



# **LAUNCH OF BUDGET PREPARATION PROCESS FOR FINANCIAL YEAR 2023/24 AND THE MEDIUM-TERM**

## **KEY HIGHLIGHTS OF THE FOURTH MEDIUM TERM PLAN (MTP IV) 2023 – 2027**

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State Department for Economic Planning**

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## OUTLINE

- Introduction
- Challenges to be addressed in MTP IV
- Pillars of the Government's Development Priorities
- 2023/24 – 2025/26 Development Priorities
- Next Steps in Finalization of MTP IV



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## INTRODUCTION

- 📌 The Fourth Medium Term Plan (MTP IV) for 2023-2027 of Kenya Vision 2030 will succeed the Third MTP 2018-2022 which is coming to an end in June 2023.
- 📌 The Fourth MTP (MTP IV) will implement the fourth and second-last phase of Kenya Vision 2030 and will set the momentum for transition to the next long term development agenda for the Country.
- 📌 The MTP IV policies, programmes and projects aim at achieving aspirations of the **Five Sectors that form the Core Pillars of the Government Manifesto; Sustainable Development Goals and Africa's Agenda 2063** and other regional and international economic development frameworks.
- 📌 The Plan will also prioritize implementation of economic recovery strategies to re-position the economy on a steady and sustainable growth trajectory.



## INTRODUCTION

- It aims at revitalizing performance in all economic sectors in order to **foster growth, employment creation, poverty reduction and ultimately improve livelihood of the economically disadvantaged group.**
- The Draft MTP IV and its Sector Plans have integrated the priorities outlined in the Government Manifesto.
- The Draft outlines policies, programmes and projects which forms the foundation of the preparation of annual budgeting within the Medium Term Expenditure Framework (MTEF).
- The **Draft Sector Plans** are therefore expected to **guide the MTEF Sector Working Groups in preparation of the Budget proposals** for the 2023/2024-2025/2026 Medium Term Budget.
- The 2023/24-2025/26 Medium Term budget will implement the first financial year (2023/24) of the MTP IV.

## CHALLENGES TO BE ADDRESSED IN MTP IV

Challenges to be addressed for effective implementation of MTP IV include:

- ① Recurrence of Drought which affects agricultural activities;
- ① Climate change which has led to increase in the number of occurrences and intensities in hazards such as floods, landslides, drought and rising water level;
- ① Geo-political tensions such as Russia- Ukraine conflict;
- ① Slow uptake of programmes and projects for implementation through Public Private Partnership (PPP);
- ① Lower than targeted revenue collections viz a vis high expenditures;
- ① Low levels of investments and savings;
- ① High cost of doing business;
- ① Low value addition of agricultural products; and
- ① Low exports and product diversification.



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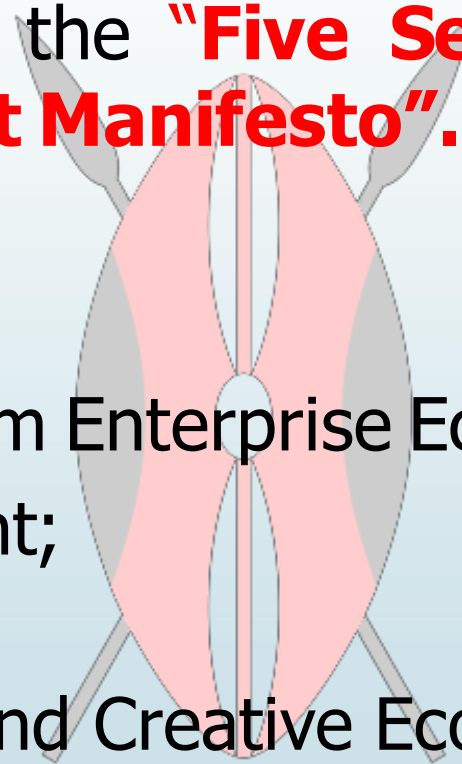
## PILLARS OF THE GOVERNMENT'S DEVELOPMENT PRIORITIES

✎ The development priorities for 2023/24-2025/26 will focus on fast-tracking implementation of the **"Five Sectors that form the Core pillars of the Government Manifesto"**.



The core pillars:

1. Agriculture;
2. Micro Small and Medium Enterprise Economy;
3. Housing and Settlement;
4. Healthcare; and
5. Digital Superhighway and Creative Economy.







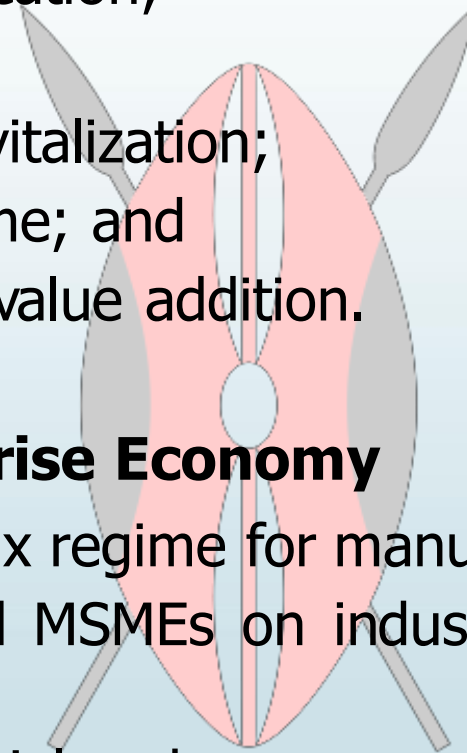
# PILLARS OF THE GOVERNMENT'S DEVELOPMENT PRIORITIES

## 1. Agriculture

- Food security and crop diversification;
- National value chain support;
- Crops and livestock industry revitalization;
- Agricultural insurance programme; and
- Agricultural market access and value addition.

## 2. Micro Small and Medium Enterprise Economy

- Implementation of favorable tax regime for manufacturing MSMEs/firms;
- Support business start-ups and MSMEs on industrial property rights protection and training/skills development;
- Establishment of MSMEs industrial parks;
- Establishment of a Hustler Fund for MSMEs to provide access to affordable medium to long-term finance; and
- Enhancing market access of MSMEs goods and services.





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# PILLARS OF THE GOVERNMENT'S DEVELOPMENT PRIORITIES

## 3. Housing and Settlement

- Facilitate delivery of 250,000 houses per annum;
- Enabling low cost housing mortgages;
- Provide incentives to developers to build more affordable houses; and
- Strengthen MSMEs capacity to produce high quality construction materials.

## 4. Healthcare

- Provide National Health Insurance Fund Coverage for all Kenyans;
- Expand existing health infrastructure to meet the increasing health needs;
- Recruitment of additional healthcare workers;
- Enhance supply chain management to ensure efficiency and accountability in medical supplies to all health facilities; and
- Attract local and foreign investors to build health products and technologies manufacturing plants.





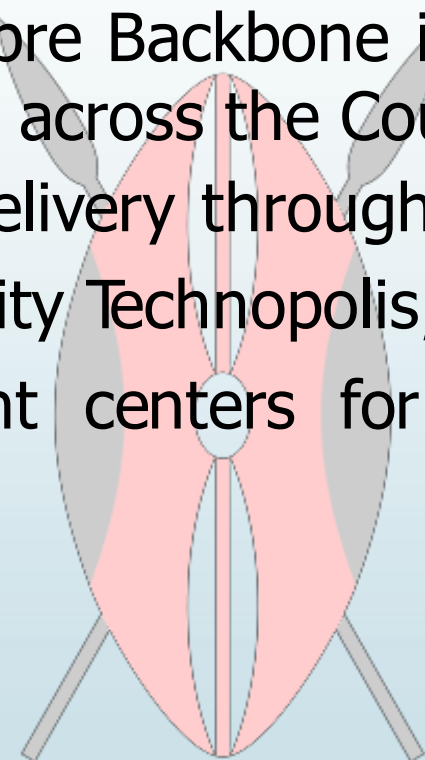
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## PILLARS OF THE GOVERNMENT'S DEVELOPMENT PRIORITIES

### 5. Digital Superhighway and Creative Economy

- Extension of National Optic Fibre Backbone infrastructure to enhance reliable and affordable ICT connectivity across the Country;
- Enhance Government service delivery through digitization and automation;
- Promote investment in Konza City Technopolis; and
- Establish E-Waste Management centers for safe disposal of electrical and electronic waste (e-Waste).





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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

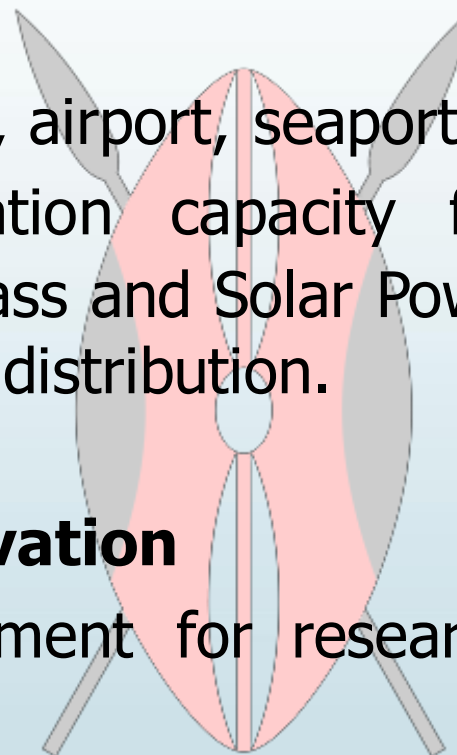
### ENABLERS

#### 1. Infrastructure

- Fast-track completion of roads, rail, airport, seaport projects;
- Increase installed power generation capacity from Hydro, Geothermal, Wind, Liquefied Natural Gas (LNG), Biomass and Solar Power Projects; and
- Enhanced power transmission and distribution.

#### 2. Science Technology and Innovation

- Develop infrastructure and equipment for research and development in material science;
- Strengthen Science, Technology, Engineering and Mathematics (STEM); and
- Capacity development and safe application of Biotechnology and Biosciences.





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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

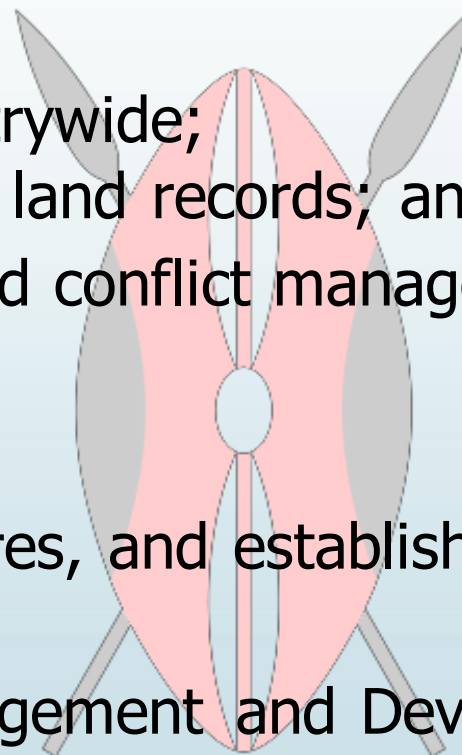
### ENABLERS

#### 3. Land Reforms

- Process and issue title deeds countrywide;
- Modernize land offices and digitize land records; and
- Enhance land dispute resolution and conflict management.

#### 4. Public Sector Reforms

- Upgrade existing 52 Huduma Centres, and establish Huduma Centres at Sub-Counties;
- Strengthen Human Resource Management and Development;
- Promote diaspora engagement; and
- Institutionalize and strengthen Result Based Management.





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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

### ENABLERS

#### 5. Labour and Employment

- Strengthen linkages between industry and training institutions;
- Implement Kenya Youth Employment Opportunities project;
- Scale-up national internship programme and skills development;
- Promote research and training in occupational safety and health; and
- Provide social security to workers ( scale up NSSF coverage and benefits).

#### 6. National Values and Ethics

- Enforcement of policy and legal frameworks on national values and ethics;
- Institutionalization of national values and ethics; and
- Promotion of transformative and value based leadership.



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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

### ENABLERS

#### 7. Drought and Disaster Risk Management

- Build resilience of communities on common hazards;
- Enhance coordination of Disaster Risk Management; and
- Strengthen Integrated Early Warning, Information and Knowledge Management System.

#### 8. Security

- Enhancing policing services through the implementation of police reforms and Recruitment of Security Personnel;
- Strengthen National Integrated Security Surveillance System;
- Equipping the National Police Forensic Laboratory;
- Security Sector Modernization; and
- Promotion of Security Personnel Welfare.



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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

### ECONOMIC PILLAR

#### 1. Manufacturing

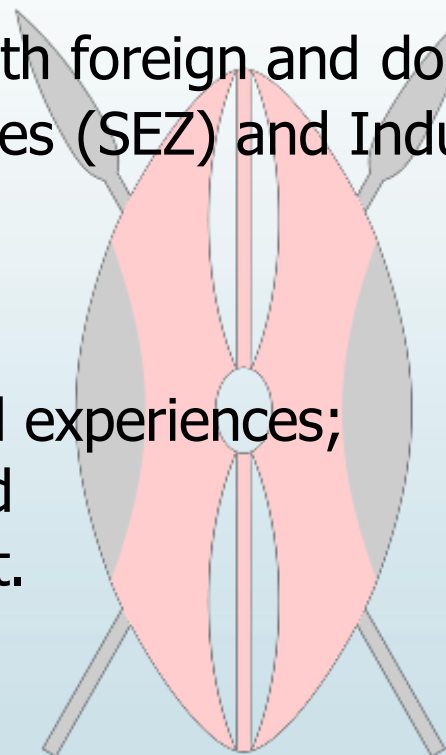
- Investment promotion to attracting both foreign and domestic investments in manufacturing;
- Development of Special Economic Zones (SEZ) and Industrial Parks; and
- Promotion of Cottage Industries.

#### 2. Tourism

- Diversification of tourism products and experiences;
- Tourism marketing and promotion; and
- Wildlife conservation and management.

#### 3. Trade

- Promote exports market access and diversification;
- Establishment of logistics bases and distribution hubs; and
- Establishment of EAC Jumuiya Trade and Investment hubs.







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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

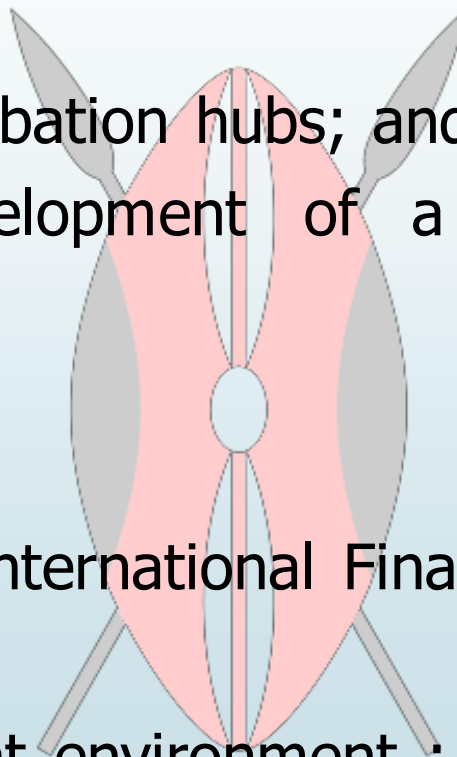
### ECONOMIC PILLAR

#### 4. Business process Outsourcing

- Establishment of 47 BPO/ITES incubation hubs; and
- BPO diversification through development of a BPO incentive framework and investment portfolio.

#### 5. Financial Services

- Promote investments into Nairobi International Financial Center;
- Promote green financing;
- Improve the lending and investment environment ; and
- Promote long-term saving.





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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

### ECONOMIC PILLAR

#### 6. Oil, Gas and Mineral Resources

- Exploration and commercialization of oil and gas resources;
- Promote use of LPG gas by low income households;
- Development of LPG and Liquefied Natural Gas bulk import and storage facilities; and
- Geological mapping, mineral exploration and evaluation.

#### 7. Blue Economy

- Fisheries resources development and utilization;
- Promote Blue economy investment and business development;
- Adopt aquaculture technologies and innovations; and
- Expand Kenya national shipping line cargo carrying capacity.



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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

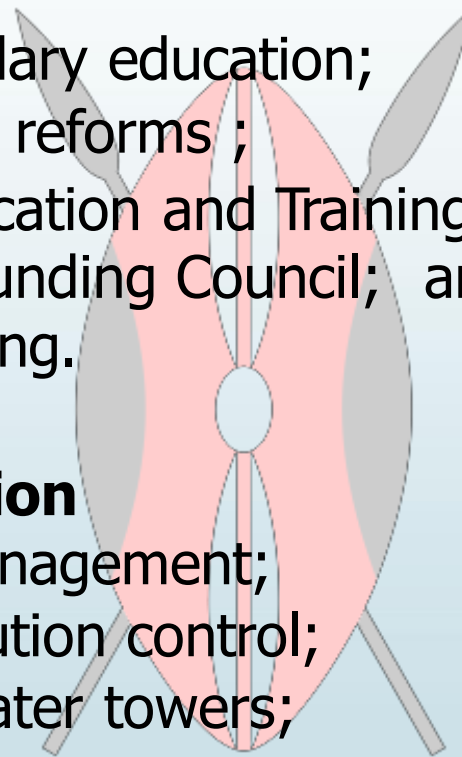
### SOCIAL PILLAR

#### 1. Education and Training

- Scale-up universal primary and secondary education;
- Undertake curriculum and assessment reforms ;
- Expansion of Technical Vocational Education and Training (TVET);
- Establishment of National Skills and Funding Council; and
- ICT integration in Education and Training.

#### 2. Environment, Water and Sanitation

- Undertake forest conservation and management;
- Promote waste management and pollution control;
- Rehabilitation and protection of the water towers;
- Water harvesting and storage through the construction of multipurpose and medium sized dams; and
- Expand Irrigation and drainage infrastructure.





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## 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

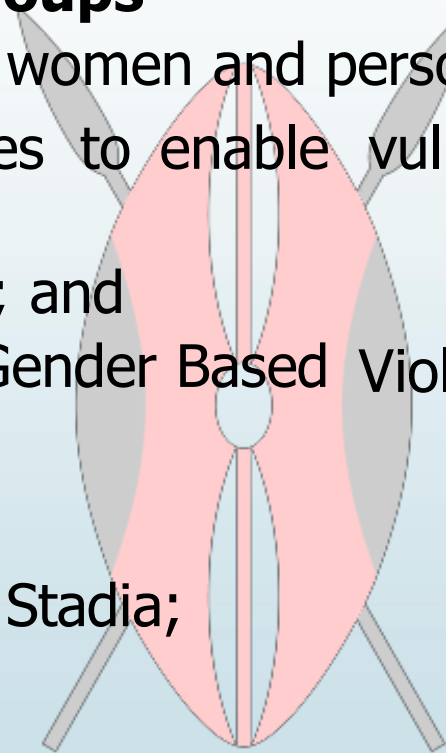
### SOCIAL PILLAR

#### 3. Gender, Youth and Vulnerable groups

- Scale-up targeted financing for youth, women and persons with disabilities;
- Strengthen social protection initiatives to enable vulnerable groups in the society live a decent life;
- National Youth Service Transformation; and
- Promote prevention and response to Gender Based Violence.

#### 4. Sports, Culture and the Arts

- Build, upgrade and rehabilitate Sports Stadia;
- Promote sports talent development;
- Anti-doping promotion;
- Promotion of cultural and heritage tourism; and
- Promotion of performing arts.





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# 2023/24 – 2025/26 DEVELOPMENT PRIORITIES

## POLITICAL PILLAR

### 1. Devolution

- ✔ Institutionalize a comprehensive and harmonized result management framework for devolved system of Government;
- ✔ Capacity building and technical support to counties; and
- ✔ Strengthen intergovernmental cooperation and collaboration.

### 2. Governance and the Rule of Law

- ✔ Promote legal aid and awareness;
- ✔ Undertake judicial transformation; and
- ✔ Enhancing administrative justice and access to information.








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## NEXT STEPS IN FINALIZATION OF MTP IV

The next steps in finalizing preparation of Fourth MTP include:

-  **Convene a MTP IV National Steering Committee meeting** to discuss the Draft MTP IV
-  **MTP Validation Process:** The Fourth MTP will be subjected to an extensive validation process.
  - i. Validation by all Ministries, Departments and Agencies to ensure policies, programmes and projects reflects Sector priorities;
  - ii. Holding a National Validation Forum;
  - iii. Discussion and approval of Draft by Relevant Parliamentary Committees; and
  - iv. Discussion and approval of Draft MTP IV by the Cabinet.
-  **Publication and Launch:** Once validation process is finalized, the MTP document will be published and launched.





# The National Treasury and Economic Planning State Department for Economic Planning



SLIDE 21

# END

