011 to 426,508 in 2016. All Judges and Magistrates were issued with laptops for judgement writing and courts installed with audio-visual transcription system. Local Area Network and Wide Area Network were installed to enhance connectivity of courts.

Performance management and contracting framework was institutionalized for judicial officers to improve efficiency and clear historical backlogs. In addition, various anti-corruption initiatives were undertaken such as establishment of the office of the Judiciary Ombudsperson, gazettment of 10 anti-corruption magistrates, establishment of JSC Inspectorate Unit, formation of Judiciary Land and Asset Recovery Committee and gazettment of the Anti-Corruption and Economic Crimes Unit of the Judiciary. Other judicial reforms included promotions of a
more open judiciary, operationalization and strengthening of National Council of Administration Justice and enhanced media relations. The following programs also implemented:

### 6.6.4.2 Legal Education Programme
A concept paper on legal education and training was prepared and reviewed by stakeholders. A draft National Legal Education and Training Policy was also prepared.

### 6.6.5 Victim of Offences Programme
The Office of the Director of Public Prosecution (ODPP) established the Victims of Offences Programme while the Protection against Domestic Violence Act (2015) was enacted during the review period.

### 6.7 Implementation Challenges and Lessons Learnt
Key implementation challenges encountered in implementing programmes under the political pillar include inadequate financial and human resources; inadequate awareness/knowledge on the functions of national and county governments; and weak inter-agency cooperation as well as cross agency collaboration. Others include lengthy and complex processes in development and harmonization of key policies and legislation necessary for implementation of the Constitution; automation and digitization of services; disagreement on concurrent functions and weak intergovernmental relations between and among national and county governments.

The lessons learnt from implementation of devolution programmes include knowledge of the constitution and the various devolution legislations is critical in making devolution work; collaboration and enhancement of intergovernmental relations are key in operationalizing of the devolved system of government; implementation of devolution requires massive resources; and public participation is key for sustainability of devolution.
7.1 Overview
An effective monitoring and evaluation system is critical to realizing the objectives of development programmes, projects and policies. To this end, the Monitoring and Evaluation Department (MED) under the Ministry of Devolution and Planning continued to implement the NIMES. The main objective of the NIMES is to provide the government with a reliable mechanism for measuring the efficiency of government programmes and projects and the effectiveness of public policy in achieving the intended goals. The system has increased uptake of information and data in policy formulation, evidence-based planning and budgeting, accountability and transparency on utilization of public resources.

During 2015/16 FY, the government strengthened the institutional framework for NIMES to ensure that all programmatic activities by the government, civil society, the private sector and donors/partners were monitored effectively. Further, the Vision Delivery Secretariat (VDS) tracked the implementation of the flagship projects under the MTP II. The National Economic and Social Council (NESC) provided policy direction on implementation of the MTP II.

7.2 National Integrated Monitoring and Evaluation System
The MTP II targets for MED were to; finalize the National Monitoring and Evaluation Policy, operationalize a 3-year Capacity Development Programme and continue to strengthen capacities in the Ministries, Counties, Departments and Agencies (MCDAs). Other targets were to build capacity for indicator development, prepare an M&E Masterplan for the MTP II, develop research agenda and proposals, prepare and disseminate policy briefs, monitor government projects, prepare and produce APRs and Public Expenditure Reviews (PERs) on implementation of the MTP II, disseminate key NIMES messages at both national and devolved levels, and publish the M&E information, education and communication strategy.
A number of milestones were achieved during the MTP II period. These included improved reporting of implementation progress, and increased level of awareness, understanding and appreciation of M&E at the national and devolved levels. Further, there was considerable improvement in the understanding of gender and human rights issues in relation to development. In this respect, about 300 field staff including development officers, gender officers and provincial administration officers were sensitized on gender responsive and human-rights based approach to planning and M&E.

All the Ministries prepared and submitted Ministerial Annual Monitoring and Evaluation Reports (MAMERs) and Ministerial Public Expenditure Reports (MPERs) in 2016. MED coordinated and participated in undertaking Public Expenditure Tracking Survey (PETS) in Education, Health and Agriculture sectors. Similarly, a Public Expenditure and Financial Accountability (PEFA) Assessment was done and policy brief prepared. Research was also conducted in education and health sub-sectors, and policy briefs prepared. Policy notes for Macro and Fiscal Framework, and national and devolved Public Financial Management (PFM) assessment were done.

MED continued to enhance partnerships through Kenya Community of Practice (KCoP), Evaluation Society of Kenya (ESK) and Knowledge Management Africa (KMA). The Ministry of Devolution and Planning continued to implement the three years Capacity Building Programme. This programme was aimed at strengthening the operation and effectiveness of NIMES. The programme supported six (6) officers to study short courses in abroad while 30 were sponsored for exchange programmes.

### 7.3 Electronic National Integrated Monitoring and Evaluation Systems

In a bid to track implementation of projects and programmes contained in the
Kenya Vision 2030, the government established electronic National Integrated Monitoring and Evaluation System platforms. The platforms will provide real-time, on-screen reporting of key priority programmes and projects from all ministries and counties. NIMES developed the Electronic Project Monitoring Information System (eProMIS), and Electronic National Integrated Monitoring, and Evaluation System (e-NIMES).

7.3.1 Electronic Project Monitoring Information System (eProMIS)
The Electronic Project Monitoring Information System (eProMIS) was enhanced to allow automatic generation of information on the level of implementation of project results. In 2015/16 FY, the development of the M&E component of the e-ProMIS was finalized. The system can now show the entire result chain from input to outcomes based on indicators. The system is being used as a comprehensive monitoring tool by MCDAs. Further, the Ministry of Devolution and Planning officers were trained on the use of the system.

In an effort to ensure increased use of the system, a total of 205 new projects with an estimate cost of KSh 462.4 billion were captured into the system in 2015/16, bringing the cumulative projects in the system to 3,046.

7.3.2 Electronic National Integrated Monitoring, and Evaluation System (e~NIMES)
Ministry of Devolution and Planning through the Monitoring and Evaluation Department (MED) developed an e-NIMES as a Performance Management tool for Results (PMfR) platform that will support and strengthen NIMES in its current form. The e-NIMES is about 75 per cent complete. The system will provide a traffic light dashboard for reporting results. The e-NIMES will make use of real-time on-screen dashboards to ensure transparency and accountability in the delivery of value-for-money service to citizens.

The overall objective of e-NIMES is to provide the policy makers with timely and accurate information on the implementation status of projects and programs. The specific objectives of e-NIMES is to provide an accountability and results template for structured capture of the section D (objectives) of the Performance Contracts for each of the 19 ministries and the 47 counties. The system will also provide a system that can be used to capture, collate and analyse data required to track projects/programmes results in all ministries and 47 counties; and provide a dashboard tool.
for displaying results with enough information about projects and programmes.

7.4 Role of Line Ministries and Government Departments in M&E

Line Ministries, Government Departments and Agencies are responsible for implementation of various MTP II programmes and flagship projects. The Central Planning and Project Monitoring Units (CPPMUs) played a critical role in tracking the progress of implementation of the programmes and providing feedback to various stakeholders. The CPPMUs were, therefore, instrumental in putting the M&E framework for the MTP II projects, programmes and policies.

In terms of performance, the Ministries departments and Agencies (MDAs) continued to operationalize NIMES, track implementation of the MTP and report on the same using the national handbook of reporting indicators. Consequently, the MDAs prepared and submitted MAMERs and MPERs. The MDAs also embraced the e-ProMIS, continued to align their performance contracts to meet the targets in their strategic plans, and consolidated quarterly and annual M&E reports.

7.5 County Monitoring and Evaluation System

In 2015/16, the Council of Governors in collaboration with MED established a county reporting system, County Integrated monitoring and Evaluation System (CIMES). CIMES will be used by the counties to track and verify whether the activities of each county priority project or programme are happening according to planning timelines and targets presented in the County Integrated Development Plan (CIDP); and whether resources are being used in a correct and efficient manner.

Various counties have adopted M&E as part of their management tools, developed M&E policies and trained officers to conduct monitoring activities. Specifically, three (3) counties of Turkana, Busia and Taita Taveta developed their M&E policies; established county M&E systems and committees.

A County Result Based Monitoring and Evaluation trainer’s guide and participant’s manual were developed and reviewed to incorporate gender and human rights issues. Further to this, at least two (2) officers from 44 counties were trained as trainers and further trained on Result based M&E. Further, 15 County Executive Committee Memebers and 18 County Chief Officers were sensitized on M&E and the proposed
County M&E structure. To support counties in tracking their County Integrated Development Plans (CIDP), MED worked with each of the 47 counties to develop County Specific Indicators.

7.6 Vision Delivery Board and Vision Delivery Secretariat
The mandate of the Vision Delivery Secretariat (VDS) is to provide strategic leadership in the implementation of flagship projects outlined in the Kenya Vision 2030. The VDS integrated and mainstreamed the Kenya Vision 2030 projects into the performance-contracting platform. The Secretariat also entrenched flagship projects in the performance contracts of all government agencies. It also trained counties to ensure that they integrate Kenya Vision 2030 into their transitional planning. The VDS also conducted dialogue sessions aimed at convincing and encouraging the private sector to promote the Kenya Vision 2030 as a national development agenda and not a government project.

7.7 Kenya President’s Delivery Unit (KPDU)
The unit is a resource centre of government information based in the Office the President. Its primary function is to improve the coordination of National Government flagship programs, monitor, evaluate and report on the President’s key development priorities.
8.1 Overview
The following are challenges experienced during implementation of programmes and project:

i) Legal, institutional and policy framework: MDAs attributed low achievements to lack of comprehensive policy, legal framework and inadequate institutional framework. In some sectors effort were made to put legal framework however there were delays in their approval and enactments thus hindering delivery of services in the ministries;

ii) Resource Management: In 2015/16 FY, three key resources that hindered the realization of targets include:

a. Human Resource: The Human resource was indicated as inadequate across all sectors in terms of numbers and skills. This owes to high natural staff attrition, freeze on employment and limited promotions. The MDAs thus faced challenges in succession management with staff stagnation and an aging workforce. This was also reported in Universities which might compromise the quality of our education and ultimately the future of this country;

b. Tools and Equipment: Lack of some necessary equipment and facilities was reported in various ministries and in some cases having obsolete equipment. In addition, there was inadequate office space for the staff which hinders efficient operations and performance;

c. Financial Resources: Inadequate and untimely disbursement of funds. There is increased demand for more resources to finance government operations, projects and programmes. With limited resources, this portends the danger of projects lagging behind in execution. Insufficient counterpart funding coupled with slow disbursement of funds has delayed implementation of some projects. Budget reviews leading to cuts has led to
some projects implementation postponement and pending bills. Ministries also experienced uncoordinated investment of various funding initiatives leading to duplication of efforts. There was also shift of donor priorities resulting into less funding of some of the planned activities.

iii) **Insecurity:** The country is susceptible to security challenges like terrorism and radicalization of young men and women. This was attributed to abject levels of poverty and inequality, which the government seeks to redress in the Vision 2030;

iv) **Acquisition of land for projects:** Various sectors experienced challenges on acquiring land for the government projects. There was consistent land use conflicts and unavailability as well as expensive valuation of land. This lead to delays in delivering on some projects especially on roads projects;

v) **Climate change:** The effects of adverse climatic changes which resulted in lack of water or too much water causing flooding was experienced in this period. This caused immense negative impact on both the social and economic fronts resulting from changes in food production, water supply, housing access, livestock production and general livelihoods of the people. There was need therefore, for reallocation of resources towards mitigation and adaptation to deal with natural calamities such as wind storm, fire and floods destroying the existing infrastructure thus creating interference with work in progress;

vi) **Community resistance:** Resistance of some communities to take up the projects was experienced largely due to lack of adequate comprehensive participatory coordination framework that allows for joint planning, monitoring and reporting of the sector by the community;

vii) **Devolution and management of resources:** Devolution and Management of Resources: This relates to institutional challenges brought by division of roles and responsibilities between National and County governments. There were delays in interpreting and reaching consensus on the mandate of the county governments and that of the national government under the Constitution of Kenya 2010. This lead to delays on the implementation of flagship projects;

viii) **Population pressure:** Kenya is experiencing an increasing population leading to increased competition for land uses i.e. agriculture, conservation, mining, industrial and urbanization among others resulting to degradation of the environment. The increased population pressure on land resources for livelihoods has led to reduced food security and an increase in wildlife/ human conflict;
1x) **Social, cultural and economic factors:** There exists socio-cultural, socio-economic and geographical inequalities in various sectors with regional and gender differences in the country. This was largely encountered in education sector and health especially on Family Planning and Reproductive Health issues where there is socio-cultural Barriers, Myths & Misconceptions regarding family planning and reproductive health issues.

### 8.2 Lessons Learnt

The following are lessons learnt to be replicated in future programming:

i) Sustaining conducive business environment by maintaining macroeconomic stability and enhancing security so as to promote sustainable growth and encourage investment opportunities in the country remains a key requisite in economic transformation for inclusive growth;

ii) Unlocking the growth potential will require sustained investment in road, rail, energy and water supplies. The focus should be made towards spending on investment programmes and projects;

iii) Implementation of the Vision 2030 projects has been affected by lack of adequate funding to complete construction works for various component of the Flagship projects;

iv) Good governance forms a basis for sustainable development;

v) Citizen engagement through dialogue platforms for joint planning, monitoring and evaluating is critical for ownership of projects and promoting accountability and delivery of results.

### 8.3 Recommendations

i) **Strengthening Monitoring and Evaluation:** The MDAs should put into place M&E structures to support effective monitoring of programmes and build capacity for monitoring and reporting. In particular, the need for strengthening M&E capacity at county level is urgent. Further, and taking into consideration the criticality of data in M&E, the Government should increase its investment for data gathering, while Sector institutions should build data bases for the data they use regularly. In addition, there is need for strengthen monitoring and evaluation by allocating adequate resources to CPPMU’s to empower them conduct monitoring of Programmes and funds released to institutions

ii) **Finance Management:** to ensure adequate and timely financial resources
that achieve expected results effectively and efficiently, the following are the recommendations:

a. Ensure implementation of the fiscal policy strategy which puts emphasis on application of the limited resources on priority programs with the highest impact on the stated objectives, but within a medium term framework of sustainable debt and strong financial position. This will be achieved by further rationalization and alignment of programs and resources to the priorities undertaken by the spending Ministries, Departments/Agencies to deliver desired outcomes economically and efficiently;

b. Timely release of funds especially donor funds should be adhered to. MDAs need to promote GOK/Donor agreements, memoranda of understanding (MOU) which are favorable and compatible for faster implementation of programmes and projects;

c. The MDAs should mobilize additional resource from development partners, private sector and civil society in order to complement the budgetary allocations by the national government;

d. Harmonization of efforts for optimal use of available resources for efficient and effective co-ordination of roles and activities is important;

e. Timely release of funds for efficient implementation of planned programs; It is important for the National Treasury to ensure that disbursement of the exchequer is in line with the approved cash flow plans to minimize disruptions and delays in implementation of projects and programmes.

iii) Legislation: amend existing policies and acts as well as establish legal frameworks if non-existent. MDAs should fast-track enactment of new laws, development of policies; review the existing policies, legislation of laws and development of institutional frameworks;

iv) Public Private Partnership (PPP): The PPP act 2013 has provided a clear framework between the government and private sector for the joint implementation of projects and programmes. This has enhanced efforts to provide efficient service delivery. While this is provided for in law and administrative arrangements, there is little exposure about its effective implementation. More sensitization and creation of public awareness is required;

v) Security: Enhance security measures to curb the current and emerging security threats. Most importantly the Government should invest in modern security systems to address the emerging security threats;
vi) **Advances in technology:** Modern computer technologies have resulted in more and more information and records being generated electronically. Technology can be used to increase efficiency in resource allocation and utilization, minimize corruption, and increase productivity;

vii) **Participatory approach:** Active engagement of all stakeholders with wide consultations should take place among various stakeholders to mitigate against conflicts. They should be engaged in the planning, implementation and monitoring of projects. Community sensitization and engagement is paramount in ensuring ownership of projects and prevent the delays in projects implementation. This includes involvement of communities in the design and execution of projects to promote ownership and reduce resistance;

viii) **Human Resource:** MDAs should capacity build their human capital in partnership with development partners and private sector to increase their efficiency and productivity.

ix) **Proper Planning and Budgeting:** Strategic plans, procurement plans and work plans went a long way in achieving Departmental and Ministerial targets, as they provided a roadmap for the sectors. There is need for harmonization of work plans across the various partners working within a sector to avoid duplication of efforts. Careful attention needs to be paid to ensuring that the preparation of the MTP is aligned to the preparation of the Medium Term Expenditure Framework (MTEF) for synergy and harmony in the prioritization and funding of programmes;

x) **Land acquisition** - Land acquisition should start much earlier than the projected date of commencement. There is need to development an efficient system for land acquisition and ownership;

xi) **Partnerships and collaborations:** There is need for enhanced cooperation amongst different institutions and ministries through networking and frequently consultations;

xii) **Legislation of policies** - Closer collaboration between the MDAs and Parliament in the approval of policies and enactment of legislations. This will require sensitization of the Parliamentary Committee members on the policies and legislations already in Parliament;

xiii) **Communication enhancement:** Public Sector Communications must be well managed and coordinated by state entities to project a positive image of Government. Managing communications is essential to manage the high expectations of the citizenry for quality public service delivery.