

Annex 1 : POVERTY REDUCTION STRATEGY PAPER (PRSP) - PARTICIPATION PLAN
ESTIMATED TOTAL COST - KSH. 70 MILLION

Objectives/Values	Activities	Stakeholders	Monitoring Indicators	Time Frame
<p>*To promote participation of the poor and vulnerable.</p> <p>*To increase transparency and accountability to the public from the planning to delivery stages.</p> <p>*To reach consensus/agreement with various stakeholders on policies and priorities for poverty reduction.</p> <p>*To develop a gender responsive poverty reduction strategy.</p> <p>*To enhance ownership of PSRP.</p> <p>To reach agreement of monitoring and evaluation plan for the PSRP.</p> <p>*To develop an action plan on poverty reduction.</p> <p>*To seek support from development partners on the implementation of PSRP.</p> <p>To ensure transparent resolution of implementation difficulties.</p>	<p><u>1. Set up a National Consultative Structure:</u></p> <p>*Set up a consultative committee.</p> <p>*Stakeholder mapping.</p> <p>*Capacity building for all stakeholders on the PRSP process.</p>	<p>Government</p> <p>Sector groups</p> <p>Civil society</p> <p>Private sector</p> <p>Poor community</p> <p>Media</p> <p>Women groups</p> <p>NGOs</p> <p>Others</p>	<p>*Functioning small working group (6-10 persons).</p> <p>*Develop participatory map - and agree on principles, select districts and stratify by livelihood patterns.</p> <p>*Information dissemination (on the process) through variety of channels, i.e. public forums, districts, and civil society organisations, media etc.</p> <p>*Organise capacity building workshops for all stakeholders.</p>	<p>July - August 2000</p>
	<p><u>2. Conduct Local Level Consultation:</u></p> <p>*Transparent participatory poverty diagnosis inclusive of the perspectives of the poor, women and other vulnerable groups.</p> <p>*Poverty information is analysed.</p> <p>*IPRSP re-examined.</p>	<p>Communities</p> <p>Sector groups</p> <p>Local level institutions</p> <p>Women groups and women</p> <p>opinion leaders</p> <p>NGOs</p>	<p>*Participatory monitoring and evaluation plan that articulates:</p> <ul style="list-style-type: none"> - identification of the poor - location of the poor - identification of their needs for goods and services - opportunities for engaging the productive poor - prioritisation of needs - agreed monitoring and evaluation indicators - confirmation or proposed changes to IPRSP. 	<p>September 2000</p>
	<p><u>Conduct District Level Consultation:</u></p> <p>*Participatory monitoring and evaluation plan endorsed.</p> <p>Compiling information from local level consultations.</p>	<p>Local communities</p> <p>Research institution</p> <p>Sector groups</p> <p>Private sector</p> <p>Civil society</p> <p>Women</p> <p>Districts officials</p> <p>Development partners</p> <p>Media, NGOs</p> <p>MPS</p>	<p>*Agreed list of monitoring and evaluation indicators.</p> <p>*Consensus on priorities and strategies for poverty and growth.</p> <p>*Ranked priorities and strategies by sector.</p>	<p>November 2000</p>
	<p><u>4. Provincial Workshops:</u></p> <p>*Harmonise sector needs by province and livelihood patterns</p>	<p>Government officials</p> <p>Private sector</p> <p>Civil society</p> <p>Sector groups</p> <p>Women representatives</p>	<p>* Articulate reports on needs per sector and livelihood patterns.</p>	<p>November / December 2000</p>

	<p><u>5. National Level:</u></p> <p>*Emerging priorities and proposed policy responses. *Agree and endorse the proposed monitoring and evaluation plan *National Seminar</p>	<p>Sector groups Private sector NGOs Development partners Civil society National level committee Women representatives</p>	<p>*Draft PRSP Well articulated Participatory Monitoring and Evaluation Plan endorsed *Feedback to stakeholders</p>	<p>January 2001</p>
	<p><u>6. Parliamentary Consultations:</u></p> <p>*Workshop to disseminate information and discuss draft PRSP</p>	<p>Parliamentary Committees Cabinet</p>	<p>*Articulated political support and commitment to implementation</p>	<p>March 2001</p>
	<p><u>7. Consultative Group Meetings</u></p> <p>* Feedback * Dissemination</p>	<p>Development partners Civil society Women Public media Private sector NGOs</p>	<p>*Achieve agreement on strategies *Agree on support to PRSP implementation * Publication</p>	<p>May 2001</p>
	<p><u>Monitoring and Evaluation:</u></p> <p>*Set up implementation oversight committees.</p>	<p>Mps, Communities, Private Sector, Women Representatives, Other</p>	<p>*Operational Committee *Feedback to communities. *Ongoing improved implementation.</p>	<p>Ongoing</p>

Annex 2

Table 1: A Summary of Poverty Results 1997

	Rural Poverty		
Poverty Measures	Pá = 0 Adult Eq.	Pá = 0 Households	Pá = 0 Individuals
Food Poverty	51	43	50
Absolute Poverty	53	46	53
Hard core Poverty	35	30	35
	Urban Poverty		
Food Poverty	38	32	38
Absolute Poverty	49	43	50
Hard core Poverty	7	6	8

Source: Welfare Monitoring Survey 1997

Table 2 : Poverty Measures by Gender in 1997

	Headcount	Poverty gap	% of population	Contribution to national poverty
Overall Rural	52	19	100	100
Sex of Household Head				
Males	52	19	75	74
Females	54	20	25	25
Overall Urban	49	16	100	100
Sex of Household Head				
Males	46	15	81	75
Females	63	18	19	24

Source : WMS III

Table 3: Regional differentials in the incidence of poverty

	% of food poor			% of overall poverty		
	1992	1994	1997	1992	1994	1997
Rural Areas						
Central	68	33	30	36	32	31
Coast	63	51	59	43	56	62
Eastern	62	59	56	42	58	58
Nyanza	71	41	58	47	42	63
Rift Valley	81	46	48	51	43	50
Western	78	52	58	55	54	59
North Eastern	-	56	-	-	58	-
Total Rural	72	47	51	48	47	53
Urban Areas						
Nairobi	42	27	38	26	26	50
Mombasa	45	33	38	39	33	38
Kisumu	-	44	53	-	48	64
Nakuru	-	37	27	-	30	40
Other towns	-	27	38	-	29	43
Total Urban	42	29	38	29	29	49
Total Kenya				45	40	52

Source: WMS series 1992, 1994 and 1997

Table 4: Income poverty in Some African Countries

Country and period	Area of Residence	Percentage of Population living below the poverty line ¹	
		Year 1	Year 2
Kenya 1992 1994	Rural	47.00	46.75
	Urban	27.00	29.00
	Total		43.00
Ethiopia 1989-95 1994-97	Rural	61.3	45.9
	Urban	40.9	38.7
Uganda 1992-97	Rural	59.4	48.2
	Urban	29.4	16.3
	Total	55.6	44.0
Zambia 1991-96	Rural	79.6	74.9
	Urban	31.0	34.0
	Total	57.0	60.0
Ghana 1989-92	Rural	37.5	30.2
	Urban	19.0	20.6
	Total	31.9	27.4
Zimbabwe 1991-96	Rural	51.5	62.8
	Urban	6.2	14.9
	Total	37.5	47.2
Nigeria 1991-96	Rural	45.1	67.8
	Urban	29.6	57.5
	Total	42.8	65.6

Source: Demery 1999

¹ Based on national (nutritionally based) poverty line: Source: Demery 1999.

Annex 3 : Governance Measures

Measures Aimed at Enhancing Accountability and Transparency	Timetable for Implementation
Submit annually to parliament the government's governance agenda, including actions taken to date and timetable for implementations for remaining actions.	June 2000 (implemented)
Adopt international standards and practices in government procurement on the basis of the recommendations of the consultants' completed report on procurement practices and the conclusions of the central tender board (CTB) seminar.	July 2000
Put in place an auditing mechanism to ensure compliance with the strengthened government procurement regulations adopted by the CTB for all ministries, local authorities, and public institutions: \$ Issue new procurement regulations. \$ Put in place auditing mechanisms.	July 2000 December 2000 December 2000
Create an internet site where summary reports on all public procurement (CTB, ministerial and departmental tender boards, local authorities tender boards, tender boards of public institutions, and other modes of procurement) activities are publicly available.	December 2000
Require the Debt Management Division to produce a detailed quarterly report, to be tabled by the Minister of Finance in parliament, on all government and government-guaranteed outstanding liabilities, including any new liabilities incurred in the quarter, as well as the debt service on existing liabilities.	July 2000
Submit to parliament an amendment to the Exchequer and Audit Act that would require that the fiscal accounts (including the implementation of the public investment program) be prepared on a quarterly basis for submission to the Controller and Auditor General (C&AG), and as required by any other auditing deemed necessary by the Auditor General. Consider steps to reduce the time needed to produce and submit such accounts to the Auditor General.	June 2001
Ensure that the Auditor General produces annually audit reports of budgetary performance in the period July-December and submits them to parliament on a timely basis. In this connection, the authorities should:	September 2000
<ul style="list-style-type: none"> • propose amendments to the Exchequer and Audit Act to allow for production and audit of the budgetary performance and submission to Parliament biannually; 	December 2000
<ul style="list-style-type: none"> • Attorney General to prepare a bill on the same (above) and present to parliament; 	December 2000
<ul style="list-style-type: none"> • train the recently recruited 25 graduates with various CPA qualifications and 117 audit examiners; and 	March 2001
<ul style="list-style-type: none"> • produce and submit to Parliament the first audit report of budgetary performance. 	

Measures Aimed at Enhancing Accountability and Transparency (continued)	Timetable for Implementation
Strengthen financial reporting by public enterprises to the Auditor General's (Corporations) Office by	
<ul style="list-style-type: none"> • putting in place a system to ensure that enterprises transmit their completed accounts on a timely basis, with enhanced supervision of parastatals by the revamped Investments Department of the Kenyan Treasury; 	December 2000
<ul style="list-style-type: none"> • ensuring that all public enterprises are audited by the Auditor General (corporations) or by reputable auditing firms on an annual basis, and the results of the audits made available to parliament no later than three months after the submission of the accounts to the Auditor General (corporations); and 	June 2001
<ul style="list-style-type: none"> • submitting any needed amendments to the Exchequer and Audit Act so as to implement these measures. 	December 2000
Submit to parliament an amendment to the State Corporations Act to remove the possibility of exemption from submitting a corporation's accounts to the Auditor General (corporations).	June 2000 (implemented)
Clear the backlog of all public audits by end-2000/2001 (July-June):	
<ul style="list-style-type: none"> • Complete audit reports for 1997/98. 	July 2000
<ul style="list-style-type: none"> • Complete audit reports for 1998/99. 	March 2001
<ul style="list-style-type: none"> • Complete audit reports for 1999/2000. 	June 2001
Put in place a reporting system of budget implementation at the district Development Committee and local levels to help ensure that the C&AG and the Ministry of Finance can assess whether funds committed by ministries have been used to carry out the intended activities:	
<ul style="list-style-type: none"> • Prepare a circular directing all accounting officers to disaggregate the budget by districts. 	June 2000 (implemented)
<ul style="list-style-type: none"> • Carry out the disaggregation to reflect allocations by districts under the respective ministries. 	September 2000
<ul style="list-style-type: none"> • Finalize the computerization program for the ledger management system to provide the necessary reports for use by the C&AG and Treasury. 	July 2001
Ensure that the C&AG's report is disaggregated to the district level and distributed widely at the local level.	December 2001
Take stock of and report conclusively on all extrabudgetary funds, projects, and transactions.	June 2000 (implemented)
Incorporate extrabudgetary projects and transactions into the budget or legally terminate all projects and transactions that do not meet criteria for continuation, so that no actual or contingent government liabilities remain:	
<ul style="list-style-type: none"> • Decide which projects are to be terminated and which are to be completed in collaboration with line ministries. 	December 2000
<ul style="list-style-type: none"> • Decide on modalities for legally terminating all those projects to be terminated. 	December 2000
<ul style="list-style-type: none"> • Incorporate the cost of termination, completion, and pending bills into the budget. 	May 2001
<ul style="list-style-type: none"> • Incorporate all extrabudgetary funds into the budget. 	June 2001

Timetable for Implementation

Require the Ministry of Local Government to produce annually and disseminate widely a report on the operations of the Local Authority Transfer Fund, including the record of each municipality in meeting conditionalities.

December 2000

Measures Aimed at Strengthening Oversight/Control Bodies, Including Their Independence and Resources

Provide adequate budgetary support to the office of the C&AG, C&AG (corporations), the KACA, the office of the Attorney General, the Judiciary, and the KRA.

June 2000 (implemented)

Submit to parliament amendments of the Anti-Corruption Act (Cap. 65) to (i) broaden the definition of corruption to include economic crimes such as fraud, malfeasance, and other misuses of public funds; (ii) provide the KACA full independence from other government offices—including by having its own vote in the budget—and require it to submit annually a report on its operations directly to parliament, including complaints received, cases investigated, and cases prosecuted; (iii) allow the KACA to prosecute cases without reference to (consent of) the Attorney General or other authority; and (iv) facilitate investigation, at the request of the Attorney General or the KACA, of financial records of individuals or companies that are suspected of being involved in corruption and other economic crimes. (Ensure that amendments to any other relevant piece of legislation are submitted to parliament to make such an investigation possible.)

Incorporated in the draft Anti-Corruption and Economic Crimes Bill

Require the treasury to refer cases of alleged misuse of public resources to the KACA immediately after deliberation of the report prepared by the parliament's Public Accounts and Public Investment Committees.

Ongoing

Continue to strengthen the KACA with additional staff so that it can operate effectively throughout Kenya.

Ongoing

Strengthen the ability of parliamentary committees (public accounts, public investments, and anticorruption) to prosecute either through the Attorney General or the KACA individuals, firms, and institutions named as being culpable in the reports of the Auditor General.

Ongoing

Remove corrupt officials.

Ongoing

Implement the Kwach Report's recommendations on reforming the judiciary.

Ongoing

Ensure that the Legal Sector Reform Committee develops additional plans needed to reform the judiciary, including the strengthening of its independence, the system of levying of and dealing with complaints against judges and other personnel in the judiciary, the system of selection, appointment, and removal of judges and other personnel, and the logistical capabilities of the legal system.

Ongoing

Timetable for Implementation

Implement quickly steps to improve the functioning of the judiciary in the short term while more comprehensive reforms are being prepared, including issuing instructions to reduce the liberal granting of expert injunctions for court cases and taking measures to start addressing the disappearance of court files. Increase court capacity in the areas of loan recovery, taxation issues, and anticorruption.	Ongoing
Strengthen further the capacity and independence of the C&AG office:	
<ul style="list-style-type: none"> • Increase appropriately skilled staff of the office. 	Ongoing
<ul style="list-style-type: none"> • Propose a constitutional amendment transferring staffing authority for the office of the C&AG from the Civil Service Commission to the office of the C&AG. 	September 2000
<ul style="list-style-type: none"> • Develop independent terms of service that would allow the remuneration of the C&AG staff not to be bound by the civil service pay scale. 	December 2000
Adopt international best practices in determining the oversight of the work of the C&AG.	December 2000
Submit to parliament legislation to merge the C&AG office with the office of the C&AG (corporations).	December 2000
Require that the KRA annually submit to the treasury a plan outlining improvements to be made in tax administration. The plan should incorporate specific benchmarks and timetable for implementation.	March 2000 (implemented)
Measures Aimed at Strengthening Budget Planning and Execution:	
Strengthen reporting of transactions by line ministries by having them regularly audited by the Office of the Internal Auditor.	Ongoing
Issue new instructions by the treasury so as to ensure that the Debt Management Division captures all (government or government-guaranteed) foreign liabilities. Prohibit approval of new external debt obligations without prior confirmation from the Debt Management Division that the new procedures have been adhered to.	June 2000 (implemented)
Prepare, with the help of the IMF's Fiscal Affairs Department, a comprehensive plan for addressing weaknesses in budget planning, implementation, monitoring, and control. Initiate implementation of the plan.	September 2000
Review the entire internal audit system and develop a plan to strengthen the system.	December 2000
Implement the necessary reforms to strengthen the internal audit system, including the allocation of adequate staffing for the effective operation of the system.	March 2001
Ensure that all ministries report their expenditure commitments to the Treasury two weeks after the end of each month.	Ongoing
Complete the verification of all pending bills. Submit the cases where fraud is discovered (including all accompanying documentation) to the KACA for follow up.	December 2000
Settle all legitimate and verified pending bills of the central government.	December 2000

Timetable for Implementation

<p>Require that all noncentral government public institutions develop a strategy to prevent any further accumulation of pending bills, and to eliminate the outstanding pending bills after appropriate verification.</p>	<p>December 2000</p>
<p>Conduct an external audit of all government and government-guaranteed external liabilities.</p>	<p>Ongoing</p>
<p>Establish the necessary regulations to implement the new expenditure commitment approval procedures in ministries, including the requirement that finance officers countersign all valid expenditure commitments.</p>	<p>February 2000 (implemented)</p>
<p>Formulate and implement a three-year rolling medium-term expenditure framework.</p>	<p>March 2000 (implemented)</p>
<p>Measures Aimed at Changing Incentive Mechanisms:</p>	
<p>Specify adequate penalties against line ministries that fail to submit in a timely fashion their monthly expenditure reports to the treasury and the Auditor General.</p>	<p>July 2000 (implemented)</p>
<p>Increase remuneration for public employees over the medium term, with resources made available by the planned reduction in the number of public employees.</p>	<p>2000-03</p>
<p>Improve remuneration for judges, police, and other judicial system employees, but eliminate or avoid all in-kind benefits.</p>	<p>2000-03</p>
<p>Establish and enforce a code of ethics for judicial officers and their support staff.</p>	<p>December 2000</p>
<p>Rotate finance officers in line ministries every three years to ensure that they adhere to the "arm's-length principle."</p>	<p>December 2000</p>
<p>Ensure that performance assessment of Finance Officers is made by line ministries and finalized by the Ministry of Finance.</p>	<p>Ongoing</p>
<p>Publish a bill revising the existing code of regulations (Code of conduct) to provide clearly for sanctions against actions contrary to the code, and establishing strong actions against such actions. The new code should clearly prevent conflicts of interest. Require that all public officials and members of government (including their immediate family members) declare their assets upon appointment and every three years thereafter or upon leaving service, whichever comes first. Current public officials and members of government (including their immediate family members) should meet this requirement within three months of enactment of the bill.</p>	<p>July 2000 (partially implemented)</p>
<p>Enshrine in legislation the banning of any contractors (companies and, if possible, their owners) found to have acted corruptly in their dealings with the government from continuing to do business with the government.</p>	<p>July 2000</p>

Timetable for Implementation

Publish every six months an updated "blacklist" of such contractors. Specify that no contractors can be removed from the list unless a court decision subsequently exonerates them. July 2000

Establish widely publicized and legally effective rules that exonerate the government from paying for expenditure committed outside the existing financial regulations. July 2000

Measures Aimed at Removing Rent-Seeking Opportunities:

Complete a review of all waivers and exemptions from import duties and taxes, and produce a plan with a view to eventually eliminating them, with the exception of those established under international agreements. Where needed, submit to parliament proposals to amend legislation in the context of approving the 2001/02 Finance Bill. March 2001

Update the privatization policy of 1992 to strengthen the process and the institutional framework of privatization, with a view to enhancing transparency and widening participation. The updated framework paper to be approved by the cabinet should include monitorable mechanisms that have been useful in other countries in helping achieve transparency and fairness in the privatization process. June 2000 (implemented)

Continue the ban on all transactions in public land until there is an amended law in place that would effectively address governance concerns in this area. Ongoing

Measures Aimed at Removing Rent-Seeking Opportunities:

Ensure that the KACA periodically writes a report to the government on the areas where rent-seeking opportunities exist, with recommendations for their effective removal. Ongoing

Eliminate all suspended duties, except on oil products. July 2000 (implemented)

Annex 4

Parastatals and Services for Privatisation

- \$ Completion of the privatization of Telkom Kenya and the commercialization of Postal Services;
- \$ Concessioning of Kenya Railways;
- \$ Concessioning of the Container Terminal and other non core services of the Port to convert Kenya Ports Authority into a land lord port;
- \$ Privatization of electricity distribution through Kenya Power and Lighting Company;
- \$ Privatization of Kenya Electricity Generating Company (Kengen) through an IPO;
- \$ Privatization of Kenya Pipeline;
- \$ Privatization of Kenya Commercial Bank;
- \$ Privatization of Kenya Reinsurance Company;
- \$ Privatization of Mumias Sugar Company through IPO and if necessary sale of a portion of shares to a strategic investor;
- \$ Privatization of Chemelil Sugar Company;
- \$ Privatization of Agro-Chemical and Food Company Ltd. (ACFC);
- \$ Involvement of private sector in Kenya Airports Authority through the award of concessions;
- \$ Involvement of private sector in the Water Department of the Nairobi City Council through the award of concessions;
- \$ Privatization of Kenya National Trading Corporation (KNTC) through liquidation;
- \$ Privatization of Pan African Paper Mills;
- \$ Privatization of East African Portland Cement Company through sale of shares on the Nairobi Stock Exchange.

Table 1. Kenya: Medium-Term Projections, 1997-2004

	1997	1998	1999 Est.	2000	2001	2002	2003	2004
	Projections							
(Annual percentage change)								
National income and prices								
Real GDP (factor cost)	2.3	1.8	1.4	1.5	3.1	4.4	5.5	6.0
Real GDP per capita	-0.1	-0.7	-1.1	-1.0	0.7	2.1	3.4	3.9
Consumer price index (period average)	11.2	6.6	3.5	5.7	5.0	4.5	4.0	4.0
External sector								
Export volume	-10.0	-2.0	-5.2	4.6	5.7	5.6	5.5	5.9
Import volume	1.1	-3.2	-6.3	6.2	15.6	-3.2	9.4	-1.0
Terms of trade (- deterioration)	2.0	-5.0	-1.4	-3.3	0.9	-0.1	-0.8	-0.7
(In percent of GDP, unless otherwise indicated)								
Investment and saving								
Investment	18.6	17.2	15.9	16.0	19.9	19.4	23.4	24.5
Central government	4.8	4.3	3.7	3.4	3.8	4.3	4.7	4.9
Other	13.8	12.9	12.2	12.5	16.1	15.0	18.9	19.6
Gross national saving	15.0	13.1	13.4	12.7	13.8	15.4	17.5	20.4
Central government	3.0	4.3	4.3	3.7	4.3	5.0	5.3	5.4
Other	12.0	8.8	9.1	9.0	9.6	10.4	12.3	14.9
Government budget 1/								
Revenue and grants	28.0	27.6	24.5	26.6	26.5	26.1	25.9	25.9
Total expenditure	29.6	27.6	24.5	26.3	26.0	25.6	25.4	25.5
Overall balance (commitment basis)								
Including grants	-1.6	0.0	0.0	0.2	0.5	0.5	0.4	0.4
Excluding grants	-2.4	-0.7	-0.6	-1.5	-1.0	-0.5	-0.5	-0.4
External sector								
Current external balance, including official transfers	-3.6	-4.1	-2.6	-3.3	-6.1	-3.9	-5.8	-4.1
Current external balance, excluding official transfers	-4.2	-4.8	-3.2	-4.5	-7.7	-5.0	-6.7	-5.0
External debt (in U.S. dollars) 2/	5,950	5,760	5,534	5,371	5,264	5,344	5,461	5,553
Gross international reserves (end of year) (in months of imports)	2.5	2.8	2.6	2.5	3.1	3.5	3.8	3.7

1/ Fiscal year (July-June); 1998 refers to fiscal year 1998/99.

2/ Public and publicly guaranteed debt.

	1998/99		1999/00		2000/01		2001/02		2002/03	
	K Sh	%	K Sh	%	K Sh	%	K Sh	%	K Sh	%
Revenue	192,266	26.9	179,855	23.9	201,341	24.8	220,737	25.0	242,630	25.1
Income tax	55,235	7.7	54,238	7.2	57,680	7.1	62,889	7.1	68,762	7.1
Import duty (net)	28,444	4.0	28,923	3.8	30,597	3.8	33,907	3.8	37,681	3.9
Excise duty	28,733	4.0	28,558	3.8	29,575	3.6	32,416	3.7	35,443	3.7
Value-added tax	39,205	5.5	40,722	5.4	51,590	6.4	56,745	6.4	62,717	6.5
Investment income 2/ 3/	16,906	2.4	409	0.1	1,096	0.1	1,195	0.1	1,307	0.1
Other	23,743	3.3	27,005	3.6	30,803	3.8	33,585	3.8	36,721	3.8
<i>Of which: earmarked (AiA)</i>	17,056		16,911		18,076		19,708		21,549	
Expenditure and net lending	197,456	27.6	184,403	24.5	213,607	26.3	229,560	26.0	247,422	25.6
Recurrent expenditure	161,468	22.6	158,335	21.0	184,570	22.8	183,295	20.7	192,920	20.0
Interest payments	40,055	5.6	30,818	4.1	30,594	3.8	27,749	3.1	24,202	2.5
Domestic interest 3/	31,743	4.4	21,871	2.9	21,533	2.7	19,660	2.2	16,969	1.8
Foreign interest due	8,312	1.2	8,947	1.2	9,060	1.1	8,089	0.9	7,233	0.7
Wages and benefits (civil service)	64,003	9.0	68,085	9.0	77,840	9.6	71,584	8.1	72,745	7.5
<i>Of which: civil service reform</i>	750	0.1	493	0.1	7,979	1.0	1,636	0.2	0	0.0
Pensions	5,171	0.7	5,770	0.8	6,328	0.8	7,074	0.8	8,469	0.9
Other	42,340	5.9	44,023	5.8	53,237	6.6	58,734	6.6	68,871	7.1
Defense & NSIS	11,087	1.6	12,560	1.7	16,571	2.0	18,154	2.1	18,633	1.9
Commitment adjustments 4/	-1,188	-0.2	-2,921	-0.4	0	0.0	0	0.0	0	0.0
Development and net lending	35,988	5.0	26,068	3.5	29,037	3.6	34,515	3.9	41,002	4.2
Domestically financed	8,893	1.2	5,728	0.8	9,729	1.2	13,930	1.6	18,957	2.0
Foreign financed	16,381	2.3	20,167	2.7	17,777	2.2	19,000	2.1	20,395	2.1
Net lending	7,712	1.1	172	0.0	1,531	0.2	1,586	0.2	1,651	0.2
Commitment adjustments 4/	3,002	0.4	0	0.0	0	0.0	0	0.0	0	0.0
Unidentified expenditure 5/	0	0.0	0	0.0	0	0.0	11,750	1.3	13,500	1.4
Balance (commitment basis)	-5,190	-0.7	-4,548	-0.6	-12,266	-1.5	-8,823	-1.0	-4,792	-0.5
Grants	4,920	0.7	4,977	0.7	13,956	1.7	13,426	1.5	9,217	1.0
Project Grants	4,525	0.6	4,633	0.6	6,352	0.8	6,789	0.8	7,288	0.8
Program Grants	395	0.1	344	0.0	7,604	0.9	6,637	0.8	1,930	0.2
Balance (commitment basis, including grants)	-270	0.0	429	0.1	1,690	0.2	4,603	0.5	4,425	0.5
Adjustments to cash basis	-2,011	-0.3	-5,776	-0.8	-4,554	-0.6	0	0.0	0	0.0
Balance (cash basis)	-2,281	-0.3	-5,347	-0.7	-2,864	-0.4	4,603	0.5	4,425	0.5
Financing	2,284	0.3	5,347	0.7	-9,980	-1.2	-4,603	-0.5	-4,425	-0.5
Net foreign financing	-8,732	-1.2	-14,450	-1.9	-12,133	-1.5	-6,356	-0.7	-1,626	-0.2
Project loans	11,856	1.7	15,534	2.1	11,425	1.4	12,211	1.4	13,107	1.4
Program loans	344	0.0	12	0.0	14,387	1.8	8,756	1.0	9,037	0.9
Repayments due	-23,728	-3.3	-32,871	-4.4	-31,998	-3.9	-27,323	-3.1	-23,770	-2.5
Change in arrears	2,796	0.4	2,875	0.4	-5,947	-0.7	0	0.0	0	0.0
Privatization proceeds	0	0.0	5,660	0.8	7,572	0.9	4,356	0.5	4,719	0.5
Net domestic financing	11,016	1.5	14,137	1.9	-5,419	-0.7	-2,603	-0.3	-7,518	-0.8
<i>Of which: expenditure arrears securitization</i>	940	0.1	-3,499	-0.5	-3,001	-0.4	0	0.0	0	0.0
Financing gap 6/	0	0.0	0	0.0	12,844	1.6	0	0.0	0	0.0
Memorandum items:										
GDP	714,613	...	753,365	...	810,802	...	884,028	...	966,574	...
Stock of domestic debt, net (end of period)	146,811	20.5	160,948	21.4	155,529	19.2	152,927	17.3	145,408	15.0
Human Resource Development 7/	17,820	...	19,541	...	22,531	...	25,600	...

Sources: Kenyan authorities; and Fund staff estimates and projections.

1/ Fiscal year ending June 30.

2/ The outturn for 1998/99 includes K Sh. 7.6 billion in central bank profit transfers budgeted for 1998/99, but received in 1997/98.

3/ At the beginning of 1999/2000, KSh 31 billion of central bank short-term treasury bill holdings were converted into zero-interest long-term bonds.

4/ The fiscal accounts are on a cash basis (with the exception of foreign interest due). Adding accumulation of pending bills and subtracting cash repayment of them adjusts to a commitment basis.

5/ For social programs and other priorities, including civil service wage decompression, to be identified in the context of the full PRSP.

6/ The authorities hope that the financing gap in 2000/01 could be covered by debt rescheduling.

7/ One of seven sectors utilized in the MTEF prioritization process. It includes the non-wage components of education, health and other social spending.

Table 3 : Sectoral Allocation Targets (percent of total recurrent and total development)

Sector	Category	1999/00	2000/01	2001/02	2002/03
Public Safety, Law & Order	Recurrent Exp.	3.1	3.57	3.68	3.71
	Development Exp	1.5	1.2	1.2	1.2
Public Administration	Recurrent Exp.	7.1	5.92	5.69	5.51
	Development Exp	4.4	5.3	3.3	-
Human Resource Development	Recurrent Exp.	12.3	10.72	12.07	12.39
	Development Exp	9.6	13.5	14.0	14.6
Agriculture & Rural Development	Recurrent Exp.	1.9	2.07	2.11	2.13
	Development Exp	18.5	23.7	23.1	24.4
Physical Infrastructure*	Recurrent Exp.	0.3	0.70	0.73	0.74
	Development Exp	63.2	54.1	56.2	57.8
Tourism, Trade & Industry	Recurrent Exp.	0.8	1.23	1.25	1.26
	Development Exp	1.7	2.1	2.1	2.0
National Security	Recurrent Exp.	11.0	12.31	12.29	12.29
	Development Exp	0.1			
All Wages and Salaries	Recurrent Exp	58.6	54.26	55.75	58.17
Other	Recurrent Exp	5	9.22	6.42	3.81

* Includes all building and construction in all sectors

Annex 6

Monetary Policy and Financial Sector Reform

1. **Monetary Policy:** Recent experience in the developing countries that have been most successful in achieving high and sustainable growth has clearly demonstrated the importance and value of maintaining a sound monetary policy with low inflation. Persistent inflation does considerable harm to the economy by discouraging savings while encouraging unproductive investments. Inflation causes interest rates to rise over time and creates uncertainty which makes it difficult to make sensible investment decisions. In other words, rising inflation discourages productive investment that is necessary to create jobs. It is important to emphasise that although inflation victimizes all Kenyans in some way, it hurts the poor more as they have no means to hedge against it.

2. The Government recognises the fact that inflation does no good, and the country stands to gain more, in the long run, from maintaining low inflation as an important element of its poverty reduction strategy. For this reason we have managed monetary policy, over the last six years, with a view to providing a stable macroeconomic environment specifically, price stability as the context within which Kenyans and Kenyan business enterprises can plan for the medium and longer-term. This essentially has entailed restricting the growth of the money supply to its demand in line with the increase in our national income.

3. The Government is convinced that to achieve a lasting reduction in poverty, we will first and foremost need to register economic growth that is not only high and stable, but which embraces the poor people and allows them to share in the fruits of development. Such growth will be realised only within a sound macroeconomic framework, in which resources are utilized efficiently in pro-poor income and employment generating activities. In this context, the monetary policy will, supported by prudent fiscal policy continue to aim to deliver price stability through permanently low inflation, defined as not more than 5% throughout the programme period. This will entail limiting expansion of money supply to levels consistent with non-inflationary growth targets. This level of inflation is consistent with that of our major trading partners and will, therefore, help maintain a stable exchange rate.

4. Regarding the transparency of monetary policy, public understanding of the objectives and reasons for monetary policy being pursued has been helped by the greater openness with which monetary policy is now conducted through the Monthly Economic Review and the bi-annual Monetary Policy Statement which are produced by the Central Bank of Kenya.

5. **Banking System:** A stable and efficient banking system is critical to the mobilisation of adequate savings to finance the investment and growth that is needed to reduce poverty. The prevalence of a large number of small and weak banks has in the recent past threatened the stability of the banking industry. Moreover, partly because of poor lending practices and

weaknesses in the judiciary, which constrain loan recovery efforts, most banks carry very high levels of non-performing loans. In addition, many institutions in the industry operate on outdated information technologies. These weaknesses have partly contributed to the high operating costs leading to high interest rates banks charge on their loans and services.

6. In the immediate future, efforts will be directed towards restoring the stability of the banking sector by, increasing the frequency of on-site inspections, intensifying off-site surveillance, and encouraging more of the small banks to merge. With respect to on-site inspection and off-site surveillance, it is important to note that over the last two years, the Banking Act has been extensively revised with a view to enhancing the powers of the Central Bank to supervise banks and also ensure compliance with prudential regulations. The Central Bank is now empowered to levy monetary penalties to banks that do not comply with the laid down regulations. In this context, the Central Bank will intensify on-site inspections to ensure that by the year 2001 each institution is inspected once every year. On-site inspection will continue to be complemented by off-site surveillance which is now able to provide reliable early warning signals on the status of institutions.

7. In addition to surveillance, the paid up capital base of commercial banks and non-bank financial institutions will be progressively increased to a sound level. This will be done either through additional capital injection or encouraging small banks to merge. Appropriate legal and other enabling procedures will be put in place by the end of 2000 to remove legal impediments in areas like the assignment of assets and liabilities and to ensure bank mergers are effected smoothly in order to encourage consolidation of bank services.

8. To further clarify and expand on prohibited activities, the Central Bank will issue prudential regulations and policies including on the amount of risk that banks may incur in lending operations. A system will also be set up to enable the Central Bank share debtor information with licenced banking institutions.

9. To improve operational efficiency of the banking sector, banks will be encouraged to modernize their information technology, to pool services such as ATMs in order to cut costs, and improve customer service. Institutions will also continue to be encouraged to improve their corporate governance by enhancing the role of audit committees which will be made mandatory.

10. On the issue of the large non-performing loan portfolio, the Government will move with speed to improve the capacity of the judiciary to facilitate speedy disposal of the commercial cases currently pending before the courts. Lack of adequate accommodation for courts, in the face of limited financial resources of the Government, has been a major constraint. To redress this problem, plans are under way to renovate the Income Tax House specifically to accommodate commercial courts. Phase I of the renovation works is to be completed by June 2001 and Phase II by June 2002. In addition, the number of commercial judges will be increased to a level that will facilitate clearance of the backlog of pending commercial cases. Furthermore the Government will coordinate with the Central Bank on establishment of Credit

Reference Bureaus. Towards this end, appropriate legislation will be put in place by 31st December 2000 to allow institutions disclose their non-performing loans to the credit reference bureaus.

11. The Government will accelerate its divesture from the financial sector during the three-year period to 2002 by selling its shareholding in Kenya Commercial Bank (KCB), National Bank of Kenya (NBK), Development Bank of Kenya, Stanbic, Housing Finance Company of Kenya (HFCK), Consolidated Bank and Industrial Development Bank (IDB).

12. **Investment/Merchant Banks:** To deepen the financial sector and promote investment vehicles such as mutual funds and unit trusts etc., investment merchant banks will be encouraged. However, they will be ring fenced from traditional banking services to encourage them to develop as specialised financial market institutions. Investment banks will be non-deposit taking institutions, which will distinguish them from the normal commercial banks operations. In this regard, they will have less capital and liquidity requirements compared to commercial banks. The core functions of the investment banks, being non-deposit taking institutions, will include investment advisory, corporate finance, restructuring public enterprises, mergers, acquisitions, takeovers, public issuance of securities, dealing in securities and underwriting arrangements.

13. Investment banks will be regulated by the Capital Markets Authority. In this context, the CMA Act will be amended by July 2000 to provide for enabling regulatory legislative framework. In addition, guidelines on operations and regulations of investment banks will be issued by October 2000.

14. **Micro-finance Institutions:** A large number of Kenyans derive their livelihood from micro and informal business enterprises. Therefore, development of this sector represents an important means of promoting employment, growth, and poverty reduction in the long-term. However, in spite of the importance of this sector, experience shows that provision and delivery of financial services and credit to the sector by formal financial institutions, such as commercial banks has been below expectation. This means it is difficult for the poor to emerge out of their poverty through meaningful and productive activities. Therefore new, innovative and poor friendly modes of financing informal and small-scale enterprises need to be developed, which are based on sound operating principles.

15. In the last two decades or so, co-operative banking sections, and other micro-finance institutions set up within the NGOs framework, have been important sources of credit for a large number of small-scale producers and business operators in the rural and urban areas. These micro finance institutions have however operated without an appropriate policy and legal framework. There is therefore need to reinforce focus on these institutions to enhance their effectiveness as catalysts, and conduits in the provision of credit to the poor.

16. The Government recognises that greater access to, and sustainable flow of credit to the informal sector operators, are critical to progress in poverty reduction. Therefore, development of an appropriate policy and legal framework to promote a viable and sustainable system of micro-finance in the country will be initiated and completed in 2000/01. In doing this, the Government will consult with the stakeholders to get their views on the best way to create the required enabling environment for this sub-sector. In addition, a full-fledged micro finance unit will be established in 2000/01 in the Central Bank to regulate micro finance organizations. The unit will be required to formulate policies and procedures to address the problems facing these institutions and to build up a database to facilitate better monitoring of their operations.

17. **Money and Capital Markets:** Money and capital markets play an important role in mobilisation and allocation of both domestic and international capital. In this regard, they constitute an important sector critical in underpinning economic growth and poverty reduction.

18. Access to long-term capital funds by the small and medium scale companies with high growth potential has not been adequate. To address this problem, the stock market has been restructured into three independent market segments, namely:

! **The Main Investment Market Segment (MIMS)** represents the main quotation market. Listing and disclosure requirements for this segment is more stringent.

! **The Alternative Investment Market Segment (AIMS)** caters for companies that are not able at the moment to have access to the market because they cannot meet the stringent eligibility requirements. This market segment therefore provides an alternative method of raising capital particularly for small and medium sized companies and will have less stringent eligibility and listing requirements. The market also offers investment opportunities to high net worth individuals and institutional investors.

! **The Fixed Income Securities Market Segment (FISMS)**, provides an independent market for fixed income securities such as security bonds, treasury bonds and preference shares, among others.

19. Other measures contemplated to promote domestic savings include:- (a) the promotion of collective investment schemes to encourage saving and to facilitate access to capital markets by small savers; and (b) introduction of a secondary mortgage market. The legislation to provide for the establishment of collective investment schemes - such as mutual funds, unit trusts and property trusts - is in the process of being introduced. The necessary Bill was tabled in Parliament in May 2000. The Capital Markets Authority will, contingent on the passage of the Bill into Law, develop by July 2000, the necessary operational guidelines and the requisite regulatory framework.

20. To harness long-term financial resources for the housing sector and facilitate savings in financial assets, a framework for issuance of asset-backed securities and development of a

secondary market for mortgages will be initiated. A Policy Paper setting out more clearly the basis and benefits of asset-backed securities will be finalised by September 2000. The necessary legal framework for the use of asset backed securities by housing finance companies and the mortgage companies will be prepared and completed by June 2001, and appropriate guidelines will be issued by September 2001.

21. The capital markets play an important role in mobilising international capital to supplement domestic savings and to meet the financing requirements of the economy. In this regard, as part of the liberalisation programme of the Kenyan economy, foreign portfolio investors were allowed to acquire interest in public listed companies at the Nairobi Stock Exchange subject to pre-determined ceilings. The ceilings are a maximum aggregate of 40% of the share capital and a maximum individual shareholding of 5%. The present requirements inhibit active participation of foreign investors in the domestic money market and have a negative perception in an otherwise liberalised economy. Consequently, the rules governing foreign portfolio investments will be reviewed with a view to making them more investor friendly.

22. To improve efficiency and functioning of the capital markets, the Capital Markets Authority and the Nairobi Stock exchange have begun a programme aimed at implementing comprehensive modernisation of trading and settlement operations and systems. As part of this programme, electronic trading system by the Nairobi Stock Exchange (NSE) is being developed and it is planned to be completed and implemented by January 2001. In addition, a central depository system, an electronically driven system of registration and settlement, will be introduced in FY 2000/01. The system is expected to facilitate efficient mobilisation of securities. A Bill to create the necessary legislation has been published and is expected to be tabled in Parliament by April 2000. A consortium of institutional investors led by the Nairobi Stock Exchange, International Finance Corporation (IFC), some local banks and insurance companies, is expected by the end of July 2000 to sign a shareholders agreement and contribute to the initial capital of the project.

23. **Regulatory Framework:** There are a number of institutions currently empowered to regulate the various institutions providing a variety of financial services to the business and non-business community. At times, because of the overlap of responsibilities and conflicting regulatory requirements, this regulatory regime has caused serious operational difficulties to market participants. There is therefore a need to consolidate the regulatory regime to address the problem of overlap of responsibilities and thereby enhance efficiency of our financial system. The consolidation is envisaged to include initially the Capital Markets Authority, Retirement Benefits Authority and Insurance Commission to form a single financial services regulatory body. A study to provide the basis for the most appropriate modalities of establishing such an institution will be carried out and completed by June 2001. An appropriate legislation to provide for its establishment will be prepared and finalised ready for tabling in Parliament by December 2001.

Annex 7

SELECTED SOCIAL INDICATORS/TARGETS

	1998	1999 est	2000 est	2001 est	2002 est
Unemployment	25%	24%	22%	21%	20%
Infant mortality rate*	74	72	70	68	65
Under five mortality*	112	110	105	100	98
Maternal Mortality **	590	570	550	520	500
Incidence of stunting in children under 5	37.5%	37%	36.5%	36%	35%
Crude death rate*	12	11.5	11	10.5	10
Wasting among children under 5	6.3%	6.25%	6.2%	6.1%	6%
Life expectancy	60	58	53	54	55
Adult literacy	75%	76%	77%	78%	80%
Gross primary enrolment	89%	90.5%	90%	91%	92 %
Primary school completion rate	46%	48%	50%	52%	55%
Gross secondary enrolment	23%	24%	25%	30%	40%
Fertility rate	4.8	4.6	4.2	3.8	3.5

* per 1000

** per 100,000 births

INTERIM POVERTY REDUCTION STRATEGY PAPER-IMPLEMENTATION MATRIX
1. PHYSICAL INFRASTRUCTURE SECTOR

1.1 ROADS

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
Increased accessibility, income and employment in the rural areas	<p>Implement Roads 2000 Strategy:</p> <ul style="list-style-type: none"> ▪ Sustain employment of casual contractors while ensuring gender balance ▪ Train Small labour based contractors while maintaining gender balance 	<ul style="list-style-type: none"> ▪ Routine maintenance of all feeder roads: FY01 – 54,860 km FY02 – 54,860 km FY03 – 54,860 km ▪ Periodic maintenance of feeder roads: FY01 – 1000 km FY02 – 1000 km FY03 – 1000 km ▪ Person-days of employment sustained: FY01 – 1,178,800 FY02 – 1,844,400 FY03 – 2,692,200 ▪ Labour Based contractors trained: FY01 – 45 FY02 – 155 FY03 – 155 	<p>Ksh. 5.6 billion per year for both routine and periodic maintenance.</p> <p>To be determined</p> <p>To be determined</p>	<p>District Roads Committees (DRCs)</p> <p>District Roads Committees (DRCs)</p> <p>District Roads Committees (DRCs)</p> <p>MoRPW</p>	FY01 to FY03
Streamline ownership arrangements in the Road Sector and foster transparency, accountability and efficiency	<ul style="list-style-type: none"> ▪ Operationalize KRB ▪ Operationalize DRCs ▪ Publish financial and performance audits for KRB and all implementing agencies ▪ Effective action on audit reports ▪ Qualified contractors to manage and maintain selected road networks (both equipment and labour based) on the basis of specified performance standards ▪ All road contractors to be supervised by independent 	<ul style="list-style-type: none"> ▪ Appointment of the Chief Executive and senior staff management ▪ DRC established and working. ▪ Audit reports ▪ Reduction in qualified reports ▪ Number and extent of maintenance contracts percentage attained ▪ Implementation of requirement 		<p>ISG/GoK</p> <p>ISG/KRB/GoK</p> <p>MoRPW/DRCs</p> <p>MoRPW</p> <p>GoK</p>	<p>July 1, 2000</p> <p>FY01</p> <p>FY01</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> registered engineers who should hold adequate professional liability insurance ▪ Roads Department to be transformed into a SAGA ▪ Maintain a performance register for consultants and contractors 	<ul style="list-style-type: none"> ▪ Institutional Development Study ▪ Establishment of SAGA ▪ Establish register, including criteria for assessment of performance and appeal procedure. 		<p>MoRPW</p> <p>MoRPW</p>	<p>FY02 FY03</p> <p>FY01</p>
Ensure the main road network is maintained to an economic level of service	<ul style="list-style-type: none"> ▪ Enhanced routine and periodic maintenance ▪ Upgrading and reconstruction of trunk roads ▪ Termination of rehabilitation contracts on low priority roads ▪ Review of fuel levy tariff regularly and then continue with full maintenance funding ▪ Refine needs for roads sector 	<ul style="list-style-type: none"> ▪ Routine maintenance of all trunk roads: <ul style="list-style-type: none"> FY01 – 4,500 km FY02 – 4,500 km FY03 – 4,500 km ▪ Periodic maintenance of trunk roads: <ul style="list-style-type: none"> FY01 – 850 km FY02 – 850 km FY03 – 850 km ▪ Reconstruction of trunk roads <ul style="list-style-type: none"> FY01 – 150 km FY02 – 150 km FY03 – 150 km ▪ Upgrading of trunk roads <ul style="list-style-type: none"> FY01 – 100 km FY02 – 100 km FY03 – 100 km ▪ Number of contractors to be terminated ▪ Increased level of maintenance funding taking into account of inflation over the years ▪ Complete maintenance funding needs study 	<p>Ksh. 5.4 billion per year for both routine and periodic maintenance.</p> <p>Ksh. 2.4 billion per year</p> <p>From donors Ksh. 2.0 billion Kshs 2.0 billion From donors Kshs 2.0 billion “ “</p> <p>To be determined</p> <p>To be determined</p>	<p>MoRPW</p> <p>MoRPW</p> <p>MoRPW</p> <p>MoRPW</p> <p>Gok/KRB</p> <p>KRB</p>	<p>June 2001</p> <p>June 2001</p> <p>June 2002</p>
Commercialisation of the	Transform to semi-autonomous	▪ Establishment of a Government		MoRPW	FY02/03

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
Mechanical and Transport Department	Government Agency and establish commercial regional plant and equipment pools	<ul style="list-style-type: none"> ▪ Agency ▪ Nine plant pools established with 1,500 machines ▪ Equipment availability increased: FY01 – 40% FY02 – 65% FY03 – 80% 	To be determined		FY 02
Improve Shelter situation in rural and urban areas	<ul style="list-style-type: none"> ▪ Finalize and Implement the National Housing policy ▪ Coordination of slum upgrading programmes ▪ Implementing of National plan of action and habitat Agenda on Shelter and Human settlement 	<ul style="list-style-type: none"> ▪ Improved housing conditions in rural and urban areas ▪ Improved slum dwellings and infrastructural services ▪ National Housing report ▪ Improved shelter 	FY 01 185,500,000 FY2-174,200,000 FY3 – 175,560,000	MOR&WP NGOs Communities Local Authorities MOL&S Private sector	Continuous
Facilitate provision of decent and affordable housing	<ul style="list-style-type: none"> ▪ Identify and disseminate low cost building materials and appropriate building technologies. ▪ Production of house design manuals ▪ Disseminate successful documented experiences (Best practices) that have worked elsewhere ▪ Reduce taxation and interest rates 	<ul style="list-style-type: none"> ▪ Materials (SSB F.C.R etc) ▪ Improved shelter ▪ Income generating activities ▪ Community involvement ▪ Reduced design cost ▪ Income generation 	FY1 – 46,000,000 FY2 – 50,300,000 FY 3 – 53,000,000	MOR&WP NGOs Communities MOF&P	Continuous
Development of Housing programmes and projects	<ul style="list-style-type: none"> ▪ Create enabling environment for a developers and financiers in provision of housing. ▪ Completion of viable pool housing projects ▪ Financing of rural Housing through NHC ▪ Clearing of pending bills 	<ul style="list-style-type: none"> ▪ Increased housing stock ▪ Improved rural housing 	FY01 – 919,490,000 FY02 – 705,160,000 FY03 – 765,140,000	MOR&WP NHC Shelter Afrique HFCK	Continuous
Promotion and protection of the Kenyan statehood and nationalhood	<ul style="list-style-type: none"> ▪ Participate in International Forum on shelter and Human Settlements ▪ Contribution to:- 1. UNCHS (Habitat) 2. Shelter Afrique 	<ul style="list-style-type: none"> ▪ Enhanced National image and recognition internationally ▪ Improved cooperation 	FY01 – 44,000,000 FY02 – 46,400,000	MOR&PW UNCHS (Habitat) Shelter Afrique AHF	Continuous

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/USS)	IMPLEMENTING AGENCIES	TIME FRAME
	3. African Housing Fund (AHF) <ul style="list-style-type: none"> ▪ Implementation of Habitat Agenda and plan of action on shelter and Human settlements. 	<ul style="list-style-type: none"> ▪ Improved shelter 	FY03 – 48,460,000	MOLG NGOs	
Discontinue Housing Civil Servants	<ul style="list-style-type: none"> ▪ Stop hiring private accommodation ▪ Pay market rate house allowance to civil servants. ▪ Rent out GoK houses at market rate rents to occupants 	<ul style="list-style-type: none"> ▪ Handing back of over 3,300 leased houses to their owners ▪ Paying of market rate house allowance to civil servants ▪ Revenue generation for GoK 	1.19 billion To be determined To be determined	MR&PW GOK MR&WP	FY01 FY01-03 FY – 03
Prolong economic life span of existing Government buildings	<ul style="list-style-type: none"> ▪ Provide adequate maintenance of Government buildings 	<ul style="list-style-type: none"> ▪ Savings on replacement costs 	To be determined	MR&PW	FY01-03
Complete Ongoing Building projects	<ul style="list-style-type: none"> ▪ Prepare Inventory and status ▪ Re-priorities the projects ▪ Reduce the scopes to match budget ▪ Prepare realistic completion Programme ▪ Fund the reprioritised projects accordingly 	<ul style="list-style-type: none"> ▪ Update works Programme ▪ Priority lists for each ministry ▪ The total ongoing projects are 170 requiring approx. Kshs. 3 Billion. ▪ No. of projects to depend on funding availed. ▪ Increase completion rate ▪ No. of projects completed 	To be determined	MOR&PW MOF&P All Ministries with projects	FY01-03
Terminate/Suspended stalled Building projects	<ul style="list-style-type: none"> ▪ Prepare Inventory and Status ▪ Invite Contractors to negotiate terms ▪ Terminate the contracts ▪ Review viability of the projects ▪ Recommend the sale of non-viable projects ▪ Consider build-operate. Transfer approach ▪ Re-prioritize the viable projects to be implemented in phases 	<ul style="list-style-type: none"> ▪ List of stalled projects ▪ Out of the approximately 140 stalled projects negotiate the termination 70% in first year 30% in first year 30% in second year ▪ No. of projects sold ▪ No. of projects on BO&T or joint ownership 	To be determined	MOR&PW MOF&P Client Ministries	FY01-03
Suspend construction of new Government projects except those of emergency nature	<ul style="list-style-type: none"> ▪ Clear the backlog on the ongoing & re-prioritized projects. ▪ Review existing capacity on both office and housing accommodation. ▪ Re-locate needy case 	<ul style="list-style-type: none"> ▪ No. of lease offices surrendered 		MOR&PW Client Ministries	FY01
Instill professionalism in contractors	<ul style="list-style-type: none"> ▪ All new contractors applying for registration to have relevant 	<ul style="list-style-type: none"> ▪ No. of contractors with technical qualifications 		MOR&PW ML&MD	FY01 onwards

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> technical qualification ▪ All building contractors to apply for renewal of registration ▪ Encourage training, re-training and registration of qualified craftsmen 	<ul style="list-style-type: none"> ▪ Reduce the number of contractors from the current 4200 to about half/or downgrade them. ▪ Proper utilization of training levy fund 			
1.2 ENERGY					
Implement urgent measures to minimize the impact of the current power crisis on the economy	<ul style="list-style-type: none"> ▪ Expedite negotiations for the procurement of additional power import ▪ Set up a Taskforce to oversee the procurement and financing arrangements of the emergency power equipment in a transparent and cost effective manner ▪ Repair Kipevu Steam Power Plant ▪ Device a load shedding program in consultation with stakeholders that minimizes its effect on the productive sectors 	<p>Complete negotiation for additional 50 MW</p> <p>Taskforce established Procurement of up to 180 MW equipment</p> <p>Additional 30 MW</p> <p>Public announcement of the program</p>	<p>To be determined</p> <p>To be determined</p> <p>US\$ 2m</p>	<p>MOE</p> <p>MOE/MOFP</p> <p>KenGen</p> <p>MOE/KPLC</p>	<p>July 2000</p> <p>Sept 2000</p> <p>May 2000</p>
Ensure adequate supply of energy to efficiently and reliably meet demand requirements to stimulate economic growth	<ul style="list-style-type: none"> ▪ Expeditiously implement committed generation plants <ul style="list-style-type: none"> - Lanet diesel power plant - Eldoret diesel power plant - Olkaria II geothermal power - Olkaria III geothermal power - Sondu Miriu hydro power - Kipevu II diesel power plant ▪ Revise power expansion program to incorporate opportunities for regional trade in the context of the East African Regional Energy Master Plan ▪ Prepare and implement a line loss 	<p>Additional 55 MW</p> <p>Additional 55 MW</p> <p>Additional 32 MW</p> <p>Additional 32 MW</p> <p>Additional 8 MW</p> <p>Additional 56 MW</p> <p>Additional 60 MW</p> <p>Additional 75 MW</p> <p>Review of updates with development partners</p> <p>1% annual reduction in system losses to 15.5%</p>	<p>\$ 50 million PSF</p> <p>\$ 50 million PSF</p> <p>\$174 million PSF</p> <p>\$208 million PSF</p> <p>\$180 million PSF</p> <p>\$ 82 million PSF</p> <p>\$ 36m public sector financing</p>	<p>KPLC/IPP</p> <p>KPLC/IPP</p> <p>Ken Gen</p> <p>Ken Gen</p> <p>KPLC/IPP</p> <p>KPLC/IPP</p> <p>Ken Gen</p> <p>KPLC/IPP</p> <p>MOE/KPLC</p> <p>KPLC</p>	<p>August 2001</p> <p>July 2001</p> <p>Dec 2001</p> <p>March 2002</p> <p>July 2000</p> <p>July 2003</p> <p>July 2003</p> <p>July 2001</p> <p>Annually</p> <p>June 2003</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> reduction program ▪ Review existing power structure to define a vision for a more competitive market ▪ Construct petroleum products arm loading facilities for road tankers ▪ Standardize LPG gas cylinder valves and regulators 	<p>Completion of review</p> <p>Award of contract</p> <p>Complete study</p>	<p>To be determined</p> <p>US\$ 160,000</p>	<p>MOE</p> <p>MOE</p> <p>MOE</p>	<p>June 2001</p> <p>June 2001</p> <p>Dec-2000</p>
Increase the proportion of the population with access to electricity, particularly the urban and rural poor	<ul style="list-style-type: none"> ▪ Closely monitor the technical and financial implementation of the on-going Rural Electrification Program (REF) ▪ Carry out studies to: <ul style="list-style-type: none"> - define the arrangements for financing, transparent monitoring and evaluation, and execution of electrification programme - identify required regulatory and other policy changes - formulate a 10-20 year implementation programme for increasing access particularly to the rural areas 	<p>Increase access from the current 8% to ...%</p> <p>Completion of study</p> <p>Completion of study</p> <p>Completion of programme</p>	<p>\$13.3 m from REF levy and donors</p> <p>\$450,000 for studies and formulation of the program</p> <p>Costing for the expansion of the REP and target access rates to be determined</p>	<p>MOE</p> <p>MOE</p> <p>MOE</p>	<p>June 2001</p> <p>June 2001</p> <p>December 2001</p>
Intensify exploration and development of domestic energy resources	<ul style="list-style-type: none"> ▪ Implement a geothermal resource assessment programme under the energy sector project ▪ Promote the development of efficient energy stoves, charcoal conversion kilns, charcoal briquette stoves and other biomass energy recovery technologies 	<p>Complete drilling activities to determine availability of adequate resources to establish additional geothermal power plant(s)</p> <p>Periodic reports on standards</p>	<p>\$ 10m public sector financing</p>	<p>MOE/KenGen</p> <p>MOE</p>	<p>June 2003</p> <p>June 2003</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> ▪ Assemble data on wind regimes ▪ Develop a household energy supply strategy as required under the energy sector project ▪ Revive renewable energy resource testing and demonstration centres ▪ Continue promotional studies on fossil fuels ▪ Undertake studies on hydro power projects. 	<p>Prepare national wind map A household energy supply strategy developed</p> <p>Number of centres revived</p> <p>Periodic reports and promotional activities</p> <p>Availability of project reports</p>	\$400,000	<p>MOE MOE</p> <p>MOE</p> <p>MOE MOE/KenGen</p>	<p>June 2001 December 2002</p> <p>December 2002</p> <p>Continuous June 2003</p>

1.3 WATER AND SANITATION

<p>Increase access to improved water supply and sanitation (WSS) to raise standards of living for the poor</p>	<ul style="list-style-type: none"> ▪ Institutional, legal and policy reforms <ul style="list-style-type: none"> - Define the new framework, structure, roles and relationships of sector institutions - Develop a capacity building program and an institutional transition plan for the main actors (MENR, Private sector, communities, NGOs) - Develop a Water Pricing and Tariff Policy - Formulate and develop a National WSS programme focussing on Poverty Reduction - Develop institutional and legal guidelines for other service providers to participate in financial and management - Define the role and mandate for irrigation - Develop an alternative financing mechanism to facilitate community access to funds ▪ Rural Water Supplies : GoK Schemes <ul style="list-style-type: none"> - Develop guidelines/modalities for 	<p>Approval and adoption of the new framework and structure Approval by Stakeholders</p> <p>Cross subsidies and mechanism for providing a minimum level of service to the poor. Approval of Reviewed Water Act and Local Government Act</p> <p>Approval and adoption of new institutional framework Approval by Stakeholders</p> <p>Approval and application of guidelines</p> <p>20 schemes handed over to communities and local actors in a year</p> <p>No. of schemes successfully managed by communities, other local actors with active participation of women % of poor people with access to improved WSS</p>	<p>Ksh. 30m</p> <p>Ksh. 5m</p> <p>Ksh. 885m</p>	<p>July 01</p> <p>July 01</p> <p>Jan 01 July 01</p> <p>July 01</p> <p>July 01 Dec 00</p> <p>Dec 00</p> <p>Jan 01</p>
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OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	transferring GoK water supplies <ul style="list-style-type: none"> ▪ - Rehab/augmentation program along with Transfer (Handover) of schemes to communities and other local actors 	% reduction in time spent by women fetching water			
	<ul style="list-style-type: none"> ▪ Rural Water Supplies: Self-Help Schemes <ul style="list-style-type: none"> - Rehabilitate and construct piped self-help schemes - Construction of water points ▪ Urban WSS Schemes <ul style="list-style-type: none"> - Identify appropriate forms of PSP - Rehab/augment WSS systems with new service providers - Extend infrastructure and develop models for distribution and management of WSS to the poor in peri-urban areas ▪ Water Conservation in the ASAL areas <ul style="list-style-type: none"> - Rehab/construct dams, pans, boreholes, in partnership with user communities and on contract with the private sector <ul style="list-style-type: none"> - Water conservation structures (dams, pans) - Borehole (drilling activities) ▪ Water Resources Management <ul style="list-style-type: none"> - Appointment: Ensure rights of the poor 	<ul style="list-style-type: none"> - 25 schemes rehab/constructed per year - No. of water points constructed in a year Economic activities arising from availability of water No. of women venturing into water related economic activities - Model for the various typologies of systems/towns - No. of schemes financed & managed by other service provider - % of peri-urban population with access to improved services 38 dams rehab/constructed per year 12 boreholes constructed and equipped per year % of the poor with access to improved water Livestock population with access to water % of poor people with access to water 	125m 462m 10m 500m 50m 219m 37m 40m 5m		Continuous July 01 July 01 July 03 July 01 July 01 July 01 July 01 July 01 Continuous July 01

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	riparian - Abate pollution of water resources consumed by the poor - Develop and establish a community based catchment management strategy	resources Quality of water consumed by the poor Quality and quantity of water available to the poor			
2. HUMAN RESOURCE DEVELOPMENT SECTOR					
2.1 EDUCATION					
Enhance access, retention, completion rates and attainment at the primary school level.	<ul style="list-style-type: none"> ▪ Expand provision of textbooks and other learning and teaching materials to achieve pupil textbook ratio of 3:1 at standard 1-4 and 2:1 at standard 5-8 ▪ Review and rationalize curriculum, including reduction of taught and examinable subjects from 13 to 7 and 7 to 5, respectively. ▪ Monitor, enforce and control exploitation of parents on user charges, for example, coaching, assessment, activity and maintenance. ▪ Expand the coverage of bursaries and school feeding program for children from poor households. ▪ Continue the subsidies to examinations and certification targeted to the poor. ▪ Equitable distribution of teachers. 	<ul style="list-style-type: none"> ▪ 2 million textbooks covering 6 textbooks provided ▪ Enrolments increased by 2.5% annually. ▪ Dropout rate reduced by 2% annually. ▪ Annual consumption expenditure per capita of the poorest 20% reduced from 15% to 5% on annual educational expenditure per pupil. ▪ Taught subjects and examinable papers reduced from 13 to 7 and 7 to 5, respectively. ▪ 47,000 pupils in 199 primary schools provided with grants. ▪ 488,714 pupils provided with meals. ▪ Cost of examinations reduced by 20% at primary level and 600,000 pupils at secondary level get subsidised examination charges. ▪ Schools PTRs above 50 reduced by 50% 	<p>Ksh. 660 million (textbooks)</p> <p>Ksh. 29.6 million (curriculum)</p> <p>Ksh. 628 million (grants and feeding)</p> <p>Ksh. 338.2 (KNEC)</p>	<p>MOES&T and development partners</p> <p>MOES&T</p> <p>MOES&T</p> <p>MOES &T, KIE</p> <p>MOES&T</p> <p>MOES&T and development partners</p> <p>MOES&T, KNEC</p> <p>MOEST, TSC</p>	<p>By FY 2001</p> <p>End of 2001</p> <p>End 2001</p> <p>By 2001</p> <p>January 2001</p> <p>2001</p> <p>January 2001</p> <p>End of 2001</p> <p>By 2001</p>
Enhance educational opportunities for the poor at the secondary and post secondary level.	<ul style="list-style-type: none"> ▪ Review and rationalize curriculum, including reduction of optional subjects from 36 to 17, core curriculum to 10 subjects and a maximum of 8 examinable subjects. ▪ Expand bursaries and improve 	<ul style="list-style-type: none"> ▪ Optional subjects reduced from 36 to 17, core curriculum 10 subjects and examinable subjects reduced to a maximum of 8. ▪ GER increased by 3% points annually. ▪ GER of children from poorest 20% 	<p>As above (curriculum)</p> <p>Ksh. 511 million (bursaries)</p>	<p>MOEST&T, KIE</p> <p>MOES&T</p>	<p>January 2001</p> <p>By 2001</p> <p>2003</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
Provide educational opportunities for children not able to participate in the formal system	<ul style="list-style-type: none"> targeting with special emphasis on girls with better means testing. ▪ Encourage more day schools by limiting bursaries to day schools and providing science equipment and other support materials to day schools. ▪ Equitable distribution of teachers. ▪ Provide loans and scholarships for outstanding students from poor households targeted to specific degree programs that support economic growth. ▪ Encourage private sector partnership through offering incentives 	<ul style="list-style-type: none"> households increased from 10% to 30%. ▪ Retention rate increased from 85% to 90% ▪ Annual consumption expenditure per capital to the poorest 20% reduced from 21% to 10% on annual educational expenditure per pupil. ▪ 100,000 poor students provided with bursaries, 25% going to ASAL areas and 50% to girls. ▪ Schools with PTRs above 40 reduced by 50% ▪ Share of girls enrolled in secondary schools between 48% - 52%. 	Ksh. 680 million (tertiary)	MOES&T, HELB MOES&T, TSC	End of 2001 2003 By 2001 End 2001 Each year starting end 2001
	<ul style="list-style-type: none"> ▪ Increase resources targeted at programs for children not able to join formal system, including AIDS orphans, child workers, nomadic groups, un-enrolled rural poor, slum dwellers and students with special needs. ▪ Facilitate transition from non-formal to formal programs. 	Share of children without basic numeracy and literacy skills in urban areas declines by 6% annually	Ksh. 600 million	MOES&T MOES&T	FY 2001/02 Ongoing
Improve management and utilization of resources within education sector for funding of anti-poverty strategies.	<ul style="list-style-type: none"> ▪ Increase primary school PTR to 34:1 through demand driven hiring, re-distribution and natural attrition ▪ Use curriculum based establishment to determine staffing levels at the secondary school level through demand driven hiring, re-distribution, and natural attrition. ▪ Decentralize teacher and school management to the district/school levels supported by capacity building. ▪ Introduce and encourage multi-grade and double shifts teaching. 	<ul style="list-style-type: none"> ▪ Primary PTR 34:1 ▪ Secondary CBE 20:1 ▪ Share of teacher wage bill budget allocation declines to 75% ▪ In-service 10% of teachers to enable them to cope with the new curriculum. 		MOES&T, TSC MOES&T,TSC MOES&T,TSC MOES&T,TSC	End 2001 End 2001 FY 2001/02 By 2001

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
2.2 HEALTH					
<p>To enhance equity, quality accessibility, and affordability of health care through better targeting of resources to the poor geographically and technically – and more efficient use of resources.</p>	<ul style="list-style-type: none"> ▪ Application of rational, transparent and poverty-focused resource allocation criteria and weights for the GoK/MoH budget for districts; criterial and weighs to be gradually phased-in beginning with FY 2001/2002 budget; ▪ Reduction of the budget allocation for Kenyatta National Hospital, as a share of the total MOH recurrent budget, from aprox. 15% in FY 1999/2000 to 10% by FY2004/2005; ▪ Establishment of an acceptable maximum recurrent budget allocation for provincial hospitals individually and for district hospitals as a percentage of total district health recurrent budget; ▪ Review the existing cost-sharing guidelines for waivers and exemptions (for vulnerable groups) and enhanced transparency in collection and use of cost sharing funds, formulate new policy based on review, implement new policy ▪ Increased funding for rural health care service delivery 	<ul style="list-style-type: none"> ▪ Beginning of phase-in with FY2001/2002 budget ▪ Adherence to plan for full phase in (plan expected by end-May) ▪ KNH budget to be reduced from 14.6% of MoH recurrent budget to 13.6% in FY2000/2001, with funds reallocated to “Rural Health Centres and Dispensaries”(V. 113, H.335) ▪ KNH budget to be reduced to 12% of MOH recurrent by FY2002/2003, reallocated as above ▪ KNH budget to be reduced to 10% of MOH recurrent by FY2004/2005, reallocated as above. ▪ Agreement on ceilings with partners by June 30,2000 ▪ Implementation of ceilings as per agreement ▪ Review completed and recommendations finalized and adopted by December 31, 2000 ▪ Recommendations implemented by July 1, 2002 ▪ Increased funding in Vote 113, Head 335 		<p>MOH</p> <p>MOH/KNH</p> <p>MOH</p> <p>MOH</p> <p>MOH</p>	<p>April, 2001</p> <p>2000-2005</p> <p>2000-2003</p> <p>2000-2003</p> <p>2000-2005</p>
<p>To implement high-priority activities within the essential package of health services with</p>	<ul style="list-style-type: none"> ▪ Expanded Program on Immunisations (EPI) 	<ul style="list-style-type: none"> ▪ Immunisation coverage increased from 65% in 1998 KDHS to 80% in 2003 KDHS. 		<p>MOH</p>	<p>2000-2003</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
particular emphasis on women and children under 5	<ul style="list-style-type: none"> ▪ Malaria Control Action Plan effectively implemented. ▪ Reproductive Health/IMCI <ul style="list-style-type: none"> -IMCI strategy implementation -Strengthen Family Planning Services -Strengthen Reproductive Health Education -Strengthen maternity services 	<ul style="list-style-type: none"> ▪ GOK allocation to Vaccine Independence Initiative to increase from Ksh. 4 million in FY 1999/2000 to Ksh. 24 million in FY 2000/01 and increasing 10% each year thereafter. ▪ Effective implementation as measured by indicators contained in plan. ▪ IMCI strategy implemented in 6 districts by 2002. ▪ CPR increase from 33% in 1998 KDHS to 38% in 2003 KDHS ▪ Development and implementation of National Communities Strategy by 2002 ▪ At least 25% reduction in MMR by 2003 (KDHS) ▪ 4+ antenatal visits for 50% of expectant mothers by 2003 ▪ Deliveries conducted by health personnel increased from 56% to 66% by 2003 		<p>MOH</p> <p>MOH</p>	<p>2000-2003</p> <p>2000-2003</p>
To prevent transmission of HIV	<ul style="list-style-type: none"> ▪ Blood screening ▪ Promotion of use of Condom ▪ National Communication Strategy ▪ Management of Sexually Transmitted Infections 	<ul style="list-style-type: none"> ▪ Maintain current level of blood safety: at least 99% of all blood in country screened. ▪ Increase number of condoms sold through social marketing by 2 million per year (base: 12 million in 2000) ▪ Reduction in reported sexual contacts with non-regular partners from 39% to 30% for males and from 16% to 12% for females by 2003 ▪ Maintain level of STD prevalence at less than 1 percent through 2002 		<p>MOH</p> <p>MOH</p> <p>MOH</p> <p>MOH</p>	<p>2000-2003</p> <p>2000-2003</p> <p>2000-2003</p> <p>2000-2003</p>
2.3 NATIONAL AIDS CONTROL COUNCIL: HIV/AIDS					
To strengthen capacity	<ul style="list-style-type: none"> ▪ Establish and operationalize ACUs 	<ul style="list-style-type: none"> ▪ All ACU and DACCs provided 		NACC/line ministries	FY2001/2002

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
and coordination to respond to HIV/AIDS epidemic at all levels	<ul style="list-style-type: none"> and NACC at all levels. Capacity developed within GOK to budget for, coordinate, and implement HIV/AIDS interventions 	<ul style="list-style-type: none"> for in FY2001/2002 budget All ACU leaders (3 staff per ACCU) trained on budgeting and planning by NACC by end-June 2002 		NACC	Budget 2000-2002

2.4 LABOUR

Creation of employment opportunities	<ul style="list-style-type: none"> Completion and implementation of the National Employment Policy Establishment of placement centres to assist those seeking employment. Conduct manpower surveys Strengthen Youth Polytechnics, and institutions of technology. 	<ul style="list-style-type: none"> Approved National Policy Placement centres operational Survey report available and disseminated 		MLHRD OP AG	2000 2001 2001
Improve working environment	<ul style="list-style-type: none"> Review labour laws (Trade Union Act, Trade Disputes Act, NSSF Act, Workman's Compensation Act, Employment Act, Immigration Act, Factories and Places of Work Act, Industrial Court) Establishment of productivity centre Establish skills profile of the population Introduction of performance related wage structure through productivity agreements. 	<ul style="list-style-type: none"> No. of Acts amended No of productivity centres operational <p>National performance wage structure in place</p>		MLHRD, FKE, COTU	2000-2003 2000-2003 2001

3.AGRICULTURE AND RURAL DEVELOPMENT

3.1 AGRICULTURE

Enhance GOKs delivery of necessary public services to the rural sector (Supporting agricultural production and enabling an increase in income of poor farmers)	<ul style="list-style-type: none"> Realign the allocation and use of budgetary resources to ensure effective delivery of 'public goods' - technology dissemination to small farmers – disease control - quality control. 	<ul style="list-style-type: none"> Increase the percentage of non personnel related costs (Items 100 and above) out of total costs in the MoA&RD recurrent budget by 5 percentage points between 2000/01 budget and 2001/02 budget 	This is a realignment of expenditure and with an effective retrenchment policy would be budget neutral	MoA&RD	June 2001
Promote Food security and consumption smoothing by ensuring	<ul style="list-style-type: none"> Hold adequate stocks of white maize and have access to contingency funds so that at food 	<ul style="list-style-type: none"> Availability of 3 million bags of Maize and access to contingency funds of US\$60 million in order 	About Kshs. 3 billion to build up from present negligible level to	MOA&RD/OP	June 2001

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
that adequate stocks of staple food are available at reasonable prices even following drought periods (of particular benefit to the poor).	scarce times, which occur quite regularly in Kenya, GOK is able to make available adequate stocks for consumption.	to respond rapidly.	270,000 tons of stocks plus KSh. 4.5 billion contingency funds		
Promote income and employment generating crops which are widely produced by small farmers. (Improved institutional arrangements for tea and coffee would increase farm-gate prices and both (i) increase small farmers' income directly; and (ii) induce incremental investment, hence additional employment of the rural poor)	<ul style="list-style-type: none"> ▪ Liberalize farmer tea processing by abolishing KTDA in its present form and allowing individual tea factories to operate independently ▪ Separate the regulatory functions of the coffee board from its marketing role. With the aim of liberalizing marketing. ▪ Details of the implementation of agreed upon liberalization would be part of the final PRSP. 	<ul style="list-style-type: none"> ▪ KTDA Agency in Place . ▪ New rules gazetted. ▪ Tea extension workers moved to individual factory payrolls. ▪ Approval by Cabinet of a session paper on the new institutional arrangements for coffee (liberalization of its production processing and marketing) ▪ Revision and gazetment of General election rules for the January 2001 Coffee Board Elections. ▪ Revision of the Coffee Act in order to finalize separation of the regulatory and marketing functions. 	Some budgetary funds required for operationalising the consultative process and for TA support to it. (grant funds have been identified)	MoA&RD with support from industry stakeholders MoA&RD AG MoA&RD AG	July 1 st 2000 December 2000 June 2001
Development of ASAL Areas These are areas of high poverty concentration)	<ul style="list-style-type: none"> ▪ Facilitate the establishment of private meat processing for livestock from ASAL areas including restructuring and privatising the Kenya Meat Commission (KMC) factory at Athi River. 	<ul style="list-style-type: none"> ▪ Sessional paper on restructuring and privatising KMC Athi River meat plant approved by cabinet. ▪ Privately owned meat plant at Athi River in operation 	Some budgetary funds required for Sessional paper Restructuring the bankrupt KMC may require considerable budgetary inputs to cover GOK guarantees on NBK loans	MoA&RD AG MoF&P Private Sector	December 2000-05-13 June 2002
To protect and enhance water, soil and biodiversity conservation	<ul style="list-style-type: none"> ▪ Review and finalize through broad participation the forest policy and Legislation 	<ul style="list-style-type: none"> ▪ Approved Sessional paper and Forest Act 	Ksh 57 million	M.E.N.R./AG	December 2000

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
in catchment ecosystems	<ul style="list-style-type: none"> ▪ Review of the institutional structure of forest department ▪ Promotion of forest based ecotourism ▪ Develop and adhere to criteria and indicators for sustainable forest management 	<ul style="list-style-type: none"> ▪ Established new operational forest service ▪ Communities involved and benefiting from ecotourism <p>Improved forest management</p>			
Provision of forest raw materials to sustain forest-based industries	<ul style="list-style-type: none"> ▪ Carry out full forest inventory ▪ Put industrial forest plantation under commercial management ▪ Review and adopt New Licensing procedures ▪ Increase wood conversion rates from 30% to 50% ▪ Promote the role of women in timber and non-timber based growth 	<ul style="list-style-type: none"> ▪ Inventory report ▪ Efficient plantation management and Increase Revenues ▪ Increased forest industrial stock ▪ New Licensing procedure in place ▪ Improved utilization of resources ▪ 30% of women involved and benefiting from forest-based activities 	<p>Ksh. 150million</p> <p>Ksh. 460million</p> <p>Ksh. 3million</p> <p>Ksh. 3million</p>	MENR	<p>Jan. 2001</p> <p>December 2003</p> <p>December 2003</p> <p>March 2001</p>
Increase Forest and tree cover on farms	<ul style="list-style-type: none"> ▪ Diversify and intensify farm based wood production ▪ Consciously target women in forest extension service delivery ▪ Development and promotion of Agro forestry interventions 	<ul style="list-style-type: none"> ▪ Increased tree cover on farms ▪ Increased availability of household fuel wood ▪ Number of women farmers involved 	Ksh. 200million	MENR	December 2003
Reform Land Policy (so as to (i) improve access to land by the rural poor and (ii) give tenure security to others which would encourage investment, hence	<ul style="list-style-type: none"> ▪ Development of an efficient and equitable system for land ownership and administration through a new Land Policy 	<ul style="list-style-type: none"> ▪ Presidential Commission interim recommendations subjected to stakeholder consultation and implemented without delay ▪ New Land Policy implemented 	Some budgetary funds needed for operating costs of presidential commission	<p>Presidential Commission on Lands/MoLS</p> <p>MoLS</p>	<p>December 2000</p> <p>June 2002</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
employment)					
3.2 ENVIRONMENT MANAGEMENT					
Implementation of National Plans and Enforcement of Legislation	<ul style="list-style-type: none"> ▪ Establishment of Institutional Framework ▪ Coordination of review and harmonisation of sectoral policies and regulations ▪ Enhance Public Participation in environmental planning and management ▪ Establishment and enforcement of Environmental Standards ▪ Establishment of Environmental Fund to assist poor communities ▪ Involvement of poor communities in environmental restoration programme ▪ Environmental monitoring and data management 	<ul style="list-style-type: none"> ▪ National Environment Management Authority (NEMA) in place ▪ National Environment Council (NEC) in place ▪ Environment Tribunal in place ▪ Environment Committees in place ▪ Harmonised policies and regulations in conformity with Framework Law in place ▪ Environmental Trust Fund in place ▪ Functional Institutional Framework ▪ Comprehensive environmental data management system ▪ Environmental standards in place ▪ Rehabilitated environment 	Ksh. 250 million (3 years)	MENR	2000 – 2003
Institutionalisation of Environment Impact Assessment (EIA)	<ul style="list-style-type: none"> ▪ Finalize EIA Guidelines & Administrative procedures ▪ Building capacity for assessment and implementation of EIA ▪ Development of EIA information and documentation centre ▪ Promote responsibility towards Environment and Development ▪ Environmental friendly development ▪ Monitoring and Audit reports from developers ▪ Decreased environmental degradation ▪ Decreased environmental related diseases 	<ul style="list-style-type: none"> ▪ EIA Guidelines and procedure in place ▪ Enhanced capacity to monitor & undertake EIAs ▪ Public participation in EIA ▪ Database and document centre in place ▪ Inventory of EIA experts ▪ EIA licensing procedures in place ▪ Licenses issued 	Ksh. 68 million (3 years)	MENR	2000 - 03
Pollution/Waste Management	<ul style="list-style-type: none"> ▪ Implementation of Environmental standards on Air, Water & land 	<ul style="list-style-type: none"> ▪ A complaint industrial sector on environmental standards 	Ksh. 60,000,000 (3 years)	MENR	2000 – 2003

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> ▪ Development & promotion of clean development technologies ▪ Promotion of Environmental Health ▪ Promotion of community based waste management and income generating programmes ▪ Development for incentives/disincentives for waste management for the informal sector 	<ul style="list-style-type: none"> ▪ Waste recycled & re-used ▪ Cleaner production adopted by all industries ▪ Availability of Environmental Health data ▪ Minimized volumes of wastes ▪ Establishment of more hygienic sanitation facilities ▪ Reduced medical expenses ▪ Increased community/individual income generating projects. 			
Institutionalisation of Environmental Economics, Accounting, Audit & Indicators of Sustainable Development (ISD)	<ul style="list-style-type: none"> ▪ Capacity building at national and community level to value natural resources ▪ Detailed natural resources accounting at national and community level ▪ Develop economic instruments for informal sector ▪ Develop indicators for sustainable development ▪ 	<ul style="list-style-type: none"> ▪ Resource planners & managers trained ▪ Manual of valuation of environment & natural resources in place ▪ Economic incentives & taxes in place ▪ Sustainable Development Indicators in place 	Ksh. 630 million (3 years)	MENR	2000 – 2003
Development of Environmental Partnership with stakeholders	<ul style="list-style-type: none"> ▪ Promotion of environmental NGOs & CBOs ▪ Establishment of a stakeholders decision making forum ▪ Promotion of stakeholders involvement in Environmental Monitoring ▪ Promotion of stakeholders involvement in EIA scoping and review ▪ Promotion of stakeholders involvement in standard development and enforcement ▪ Development of a stakeholders based conflict resolution strategy 	<ul style="list-style-type: none"> ▪ Local and grass root Environmental NGOs and CBOs in place ▪ Private Sector based environmental NGOs ▪ Stakeholders participation in EIA Process ▪ Stakeholders participation in environmental standards enforcement 	Ksh. 30 million (3 years)	MENR	2000 – 2003
National Plan of Action	<ul style="list-style-type: none"> ▪ Strengthening and furthering the 	<ul style="list-style-type: none"> ▪ Networking arrangement in place 	Ksh. 56 million (3 years)	MENR	2000 – 2003

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
to Combat Desertification	<ul style="list-style-type: none"> ▪ national plan of Action to combat desertification (NAP) process ▪ Capacity building in anti-desertification practices ▪ Support community initiatives for ASALs communities ▪ Operationalizing the Anti-Desertification Community Trust Fund (DCTF) 	<ul style="list-style-type: none"> ▪ Database established at a community level ▪ Stakeholders (NGOs & Communities) trained ▪ Community Action Plans (CAPs) in place ▪ Anti-Desertification Community Trust Fund (DCTF) in place ▪ Community Groups assisted to combat desertification 			
Reduction of loss of biodiversity	<ul style="list-style-type: none"> ▪ Implementation and Follow-up of Biodiversity Strategy and Action Plan ▪ Develop and maintain an inventory of all vital habitats in the country and create a biodiversity information data base of all plant and animal species, indicating their potential use by local communities. ▪ Prepare Community Action Plans for Biodiversity Conservation and management ▪ Support research and development programmes of the conventions ▪ Prepare Community programmes for protection and management of the wetlands biodiversity ▪ Biodiversity assessment and monitoring ▪ Implementation of E.A. Cross-Border Biodiversity Project ▪ Develop & implement the policy for the management of the exclusive economic zone (EEZ) including disaster management 	<ul style="list-style-type: none"> ▪ Inventory of habitats in place ▪ Assessment & monitoring undertaken ▪ Research programmes in place ▪ Wetlands policy and action plan in place ▪ Income generating activities identified (eco-tourism) ▪ Capacity building in biodiversity conservation ▪ Protocols on specific cross-border sites in place ▪ EEZ policy in place ▪ Methods of dealing with disasters developed ▪ Inventoried Ecosystems 	Ksh. 171 million (3 years)	MENR	2000 – 2003
Control of water hyacinth and other invasive weeds in	<ul style="list-style-type: none"> ▪ Harvesting of water hyacinth ▪ Empowerment of community groups in management of catchment areas 	<ul style="list-style-type: none"> ▪ Low level of water hyacinth and other invasive water weed in the lakes 	Ksh. 300 million (3 years)	MENR	2000 – 2003

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
Kenyan lakes	<ul style="list-style-type: none"> ▪ of the lakes ▪ Empowerment of community groups & NGOs in invasion monitoring and control ▪ Establishment of integrated and sustainable utilization programmes for lakes resources ▪ Development of incentives and disincentives appropriate for enforcement of legal requirements for the lakes environmental management ▪ Promotion of sustainable wetlands utilization 	<ul style="list-style-type: none"> ▪ Increased fishing activities ▪ Increased transportation activities ▪ Increased income generating ▪ Sustainable management programmes for the lakes ▪ Sustainable utilization of wetlands products by local communities 			
Environmental Awareness Programme	<ul style="list-style-type: none"> ▪ Community training in integrated environmental assessment and reporting ▪ Promotion of environmental education and public awareness ▪ Development community based environmental data and information management systems ▪ Implementation of localized environmental and population growth management programmes for community groups ▪ Formulation of localized environmental awareness programmes for schools 	<ul style="list-style-type: none"> ▪ Trained manpower to carry out environmental assessment ▪ Enhanced public environmental awareness ▪ Clean environment ▪ Functional environmental database ▪ National Environmental Information Management System ▪ Decline in total fertility rates ▪ Sustainable livelihoods 	Ksh. 282 million (3 years)	MENR	2000 – 2003
4. TRADE , INDUSTRY AND TOURISM					
Reduce regulatory and licensing requirements	<ul style="list-style-type: none"> ▪ Eliminate all trade licensing acts and requirements which impose costs on businesses without creating value ▪ Implement public awareness program and streamline local licensing requirements 	<ul style="list-style-type: none"> ▪ Repeal of laws approved by Parliament ▪ Hold awareness raising sessions between MOLA and Jua Kali Associations 		MTTI MTTI	Dec.2000 Dec.2000

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> ▪ Increase efficiency of local courts ▪ Reduce excessive delays in import processing ▪ Implement “green list” approach to customs clearance 	<ul style="list-style-type: none"> ▪ Reduce number of cases elapsed time for decision ▪ Implement “single window” for clearance ▪ Set up mechanism for implementation 		<p>MTTI, AG</p> <p>MTTI, MOF</p> <p>MTTI, MOF</p>	<p>Dec.2000</p> <p>Budget Speech, Jul.2000</p> <p>Budget Speech, Jul.2000</p>
Expand Market for Tourism	<ul style="list-style-type: none"> ▪ Initiate joint public/private sector security operations to protect tourists ▪ Begin improvement of tourism infrastructure • Roads • Water ▪ Diversity tourist products ▪ Begin “Destination Kenya Promotion” ▪ Remove cross border travel restrictions ▪ Open regional airports to international flights 	<ul style="list-style-type: none"> ▪ Decline in incidents reported to KWS communications center ▪ 2000 km of “tourist: roads to resurface ▪ 3 bore holes with connections to complete on North Coast ▪ 2 bore holes with connections to complete on South Coast ▪ KTB approve three new products and corresponding promotions ▪ Engage PR firm and update web site ▪ Secure ratification of EAC treaty and, in particular, gain implementation commitment from Tanzania ▪ Add new scheduled services from S. Asia to Mombasa ▪ Continue to add new direct market-to-resort flights. 	<p>MTTI, Inter-ministerial Committee on Security</p> <p>Public Roads Board on which PS MTTI sits</p> <p>Ministry of Natural Resources Management, PS sits on Board</p> <p>MTTI</p> <p>MTTI</p> <p>MTTI</p> <p>Civil Aviation Board, MTTI</p> <p>Civil Aviation Board, MTTI</p> <p>MTTI</p>		<p>Monthly Review/Monthly progress</p> <p>Complete before end 2002</p> <p>Complete before end of 2003</p> <p>Nov.2000</p> <p>Jul.2001</p> <p>Ratification of EAC, Mid 2001</p> <p>End of 2002</p> <p>Ongoing</p> <p>Ongoing</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> ▪ Increase charter flights and package promotions 	<ul style="list-style-type: none"> ▪ Generally: increase tourist visits and tourism expenditures from 860,000 and 17 billion Kshs in 1998 			
Expand export markets	<ul style="list-style-type: none"> ▪ Harmonize public and private sector export marketing efforts ▪ Reduce basic raw material import duties ▪ Involve private sector in trade missions to new potential export markets ▪ Install additional commercial attaches 	<ul style="list-style-type: none"> ▪ Public/Private sector task force jointly develops EU trade negotiations strategy ▪ Change tariff from 5% for raw materials and 10% for intermediate goods to lower rates ▪ Undertake joint trade missions to Southern Africa, Middle East, Eastern Europe and European Union ▪ 11 stations now. Increase in two steps by 2 and 3 more ▪ Generally: Implement value chain recommendations ▪ Generally: Increase value of exports of coffee and derivatives, cotton, textiles and garments, processed food, leather and leather goods and pyrethrum 		<p>MTTI</p> <p>MTTI, MOF</p> <p>MTTI</p> <p>MTTI</p> <p>MTTI</p> <p>MTTI</p>	<p>Agreed by Mid-2002</p> <p>Budget Speech, June.2000</p> <p>Dec.2000</p> <p>2 by end of 2001 3 by end of 2002</p> <p>Mid-2001</p> <p>Jan.2003</p>
Improve financial service delivery	<ul style="list-style-type: none"> ▪ Complete financial services study ▪ Establish legal and regulatory structure for micro-finance ▪ Liberalize, reform, privatise government controlled institutions 	<ul style="list-style-type: none"> ▪ Agree with WB on TOR ▪ EU sponsored study completed ▪ Implement recommendations which emerge from WB study 		<p>MTTI</p> <p>MTTI</p> <p>MTTI</p>	<p>Aug.2000</p> <p>Dec.2000</p> <p>Begin Jan.2001</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/USS)	IMPLEMENTING AGENCIES	TIME FRAME
Provision of infrastructure for micro and small enterprises (Jua Kali)	<ul style="list-style-type: none"> ▪ Develop and implement an action plan to stabilize street vendors and hawkers, including <ul style="list-style-type: none"> - closing of roads at certain times - setting aside little used back lanes and open spaces near markets - use of car parks from 6 p.m. to mid-night with adequate security ▪ Identify and earmark land for Jua Kali activities and ensure the registration and titling of that land in the name of the appropriate Jua Kali associations ▪ Regularize Temporary Occupancy Licenses to give some stability of tenure 	<ul style="list-style-type: none"> ▪ Action plan development with specific sites identified 	No cost	Ministry of Labour and Human Resources and Ministry of Local Affairs	Dec - 2000
Privatise the management and operations of the Voucher Program being implemented under the Micro and Small Enterprises Training and Technology Project	<ul style="list-style-type: none"> ▪ Establish the voucher program as a legal autonomously managed agency ▪ Appoint a steering/oversight committee consisting of public and private sector representatives ▪ Establish the special account under the direct management of the Project Coordination Office and arrange for professional ongoing audits. 	<ul style="list-style-type: none"> ▪ Voucher Program established as an agency of government by the time of the project's closing 	No cost	Ministry of Labour and Human Resources and Ministry of Local Affairs	June 30, 2001
5. PUBLIC ADMINISTRATION SECTOR 5.1 PUBLIC ADMINISTRATION					
Improve Public Sector Management	Rationalize and reduce operational structure of the entire public service to			DPM, ministries & departments and other	2000-2001 and continuous

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<p>reflect well defined core functions:</p> <ul style="list-style-type: none"> ▪ Complete functional rationalization covering civil service, defense and security forces, teaching service, other public service institutions, and local authorities. ▪ Implement retrenchment of 48,000 public servants over the next two financial years. Pay severance packages to retrenchees. Retrench other surplus public service staff. <p>Establish effective personnel and payroll management systems:</p> <ul style="list-style-type: none"> ▪ Implement the Integrated Personnel and Payroll Data (IPPD) system. <p>Modernize personnel policy and management:</p> <ul style="list-style-type: none"> ▪ Restore merit-based recruitment and promotion, with attention to merit-based affirmative action. <ul style="list-style-type: none"> ▪ Develop and implement a viable pay policy designed to increase real income for public servants within affordable wage bill. ▪ Establish benchmarks for civil service performance. ▪ Develop and implement a comprehensive plan for capacity building and training for all civil service staff. 	<ul style="list-style-type: none"> ▪ Numbers of ministries and public service institutions restructured. ▪ Actual number of public servants retrenched. ▪ Actual payments made to retrenches and other safety nets implemented. ▪ Effective harmonization of personnel and payroll data. Total elimination of ghosts from the payroll. ▪ Systematic conduct of examinations and interviews to recruit staff; (ii) High Flyer scheme is launched; (iii) percentage increase in number of women in senior-level positions. ▪ (i) Adoption of a new pay policy and (ii) initial implementation. ▪ Approved benchmarks for performance that are based on results of service delivery surveys. ▪ Adoption of a comprehensive capacity building and training 	<p>To be estimated</p> <p>About Shs. 12 billion for the first two years.</p> <p>Shs. 360 million</p> <p>Marginal administrative costs</p> <p>High costs to be phased.</p> <p>Shs. 5 million</p> <p>Shs. 300 million</p>	<p>public service institutions</p> <p>DPM</p> <p>DPM, PSC</p> <p>PSC, DPM</p> <p>DPM, Treasury and PSC.</p> <p>DPM, Line Ministries and Departments</p> <p>DPM, Line Ministries and Departments</p>	<p>2000-2003</p> <p>June 2001</p> <p>2000-2001 and continuous</p> <p>2000-2001 2001/2002 onwards</p> <p>2000-2001</p> <p>2000-2001 and continuous</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
		policy and initial implementation. Number of public servants trained per year and per ministry/department.			
5.2 GOVERNANCE					
Enhance Accountability, Transparency and Integrity	Strengthen the Kenya Anti-Corruption Authority (KACA): <ul style="list-style-type: none"> Enact an Anti-corruption and Economic Crimes Bill that will give greater autonomy to KACA and cover the full range of corrupt practices and economic crimes and provide for appropriate sanctions. Develop and implement legislation on a Code of Ethics for all public office holders, including declaration of assets. 	<ul style="list-style-type: none"> Anti-corruption and Economic Crimes Act is in force. KACA publishes annual reports on its activities. Code of Ethics for the Public Service is in force. Assets are declared periodically. 	Incremental Additions to KACA's budget.	AG's Chambers	2000-2001 and continuous
			Marginal administrative costs.	DPM, PSC, Line Ministries and Departments.	2000-2001 and continuous
	Restructure and Strengthen Public Procurement through: <ul style="list-style-type: none"> Overhaul of public procurement procedures and management of procurement complaints through issuance of comprehensive regulations, enactment of public procurement law. The establishment of a Public Procurement Department (DPP) for overseeing public procurement function. Strengthen Government Finance Accounting and Auditing Function by: <ul style="list-style-type: none"> Introducing an Integrated Financial Management System in all ministries, departments and districts 	<ul style="list-style-type: none"> Efficient and transparent public procurement based on new procurement regulations and a Public Procurement Act. Fully operational DPP put in place. Greater transparency and timely responsiveness with up-to-date financial information and data at all levels of Government. Implementation of Treasury 		Ministry of Finance and Planning	FY 2001
				Ministry of Finance and Planning	FY 2001 (Aug. 2000) 2000-2002

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<p>over the next 18 months.</p> <ul style="list-style-type: none"> ▪ Ongoing changes in the flow of funds initiatives and review of relevant sets of legislation to increase effective and transparent flow of public funds to beneficiary communities at the grass root level. ▪ Strengthening and streamlining the functions of Public Sector Audit. 	<p>Circulars as an interim intervention, which will help to improve flow of funds at all levels of project implementation.</p> <ul style="list-style-type: none"> ▪ Passing of new legislation by Parliament. ▪ Merging of the two Supreme Audit Institutions through revision of the appropriate legislation. 		<p>Auditor Generals' and Attorney General Chambers</p>	<p>FY 2001 (Apr.2001)</p> <p>FY 2001/2</p> <p>FY 2002</p>

5.3 LOCAL GOVERNAMENT

<p>Improve Local Government Economic Governance and Service Delivery Increase access by the poor to improved local services</p> <p>Improve local infrastructure services to stimulate growth and investment</p> <p>Enhance greater economic governance, accountability and transparency</p> <p>To improve use of scarce local resources and to increase resources available for service delivery and infrastructure</p>	<p>Operationalise the Local Authorities Transfer Fund (LATF)</p> <ul style="list-style-type: none"> ▪ Establish staff and LATF Technical Secretariat ▪ Ensure LATF Allocations flowing to LAs in accordance with the LATF Act. ▪ Develop procedures for operationalising the LATF performance conditionalities and implement dissemination and technical assistance to LAs. 	<ul style="list-style-type: none"> ▪ Establishment of LATF Technical Secretariat ▪ Five percent of the Income Tax allocated to the LATF for distribution to LAs ▪ LATF Regulations and Circulars issued. ▪ Reports on dissemination seminars and technical assistance provided to LAs. ▪ LATF Annual Report ▪ LATF monitoring system reports. 	<p>US\$ 1 million</p> <p>US\$ 3 million</p> <p>US\$ 2 million</p>	<p>MoFP/MLG</p>	<p>Dec 2000</p> <p>June 2000 (ongoing)</p> <p>Ongoing</p> <p>June 2002 and ongoing</p>
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OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/USS)	IMPLEMENTING AGENCIES	TIME FRAME
<p>maintenance.</p> <p>To improve the efficiency in the delivery of local services through increased participation by all citizen-stakeholders to identify, design, implement and monitor local service and infrastructure needs.</p>	<ul style="list-style-type: none"> ▪ Implement a comprehensive LATF monitoring system 				
	<p>Improve LA Financial Management and Revenue Mobilisation.</p> <ul style="list-style-type: none"> ▪ Strengthen Single Business Permit Reform. ▪ Strengthen local revenue mobilisation. ▪ Ensure production of Abstract of Accounts or equivalent monitoring document ▪ Ensure full annual payment of Contributions in Lieu of Rates (CILOR) to all LAs ▪ Introduce Property Rates Reform in 20 LAs 	<p>Local Authority Submission of Single Business Permit revenue base information (LATF Regulation 27)</p> <p>Local Authority submission of annual revenue enhancement plan (LATF Regulation 27)</p> <p>Increased local government revenues generation</p> <p>Local Authority submission of full abstract of accounts for FY 1999-2000 (LATF Regulation 27)</p> <p>Full payment of CILOR annual liability</p> <p>Number of LAs with Rates Reform</p> <p>Number of LAs with IFMS Reform</p>		<p>MoFP/MoLG</p> <p>MoFP/MoLG</p> <p>MoFP/MoLG</p> <p>MoFP</p> <p>MoLG/MoFP</p> <p>MoLG/ MoFP</p>	<p>Ongoing, with LATF submission by April 2001</p> <p>April 2001 and ongoing</p> <p>June 2002</p> <p>June 2001 June 2003</p> <p>June 2003</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<ul style="list-style-type: none"> Introduce a computer-assisted Integrated Financial Management System (IFMS) in 20 LAs 			MoLG/ MoF&P	
	<p>Strengthen Service Delivery through enhanced Participatory Planning and Privatisation</p> <ul style="list-style-type: none"> Establish modalities for identifying community needs—establish a process for community-based demand driven investment planning, privatisation and implementation. Establish mechanisms to enhance communication and dialogue between the community stakeholders and the government to improve the identification, design, implementation and monitoring of local service and infrastructure provision. 	<p>Report from Consultative Seminar to ID options, best practices, lessons learned and recommendations for effective community-based planning and service delivery to the poor.</p> <p>LATF Regulations/circular for developing a community-based LADP or other service delivery plan (LATF Regulation 27)</p> <p>Reports on dissemination seminars and technical assistance provided to LAs.</p> <p>LA Submission of community-based plan (LATF Regulation 27)</p>	US \$ 2 million	MoFP/MoLG	<p>Dec.2000</p> <p>April 2001</p> <p>Dec.2001</p> <p>April 2002</p>
	<p>Establish a Financial Management Control Board (FCMB) mechanism to deal with fiscally-distressed LAs</p>	<p>Operationalise the Interim Oversight Board for Nairobi</p> <p>Enact FCMB enabling legislation</p> <p>Establish FCMB for Nairobi</p> <p>Complete Financial Statement and Accounts for Nairobi Establish FCMB for Nairobi IOB Establishment</p>	<p>0.5 million</p> <p>3 million</p> <p>0.2 million</p>	<p>OP/IOB</p> <p>OP/MoFP/MoLG OP/MoFP/MoLG</p> <p>MoFP/MoLG</p>	<p>Jun.2000</p> <p>Dec.2000</p> <p>Jan.2001 – Jun. 2003 Jun.2001</p>
	<p>Initiate Rationalisation of the LA Legal and Management Framework</p> <ul style="list-style-type: none"> Begin Consultations on 	<ul style="list-style-type: none"> Seminars on Decentralisation 	0.2 million	OP	

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/USS)	IMPLEMENTING AGENCIES	TIME FRAME
	<p>Decentralisation Strategy</p> <p>Review Local Government Act</p>	Principles and Strategy		OP/MoLG/MoFP	
5.4 PRIVATISATION					
Divest Government from non core activities and improve efficiency of public corporations	<ul style="list-style-type: none"> ▪ Refine the Parastatal Reform Programme to widen its scope ▪ Implement a comprehensive and transparent privatisation strategy. 	<ul style="list-style-type: none"> ▪ Completion of the privatisation of Telkom Kenya and the commercialisation of Postal Services. ▪ Concessioning of Kenya Railways. ▪ Concessioning of the container terminal and other non-core services of the port to convert Kenya Ports Authority into a land lord port. ▪ Privatisation of Kenya Electricity Generating Company (KENGEN) through an IPO. ▪ Privatisation of Kenya Pipeline. ▪ Privatisation of Kenya Commercial Bank. ▪ Privatisation of Kenya Reinsurance Company. ▪ Privatisation of Mumias Sugar Company through IPO and if necessary sale of a portion of shares to a strategic investor. ▪ Privatisation of Chemelil Sugar Company. ▪ Privatisation of Agro-Chemical and Food Company Limited. ▪ Involvement of the private sector in the Kenya Airports Authority through the award of concessions. ▪ Involvement of the private sector in the water department of the Nairobi City Council through the award of concessions. ▪ Privatisation of Kenya National Trading Corporation through liquidation. ▪ Privatisation of Pan African Paper 		MOF&P and line ministries	2000 - 2003

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
		<p>Mills.</p> <ul style="list-style-type: none"> ▪ Privatisation of East African Portland Cement Company through sale of shares on the Nairobi Stock Exchange. 			
5.5 CENTRAL BUREAU OF STATISTICS					
Finalisation of the population report as well as the analytical reports Finalisation of the agricultural survey undertaken in 1997	<p>Adequate data analysis for the population census results</p> <p>Adequate data analysis</p>	<p>Provide detailed social indicators e.g. population distribution, housing amenities, etc.</p> <p>Provide useful agriculture information for use in the rebasing of agriculture indices.</p>	<p>To be determined</p> <p>To be determined</p>	<p>Government of Kenya and development partners</p> <p>Government of Kenya and development partners</p>	<p>Continuous up to June 2001 including data dissemination</p> <p>Continuous up to June 2001 including data dissemination</p>
Encourage regular surveys and adequate data information	<p>Carry out the following surveys in order to improve poverty analysis:</p> <p>(a) Welfare Monitoring Survey (WMS)</p> <p>(b) Multiple Indicator Cluster Survey (MICS)</p> <p>(c) Agricultural and Livestock</p>	<p>Provide both social and detailed poverty indicators e.g. expenditure patterns by districts and poverty status, population distribution, family planning use, housing amenities, etc</p> <p>Provide social indicators but with special reference to children under five e.g. child labour, immunisation patterns, Vitamin A, salt iodisation, tetanus toxoid, etc.</p> <p>Provide agricultural information which will form the benchmark of all agricultural statistics</p>	<p>To be determined</p> <p>To be determined</p> <p>To be determined</p>	<p>Government of Kenya and development partners</p> <p>Government of Kenya and development partners</p> <p>Government of Kenya and development partners</p>	<p>Carry out these surveys on a two yearly basis starting Nov. 2000 including data dissemination in June 2001</p> <p>Carry out these surveys on a two yearly basis starting Sept. 2000 including data dissemination in June 2001</p> <p>Carry out these surveys every decade starting 2001 including data dissemination by end of year</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	(d) Nutrition Survey	Indicators for children under five e.g. reduced morbidity, immunisation rates, breastfeeding patterns etc.	To be determined	Government of Kenya and development partners	Carry out these surveys on a two yearly basis starting Sept. 2000 including data dissemination in June 2001
	(e) Participatory Poverty Assessment (PPA)	Explain further the results qualitatively, derived from the above surveys e.g. reasons for being poor, classification of its poverty status	To be determined	Government of Kenya and development partners	Carry out survey immediately after data dissemination of WMS and Nutrition
	(f) Crop forecast Survey	Provide early warning information in the yield performance by district	To be determined	Government of Kenya and development partners	Conducted twice a year
	(g) Rural market prices	Provide early warning information in the yield performance by district	To be determined	Government of Kenya and development partners	Conducted twice a year
	(h) Survey of horticulture Establishment	Provide statistic of value and quantity produced currently not available.	To be determined	Government of Kenya and development partners	Conducted twice a year
Improve Central Bureau of Statistics	Provide its services efficiently as it's the main government statistics organ	Timely generation of accurate statistics	To be determined	Government of Kenya	Continuous
6. PUBLIC SAFETY LAW AND ORDER 6.1 ADMINISTRATION OF JUSTICE					
Achieving a predictable and impartial justice system	<ul style="list-style-type: none"> ▪ Strengthen the independence of the Judiciary through complete de-linking of its management from the civil service. ▪ Complete implementation of the recommendations in the Kwach Report on the 	<p>Judicial Service Commission enjoys full autonomy over its finance and personnel.</p> <p>Recommendations that require administrative action are completed. Bills are introduced and enacted in</p>		<p>Judiciary</p> <p>Judiciary</p>	<p>June 2001</p> <p>Dec.20000</p>

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<p>Administration of the Judiciary.</p> <ul style="list-style-type: none"> ▪ Improve physical infrastructure for the legal sector. ▪ Implement project on commercial law reform ▪ Introduce Alternative Dispute Resolution and small claims courts. ▪ Computerize critical legal registries, court recording and financial management systems. ▪ Strengthen the capacity of legal training institutions and provide continuing education for all categories of staff. Review law reporting and provide law journals and books in libraries. 	<p>respect of measures that require legislative changes.</p> <p>Rehabilitation, refurbishment of court buildings.</p> <p>Commercial cases are disposed of speedily and fairly.</p> <p>A good number of cases are settled through ADR and in small claims courts.</p> <p>Legal registries function satisfactorily and cases of lost files are totally eliminated.</p> <p>Legal training institutions function more satisfactorily. Significant increase in number of trained legal personnel. Increase in percentage of legal staff that participates in continuing education programmes.</p>		<p>Judiciary Ministry of Public Works</p> <p>Judiciary AG's Office</p> <p>Judiciary AG's Office Judiciary AG's Office Law Schools</p>	<p>Jun 2001</p> <p>2001/2002 continuous</p> <p>2001/2002</p> <p>Begin July 2000 and continuous</p>

6.2 GENDER -Estimated Cost Kshs. 20 million

Gender main-streaming	Finalize National Gender Policy	<ul style="list-style-type: none"> ▪ An approved National Gender Policy 	Parliament, OVP/HA Head Civil Service		Dec.2000
Gender Equity	Poverty Assessment	<ul style="list-style-type: none"> ▪ Establishment of Gender Commission 	MOF Bureau of Statistics		Dec.2002
	Land Law Commission review law and customary practices relating to land.	<ul style="list-style-type: none"> ▪ Gender disaggregated poverty profile of the poorest 20% ▪ Women rights to land ownership and access to other productive assets secured 	Parliament Land Commission, AG		Nov. 2002
	Introduce affirmative action aimed at increasing the number of women in higher decision-making organs of the	<ul style="list-style-type: none"> ▪ Women representation in Land Boards ensured 	Parliament OVP/HA AG, OVP/HA		Dec.2003
			AG, Women Organizations OVP/HA		

OBJECTIVES	STRATEGIES/ACTIVITES	MONITORING INDICATORS	COSTING (Ksh/US\$)	IMPLEMENTING AGENCIES	TIME FRAME
	<p>Government.</p> <p>Implementation of Lady Effie Owuor Task Force Report</p>	<ul style="list-style-type: none"> ▪ Affirmative Bill passed by Parliament ▪ Increase to at least 30% women in decision making organs of Government ▪ Publication and dissemination of Lady Effie Owuor Report ▪ Family Protection Bill tabled ▪ Equality Bill tabled 			