

REPUBLIC OF KENYA

**MEDIUM TERM EXPENDITURE FRAMEWORK
2011/12 – 2013/14**

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

DRAFT

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LIST OF ABBREVIATIONS AND ACRONYMS

ABD	Agribusiness Development
ADF	Agricultural Development Fund
AFC	Agricultural Finance Corporation
AGDP	Agricultural Gross Domestic Product
ASALs	Arid and Semi Arid Lands
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy
CAADP	Comprehensive African Agricultural Development Programme
CAHW	Community Based Animal Health Worker
CAIS	Central Artificial Insemination Service
CBIs	Community Based Initiatives
CBO	Community Based Organization
CDA	Coast Development Authority
CDF	Constituency Development Fund
COMESA	Common Market for Eastern and Southern Africa
CRF	Coffee Research Foundation
DAC	District Agricultural Committee
DDPs	District Development Programmes
DFZ	Disease Free Zones
DWFN	Distant Waters Fishing Nations
ERS	Economic Recovery Strategy
ESPs	Extension Service Providers
EU	European Union
FBOs	Faith Based Organizations
FMD	Foot and Mouth Disease
FTCs	Farmer Training Centres
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICC	Inter-ministerial Coordinating Committee
ICT	Information, Communication and Technology
IFAA	Innovation Fund for Agriculture and Agribusiness
IGAD	Inter-governmental Authority on Development
IIP	Interim Investment Programme
IMF	International Monetary Fund
IUU	Illegal, Unregulated and Unreported
KARI	Kenya Agricultural Research Institute
KBS	Kenya Bureau of Standards

KEFRI	Kenya Forestry Research Institute
KEMFRI	Kenya Marine and Fisheries Research Institute
KENFAP	Kenya National Federation of Agricultural Producers
KEPHIS	Kenya Plant Health Inspectorate Service
KEPSA	Kenya Private Sector Alliance
KESREF	Kenya Sugar Research Foundation
KIRDI	Kenya Industrial Research and Development Institute
KMC	Kenya Meat Commission
KNBS	Kenya National Bureau of Statistics
KNFC	Kenya National Federation of Cooperatives
KPCU	Kenya Planters Cooperative Union
KSC	Kenya Seed Company
KVD	Kerio Valley Development Authority
KWS	Kenya Wildlife Service
LAs	Local Authorities
LBDA	Lake Basin Development Authority
M&E	Monitoring and Evaluation
MCS	Monitoring Control and Surveillance
MoA	Ministry of Agriculture
MoCDM	Ministry of Cooperative Development and Marketing
MoFD	Ministry of Fisheries Development
MoLD	Ministry of Livestock Development
MoLS	Ministry of Lands and Settlement
MSF	Ministerial Stakeholders Forum
MTEF	Medium Term Expenditure Framework
MTFs	Ministerial Task Forces
MTI	Ministry of Trade and Industry
MTP	Medium Term Plan
NARS	National Agricultural Research System
NASEP	National Agricultural Sector Extension Policy
NBA	National Business Agenda
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development
NESC	National Economic and Social Council
NGO	Non-Governmental Organization
NIB	National Irrigation Board
NIMES	National Integrated Monitoring and Evaluation System
PPP	Public Private Partnerships
PPR	Peste des Petit Ruminants
RDAs	Regional Development Authorities
SACCOs	Savings and Credit Cooperative Organizations
SAPs	Structural Adjustment Programmes

SRA	Strategy for Revitalizing Agriculture
STI	Science Technology and Innovation
SWGs	Sector Working Groups
TARDA	Tana and Athi River Development Authority
TB	Tuberculosis
TIC	Technical Inter-ministerial Committee
TRFK	Tea Research Foundation of Kenya
TWGs	Thematic Working Groups
UN	United Nations
URTI	Upper Respiratory Tract Infections
WTO	World Trade Organization

EXECUTIVE SUMMARY

The Agricultural and Rural Development sector comprises of the following five sub-sectors: Agriculture; Livestock Development; Fisheries Development; Land; and Cooperative Development and Marketing. Agriculture is the mainstay of the Kenyan economy, directly contributing 26 percent of the GDP annually valued at Kshs 342 billion and another 27 percent indirectly valued at Kshs 385 billion through linkages with manufacturing, distribution and other service related sectors. The government's broad goal for the sector in line with the Vision 2030 is "*an innovative, commercially oriented and modern agriculture sector*". The policy and institutional framework guiding the sector is the Agriculture Sector Development Strategy (ASDS, 2009-2020) which emanated from a revision of the Strategy for Revitalizing Agriculture (SRA, 2004-2014) to reflect the aspirations of the Vision 2030. The key policy goals of the sector include: raising agricultural productivity through increased resource allocations; exploiting irrigation potential; increased commercialization of agriculture; undertaking a comprehensive review of the legal and policy framework for agriculture; improving governance of agricultural institutions; and land development.

This sector report (2011/12 - 2013/14) has been prepared on the backdrop of a new constitutional dispensation which provides for fiscal decentralization of management and resources to 47 counties after the next General Election in 2012. Therefore, the allocations proposed for 2013/14 by ministries under the ARD Sector are likely to change because resource allocation to the counties will be made by the Commission on Revenue Allocation through the Senate. However, the ministries will be responsible for the overall policy formulation and coordination of their respective subsectors.

Various stakeholders involved in the agricultural and rural development can be categorised as public sector institutions, private sector, research institutions, Non-Governmental Organizations (NGOs), development partners, Community-Based Organizations (CBOs), professional associations, and cooperative societies. These stakeholders collectively have provided a platform upon which the sector players pool resources and efforts in order to maximize their returns. The stakeholders also provide the necessary value chain engagement that facilitates efficiency in service provision through participation in policy formulation, implementation, monitoring and evaluation. It is indispensable that stakeholders' involvement is strengthened and expanded so that the benefits accruing from these organizations to the sector are

galvanized and sustained. Stakeholders in the sector drive the reform processes in the sector and fast track implementation of sector goals and strategies.

In terms of performance of programmes and achievements for the period 2007/08-2009/10, the sector's performance improved tremendously in realization of the set targets and utilization of the allocated resources. Policies and Legal bills were finalized, and institutional frameworks reviewed in the agriculture and land sub-sector while achievement of some targets was surpassed through participation by non-state actors. Major challenges that lead to underperformance in some programmes were due to delay in funding or lack of funding.

Total resource allocation by government to the sector increased during the review period by 19.43% from Kshs. 21,933.34 million in 2008/09 to Kshs. 26,194.99 million in 2009/10. However, the allocation to the sector as a proportion of total government budget has fluctuated during the period under review from 3.43% in 2007/08 down to 2.89% in 2008/09 and marginally increasing to 3.75% in 2009/10. An analysis of the sector's total expenditures shows that absorption capacity has continued to average over 90% over the review period. This has ranged from 97.7% in 2008/09 to 94.4% reached in 2009/10.

Recurrent expenditures registered mixed performances during the review period but grew by 8.8% between 2007/08 and 2009/10. Absorption capacity of the sector's recurrent expenditure has consistently been over 98.63% due ability of ministries to target planned activities in their annual work plans. The sector's share of total government budget has generally ranged around 1.9% over the review period. Development budget allocations to the sector increased by 14.98% from Kshs. 8,298.6 million in 2007/08 to Kshs. 9760.47 million in 2009/10. However, the allocations as a share of total government's development budget have remained dismally low averaging about 1.1% annually. Absorption capacity has ranged from 79.6% in 2007/08, 84.4% in 2008/09 and 92.3% in 2009/10. The main reasons for reduced absorptions is delayed disbursements of donors funds, donor conditionalities and lack of records on funds expended directly by donor on behalf of government.

There has been a significant increase in externally funded programmes to the sector over the period rising by a substantial 169.2% from Kshs. 2532.5 million in 2007/08 to Kshs. 6160.86 million in 2009/10. Absorption capacity has generally declined ranging from 84% in 2007/08 to 44.2% in 2009/10. The main reasons for this include delayed disbursements, cumbersome international procurements procedures and lack of data on

funds expended directly by donors on behalf of government. However, the role of development partners to the sector is considerable with their resources forming a significant contribution to the sector's development budget. This share stood at 30.5% in 2007/08 and rose significantly to 63.1% in 2009/10. The donor funds commitment has progressively increased over the years, however, the absorption capacity of the sector has remained almost constant.

The sector's total portfolio of pending bills as at 2009/10 stands at Kshs. 705.16 million with recurrent budget pending bills of Kshs. 160.92 million while development budget pending bills at Kshs. 544.24 million. The sectors development pending bill has been rising over the years. In the financial year 2009/10 a large proportion of the pending bill was a result of delay in exchequer from Treasury to pay input suppliers in the National Accelerated Agricultural Input Access Project.

In the medium term, ARD sector programmes will include Policy, Strategy and Management of Agriculture; Crop Development and Management; Agribusiness and Information Management; Fisheries Development; Cooperative development and management; Cooperative Marketing; Land Policy and Planning; and Livestock Resources Management and Development. In order to successfully implement these programmes, the total resource requirement for the sector in the FY 2011/12 is Kshs. 46,822 million. This is a 33 percent increase from the allocated funds in 2010/11 of Kshs 35,229 million. This is projected to increase to kshs.48,693 million and kshs.53,118 million in the FY 2011/12 and 2013/14 respectively.

The total resource requirement for the sector in the 2011/12 financial year is Kshs. 42,144 Million against an allocation of Kshs 26,857 Million which translates to a shortfall of Kshs. 15,287 Million. The 2011/12 recurrent resource requirement is Kshs.22,353 Million against an allocation of Kshs. 16,013 Million. The recurrent resource requirement is projected to grow to 22,180 million and 28,201 million in 2012/13 and 2013/14 respectively. However, the development budget's total resource requirement in the FY 2011/2012 is Kshs. 19,791 Million and against Kshs. 10,844 Million that has been allocated. This is projected to grow to kshs.22,513 million and kshs. 24,917 million in the FY 2012/13 and 2013/14 respectively. The total resource requirements of SAGAs in 2011/12 will total to kshs. 2540.3 million in 2011-12. This is projected to grow to kshs 2583.3 million and kshs. 2660.3 million in 2012-13 and 2013-14 respectively.

While Vision 2030 and its first Medium Term Plan and the Agricultural Sector Development Strategy (ASDS) provide the framework for linkages necessary to attain

ARD sector goals, the performance of agricultural sector is highly dependent upon the linkages between the various sectors. These sectors include but are not limited to: Environment, Water and Sanitation; Physical Infrastructure; Trade, Tourism and Industry; Research, Innovation and Technology; Special Programmes; National Security; Human Resource Development; and, Governance, Justice, Law and Order.

ARD sector faces several challenges amid certain emerging issues. The enactment of the new constitution is likely to affect resource allocation, management of the sector and reorganization of Ministries. The challenge faced by the sector will be putting up and rationalizing the necessary structures both at the national and county level. High cost of agricultural inputs such as fertilizer, agrochemical, drugs, animal and fish feeds has been rising due to high energy costs (fuel and electricity), sea piracy and poor infrastructure. At regional and international level, Kenya has signed a number of protocols with other countries which have implications on agricultural trade. For instance, following the reduction of import duty on rice and wheat there has been increased importation of the commodities at the expense of local production. Further, the sugar protocol comes to an end in 2011 and it is likely to adversely affect local production.

It is envisaged that ARD sector will continue to play a key role as the country moves to embrace the new constitutional dispensation. It is therefore recommended that institutional reforms in the sector are undertaken in line with the new constitution. Further, there is need to improve resource allocation to the sector in order to address key challenges that have impeded the sector from fully exploiting its potential and innovations. This will involve among other things addressing the infrastructural challenges, where the sector should work closely with the Kenya Roads Board, Kenya Rural Roads Authority, Rural Electricity Authority and other institutions to invest in priority rural infrastructure projects. In the case of land reforms, there is need to fast-track implementation of the National Land Policy to ensure optimal land planning and zoning for appropriate uses. The implementation of the various programmes in the sector will require that a robust sector monitoring and evaluation system is developed to conform to the National Integrated Monitoring and Evaluations System (NIMES).

CHAPTER ONE:

INTRODUCTION

1.1 Background

Agricultural and Rural Development sector comprises of the following five sub-sectors: Agriculture; Livestock Development; Fisheries Development; Land; and Cooperative Development and Marketing. GDP growth generated by agriculture has been shown to be as effective in reducing poverty as growth in other sectors. The sector directly contributes 26 percent of the GDP annually valued at Kshs 342 billion and another 27 percent indirectly valued at Kshs 385 billion through linkages with manufacturing, distribution and other service related sectors. The sector accounts for 65 percent of Kenya's total exports, 18 percent and 60 percent of the formal and total employment respectively. Agriculture – spanning crop production, fishing, land management, livestock development and cooperative development- has driven economic growth in Kenya through the last four decades. The sector remains the main source of livelihood for the majority of the Kenyan people and is one of the sectors identified to deliver the 10 percent economic growth rate under the Vision 2030.

The government's broad goal for the sector in line with the Vision 2030 is "an innovative, commercially oriented and modern agriculture sector". The policy and institutional framework guiding the sector is the Agriculture Sector Development Strategy (ASDS, 2009-2020) which emanated from a revision of the Strategy for Revitalizing Agriculture (SRA, 2004-2014) to reflect the aspirations of the Vision 2030. The key policy goals of the sector include: raising agricultural productivity through increased resource allocations; exploiting irrigation potential; increased commercialization of agriculture; undertaking a comprehensive review of the legal and policy framework for agriculture; improving governance of agricultural institutions; and land development.

Identified sector programmes include Policy, Strategy and Management of Agriculture; Crop Development and Management; Agribusiness and Information Management; Fisheries Development; Cooperative development and management; Cooperative Marketing; Land Policy and Planning and Livestock Resources Management and Development. The 2010 Public Expenditure Review noted that although public

spending in agriculture and rural development sector, which includes other sub-sector in other MTEF sectors, increased by about 36 percent during 2003/04 - 2007/08, the budget share to total government budget has stagnated at about 4 percent. This remains far below the 10 per cent commitment made in the Maputo Declaration. The PER also noted the sector allocation as a proportion of agriculture GDP doubled between 2003/04 and 2007/08 (from 6.3 percent to 12.4 percent); the Ministry of Agriculture receives the bulk of the funds with most of this going to extension and research; and, the sector organizational setup is very complex, and demands strong leadership and careful coordination.

Achieving these broad sector programmes therefore requires a cross-sectoral approach and a sound enabling environment which demands harmony within government. Request for increased resource allocation to agriculture sector can therefore be justified by the need to exploit the country's comparative and competitive advantages in agriculture in the region. Attention will be given to investment in irrigation, inputs availability and new frontiers including fisheries, disease control and beef production. For example, more effort is required to benefit from fisheries since there is already an unexploited sea potential. Similarly there is need to expand irrigation to the extent of about 50 percent in the country as well as focus on development of agro industries to realize potential gains from agriculture sector. This calls for strategic recourses mobilization both from the government and development partners. There is therefore the urgent need to increase agricultural allocation to 10 per cent in line with Maputo Declaration.

For sustainable land management and development, resource allocation will mainly be to implement activities on land reforms; land information management; land surveying, mapping and management of national spatial data; land settlement; and land use planning. The Livestock sub-sector will target the flagship project of disease-free project starting with the Coastal Disease Free Zone and Laikipia/Isiolo complex disease free Zone to eradicate trans-boundary and trade sensitive diseases and zoonoses in accordance with the OIE pathway in order to access international markets for livestock and their products. The war against tsetse flies and trypanosomiasis will continue to cover all the infested areas. Further, efforts will be made to intensify value addition to livestock products through agro-processing, access to markets and establishing a centrally coordinated livestock data base.

The focus in fisheries will be to operationalise Fisheries and Oceans Policy and establish a Fish Levy Trust Fund. There's need to establish and deploy a national fisheries enforcement unit to reduce incidents of Illegal, Unreported and Unregulated (IUU) fishing. The FFEPP has set the momentum for alternative sources of fish and fish products. In order to sustain the gains, sustained funding is required to maintain momentum, intensify production to improve on efficiency, develop mariculture and improve fish quality, value addition and marketing. The subsector will generally focus on the development of marine and inland capture fisheries, aquaculture and promotion of fish safety, quality assurance, value addition and marketing.

Cooperatives will be revitalized and their capacities strengthened to make them competitive. The cooperative sub-sector will improve capacity for marketing agricultural inputs and produce, access to credit, promote value addition and trade and improve on governance and management. Due to poor governance and mismanagement, umbrella cooperative organizations collapsed, and the inputs and credit farmers used to access through their cooperatives disappeared. The government has reviewed the Cooperative Societies Act and formulated a new cooperative development policy in addition to the cooperative investment policy. Further, the SACCO regulatory Act was developed and SACCO Regulatory Authority operationalized.

This sector report (2011/12 - 2013/14) has been prepared on the backdrop of a new constitutional dispensation which provides for fiscal decentralization of management and resources to 47 counties after the next General Election in 2012. Therefore, the allocations proposed for 2013/14 by ministries under the ARD Sector are likely to change because resource allocation to the counties will be made by the Commission on Revenue Allocation through the Senate. However, the ministries will be responsible for the overall policy formulation and coordination of their respective subsectors. Emerging international concerns such as effects of climate change will also be a source of concern to the sector.

During the period 2007/08-2009/10, the sectors performance improved tremendously in realization of the targets and utilization of the allocated resources. Policies and Legal bills were undertaken, and institutional frameworks reviewed in the agricultural and land sub-sector while achievement of some targets was surpassed through participation by non government actors. However, more needs to be done to synchronize the legal and policy environment. Further, some key challenges face this sector thereby slowing

down the pace of implementation of activities. These challenges include: low production and productivity, poor marketing and marketing infrastructure, inadequate physical infrastructure more so in the rural areas, unfavorable legal and policy environment, Low access to financial services and affordable credit, low value addition, low levels of resource allocation to the sector, unavailability of accurate information and weak information management system.

The efforts to transform the future of ARD sector to be more productive will have to address volatile food prices, population growth, low agricultural productivity and the potentially devastating effects of climate change. The sector will therefore continue to explore new frontiers and heavily invest in projects to address such challenges and at the same time manage climate change. Part of the solution also lies in public-private partnership-based agricultural development.

1.2 Sector Vision and Mission

1.2.1 Sector Vision

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

1.2.2 Sector Mission

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

1.3 Strategic goals/objectives of the Sector

1.3.1 Strategic Goals

The Sector works towards achievement of the following strategic goals:

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

1.3.2 Strategic Objectives

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

- i. Reforming institutions by transforming key organizations, such as cooperatives, regulatory bodies and research institutions, into complementary and high performing entities that facilitate growth in the sector;
- ii. Increasing productivity through provision of widely-accessible inputs and services to farmers, pastoralists and fisher folk;
- iii. Transforming land use to ensure better utilization of high and medium potential lands;
- iv. Developing arid and semi-arid areas for crops, livestock and fisheries production;
- v. Facilitating comprehensive land reforms;
- vi. Increasing market access through value addition by processing, packaging and branding the bulk of agricultural produce.

1.4 Sub Sectors and their Mandates

The mandate for each of the subsector are outlined below:

1.4.1 Agriculture

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

1.4.2 Cooperative Development and Marketing

- i. Co-operative Policy and Implementation

- ii. Co-operative Legislation and Support Services
- iii. Co-operative Education and Training
- iv. Co-operative Financing Policy
- v. Co-operative Savings, Credit and Banking Services Policy
- vi. Co-operative Governance
- vii. Co-operative Tribunal
- viii. Co-operative marketing, including value addition processing
- ix. Promotion of Co-operative Ventures

1.4.3 Fisheries Development

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

1.4.4 Lands

- i. Land policy and Physical Planning,
- ii. Land transactions,
- iii. Survey and Mapping,
- iv. Land Adjudication,
- v. Settlement matters,
- vi. Land registration
- vii. Valuation,
- viii. Administration of State and Trust Land
- ix. Land Information Management System

1.4.5 Livestock Development

- i. Formulation and implementation of livestock sub-sector policies;
- ii. Management and control of livestock diseases and pests;
- iii. Provision and facilitation of extension services;
- iv. Development and co-ordination of development programmes
- v. Regulatory management and quality control of inputs, produce and products

- vi. Livestock research agenda setting, liaison and coordination
- vii. Promotion and development of emerging livestock;
- viii. Information management and Monitoring and Evaluation

1.5 Autonomous and Semi-Autonomous Government Agencies (SAGAs)

The various subsectors have the following semi-autonomous government agencies as shown;

1.5.1 Agriculture

In the Agriculture sub-sector, SAGAs are categorized into;

Financial Corporations:

- Agricultural Finance Corporation
- Coffee Development Fund

Commercial/Manufacturing Corporations:

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

Service Corporations:

- Agricultural Development Corporation

Regulatory Corporations:

- Coffee Board of Kenya
- Tea Board of Kenya
- Horticultural Crops Development Authority
- Kenya Sisal Board
- Cotton Development Authority

- Kenya Sugar Board
- Kenya Plant Health Inspectorate Service
- Pest Control Products Board
- Kenya Coconut Development Authority

Research and Training Corporations:

- Coffee Research Foundation
- Tea Research Foundation
- Kenya Sugar Research Foundation
- Kenya Agricultural Research Institute
- Bukura Agricultural College

Statutory Boards:

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

1.5.2 Cooperative Development & Marketing

- Cooperative College of Kenya
- SACCO Societies Regulatory Authority (SASRA)
- New Kenya cooperative Creameries (KCC)

Statutory Boards:

- Cooperative Tribunal
- Ethics Commission for Cooperatives (ECCOs)

1.5.3 Fisheries Development

Kenya Marine and Fisheries Research Institute

1.5.4 Lands

The sub sector has no Semi-Autonomous Government Agencies.

1.5.5 Livestock Development

Kenya Dairy Board (KDB)

Kenya Meat Commission

Central Artificial Insemination Station (CAIS) Kenya Veterinary Board

1.6 Role of stakeholders

The various stakeholders involved in the agricultural and rural development can be categorised as public sector institutions, private sector, research institutions, Non-Governmental Organizations (NGOs), development partners, Community-Based Organizations (CBOs), professional associations, and cooperative societies. These stakeholders collectively provide a platform upon which the sector players pool resources and efforts in order to maximize their returns. The stakeholders also provide the necessary value chain engagement that facilitates efficiency in service provision through access to inputs, credit, markets, market information, extension services, production, education, information and advocacy for their members. It is indispensable that stakeholders' involvement is strengthened and expanded so that the benefits accruing from these organizations to the sector are galvanized and sustained. Stakeholders in the sector drive the reform processes in the sector and fast track implementation of sector goals and strategies. Some of the Key stakeholders include;

1.6.1 Agriculture Sector Coordination Unit

ASCU is mandated to facilitate and add value to the reform process and coordinate the sector ministries' and other stakeholders' efforts towards the implementation of the ASDS Vision. The Unit plays the key role of linkage and collaboration among the sector players as well as provides an enabling environment for sector-wide consultations along the various levels of implementation from the divisions to districts and national level.

1.6.2 Private Sector institutions

The key players within the agricultural sector include KENFAP, charged with the representation of agricultural producers, and KNFC, which handles the commercial arm of agriculture through the cooperative movement. Other private sector institutions include processors, marketing agencies and farm input dealers. They play an important role in the provision of physical and social infrastructure, production, processing, input and output marketing, imports and exports, provision of financial services and provision of goods and services.

1.6.3 Development partners and regional cooperation

Bilateral and multilateral donors have for many years played a significant role in financing Kenya's agricultural budget. In line with the country's increased financial capacity, the role of the development partners has been reduced and Government's own resources are now financing about 90 percent of the agricultural budget. However,

development partners continue to play an important role, particularly in spearheading new initiatives and carrying out pilot projects.

1.6.4 Local level structures

Local Level Governance and Devolved Structures through appropriate participatory methodologies determine the priority development aspirations and initiatives of their communities and lead in implementation. They continue to play an important role in sourcing, utilizing, auditing and accounting of local resources, provided by the Government and the donors to the sector.

1.6.5 Farmers' organizations

Farmers' organizations include cooperatives societies, farmers' unions and federations, commodity associations, enterprise-based groups and community-based organizations. These organizations are important economic entities established to enhance representation of the farmer membership as well as lobby and advocate on their behalf at various levels. Their other role is to enable individual members to articulate demand and direct the same to the relevant sources of supply.

CHAPTER TWO:

PERFORMANCE AND ACHIEVEMENTS OF THE SECTOR DURING THE PERIOD 2007/08-2009/2010

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

During the period under review, the sector's performance improved tremendously in realization of the set targets and utilization of the allocated resources. Policies and Legal bills were undertaken, and institutional frameworks reviewed in the agricultural and land sub-sector while achievement of some targets was surpassed through participation by non government actors. Below is the performance of the sub-sectors in the sector.

2.2 Key Indicators of the Sector and Sub-Sectors performance

This sub-section outlines the actual performance of programmes per sub-sector in terms of key indicators, targets set and the achievements.

2.2.1 Agriculture

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: Crop Development and Management			
No. of oil palm seedlings raised & distributed in Western Kenya.	100,000	85,000	Remaining seedlings will be distributed in 2011
No. of Field surveillances for migratory and post harvest pests	42	42	Target achieved
No. of Metric Tonnes of Orphan Crops planting material supplied to farmers and planted	1000	1375.6	Further multiplication by farmers produced more materials
No. of agricultural technologies promoted in land management	7	7	Included Jab planters, Drip Irrigation Kits and plough for black cotton soils.
No. of Farmers trained on soil and water conservation	250,000	318,560	Target surpassed due to increased field activities
No. of Farms laid with soil and water conservation structures	80,000	81,019	Target surpassed due to increased field activities

Programme/activities indicators	Targets	Achievement	Remarks
No. of farmers reached with Extension.	2.7 Million	2.93 million	Target surpassed due to added support by other service providers.
No. of Policies and Bills prepared	4 policies & 4 Bills	4 draft Policies & 4 Bills	All targeted policies and Bill finalised
No. of community groups supported with grants for food security interventions	600	557	Target not reached due to lack of resources
No. of Private Sector Organizations supported Food Security Innovations	32	25	Inadequate funds affected achievements
No. of agricultural water harvesting structures constructed	10	7	Delays caused by contracting challenges
Programme 2: Agribusiness and Information Management			
No. of publications of market prices in the daily newspapers	300	298	No information provided for the 2 unscheduled days during the year.
No. of farmers supported with fertilizers and seeds	35,000	90,180	Target surpassed due to additional support by development partners.
No. of agricultural input suppliers trained.	1600	1680	Target met

2.2.2 Cooperatives Development & Marketing

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: Cooperative Development & Management			
Establishment of SASRA	Operationalisation of SASRA	Board established and senior staff hired	The rest of staff will be hired this FY Licensing of SACCOs under SASRA will start this year
SACCO societies sensitized on the provision of the SACCO Societies Act	450	125	There more than 4,000 SACCOs and resources were not adequate
Outstanding remittances to SACCOs reduced	From Kshs 800 million to Kshs 500 million	From Kshs 800 million to 650 million	Targets not achieved because some of the companies have ceased operations

Programme/activities indicators	Targets	Achievement	Remarks
Governance & Ethics Commission gazetted	Commission established	Commission gazetted by Ministry of Justice & Constitutional Affairs	Deployment of staff and board will require additional financial resources
Prudential standards and Code of ethics developed	5 manuals developed	3 were developed	To be finalised this year
Number of audits filed	4,000 registered	4,170 accounts were registered	More cooperative complying
Number of disputes resolved by Co-operative Tribunal	500	250 handled	The Tribunal requires library and equipment,
Number of lecture rooms in Co-operative College constructed	5	4 classrooms and 1 library constructed	
Number of feasibility studies carried out to restructure key co-operative societies	10	5	Capacity building needed as part of implementation
Programme 2: Cooperative Marketing			
Number of societies to be capacity-built in value addition	10	8	To be completed this year
Cooperative Marketing Strategy	1	1	Implementation will follow
Management committee members trained	2,000	1,200	Recent increases in coffee prices have resulted in increased desire for coffee farming thus increased demand for capacity building
Co-operative managers trained	1,000	750	To be completed this year
New co-operative ventures	3	1 (Kenya Co-operative Coffee Exporters established)	The Department was actualised in 2009/10

2.2.3 Fisheries Development

Programme/activities indicators	Targets	Achievement	Remarks
Programme: Fisheries Development			
Number of policies finalized and published	1	1	National Oceans & Fisheries Policy published
Number of fish farms upgraded/up-scaled	7	7	Still on-going, it requires further funding as fish farms have increased from 7 to 14

Programme/activities indicators	Targets	Achievement	Remarks
Number of fish fingerlings produced	28 million	15 million	Shortfall occasioned by slow expansion of hatcheries
Number of development strategies developed	1	0	Draft National Aquaculture Development Strategy in place
Number of cold stores constructed	4	3	One incomplete due to delays in funds releases
Number of samples of fish, water and sediments analyzed	384	384	Continuous process
Percentage completion of installation of Vessel Monitoring System (VMS)	100	95	Completion delayed by slow process of connection to satellite
Number of fisheries frame surveys conducted	4	2	Limited funds to undertake the surveys for all fisheries
Number of Catch Assessment Surveys carried out	12	3	Non availability of funds
Number of fish farmers trained	30,000	32,742	Economic Stimulus programme and media awareness contributed to targets being surpassed.
Number of new fish farmers recruited	28,000	30,717	Economic stimulus programme allowed many trained farmers to venture into fish farming
Number of fisheries personnel trained	800	152	The target not achieved because of underfunding from treasury for Ministerial training programmes
Number of Beach management Units (BMUs) trained.	300	393	Goodwill from fishing communities enabled quick formation and training of BMUs
Number of extension manuals developed	1	0	Awaiting an National Aquaculture Strategy before the Training Manual is prepared to capture the Strategic issues.
Number of rivers restocked	2	0	Limited funds
Number of microbiological laboratories constructed	3	1	Delayed funds contributing to delayed completion of construction.

2.2.4 Lands

Programme/Activities Indicators	Targets	Achievements	Remarks
Programme : Land Policy and Planning			
Outcome: Improved livelihood of Kenyans			
Sub-Programme 1: Development Planning and Land Reforms			
% of National Land Policy implemented	10	5	Delay due to the need for the constitutional approval for the implementing institution
% of level of satisfaction raised	55	58	An independent survey carried out
No. of M&E for field and headquarters reports	12	12	Effectively done on quarterly basis
No. of offices refurbished	12	12	An on-going activity
Number of staff trained	900	1,120	Achieved due to group organized training
Amount of Revenue generated (Kshs).	Kshs. 15.937 billion	Kshs. 18.376 billion	Achieved due to acquisition of the franking machines
Amount of A.I.A collected (Kshs).	Kshs. 660 millions	Kshs 831.95 millions.	Surpassed due to revision of land fees
Sub-Programme 2: Land Information Management			
Number of Ardhi houses constructed	4	3	Siaya registry on-going. In addition, banking hall in the HQs. was completed
% of integrated land rent information system developed	20	20	117,625 land rent records captured
Number of Land paper records scanned and safeguarded	200,000	221,361	Includes cadastral survey plans, land rent records and capturing of data
Number of land records scanned	1.577 million	1.577 million	Scanning ongoing
Sub-Programme 3: Land Surveying, Mapping and Management of National Spatial Data			
Number of national topographical and thematic maps prepared	30	31	Achieved
Number of plots processed	104,000	161,227	Achieved due to more demand for titles by property owners
Number of deed plans	23,000	31,647	Achieved due to more demand for titles by

Programme/Activities Indicators	Targets	Achievements	Remarks
			property owners
Number of boundaries pillars inspected	180	346	Includes national and international pillars
% Percentage of Land Use Plan/Spatial Plan prepared and approved	20	20	Cabinet memo prepared
Sub-Programme 4: Land Settlement			
No. of landless families settled	46,000	47,047	Includes 791 IDPs.
Amount of Settlement Fund Trustee Outstanding loans recovered (kshs).	Kshs. 240m	Kshs. 254.6m	Achieved due to demand notices and use of computerized system
No. of adjudication sections finalized	90	90	Letters of finality issued
No. of land adjudication disputes resolved	34,800	34,003	Appeals slows down the process
No. of assets valued for stamp duty purposes	48,000	58,456	The land market has been vibrant
Number of title deeds registered	430,000	457,350	Demand driven
Sub-Programme 5: Land Use Planning			
% of National Land Use Policy	20	20	concept paper prepared
% of regional Development Plan for Northern region prepared	75	77	This covered 20 regional development plans
% of Structure plan for Kisumu prepared	50	50	On-going
Number of local plan prepared and approved	95	95	Achieved
% of preparation of plans completed for resort cities	20	20	Includes Diani/Ukunda, Isiolo and Kilifi
Number of GIS Labs set up	3	3	Establish in Nairobi, Nakuru and Mombasa

2.2.5 Livestock

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: Livestock Extension Services and Production			
Programme Outcome: Enhanced livestock productivity with self reliant local market and leading export			
Sub-Programme 1: Livestock Production Services			
No of breeds improved and sold to farmers	500 animals of different breeds to be sold to farmers	300 animals sold	Target not met due to insufficient funds for purchase of breeding stock and farm infrastructure
Hectares of fodder and pastures improved.	Paddocking and improvement of fodder in two farms (Oyani and Witu) 60 hectares	20 Hectares of improved fodder and pastures established	Target not met due to insufficient funds
Hectares of fodder and pastures established.	Promote establishment of 700 hectares Fodder production and conservation	850 hectares of fodder, 96 tons of silage and 2980 bales of hay conserved	Target surpassed due to more livestock farmers adopting improved fodder and pasture establishment and conservation
Number of milk samples tested	4,000 milk samples to be tested	3500 milk samples tested	Target not met due to insufficient funds
Number of extension manuals developed	Develop extension manual for various livestock enterprises and disseminate 2,000 copies	1,300 copies developed and disseminated	Target not met due to insufficient funds
No. of species promoted.	Promote neglected livestock enterprises (quail, rabbit, termites, guinea fowl farming)	Two species promoted.	The other species will be promoted in 2010/2011
No of farmers trained	400,000 farmers trained on animal husbandry management skills	450,000 farmers trained	Target surpassed due to collaborative efforts with NALEP and other programs
No of farmer groups linked	30 farmers groups to be linked to Financial Service Providers	36 farmer groups linked	Target achieved
Number of markets	10 markets linked to	7 markets linked	Target not met due to insufficient

Programme/activities indicators	Targets	Achievement	Remarks
linked	the National Livestock Market Information System.		funds
Number of policies developed	7 policy bills on apiculture, poultry, animal breeding, veterinary pharmaceutical, animal feedstuff policies, Veterinary Surgeon Act and veterinary surgeon and para-professional bills to be reviewed/developed.	7 draft policy bills developed.	The bill to be finalised in the next financial year
No of new districts where camel rearing is promoted.	Promote camel production in 6 semi arid districts of Narok, Kajiado, Mwingi and Keiyo, West Pokot, East Pokot	4 districts	Target not achieved other 2 districts to be reached in the next financial year
Hectares of denuded range rehabilitated	4,000 Hectares to be rehabilitated (reseeding) in Mandera, Garissa Loitokitok, Narok Baringo , Kajiado and West Pokot,	4,800 Hectares rehabilitated	Target achieved
No of water pans rehabilitated	15 water pans in the ASAL districts to be rehabilitated	13 water pans rehabilitated	2 water pans to be rehabilitated in 2010/11
No of holding grounds rehabilitated	3 holding grounds, Bachuma, Kiina rehabilitated	1 holding grounds rehabilitated.	2 Holding grounds to be rehabilitated in 2010/11
No. of Honey quality surveys	Conduct 4 honey quality surveys	2 surveys conducted	Target not met due to insufficient funds
% . of Isiolo and Garissa Export slaughterhouses constructed	The 2 Slaughter houses to be constructed to 50 %	40% of construction work done	The export slaughter houses to be completed in 2010/11

Programme/activities indicators	Targets	Achievement	Remarks
	completion		
No. of animals facilitated for exported	Facilitate livestock off take and export of 10,000 cattle and 16,000 small stock	Export of 12,000 cattle and 17,000 small stock facilitated	Target surpassed due to increased demand livestock in the export market
No of livestock vaccinated	35 million animals to be vaccinated against notifiable diseases.	36,2095,430 livestock vaccinated	Target surpassed
No of livestock branded	1 million Livestock to be branded	883,285 livestock branded	Target not achieved due to insufficient funds
No of Disease Free Zones created	Feasibility studies and environmental impact assessment to be done in the two DFZ namely Coastal and Laikipia/Isiolo complex	1 DFZ (Laikipia/Isiolo complex)	Target achieved
No. of disease status maps.	36 disease status maps developed	12 maps developed	12 maps per years
No. of trade sensitive disease	Certification of freedom from Rinderpest infection in the year 2008/09 by World Animal Health Organisation (OIE)	Certification granted	Target met
No. of disease contingency plans	Avian Influenza preparedness contingency plan to be developed	Contingency plan in place	Target Met
No of carcass of food animals inspected	10,000,000 carcasses to be inspected	11,600,000 carcasses inspected	Target surpassed due to increased domestic consumption of meat
Doses of semen for Artificial Insemination produced	1,700,000 does of semen produced and distributed	1,677,000 doses produced	Target Achieved

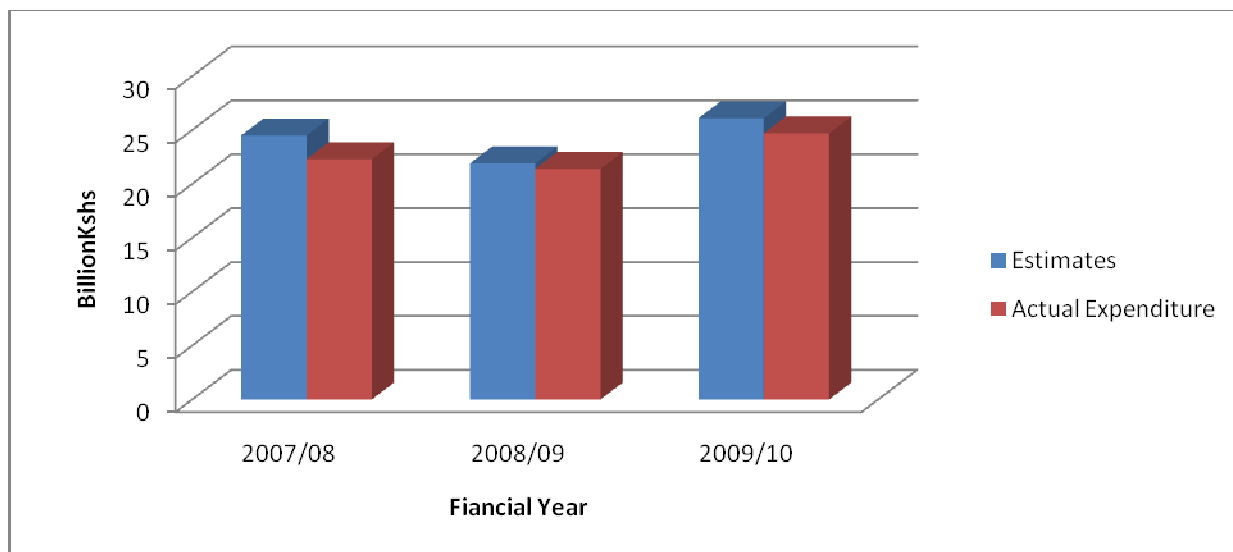
2.3 Expenditure Analysis

Total resource allocation by government to the sector increased during the review period by 19.43% from Kshs. 21,933.34 million in 2008/09 to Kshs. 26,194.99 million in 2009/10. However, the allocation to the sector as a proportion of total government budget has fluctuated during the period under review from 3.43% in 2007/08 down to 2.89% in 2008/09 and marginally increasing to 3.75% in 2009/10. The trends in the total expenditure are summarised in table 2.3.0.

Table 2.3.0 Trends in total expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
MOA	13,754.4	13,094.9	13,472	13,523.2	13,138.6	12,699
MCD&M	1,060.8	1,101.0	1,146	1,012.5	982.1	982
MFD	845	870	2,601	785	763	2,289
MoL	3,371.9	2,308.04	2,534	3,058.4	2,036.07	3,667
MLD	5,474	4,559.4	6,441.9	4,009	4,521.1	5,099
Total	24,506.0	21,933.3	26,194.9	22,388.1	21,440.8	24,736

Figure 1: Analysis of the Sector Total estimates and Expenditure figure in billions of Kshs.



An analysis of the sector's total expenditures shows that absorption capacity has continued to average over 90% over the review period. This has ranged from 97.7% in 2008/09 to 94.4% reached in 2009/10.

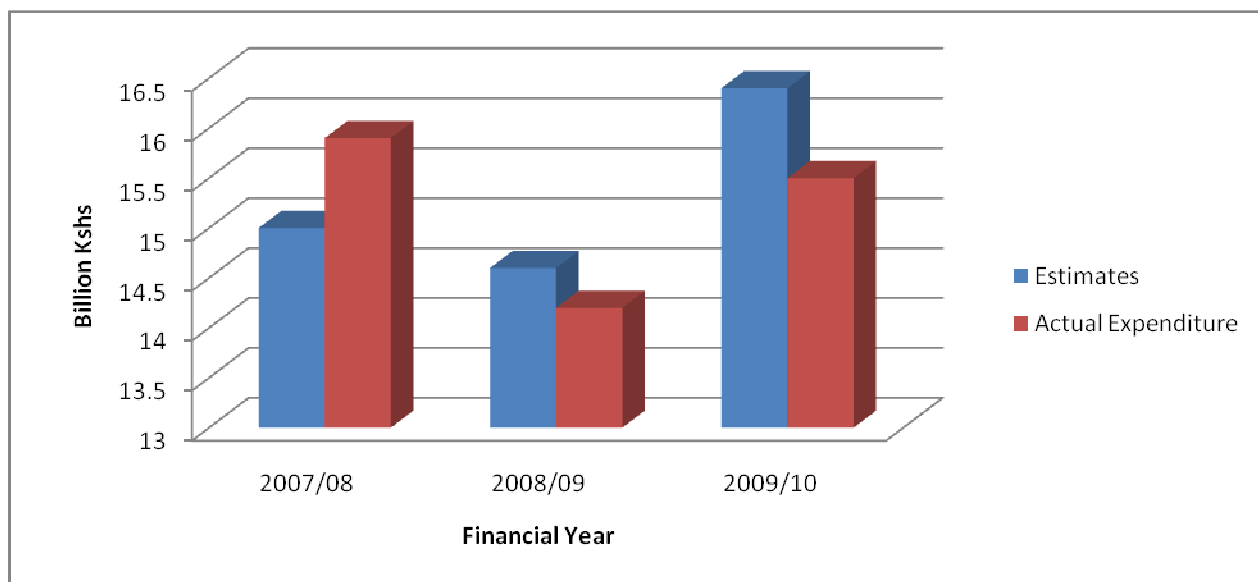
2.3.1 Analysis of Recurrent Expenditure

Recurrent expenditures registered mixed performances during the review period but grew by 8.8% between 2007/08 and 2009/10. Absorption capacity of the sector has consistently been over 98.63% due ability of ministries to target planned activities in their annual work plans. Analysis of recurrent expenditure is outlined in table 2.3.1.1

Table 2.3.1.1 Trends in recurrent expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
MOA	9,598.3	7,805.0	7799	9,500.9	7,530.2	7911
MCD&M	850.8	882.0	923	845.1	853.3	653
MFD	707	699	1267	660	673	1177
MoL	1,473.4	1,659	1674	1,603.0	1,682.55	1612
MLD	2,441	3,579.3	4,774.5	3,258	3,425.3	4,112
Total	15,070.5	14,624.3	16,437.5	15,867.0	14,164.35	15,464.9

Figure 2 Analysis of the sector recurrent estimates and expenditure figures in billions of Kshs.



The sector's share of total government budget has generally ranged around 1.9% over the review period.

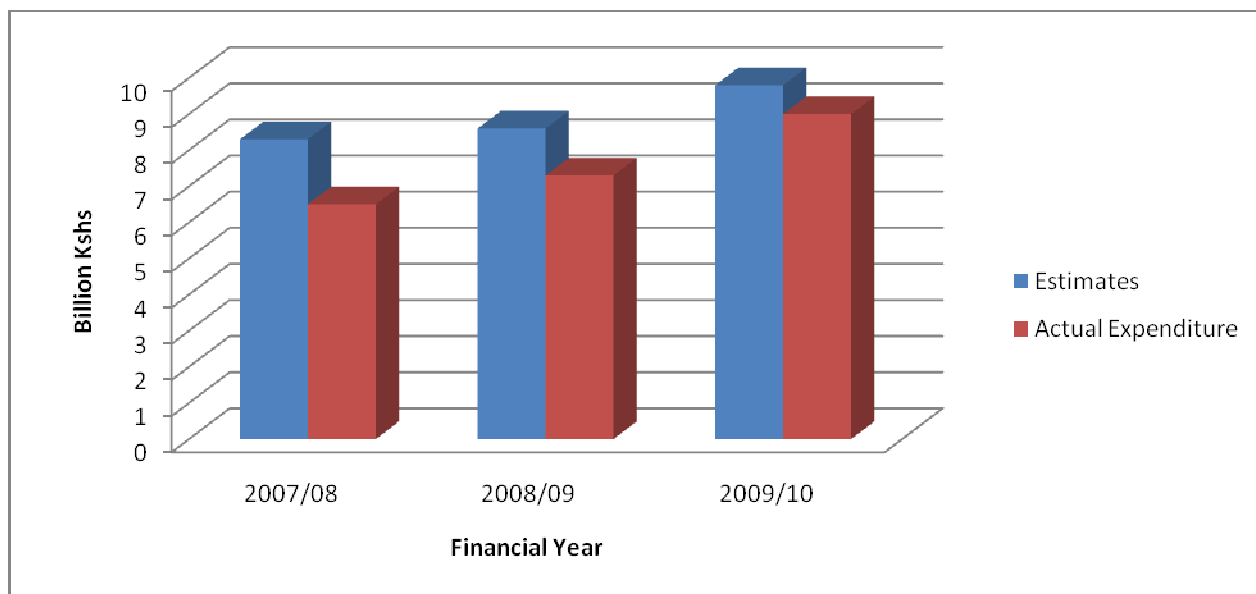
2.3.2 Analysis of Development Expenditure

Development budget allocations to the sector increased by 14.98% from Kshs. 8,298.6 million in 2007/08 to Kshs. 9760.47 million in 2009/10. However, the allocations as a share of total government budget have remained dismally low averaging about 1.1% annually. Absorption capacity has ranged from 79.6% in 2007/08, 84.4% in 2008/09 and 92.3% in 2009/10. Analysis of Development Expenditure is outlined in table 2.3.2.1

Table 2.3.2.1 Trends in development expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
MOA	4,156.1	5,289.9	5673	4,022.2	5,608.4	4788
MCD&M	210.0	219.0	223	167.4	128.9	128
MFD	138	171	1337	125	90	1112
MoL	1,898.5	649.0	860	1,455.5	353.5	1995
MLD	1,896	2,279.3	1,667.5	750	1,095.8	987.1
Total	8,298.6	8,608.2	9760.5	6,520.1	7,261.7	9010.1

Figure 3: Analysis of the sector development Estimates and Actual Expenditure figure in billions of Kshs.



The main reasons for reduced absorptions is delayed disbursements of donor funds, donor conditionalities and lack of records on funds expended directly by donor on behalf of government.

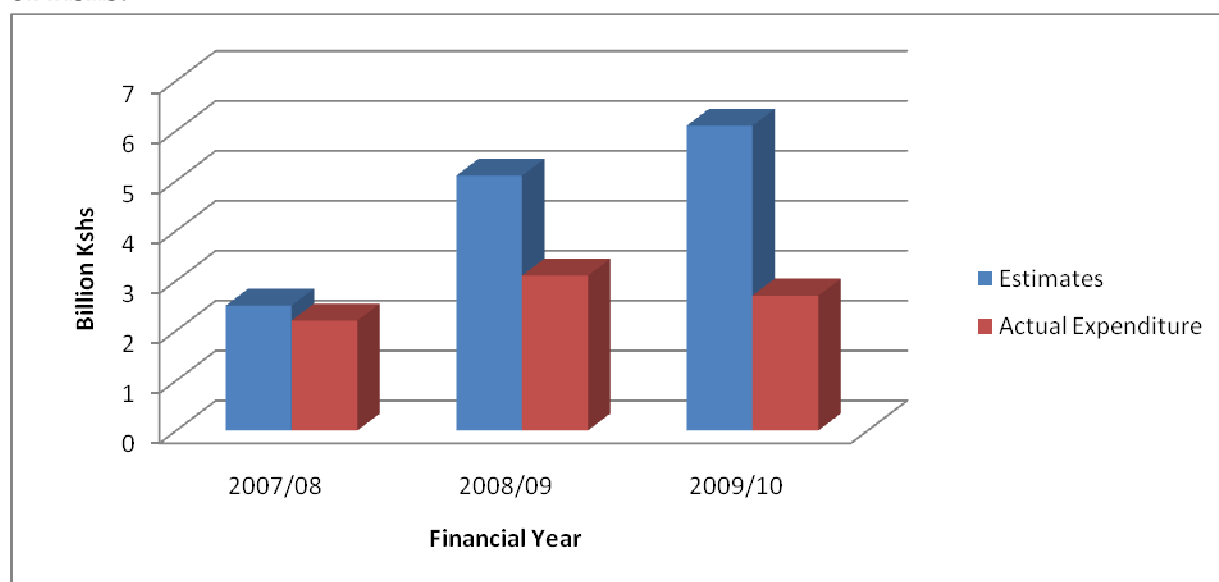
2.3.3 Analysis of Externally Funded Programmes

There has been a significant increase in externally funded programmes to the sector over the period rising by a substantial 169.2% from Kshs. 2532.5 million in 2007/08 to Kshs. 6160.86 million in 2009/10. Absorption capacity has generally declined ranging from 84% in 2007/08 to 44.2% in 2009/10. The main reasons for this include delayed disbursements, cumbersome international procurements procedures and lack of data on funds expended directly by donors on behalf of government. However, the role of development partners to the sector is considerable with their resources forming a significant contribution to the sector's development budget. This share stood at 30.5% in 2007/08 and rose significantly to 63.1% in 2009/10. Table 2.3.3.1 shows the trend in externally funded programmes.

Table 2.3.3.1: Trends in externally funded programmes (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
MOA	1,069.7	4,160	5,240	1461.3	2,507	2,206
MCD&M	0	0	0	0	0	0
MFD	0	0	13.3	0	0	13.3
MoL	50.5	79.3	100	0	36.4	54
MLD	1,325.3	939.4	807.6	736.8	573.6	476.3
Total	2,532.5	5,178.8	6,160.9	2,198.1	3,139	2,749.7

Figure 4 Analysis of the sector external funds estimates and expenditure in millions of Kshs.



The donor funds commitment has progressively increased over the years however the absorption capacity of the sector has remained almost constant.

2.4 Review of Pending Bills

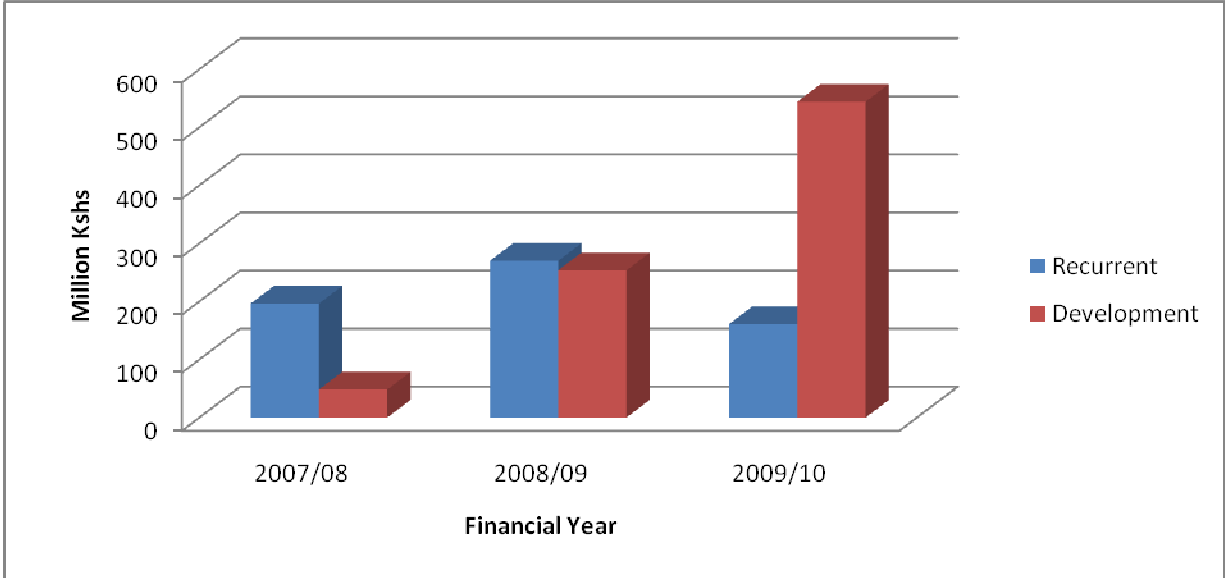
The sector's total portfolio of pending bills as at 2009/10 stands at Kshs. 705.16 million with recurrent budget pending bills of Kshs. 160.92 million while development budget pending bills at Kshs. 544.24 million. Table 2.4.1 shows the trends in pending bills during the review period.

Table 2.4.1 Trends in pending bills (Kshs. Millions)

Sub Sector	Recurrent			Development		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
MOA	127.2	250.0	69.3	0.00	181.0	541.1
MCD&M	6.0	2.6	19.4	0.6	14.9	23.2
MFD	7.7	2.3	2.3	20.0	0	0
MOL	39.9	13	11.2	0	22.5	3.1
MLD	15.6	4.4	35.7	27.7	35.3	0
Total	196.4	269.9	160.9	48.3	253.7	544.2

Figure 5 Analysis of the sector pending bills both recurrent and development in millions of Ksh.

Figure 5: Analysis of Pending Bills



The sectors development pending bill has been rising over the years. In the financial year 2009/10 a large proportion of the pending bill was a result of delay in exchequer from treasury to pay input suppliers in the National Accelerated Agricultural Input Access Project.

CHAPTER THREE:

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

3.1 Sector Programmes and Sub-Programmes

This section presents programmes and their objectives, expected outcomes and outputs, besides key performance indicators.

3.1.1 Programmes and their objectives

The following programmes and their respective objectives have been identified for the sector:

Programme 1: Policy, Strategy and Management of Agriculture

To create an enabling environment through appropriate policy, legal and regulatory frameworks and provision of strategic administrative and financial management direction to the stakeholders.

Programme 2: Crop Development and Management

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

Programme 3: Agribusiness and Information Management

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

Programme 4: Cooperative Development & Management

To improve governance and management of cooperative society.

Programme 5: Cooperative Marketing

To enhance capacity building for value addition and market access in cooperatives

Programme 6: Fisheries Development

To maximize the contribution of fisheries to the achievement of national development goals especially poverty reduction, food security and creation of employment and wealth

Programme 7: Land Policy and Planning

To create a conducive environment for land administration and management.

Programme 8: Livestock Resources Management and Development

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

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

a) Agriculture

Key Outputs (KO)	Key Performance Indicators (PI)	2011-12	2012-13	2013-14
Programme 1: Policy, Strategy and Management of Agriculture				
Outcome: Improved livelihood of Kenyans through increased agricultural productivity.				
SP1.1 Development/Review of Agricultural Policy, Legal and Regulatory Frameworks				
Policy framework reviewed and developed into bills and submitted to the Attorney General	Number of policies reviewed	5 (Oil Crops, Nut Crops, Soil Fertility and Conditioners, KEPHIS, Consolidated Agriculture Sector Reform bills)	5	5
SP1.2 Agricultural Planning and Financial Management				
Agricultural Development Fund Established	Agricultural Development Fund	1	-	-
Programme Development planning	Number of projects developed and implemented	9	9	9

Key Outputs (KO)	Key Performance Indicators (PI)	2011-12	2012-13	2013-14
Programme 2: Crop Development and Management				
Outcome: Improved livelihood of Kenyans through increased agricultural productivity.				
SP2.1-Land and Crops Development				
Surveillances and control of strategic pests carried out	Number of surveys to be carried out	12	12	12
	Number of roosts sprayed	12	12	12
Crop seeds Multiplied and distributed	Metric Tonnes	1000	1200	1500
Reference materials on horticultural crops prepared	Number of reference manuals	23	25	35
Water harvesting pans constructed for agricultural use.	Number of Water harvesting pans	80	90	100
Agricultural machinery Services Capacity (AMS) (strengthened)	Number of bulldozers	5	5	5
	Number of tractors	5	5	5
	Number of graders	1	1	1
	Number of low loader bought	1	1	1
SP 2.2 Food Security Initiatives				
Community groups supported under Njaa Marufuku programme	Number of groups	1270	1800	2600
	Number of schools	60	70	80
	Number of Community Based Organizations	25	30	35
SP 2.3 -Agriculture Extension Services				
Agricultural Training Centres and Institutions modernized	Number of ATCs	5	5	5
Agricultural technologies that are gender responsive improved	Number of technologies	13	15	18
Farmers trained on appropriate technologies	Number of farmers trained	64	70	70

Key Outputs (KO)	Key Performance Indicators (PI)	2011-12	2012-13	2013-14
Programme 3: Agribusiness and Information Management				
Outcome: Sustained growth in agriculture through market, information dissemination and value addition				
SP 3.1-Agribusiness & Market Development				
Agricultural input suppliers Trained	Number of stockists	1700	1500	1500
Modern agro-processing technologies developed and transferred	Number of agro-processing technologies	5	5	5
Economically challenged farmers provided with quality inputs	Number of farmers	150,000	160,000	170,000
SP 3.2 Agricultural Information Management				
Recorded radio programs, produced, recorded, and aired on agricultural commodities technology, information and marketing.	Number of radio programs recorded	52	52	52
	Number of vernacular programmes on agriculture produced/aired	364	364	364
Agricultural Farmers Information System established	Agricultural Farmers Information System operational	1		
	Information on 63 enterprises	23	20	20

b) Cooperative Development & Marketing

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Programme 1: Cooperative Development & Management				
Outcome: Strengthened cooperative management and regulation				
S.P.1: Policy and Legal framework for cooperative development strengthened				
Policy review and development	Number of Policies reviewed and Developed	3	2	1
S.P.2: Cooperative Governance and Accountability				

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
SACCOs complied with SACCO Societies Act	Number of SACCOs complying	150	255	560
Outstanding remittances to SACCOs reduced	Amount of outstanding remittances reduced (in Kshs millions)	200	100	100
Resolution of disputes in the co-operative movement Improved	Number of cases arbitrated by the Cooperative Tribunal	250	150	100
Ethics Commission for Co-operatives (ECCOS) fully operationalised	Level of operationalisation	25 %	50 %	100 %
Improved access to cooperative information, extension and advisory services	Number of co-operative societies reached	50	100	150
S.P.3: Cooperative Advisory and Extension Services				
SACCOs societies sensitization on the provision of the SACCO Act	Number of societies sensitized	150	300	300
Cooperative societies, organizations restructured	Number of co-operative societies restructured	10	15	20
Increased skills development in co-operatives (Co-operative College)	Numbers enrolled	600	800	1,200
Improve management of key cooperative organizations	Number of co-operatives trained	100	100	100
Programme 2: Cooperative Marketing				
Outcome: Market and market access improved				
S.P.1. Commodity value addition and market access				
Improved capacity for Value addition	Number of co-operative societies sensitised	100	100	100
New cooperative ventures initiated	Number	3	4	6

c) Fisheries Development

Key outputs (KO)	Key Performance Indicators	2011/12	2012/13	2013/ 14
Programme1: Fisheries Development				
Outcome: Food security and wealth creation				
Policy and legal development and implementation	Policies and Fisheries Management Bill	3	2	1
Operationalisation of four Directorates	Number of operationalised Directorates	4	-	-
Fish Levy Trust Fund	Fish Levy Trust Fund established	1	-	-
S.P.1 Aquaculture Development				
Increased mariculture production	Per capita consumption of Mari- cultured fish and fish products	1		
Increased acreage of land under aquaculture production	hectares of land under aquaculture production	800	800	800
Increased fish production from aquaculture	Metric tons of annual aquaculture production increased by 2012/2013	7,000	10,000	15,000
Increased fingerlings supply to farmers	fish fingerlings supplied to farmers	28 million	28 million	28 million
Farmers trained in fish farming husbandry	fish farmers trained	14,000	14,000	14,000
S.P.2 Capture Fisheries				
Compliance with fisheries management standards	Compliance levels	3	3	3
Ecosystem based fisheries management plans	Number of species specific management plans implemented	800	800	800
Establishment of a National Fisheries Enforcement Unit	National Patrol and Enforcement Unit established	1	2	2
Strengthening co-management governance structure	Number of co-management structures	6	10	15
Restoration and restocking of	Number of restored water	6	10	12

Key outputs (KO)	Key Performance Indicators	2011/12	2012/13	2013/ 14
depleted water bodies	bodies			
Conservation of Fisheries critical habitats	Number of fisheries critical habitats gazetted		1	2
S.P3 Fish safety, Assurance of Quality, value addition and marketing				
Fish safety and quality assured	Fish Health inspection certificates issued	150	150	152
Develop fish auction centres	Number of fish auction centres	6	10	15
Develop fish species specific value chains	Number of fish value chains	3	5	10
Reduce post-harvest losses	% Reduction in post harvest losses	2	5	10

d) Lands

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Programme: Land Policy and Planning				
Outcome: Improved livelihood of Kenyans				
SP 1- Development Planning and Land Reforms				
Comprehensive National Land Policy implemented	% of National Land Policy recommendations implemented	20	20	20
Land related laws harmonized	Number of Land related laws harmonized	20	20	20
Collection of Revenue Improved	Kshs. Revenue Collected	6000	6000	6000
Conversion of KISM into a SAGA	% of conversion of KISM into a SAGA	20	30	30
SP 2- Land Information Management				
GIS based National Land Information Management System developed	% of National Land Information System developed	20	20	20
	Number of Land paper records scanned and safeguarded	20	30	30
Constructed and rehabilitated Land registries	Number of Land Registries constructed and rehabilitated	4	4	4
Kenya National Spatial Data Infrastructure framework Developed	% of Kenya National Spatial Data framework Developed	20	20	20

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Kenya National Spatial Data Infrastructure Policy Developed	% of Kenya National Spatial Data Infrastructure Policy Developed	50	20	10
SP 3- Land Surveying and Mapping				
National and international boundary pillars inspected and rehabilitated	Number of National /Urban Topographical base map sheets developed	100	100	100
Establishment of Geodetic control points	No. of Geodetic control points established	5	5	5
Deed plans prepared	Number of Deed plans prepared	10,000	10,000	10,000
National topographical and thematic maps updated	Number of National topographical and thematic maps updated	10	10	10
SP 4-Land Use Planning				
Land Use Policy prepared	% of National Land Use Policy developed	20	20	40
Land Use plan/spatial plan prepared	% Percentage of Land Use Plan/Spatial Plan prepared and approved	20	20	35
Physical Development Plans prepared and approved	% of Physical Development Plans approved and Prepared	20	20	20
3 resort cities development plans approved (Diani/Ukunda, Kilifi, Isiolo)	% preparation of plans completion for the 3 resort cities	20	20	20
SP 5-Land Settlement programme				
Landless families Settled	No. of families settled	12,000	12,000	12,000
Adjudication sections finalized	No. Of Adjudication sections finalized	30	30	30
Land adjudication and boundary disputes resolved	No. of land adjudication disputes resolved	13,000	13,000	13,000
Title deeds registered and issued	No. of titles registered and issued	170,000	170,000	170,000
Land Acquisition for Public Purposes	No. of acres of land acquired	30,000	35,000	35,000

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Assets valued for Stamp duty purposes	No. of Stamp duty cases valued	20,000	20,000	20,000

e) Livestock Development

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Programme: Livestock Resources Management and Development				
Outcome: Improve livestock industry performance				
S.P.1: Livestock Diseases management and control				
Livestock vaccinated against notifiable diseases	Number of livestock vaccinated	5,000,000	5,300,000	8,000,000
Livestock branded	Number of livestock branded	100,000	150,000	200,000
Disease Free Zones Started	Number of Disease Free Zones Started	1	1	1
Certification of freedom from trade-sensitive diseases by the World Animal Health Organization (OIE)	Number of diseases Certified as eradicated	0	0	2
Disease status maps developed	Number of disease status maps developed	12	12	12
Avian influenza contingency plan Reviewed	Number of reviews undertaken	1	1	1
Offices in newly created districts constructed	Number of offices constructed	60	60	60
S.P.2: Livestock Extension and Capacity Building				
Field days, shows, exhibitions, farmer exchange visits and tours conducted	Number of shows, exhibitions and visits	2,016	2,016	2,016
Livestock Extension Manuals and Pamphlets developed and distributed	Number of manuals	1,000	1,000	1,000
S.P.3: Food safety and Animal by-product development				
Certification of foods of animal origin for export and import carried out.	Number of certificates	1,500	1,700	2,000
Local slaughter houses countrywide categorized and graded	Number of slaughter houses	1,160	1,240	1,400
Municipalities and districts taken over by the Ministry for meat inspectorate services	Number of municipalities and districts	10	10	10
Carcasses of food animals inspected	Number of carcasses	4,000,000	4,400,000	5,000,000

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
	inspected			
Food-borne disease incidence surveillance carried out	Surveillance reports	4	4	4
Public education and awareness creation campaigns on food safety of animal origin conducted	Number of missions	4	4	4
S.P.4: Vector and Pest control				
Mass treatment of animals for trypanosomiasis carried out	Number of animals treated	100,000	120,000	140,000
Tsetse control targets deployed	Number of targets deployed	10,000	15,000	15,000
Pilot demonstration farms on tsetse fly control areas established	Number of demonstration farms	8	6	6
Focal Vector control development groups established	Number of groups	60	80	120
Survey to review tick control strategy and policy undertaken	Number of Surveys	1	0	0
Rehabilitation and development of 3 tsetse stations (Kiboko, Trans-Mara and Busia) done	Number of stations	1	1	1
S.P.5: Livestock Production and Management				
Quality breeding animals for farmers produced	Number of animals	1,200	1,500	1,600
Livestock registered for breeding evaluation	Number of registered animals	26,000	30,000	35,000
Semen produced and distributed to farmers	Number of doses	700,000	780,000	820,000
Farmers groups supported to provide/access Artificial Insemination Services.	Number of groups	75	90	130
Indigenous animal genetic species characterized and patented	Number of Species	1	1	1
Denuded rangelands rehabilitated	Number of hectares	1,000	1,000	1,000
Camel breeding in semi arid districts promoted	Number of districts promoted	12	14	15
Strategic Feed Reserve established in Baragoi, Nasuguta, Mogotio, Kajiado and Wajir	Bales of hay	400,000	500,000	600,000
S.P.6: Laboratory Services Quality Assurance and Bio-safety				

Key Outputs	Key Performance Indicators	2011/12	2012/13	2013/14
Veterinary laboratory investigation and diagnostic samples analyzed	Number of samples analyzed	76,700	76,700	76,700
Honey quality survey carried out	Number of surveys	4	4	4
S.P: 7 Support to livestock Livelihoods and Early Warning Systems				
Livestock early warning and rapid response system established	Number of systems Developed	1	0	0
Livestock Restocking and off take fund established	Livestock off-take fund	1	0	0
S.P.8: Livestock Products Value addition and marketing				
Livestock products value chain analysis carried out	Number of products	3	3	3
livestock products value chain promoted	Number of value chains	3	3	3
holding grounds secured and infrastructure improved	Number of holding grounds	9	10	10
Establishing of Milk Cooling Facilities and Milk Value addition centers along the milk corridors	Number of Milk Coolers	10	15	20
Standards on hides, skins, leather and leather products developed by Kenya Leather Council	Document	1	0	0
Capacity for stakeholders in the leather industry developed by Kenya Leather Council	Number of stakeholders trained	100	100	140
Defects in hides and skins reduced	% reduction	6	6	4
SP 9.Livestock Policy Development and Programmes Management				
Livestock Policies reviewed and developed	Number of policies	2	1	1
SP.10 Technical capacity building for livestock industry				
Infrastructure of livestock training institutions improved	Number of institutions	6	6	6

3.1.3 Sector Programmes

- Policy, Strategy and Management of Agriculture
- Crop Development and Management
- Agribusiness and Information Management

- Fisheries Development
- Cooperative development and management
- Cooperative Marketing
- Land Policy and Planning
- Livestock Resources Management and Development

3.2 Analysis of Resource Requirements

This section provides an evaluation of resources required by the various sub-sectors in the ARD sector.

3.2.1 Sector Resource Requirements

The total resource requirement for the sector in the FY 2011/12 is Kshs. 41,715 million as indicated in the table 3.2.1. This is a 37.5 percent increase from the allocated funds in 2010/11 of Kshs 30,336 million. The funds will be utilized on various programmes and sub-programmes in the Sector to ensure the GDP contribution of agriculture sector increases in 2011/12 financial year.

Table .3.2.1 Sector Resource Requirements, 2011/12 – 2013/14

Sector	Printed estimates (Million Kshs) 2010/11	Projected estimates (Million Kshs)		
		2011/12	2011/12	2013/14
Agricultural and Rural Development	30,336	41,715	43,472	47,733

3.2.2 Sub-Sector Resource Requirements

The sub-sectors resource requirements in 2011/12 for the Agriculture, Cooperatives, Fisheries, Lands and livestock are projected to increase by 12, 85, 53, 106 and 28 percent respectively from the allocated funds in 2010/11. This increase will be utilized on, Agriculture Development Fund, NAAIAP input subsidy programme, strengthening agriculture mechanization stations, upgrading of aquaculture fish farms/hatcheries, development of fish auction centres and fish port facilities at Lamu in Fisheries sub-sector, full operationalization of the newly established SASRA in Cooperative sub-sector, implementation of the Geographical Information System (GIS) based National Land Information Management System and implementation of National Land Policy in Lands sub-sector and implement disease free zones in livestock sub-sector.

Table 3.2.2. Resource Requirements by Sub-Sectors

Sub sector	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
	2010/11	2011/12	2012/13	2013/14
Agriculture	14,070	16,133	16,682	17,145
Cooperatives	1,163	1,721	1,856	2,028
Fisheries	3,772	5,769	6,556	6,048
Lands	4,560	9,413	11,899	15,061
Livestock	6,771	8,679	6,479	7,451
Total	30,336	41,715	43,472	47,733

3.2.3 Resource Requirements by Programmes and Sub-Programmes**a) Resource Requirements by Programmes**

The resource requirements in terms of programmes increased as follows: Policy, Strategy & Management of Agriculture, crop development and management, agribusiness and information management, cooperative development and management, Cooperative Marketing, fisheries development, land policy and planning and livestock disease management and development by 8 percent, 13 percent, 13 percent, 53 percent, 53 percent, 106 percent and 28 percent respectively

Table 3.2.3 Resource Requirements by Programme

Programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
	2010/11	2011/12	2012/13	2013/14
Policy, Strategy & Management of Agriculture	3,453	3,718	3,804	3,821
Crop Development and Management	8,397	9,897	10,239	10,611
Agribusiness and Information Management	2,220	2,518	2,640	2,713
Cooperative Development & Management	1,135	1,674	1,794	1,954
Cooperative Marketing	28	47	62	74
Fisheries Development	3,772	5,769	6,556	6,048
Land Policy and Planning	4,560	9,413	11,899	15,061
Livestock Resources Management and Development	6,771	8,679	6,479	7,451
Total	30,336	41,715	43,472	47,733

b) Sub Programmes Resource Requirements

Resource requirements for the various sub programmes are given in table 3.2.4.

Table 3.2.4 Resource Requirements by Sub Programmes

Programme	Sub programme	(Million Kshs)			
		2010/11	2011/12	2012/13	2013/14
Policy, strategy and Management of Agriculture	Development/ Review of Agricultural Policy, Legal and Regulatory Frameworks	1,897	1,980	1,998	1,985
	Agricultural Planning and Financial Management	1,556	1,738	1,805	1,836
	Sub total	3,453	3,718	3,803	3,821
Crop Development and Management	Land & Crops Development	2,264	2,511	2,567	2,625
	Food Security Initiatives (NMK)	198	258	261	264
	Agriculture Extension Services	5,935	7,128	7,411	7,722
	Sub Total	8,397	9,897	10,239	10,611
Agribusiness And Information Management	Agribusiness & Market Development	2,110	2,385	2,500	2,566
	Agriculture Information and Service	110	133	140	147
	Sub Total	2,220	2,518	2,640	2,713
	Total	14,070	16,133	16,682	17,145
Fisheries Development	Aquaculture Development	3,164	4,500	3,200	1,700
	Development and management of capture fisheries	345	802	2783	3718
	Fish Inspection and Quality Assurance	263	467	573	630
	Sub Total	3,772	5,769	6,556	6,048
Cooperative Development & Management	Policy implementation and coordination	160	307	370	390
	Strategic planning and policy development	19	81	100	110
	Finance and procurement services	28	50	85	95
	Cooperative Governance and Accountability	260	511	590	615
	Cooperative advisory and Extension Services	529	878	900	960
	Cooperative Education and Training	121	140	150	160

Programme	Sub programme	(Million Kshs)			
		2010/11	2011/12	2012/13	2013/14
Cooperative Marketing	New Cooperatives Ventures	18	36	43	46
	Sub Total	1,135	2,003	2,238	2,376
	Value addition and market access	28	147	262	374
	Sub Total	28	147	262	374
	Total	1,163	2,150	2,500	2,750
Land Policy and Planning	Development Planning and Land Reforms	843	2332	2672	2986
	Land Information Management	380	1905	2597	3585
	Land Surveying, Mapping and Management of National Spatial Data	740	1527	2375	4058
	Land Use Planning	254	544	593	566
	Land Settlement programme	2343	3105	3662	3866
	Total	4560	9413	11899	15061
Livestock Resources Management and Development	Livestock Diseases Management and Control	1,558	3,534	1,787	2,110
	Livestock Extension and Capacity Building	906	1,076	1,127	1,242
	Food safety and Animal Products Development	650	351	366	403
	Vector and Pest Control	542	561	529	637
	Livestock Production and Management	516	547	530	638
	Laboratory Services, Quality Assurance and Bio-safety	372	412	436	480
	Support to Livestock Livelihoods and Early Warning Systems	577	589	587	679
	Livestock Products Value Addition and Marketing	262	641	149	164
	Livestock Policy Development and Programmes Management	1,139	687	671	771
	Technical Capacity building for Livestock Industry	249	281	297	327
	Total	6,771	8,679	6,479	7,451
	Grand Total		30,336	41,715	43,472

3.2.4 Requirements by Economic classification

The table 3.2.5 shows requirements by economic classification for the sector.

Table 3.2.5 Resource Requirements by Economic Classification

Expenditure Classification	Approved Estimates 2010/11 (Million Kshs)	Projected Estimates (Million Kshs)		
		2011-12	2012-13	2013-14
Current Expenditure				
Compensation to Employees	8,210	11,054	11,824	12,809
Use of goods and services	4,509	9,224	10,016	10,881
Current transfers to Gov't Agencies	1,528	1,706	1,677	1,645
Other Recurrent	251	368	321	357
Capital Expenditure				
Acquisition of Non-financial Assets	14,210	17,174	17,185	19,129
Capital Transfers to Government Agencies	1,102	1,223	1,223	1,237
Other Development	526	966	1,226	1,675
Total	30,336	41,715	43,472	47,733

Under the economic classification, resource requirement for compensation of employees is expected to take about 45 percent of the current expenditures in 2011/12 financial year, use of goods and services about 38 percent and current transfers at 16 percent. Under the capital expenditures, resource requirements for acquisition of non financial assets are expected to take the largest share of 78 percent.

Sub Sectors Economic Classification:

Sub sector economic classifications for the various sub sectors are indicated below.

Table 3.3.1 Agriculture: Resource Requirement by Economic Classification

Expenditure Classification	Approved Estimates 2010/11 (Million Kshs)	Projected Estimates (Million Kshs)		
		2011-12	2012-13	2013-14
Current Expenditure				
Compensation to Employees	3,067	4,094	4,299	4,514
Use of goods and services	1,596	1,723	1,861	2,010
Current transfers Govt Agencies	1,381	1,381	1,381	1,351
Other Recurrent	-	-	-	-
Capital Expenditure	-	-		
Acquisition of Non-financial Assets	7,168	8,017	8,213	8,332
Capital Transfers to Government Agencies	858	918	928	938
Other Development	-	-	-	-
Total	14,070	16,133	16,682	17,145

Table 3.3.2 Cooperatives Development& Marketing: Resource Requirement by Economic Classification

Expenditure Classification	Approved Estimates 2010/11 (Million Kshs)	Projected Estimates (Million Kshs)		
		2011/12	2012/13	2013/14
Current Expenditure				
Compensation of employees	503	740	759	780
Use of Goods and Services	402	488	659	816
Grants and transfers	86	251	213	203
Other Recurrent	0	0	0	0
Capital Expenditure				
Grants and transfers	93	139	120	97
Acquisition on Non-financial Assets	79	103	105	132
Other Development	0	0	0	0
Total	1,163	1,721	1,856	2,028

Table 3.3.3 Fisheries Development: Resource Requirement by Economic Classification

Expenditure Classification	Approved Estimates 2010/11 (Million Kshs)	Projected Estimates (Million Kshs)		
		2011/12	2012/13	2013/14
Current expenditure				
Compensation to employees	378	415	645	692
Use of goods and services	243	2857	2219	1404
Current transfers Govt. Agencies	0	0	0	0
Other recurrent	0	0	0	0
Capital expenditure				
Acquisition of non-financial assets	3151	2497	3692	3952
Capital transfers to Government agencies	0	0	0	0
Other developments	0	0	0	0
Total	3772	5769	6556	6048

Table 3.3.4 Lands: Resource Requirement by Economic Classification

Expenditure Classification	Approved Estimates 2010/11 (Million Kshs)	Projected Estimates (Million Kshs)		
		2011/12	2012/2013	2013/2014
Current Expenditure				
Compensation to Employees	1222	2311	2454	2606
Use of goods and services	500	2467	3515	4625
Other Recurrent	251	368	321	357
Capital Expenditure				
Acquisition of non financial assets	2061	3301	4383	5798
Other Development	526	966	1,226	1,675
Total	4560	9413	11899	15061

Table 3.3.5 Livestock Development: Resource Requirement by Economic Classification

Expenditure Classification	Printed Estimates 2010/11 (Million kshs)	Projected Estimates (Million kshs)		
		2011/12	2012/2013	2013/2014
Current Expenditure				
Compensation to employees	3,040	3,494	3,667	4,217
Use of goods and services	1,768	1,689	1,762	2,026
Current transfers to govern agencies	61	74	83	91
other recurrent	-	-	-	-
Capital expenditure				
Acquisition of non financial assets	1,751	3,256	792	915
Capital transfers to government agencies	151	166	175	202
Other development	-	-	-	-
Total	6,771	8,679	6,479	7,451

3.3 Analysis of Resource Requirement versus allocation by:

3.3.1 Recurrent Resource Requirement

The total recurrent requirement in the 2011/12 financial year is Kshs. 22,353 Million against an allocation of Kshs 14,498 Million which translates to a shortfall of Kshs. 7,855 Million as indicate in table 3.4.1

Table 3.4.1 Recurrent Resource Requirements versus Allocation

Sub Sector	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
	2010/11	2011/12		2012/13	2013/14
	Allocation	Required	Allocation	Required	Required
Agriculture	6,044	7,198	6,979	7,541	7,875
Cooperatives	991	1,479	1,131	1,631	1,799
Fisheries	621	3,272	741	2,864	2,096
Lands	1,973	5,146	1,835	6,290	7,588
Livestock	4,869	5,258	3,732	5,508	6,334
Total	14,498	22,353	16,013	23,834	25,692

3.4.2 Development Resource Requirements versus Allocation

In the 2011/12 financial year the total requirement under development budget is Kshs.19,791 Million and only Kshs. 10,844 Million allocated.

Table 3.4.2: Development Resource Requirement versus Allocation

Sub Sector	Approved (Million Kshs)	Projected Estimates (Million Kshs)			
	2010/11	2011/12		2012/13	2013/14
	Allocation	Required	Allocation	Required	Required
Agriculture	8,026	8,935	3,826	9,141	9,270
Cooperatives	172	671	503	869	951
Fisheries	3151	2,497	2869	3692	3952
Lands	2587	4,267	1,152	5609	7473
Livestock	1,902	3, 421	2,494	971	1,117
Total	15,838	19,791	10,844	20,282	22,763

* Allocation for GoK only

3.3.4 Semi Autonomous Government Agencies

The total resource requirements of SAGAs by sub sectors and their indicative allocations in 2011/12 are provided below.

Table 3.4.3 Resource Requirements for SAGAs Under Agriculture

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
	2010-11	2011-12		2012-13	2013-14
	Allocation	Required	Allocation	Required	Required
Coffee Development Fund	310	410	410	420	430
Cotton Development Authority	180	180	180	180	180
Coconut Development Authority	80	80	80	80	80
Kenya Plant Health Inspectorate Services	448	448	448	448	448
Pest Control Products Board	89	89	89	89	89
Horticultural Crops Development Authority	320	320	320	320	320

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010-11	2011-12		2012-13
	Allocation	Required	Allocation	Required	Required
Tea Board of Kenya	60	60	60	60	60
Coffee Board of Kenya	30	30	30	30	30
Bukura Agricultural College	160.2	160.2	160.2	160.2	160.2
Total	1,677.2	1,777.2	1,777.2	1,777.2	1,777.2

Table 3.4.4 Resource Requirements for SAGAs Under Cooperative Development and Marketing

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010-11	2011-12		2012-13
	Allocation	Required	Allocation	Required	Required
Cooperative College of Kenya	116	116	115	116	116
SACCO Societies Regulatory Authority (SASRA)	63	274	153	217	184
Total	179	390	268	333	300

Table 3.4.5 Resource Requirements for SAGAs Under Livestock Development

Name of the SAGA	Estimates 2010-11 (Million Kshs)	Allocation (Million Kshs)			
		Required. 2010-11	Allocation 2010-11	Required 2012-13	Required 2013-14
Kenya Dairy Board	20.3	20.3	20.3	20.3	20.3
Kenya Meat Commission	0	0	0	0	0
Kenya Veterinary Board	5	30	30	35	40
Central Artificial Insemination Station	12.8	15	12.8	20	55
Leather development council	11	15	11	25	30

Name of the SAGA	Estimates 2010-11 (Million Kshs)	Allocation (Million Kshs)			
		Required. 2010-11	Allocation 2010-11	Required 2012-13	Required 2013-14
Kenya veterinary association	7	10	7	15	20
Total	56.1	90.3	81.1	115.3	165.3

3.3.4 Programmes and Sub-Programmes

Resource requirements for the sub sectors are indicated below.

Table 3.5.1 Agriculture Resource Requirements by programmes/sub programmes

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2011/12		2012/13	2013/14
	Allocation	Required	Allocation	Required	Required
Programme 1: Policy, Strategy and Management of Agriculture					
Development/ Review of Agricultural Policy, Legal and Regulatory Frameworks	1,897	1,980	1,897	1,737	1,998
Agricultural Planning and Financial Management	1,556	1,738	1,738	1,690	1,805
Sub-total	3,453	3,718	3,718	3,427	3,803
Programme 2: Crop Development and Management					
Land & Crops Development	2,264	2,511	1,373	2,567	2,625
Food Security Initiatives (NMK)	198	258	258	261	264
Agriculture Extension Services	5,935	7,128	5,006	7,411	7,722
Sub total	8,397	9,897	6,637	10,239	10,611
Programme 3: Agribusiness and Information Management					
Agribusiness & Market Development	2,110	2,385	608	2,500	2,566
Agriculture Information and Service	110	133	133	140	147
Sub total	2,220	2,518	741	2,640	2,713
Total	14,070	16,133	10,805	16,682	17,155

3.5.2 Co-operative Development and Marketing Resource Requirements by programmes/sub-programmes

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010/11	2011/12		2012/13
	Allocation	Required	Allocation	Required	Required
Programme 1: Co-operative Development & Management					
Policy implementation and coordination	160	307	250	370	390
Strategic planning and policy development	19	81	30	100	110
Finance and procurement services	28	50	35	85	95
Cooperative Governance and Accountability	260	511	374	590	615
Cooperative Extension Services	529	878	650	900	960
Cooperative Education and Training	121	140	140	150	160
New Cooperatives Ventures	18	36	30	43	46
Sub total	1,135	2,003	1,509	2,238	2,376
Programme 2: Cooperative Marketing					
Value Addition and Market Access	28	147	125	262	374
Sub-total	28	147	125	262	374
Total	1,163	2,150	1,634	2,500	2,750

3.5.3 Fisheries Development Resource Requirements by Programmes/sub-programmes

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010/11	2011/12		2012/13
	Allocation	Required	Allocation	Required	Required
Programme: Fisheries Development					
Aquaculture Development	3,164	4,500	2,302	3,200	1,700
Development and management of capture fisheries	345	802	1,021	2783	3718
Fish Inspection and Quality Assurance	263	467	287	573	630
Total	3,772	5,769	3,610	6,556	6,048

3.5.4 Lands Resource Requirements by Programmes/sub-programmes

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2011/12		2012/13	2013/14
	2010/11 Allocation	Required	Allocation	Required	Required
Programme: Land Policy and Planning					
Development Planning and Land Reforms	843	2332	730	2672	2986
Land Information Management	380	1905	390	2597	3585
Land Surveying, Mapping and Management of National Spatial Data	740	1527	750	2375	4058
Land Use Planning	254	544	264	593	566
Land Settlement programme	2343	3105	853	3662	3866
Total	4,560	9,413	2,987	11,899	15,061

3.5.5 Livestock Development Resource Requirement by programmes/sub-programmes

Sub Programme	Printed Estimates (Million Kshs) 2010/11	Projected Estimates (Million Kshs)			
		2011/12		2012/13	2013/14
		Required	Allocation	Required	Required
Livestock Diseases Management and Control	1,558	3,534	1,663	1,787	2,110
Livestock Extension and Capacity Building	906	1,076	946	1,127	1,242
Food safety and Animal Products Development	650	351	250	366	403
Vector and Pest Control	542	561	682	529	637
Livestock Production and Management	516	547	642	530	638
Laboratory Services, Quality Assurance and Bio-safety	372	412	452	436	480
Support to Livestock Livelihoods and Early Warning Systems	577	589	590	587	679
Livestock Products Value Addition and Marketing	262	641	87	149	164

Sub Programme	Printed Estimates (Million Kshs) 2010/11	Projected Estimates (Million Kshs)			
		2011/12		2012/13	2013/14
		Required	Allocation	Required	Required
Livestock Policy Development and Programmes Management	1,139	687	628	671	771
Technical Capacity building for Livestock Industry	249	281	289	297	327
TOTAL EXPENDITURE	6,771	8,679	6,226	6,479	7,451

3.3.5 Economic classification by sub-sectors

3.6.1 Agriculture: Resource Requirements by Economic Classification

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2011/12		2012/13	2013/14
		Allocation	Required	Required	Required
(1)Current expenditure					
Compensation of Employees	3,067	4,094	3,875	4,293	4,513
Use of goods and services	1,597	1,722	1,723	1,867	2,011
Current transfers Govt. agencies	3,525	3,624	1,381	3,728	3,861
Other recurrent	-	-	-	-	-
(2)Capital expenditure					
Acquisition of non-financial assets	7,167	8,015	3,386	8,212	8,332
Capital transfers to Government agencies	3,607	3,785	440	3,803	3,813
Other developments	-	-	-	-	-
Total	18,963	21,240	10,805	21,903	22,530

3.6.2 Cooperatives Development & Marketing: Resource Requirements by Economic Classification

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010/11	2011/12		2012/13
	Allocation	Required	Allocation	Required	Required
(1)Current expenditure					
Compensation to employees	503	740	595	759	780
Use of goods and services	402	488	385	659	816
Grants and transfers	86	251	151	213	203
Other recurrent					
(2)Capital expenditure					
Grants and transfers	93	139	117	120	97
Acquisition of non-financial assets	79	532	386	749	854
Other developments					
Total	1,163	2,150	1,634	2,500	2,750

3.6.3 Fisheries Development: Resource Requirements by Economic Classification

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2010/11	2011/12		2012/13
	Allocation	Required	Allocation	Required	Required
(1)Current expenditure					
Compensation of Employees	378	415	378	645	692
Use of goods and services	243	2857	363	2219	1404
Current transfers Govt. agencies					
Other recurrent					
(2)Capital expenditure					
Acquisition of non-financial assets	3151	2497	2869	3692	3952
Capital transfers to Government agencies					
Other developments					
Total	3,772	5,769	3,610	6,556	6,048

3.6.4 Lands: Resource Requirements by Economic Classification

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
	2010/11	2011/12		2012/13	2013/14
	Allocation	Required	Allocation	Required	Required
(1)Current expenditure					
Compensation to employees	1,222	2311	1,222	2454	2606
Use of goods and services	500	2467	385	3515	4625
Other recurrent	251	368	228	321	357
Current transfers Govt. agencies	0	0	0	0	0
(2)Capital expenditure					
Acquisition of non-financial assets	2061	3301	952	4383	5798
Other developments	526	966	200	1226	1675
Total	4,560	9,413	2,987	11,899	15,061

3.6.5 Livestock Development: Resource Requirements by Economic Classification

Expenditure Classification	Printed Estimates 2010/11	Projected Estimates			
	(Million kshs)	(Million kshs)			
		2011/2012		2012/13	2013/14
	Allocation.	Required.	Allocation.	Required.	Required.
(1)Current expenditure					
Compensation to employees	3,041	3,494	3,154	3,666	4,216
Use of goods and services	1,767	1,689	1,692	1,761,	2,025
Current transfers Govt. agencies	61	74	86	79	91
(2)Capital expenditure					
Acquisition of non-financial assets	1,751	3256	1113	2559	918
Other developments	151	166	182	175	201
Total	6,771	8,679	6,227	6,479	7,451

CHAPTER FOUR:

CROSS-SECTOR LINKAGES

4.0 Introduction

The Vision 2030 and its first Medium Term Plan provides the framework for linkages necessary to attain ARD sector goals. The Agricultural Sector Development Strategy (ASDS) provides a framework for inter-sector linkages. The Agricultural Sector Coordination Unit (ASCU) is an inter-ministerial entity which was formed in the sector with the mandate of coordinating the implementation of the ASDS.

4.1 Linkages with other sectors

The performance of agricultural sector is highly dependent upon the linkages between the various sectors. These include but not limited to: Environment, Water and Sanitation; Physical Infrastructure; Trade, Tourism and Industry; Research, Innovation and Technology; Special Programmes; National Security; Human Resource Development; and, Governance, Justice, Law and Order. These linkages are elaborated below.

a) Environment, Water and Sanitation

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

b) Physical Infrastructure

Supportive physical infrastructure significantly enhances competitiveness in agricultural value chains. This includes infrastructure that supports production, irrigation, energy, and telecommunications, and transportation, pre-harvest and post-harvest storage and ensures efficient marketing and trading. Investment in key physical infrastructure is therefore needed to support agricultural production and marketing and improve the access of small scale farmers to markets.

c) Trade, Tourism and Industry

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

d) Research, Innovation and Technology

Research and Technology are crucial in informing development of the sub sectors and thereby realizing increased productivity in agriculture. The sector linkages with research institutions and technology centres remain weak. This has had a negative impact on productivity, land use, marketing and value addition.

e) Special Programmes

Agriculture and Rural Development sector works with the Special Programmes sector in ensuring food security. This is in terms of food production, management of the National Strategic Food Reserve; and administration of famine relief food.

The government has made good efforts towards the development of the Arid and Semi Arid Areas. The sector has the responsibility to promote development of the region agriculture and pastoralists activities. However this calls for improved security measures and land reforms for significant achievements to be realized.

f) Human Resource Development

Food and nutrition security and absence of disease are key to good health. Kenya is currently faced with preventable diseases such as malaria and tuberculosis which reduce productivity of the population. In addition, the challenge of HIV and Aids has greatly affected the availability of labour in the sector. A functional literate population is an asset to the agricultural sector since it provides a skilled agricultural labour force.

g) Governance, Justice, Law and Order

Political violence, resource conflicts and cattle rustling have undermined the growth of the sector. For example, the general decline in key resources such as land, water, fisheries and pasture is a main contributor to conflicts.

h) National Security

Poor security is detrimental to any investment. For instance, piracy in the Indian Ocean and the illegal fishing of the Exclusive Economic Zones (EEZ) has denied the country

revenues and requires a strong inter-sectoral monitoring, control and surveillance to eradicate illegal unregulated unreported (IUU) fishing.

CHAPTER FIVE:

EMERGING ISSUES AND CHALLENGES

5.1 Emerging Issues

Some of the emerging issues that ARD sector has considered as it designed and plans to implement its programmes include;

a) New Constitutional Dispensation

The enactment of the new constitution is likely to affect resource allocation, management of the sector and reorganization of Ministries. The challenge faced by the sector will be putting up and rationalizing the necessary structures both at the national and county level.

b) Rising prices of Agricultural Inputs

High cost of agricultural inputs such as fertilizer, agrochemical, drugs, animal and fish feeds has been rising due to high energy costs (fuel and electricity), sea piracy and poor infrastructure.

c) Regional Integration and trade protocols

Kenya has signed a number of protocols with other countries which have implications on agricultural trade. For instance, following the reduction of import duty on rice and wheat there has been increased importation of the commodities at the expense of local production. Further, the sugar protocol comes to an end in 2011 and it is likely to adversely affect local production.

d) Conversion of middle Level Agricultural Institutions to universities

In the recent past, the country has witnessed the conversion of middle level agricultural institutions to universities. This will lead to a reduction in the number of middle-level technicians with potential adverse effects on agricultural productivity.

e) Increased urbanization

Although rapid urbanization increases the markets for agricultural products, it has also led to conversion of good arable land into residential areas, a situation that is likely to persist in the foreseeable future.

f) Use of Information Communication Technology (ICT)

The development of ICT presents the agricultural sector with opportunities for sector development. Faster provision of price and market information to producers improves market performance, while mobile money transfer facilities could be utilized to facilitate financial transaction between farmers and traders.

5.2 Challenges

i) High poverty levels

High poverty levels in the agricultural sector is a constraint to adoption of appropriate technology, investment and sustainable agricultural production, and compromise food security.

ii) Unavailability of Accurate Information and Weak Information Management System

The agricultural sector suffers from inadequate information and weak information management system which is necessary for planning. For instance, there is no accurate information on the number of farms converted to other users, population of livestock, point and non-point sources of pollution, and number of small-scale farmers in the sector is an impediment to proper planning and investment.

iii) Agricultural land sub-division: Rapid population increase, urbanization and inheritance practices have continually reduced land holding to uneconomical sizes for agricultural production. This has limited the application of modern technology in agricultural activities.

iv) Inadequate market and marketing infrastructure: Marketing of agricultural produce continues to be adversely affected by lack of market information and supportive infrastructures such as roads, cold storage structures and power. The dependence on a few external market outlets makes agricultural exports very vulnerable to changes in the demand of agricultural products and unexpected non-trade barriers by foreign markets.

v) Inadequate infrastructure: Underdeveloped rural roads, power, water and communications have led to high transaction costs in agribusiness. This has reduced competitiveness of agricultural products on both domestic and international markets. In addition, electricity in rural areas is expensive and often not available, and has led to under investment in cold storage facilities, irrigation, and value-addition.

vi) ***Legal and policy framework:*** Currently there are numerous pieces of legislation in the sector, which have not been reviewed and some are redundant. This coupled with a lengthy process of review have resulted in laws and policies that lag behind the current socioeconomic environment thereby inhibiting agricultural development.

vii) ***Limited use of appropriate technology:*** Use of science, technology and innovation in agriculture is still limited and although the country has a well-developed agricultural research infrastructure there is weak research-extension-farmer linkages and demand-driven research.

viii) ***Capacity to manage pests and diseases:*** The country's limited capacity to manage pests and diseases contributes to pre- and post-harvest losses and hampers international trade. This is in addition new to and emerging pests and diseases such as Avian Influenza, Rift Valley fever and climate-related diseases and pests vulnerabilities.

ix) ***Low access to financial services and affordable credit:*** The current financial system in the country has not been supportive of agricultural activities. The high interest rate regime makes it difficult for most stakeholders to access to financial services. The formal financial system is yet to develop financial products and services that particularly suit sector activities.

x) ***High cost and low application of key inputs:*** The cost of agricultural inputs has escalated over the last two years making them unaffordable and increasing the cost of production. This has resulted in low application of inputs and has contributed to declining productivity in the sector.

xi) ***Poor governance in agricultural institutions:*** Well managed institutions in the agricultural sector are vital to the performance of the economy. However, poor governance has continued to be a major constraint to the attainment of their full potential. The regulatory aspects of some of the institutions have impeded their performance and needs to be addressed.

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

xiii) *Inadequate financial resources to the sector and slow disbursement of donor funds:* The current levels of financial allocation to the sector are generally below the resource requirements. This in addition to slow disbursement of donor funds has resulted into delays in implementation of activities by the respective spending units.

xiv) *High incidence of HIV/AIDS, malaria and other diseases:* The spread of these diseases and the corresponding deaths have resulted in the loss of productive agricultural personnel and base for sustained farming knowledge and diversion of investible resources to the treatment of the diseases.

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

CHAPTER SIX:

CONCLUSION

6.0 Conclusion

Agriculture is the mainstay of the Kenyan economy, directly contributing 26 percent of the GDP annually and another 27 percent through linkages with manufacturing, distribution and other service related sectors. The sector is built on a firm policy and institutional framework through the Agriculture Sector Development Strategy (ASDS, 2009-2020) which emanated from a revision of the Strategy for Revitalizing Agriculture (SRA, 2004-2014) to reflect the aspirations of the Vision 2030. However, achieving these broad sector goals requires a cross-sectoral approach and a sound enabling environment which demands harmony within government and involvement of all stakeholders including the private sector and development partners.

The 2010 Public Expenditure Review has noted that the sector organizational setup is very complex, and demands strong leadership and careful coordination. The new constitutional dispensation provides for fiscal decentralization of management and resources to 47 counties after the next General Election in 2012. During the 2007/08-2009/2010 period, the sector's performance improved significantly in realizing the set targets and utilization of the allocated resources. Total resource allocation by government to the sector increased by 19.43% from Kshs. 21,933.34 million in 2008/09 to Kshs. 26,194.99 million in 2009/10 although the allocation to the sector as a proportion of total government budget fluctuated.

The Sector has identified eight priority programmes for implementation during the 2011/12 – 2013/14. These programmes are expected to help achieve the sector's Vision 2030 goal of "an innovative, commercially oriented and modern agriculture sector" as well as the goals stated in the Agriculture Sector Development Strategy (2009-2020). The total resource requirement for the sector in the FY 2011/12 is Kshs. 46,822 million, which is a 33 percent increase from the allocated funds in 2010/11 of Kshs 35,229 million. The funds will be utilized on various programmes and sub-programmes in the Sector to ensure the GDP contribution of agriculture sector increases in 2011/12 financial year.

The sector has made several recommendations aimed at addressing emerging issues and challenges so as to realize its full potential. It is imperative that resource allocation to the sector be up-scaled in order to facilitate implementation of policies, strategies and programmes for the period 2011/12 to 2012/14.

CHAPTER SEVEN: RECOMMENDATIONS

7.0 Recommendations

The following recommendation will suffice going forward;

- (i) Undertake institutional reforms in the sector in line with the new constitutional dispensation.
- (ii) There is need to improve resource allocation to the sector in order to address key challenges that have impeded the sector from fully exploiting its potential and innovations.
- (iii) To address the infrastructural challenges, the sector should work closely with the Kenya Roads Board, Kenya Rural Roads Authority, Rural Electricity Authority and other institutions to invest in priority rural infrastructure projects.
- (iv) Fast-track implementation of the National Land Policy to ensure optimal land planning and zoning for appropriate uses.
- (v) Measures should be taken to institutionalise input-cost reduction by supporting establishment of farmer-led and owned input supply and distribution facility.
- (vi) Develop and implement sector monitoring and evaluation system to conform to the National Integrated Monitoring and Evaluations System (NIMES).
- (vii) There is need for an evaluation of the impact of conversion of middle level agricultural institutions to universities on skills development in the sector.
- (viii) An integrated approach involving various stakeholders (Ministry of Lands, Ministry of Nairobi Metropolitan Development, Ministry Local Government, relevant Counties, etc) should be taken to address rapid urbanization.

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