

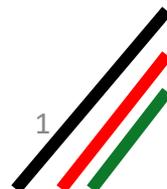


LAUNCH OF BUDGET PREPARATION PROCESS FOR FINANCIAL YEAR 2021/22 AND THE MEDIUM-TERM

HIGHLIGHTS OF THE THIRD MEDIUM TERM PLAN (MTP 2018-2022)

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Introduction



- The Government is mid-way in implementing the Third Medium Term Plan (MTP 2018-2022) of Kenya Vision 2030 whose theme is ***"Transforming Lives: Advancing Socio-economic Development through the "Big Four.""***
- The MTP III outlines sector policies, programmes and projects through which annual budgeting within the Medium Term Expenditure Framework (MTEF).
- The policies, programmes and projects aim at achieving aspirations of the **"Big Four" agenda; Sustainable Development Goals and Africa's Agenda 2063.**
- The Government has prepared the **First Annual Progress (APR) Report** on implementation of MTP III and is in the process of preparing the Second APR.
- The Government will also prepare the **Mid-Term Review** of MTP III by end of 2020. The MTR will assess level of implementation of MTP III to inform its implementation over the remaining period as well as to inform development of the **Fourth MTP 2023-2027.**





Key Achievements of MTP III



Key MTP III achievement include:

- The construction of SGR phase 2A section 1 (Nairobi to Naivasha) was completed in September 2019 and it covered 120 kilometers.
- Construction of over 2,100 Kms of additional Classified Roads and maintenance of 41,999kms of roads
- Total passenger traffic through the airports increased by 3.4 per cent from 11.7 million in 2018 to 12.1 million in 2019
- The total cargo throughput at the port increased by 11.3 per cent from 30.9 million tonnes in 2018 to 34.4 million tonnes in 2019
- Mobile network coverage stood at 93 per cent in 2019 which was attributed to the roll out of infrastructure for basic voice services.
- Total installed capacity increased to 2,818.9 MW in 2019 from 2,711.7 MW in 2018 with geothermal power contributing 45% of total generation





Key Achievements of MTP III



- Implementation of crops insurance schemes; and livestock insurance subsidy scheme in the ASAL areas.
- The formal manufacturing employment increased by 1.6 per cent from 347.9 thousand in 2018 to 353.3 thousands in 2019.
- Tourism earnings increased from Kshs.157 billion in 2018 to Kshs.163 billion in 2019
- Total credit approved in the manufacturing sector increased to KSh 366.9 billion in 2019 from KSh 335.7 billion in 2018.
- Kenya Investment Authority (KenInvest) continued to promote and facilitate both local and foreign investment in 2019, as mandated by the Investment Promotion Act, 2004. The Authority registered 43 manufacturing projects in 2019 with a capital cost of KSh 35.1 billion.
- Total transfers through mobile money grew by 9.1 per cent from KSh 3,984 billion in 2018 to KSh 4,346 billion in 2019.

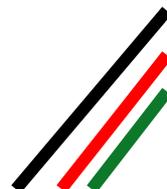




Key Achievements of MTP III



- Pilot project for **Universal Health Coverage (UHC)** in four counties of Kisumu, Nyeri, Machakos and Isiolo was implemented. The project was also rolled out in some other counties
- The number of health facilities increased by 5.2 per cent to 13,790 in 2019, with Level 2 facilities accounting for 77.4 per cent of the total facilities
- Total enrolment in public and private secondary schools increased by 10.8 per cent to 3.3 million in 2019 from 2.9 million in 2018 attributed to the **Government policy of achieving 100.0 per cent transition** from primary to secondary education.





Challenges in implementation of MTP III

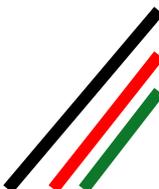
- Slow uptake of programmes and projects for implementation through Public Private Partnership (PPP);
- Recurrence of Drought which affected agricultural activities
- Locust invasion which affected crop production
- Flooding which destroyed infrastructure, crops and properties as well as claiming lives;
- Lower than targeted revenue collections viz a vis high expenditures for MTP III programmes and projects;
- Slow uptake of donor funding; and
- Covid-19 pandemic from early 2020





Impact of Covid-19 on Kenya's Economy

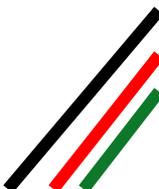
- The outbreak of the Covid-19 pandemic in 2019 has caused the most severe global economic setback.
- Its impact to our economy includes:
 - Loss of lives
 - Decline in demand of Kenya's goods and services,
 - Job losses,
 - Decline in household earnings,
 - Heavy public expenditures towards health sector and social protection,
 - Decline in revenue due to subdued economic activities.
- Kenya's GDP is projected to decline to 2.5 % in 2020 compared to a growth of 5.8 % in 2019.





Post-Covid-19 Economic Recovery Strategy

- The Government is at an advanced stage in preparing a **Post-Covid-19 Economic Recovery Strategy (ERS)**.
- The Economic Recovery Strategy will outline **policies, programmes and projects** to be implemented between 2020 and 2022 aimed at **restoring the country's path to rapid economic growth** consistent with the projection in Vision 2030 and its Third Medium Term Plan 2018-2022.
- It is important to note that the **ERS is building on the priority policies, programmes and projects of Third MTP 2018-2022**.
- Both the ERS and MTP III will therefore form the basis for the MTEF budgeting process going forward.





Post-Covid-19 Economic Recovery Strategy

The key elements and focus of this Economic Recovery Strategy include:

- Enhancing allocations to strengthen health care systems;
- Enhancing the role of the private sector in financing infrastructure projects and other development initiatives;
- Facilitating a clean, green and resilient recovery and growth strategy;
- Supporting MSMEs;
- Full and timely implementation of the Economic Stimulus Programme;





Post-Covid-19 Economic Recovery Strategy

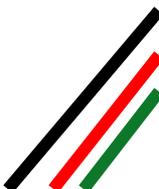
- Investment in ICT and digital infrastructure to support digital platforms to facilitate e-commerce and delivery of public services
- Promotion of local production processes and domestic value supply chains;
- Enhancement of disaster risk management systems;
- Improvement of social protection through targeted policy interventions and programmes;
- Speedier implementation of policy, institutional and legal reforms; and
- Strengthening monitoring and evaluation system for timely and effective quality outcomes.





Conclusion

- Ministries, Departments and Agencies are required to:
 - Put in place supporting mechanism including fast-tracking necessary legislations/policies for successful implementation of ERS and MTP III
 - Strengthen monitoring and evaluation of programmes and projects
- The National Treasury and Planning through the State Department for Planning will:
 - Strengthen the Public Investment Unit to streamline identification of investment programmes and projects to inform budgeting
 - Continue supporting MDAs in building capacity on Monitoring and Evaluation
 - Enhance strong collaboration in national development planning processes





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