



PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS SECTOR

**2013/14-2015/16 MTEF PERIOD SECTOR
REPORT**

NOVEMBER 2012

Executive Summary

The Public Administration and International Relations Sector is one of the 10 MTEF Sectors. It comprises the Presidency and Cabinet Affairs Office, State House, Office of the Prime Minister, National Assembly, Ministry of Foreign Affairs, and Ministry of State for Public Service, Foreign Affairs, Finance, Planning and National Development, Controller of Budget, Commission on Administrative Justice, Commission on Revenue Allocation, Kenya National Audit Office, Salaries and Remuneration Commission.

The sector bids for resources to implement its mandate over 2013/14-2015/16 MTEF Period. This period coincides with commencement of the devolution and will be critical in Kenya's History. It will help establish system upon which the devolution will be founded. The budget seeks to implement activities geared towards the attainment of its strategic objectives mainly promotion of national unity, cohesion and nationhood, provision of strategic policy and leadership in the transition to devolution, promotion of prudent public financial and economic management, promotion of efficient and effective human resource management and for improved Public Service delivery, facilitating enactment of enabling legislation for social, economic and political development, articulation and implementation of Kenya's foreign policy.

The sector report also highlights the 22 autonomous and semi-autonomous Government Organizations falling under the sector and whose budgets fall within the sector's ceiling. In addition, it has highlighted the sector's stakeholders, their expectations and projected outputs/outcomes of the budget.

The sector is central to the country's economic management, since Government ministries/departments and agencies are dependent on it for their financial and human resources as well as strategic policy guidance in their operations. In implementing its mandate, the sector is faced with various challenges and emerging issues that impede efficient and effective service delivery. They include: implementing the Constitution amid dwindling resources, instability of the country's neighbours which has led to the diversion of resources, up rise in activism making it costly for the sector to fulfil its obligation, escalating pending bills, Low absorption of development funds, fluctuation of the Kenyan Shilling against all major currencies, slow and lengthy public procurement process, delays in the enactment of enabling legislations and inadequate funding among others.

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CHAPTER ONE

1. INTRODUCTION

1.1. Background

The Public Administration and International Relations Sector is one of 10 MTEF sectors. It comprises 15 subsectors namely; the Presidency and Cabinet Affairs Office, Office of the Prime Minister, State House, Kenya National Assembly, Ministries of Finance, Planning, Foreign Affairs, Public Service, Public Service Commission of Kenya, Kenya National Audit Office, Commission on Administrative Justice, Research and Development, Commission on Revenue Allocation, Office of the Controller of Budget, Salaries and Remuneration Commission.

In 2013/14-15/16 MTEF period, the Public Administration and International Relations Sector bids for resources from the National Treasury to implement its mandate, programmes and priorities for national development. The 2013/14-15/16 MTEF period is critical in the budget history of Kenya as it coincides with the commencement of the devolution in all its aspects including budgeting for the devolved entities and functions. The sector's budget being prepared will lay the foundation upon which the devolved Government will operate as it seeks funds to establish and operationalize key County institutions. This includes the establishment of the devolved Government bodies such as the County Executive, Assembly, County Treasury, County Public Service Boards, County Controller of Budget and appointment of key staff

Besides funding establishment of county structures, relocation and capacity building of county staff costs; it will also be implemented within the context of the two-chamber Parliament at the national level. It will prepare the ground and usher in the much awaited devolution mode of governance prescribed by the Constitution of Kenya, 2010.

The budget is also significant in our national history as it is being prepared against the backdrop of the proposed merger of ministries to between 14-22 as from March, 2013. This implies that the sector's functions may increase necessitating abroad outlook of the sector as its next budget gets prepared.

Other functions may unfold as the National Government takes effect and as the sector translates the political manifesto of the succeeding Government into workable programmes and projects. All these point to the need for additional resources. For the time being, the

budget being prepared is preliminary and will be affirmed later as the new Government takes over.

1.2. Sector Vision and Mission

Vision Statement: A leading sector in legislation, public policy formulation, coordination, supervision and prudent resource management

Mission Statement: To provide overall policy and leadership in resource mobilization, management and accountability for quality public service delivery

1.3. Strategic Goals/Objectives of the sector

The following are the sector's strategic objectives:

- To promote national unity, cohesion and nationhood for posterity
- To provide leadership and policy direction towards harmonious transition to devolved Government
- To promote prudent public financial and economic management for national development
- To promote efficient and effective human resource management and development for improved Public Service delivery
- To facilitate enactment of enabling legislation for social, economic and political development
- To articulate and implement Kenya's foreign policy for national development

1.4. Sub Sector Mandates

1.4.1. Presidency and Cabinet Affairs Office

Organization and facilitation of Government business

1.4.2. Office of the Prime Minister

Coordination and supervision of Government business to ensure delivery of key Government priorities and programmes

1.4.3. State House

Managing Presidential programmes, Presidential Press Services, State Houses and Lodges

1.4.4. Ministry of Finance

Development of economic, fiscal and monetary policies as well as management of public resources

1.4.5. Ministry of Foreign Affairs

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

1.4.6. Ministry of State for Planning, National Development and Vision 2030

Facilitation and coordination of the national development planning process, implementation of Kenya Vision 2030 and provision of leadership in the implementation of sound economic policies

1.4.7. Ministry of State for Public Service

Provide strategic leadership and guidance on Human Resource Management to the Public Service.

1.4.8. Public Service Commission of Kenya

Provision and development competent human resource and ensuring ethical practices for efficient and effective Public Service.

1.4.9. Office of the Controller of Budget

Oversee and advice on budget implementation, authorize withdrawals from public funds and report on implementation.

1.4.10. Kenya National Audit Office

Audit and report on all public finances and submit reports to the National Assembly or County Assemblies within statutory set timelines.

1.4.11. Commission on Revenue Allocation

To advice on equitable sharing of revenue raised by national government between national and county governments and among county governments

1.4.12. Salaries and Remuneration Commission

Set and regularly review salaries and remuneration of state officers and advice on remuneration of all other public officers in national and county Governments

1.4.13. Commission on Administrative Justice

Promotion of administrative justice, creation of public awareness and resolution of public complaints against public institutions

1.5. Autonomous and Semi-Autonomous Government Agencies

The Sector host some autonomous and semi-autonomous Government agencies, some of which draw their budgets from the sector as shown in Table 1

Table 1: Autonomous and Semi-Autonomous Government Agencies (SAGAS)

	Subsector/Ministry	SAGAS
2	Office of the Prime Minister	Water Towers Agency
5	Ministry of State for Planning, National Development and Vision 2030	<ol style="list-style-type: none"> 1. Kenya National Bureau of Statistics (KNBS) 2. Kenya Institute of Public Policy Research Analysis (KIPPRA) 3. National Coordinating Agency for Population Development 4. Community Development Trust Fund (CDTF) 5. New Partnership for African Development (NEPAD) 6. Constituency Development Fund Board 7. Vision 2030 Delivery Secretariat
6	Ministry of Finance	<ol style="list-style-type: none"> 1. Central Bank of Kenya 2. Retirement Benefits Authority 3. Capital Markets Authority 4. Insurance Regulatory Authority 5. Kenya Revenue Authority 6. Public Procurement Oversight Authority 7. Kenya Institute of Supplies Management 8. Privatization Commission 9. Kenya Investment Authority 10. Kenya Trade Network Agency 11. Competition Authority 12. Public Sector Accounting Standards Board
7	Ministry of State for Public Service	<ol style="list-style-type: none"> 1. Kenya School of Government 2. Kenya Development Learning Centre

NB: The Presidency and Cabinet Affairs Office, State House, Foreign Affairs, Public Service Commission of Kenya, Commission on Revenue Allocation, Kenya National Audit Office, Kenya National Assembly, Office of the Controller of Budget, Salaries and Remuneration Commission, Commission on Administrative Justice do not have any SAGAS

1.6. Role of Stakeholders

In the execution of its mandate, the sector interacts with stakeholders who receive services, sell their services or give their input in the management of the subsector and the country at large. Mapping and consulting stakeholders has become a key governance principle and this enables the subsector to capture their interests and concerns about the way resources are allocated and expended on its programmes. Table 2 maps out key stakeholders and their roles/interests in the budget process.

Table 2: Stakeholder Role

Stakeholder	Interest in MTEF Budget	Output/Outcome
Staff	<ul style="list-style-type: none"> • Involvement in budget preparation for their depts. • Allocation and Appropriation of resources for service delivery • Implementation of planned projects and programmes • Employee development and welfare 	<ul style="list-style-type: none"> • Improved budget ownership and participation • Realization of set goals and objectives/targets • Improved service delivery and national development • Improved staff morale
Line Ministries/Depts.	<ul style="list-style-type: none"> • Provision of overall policy and strategic leadership direction • Improved national economic management • Equitable resource allocation 	<ul style="list-style-type: none"> • Improved governance and decision making • Stable macroeconomic environment

Development Partners	<ul style="list-style-type: none"> • Ensuring open budget formulation and accountability process • Efficient service delivery • Expending resources on planned projects and programmes/ policies • Partnering with subsector to complement resources • Provision of the desired leadership • Participatory planning • Good governance practices 	<ul style="list-style-type: none"> • Transparent and accountable budget process • Improved value for money for allocated resources • Improved social and economic welfare • Economic development • Integrated planning and budgeting • Holistic funding of projects
The Citizens and Civil Society	<ul style="list-style-type: none"> • Provision of policy and strategic leadership direction • Sustainable and improved service delivery • Promotion of good governance • Improved participation in social and economic affairs • Improved economic policy management • Improved accountability 	<ul style="list-style-type: none"> • Sustainable growth, development and reduced poverty • Improved national competitiveness • Improved social and economic governance, policy formulation and implementation • Poverty reduction
Parliament	<ul style="list-style-type: none"> • Open and participatory budget process • Equitable resource allocation • Allocation of resources to national priorities • Improved social and economic policy management 	<ul style="list-style-type: none"> • Transparency in budgeting increased economic growth • Balanced development • Increased economic growth • Stable macroeconomic management

Private sector	<ul style="list-style-type: none"> • Timely payment for goods and services rendered • Improved business environment and infrastructure • Transparent business transactions • Enhanced Public –Private business partnership • Development of private sector friendly policies • Enhanced macroeconomic management • Sustainable investment policy • Fair labour practices 	<ul style="list-style-type: none"> • Improved service delivery • Improved national competitiveness • Value for money and quality for goods supplied/services rendered • Enhanced economic development • Improved business environment • Stable business environment • Macro- economic stability
Trade unions	<ul style="list-style-type: none"> • Resource allocation for enhanced workers welfare • Improved national economic policy management • Protection of workers' rights 	<ul style="list-style-type: none"> • Enhanced morale and productivity • Stable macroeconomic management
Media	<ul style="list-style-type: none"> • Publicity of budget and programmes • Oversight on use of public money 	<ul style="list-style-type: none"> • Improved Public awareness and Accountability

CHAPTER TWO

2. PERFORMANCE REVIEW 2009/10-2011/12

2.1. Performance of Sector Programmes

This chapter reviews the performance of the sector during 2009/10-2011/12 MTEF period and highlights the major achievements, outcomes, key outputs and their corresponding performance indicators. It also analyzes implementation of the sector's budget by sub sector, programme and sub programme.

During the review period, the sector intensified international campaigns to market Kenya as a preferred tourist and investment destination. Consequently, Major Investors' conferences were held in the USA and Tokyo. Other marketing initiatives undertaken include the Bonn International Festival, the Kenya week in Dubai, the World Fruits and Vegetable Show in London, the Yorkshire Agricultural Show, the Livestock Fair in France, the Horticulture Fair in Netherlands, the IFEX Expo in Tokyo, the ELECRAMA exhibition in Mumbai, the World Floral Expo in Miami, the Shanghai Expo in China, Gulfood exhibition in Dubai, Vacation show in Canada, holiday World Show in Dublin, among others. Locally, Najivunia Kuwa

Mkenya campaigns were initiated and intensified for inducing patriotism among Kenyans. The sector also successfully facilitated the holding of the 2009 National Housing and Population Census whose results have already been released and are aiding in development planning.

On the implementation of the Constitution of Kenya, 2010, the sector facilitated the enactment of the Power of Mercy Act, 2011 and the Assumption of the Office of the President Act, 2012, besides facilitating the creation and staffing of Constitutional and Independent Offices and The Kenya School of Government.

To improve ICT driven service delivery, the sector facilitated the creation and operationalization of the Government Data Centre, data Recovery Centre while all District Treasuries were linked to Treasury through the National Fiber Optic Backbone Infrastructure. The Integrated Financial Management System (IFMIS) was also re-engineered and the Pensions Management Information System (PMIS) introduced. Human Resource based management systems such as the Integrated Pay and Personnel System, Government Human Resource Information System (GHRIS) were also introduced over the review period.

Electronic Project Monitoring Information System and the initial phase of the Integrated Tax Management Systems (ITMS) were also introduced. Valuation Database and Electronic Cargo Tracking Systems were installed by KRA to facilitate cargo clearance and to prevent dumping of export destined cargo in the local market.

To expand Kenya's diplomatic representation abroad, the construction of a Chancery and High Commissioners' Residences in Islamabad, and Abuja were commenced. Three (3) new Missions were opened in Doha, Muscat, and Ankara, in Turkey. The sector also successfully lobbied for the hosting of the South-South High level Conference, AU African Women's Decade Conference and the United Nations Chief Executive Board meeting. Other high level meetings successfully lobbied and held in Kenya include the United Nations Security Council meeting on Somalia, Horn of Africa Summit, African Ministerial Conference on Housing and Urban Development, 26th Session of the Governing Council/ Global Ministerial Environment and the 6th Seminar on the Arms Trade Treaty for Countries in Eastern and Southern Africa and among others.

Other key achievements in the sector include the rehabilitation and expansion of 108 District Information and Documentation Centers, rehabilitation and upgrading of Government Training Institutes at Embu, Matuga and Baringo

The Micro Finance Act and the Proceeds of Crime and Anti-Money Laundering Acts were enacted and operationalized during the review period. The Public Financial Management Act was also facilitated and has been enacted into law.

The sector also did progress the implementation of Civil Service Reforms to enhance service delivery, attract and retain highly qualified staff. A high achievers scheme was developed as well as the Recruitment and Training Policy. A training Revolving Fund was also introduced to provide loans for Civil Servants planning to pursue higher education. Other reforms introduced include the new medical insurance Scheme for Civil Servants. The Kenya School of Government was also realized after enactment of the enabling legislation and is now functional together with its constituent colleges

2.2. Review of Key Indicators of Sector Programmes

The following section provides a summary of the Key programme outcomes/outputs and corresponding performance indicators for the various programmes.

Objective/Function	Output/outcome	Performance Indicator	Achievement
1. Cabinet Services	Efficient and harmonious government operations and service delivery	% satisfaction of Govt. performance	Harmonious government operations
2. Public Sector Advisory Services	Enhanced public sector advisory on social and economic issues, online service delivery, management of state corporations and South Sudan.	% improvement in Performance/service delivery of State Corporations	Improved performance of State Corporations
3. Coordination and Supervisory Services	Enhanced service delivery among MDAs	% improvement in MDAs performance No. of MDAs on Performance contracts	Over 400 MDAs placed on Performance Contract Improved public service delivery
	Rehabilitated water towers; Improved and sustainable water supplies	% change in water volume produced by water towers.	19,000 hectares of Mau forest reclaimed and rehabilitated
Management of State House affairs	Improved infrastructure and working environment within State Houses and Lodges.	No. of facilities refurbished and maintained.	Three State Houses refurbished; Four State Lodges refurbished
Provision of State hospitality services to the President and his guests.	Improved State hospitality services	Quality of services offered.	Hospitality services offered during functions at State House.
To promote and safeguard Kenya's national interests abroad	Improved perception of Kenya among nations	Level of perception of Kenya in the world	Three (3) new missions in Doha, Muscat and Turkey and one (1) consulate in Dubai opened
Rural Planning and Community Development	Enhanced community participation in planning and national development	% of Kenyans participating in local and national planning	47 2011/12 MTEF budget county consultations held
Monitoring and Evaluation Services	Improved implementation, monitoring and evaluation of key government policies and programmes	% implementation of Government Policy	Annual, quarterly and Reports;
		% completion of	

		programmes/ projects	
Data Collection and National Statistical Information Systems	Availability of timely, accurate and reliable socio economic data for national development.	<ul style="list-style-type: none"> No. of information reports developed annually; No. of socio economic survey reports released 	<ul style="list-style-type: none"> Annual Economic Survey 2012, Annual Statistical Abstract; Monthly CPI reports; Monthly Leading econ. Indicators; Quarterly GDP;
Providing effective and efficient stewardship of the National Treasury	Enhanced economic growth and macro-economic stability Establishment of National Assets Management Unit	% economic growth % level of inflation, interest and exchange rates Level of utilization of assets register in management of national assets.	Inflation rate now below 10% Falling interest and exchange rates National Assets register now created
Mobilization and management of public financial resources	Improved utilization of allocated funds.	% utilization of allocated funds	45.4% (Kshs.82.3 billion) of project funds utilized in 2011/12
Management of fiscal and monetary policy	Low interest rates Stable exchange rates Low inflation	Rate of interest, Exchange rate Inflation rate.	Central Bank of Kenya (CBK) Act reviewed Capital Markets Authority (CMA) Act reviewed
Promotion of market competitiveness	Improved and competitive business and investment environment	Volume of FDI	<ul style="list-style-type: none"> Public Private Partnership Act, 2012 enacted Capital Markets Authority (CMA) Act reviewed
Human Resource Management	Automated Human Resource Information system created	No. of operational Modules	Operational system in place; pay-slips are uploaded from the system
	Enhanced Civil Servant welfare	% Civil Servants accessing new Medical Scheme service	100% civil servants covered by the new medical scheme
Human Resource Development	An efficient and highly skilled civil service Improved service delivery	No. of officers benefiting from education fund	Education fund now operationalised
Development of Government Training Institutes	Enhanced capacity at the GTI facilities.	% level of refurbishment and equipping of Government Training Institutes.	Two hostels constructed at GTI-Matuga,
Establishment and Appointments	Enhanced staffing in the public service.	No. of public servants recruited and promoted	19,795 officers recruited

			29,225 staff promoted
Ethics and Integrity Management	Enhanced integrity and ethical practices in the public service Guidelines and regulations developed and publicized.	% compliance to guidelines/ regulations	Four guidelines and regulations developed and issued
National resource sharing	Equitable resource shares between National & County governments and among County Governments Equitable development	Resource sharing criteria developed	Resource sharing recommendations developed and submitted to Parliament
Prudent management of public resources	Increased compliance with Government procedures, guidelines and regulations Enhanced value for money in the public sector procurements	Number of audit reports issued % reduction in loss/ misuse of public funds	98 % of Central Government audit reports issued by statutory deadline
			Backlog in Local Authorities reduced from 10% to 5% Local Authority audit backlog reduced to 5%
Report on budget implementation		No of budget implementation reports produced	Three the statutory budget implementation reports produced
Salaries and Remuneration Management in the Public Service	Interim Report on Comparative study of wage differentials between public and private sectors	Study Report	KIPPRA generated draft report submitted and final one awaited.
	Well harmonized remuneration structure for public sector for sustainable development	Job Evaluation Results Status Report on Grading Structure for State Offices	Structure and TORs for study developed, EOI advertised, processed & PWC awarded contract

2.3. Sector Expenditure Analysis

This section analyzes the budget for each sub sector for 2009/10 – 2011/12 and reviews expenditure performance by programmes.

2.3.1 Analysis of Recurrent Expenditure

Table 2.3.1 shows the sector's allocation and actual recurrent expenditures for 2009/10-2011/12 period. Both recurrent resource allocations and expenditures for the sector fluctuated during the period under review. Total recurrent allocations ranged from Kshs. 40.1 Million to Kshs. 41.1 Million. Actual expenditures exhibited a similar trend as shown in Table 2.3.1 and ranged from Kshs. 35.2 Million to Kshs. 38 Million.

2.3.1. Analysis of Recurrent Expenditure by Sub Sector (Kshs. Million)

Subsector	Approved Estimates			Actual Expenditure		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Cabinet office	1,086	902	1,393	916	800	1,295
OPM	1,554	2,125	1,946	1,544	2,102	1,927
State house	963	1,075	1,411	955	1,068	1,403
Foreign Affairs	7,729	8,321	9,996	7,192	8,185	9,714
Planning	9,179	2,387	2,832	9,052	2,161	2,589
Finance	16,429	23,043	18,738	12,568	15,090	17,320
MSPS	1,406	1,306	1,423	1,367	1,249	1,316
PSC (K)	407	419	679	407	416	673
CRA	-	112	341	-	69	326
KENAO	1,432	1,452	1,421	1,184	1,281	1,207
COB	-	-	118	-	-	82
SRC	-	-	205	-	-	161
CAJ	-	-	-	-	-	-
TOTAL	40,167	41,142	40,503	35,185	32,421	38,013

Source: Printed Estimates and Annual Accounts

Some subsectors experienced increases in recurrent allocations and actual expenditures over the period. These were State House, Foreign Affairs, Planning, Finance, Public Service Commission of Kenya (PSC (K) and Commission on Revenue Allocation (CRA) partly due to expansion of their mandates. Sub sectors such as the Presidency and Cabinet Affairs Office, Office of Prime Minister and KENAO experienced fluctuations in allocations and expenditures over the review period as shown in Table 2.3.1. Overall, the sector's recurrent expenditures fell within allocated provisions.

2.3.2. Analysis of Development Expenditure

The following section analyzes the sector's development allocations and expenditures for the 2009/10–2011/12 period as shown in Table 2.3.2.

Table 2.3.2: Development Expenditure by Sub-Sector (Kshs. Millions)

Subsector	Approved Estimates			Actual Expenditure		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Cabinet office	1,455	464	4,711	1,235	284	2,335
OPM	392	834	438	340	654	418
State house	329	266	363	325	265	361
Foreign Affairs	855	476	771	495	340	626
Planning	16,007	18,179	27,486	14,710	16,633	24,579
Finance	14,379	14,363	23,300	9,915	10,504	21,113
MSPS	414	335	531	366	305	261
TOTAL	33,831	34,917	57,600	27,386	28,985	49,693

PSC (K), CRA, KENAO, COB, SRC, CAJ did not have any development expenditure for the period under consideration

Source: Printed Estimates and Annual Accounts

Overall, development allocations maintained an upward trend over the MTEF period 2009/10–2011/12 as show in Table 2.3.2. Development allocations rose from Ksh 33.8 Million in 2009/10 to Kshs. 57.6 Million in 2011/12. Similarly, overall actual development expenditures exhibited an upward trend over the review period and rose from Ksh 27.3 Million in 2009/10 to Kshs 49.6 Million in 2011/12 as shown in Table 2.3.2.

At sub sector level, allocation and actual expenditures exhibited varying trends. While the Ministries of Finance and Planning maintained a general upward trend in both development allocations and expenditures, other sub sectors such as the Presidency and Cabinet Affairs

Office, State House, Foreign Affairs, Ministry of State for Public Service experienced fluctuations in both allocation and actual expenditures of development resources as shown in Table 2.3.2.

The high development allocations and actual expenditures for Planning are attributed to the annual CDF allocations pegged on the latest Audited Government Revenues. The rapid rise in development allocations for Planning between 2010/11 and 2011/12 is attributed to payment of outstanding arrears to the CDF in addition to the increasing Government revenues.

As noted in Table 2.3.2, the sector under spent its development allocations partly due the long procurement processes, liquidity problems, the late approval of the Revised Budget and low absorption by some subsectors. The sub sectors however expended their development resources within their provisions. Some sub sectors did not receive development allocations such as the Controller of Budget (COB), Commission on Revenue Allocation (CRA), Salaries and Remuneration Commission (SRC), Commission on Administrative Justice (CAJ), Public Service Commission of Kenya (PSC (K) and the Kenya National Audit Office (KENAO partly due to the recurrent nature of their mandates while others were formed within the MTEF period.

2.3.3. Analysis of Externally Funded Programmes

The sector implemented some externally funded projects in the MTEF period which include the Community Development Programme 111 (CDPIII), Natural Resource Management, Southern Nyanza Community Development Programme, Community Empowerment and Institutional Support, Mainstreaming Millennium Development Goals Phase II, Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT), Financial and Legal Sector Technical Assistance Programme (FLSTAP), Global Fund and the Public Financial Management Reforms (PFMR).

Table 2.3.3 shows the allocations and actual expenditures for the externally funded projects in the sector.

Table 2.3.3 Analysis of Externally Funded Programmes Kshs (million)

Programme	Approved Estimates			Actual Expenditure		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Community Development Programme 111 (CDPIII)	-	-	393	-	-	146
Natural resource Management	-	-	348	-	-	311
Southern Nyanza Community Development programme	-	-	392	-	-	186

Community Empowerment and Institutional Support	-	-	568	-	-	359
Mainstreaming Millennium Development Goals Phase II	-	-	97	-	-	29
Coordination and supervisory services	248	590	484	246	358	256
E-Government Advisory Services	1,372	393	4,683	1,572	1,166	2,302
PROFIT	480	573	850	60	367	5
FLSTAP	442	702	672	139	214	349
Global Fund	2,533	4,719	4,173	2,118	4,132	1,024
PFMR	1,395	1,578	994	918	847	264
TOTAL	6,470.54	8,554.60	13,654.07	5,052.62	7,084.19	5,229.17

Source: PAIR Subsectors

As shown in Table 2.3.3, allocations for externally funded projects increased over the review period. Absorption of the projects funds was also encouraging with the exception of 2011/12 when serious under spending occurred

2.3.4. Expenditure Review by Programmes

Table 2.3.4 analyzes the sector's expenditures by subsector and programmes. The District Planning and Community Programme was allocated and expended most of the resources in the sector followed by Public Financial Management (Finance), Administration, Planning and Support Services (Finance) Promotion and safeguarding of Kenya's Interests Abroad (Foreign Affairs) and Coordination and Supervision Services (Prime Minister's) Programmes by order of merit in the MTEF period.

Though the resource envelop remained constrained over the MTEF period, some programmes continued to register increases in resources allocation and expenditure. Some of these includes the District Planning and Community Programmes on account of increasing CDF allocations, Public Financial Management, Administration, Planning and Support Services, Promotion and Safeguarding of Kenya's Interests abroad, Management of State Affairs, among others. The big allocation registered by the data Collection and Statistical Information Services is attributed to the holding of the National Population and Housing Census in August, 2009. All the sectors programmes expended their resources within their provision except the Administration, Planning and Support Services (Finance) which overspent by KSh 36 million in 2011/12.

On the other hand, some programmes experienced reductions in resource allocations and subsequent decrease in expenditures. They include Coordination and Supervisory Services;

Administration, Planning and Support Services; Economic and Financial Policy Formulation and Management; Fair Trade Practices and Creation of an Enabling Business Environment and Audit Services. Some of the programmes were created in the last year of the review period which explains non allocations and expenditures in the other periods. These include- Research and Policy Development; County Coordination Services; Legal and Public Affairs; General Administration and Support; Control and Management of Public Finances; Technical Services and Institutional Strengthening

Table.2.3.4 Expenditure Review by Programmes (Kshs. Million)

Sub sector	Programme	Approved Estimates			Actual Expenditure		
		2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Cabinet Office	Cabinet Services	943	778	980	637	691	914
	Public Sector Advisory Services	1,372	393	4,683	1,572	1,166	2,302
OPM	Coordination and Supervisory Services	1,946	2,958	2,384	1,884	2,756	2,345
State House	Management of State Affairs	1,292	1,341	1,774	1,280	1,333	1,764
Foreign Affairs	Promotion and Safeguarding Kenya's Interest Abroad	8,584	8,797	10,767	7,687	8,525	10,340
Planning	District Planning and Community Development Programme	15,265	17,148	26,781	14,484	15,989	24,352
	Coordination of policy Research, formulation and Implementation of Vision 2030	1,093	1,020	1,135	832	984	1,008
	Monitoring & Evaluation Systems	202	210	194	202	181	144
	Data Collection and Statistical Information Services	8,382	1,853	1,813	8,011	1,331	1,615
	Administration Services	325	258	263	302	232	245
Finance	Administration, Planning and Support Services	13,157	13,816	11,831	10,531	11,257	11,857
	Public Financial Management	14,267	20,201	27,845	12,954	19,208	25,205
	Economic and Financial Policy Formulation and Management	1,804	2,898	2,078	875	1,947	1,073
	Fair Trade Practices and Creation of an Enabling Business Environment	429	369	286	368	347	298
MSPS	Human Resource Management and Development	1,820	1,641	1,954	1,733	1,554	1,577
PSC (K)	Administration of human resources in public service	407	419	679	407	416	673
CRA	Research and policy development	-	-	22	-	-	21

	County coordination services	-	-	22	-	-	19
	Legal and public affairs	-	-	6	-	-	5
	General administration and support	-	112	291	-	69	281
KENAO	Audit Services	1,432	1,452	1,421	1,184	1,281	1,207
COB	Control and Management of Public finances	-	-	118	-	-	82
SRC	Technical Services	-	-	80	-	-	74
	Institutional Strengthening	-	-	125	-	-	86
CAJ		-	-	-	-	-	-
Total		72,722	75,665	97,553	64,943	69,267	87,486

Source: Sub sectors

2.4. Review of Sector Pending Bills

The sector's combined pending bill rose over the the period. It stood at Ksh 394.318m. in 2009/10, Ksh327.176 m in 2010/11 and Ksh 575.55.m in 2011/12. Recurrent bills stood at Ksh 432.766m in 2009/10, Ksh 314.5m in 2010/11 and Ksh 355.626m in 2011/12 as shown in Table 2.4.1. of the recurrent bills, Ksh 347.798m. Ksh160.53m and Ksh204.606m were attributed to lack of liquidity while Ksh 3.968m, Ksh 158.97m and Ksh 138.02m were caused by lack of provision respectively in 2009/10, 2010/11 and 2011/12 respectively.

The development pending bills stood at Ksh 42.552m, Ksh 12.676m, and Ksh232.924m in 2009/10, 2010/11 and 2011/12 respectively. Ksh 42.552m, Ksh12.676m and Ksh82.704m development bills arose from lack of liquidity in 2009/10, 2010/11 and 2011/12 respectively while Ksh 150.924m, arose from lack of provision in and 2011/12.

Combined pending bills for recurrent and development arising from lack of provision increased over time from Kshs. 3.968 m in 2009/10, Kshs. 153.97m in 2010/2011 and Kshs. 288.24 m in 2011/12. The pending bills which arose due to lack of liquidity decreased in 2010/11 to Kshs 166.7 m and increased to Kshs. 235.89 m in 2011/12 The following section shows the bills incurred on each category of expenditure.

2.4.1. Recurrent Pending Bills

Table 2.4.1 shows the recurrent pending bills incurred and their causes 2009/10 -2011/12

Table 2.4.1: Recurrent pending Bills –Kshs (m)

Sub Sector	Due to lack of liquidity			Due to lack of Provision		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Cabinet office	16	6	1	-	-	-
OPM	87	23	19		-	60
State House	77	127	150	-	-	-
Foreign Affairs	72	-	-	4	154	78

Planning	15	4	22	-	-	-
Finance	81	-	13	-	-	-
Total	348	161	205	4	154	138

Source: Sub sector

NB: Ministry of State for Public Service, Public Service Commission of Kenya, Commission on Revenue Allocation, Kenya national Audit Office Commission on Administration of Justice, Salaries and remuneration Commission, Commission on Administrative Justice did not incur any recurrent bills

2.4.2. Development Pending Bills

The sector also incurred pending bills in development due to lack of liquidity and provision over the MTEF period. Table 2.4.2 shows development pending bills by sector and their causes. The sector managed its development budget well and the arising pending bills were not significant as shown in Table 2.4.2. Lack of liquidity caused accumulation of the development bills over the MTEF period while lack of provision only caused development bills in 2011/12 as shown in Table 2.4.2.

Table 2.4.2: Development pending Bills Ksh (m)

Sub Sector	Due to lack of liquidity			Due to lack of provision		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Cabinet office	2	1	50	-	-	-
OPM	-	-	3	-	-	93
State house	-	-	-	-	-	-
Foreign Affairs	-	-	-	-	-	57
Planning	-	12	29	-	-	-
Finance	41	-	-	-	-	-
Total	43	13	82	-	-	150

NB: The State House, Controller of Budget, Salaries and Remuneration Commission, Commission on revenue Allocation, Kenya National Audit Office, Commission on Administrative Justice, Public Service Commission of Kenya and Ministry of State for Public Service did not have any development bills.

CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2013/14 – 2015/16

3.1.1. Prioritization of Programmes and Sub-Programmes by Order of Ranking

The following are the Sector's Programmes without any order of merit:

1. Cabinet Services Programme
2. Public Sector Advisory Services Programme
3. Coordination and Supervisory Services
4. Management of State House Affairs
5. Diplomatic Support and Management Services
6. Coordination and Implementation of Kenya's Foreign Policy
7. District Planning and Community Development
8. Coordination of Policy Formulation and Implementation of Vision 2030
9. National Monitoring & Evaluation Systems
10. Data Collection and National Statistical Information Services
11. Administrative and Support Services for planning
12. Administration, Planning and Support Services
13. Public Financial Management
14. Fair Trade Practices and Creation of an Enabling Business Environment
15. Economic and Financial Policy Formulation and Management
16. Human Resource Management and Development
17. Administration of Human Resources in the Public Service
18. Research and Policy Development
19. County Coordination Services
20. Legal and Public Affairs
21. General Administration and Support Services
22. Audit Services
23. Control and Management of Public finances
24. Salaries and Remuneration Management in the Public Service
25. Promotion of Administrative Justice

3.1.2. Programmes and their Objectives

Programme 1: Cabinet Services Programme

Objective: To facilitate creation, management and operations of Government in the conduct of its business

Programme 2: Public Sector Advisory Services

Objective: To improve public advisory on South Sudan, e-Government, and State corporations management social and economic issues

Programme 3: Co-ordination and Supervisory Services

Objective: To link up government and improve service delivery to the citizens

Programme 4: Management of State House Affairs

Objective: Coordination of state functions

Programme 5: Diplomatic Support and Management services

Objectives: Enhanced diplomatic support and political diplomacy

Programme 6: Foreign Policy

Objectives: Harmonized political and economic policies

Programme 7: District Planning and Community Development

Objective: To enhance the standard of living for the rural population in Kenya

Programme 8: Coordination of Policy Formulation and Implementation of Vision 2030

Objective: To enhance capacity in policy formulation and implementation of Vision 2030 so as to make Kenya a competitive and a prosperous country of middle income status by 2030

Programme 9: National Monitoring & Evaluation Systems

Objective: To provide a tool for monitoring progress in implementation of the Kenya Vision 2030 and other key programmes/policies

Programme 10: Data collection and National Statistical Information Services

Objective: To Provide and disseminate comprehensive, integrated, accurate and timely national statistics for planning and monitoring national development

Programme 11: Administrative and Support Services for Planning

Objective: To provide effective and efficient coordination and support services to the attainment of the ministry's strategic objectives

Programme 12: Administration, Planning and Support Services

Objective: To provide efficient services to constituent departments and affiliated bodies and organizations and the public

Programme 13: Public Financial Management

Objective: To formulate and implement policies relating to mobilization, allocation and management of public financial resources to accommodate all key expenditure priorities of Government

Programme 14: Economic and Financial Policy Formulation and Management

Objective: To provide a framework for the formulation, analysis and management of fiscal and monetary policy for the maintenance of macroeconomic stability and acceleration of economic growth

Programme 15: Fair Trade Practices and Creation of an Enabling Business Environment

Objective: To increase foreign and domestic investment, facilitate the participation of the private sector in the provision of public goods and enforce legislation promoting fair competition

Programme 16: Human Resource Management and Development

Objective: To spearhead management and development of Human resources in the public service to support efficient and effective delivery of services

Programme 17: Administration of human resources in the public service

Objective: To avail competent, skilled, responsible and accountable human resources in the public service for effective and efficient service delivery to support all pillars of the vision 2030

Programme 18: Research and Policy Development

Objective: Equitable sharing of revenue raised by national government

Programme 19: County Coordination Services

Objective: Recommend Financing & Financial Management by County governments

Programme 20: Legal and Public Affairs

Objective: Legal input to revenue and financial related legislation while ensuring positive communication to the stakeholders

Programme 21: General Administration and Support Services

Objective: Provision of administrative support services

Programme 22: Audit Services

Objective: To provide the assurance that there is accountability and transparency in the use and management of public resources

Programme 23: Control and Management of Public finances

Objective: To ensure public funds are withdrawn in accordance with the provisions of the Constitution and utilized prudently creating value for citizens

Programme 24: Salaries and Remuneration Management in the Public Service

Objective: To ensure establishment of a dynamic and harmonized competitive remuneration structure in the public service that not only rewards productivity and performance but attracts and retains required skills, is transparent and also fiscally sustainable

Programme 25: Promotion of Administrative Justice

Objective: To promote administrative justice in the public sector

3.1.3. Programmes, Sub-Programmes, Key Outputs and Key Performance Indicators for the sub sector.

The following matrix shows the Sector's Programmes, Sub-Programmes, Outcomes, Key outputs and their Performance Indicators:

	Sub Programme (SP)	Key Outputs	Key Performance Indicators (KPIs)
Programme 1: Cabinet Services			
Outcome: Harmonious Operations of Government			
SP.1.1	Organization of Government Business	Efficient government operations and service delivery	Improved public service delivery
		Completed report on Kenya's Outer Continental Shelf task Force.	Report
		Improved citizen understanding on public policy	Rate of public policy awareness among Kenyans
		Decongested penal institution	No. of inmates receiving clemency
SP.1.2	Public Communications	Najivunia Kuwa Mkenya campaigns to promote nationhood and patriotism	Rate of public policy awareness among Kenyans
Programme 2: Public Sector Advisory Services			
Outcome: Improved Performance in Public Service Delivery			
SP.2.1	Economic and Social Advisory Services	Improved Social economic development	% Economic growth % of population below poverty line

	Sub Programme (SP)	Key Outputs	Key Performance Indicators (KPIs)
SP.2.2	State Corporations Advisory Services	Improves State corporations performance and management	Performance of state corporations
SP. 2.3	Kenya-South Sudan Advisory Services	Increased volume of trade and investments and business partnerships between Kenya and South Sudan	Increased No and type of business partnerships
SP.2.4	e-Government Advisory Services	Increased automation of Government services and offices	Secured, reliable and centralized Government data storage centre
Programme 3: Coordination and Supervisory Services			
Outcome: Well-Coordinated and Functional Government			
SP.3.1	Results Based Management	Entrenched culture of management for results in all MDAs and Counties	Number of MDAs trained in Results Based Management Capacity Scan
			Action Plans finalized and implemented
			Number of RRIs launched
			Number of institutions trained
		Enhanced better service delivery through Monitoring and Evaluation of MDAs	Training/sensitization reports
			Level of empowerment to citizens to demand quality public services
			Level of compliance with citizen service delivery charters
			Level of empowerment to citizens to demand quality public services
			Performance Contracting as an accountability framework Extended to Judiciary, Parliament and Institutions not on PC
			Level of compliance with citizen service delivery charters
SP.3.2	Efficiency Monitoring, Evaluation and Inspectorate	Enhanced efficiency and accountability in resource utilization and Engender a culture	Public service delivery evaluation reports.
			Value for money systems and

	Sub Programme (SP)	Key Outputs	Key Performance Indicators (KPIs)
	Services	of preparedness for service delivery at all times	Monitoring reports
			Audit Reports
			A report on Inspection
			Quarterly Performance Report
		Prevented losses of funds in State Corporations	Number of restitutions and verdicts passed on liable State Corporations
Programme 4: Management of State Affairs			
Outcome: Improved Service Delivery to the Public			
SP.4.1		Improved infrastructure and aesthetics within State Houses and Lodges.	Number of facilities refurbished and maintained.
		Timely release of Presidential speeches and announcements to media houses.	Number of Presidential speeches and announcements released.
		Improved State hospitality services provided	Level of quality of services offered.
Programme 5: Diplomatic Support and Management Services			
Outcome: A conducive working environment and effective service delivery			
SP. 5.1	General management services	Expanded diplomatic engagement	Number of New Missions and Consulates opened
		Increased Bilateral and Multilateral Engagements	Number of Joint Commissions of Cooperation (JCC) held, negotiated and concluded
			Number of high level visits (state/official)facilitated
		Engagement with traditional and new Foreign Direct Investment (FDI) and Official Development Assistance (ODA) sources as well as export markets expanded	Number of inbound investment meetings held
			Number of bilateral assistance meetings participated
		Increased employment in major international organizations	Number of positions secured at Policy Organs of major international organizations.
International and regional conferences hosted in Kenya	Number of International and regional conferences hosted.		

	Sub Programme (SP)	Key Outputs	Key Performance Indicators (KPIs)
		Improved host country relations with foreign Missions, international and regional organizations resident in Kenya	Number of host country agreements reviewed and/or concluded with international and regional organizations.
		Kenya's interests and views in International and Regional organizations promoted	Number of meetings attended at international/regional level
		Network with Kenyan Diaspora established	Number of conferences with Diaspora held
		Diplomats from the sub region trained	Number of foreign service officers from the sub region trained
SP. 5.2	Infrastructure Development for Missions	Efficient Asset Management, Government properties Refurbished, purchased/constructed Engagement with traditional and new Foreign Direct Investment (FDI) and Official Development Assistance (ODA) sources as well as export markets expanded	Number of Refurbished, purchased/constructed Government properties Asset Management system installed and Operationalised Number of inbound investment meetings held
Programme 6: Foreign Policy Outcome: Peaceful, United and Prosperous Kenya			
SP. 6.1	General management services	Kenyan's welfare abroad safeguarded	Consular Services provided
		Trade and tourism promoted	Number of exhibitions/meetings/trade fairs attended/organized/facilitated
			Number of familiarization and cultural diplomacy tours/missions initiated/facilitated/organized
		Kenya's international and regional interest Promoted	Number of meetings attended
Number of delegations coordinated			

	Sub Programme (SP)	Key Outputs	Key Performance Indicators (KPIs)
Programme 7: District Planning and Community Development Outcome: Improved quality of life of rural communities in Kenya			
SP. 7.1	District Planning	Enhanced gender equality & participation of women in local development.	No. of consultative forums held.
		Harmonized & strengthened decentralized development planning systems	Number of DFOA recruited; Number of Motor Cycles procured; Number of Motor Vehicles bought; No. of DIDCs; Constructed, expanded and rehabilitated and furnished.
		Strengthen internal capacity of MOPND and DPUs.	Number of officers sponsored for Master Courses No. of officers sponsored to attend short courses;
		Better management and implementation of community Development Projects	Annual/Mid Term progress reports/ Project Monitoring Reports
		Enhance community participation in planning at the county level	Number of county & profiles; Number of County MTPs; County MTP (2013-2017) consultation report
		Efficient storage and retrieval of district information	Number of functional DIDCs

SP. 7.2	Constituency Development Services Fund	Enhanced quality of life in each Constituency	% of the utilization of the allocated CDF funds;
SP. 7.3	Poverty Alleviation Initiatives	Alignment of National Policy documents towards MDGs	Vision 2030, Medium Term Plans, Sectoral and Ministerial Plans aligned to MDGs.
		Increased access to basic social amenities	Phase two of the MDGs
		increased incomes to farmers in marginal areas	Amount of income earned by households from commercialization of amaranth crop
		Availability of credit to the poor	Number of community groups accessing credit services.
SP. 7.4	Community Development Programme	Enhanced access to social services in Busia County	No. socio infrastructural facilities funded by the programmes
Programme 8: Coordination of Policy Formulation and Implementation of vision 2030			
Outcome: To enhance capacity in policy formulation and implementation of Vision 2030 for a competitive country.			
SP. 8.1	Macro Economic policy planning and regional integration areas.	Timely dissemination of research papers on Low cost Housing in urban	Research paper publication; Dissemination Workshop reports
		Enhanced Macroeconomic Modelling and Forecasting capacity of the Ministry	T21 policy briefs
		Preparation of 2nd MTP 2013-2017 of Kenya Vision 2030	2nd MTP Policy document; Quarterly reports on the Status of the Kenyan Economy;
SP. 8.2	Population Policy	Reduced maternal/child mortality in the slum areas	Provision of skilled maternity services to poor mothers through the vouchers
		Repositioning of family planning in Kenya	A documentary film on FP & RH developed and disseminated
SP. 8.3	Infrastructure, science, technology and innovation	Increased efficiency in production and resource use	Increase in the number of database of relevant researches and STI statistics developed.

SP. 8.4	Social Economic Policy and Planning	Support to Staff affected HIV/AIDS pandemic	Number of staff with HIV/AIDs supported.
		Adaption of indigenous technologies	Number of indigenous technologies adapted in production.
SP. 8.5	Implementation of Vision 2030	Sustained momentum for the vision	Vision 2030 implementation review report
SP. 8.6	Research in Public Policy	Informed macro-economic, social and political policy decisions	No. of policy briefs prepared; Number of interns trained annually; Participation in Macro working group activities.
Programme 9: Data Collection and Statistical Information Services Outcome: Informed National and Regional Socio-Economic policy decisions			
SP. 9.1	National Information and Statistical Services	Developed information reports developed annually; Released socio economic survey reports	Annual Economic Survey 2013, Annual Statistical Abstract 2013; Monthly CPI reports; Monthly Leading econ. Indicators; Quarterly GDP; Other socio economic survey reports
Programme 10: National Monitoring and Evaluation Services Outcome: Progress reports on Key Political and Socio-Economic developments in Kenya			
SP. 10.1	Monitoring and Evaluation Services	Feedback on the effectiveness of government programmes and projects	National Annual and Quarterly Monitoring and Evaluation Reports prepared and disseminated
		Effective project development and management	Regular Project Progress Reports disseminated
		Effective stakeholder participation in the national development process	Regional dissemination foras.

		Effective monitoring of vision 2030	Vision 2030 (2013-2017 MTP) monitoring indicators release
Programme 11: General Administration and Support Services for Planning			
Outcome: An efficient and effective administrative and support system for planning			
SP. 11.1	Human Resources and Support Services	Effective and efficient service delivery	Sustained ISO 9001: 2008 certificate procedures ;
SP. 11.2	Financial Management Services	Prompt payment for Goods and Services rendered	Level of utilization of allocated funds; Customer satisfaction survey reports;
SP. 11.3	Information Communications Services	Efficient Communication and Service Delivery	Number of Web sites operationalized
Programme 12: Administration, Planning and Support Services			
Outcome: Efficiency in service delivery to constituent departments, affiliated bodies and organizations and the public			
SP. 12.1	Administration Services	Terms of Reference for National Assets Management Unit developed and Unit operationalized	Percentage of government assets accounted for under Unit's management
		Public expenditure plans, programmes and financial reports published in Treasury newsletter, website and public media	Number of articles and documents published
Programme 13: Public Financial Management			
Outcome: Sustainable policies for the mobilization, allocation and management of public financial resources			
SP. 13.1	Resource Mobilization	External resources mobilized, budgeted and absorbed	Percentage absorption of budgeted external resources
SP. 13.2	Budget Formulation, Coordination and Management	Primary and secondary debt legislation regulations developed	Acts of Parliament
		Policy developed to maintain fiscal deficit at less than 3.6% of Gross Domestic Product	Percentage change in ration of fiscal deficit to Gross Domestic Product
		Sovereign bonds launched and issued	Value of investment
		Risk areas in public financial management identified	Number of risk areas identified; number of risk assessment reports
		Disaster Data Recovery Centre constructed and equipped	Operational centre
		Local Area Networks installed	Number of District Treasuries

		connecting District Treasuries to the Treasury	connected to the Treasury via LANs
		District Treasuries refurbished	Number of District Treasuries refurbished
		Financial information and reports produced, construction of new District Treasuries completed	Number of reports available; number of new District Treasuries constructed to completion
		Processed pension claims	Reduction in number of days taken to process pension claims
		Regulatory framework governing public procurement strengthened	Number of regulatory provisions reviewed and amended
		Semi-autonomous Government agency launched to regulate the clearing and forwarding industry	Approved Cabinet Memorandum on transformation of the department into a regulatory SAGA
		Integrated Financial Management Information System re-engineered and rolled out to all District Treasuries	Number of additional IFMIS modules activated; number of District Treasuries where IFMIS is live
SP. 13.3	Government Investments and Assets	Electronic clearance of goods implemented at ports and border points	Number of days of cargo dwell time
Programme14: Economic and Financial Policy Formulation and Management			
Outcome : Macroeconomic Stability and Accelerated Economic Growth			
SP. 14.1		Electronic project management information system (e-ProMIS) implemented	Number of government projects captured under e-ProMIS
		Regulatory framework to stimulate savings operationalized	Approved Cabinet Memorandum
		Fiscal policies developed to maintain stable inflation and interest rate regimes	Percentage reduction in inflation and interest rates
		Legislative framework governing financial sector reviewed	Number of financial market segments, products and services

Programme 15: Fair Trade Practices and Creation of an Enabling Business Environment			
Outcome: Increased investment, decreased restrictive trade practices and increased private sector participation in the provision of public goods			
		Legal and regulatory frameworks for public private partnerships established	Number of public private partnerships
		Tax incentives to support domestic and foreign direct investment introduced	Percentage change in value of investment in the economy
Programme 16: Human Management and Development			
Outcome: Efficient Public Service delivery by Competent and motivated staff			
SP. 16.1	Human Resource Management	Rewards and Sanctions Scheme implemented	Number of Good performers rewarded and poor performers sanctioned.
		Automated human resource data	Number of Ministries on GHRIS
		Medical insurance scheme operationalized	Number of Health facilities approved by NHIF to offer the scheme country wide.
		Developed Registry Management Information Systems (RMIS)	RMIS rolled out in all Government Ministries.
			User Manual for RMIS developed
		Reviewed the Housing policy for Public Service	Roadmap for the housing policy. Draft revised housing policy
SP. 16.2	Human Resource Development	Enhanced Training Revolving Fund	Number of public servants accessing the fund
		Kenya National School of Government (KNSOG) Operationalized	Facilities and infrastructure upgraded at Kenya Institute of Administration(KIA) and Government Training Institutes(GTIs)
		Improved partnership with donors	Developed and Implemented data Capture System for development partner scholarships
			Number of Beneficiaries of scholarships from development partners
SP. 16.3	Management Consultancy Services	Developed Generic Schemes of Service (career progression guidelines)	Developed generic Schemes of Service for the identified 19 job families.

		Enhanced efficiency in staff evaluation	High performers identified and rewarded.
		Developed Organizational Structures for County Government and Job Descriptions and Specifications for Key Positions.	Number of Job Descriptions and specifications developed.
		Developed Business Process Re-engineering (BPR) implementation Manual and institutional framework	Manual in place Secretariat appointed
SP. 16.4	Modernization of facilities at the KSoG campuses	Developed new training programmes for common cadre	Implemented 36 new training programmes in all KSoGs
		Improved habitability at KSoGs	Number of new hostel blocks constructed in KSoGs
			Number of refurbished Buildings in KSoGs and HQs
	Increased capacity Utilization in the KSoGs	Research and Development undertaken to increase capacity utilization to 90%	

3.2. Analysis of Resource Requirement versus Allocation by:

3.2.1. Sectors' Recurrent and Development Resource Requirement and Allocation

Table 3.2.1 shows the Sector's resource requirements and the proposed allocation. The Sector's resource requirements are estimated to rise progressively from Kshs.117, 147 million in 2013/14 to Kshs. 160,414m and Kshs. 184, 736m against projected allocations of Kshs.121,292m, Kshs.125,100m and Kshs.131,723m in 2013/14, 2014/15 and 2015/16 respectively. The Sector's allocations fall short of its requirements necessitating mobilization of resources from other sources.

Table 3.2.1: Sector's Resource Requirement and Proposed allocation Kshs (m))

Expenditure	Resource Requirement				Resource Allocation		
	Estimates 2012/13	Estimates 2013/14	Projected Estimates		2012/13	2013/114	2014/15
			2014/15	2015/16			
Recurrent	53,538	86,554	104,901	128,396	68,964	70,068	71,289
Development	63,609	59,139	55,514	56,339	52,328	55,032	60,434
Totals	117,147	145,693	160,414	184,736	121,292	125,100	131,723

Source: Sub Sector and Budget Ceilings

The Sector' recurrent resource requirements are projected to rise gradually to Kshs. 86,554 million, Kshs. 104,901 million, Kshs. 128, 396 million against the planned allocation of Kshs.68,964 million, Kshs.70,068 Million and Kshs. 71,289 million in 2013/14, 2014/15, and 2015/16 respectively. Recurrent resource allocates will thus fall short of requirement as shown in Table 3.2.1. The Sector's Development resource allocation will also fall short of requirement over the budget period except in 2015/16 FY as shown in Table 3.2.1

3.2.2. Sub-Sectors Resource Requirement vs. Allocation Kshs. Million

Expenditure	Resource Requirement				Resource Allocation		
	Estimates 2012/13	Estimates 2013/14	Projected Estimates		2013/14	2014/15	2015/16
			2014/15	2015/16			
Cabinet Office							
Recurrent	1,128	2,329	2,371	2,467	1,448	1,471	1,496
Development	1,851	2,644	2,358	2,348	1,482	1,551	1,633
Total Expenditure	2,979	4,973	4,728	4,814	2,930	3,022	3,129
Office of the Prime Minister							
Recurrent	1,792	1,231	1,270	1,294	1,013	1,029	1,047
Development	739	463	463	471	449	462	492
Total	2,531	1,694	1,733	1,765	1,462	1,491	1,539
State House							
Recurrent	1,385	2,053	2,045	2,227	1,476	1,499	1,526
Development	300	541	648	464	326	347	391
Total	1,685	2,594	2,693	2,691	1,802	1,846	1,917
Ministry of Foreign Affairs							
Recurrent	10,427	13,862	14,031	14,968	10,350	10,516	10,699
Development	877	5,805	4,022	4,762	1,286	1,369	1,541
Total	11,304	19,667	18,053	19,730	11,636	11,885	12,240
Ministry of Planning,							
Recurrent	2,694	5,636	5,745	5,938	2,816	2,862	2,913
Development	26,207	28,881	26,811	25,858	28,647	30,287	33,633
Total	28,901	34,517	32,556	31,797	31,463	33,149	36,546
Ministry of Finance							
Recurrent	22,794	21,105	21,917	22,840	21,090	21,428	21,801

Development	33,097	19,328	19,478	20,298	16,610	17,261	18,522
Total	55,891	40,433	41,395	43,138	37,700	38,689	40,323
Ministry of State for Public Service							
Recurrent	9,132	26,571	45,754	66,856	12,593	12,795	13,018
Development	458	1,077	1,534	2,038	835	886	992
Total	9,590	27,648	47,289	68,894	13,428	13,681	14,010
PSC(K)							
Recurrent	590	1,727	1,777	1,900	641	651	662
Development	80	400	200	100	300	319	360
Total	670	2,127	1,977	2,000	941	970	1,022
Commission of Revenue Allocation							
Recurrent	409	621	635	0	459	466	474
Development	0	0	0	0	0	0	0
Total	409	621	635	0	459	466	474
Kenya National Audit Office							
Recurrent	1,859	8,992	6,802	7,139	2,063	2,096	2,133
Total	1,859	8,992	6,802	7,139	2,063	2,096	2,133
Controller of Budget							
Recurrent	582.9	896.8	874.5	898.8	656	667	678
Development	0	0	0	0	0	0	0
Total	583	897	875	899	656	667	678
Salaries and Remuneration Commission							
Recurrent	442	781	851	959	547	556	566
Development	0	0	0	0	0	0	0
Totals	442	781	851	959	547	556	566
Commission on Administrative Justice							
Recurrent	303	750	828	911	380	386	393
Development	0	0	0	0	0	0	0
Total	303	750	828	911	380	386	393
Parliament							
Recurrent					13,431	13,646	13,884
Development					2,394	2,549	2,871
Totals	0	0	0	0	15,825	16,195	16,755

Source: Sub Sector Reports

As shown by Table 3.2.2, the Sub sector proposed resource allocations fall short of their requirements. This will impact negatively in the implementation of the planned programmes and necessitates review and re-prioritization of planned projects and programmes within the available resources.

3.2.3. Programmes and Sub- Programmes

The Sector's resource requirements and proposed allocations are further disaggregated by programme and sub-programme as shown in Table 3.2.3

Table 3.2.3: Sector's Resource Requirements and Allocations by Programme and Sub-Programme Kshs (m)

Sub Programme	Approved Estimates 2012/13	Draft 2013/14	Projected		Allocation		
			2014/15	2015/16	2013/14	2014/15	2015/16
Programme 1: Cabinet Services							
S.P 1.1: Organization of Government Business	1,023	1,569	1,455	1,499	823	828	840
S.P 1.2: Public Communications	72	144	151	157	81	82	84
S.P1.3: Power of Mercy	37	82	84	88	52	53	54
Total Expenditure	1,132	1,795	1,690	1,744	956	963	978
Programme 2: Public Sector Advisory Services							
Sub Programme							
S.P 2.1: Economic and Social Advisory Services	74	110	102	111	84	104	107
S.P 2.2: State Corporations Advisory Services	70	77	85	93	67	74	73
S.P 2.3: Kenya-Southern Sudan Advisory Services	259	272	269	271	282	269	270
S.P. 2.4: e- Government Advisory Services	1,444	2,718	2,583	2,595	1,541	1,612	1,700
Total Expenditure	1,847	3,178	3,039	3,071	1,974	2,059	2,151
Total Expenditure of Vote	2,979	4,973	4,728	4,814	2,930	3,022	3,129

Programme 3: Co-ordination and Supervisory Services							
SP 3.1 Policy Coordination Services	444	162	162	163	271	290	310
SP 3.2 Political and Parliamentary Affairs	546	0	0	0	0	0	0
SP 3.3 Results Based Management	598	898	906	920	619	623	640
SP 3.4 Efficiency Monitoring and Inspectorate	302	469	493	504	402	405	414
SP 3.5 Administration and Planning	643	165	172	179	170	173	175
Grand Total	2,533	1,694	1,733	1,765	1,462	1,491	1,539
Programme 4: Management of State House Affairs							
Sub-Programme							
SP 4.1 Management of State House Affairs	1,685	2,594	2,693	2,691	1,802	1,846	1,917
Total Expenditure Vote	1,685	2,594	2,693	2,691	1,802	1,846	1,917
Programme 5: Diplomatic Support and Management services							
Sub Programmes							
SP 5.1 General Management Services	1,352	1,830	1,889	2,151	1,400	1,422	1,445
SP 5.2 Infrastructure Development for Missions	877	5,805	4,022	4,762	1,286	1,369	1,541
Total Expenditure for the Programme	2,229	7,635	5,911	6,913	2,686	2,791	2,986
Programme 6: Coordination and Implementation of Kenya's Foreign Policy							
Sub-Programme							
SP 6.1 General Management Services	9,075	12,032	12,142	12,817	8,950	9,094	9,254
Total	9,075	12,032	12,142	12,817	8,950	9,094	9,254
Total Expenditure of Vote	11,304	19,667	18,053	19,730	11,636	11,885	12,240
Programme 7: Rural Planning and Community Development							

SP 7.1 District Planning	1,156	2,553	2,186	1,609	1,334	1,286	738
SP 7.2 Poverty Alleviation Initiatives	158	548	559	568	160	164	165
SP 7.3 Community Development	2,194	2,801	1,198	766	2,618	1,198	766
SP 7.4 Constituency Development fund	21,763	21,763	21,763	21,763	23,463	25,983	30,208
Total	25,271	27,665	25,706	24,706	27,575	28,631	31,877
Programme 8: Coordination of Policy Formulation and Implementation of Vision 2030							
SP 8.1 Macro Economic Policy, Planning and Regional Integration	229	828	457	414	360	485	605
SP 8.2 Social Economic Policy and Planning	157	396	315	317	190	189	189
SP 8.3 Vision 2030 Delivery	284	944	1,093	1,171	284	614	622
SP 8.4 Population Policy and Planning	387	755	827	899	413	413	413
SP 8.5 Infrastructure, Science, Technology and Innovations	30	51	53	54	31	31	31
SP 8.6 Public Policy Research	352	500	525	550	352	377	392
Total	1,439	3,474	3,270	3,405	1,630	2,109	2,252
Programme 9: General Administration and Support Services for Planning							
SP 9.1 Human Resources and Support Services	246	365	351	353	251	233	231
SP 9.2 Financial Management Services	36	60	58	59	37	37	37
SP 9.3 Information Communications Services	7	22	21	21	7	7	7
SP 9.4 Data Collection and National Statistical Services	1,648	2,235	2,548	2,650	1,648	1,796	1,796
SP 9.5 Surveys	1,648	2,235	2,548	2,650	1,648	1,796	1,796
Total	289	447	430	433	295	277	275

Programme 10: Monitoring and Evaluation Services							
SP 10.1 National Integrated Monitoring and Evaluation System	253	696	601	602	314	337	347
Total Resource requirement for Vote	28,900	34,517	32,555	31,796	31,462	33,150	36,547
Total Current Expenditure	1,476	3,141	3,319	3,424			
Total Capital Expenditure	25,425	25,741	25,078	24,341			
Programme 11: Administration, Planning and Support Services							
SP 11.1 Administration Services	2,955	1,832	1,850	1,939	1,699	1,725	2,484
SP 11.2 Personnel Services	52	63	66	69	55	59	83
SP 11.3 Financial Services	12,613	13,659	14,100	14,536	12,737	14,176	9,054
Total	15,620	15,554	16,016	16,544	14,491	15,960	11,621
Programme 12: Public Financial Management							
SP 12.1 Resource Mobilizations	9,468	194	206	214	215	231	327
SP 12.2 Budget Formulation, Coordination and Management	3,309	3,936	3,937	4,132	3,671	3,683	5,315
SP 12.3 Management of Public Financial Resources	5,699	6,782	6,605	6,896	6,318	6,211	8,901
SP 12.4 Government investments and Assets	15,914	9,059	9,201	9,658	8,453	8,609	8,907
Total for Programme 12	34,390	19,971	19,949	20,900	18,657	18,734	23,450
Programme 13: Economic and Financial Policy Formulation and Management							
SP 13.1 Economic and Financial Policy Formulation and Management	5,172	4195	4713	4944	3,886	3,323	4,281
SP 13.2 Fair Trade Practices and Creation of an Enabling Business Environment	707	712	716	750	667	673	970
Total Vote	55,889	40,432	41,394	43,138	37,700	38,689	40,323
Programme 15: Human Resource Management and Development							

SP 15.1 Human Resource Development	759	835	918	1,010	958	1,067	1,208
SP 15.2 Human Resource Management	8,266	25,619	44,707	65,703	11,757	11,820	11,903
SP 15.3 Management Consultancy Services	53	58	64	70	67	74	84
SP 15.4 Development of GTIs	512	1,136	1,600	2,110	646	719	815
Totals	9,590	27,648	47,289	68,894	13,428	13,680	14,010
Programme 16: Administration of human resources in the Public service							
Sp 16.1: General Administration And Support Services	462	1400	1195	1158	699	720	764
Sp 16.2 : Establishment & Appointments	83	235	249	262	94	96	98
Sp 16.3: Discipline Appeals And Petitions	20	103	110	122	25	25	27
SP 16.4: Ethics And Integrity Management	22	61	67	73	27	27	28
SP 16.5: Performance, Monitoring And Evaluation	42	155	165	175	45	49	51
SP 16.6: Human Resource Development	41	173	193	210	51	53	54
Total	670	2127	1979	2000	941	970	1022
Programme 17: Research and Policy Development	24	66	70		24	28	32
Programme 18: County Coordination Services	33	133	135		33	35	40
Programme 19: Legal & Public Affairs	12	36	40		62	65	68
Programme 20: General Administration & Support Services	340	386	390		340	338	334
Total Expenditure of Vote	409	621	635	0	459	466	474
Programme 21: Audit Services							

SP 21.1: National Government Audit	873	2,619	2,532	2,851	1,024	1,044	1,054
SP 21.2: Counties Audit	521	2,174	2,079	2,373	400	404	411
SP 21.3: Performance Audit	112	596	581	694	169	180	170
SP 21.4 : Quality Assurance and Certification	56	149	127	140	92	117	129
SP 21.5: Corporate services	298	3,455	1,483	1,081	378	350	368
Total Expenditure for Vote R211	1,859	8,992	6,802	7,139	2,063	2,096	2,133
Programme 22: Control and Management of Public finances							
SP 22.1: Control of issues from public funds	309	366	349	353	286	271	266
SP 22.2: Monitoring and reporting on implementation of budgets for national and county governments	42	92	96	100	76	78	78
SP 22.3: General administration and planning	228	380	378	389	260	282	299
SP: Research and Development	4	59	51	58	34	37	35
Total	583	897	874	899	656	667	678
Programme 23:Salaries and Remuneration Commission (SRC)							
SP 23.1: Technical Services	204	432	478	529	234	235	240
SP 24.2: Institutional Strengthening	238	349	373	430	313	321	326
Total	442	781	851	959	547	556	566
Programme 24: Ombudsman Services	303	750	828	911	380	386	393
Programme 25: Parliamentary services	-	-	-	-	15,825	16,195	16,755
TOTAL FOR SECTOR	117,147	145,693	160,414	184,736	121,292	125,100	131,723

Source: Sub Sector reports

A look at the resource requirements and allocations shows that with the exception of few cases resource requirements outstripped proposed allocations. This necessitate the Sector to shelve some of its programmes and projects to contain expenditures within the allocated ceilings

3.2.4. Semi-Autonomous Government Agencies (SAGAs)

The Sector hosts some autonomous and semi-autonomous Government Agencies (SAGAs) which draw their resources from the Sector's budget. Table 3.2.4 shows the SAGAs resource requirements 2013/14-2015/16 FYs. For some time now, the Government has maintained a policy of providing 50% of SAGAs resource requirements as a way of inducing them to look for other sources of revenue. The SAGAs resource requirements in Table 3.2.4 is informed by this policy

Table 3.2.4: Semi- Autonomous Government Agencies Resource Requirements KShs (m)

	Printed Estimates	Resource Requirements		
	2012/2013	2013/2014	2014/2015	2015/2016
State Corporations Appeals Tribunal				
Recurrent	55	55	55	55
Development	0	0	0	0
Total	55	55	55	55
Kenya Revenue Authority				
Recurrent	11,701	12,983	13,419	14,090
Development	845	600	600	600
Total	12,546	13,583	14,019	14,690
Competition Authority of Kenya				
Recurrent	200	200	200	200
Development				
Total	200	200	200	200
Public Procurement Oversight Authority				
Recurrent	300	300	300	300
Development	0	0	0	0
Total	300	300	300	300
Kenya Institute of Supplies Management				
Recurrent	55	55	55	55
Development	0	0	0	0
Total	55	55	55	55
Privatization Commission				
Recurrent	200	200	200	200
Development	100	100	100	100
Total	300	300	300	300
Kenya Trade Network Agency				
Recurrent	200	200	200	200

Development	380	418	460	483
Total	580	618	660	683
Kenya Investment Authority				
Recurrent	250	250	250	250
Development	100	100	100	100
Total	350	350	350	350
National Council for Population Development				
Recurrent	186.5	387.5	415.6	464.9
Development	321	359.9	392.9	425.9
Total Expenditure	507.5	747.4	808.5	890.8
Community Development Trust Fund				
Recurrent	355	386.3	415.1	450.1
Development	1,096.50	1,001.80	1,179.50	796.1
Total Expenditure	1,451.50	1,388.10	1,594.60	1,246.20
Kenya School of Government				
Recurrent	0	10	10	10
Development	0	15	15	15
Total	0	25	25	25
Total for Sagas				
Total Recurrent	13502.5	15026.8	15519.7	16275
Total Development	2842.5	2594.7	2847.4	2520
GRAND TOTAL	16345	17621.5	18367.1	18795

3.2.5 Sector's Resource Requirements vs. Allocation by Economic Classification

The Sector's resource requirements are further analyzed by Economic Classification. Table 3.2.5 shows the Sector's resource requirements and proposed allocations 2013/14-2015/16 by Economic Classification.

Table 3.2.5: Sector's resource Requirements vs. Allocation by Economic Classification Kshs (m)

Expenditure Classification	Estimates	Requirement			Allocation		
	2012/13	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
1.Current Expenditure	51,316	86,962	105,264	128,573	66,367	66,707	68,136
Compensation of Employees	18,209	24,105	25,916	27,839	18,194	19,014	19,955
Use of goods and services	14,579	37,992	56,441	77,476	25,308	24,982	25,021
Current Transfers Govt. Agencies	16,899	19,587	19,947	20,768	21,884	21,691	21,995
Other Recurrent							

expenditures	1,628	5,278	2,961	2,489	981	1,019	1,164
Capital Expenditure	65,831	58,731	55,150	56,163	54,925	58,392	63,589
Acquisition of Non-Financial Assets	8,370	11,402	9,776	10,694	11,585	12,026	12,748
Capital Transfer to Government Agencies	18,273	16,812	16,788	17,166	39,313	42,685	46,788
Other Development expenditures	39,189	30,517	28,586	28,303	4,026	3,681	4,053
Total Expenditure for the Sector	117,147	145,693	160,414	184,735	121,292	125,099	131,725

Source: Sub Sectors

As shown in Table 3.2.5, current expenditures will dominate the Sector's budget over the planned period. The Sector's current expenditure requirement is projected at **Kshs.86, 962m, Kshs.105, 264m** and **Kshs. 128,573m** against the proposed allocation of **Kshs. 66,367m Kshs.66,707m** and **Kshs 68,136m** in **2013/14, 2014/15** and **2015/16** respectively. The current expenditures allocations for the plan period fall short of the requirements. This will require re-prioritization of programmes and projects within the available resources.

Most of the recurrent expenditures will be expended on Use of Goods and Services followed by Compensation to Employees and Current transfers to Government Agencies in order of merit. The Sector's capital expenditures requirements are estimated at **Kshs. 58,731m, Kshs. 55,150m** and **Kshs. 56,163m** against proposed allocation of **Kshs.66,367m , Kshs.66,707m** and **Kshs.68, 136m** for **2013/14, 2014/15** and **2015/16** respectively. Capital expenditures scarcity will also be experienced in the Sector and this is likely to undermine the Sector's development programmes.

3.3. Resource Allocation Criteria

The resource allocation criteria involved prioritization of key activities of each Sub sector and allocating mandatory activities such as the CDF and then followed by vision 2030 flagship projects such as Kenya School of Government.

CHAPTER FOUR

CROSS SECTOR LINKAGES, EMERGING ISSUES AND CHALLENGES

4.1 Cross Sector Linkages

The Sector comprises of key statehood departments whose mandates cuts across all other sectors. It coordinates Government Business, Foreign Relations, Planning and Budgeting. In addition, the sector plays a major role in promoting Public Sector Performance through recruitment, staffing and development of whole public service, enhances Public Sector performance through ongoing reforms for national development. In addition, the sector provides overall policy and leadership to the nation and also supervises government operations. It also mobilizes resources for all other sectors and thus facilitates operations of other sectors and the nation at large

4.2 Emerging issues

(i) Implementation of the Constitution

The Sector has been implementing the Constitution amid dwindling resources necessitating request for additional funding. Special and unforeseen assignments emerged midstream calling for provision of more resources to accomplish them. This may continue in the next budget period as the country lays the foundation for its new Constitutional and institutional framework. The Sector is likely to take up new functions in the next budget period due to the proposed re-organization of Government after March, 2013 polls. This budget is therefore tentative pending the full organization of Government pointing to the need for extra resources.

(ii) Salaries and Remunerations

The sensitivity of the salaries, allowances and other remuneration issues in the public service has presented challenges as the new constitutional dispensation takes root. The Sector, which now manages the public service remuneration, has to work closely with stakeholders on pay and remuneration matters without upsetting the existing macro stability failure to do this ruin the whole country and trigger unhealthy remuneration competition. Going by the activism witnessed so far in the demand for high pay and allowances in the Public Sector a balance has to be structured in managing such activism while at the same time promotes macro stability and respecting rights of workers.

(iii) Sustaining Public Good will in Government

As the country transits to devolution, it is important for the Sector to enhance and sustain the Public goodwill in the Government by ensuring seamless service delivery and entrenching

devolution. This calls for proper management of the budget among all sectors and Sub sectors. This is necessary to uphold Public aspirations and fulfillment of their expectations.

(iv) Expanding Sector Mandate amid Rigid Ceiling

The Sector's mandate has expanded since the promulgation of the constitution. This expansion has not however been matched by the corresponding increment in resources and this remains a problem in providing services. In most cases the sectors resource allocations have often fallen short of requirements.

(v) Automation

Though the sector coordinates on service delivery in the country, the number of services offered online is still limited. This has slowed Government efforts at providing efficient service due to low automation

4.3 Challenges

(i) Management of pending bills

The Management of the Sector's budget has been challenged by escalating pending bills. Since they take first charge in the succeeding Financial Year, they often derail planned development and recurrent activities hence compromising service delivery. Most bills arose from development and this requires the Sector to review the implementation of its programmes.

(ii) Low Resource Absorption

The Sector has experienced low resource absorption in both recurrent and development votes. This undermines service delivery and may undermine development

(iii) Foreign Exchange Fluctuations.

The Sector implemented its budget within the context of turmoil in the foreign exchange market. This was partly due to the weakening shilling which caused huge exchange losses in sub sectors implementing or providing foreign exchange denominated projects or services.

(iv) Procurement process.

Slow and lengthy public procurement process delayed delivery of services and implementation of planned programmes. This in turn negatively affected the Sector's absorption capacity

CHAPTER FIVE

CONCLUSION

Upon reviewing the sector budget and its execution over 2009/10- 2011/12, some conclusions can be made. Firstly, the sector has experienced a sequence of under-funding. The resources allocated over the period have not met the sector's resource requirements due to lower ceilings issued every year. This has impacted negatively in the implementation of its projects and programmes and more so in overall service delivery.

The sector's mandate has continued to expand over the last two years. This expansion in mandate and subsequent service delivery has not been accompanied by corresponding expansion in the resources allocated to the sector. Service delivery has thus been constrained. The problem has further been compounded by the application of the budget through manual processes as the sector has not fully embraced ICT.

Bureaucracy in execution of budget together with lengthy procurement procedures equally slow absorption of the resources provided leading to pending bills over the review period. As the sector coordinating public procurement a need arises to review the existing Public Procurement and Disposal Act to ease and hasten public procurement without compromising efficiency and quality.

In the management of the budget, the sector incurred pending bills throughout the review period. Most of these bills arose from liquidity problems. Consequently, the sector will endeavor to undertake planned purchases of goods and service and avoid year end and rushed purchases which are often hit by liquidity problems.

It can also be noted that that though the sector has a large development portfolio, most of the resources go to create capacity outside the sector's institutions and little is left for internal development. Projects and programmes are shelved every year no matter their importance in national development and implementation of Vision 2030. The continued shelving of priority project and programmes may have far reaching negative cost implications and service delivery due to long term delays.

A case in point is the CDF and Ministry of Finance which absorb most of the development resources for meeting external obligations and these calls for expansion of the ceiling to accommodate internal capacity development including the funding of Vision 2030 projects and others which have been adversely affected by the reduced development resources.

CHAPTER SIX

SECTOR RECOMMENDATIONS

(i) Completion of Ongoing Projects

Having noted the budget constraints faced in the outgoing MTEF period, it is recommended that the Sector re-prioritizes its programmes and projects with a view of finding and completing ongoing projects and shelves any new projects. The reprioritization should include rehabilitation of existing facilities to sustain service delivery amid prevailing resource constraints

(ii) Promotion of Online Service Delivery

As resource allocation to the sector continues to decline. It should explore more ways of rendering its services online as it is both efficient and effective. Automation should thus be prioritized in the sector

(iii) Management of pending

To improve budget execution, it is recommended that factors causing accumulation of pending bills be reviewed and implementation of projects and projects be monitored closely

(iv) Expansion of Sector Ceiling

It is recommended that the National treasury considers expanding the sector ceiling to correspond with the increased mandates and to ensure provision of efficient and seamless service delivery that meets the expectation of Kenyans

(v) Capacity Development

The Sector also recommends provision of adequate resources to build public service capacity for steering the devolutions and the overall transition

(vi) Enhancing of Public Private Partnership

The Sector also recommends the fast racking of the Public Private Institutional arrangements to provide framework for structural collaboration in service delivery and complementarities

(vi) Strengthening of the Monitoring and Evaluation

The Sector also recommends the strengthening of M & E to promote efficiency and effectiveness of the Public Sector expenditures