



**REPUBLIC OF KENYA  
THE NATIONAL TREASURY  
STATE DEPARTMENT FOR ECONOMIC PLANNING**

**HALF YEAR REPORT FOR THE THIRD ANNUAL PROGRESS REPORT  
(FY2025-2026)  
ON THE IMPLEMENTATION OF THE FOURTH MEDIUM TERM OF THE KENYA  
VISION 2030**

**MARCH, 2026**



## TABLE OF CONTENTS

TABLE OF CONTENTS .....	ii
<b>ABBREVIATION AND ACRONYMS</b> .....	vi
<b>EXECUTIVE SUMMARY</b> .....	xvi
CHAPTER ONE.....	17
INTRODUCTION .....	17
1.1. Background .....	17
1.2. Overview of Kenya Vision 2030.....	17
1.3. The Fourth Medium-Term Plan (MTP IV) 2023–2027.....	17
1.4. Bottom-Up Economic Transformation Agenda (BETA) .....	18
CHAPTER TWO.....	19
MACROECONOMIC FRAMEWORK .....	19
2.0 Overview .....	19
2.1 National Account and Prices (Accelerated Economic Growth).....	19
2.2 Investment and National Savings.....	21
2.3 Central Government Budget (Sustainable fiscal Deficit).....	21
2.4 Sustainable level of public Debt.....	22
2.5 External sector (Sustainable external balance).....	23
2.6 Public Debt (Sustainable level of public Debt).....	23
CHAPTER THREE.....	25
FINANCE AND PRODUCTION SECTOR .....	25
3.1 Overview .....	25
3.2 Agriculture Sub-Sector .....	25
3.3 Livestock Sub-Sector.....	33
3.4 Investments Promotion Sub-Sector .....	50
3.5 Trade Sub-Sector.....	57
3.6 Industry Sub-Sector .....	82
3.7 Micro, Small and Medium Enterprises (MSME) Development Sub-Sector.....	103
3.8 Cooperatives Sub-Sector .....	118
3.9 East Africa Community Affairs Sub Sector .....	126
3.10 Economic Planning Sub-Sector .....	128
3.11. The National Treasury .....	132
CHAPTER FOUR .....	140
INFRASTRUCTURE SECTOR.....	140
4.0. Overview .....	140
4.1. Roads.....	140
4.1.1. Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	140
4.1.2. Description of Results.....	145
4.1.3. Implementation challenges .....	146
4.1.4. Recommendations.....	146

4.2.	Lands, Public Works, Housing and Urban Development .....	146
4.2.1.	Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	146
4.2.2.	Description of the results .....	150
4.2.3.	Implementation challenges .....	151
4.2.4.	Recommendations.....	151
4.3.	Housing and Urban Development .....	151
4.3.1.	Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	153
4.3.2.	Implementation Challenges .....	161
4.3.3.	Recommendations.....	161
4.4.	Energy .....	162
4.4.1.	Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	162
4.4.2.	Implementation challenges .....	177
4.4.3.	Recommendations.....	177
4.5.	Petroleum.....	177
4.5.1.	Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	178
4.5.2.	Description of Results.....	180
4.5.3.	Challenges.....	186
4.5.4.	Recommendations.....	187
4.5.5.	Lessons Learnt.....	188
4.6.	ICT and the Digital Economy.....	191
	Implementation status of the Key Outputs and BETA priorities for Q2 of FY 2025/2026 .....	191
4.6.1.	Description of Results.....	205
4.6.2.	Implementation Challenges .....	206
4.6.3.	Recommendations.....	207
4.7.	Broadcasting and Telecommunications .....	207
4.7.1.	Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26.....	208
4.7.2.	Description of results .....	211
4.7.3.	Implementation Challenges .....	213
4.7.4.	Recommendations.....	215
4.8.	Water and Sanitation .....	217
4.8.1.	Implementation status of the Key Output and BETA for Q2 of FY 2025/26 .....	217
4.8.2.	Description of Results.....	225
4.8.3.	Implementation Challenges .....	228
4.8.4.	Recommendations.....	228
CHAPTER FIVE: SOCIAL SECTOR .....		230
5.0	Overview .....	230
5.1	Public Health and Professional standards .....	230
5.1.1	Implementation Status of the Key MTP IV Outputs and BETA Priorities.....	230
5.1.2	Description of Results .....	236
5.1.3	Implementation Challenges .....	236

5.1.4 Recommendations .....	237
5.2 Medical Services Sub sector .....	237
5.2.2 Description of Results .....	240
5.2.3 Implementation challenges .....	240
5.2.4 Recommendations .....	240
5.3 Basic education Sub sector .....	241
5.2.2 Description of Results .....	254
5.2.3 Implementation Challenges .....	254
5.2.4 Recommendations .....	255
5.4 Technical Vocational Education and Training Sub Sector .....	255
5.4.2. Description of the Results .....	257
5.4.3 Implementation Challenges .....	258
5.4.4 Recommendations .....	258
5.5 State Department for Higher Education.....	258
5.5.2 Description of Results .....	261
5.5.3 Implementation Challenges .....	261
5.5.4 Recommendations .....	261
5.6 Labour and Skills Development .....	262
5.6.1 Implementation Status of the Key Outputs and BETA Priorities for the 2 <sup>nd</sup> Quarter of FY 2025/26.....	262
5.6.2 Description of the Results .....	269
5.6.3 Implementation challenges .....	269
5.6.4 Recommendation.....	270
5.7 Social Protection and Senior Citizen Affairs.....	270
<b>5.7.1 MTP IV OUTCOME INDICATORS .....</b>	<b>275</b>
5.7.2 Brief Description of the results.....	275
5.7.3 Implementation Challenges .....	276
5.7.4 Recommendations .....	276
5.8. Public Service and Human Capital development.....	277
5.9 Gender and Affirmative Action Sub sector .....	277
5.9.2 Description of results .....	289
5.9.3 Implementation Challenges .....	289
5.9.4 Recommendations .....	290
5.10 Children Services Sub Sector .....	290
5.11 Culture, the Arts and Heritage Sub sector .....	290
5.12 Youth and Creative Economy.....	290
Target not achieved due to inadequate funds .....	291
5.12.2 Description of Results .....	297
During the period under review, Youth Enterprise Development Fund disbursed KSh 112 million in loans, benefiting 10,103 youth entrepreneurs and providing business development services to 18,255 youth, although these figures remained below the quarterly targets due to limited budgetary allocation.....	297
5.12.3 Implementation challenges.....	297

5.12.3 Recommendations .....	297
5.13 Population and Development Sub sector .....	298
CHAPTER SIX .....	299
6.0 ENVIRONMENT AND NATURAL RESOURCES SECTOR .....	299
6.1 Overview .....	299
6.2 Environment and Climate Change Sub Sector .....	299
6.3 Forestry Sub Sector .....	302
6.4 Tourism Sub Sector .....	306
6.5 Wildlife Sub Sector .....	316
6.6 Arid, Semi-Arid Lands and Regional Development Sub Sector .....	328
6.7 Mining Sub Sector .....	331
6.8 Blue Economy and Fisheries Sub Sector .....	334
6.9 Shipping and Maritime Affairs Sub Sector .....	343
CHAPTER SEVEN .....	354
GOVERNANCE AND PUBLIC ADMINISTRATION SECTOR .....	354
7.1 Overview .....	354
7.2 Cabinet Affairs Sub-Sector .....	354
7.3 Immigration and Citizen Service Sub sector .....	354
7.4 Correctional Services Sub sector .....	357
7.5 Internal Security and National Administration Sub sector .....	362
7.6 Devolution Sub sector .....	365
7.7 Diaspora Affairs Sub sector .....	365
7.8 East African Community Affairs Sub-sector .....	368
7.9 Parliamentary Affairs Sub sector .....	369
7.10 State Law Office and Department of Justice sub sector .....	371
7.11 Foreign Affairs Sub sector .....	375
<b>CHAPTER EIGHT</b> .....	<b>383</b>
<b>8.0 GENERAL CHALLENGES, LESSONS LEARNT AND RECOMMENDATIONS</b> .....	<b>383</b>
<b>8.1 Overview</b> .....	<b>383</b>
<b>8.2 Challenges</b> .....	<b>383</b>
<b>8.3 Lessons Learnt</b> .....	<b>383</b>
<b>8.4 Recommendations</b> .....	<b>383</b>
<b>List of References</b> .....	<b>384</b>

## ABBREVIATION AND ACRONYMS

ABDP	Aquaculture Business Development Programme
ADR	Alternative Dispute Resolution
AfCFTA	African Continental Free Trade Area
AFCON	African Cup of Nations
AfCTA	African Continental Free Trade Area
AGA	Autonomous Government Agencies
AGPO	Access to Government Procurement Opportunities
AHP	Affordable Housing Programme
AI	Artificial Insemination
AIR	African Institute of Remittances
ALB	Auctioneers Licensing Board
AMR	Antimicrobial Resistance
ANC	Antenatal Coverage
ANS	Air Navigation Services
API	Advanced Passenger Information
APR	Annual Progress Report
APRM	Africa Peer Review Mechanism
ARA	Assets Recovery Agency
ASAL	Arid and Semi-Arid Lands
ASK	Agricultural Society of Kenya
ASM	Artisanal Small-scale Mining
ATDC	Agriculture Technology Development Centre
AU	African Union
AU-CEWS	Africa Union Continental Early Warning System
AUDA	African Union Development Agency
BDS	Business Development Service
BEPS	Business Environment and Private Sector Development
BETA	Bottom-Up Economic Transformation Agenda
BFCI	Baby Friend Community Initiative
BLA	Bilateral Labour Agreements
BOP	Balance of Payment
BRS	Business Registration Services
BRT	Bus Rapid Transit
BSL 3	Biosafety Level 3
CAIP	County Aggregation and Industrial Parks
CAIPs	County Aggregation and Industrial Parks
CBET	Competency-Based Education and Training
CBK	Central Bank of Kenya
CBTAs	Cross Border Trade Agreements
CCAEWG	County Conflict Analysis and Early Warning Group
CCG	Clean Cooking Gas
CCI	Cultural and Creative Industry

CCTP	MIS: Consolidated Cash Transfer Management Information System
CEPA	Comprehensive Economic Partnership Agreement
CET	Common External Tariff
<b>CETP [SDI]</b>	
CEWARN	Continental Early Warning System
CGAA	County Government Additional Allocation
CGS	Credit Guarantee Scheme
CHAN	African Nations Championships
CHAs	Community Health Assistants
CHPs	Community Health Promoters
CHUs	Community Health Units
CIDCs	Constituency Industrial Development Centers
CIGs	Common Interest Groups
CIMES	County Integrated Monitoring and Evaluation System
CIMIC	Civil and Military Activities
CLE	Council of Legal Education
CMA	Capital Markets Authority
CMIS	Cooperative Management Information System
CoG	Council of Governors
CoG	Council of Governors
COMESA	Common Market for Eastern and Southern Africa
CPF	County Peace Forum
CPMR	Conflict Prevention, Management and Resolution
CPPMDs	Central Planning and Projects Monitoring Directorates
CPRM	Country Peer Review Mechanism
CRR	Country Review Report
CTBAs	Cross Border Trade Associations
CTIP	Counter Trafficking In Persons
CTOVC	Cash Transfer for Orphans and Vulnerable Children
DBRT	Department of Business Reforms Transformation
DIIMS	Diaspora Integrated Information Management System
DISO	Diaspora Investment Support Office
DPA	Diaspora Placement Agency
DRC	Democratic Republic of Congo
DRC	Democratic Republic of Congo
DRIVE	De-Risking, Inclusion and Value Enhancements
DWT	Dead Weight Tonnes
EAC	East African Community
EAC	East African Community
EALA (K)	East African Legislative Assembly – Kenya Chapter
eCHIS	Electronic Community Health Information System
e-CIMES	Electronic County Integrated Monitoring and Evaluation System
EDMS	Electronic Document Management System
ELRC	Employment and Labour Relations Court

e-NIMES	Electronic National Integrated Monitoring and Evaluation System
e-NRS	Electronic-National Reporting System Committee
EOP	Executive Office of the President
EPA	Economic Partnership Agreement
EPRA	Energy Petroleum and Regulatory Authority
EPZ	Export Processing Zone
EPZA	Export Processing Zones Authority
ESIA	Environmental and Social Impact Assessment
ETA	Electronic Travel Authorization
EU	European Union
FAW	Fall Army Worm
FCDC	The Frontier Counties Development Council
FDI	Foreign Direct Investments
FDP	Field Development Plan
FLLoCA	Financing Locally-Led Climate Action
FMD	Foot and Mouth Disease
FPIC	Free, Prior, and Informed Consent
FRS	Facial Recognition System
FSR	Federal Somalia Republic
FTA	Free Trade Area
FY	Financial Year
GBV	Gender-Based Violence
GCI	Global Competitive Index
GDP	Gross Domestic Product
GHRIS	Government Human Resource Information System
GLA	Government Legislative Agenda
GMP	Good Manufacturing Practice
GoK	Government of Kenya
GPA	Group Personal Accident
GPI	Global Peace Index
GPRS	Government Performance Reporting System
GRM	Grievance Redress Mechanism
Ha	Hectares
HDI	Human Development Index
HMIS	Health Management Information System
HOPS	Head Of Public Service
HPT	Health Products and Technologies
HRH	Human resource for health
HVAC	Heating, Ventilation, and Air Conditioning
IBEC	Inter-Governmental Budget and Economic Council
IBMS	Integrated Border Management System
IC3	Integrated Command and Control Centre
ICT	Information Communication Technology
IEBC	Independent Electoral and Boundaries Commission

IFAD	International Fund for Agricultural Development
IGRTC	Intergovernmental Relations Technical Committee
IHDI	Inequality-adjusted Human Development Index
IHMIS	Integrated Health Management Information System
IMAM	Integrated Management of Acute Malnutrition
IPCRM	Integrated Public Complaints Referral Mechanism
IPR	Industrial Property Rights
IPRIMS	Integrated Public Records and Information Management System
IPRs	Intellectual Property Rights
IPRS	Integrated Population Registration System
IPRS	Integrated Population Registration Systems
ITAP	Industrial Training and Attachment Portal
ITIMS	Integrated Transport Information Management System
ITS	Intelligent Transport Systems
JCC	Joint Commission Cooperation
JCTI	Joint Committee in Trade & Investment
JOCs	Joint Operation Centers
JTC	Joint Trade Committee
KAGRC	Kenya Animal Genetic Resource Center
KAIST	Kenya Advanced Institute of Science and Technology
KCC	Kenya Cultural Centre
KCGS	Kenya Coast Guard Service
KDB	Kenya Dairy Board
KDC	Kenya Development Corporation
KDEAP	Kenya Digital Economy Acceleration Project
KDHS	Kenya Demographic and Health Survey
KDHS	Kenya Demographic Health Survey
KEBS	Kenya Bureau of Standards
KeFS	Kenya Forest Service
KELCOP	Kenya Livestock Commercialization Project
KEMFSED	Kenya Marine Fisheries and Socio-Economic Development
KEMRI	Kenya Medical Research Institute
KenInvest	Kenya Investment Authority
KEPROBA	Kenya Export Promotion and Branding Agency
KESCO	Kenya Standards of Classification of Occupations
KESIC	Kenya Standards of Industrial Classification
KETRA	Kenya Trade Remedies Agency
KEVEVAPI	Kenya Veterinary Vaccines Production Institute
KHHRAC	Kenya Health Human Resource Advisory Committee
KHIS	Kenya Health Information System
KICC	Kenyatta International Conference Centre
KIEP	Kenya Industry and Entrepreneurship Project
KIHBS	Kenya Integrated Household Budget Survey
KIHBT	Kenya Institute of Highways and Building Technology

KIMC	Kenya Institute of Mass Communication
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KIRDI	Kenya Industrial Research Development Institute
KISIP	Kenya Informal Settlement Improvement Project
KITI	Kenya Industrial Training Institute
KLDC	Kenya Leather Development Council
KLIP	Kenya Leather Industrial Park
KLMIS	Kenya Labour Market Information System
KLRC	Kenya Law Reform Commission
KLVMCT	Kenya Lake Victoria Maritime Communication and Transport project
KMA	Kenya Maritime Authority
KMTC	Kenya Medical Training College
KMWWF	Kenya Migrant Workers Welfare Fund
KNBS	Kenya National Bureau of Statistics
KNFJKA	Kenya National Federation of Jua Kali Associations
KNSL	Kenya National Shipping Line
KNT	Kenya National Theatre
KOMEX	Kenya National Multi-Commodities Exchange Limited
KPS	Kenya Prisons Service
KSH	Kenya Shilling
KSL	Kenya School of Law
KTDA	Kenya Tea Development Agency
KTMM	KIPPRA Treasury Macro-Model
KUSP	Kenya Urban Support Program
KWECOS	Kilifi Women Empowerment Cooperative Society
LCI	Land Commercialization Initiative
LEZ	Livestock Export Zone
LITS	Livestock Identification and Traceability System
LMIS	Labour Market Information System
LMOs	Liability management operations
LMRA	Labour Market Research and Analysis
LPG	Liquefied Petroleum Gas
M&E	Monitoring and Evaluation
MDA	Ministries, Departments & Agency
MDACs	Ministries Departments, Agencies and Counties
MDACs	Ministries Departments Agencies and Counties
MES	Managed Equipment Services
MIS	Management Information System
MNCH	Maternal Neonatal Child Health
MoCMSMEs	Ministry of Cooperatives, Micro Small and Medium Enterprises
MoU	Memorandum of Understanding
MRF	Material Recovery facility
MSC	Maritime Shipping Company
MSCI	Morgan Stanley Competitive Index

MSEA	Micro and Small Enterprise Authority
MSEs	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
MT	Metric Tonne
MTEF	Medium Term Expenditure Framework
MTP IV	Medium Term Plan IV
MTP	Medium Term Plan
MTP	Medium Term Plan
MTP	Medium-Term Plan
MTPs	Medium Term Plans
NAEA	National Arts Excellence Award
NAICEC	Nairobi International Convention and Exhibition Centre (renamed to BICC - Bomas International Convention Center)
NAMARET	National Mariculture Resource and Training Centre
NCD	Non-Communicable Disease
NCEC	National Creatives Economy Council
NCIA	Nairobi Centre for International Arbitration
NCIP	Northern corridor integration project
NCLR	National Council for Law Reporting
NCPD	National Council for Population and Development
NCPWD	National Council for Persons with Disabilities
NDIC	National Development Implementation Committee
NEA	National Employment Authority
NEAP	National Ethics and Anti-Corruption Policy
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development
NESP	National Equipment Services Program
New KCC	New Kenya Cooperative Creameries
New KPCU	New Kenya Planters Cooperative Union
NFDK	National Fund for the Disabled of Kenya
NGA	National Government Administration
NGAO	National Government Administrative Officer
NIC	National Investment Council
NICHE	Nutrition Improvements through Cash and Health Education
NIFC	Nairobi International Financial Centre
NIMES	National Integrated Monitoring and Evaluation System
NITA	National Industrial Training Authority
NLAS	National Legal Aid Service
NLUP	National Land Use Policy
NMA	Nairobi Metropolitan Area
NMC	Numerical Machining Complex
NMK	National Museums of Kenya
No	Number
NPCC	National Productivity & Competitiveness Centre

NPHI	National Public Health Institute
NPS	National Police Service
NQCL	National Quality Control Laboratory
NSCC	National System Control Centres
NSNP	National Safety Net Programme
NSP	National Spatial Plan
NSSF	National Social Security Fund
NSSF	National Social Security Fund
NT	National Theatre
NTBs	Non-Tariff Barriers
NTBs	Non-tariff Barriers
NTBs	Non-Tariff Barriers
NTNC	National Trade Negotiations Council
NYOTA	National Youth Opportunities Towards Advancement
NYS	National Youth Service
OACPS-EU	Organization of the African, Caribbean and Pacific States – European Union
OAG&DOJ	Office of the Attorney General & Department of Justice
OB	Occurrence Book
OCOS	Office of the Chief of Staff
ODeL	Open Distance and eLearning
ODP	Office of the Deputy President
ODPC	Office of the Data Protection Commissioner
OPCT	Older Persons Cash Transfer
OSBPs	One Stop Border Posts
OSH	Occupational Safety and Health
PACS	Probation and Aftercare Service
PASHA	Public Access System for Handling and Administration
PCEA	Presbyterian Church of East Africa
PCNs	Primary Healthcare Networks
PDTP	Presidential Digital Talent Programme
PEA	Private Employment Agencies
PFM	Public Finance Management
PLEAD	Programme for Legal Empowerment and Aid Delivery
PNR	
PoEs	Ports of Entry & Exit
PPA	Participatory Poverty Assessment
PPAs	Power Purchase Agreements
PPP	Public-Private Partnership
PPPs	Private Public Partnerships
PPR	Peste Des Petits Ruminants
PSC	Public Service Commission
PSOs	Peace Support Operations
PWDs	Persons With Disabilities
PWSDCT	Persons With Severe Disabilities Cash Transfer

QAI	Qualifications Awarding Institution
QEBR	Quarterly Economic & Budgetary Review
RAP	Resettlement Action Plan
RCGS	Rural Credit Guarantee Scheme
RECs	Regional Economic Communities
RECSA	Regional Centre on Small Arms
RFCs	Regional Forest Conservancies
RFP	Request for Proposals
RIA	Regulatory Impact Assessment
RK-FINFA	Rural Kenya Financial Inclusion Facility
RMLF	Road Maintenance Levy Fund
RPL	Recognition of Prior Learning
RSA	Resource Sharing Agreement
RSS	Road-side Stations
SACCO	Savings and Credit Cooperative
SAFER	Supporting Access to Finance and Enterprise Recovery
SAGA	Semi-Autonomous Government Agency
SAGAs	Semi-Autonomous Government Agencies
SARs	Search and Rescue Centers
SASDF	Sports, Arts and Social Development Fund
SASRA	Sacco Societies Regulatory Authority
SASRA	Sacco Societies Regulatory Authority
SCAC	State Corporation Advisory Corporation
SCMP	Sub-Catchment Management Plan
SCTIFI	Sectoral Council on Trade, Industry, Finance and Investment
SD	State Department
SDCAH	State Department for Culture, the Arts and Heritage
SDCs	Social Development Committees
SDCS	State Department for Correctional Services
SDD	State Department for Devolution
SDEACA	State Department for East African Community Affairs
SDEP	State Department for Economic Planning
SDGAA	State Department for Gender and Affirmative Action
SDGs	Sustainable Development Goals
SDI	State Department for Industry
SDIP	State Department for Investment Promotion
SDISNA	State Department for Internal Security and National Administration
SDL&SD	State Department for Labour and Skills Development
SDLD	State Department for Livestock Development
SDMS	State Department for Medical Services
SDPA	State Department for Parliamentary Affairs
SDPDM	State Department for Performance and Delivery Management
SDPH&PS	State Department for Public Health and Professional Standards
SDPS	State Department for Public Service

SDSPSCA	State Department for Social Protection and Senior Citizens Affairs
SDT	State Department for Trade
SDTVET	State Department for Technical, Vocational Education and Training
SDYACE	State Department for Youth Affairs and Creative Economy
SEZ	Special Economic Zone
SEZA	Special Economic Zones Authority
SHI	Social Health Insurance
SHIF	Social Health Insurance Fund
SLO	State Law Office
SMEs	Small, Medium Enterprises
SNE	Special Needs Education
SPS	Sanitary and Phytosanitary Measures
SRH	Sexual Reproductive Health
STCW	Standard of Training Certification and Watchkeepers for Seafarers
STEM	Science, Technology, Engineering, and Mathematics
STR	Simplified Trade Regime
TFTA	Tripartite Free Trade Area
TICAD	Tokyo International Conference on African Development
TIMPS	Technologies, Innovations, Management Practices
TLU	Tropical Livestock Unit
TNT	The National Treasury
ToTs	Trainer of Trainers
TTIB	Technical Training Institute for the Blind
TTID	Technical Training Institute for the Deaf
TVC	Technical Vocational College
TVET	Technical and Vocational Education and Training
TVET	Technical, Vocational Education and Training
TWENDE	Towards Ending Drought Emergencies
UAE	United Arab Emirates
UHC	Universal Health Coverage
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNECOSOC	United Nations Economic and Social Council
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UPI	Unique Personal Identifier
USD	United States Dollar
WADA	World Anti-Doping Agency
WPA	Witness Protection Board
WRC	World Rally Championship
WRSC	Warehouse Receipt System Council
WRUA	Water Resources Users Association
WSPU-(K)	World Scout Parliamentary Union (Kenya Chapter)

WTO World Trade Organization  
YECs Youth Empowerment Centres

1st Draft Half Year Report

**EXECUTIVE SUMMARY**

1st Draft Half Year Report

## CHAPTER ONE

### INTRODUCTION

#### 1.1. Background

This chapter presents introduction the Vision 2030 and the MTP. Specifically, the chapters highlights the MTP IV and the Bottom-Up Economic Transformation Agenda (BETA) on the priority strategic areas. Under the BETA Pillars the focus is on: Agricultural Transformation; Housing and Settlement; and Digital Superhighway and Creative Industry. These pillars were prioritized owing to the significance of the impact they bear on bringing down the cost of living, eradicating hunger, creating jobs, expanding the tax base, improving our foreign exchange balance, and enhancing inclusive growth. The chapter also focuses on the performance of the MTP IV and its Enablers that were prioritized to enhance the achievement of BETA.

#### 1.2. Overview of Kenya Vision 2030

Kenya Vision 2030 serves as the nation's premier long-term development blueprint. It was launched in June 2008 with a primary objective to transform Kenya into a globally competitive, prosperous, and newly industrializing middle-income country by the year 2030. This transformation aims to provide a high quality of life for all citizens within a clean and secure environment. The Vision is anchored on three pillars. The Economic Pillar, to achieve and maintain high economic growth. The Social Pillar is to build a just and cohesive society, and the Political Pillar is to ensure an issue-based, accountable democratic system. These pillars are supported by critical Foundations (Enablers), including Infrastructure, ICT, Science Technology and Innovation (STI), Land Reforms, Public Service Reforms, and Security.

The Vision is implemented through successive five-year Medium-Term Plans (MTPs). Key milestones include of the last three MTPs include sustaining the GDP growth to an average of above 4 per cent, reducing of poverty levels from 46% (2005) to 36.1% (2015), transitioning the country from a low-income to a lower middle-income country in 2014, and increasing the GDP per capita from US\$ 1,430 in 2014 to US\$ 2,240 in 2022. Despite these gains, the economy remains vulnerable to structural weaknesses, low productivity, and regional inequalities—collectively described as a "perfect economic storm" characterized by rising inflation and fiscal distress.

#### 1.3. The Fourth Medium-Term Plan (MTP IV) 2023–2027

The MTP IV (2023–2027) marks a strategic shift toward the Bottom-Up Economic Transformation Agenda (BETA). This approach prioritizes grassroots interventions and value chain optimization to drive an economic turnaround. The MTP IV represents a pivot toward productivity-led growth. By focusing on the "Bottom-Up" pillars, the government intends to mitigate the current economic shocks, foster resilience, and accelerate Kenya's transition toward Upper Middle-Income status by 2030.

The government's core objectives under MTP IV are to: Lower the Cost of living, target an annual inflation rate of 5%, eradicate hunger through enhanced agricultural productivity, generate

1,200,000 jobs annually, expand the tax base to 19.7% of GDP by 2027/2028, and sustain foreign exchange reserves at 6.1 months of import cover. The realization of MTP IV outcomes relies on a diversified financing strategy. This includes direct sectoral budget allocations and optimized tax instruments, private investment leveraging Public-Private Partnerships (PPPs) and foreign direct investment, green financing by tapping into sustainable development funds and through deepening partnerships with development partners and the Council of Governors.

#### **1.4. Bottom-Up Economic Transformation Agenda (BETA)**

The Bottom-up Economic Transformation Agenda (BETA) is designed to catalyze economic recovery in Kenya by focusing on grassroots communities and value chain development across key sectors. This strategic initiative seeks to address pressing national concerns such as high cost of living, unemployment, and economic inequalities. BETA's approach is to prioritize the sectors that will have the greatest impact on job creation, income distribution, social security, tax revenue generation, and foreign exchange earnings, ensuring that growth is inclusive and benefits the broader population.

BETA is structured around five central pillars, each focusing on a high-impact sector, to ensure inclusive growth. Agricultural Transformation focuses on productivity in leather, dairy, tea, rice, and the blue economy to reduce food costs and increase exports. The MSME Economy aims to empower the lowest in the society through the "Hustler Fund" by providing access to affordable credit and link small businesses to construction value chains, the housing and settlement pillar aim to construct 200,000 affordable housing units annually while integrating the Jua Kali industry, the health sector aim to implement Universal Health Coverage (UHC) via a fully public-funded primary healthcare system and a national fund for chronic illnesses while the Digital Superhighway and Creative Industry sector focus on expanding the National Optic Fibre Backbone and the "Last Mile" electricity connectivity to automate government services.

To support these pillars, BETA incorporates 12 enablers designed to create a conducive environment for socio-economic transformation. These include initiatives in the Blue Economy, Education and Training, Environment and Climate Change, Foreign Policy and Regional Integration, Governance, Infrastructure, Manufacturing, Service Economy, Women's Agenda, Social Protection, Sports, Culture and Arts, and Youth Empowerment and Development Agenda.



## CHAPTER TWO

### MACROECONOMIC FRAMEWORK

#### 2.0 Overview

This chapter highlights macroeconomic performance and the status of macroeconomic outcome indicators as given in the MTP IV indicator handbook.

#### 2.1 National Account and Prices (Accelerated Economic Growth)

##### 2.1.1 Real Gross Domestic Product (GDP)

The Kenyan economy demonstrated significant resilience, recording a robust growth of 4.9% in the third quarter of 2025. This marks a notable improvement from the 4.2% growth recorded in Q3 2024. The performance was anchored by a strong services sector, sustained agricultural output, and a significant recovery in the industrial and mining sub-sectors.

The Primary Sector (Agriculture & Mining) grew by 4.0%, driven largely by a dramatic rebound in mining and quarrying. Agriculture, Forestry, and Fishing expanded by 3.2%. While favorable weather boosted milk production and cut flower exports. However the sub-sector faced constraints due to lower tea and sugarcane production and a decline in vegetable and fruit exports. Mining and Quarrying recorded a massive turnaround, growing by 16.6% compared to a 12.2% contraction in 2024. This was fueled by renewed private investment and rising demand for construction materials.

The Industry Sector (Manufacturing & Construction) saw a major leap to 4.1% growth, up from a stagnant 0.3% in the previous year. This was supported by the construction sub-sector which rebounded to 6.7% growth (from a 2.6% contraction in 2024), evidenced by high cement consumption and increased imports of steel and bitumen. The electricity and water supply sub-sector grew by 3.6%. The growth of the sub sector was powered by renewable energy growth including wind, solar, and geothermal which offset declines in hydro and thermal generation. The manufacturing sub-sector recorded a modest 2.5% growth. Performance was split; non-food manufacturing (cement, motor vehicle assembly, galvanized sheets) thrived, while food manufacturing (sugar and soft drinks) declined.

The services sector remains a primary driver of the economy, despite a minor slowdown in the rate of expansion. The growth of the sector was supported by accommodation and food Services. This was the fastest-growing sub-sector at 17.7%. This surge was largely attributed to Kenya co-hosting the African Nations Championship (CHAN), which spiked international visitor arrivals at JKIA and Moi International Airport. Transportation and Storage sub sector grew by 5.2%, supported by increased activity across air, road, and water transport networks.

Under ICT and Finance sub sector, Information and Communication grew by 4.5%. While domestic voice, SMS, and mobile money transactions remained resilient, the sector slowed down from its 6.9% peak in 2024 due to a decline in utilized international bandwidth. Financial and

insurance growth was moderated to 5.4% (down from 7.3% in 2024). This cooling effect resulted from the easing of interest rates, which lowered earnings from financial intermediation and led to modest private sector credit growth.

The GDP growth of Q3 2025 reflects an economy successfully pivoting toward recovery in the industrial and construction sectors. While traditional drivers like Finance and ICT saw normalized growth due to shifting interest rates and bandwidth utilization, the Sports Tourism (CHAN) and Renewable Energy sectors emerged as vital pillars of the current growth trajectory.

MTP IV Outcome	MTP IV Outcome Indicator	MTP IV Outcome Target 2025/2026	FY 2023/2024				FY 2024/2025				FY 2025 /2026	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Accelerated Economic Growth	Annual GDP Growth Rate (%)	6.3			4.9	4.6			4.9	5.0		

**2.1.2 Consumer Price Index (Average)- Price Stability**

Overall year-on-year inflation stood at 4.5 percent in December 2025, up from 3.0 percent in December 2024, and remained below the mid-point of the target range of 5±2.5 percent. Inflationary pressures remained contained, supported by adequate food supplies following favourable weather conditions and targeted Government interventions, as well as lower fuel inflation arising from exchange-rate stability and lower international oil prices

The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate; lower international oil prices; and the decline in non-core inflation due to the impact of previous monetary policy tightening. Inflation stood at 4.5 percent in December 2025 compared to 3.0 percent in December 2024 . The increase reflects the easing of monetary policy. Core inflation declined to 2.0 percent in December 2025 from 2.2 percent in December 2024, mainly on account of lower prices of processed food items. Non-core inflation rose to 11.2 percent in December 2025 from 4.9 percent in December 2024, driven primarily by sharper increases in transport costs, as well as higher prices of vegetables, particularly tomatoes, carrots, onions, and cabbages, alongside pressures from utilities and energy

## **2.2 Investment and National Savings**

### **2.2.1 Investment**

In December 2025, Kenya's capital account registered a surplus of US\$ 180.7 million, representing a moderate decrease of US\$ 51.5 million from the previous year. Despite this, net financial inflows saw a massive surge, rising to US\$ 5,266.7 million from US\$ 3,213.6 million in 2024. This growth was driven by an increase in net financial liabilities spanning from portfolio investments, direct investments, and financial derivatives. These effectively offset the decline in the acquisition of financial assets. This influx of capital highlights a significant turnaround in investor sentiment, as the stability of the Kenya Shilling and improved macroeconomic conditions have catalyzed higher foreign direct investment and increased participation in the Nairobi Securities Exchange (NSE).

Supplementing these capital flows, diaspora remittances climbed to US\$ 5,036.8 million in the 12 months to December 2025, a 1.9 percent increase from the US\$ 4,945.2 million recorded in 2024. These inflows play a dual role in the national economy, acting as a critical source of foreign exchange while supporting both household consumption and domestic investment. By providing a steady stream of liquidity, these remittances, alongside robust financial account inflows, have been instrumental in financing the current account deficit and maintaining the overall stability of the Kenyan Shilling.

### **2.2.2 Gross National Savings**

## **2.3 Central Government Budget (Sustainable fiscal Deficit)**

### **2.3.1 Total revenue to GDP**

National Government revenue collection for the period of July–December 2025 reached KSh 1,528.7 billion (approximately 11% of GDP), missing the target of KSh 1,654.6 billion by KSh 125.9 billion. This shortfall was primarily driven by a deficit in ordinary tax revenue, which collected KSh 1,241.3 billion against a goal of KSh 1,351.9 billion. Despite the underperformance relative to the target, total revenue demonstrated an 11.4% growth compared to the same period in 2024, signaling a strengthening fiscal trajectory. While most tax categories lagged, specific areas such as investment revenue, import duty, and Import Declaration Fees (IDF) surpassed their targets, with investment revenue notably exceeding expectations by KSh 16.6 billion.

Non-tax revenue and external support showed mixed results. Ministerial Appropriation in Aid (A-I-A) grew significantly by 34.5%, reaching KSh 283.8 billion, nearly meeting its target. Additionally, the Railway Development Levy performed strongly, collecting KSh 22.9 billion against a KSh 19.2 billion target. However, external grants faced a major shortfall, with only KSh 5.8 billion realized against a target of KSh 17.9 billion. Overall, while the 7.9% total revenue-to-GDP ratio shows improvement over the previous fiscal year's 7.6%.

### **2.3.2 Total Expenditure and Net Lending**

Total government expenditure and net lending reached KSh 2,019.8 billion by December 2025, reflecting a 6.6 percent growth over the previous year but falling short of the KSh 2,097.0 billion target. This under-expenditure was primarily due to lower-than-anticipated costs in domestic interest, pensions, and a KSh 50.4 billion shortfall in transfers to County Governments. Overall, ministerial absorption stood at 79.4 percent, with recurrent spending—largely dominated by the Social Sector (Education and Health) at 49.7 percent—outpacing development spending, which achieved a 73.5 percent utilization rate.

Developmental outlay was strategically concentrated on the BETA pillars, with the State Department for Housing and Urban Development taking the lead at 20.2 percent of total development spending, followed by Roads and Economic Planning. Sectoral performance was uneven, as evidenced by the Social Protection, Culture, and Recreation sector exceeding its budget with an 119.3 percent absorption rate, while the National Security sector recorded the lowest at 31.4 percent. This spending pattern highlights a fiscal prioritization of social welfare and infrastructure, despite overall institutional spending remaining below the set targets.

### **2.3.3 Overall Fiscal Balance to GDP (inclusive of Grants)**

During the period July 2025 to December 2025 The fiscal balance (on a commitment basis and including grants) was 2.5 percent of GDP against a target deficit of 2.3 percent of GDP. As at 31<sup>st</sup> December 2025, the fiscal deficit including grants (on commitment basis) stood at KSh. 512.5 billion (2.8 percent of GDP).

### **2.3.4 Overall Fiscal Balance to GDP (exclusive of Grants)**

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 526.4 billion (2.7 percent of GDP), as at the end December 2025. During the period July 2025 to December 2025, the fiscal balance (on a commitment basis and excluding grants) amounted to KSh. 494.7 billion (2.6 percent of GDP) against a targeted deficit of KSh. 460.3 billion.

## **2.4 Sustainable level of public Debt**

### **2.4.1 Public debt**

Kenya's total public debt reached KSh 12,301.2 billion by December 2025, marking an 11.19% increase over the same period in 2024. This growth was primarily driven by intensified domestic borrowing to bridge the fiscal deficit. The debt portfolio is now predominantly domestic, accounting for 55.6% (KSh 6,839.3 billion) of the total stock, while external debt comprises the remaining 44.4% (KSh 5,462.0 billion).

The domestic debt landscape is anchored by institutional investors, with Commercial Banks and Financial Corporations (including the Central Bank, Pensions, and Insurance) significantly increasing their holdings of government securities. Between July and December 2025 alone, Commercial Banks increased their holdings by KSh 136.2 billion, while other financial corporations added KSh 200.0 billion. While this shift toward domestic markets mitigates external exchange rate risks, the rising debt stock places a heavy emphasis on the government's ability to mobilize domestic revenue as outlined in the MTP IV and BETA.

## **2.5 External sector (Sustainable external balance)**

### **2.5.1 Current external Balance inclusive of official transfers to GDP**

In December 2025, Kenya's current account deficit widened to US\$ 3,298.9 million, or 2.4 percent of GDP, a notable increase from the 1.2 percent recorded in 2024. While the deficit expanded due to evolving trade dynamics, the balance remained resilient thanks to strong performance in goods exports, increased services receipts, and a surge in diaspora remittances. Despite the larger gap, the deficit was more than fully financed by robust financial account inflows, ensuring that the country's overall balance of payments remained stable while supporting the broader objectives of the Medium-Term Plan IV and BETA.

### **2.5.2 Gross Reserves in Months of this year's imports to GDP**

By December 2025, Kenya's external economic position strengthened significantly, with official foreign exchange reserves reaching US\$ 12,098.6 million. This represents a notable increase from US\$ 10,066.6 million in December 2024, effectively boosting the country's import cover from 4.4 months to 5.2 months. This level comfortably exceeds the statutory minimum requirement of four months, providing a robust buffer against short-term external shocks and volatility in the foreign exchange market.

The broader banking system also maintained a healthy liquidity position, with total foreign exchange holdings rising to US\$ 18,312.1 million from US\$ 16,324.5 million the previous year. This collective strength in both Central Bank reserves and commercial bank holdings reinforces Kenya's ability to meet its international obligations and maintain exchange rate stability. These reserves serve as a critical insurance policy for the economy, ensuring that the country can sustain essential imports even during periods of global financial uncertainty.

## **2.6 Public Debt (Sustainable level of public Debt)**

### **2.6.1 Nominal Central Government Net Debt to GDP**

Kenya's total public debt reached KSh 12,301.2 billion by December 2025, marking an 11.19% increase over the same period in 2024. This growth was primarily driven by intensified domestic borrowing to bridge the fiscal deficit. The debt portfolio is now predominantly domestic,

accounting for 55.6% (KSh 6,839.3 billion) of the total stock, while external debt comprises the remaining 44.4% (KSh 5,462.0 billion).

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1st Draft Half year Report

## CHAPTER THREE FINANCE AND PRODUCTION SECTOR

### 3.1 Overview

The Finance and Production Sector plays a critical role in driving Kenya's economic growth, employment creation, and industrial development. The sector integrates key areas such as agriculture, livestock development, and investment promotion, which together support productivity, food security, and private sector growth.

The sector is aligned with national development frameworks including Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda, both of which identify production and investment as major drivers of economic transformation.

The sector contributes to: **Economic growth and GDP, Employment creation**, particularly in rural areas, **Food security and agricultural productivity, Industrial development through value addition, Investment attraction and private sector development.**

### 3.2 Agriculture Sub-Sector

Agriculture remains the most important sector in our economy. This is attributed to the role played by the sector in economic and social development of the country through its contribution to the Gross Domestic Product (GDP), Foreign exchange earnings, employment and wealth creation opportunities, provision of raw materials for manufacturing and sustainable management of the environment. According to the Economic Survey 2025, the sector's value added at constant prices grew by 4.4 percent to KShs. 1,706.0 billion and its contribution to the GDP stood at 22.5%. The Sector accounted for over 40% of the total employment and more than 70% of employment for the rural population (CBK, Monetary Policy Committee Agriculture sector survey July 2024).

The Bottom-Up Economic Transformation Agenda (*BETA*) identified agriculture as a priority pillar for food security, reduction of imports and growth exports. The Pillar focuses on agricultural transformation and inclusive growth through development of four (4) priority value chains namely; *Tea, edible oils, Rice, textile and apparels (cotton)*.

#### 3.2.1 Sub-sector Performance

Agriculture remains the most important sector in our economy. This is attributed to the role played by the sector in economic and social development of the country through its contribution to the Gross Domestic Product (GDP), Foreign exchange earnings, employment and wealth creation opportunities, provision of raw materials for manufacturing and sustainable management of the environment. According to the Economic Survey 2024, the sector's value added at constant prices grew by 7.0 percent to KShs. 1,633.2 billion and its contribution to the GDP stood at 21.8%. The Sector accounted for over 40% of the total employment and more than 70% of employment for the rural population (CBK, Monetary Policy Committee Agriculture sector survey July 2023).

**Implementation status of key outputs and BETA priorities for the Half Year Report of FY 2025/26.**

Table 1: Output Results Matrix

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
National value chain support for Rice Production	Basic seeds produced	Quantity of basic seeds produced (MT)	6,002	225.1	Target will be achieved in the subsequent quarters
	Rice seeds availed to farmers	Quantity of rice seeds availed to farmers (MT)	300	163	Target achieved in collaboration with Ahero Irrigation Research Station (AIRS) and KALRO
	Volume of avicides availed to farmers	Volume of avicides availed to farmers (litres)	5,000	0	Funds were not allocated for FY 2025/26
Tea value chain	Speciality teas diversified	No. of speciality teas diversified	4	4	Target achieved
	Tea research development plant	% completion of the tea research development plant	94	79	Funds were not allocated in the FY 2025/26
	Speciality teas incubation centre established	% of completion of incubation centre	60	-	Indicator was not planned for implementation in FY 2025/26
		No. of MSMEs trained on speciality teas production and value addition	100	17	Target will be achieved in Q3 & Q4

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
	Orthodox tea manufacturing lines in small holder tea factories supported.	No. of orthodox tea manufacturing lines in small holder tea factories	3	1	Target will be achieved in the subsequent quarters
	Number of global tea markets developed	No. of tea markets development activities undertaken	12	6	Trade mission undertaken in China, USA, Hong Kong, Algeria, UAE, and Iran
Edible oils value chain	Sunflower seeds availed to farmers	Quantity of sunflower seeds availed to farmers (MT)	1,500	0	Procurement and distribution will be done in the subsequent quarters
	Farmers to access 300MT of certified oil (canola, coconut and soya beans ) seeds and seedlings	No. of farmers supported	5,000	0	
	Palm oil seedlings produced	No. of oil palm seedlings produced	500,000	150,000	Target achieved
	Certified oil crops seeds and seedlings (canola sunflower & soya bean) distributed	Quantity of certified oil crops seeds and seedlings canola sunflower and soya bean (MT)	1,482	19	Target will be achieved in the subsequent quarters

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
	Oil crops SMEs incubated, trained and facilitated with the equipment	NO of oil crops SMEs incubated trained and facilitated with the equipment	190	0	Incubation is pegged on the completion of the Common User Facilities
Textile and apparels value chain	Certified cotton seeds distributed to farmers through cooperatives	Quantity of certified cotton seed distributed to farmers through cooperatives (MT)	500	0	Procurement and distribution of certified cotton seeds will be done in subsequent quarters
	Certified cotton seeds(BT cotton and hybrid) distributed	Quantity of certified cotton seed distributed (MT)	20	0	Quarterly target not met due to weather changes leading to delayed harvesting that stretched to the next quarter. It is expected target will be met in future quarters
	BT cotton distributed for 200,000 acres in 24 counties	No of acres under BT cotton	150,000	0	Procurement and distribution of BT cotton seeds will be

Priority Project/Program me	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
					done in subsequent quarters
	Farmers supplied with subsidized fertilizer	No. of cotton farmers	10,000	-	Target already reported under E-Voucher Input System project
	Modern ginneries established	No. of modern ginneries established (homa bay, Siaya and Meru)	1	-	Target not planned for implementation in FY 2025/26
Food Security subsidy and Crop Diversification	Land under crop production (maize, potatoes, rice)	Area under Maize production (Ha)	2,228,603	-	These are annual indicators
		Area under Potatoes production (Ha)	214,700	-	
		Area under rice production (Ha)	25,648	-	
	Subsidized Fertilizer distributed	Quantity of subsidized fertilizers distributed (MT)	31,600	198,432	There is strategic government intervention hence the high achievement. High registration of farmers also led to high uptake
	Drought tolerant crop seeds distributed	Quantity of drought tolerant crop seeds distributed (MT)	350	0	Distribution will be undertaken in the subsequent quarters

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
Agricultural insurance	Farmers provided with subsidized crop insurance products	No. of farmers insured	800,000	-	Target was not planned for implementation due to zero budget
E-Voucher Input System	Farmers accessing assorted quality farm inputs	No. of farmers accessing farm inputs	1,264,158	688,040	Target achieved
	Quantity of fertilizer distributed	Quantity of fertilizer distributed (MT)	31,600	198,432	There is strategic government intervention hence the high achievement. High registration of farmers also led to high uptake
	Certified seeds accessed by farmers	Quantity of certified seeds accessed by farmers (MT)	500	-	Indicators not planned for implementation due to zero budget allocation under National Value Chain Support
	Quantity of agricultural lime distributed	Quantity of agricultural lime distributed (MT)	3,125	-	
	Agrochemicals accessed by farmers	Litres of agrochemicals	39,432	-	

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
					Programme (NVCSP)
Coffee Revitalization	Seedlings provided to farmers	No. of seedlings provided to farmers	12,000	17,000	Seedlings were distributed in Bomet County
National Wheat Promotion programme	Wheat seeds availed	Quantity of wheat seeds availed (MT)	750,000	-	The programme was not conceptualized
	Wheat flour blends formulated	No. of wheat flour blends formulated (MT)	6	-	
	Fertilizer availed	Quantity of fertilizer availed (MT)	650,000	-	
Miraa Industry Revitalization	Miraa market sourcing and promotion conducted in countries	No. of Miraa market destinations sourced	1	-	Zero budget allocation
Strengthening Agricultural Mechanization	Pilot Mechanization hubs established	No. of pilot mechanization hubs established	1	0	Tender Document prepared. Awaiting advertisement of Tender, Award and Supply of Equipment
Development of Agriculture Technology Innovation Centres	Incubation facilities at constructed and equipped ATDCs	No. of incubation facilities constructed and equipped	1	0	Targeted will be achieved in the subsequent quarters
	Agricultural Mechanization	No. of technologies	10	2	Target achieved

Priority Project/Programme	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Variance
	on Technologies acquired, fabricated and tested	acquired, fabricated and tested			
	SMEs incubated	No. of SMEs incubated	100	10	Target will be achieved in subsequent
Pest and Disease Management	FAW pesticides availed	Volume of pesticides availed (Litres)	105,000	0	Funds were not allocated in FY 2025/26
	Aflasafe availed	Quantity of Aflasafe availed (MT)	10	0	
Agriculture Research	Crop TIMPs (e.g. varieties, seeds, seedlings) developed	No. of crops TIMPS Developed	150	37	Target achieved
	Crops research facilities improved	No. of crops research facilities improved	10	0	Funds were not available for the improvement of Tea Research Institute
Building Resilience in Food and Nutrition Security in the Horn of Africa (BREFONS)	Area Under Irrigation	Area Under Irrigation (Ha)	300	0	Procurement process ongoing
	Boreholes drilled	No. of boreholes drilled	10	0	
	Water pans constructed	No. of water pans	10	0	
	Hay Sheds	No. of Hay Sheds	2	0	

Source: State Department for Agriculture Reports

### **3.2.2 Description of Results**

**Edible oils value chain;** During the period, 150,000 palm oil seedlings were produced and 19 MT of sunflower seeds, canola seeds, soya bean seeds and ground nuts were produced and availed to farmers.

**E-Voucher Input System;** In the second quarter, 187,780 MT of assorted fertilizers were distributed to 441,551 farmers under the National Fertilizer Program (NFSP). The National Value Chain Support Project (NVCSP) did not receive funds and therefore other inputs (agrochemicals, seeds and lime) were not availed to farmers.

**Development of Agriculture Technology Innovation Centres;** In the second quarter, 25 SMEs were incubated on two (2) technologies

**Agricultural Insurance;** During the period, the State Department did not provide subsidized crop insurance products to farmers due to lack of budget.

**Strengthening agricultural Mechanization;** The establishment of agricultural mechanization hubs was not achieved due to ongoing procurement process.

**National value chain support for Rice Production;** The State Department distributed 33 MT of rice seeds to farmers and produced 185 MT of basic seeds.

### **3.2.3. Implementation challenges**

The sub-sector did not experience major challenges in the implementation of key outputs and BETA priorities in the 2<sup>nd</sup> quarter, however, inadequate funding of the existing programmes and projects affected delivery of the outputs.

### **3.2.4 Recommendations**

In line with the main challenge faced during the first and second quarter, there should be adequate budgetary allocation for the target programmes to enable timely achievement of the set targets for food and nutrition security.

## **3.3 Livestock Sub-Sector**

The Ministry of Agriculture and Livestock Development as established vide Executive Order No. 1 of 2025 has two State Departments namely, State Department for Agriculture and State Department for Livestock Development.

During the reporting period, the State Department implemented the Livestock Resources Management and Development Programme which has five (5) key priority areas namely; Livestock Policy Development and Capacity Building; Livestock Production and Management; Livestock Products Value Addition and Marketing; Food Safety and Animal Products Development; and Livestock Diseases Management and Control. The outputs and results are presented in Table 1.

### 3.3.1 Sub-sector Performance

Implementation status of key outputs and BETA priorities for Half Year Progress Report 2025/26

Table 1: Output Results Matrix

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
Production					
Leather and Leather Products Value Chain	Collection centres established	No. of collection centres	6	0	Not targeted during the quarter. No budgetary allocation.
	Hides and skins delivered to tanneries	Quantity of hides delivered to tanneries (MT)	2,000	3,629	Target surpassed. Over achievement attributed to improved market prices for raw hides.
		Quantity of skins delivered to tanneries (MT)	14,000	4,176,136 pcs	Target not achieved. Variance due to lower uptake by external markets. Skins are sold in pieces of varying size and weight.

<b>Priorit y Project / Priorit y</b>	<b>Output</b>	<b>Indicator</b>	<b>Annual Target FY2025/ 26</b>	<b>Cum. Achievem ent (Q1 and Q2) FY2025/2 6</b>	<b>Remarks on the Variance</b>
	Feed production farmer groups supported	No. of farmer groups supported	30	-	Not targeted during the quarter. No funds provided for the activity.
	Subsidized animal feeds provided to farmers	Quantity of subsidized animal feeds provided to farmers (MT)	2,000	-	Not targeted during the quarter. Not funded.
	Leather aggregation centres established in Narok, Laikipia, Marsabit, and Garissa counties (collection and preservation)	No. of aggregation centres established	2	0	No funds allocated for FY2025/26
	Bachuma Livestock Export Zone (LEZ) completed	% of completion	75	0	The facility was not allocated funds for FY 2024/5. It has been earmarked for leasing to a private operator to complete and operationalize.

<b>Priorit y Project / Priorit y</b>	<b>Output</b>	<b>Indicator</b>	<b>Annual Target FY2025/ 26</b>	<b>Cum. Achievem ent (Q1 and Q2) FY2025/2 6</b>	<b>Remarks on the Variance</b>
	Lamu LEZ constructed and operationalized	% of completion	50	0	Funds were not allocated for this output in the FY 2025/26
	Biosafety Level 3 (BSL 3) Lab completed in Kabete	% of completion	90	0	Funds were not allocated in the FY 2025/26
	Regional Veterinary Laboratories refurbished	No. of Regional Veterinary Laboratories refurbished	8	0	Funds were not allocated in the FY 2025/26
	Leather Science Institute established at Ngong	% of completion	80	0	Funds were not allocated for this target in the FY 2025/26
	Livestock Industry Training Institutes	No. of institutions upgraded	9	0	Not funded.
		No. of trainees graduated	1,205	1,380	Target surpassed. There was high demand for the courses.

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
	Livestock Training Institute at Mogotio established	% of completion	75	-	Target not achieved. There was delay in release of funds.
	Livestock feed production improved	Quantity of livestock pasture feeds produced (Million MT)	4.1	0	Not achieved. No funds allocated in FY 2024/25
	Livestock insurance programme	No. of livestock saved/insured (TLU)	125,000	102,661	Target not achieved.
<b>Value Addition</b>					
	Tanneries and Common Effluent Treatment (CET) plants established in Eldoret, Isiolo and Mombasa	No. of Common Effluent Treatment (CET) plants established	1	0	Not achieved. No funds allocated.
	Common manufacturing facilities constructed	No. of manufacturing facilities constructed	1	0	Not achieved. No funds allocated
<b>Production</b>					

Priorit y Project / Priorit y	Output	Indicator	Annual Target FY2025/ 26	Cum. Achievem ent (Q1 and Q2) FY2025/2 6	Remarks on the Variance
Dairy Value Chain	Dairy mechanization equipment installed	No. of feed processing plants installed	2	0	There was no funding provided for the procurement and installation of dairy mechanization equipment
		No. of laboratory equipment procured	8	0	
		No. of silage wrapping machines procured	5	0	
		No. of forage choppers procured	5	0	
		No. of hay baling equipment procured	20	0	
		No. of milking parlours established	1	0	
	No. of bulk milk coolers installed	430	56	Target not achieved. There was delay in delivery of the coolers.	
Animal genetics (AI) services and research established	No. of doses of dairy goat semen produced and distributed	120,000	4,657	Target not achieved. The shortfall was attributed to limited number	

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
					of trained personnel in goat artificial insemination.
		No. of doses of bull semen produced and availed to dairy farmers	2,500,000	261,158	Target not achieved. Variance due to reduced availability of bull semen preferred by the farmers.
		No. of doses of sexed semen produced and availed to dairy farmers	1,000,000	8,306	Target not achieved. Variance due to low supply of imported sexed semen. However, there were pending orders of about 7,000 straws.
		No. of embryo transfer undertaken	10,000	13	Target achieved using imported embryos. Construction of Embryo Transfer

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
					laboratory is still ongoing.
	Amount of milk processed	Volume of milk processed (Million Litres)	900	461.98	Target surpassed.
	Safe, affordable and efficacious livestock vaccines produced	No. of vaccines doses produced (Millions)	55.0	8.528	Target not achieved. There was breakdown of centrifuge at Kabete laboratory thus affecting production.
<b>Other Livestock Programmes</b>					
De-Risking, Inclusion and Value Enhancements of Pastoral Economies	Tropical Livestock Units (TLUs) in 21 ASAL Counties insured	No. of TLUs insured	125,000	161,498	Achieved
	Pastoralists groups and pastoralists supported under the DRIVE project	No. of pastoralists accessing financial services	160,000	37,223	Target surpassed.
		No. of pastoralist groups linked to markets and	300	325	Target achieved.

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
(DRIVE)		savings institutions			
		Amount of Private Capital Mobilized through the facility to de-risk private investment (Millions)	1500	192	Target surpassed.
Livestock Genetic Improvement	Doses of semen produced and distributed	No. of doses of semen produced and distributed	3,200,000	261,158	Target not achieved. Variance due to reduced availability of bull semen preferred by the farmers.
	Liquid nitrogen produced	Litres of liquid nitrogen produced and distributed	400,000	62,800	Target not achieved. Variance was due to interruption in power supply which affected production. Liquid Nitrogen distribution programme was developed and

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
					is expected to boost sales.
	Doses of goat semen produced and distributed	No. of goat semen doses produced and distributed	100,000	4,657	Target not achieved. The shortfall was attributed to limited number of trained personnel in goat artificial insemination.
	Sexed semen produced and distributed to dairy farmers	No. of doses of sexed semen produced and distributed	425,000	8,306	Target not achieved. Variance due to low supply of imported sexed semen.
	Livestock genetic conservation centres modernised	No. of livestock genetic conservation centres	3	0	There was no budgetary allocation.

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
	Veterinary pharmaceutical efficacy trial	No. of veterinary pharmaceutical efficacy trial centres modernized	1	0	Funds were not allocated for this target in the FY 2025/26.
Large Scale Commercialization of Livestock Feeds Production and Conservation	Area of land placed under livestock feeds production	Ha of land under livestock feeds production	60,000	0	Large scale commercialization of livestock feeds production and conservation is yet to commence.
	TLUs provided with livestock feeds	No. of TLUs provided with livestock feeds	200,000	0	
Kenya Livestock Commercialization Project (KeLCOP)	Households empowered to participate in livestock commercialization	No. of households Empowered	33,000	8,516	No additional households targeted. The project target of 110,000 households has been attained.
	KEVEVAPI modernized	% of modernization	75	69	Target not achieved. Funds

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
Livestock Disease Management	Vaccine doses produced annually	No. of vaccine doses produced annually (million)	45	28.096	were insufficient.  Target not achieved. There was breakdown of centrifuge at Kabete laboratory thus affecting production.
	Veterinary investigation laboratories equipped	No. of Veterinary laboratories Equipped	2	-	Funds were not allocated for this target in the FY 2025/26
	Tsetse control belts Covered	No. of Tsetse control belts covered	6	6	Target achieved.
	Surveillance conducted	No. of surveillances conducted	4	1	Target not achieved. Surveillance for Foot and Mouth Disease (FMD) conducted

<b>Priority Project / Priority</b>	<b>Output</b>	<b>Indicator</b>	<b>Annual Target FY2025/26</b>	<b>Cum. Achievement (Q1 and Q2) FY2025/26</b>	<b>Remarks on the Variance</b>
	Vaccines administered	No. of vaccines administered (million doses)	45	0.82	Target not achieved. Vaccination is on-going in various counties. Cattle are being vaccinated against FMD, and sheep and goats against PPR.
	PPR and FMD incidences reduced	% reduction in PPR and FMD incidences	10	1	Target not achieved. Vaccination against FMD and PPR is on-going in various counties
Towards Ending Drought Emergencies in Kenya	Rangelands protected	Area of rangeland restored or protected (HA)	100,000	25,000	Target not achieved. The variance was due to delayed procurement of restoration inputs, prolonged dry spells and access constraints in

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
(TWENDE)	Household benefitting from the project	No. of households benefitting	21,000	12,300	some project sites due to security.  Target surpassed. Variance due to expanded community outreach, accelerated implementation of livelihood support interventions, and increased uptake of project services by vulnerable households, particularly women and youth groups.
Livestock Identification	LITS operationalized in 47 Counties	No. of animal registered for traceability (million)	2	0	Target not achieved. ANITRAC servers have been installed and piloting

Priority Project / Priority	Output	Indicator	Annual Target FY2025/26	Cum. Achievement (Q1 and Q2) FY2025/26	Remarks on the Variance
and Traceability System Project (LITS)					carried out in DVS farms. Plans to roll out in counties are underway.
Food Safety and Quality Assurance	Compliance with safety and quality of food of animal origin	% of compliance	100	100	Target achieved. Inspection and certification of export facilities dealing with foods of animal origin conducted.

Data Sources: State Department for Livestock Development and SAGAs' reports

### 3.3.2. Description of Results

**Leather and Leather Products Value Chain:** Interventions to promote development of leather and leather products value chain were affected by lack of budgetary provision. Improved market prices for raw hides increased supply to tanneries. This has greatly reduced post-slaughter losses. However, quality of the hides and skins produced remains a challenge, requiring continuous capacity building of flayers and slaughterhouse operators.

**Dairy Value Chain:** A total of 230 milk coolers were procured during the financial year 2024/25. Delivery and installation of the coolers that were procured in FY 2024/25 continued during the quarter. Targets on installation of dairy mechanization equipment were not achieved due to challenges relating to funding.

**De-Risking, Inclusion and Value Enhancements of Pastoral Economies (DRIVE):** Provision of insurance and associated financial services is linked to the rain seasons therefore the related interventions were scheduled for the second and fourth quarters. In the second quarter late onset and poor distribution of rain was experienced.

**Livestock Genetic Improvement:** Targets relating to genetic improvement were affected by limited number of personnel trained in goat artificial insemination, reduced availability of the bull semen preferred by farmers, low supply of imported sexed semen and interruption in power supply which affected production of liquid nitrogen. Although the semen-sexing facility is yet to be established, 1,837 doses were imported and availed to farmers. However, there were pending orders of about 7,000 straws. Construction of the Embryo Transfer laboratory is still ongoing. During the reporting period total of 13 embryos were imported and embryo transfers undertaken to support livestock genetic improvement.

**Large Scale Commercialization of Livestock Feeds Production and Conservation:** Large scale commercialization of livestock feeds production and conservation is yet to commence.

**Kenya Livestock Commercialization Project (KeLCoP):** KeLCoP made significant progress in empowering targeted households and producer organizations. There were no additional households on-boarded during the second quarter as the project target of 110,000 households had been reached.

**Livestock Disease Management:** Veterinary laboratories were not equipped as planned since no funds were allocated for FY 2025/26. Vaccination carried out through the e-voucher system was supported by the NAVCDP project in collaboration with counties and private sector with the aim of reducing FMD and PPR prevalence in all counties to reduce losses associated with the diseases and access international markets. Production of vaccines at KEVEVAPI was affected by breakdown of centrifuge at the Kabete production laboratory. Production of egg based vaccines was also halted due to lack of quality eggs.

**Towards Ending Drought Emergencies in Kenya (TWEENDE):** The shortfall in second quarter achievement on rangeland restoration was primarily due to delayed procurement of restoration inputs (grass seeds), prolonged dry spells that limited field activities, and access constraints in some project sites due to security concerns. However, cumulative performance remains on track due to strong implementation during the first quarter. The Q2 target for beneficiary households was exceeded due to expanded community outreach, accelerated implementation of livelihood support interventions, and increased uptake of project services by vulnerable households, particularly women and youth groups. Additionally, the County governments and other stakeholders came in to provide further support including Makueni County and WFP who provided beneficiaries with avenues to sell their products in Agricultural shows, etc.

**Livestock Identification and Traceability System (LITS):** The ANITRAC servers have been procured and installed at DVS headquarters, Kabete. Piloting was undertaken at DVS farms. Procurement of tagging devices and equipment for roll out in counties is underway.

**Food Safety and Quality Assurance:** To ensure safety of foods of animal origin, export facilities handling foods of animal origin were inspected and licensed. Inspection and licensing of local facilities is undertaken by county governments.

### **3.3.3. Implementation Challenges**

**The following are some of the key challenges experienced in implementation of livestock development projects:**

- i. Bottlenecks in getting reports and feedback from counties and private sector.
- ii. Delay in funding of planned activities.
- iii. High cost of livestock inputs for livestock production e.g. animal feeds, semen, vaccines and veterinary drugs.
- iv. Inadequate markets and marketing infrastructure for livestock and livestock products.
- v. Poor livestock group/ cooperative governance, organization and management and also weak livestock marketing initiatives has led to inadequate capacity of the most livestock groups/ cooperatives to aggregate livestock in order to access markets.
- vi. Livestock diseases
- vii. Livestock theft
- viii. Weak collaboration between the National and County governments specifically on data/information for decision making
- ix. Extreme climate events and unpredictable weather patterns which impact negatively on livestock productivity and production ecosystems.
- x. Inadequate market information systems
- xi. Limited collaboration and coordination among agricultural research institutions and low adoption of technology.

**3.3.4. Recommendations**

In order to address the challenges experienced and ensure sustainability of the livestock sector, the State Department makes the following recommendations:

- i. There is need to strengthen coordination and collaboration with county governments and the private sector.
- ii. There should be adequate and timely resource allocation for the sector as it can significantly drive economic growth and create jobs in the country and especially for the youth. In addition, there should be harmonization of planning and funding to avoid financing gaps.
- iii. To address the challenge of high cost of livestock inputs for livestock production, it is recommended that the Land Commercialization Initiative (LCI) be implemented and idle government land used for production of livestock feed. Incentives should also be considered for new large-scale private farms engaged in commercial pasture and fodder production. In addition, tax measures such as zero rating of key livestock inputs and agricultural equipment can be considered.
- iv. Collaboration between the two levels of government and other stakeholders in development of markets and market infrastructure.
- v. Collaboration with various stakeholders to strengthen governance of producer organizations.
- vi. Adequate funding for surveillance and timely response to animal disease incidences.
- vii. Multi-agency collaboration and implementation of animal traceability interventions.
- viii. Strengthening of linkages and collaboration between the National and County Governments data and knowledge management.
- ix. To mitigate climate change challenges, climate smart technologies should be embraced in mitigating impacts of climate change and other emerging issues.
- x. To address the challenge of inadequate market information systems, it is recommended that the use of ICT be enhanced in delivery of services such as e-marketing, e-extension, e-subsidies, digital food balance sheets, and early warning systems.

- xi. Enhanced collaboration among stakeholders in agricultural research and technology development.

### 3.4 Investments Promotion Sub-Sector

Investment promotion in Kenya is a strategic priority for the government, aimed at attracting both domestic and foreign investments to spur economic growth, create jobs, and enhance the country’s global competitiveness.

The mandate of the State Department is to implement Investment policy and coordinate promotion (attraction, facilitation and retention) of private investments into the Kenyan economy to position Kenya as the preferred investment destination in Africa. Its specific intent is to increase the level of private investments from the current GDP level of 15% to 20% of GDP by 2027 (investments valued at USD 10B) and by 24% of GDP by 2030. SDIP endeavors to accomplish this increase in the level of investments through its activities and by using its four agencies: Special Economic Zones Authority (SEZA); Export Processing Zones Authority (EPZA); Kenya Investment Authority (KenInvest) and Kenya Development Corporation (KDC). It also has two technical directorates, that is Department of Business Reforms Transformation (DBRT) and Private Sector Development and Business Environment (BE/PSD).

#### 3.4.1. Sub-Sector Performance

##### Implementation status of key outputs and BETA priorities

Table.....

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
<b>Enablers of the Finance and Production Sector</b>					
<b>Business and Investment climate Improvement</b>	Harmonized County License s and Permits	Proportion of Counties implementing Harmonized County Licenses and Permits (%)	35	23	Target to be fast tracked in Q3

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
	County Competitiveness Index	No. of County Competitiveness reports	1	1	Target met
	County Regulatory Tool Kit	No. of Counties covered by County Regulatory Tool kits	37	0	This target was replaced with Business Environment Regulatory Management System
	Policy Legal and administrative reforms on business climate	No. of reforms undertaken	10	3	Target to be fast tracked in Q3
<b>Industrial Infrastructure Development Project</b>	Athi River Engineering Park Established	% of completion	68.60	66	The project has not been allocated any funds for this FY

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
	Naivasha 2023/24 Admin Block and Horizontal Infrastructure Completed	% of completion	16	9	Target to be fast tracked in Q2
<b>Investment Attraction, Retention, Facilitation and Enablement</b>	Investments opportunities and bankable investment projects promoted locally and internationally	No. of bankable investment projects identified	12	<u>5</u>	Target to be fast tracked in Q3
	Central Repository & compl	% of Completion of PASHA	88	14	The project has not been allocated any funds for this FY

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
	aint handling single window - PASHA				
	One Start, One Stop Centre established at KENINVEST	% of completion of one start, one stop center established at KENINVEST	80	<u>38</u>	The project has not been allocated any funds for this FY
	Public SEZs developed in Dongo Kundu and Naivasha	% of Completion in Dongo Kundu	70	0	Dongo Kundu was handed over to KPA at 8% completion.
		% of Completion of SEZs in Naivasha	80	9	Target to be fast tracked in Q3
	Public EPZs developed in Athi	% of Completion of Athi River Textile Hub	100	66	The project has not been allocated any funds for this FY

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
	River, Kenani e, Uasin Gishu, Kirinya ga, Nakuru, Muranga, Busia and Kwale	% of Completion of Railway Siding and Related Infrastructure at Athi River EPZ	100	2.7	Stalled. No budget for the Construction of the Railway Siding
		% of Completion of Investor Sheds at Athi River EPZ	100	2.67	Limited budget/Under-funding for the Construction of the Investors Sheds on the first phase of the 4 Large Industrial Sheds and 1 small industrial shed
		% of Completion of Effluent Treatment Plant at Kenanie Leather Park	100	90	No sufficient funds to finalize the CETP Project

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
		% of Completion of Flagship EPZ Hubs in Uasin Gishu, Kirinyaga, Nakuru, Muranga, Busia and Kwale (Phase 1 of each)	100	66.75	Limited budget/Underfunding for development of the Phase (I) of the Flagship Export Processing Hubs .The EPZ in Kabati is at 60% Nasewa is at 72% Eldoret is at 70% and Sagana is at 65%. The flagship EPZs in Samburu and Egerton have not started due to land conflicts
	Investments De-risked	Value of Co-Investments (Ksh. Billions)	1	1.394	Target surpassed
<b>Textile and apparel Value Chain</b>	Large industrial sheds constructed	No. of industrial sheds (should be reviewed to % of completion)	2	2.67	Limited budget/Underfunding for the Construction of the Investors Sheds on the first phase of the 4 Large Industrial Sheds and 1 small industrial shed.

Priority Project	Output	Indicator	Annual Target 2024/25	Cumulative Achievement (Q1 & Q2) FY 2024/25	Remarks
	Investor Sheds at Athi River EPZ	% of Completion	3	2.67	Target will be fast tracked in Q3
	Railway sliding and related infrastructure at EPZ Athi River developed	No. of railway sliding and related infrastructure	4.8	2.7	The project stalled because of lack of fund allocation

Source: State department for Investment Promotion reports

#### 3.4.2 Description of Results

In the Business and Investment Climate Improvement; A County competitive index has been developed; 3 reforms have been addressed in the Business Amendment Laws 2024.

In the Industrial Infrastructure Development projects Athi River textile hub has not been allocated any funds for this financial year while the Naivasha SEZ has been allocated inadequate funds hence can't meet the target set.

In Investment attraction, Retention, facilitation and Enablement; The Central Repository & complaint handling single window-PASHA, One Start, One Stop Centre established at KENINVEST Athi River Textile Hub, Railway sidings and Related infrastructure, Development

of Common Effluent Treatment Plant, have not been allocated any funds. Dongo Kundu SEZ was handed over to KPA. The flagship project in Kabati, Murang'a is at 60%. Uasin Gishu EPZ flagship is at 70% Busia County EPZ flagship is at 72% Kirinyaga County flagship project is at 65%. The flagship EPZ in Kwale and Nakuru have pending land issues that need to be addressed before construction starts.

In the Textile and apparel value chain; Value of investments de-risked is Kshs.1.394B target was surpassed due to wholesale financing under Derisking, Inclusion, and Value Enhancement (DRIVE) and Supporting Access to Finance and Enterprise Recovery (SAFER) and increased uptake of KDC internally generated funds

#### **3.4.3 Implementation challenges**

- i. Exchequer delays, non-remittance of resources or no budget causing some projects to stall or delay.
- ii. Some MTP IV priority projects were not funded hence no change in completion status.

#### **3.4.4 Recommendations**

- i. Dongo Kundu SEZ was transferred to the Kenya Port Authority. The reporting indicator to be removed from SDIP.
- ii. Railway sliding and related infrastructure at EPZ Athi River could be handed over to Kenya Railways for it to progress better
- iii. A review to phase out, reassign or modify some indicators to be carried out.

### **3.5 Trade Sub-Sector**

State Department for Trade (SDT) is one of the three state departments under the Ministry of Investments, Trade and Industry. Trade sector supports priority value chains by focusing on industrialization, adding value, integrating digital tools, and improving infrastructure. Further, by leveraging agreements like the African Continental Free Trade Area (AfCFTA) to expand market access within Africa, the value chains can boost employment, export growth and sustainable economic development. The government acts as an enabler, while the private sector drives investment in manufacturing and services, supported by agencies like Kenya Industrial Estate (KIE) for MSME incubation and policy reforms for easier trade. Specifically, international trade plays a vital role in a country's economic growth, providing access to new markets, driving industrial development, and enhancing competitiveness.

### 3.5.1 Sub-sector Performance

Implementation status of key outputs and BETA priorities

Table 1: Outputs Results matrix

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
Leather value chain/Marketing	Exporters sensitized on market requirements and opportunities for leather and leather products	No. of exporters sensitized	10	2	Target achieved. Two (2) exporters were sensitized and facilitated with information on market access for leather and leather products
	Export market development and promotion undertaken	No. of new markets identified	1	2	Target surpassed. Through support of the EAC under the framework of MARKUP II, the Sub-sector was able to promote Kenya's products in Algeria during the IATF, in addition to the Ghana market during the FESTAC trade promotional event.
	Commercial representation strengthened	No. of commercial offices established	1	0	Financial constraints
		No. of commercial attaches capacity built on	4	0	Target not achieved, activity planned for implementation in the subsequent quarters.

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
		leather industry development			
	Unfair import trade practices threatening leather industry identified and remedied	No. of trade remedy measures applied	3	0	Financial constraints
	Sensitization of manufacturers on unfair import trade practices	No. of manufacturers sensitized annually on unfair trade practices	4	1	The Target was achieved
<b>Dairy value chain/Markets</b>	Local and export markets promoted and diversified	No. of new markets promoted	1	2	Target achieved.Through support of the EAC under the framework of MARKUP II,
	Exporters sensitized on market requirements and opportunities	No. of exporters sensitized	10	3	Target achieved.
	Made in Kenya global	No. of Made in Kenya global	4	0	Target not achieved.This will be undertaken in the

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	campaigns conducted	campaigns conducted annually			subsequent quarters of the FY 2025/2026.
	Export market and products developed	No. of new markets identified and linked to exporter	1	2	Target achieved. Through support of the EAC under the framework of MARKUP II, the Sub-sector was able to promote Kenya's products in Algeria during the IATF, in addition to the Ghana market where the Sub-sector promoted Kenya's products during the FESTAC trade promotional event. A total of three (3) dairy companies i.e. New KCC, Brookside and Bio Foods were facilitated to showcase their products.
	Unfair import trade practices threatening dairy value chain identified and remedied	No. of trade remedy measures (safeguards, anti-dumping, anti-countervailing) applied	3	-1	Inadequate funding to institute unfair import practices investigation.

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	Manufacturer sensitized on unfair import trade practices	No. of manufacturers sensitized on unfair import trade practices	4	1	Dairy manufacturer sensitised during Devolution conference
<b>Textile and Apparel Value Chain/ Marketing</b>	Exporters sensitized on market requirements and opportunities	No. of exporters sensitized	10	6	Target achieved. Six (6) exporters were sensitized and facilitated with information on market access for the Tea value chain based on enquiries at the Sub-sector's Business Counselling desk.
	Commercial attachees capacity built on textile and apparels development	No. of commercial attachees capacity built	4	0	This was not a target for Q1 thus this activity will be achieved in the subsequent quarters of FY 2025/26.
	Made in Kenya Global Campaigns conducted	No. of Made in Kenya Global Campaigns	6	0	Target not achieved. This will be undertaken in the subsequent quarters of FY 2025/2026..
	Unfair import trade practices threatening textile and apparels industry	No. of trade remedy measures applied	3	0	Inadequate funding

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	identified and remedied				
	Manufacturers sensitized on unfair import trade practices sensitized	No. of manufacturers sensitized	4	0	Inadequate funding
<b>Edible Oils Value Chain/ Marketing</b>	Edible oil market price stabilized	Absolute price of edible oil per litre (Ksh)	230	(102.37)	<p>The Central Bank of Kenya report attributed this increase to higher prices of palm, soy, sunflower, and rapeseed oil, resulting from lower production in key Southeast Asian countries.</p> <p>Imposition of a 10% import duty on crude palm oil by the East African Community has further exacerbated the situation, leading to higher prices for cooking oil and other essential products.</p>

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	Exporters sensitized on market requirements and opportunities	No. of exporters sensitized	10	0	A webinar, through which Kenyan exporters will be sensitized on the export opportunities to be done on third Quarter of FY 2024/2025..
	Commercial representation in industry development strengthened	No. of commercial attachees capacity built	3	-	.
	Product and export market development and promotion including market diversification undertaken	No. of new markets identified	1	8	Target achieved in Q1. 8 markets (Uganda, Rwanda, Tanzania, South Sudan, DRC, Burundi, Zambia and Malawi) identified for development and promotion.
	Unfair import trade practices threatening leather industry identified and remedied	No. of trade remedy measures applied	3	-	To be undertaken in next FY subject to availability of funds
	Unfair import trade practices threatening edible oil	No. of trade remedy measures applied	3	-	To be undertaken in next FY subject to availability of funds

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	value chain identified and remedied				
	Unfair trade practices threatening construction/building materials identified and remedied	No. of trade remedy measures (safeguards, anti-dumping, anti-countervailing) applied	4	3	Target not achieved due to Budgetary constraints
	Sensitization of manufacturers on unfair trade practices under construction/building industry	No. of manufacturers sensitized	4	3	Target not achieved due to Budgetary Constraints
	Sensitization of manufacturers on unfair import trade practices	No. of manufacturers sensitized annually on unfair trade practices	3	-	To be undertaken in next FY subject to availability of funds
<b>Tea Value Chain/Marketing</b>	Export market and product developed through showcasing, value of exports and sharing	No. of trade promotional events coordinated	3	5	The Sub-sector participated in five (5) trade promotional events to promote Kenya's tea as follows: Expo 2025 Osaka, Japan; 2025 FACIM International

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	market intelligence				Trade Fair and Exhibition held in Maputo, Mozambique; Africa Down Under Conference Exhibition held in Perth, Australia; Intra African Trade Fair (IATF) held in Algiers, Algeria; and 2025 FESTAC Exhibition held in Accra, Ghana. Kenya-china economic forum organized the green ridge advisory.
		No. of market intelligence reports generated	3	0	Target not achieved since the Primary research for market access of Kenyan products in Japan had not been finalized by then. The research is set to complete in Q2 FY 2025/2026.
	Exporters sensitized on market requirements and opportunities	No. of exporters sensitized	10	6	Target achieved. Six (6) exporters were sensitized and facilitated with information on market access for the Tea value chain based on enquiries at the Sub-sector's Business Counselling desk.

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	Product and export market developed	No. of new markets identified and linked to exporters	10	5	Target achieved. 5 markets were identified, in which Kenya promoted her products during respective trade promotional events.
	Commercial representation strengthened	No. of commercial attaches capacity built	4	0	Financial constraints
<b>Construction/ Building Materials Value Chain /Marketing</b>	Compliance with legal metrology and MSMEs standards in the building and construction sector	No. of construction products tested (cement, construction metals etc.	250	-	Inadequate funding Awaiting for procurement of necessary standards and equipment
	Unfair trade practices threatening construction/building materials identified and remedied	No. of trade remedy measures (safeguards, anti-dumping, anti-countervailing) applied	3	1	Investigations on alleged dumping of Soda Ash to Pakistan Market commenced during the quarter.
	Sensitization of manufacturers on unfair trade practices under	No. of manufacturers sensitized	4	1	Target Achieved during devolution conference

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	construction/building industry				
<b>Product ion</b>					
<b>Edible Oils Value Chain Production</b>	Central registry and guarantee scheme fund established in all Counties	No. of Counties with a Central registry and guarantee scheme fund	10	-	As reported in last FY, this indicator not relevant under WRSC
<b>Marketing/Edible oil value chain</b>					
	Edible oil market price stabilized	No. of exporters sensitized	10	2	Target achieved. Two (2) exporters were sensitized and facilitated with information on market access for Textile and Apparels value chain based on enquiries at the Sub-sector's Business Counselling desk.

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	Exporters sensitized on market requirements and opportunities	No. of commercial attaches capacity built	4	0	This was not a target for Q1 thus this activity will be achieved in the subsequent quarters of FY 2025/26.
	Commercial representation in industry development strengthened	No. of Made in Kenya Global Campaigns	6	0	Target not achieved. This will be undertaken in the subsequent quarters of FY 2025/2026.
	Product and export market development and promotion including market diversification undertaken	No. of trade remedy measures applied	3	0	Inadequate funding
<b>Enablers of the Finance and Production Sector</b>					
	MSMEs facilitated to access local, regional and international market	No. of MSMEs facilitated to access local, regional and international market	2000	0	Financial constraints
<b>Market Access and Product Market Diversification</b>					

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
KOMEX	KOMEX operationalized	Operational KOMEX (%)	100% FY 2024/25	-	Process is ongoing despite financial constraints
	Smallholders, traders and other value chain actors on Warehouse Receipt System	No. of certified warehouse operators	20	1	Certified one (1) warehouse operator for on boarding coffee value chain.
Modernization of Kenya National Trading Corporation (KNTC) warehouses	Warehouses refurbished and modernized in Mombasa, Kisumu, Nakuru, Eldoret, Nyeri and Nairobi	No. of warehouses modernized	2	0	Working in progress
Development of E-Commerce in the promotion of trade	E-Commerce Strategy and Policy developed	E-Commerce Strategy and Policy developed	100%	25%	The Draft Kenya E-Commerce Policy was subjected to public participation on 6 <sup>th</sup> August 2025 and Comments from public participation forums incorporated
		% of completion of E-Commerce training Manual for County Trade officials	50	-	To be implemented once the Policy is finalized

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
		No. of capacity building of County Trade officials undertaken	50	-	To be implemented once the Policy is finalized
Commercial Centre	Commercial Centres established	No. of Commercial Centres established	1	0	Financial constraints
Exports Market Access and Diversification	Bilateral & Multilateral Trade agreements coordinated, negotiated and concluded	No. of Regional, Bilateral & Multilateral Trade agreements coordinated, negotiated and concluded	18	8	Q1- 7 agreements concluded Uganda, Tanzania, Mozambique, Egypt, Iran, India, Pakistan (resolving of tariff and non-tariff barriers) Q2 - 1 agreement concluded i.e Ethiopia  Total is now 8
	Stakeholders sensitized on trade and investment opportunities arising from negotiated trade agreements RECs, MoUs, FTAs, WTO, EPAs, JTCs	No. of stakeholder's engagements held	8	11	i.Domestic Advisory Group sensitized, ii.Workshop held Enforcement of EAC Competition Bill, iii.National NTB elimination strategy workshop held, iv.Sensitization of parliamentarians to support negotiations and implementation of AfCFTA protocols, v.Meeting to transport and tourism regulatory framework held, vi.National SPS

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
					<p>Committee workshop held to finalize the National SPS Strategy,</p> <p>Vii. National stakeholders preparatory IPR meetings held,</p> <p>viii. National agriculture committee workshop Preparatory meeting held,</p> <p>ix. National TBT committee workshop Preparatory meeting held., Stakeholder Training on beyond Tariffs held on 11-12 December 2025, Workshop on simplification of import and export procedures and processes held</p>
	Protocols implemented and strategies negotiated/developed	% of implementation of RECs protocols, SPS (Sanitary and Phytosanitary Measures) protocols, AfCFTA (African Continental Free Trade	100	50	Ratification of phase ii protocols covering investment, IPR women and youth ongoing under AfCFTA, ToRs for AfCFTA working groups concluded, Single window act amended to resolve exporters concerns,

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
		Area) strategy and Kenya UK EPA			<p>Negotiation on Rules of origin and Custom facilitation under Kenya _EU EPAs ongoing,</p> <p>SDT input and feedback on National sanitary and phytosanitary SPS strategy 2024-25 incorporated in the strategy</p>
	National Trade Negotiations Council (NTNC) operationalized	% level of operationalization of NTNC	100	50	<p>Concept note done to guide on MC14 WTO preparation meetings, The NTNC Standing committees on SPS, TBT and Agriculture were held during the Quarter.</p> <p>A stakeholder preparatory workshop for MC 14 was held from 2nd to 5th December 2025, The State Department participated virtually in the WTO General Council Meeting/ senior officials meeting for preparation for MC14 from 15th to 17th December 2025</p>

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
	Existing commercial offices strengthened and 16 new offices established	No. of commercial offices strengthened and established	4	0	This is yet to be implemented due to unavailability of funds.
Logistics Bases and Distribution Hubs	Logistics bases and distribution hubs constructed and operationalized	No. of logistics bases and distribution hubs operationalized	1	0	This is yet to be implemented due to unavailability of funds.
Warehouse and Distribution Centers	Warehouses established	No. of warehouses established	3	0	Concept note was developed, yet to be implemented due to unavailability of funds.  This will be considered for implementation in the subsequent quarters of the FY 2025/2026.
Global Integrated Marketing Campaign	Global Integrated Market Campaigns conducted	No. of Global integrated market campaigns conducted	6	1	This was during CAF African Nations Championship
<b>Promotion of Fair-Trade practices</b>					

Priority project	Output	Indicator	Annual Target FY 2024/25	Cumulative Achievement FY 2024/25 (Q1 & Q2)	Remarks on the variance
National Legal Metrology Laboratories	National Legal Metrology Laboratory modernized	No. of Laboratories	1	-	Concept note developed and the National Treasury has allocated Kshs. 70m. Procurement commenced during Q1 with delays due to logistical problems (e-GP)
Operationalization of Kenya Trade Remedies Agency (KETRA)	KETRA operationalized	% of completion	25%	-	Inadequate funding

Source of data: State Department for Trade Departmental and State Corporations Reports, 2025

### 3.5.2 Description of Results

#### Market Access and Market Product Diversification

##### 3.1 Market Access and product diversification

**3.1.1 Regional Integration/ 24<sup>th</sup> COMESA Summit:** During the period under review, Kenya assumed the chairmanship of the Common Market for Eastern and Southern Africa (COMESA) hosting the 24<sup>th</sup> COMESA Heads of State and Government Summit with a focus on leveraging digitalization for regional value chains. The theme of the Summit was *'Leveraging Digitization to Deepen Regional Value Chains for Sustainable and Inclusive Growth'*. The Summit discussed various issues centering on regional integration, peace and security and efforts towards the digitalization of various trade facilitation instruments.

Further, Kenya hosted the first-ever COMESA–EU Horticulture Forum at the Kenyatta International Conference Centre (KICC), running alongside the 18<sup>th</sup> COMESA Business Forum and the 24<sup>th</sup> COMESA Summit of Heads of State and Government. The landmark event brings together regional policymakers, business leaders, and EU trade partners a key step toward strengthening COMESA–EU economic ties, with a strong focus on unlocking horticultural export potential. Delegates include representatives from the COMESA Business Council, the EU mission to Zambia and COMESA, export partners such as the Netherlands, and private sector actors from across Europe and Africa. The Cabinet Secretary for Investments, Trade and Industry Hon. Lee Kinyanjui emphasized the role of horticulture in global value chains, noting opportunities in sustainable production, value addition, regional trade and EU market access calling for bold innovation and stronger partnerships.

**3.1.2 Kenya-China Bilateral Relationships:** Kenya and China are working on a preliminary trade deal aimed at strengthening trade and investment ties between the two countries. The Principal Secretary for Trade, Regina Ombam, met with the Ambassador of the People’s Republic of China to Kenya, Guo Haiyan for discussions on progress toward the agreement, which seeks to expand market access especially for Kenya’s key export sectors such as tea and coffee and promote greater economic cooperation. The talks also focused on enhancing Sanitary and Phytosanitary (SPS) measures for fish and agricultural products to facilitate smoother trade and ensure compliance with international standards. Both sides reaffirmed their commitment to building a mutually beneficial partnership that supports sustainable trade, investment and shared prosperity.

**3.1.3 16<sup>th</sup> United Nations Conference on Trade and Development (UNCTAD):** During the period under review, the Principal Secretary for Trade, Regina Ombam attended this conference in Geneva, Switzerland which brought together global leaders, policymakers and experts and focuses on addressing the challenges developing countries face in enhancing productive capacities and achieving financial sustainability. The PS emphasized the need for coordinated and strategic approaches to development, highlighting the importance of integrated planning and phased implementation of capacity-enhancing projects as well as investment in infrastructure, education

**3.1.4 African Continental Free Trade Area (AfCFTA):** Kenya remains committed to fully harnessing the benefits of the African Continental Free Trade Area (AfCFTA), a transformative agreement aimed at promoting intra-African trade, industrialization and shared prosperity across the continent. The AfCFTA represents one of the most ambitious trade pacts creating an integrated market of over 1.4 billion people with a combined GDP exceeding USD 3.4 trillion.

**3.1.5 National Technical Barriers to Trade (TBT) Committee:** During the period under review, the Principal Secretary for Trade, Regina Ombam, officially unveiled the gazetted National Technical Barriers to Trade (TBT) Committee in July 2025, alongside its Strategic Plan 2025–2029. The committee brings together representatives from government ministries, departments, agencies, and key stakeholders within Kenya’s trade ecosystem. The State Department for Trade (SDT) serves as the chair, while the Kenya Bureau of Standards (KEBS) will act as the

secretariat. The Strategic Plan outlines priority actions to address technical barriers to trade and enhance Kenya's competitiveness in regional and global markets. It aligns with the World Trade Organization's (WTO) Technical Barriers to Trade (TBT) Agreement, a framework that guides countries in managing Non-Tariff Measures (NTMs) used to achieve public policy objectives such as protecting human health, safety, and the environment. In her remarks, PS Ombam underscored that tackling technical barriers is central to Kenya's vision of promoting seamless trade across the region. By strengthening standards, quality assurance, and regulatory alignment, Kenya aims to facilitate smoother trade flows, deepen intra-African commerce, and position itself as a leading trade hub on the continent. The establishment of the National TBT Committee and the launch of its strategic plan marks a significant milestone in advancing Kenya's trade agenda and accelerating economic growth and regional integration.

**3.1.6 3<sup>rd</sup> Industrialization Conference:** This conference was held at KICC in Nairobi with the PS for Trade representing the Sub-sector. Trade remains a critical enabler of industrialization, serving as the bridge between production and markets. A strong industrial base cannot thrive without efficient trade logistics, predictable market access frameworks and supportive policy measures. In her remarks, the PS reaffirmed the government's commitment to enhancing market access, diversifying exports and reducing trade barriers to create an enabling environment for local industries. Through active participation in regional and bilateral frameworks including the AfCFTA, EAC, COMESA, the Kenya -EU and UK EPAs and the Kenya-UAE CEPA the PS said Kenya continues to expand opportunities for locally manufactured goods and deepen integration into the continental and global economy.

**3.1.7 Indonesia Nairobi Expo 2025:** The Indonesia Nairobi Expo 2025 provides a crucial opportunity for Kenyan and Indonesian businesses to connect directly, explore partnerships and unlock new avenues for mutual growth. It is also a clear demonstration of the shared commitment to deepen the trade and investment ties between the two nations. During the reporting period, the Principal Secretary for Trade Regina Ombam joined the Cabinet Secretary for Investments, Trade and Industry Lee Kinyanjui during the expo at Village Market in Nairobi. In her remarks, the PS highlighted the significance of the expo in fostering collaboration and diversifying trade. She urged participants to use the forum to explore areas of mutual benefit and strengthen partnerships that will not only enhance trade between Kenya and Indonesia but also contribute to the broader growth of African economies. Also present was the Indonesia Ambassador to Kenya Tyas Witjaksono.

**3.1.8 Kenya-UK trade:** During the period under review trade between the two countries hit KShs.340 billion for the first time in history. The Principal Secretary for Trade Regina Ombam attributed this to a strong and growing economic partnership between Kenya and the UK. She emphasized that sustained collaboration would expand trade opportunities, diversify exports, and strengthen economic resilience.

The UK is one of the largest foreign investors in Kenya, and British companies are among the country's biggest taxpayers. The British High Commission in Nairobi estimates that 150 British

enterprises operate in Kenya, directly employing over 250,000 Kenyans. Kenya's trade with the United Kingdom has hit a record KShs.340 billion (£2 billion) for the first time, boosted by rising exports of goods and services on both sides, according to the UK Department for Business and Trade. The growth, recorded in the year ending September 2025, marks an 11.9 per cent increase compared to 2024, with Kenya's exports rising faster than imports from the UK.

During the period, Kenya exported goods worth Sh63 billion (£371 million) and services valued at KShs.71.5 billion (£421 million) to the UK. Among goods, animal and vegetable products saw the fastest growth, rising 15.6 per cent to Sh28.7 billion (£169.2 million), followed by beverages, including coffee and tea, which increased by 12.8 per cent to KShs.24.3 billion (£143.3 million).

UK exports to Kenya during the same period amounted to Sh134.6 billion (£792 million), up from Sh124 billion (£733 million) in 2024. Mechanical power generators recorded the highest growth at 18.3 per cent, followed by refined oil and cars, which rose by 12 per cent and 10 per cent respectively.

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**3.1.9 EU Market Access:** The Government reassured exporters and investors that Kenyan goods will continue to access the EU market and that measures are already underway to ensure stability and business continuity. Despite the ruling by the East African Court of Justice (EACJ) that temporarily suspended implementation of the Kenya–EU Economic Partnership Agreement (EPA) pending consultation with other EAC members. The suspension is a provisional measure, but it is significant and may have consequences while the court deliberates on the complaint. The agreement allows for quota- and duty-free market access for Kenyan goods into the EU, while Kenya will gradually open its market to EU imports the Ministry of Investments, Trade and Industry is taking formal steps to challenge the decision through the appropriate appellate mechanisms and is engaging EAC Partner States to address procedural issues surrounding Article 37 of the EAC Protocol, which governs notification of trade agreements.

**3.1.10 Merchant Shipping (Maritime Transport Operators) Regulations, 2024:** During the period under review, the Principal Secretary for Trade Regina Ombam today held a consultative meeting to address concerns regarding the Merchant Shipping (Maritime Transport Operators) Regulations, 2024. The meeting brought together representatives from the European Union Delegation led by Filippo Amato, Trade Counsellor, EU Delegation in Nairobi alongside European shipping lines, EU Member States' embassies, the Kenya Maritime Authority (KMA), and the State Department for Maritime and Shipping Affairs. The discussions underscored the government's commitment to maintaining a predictable, transparent and investor friendly trade environment while safeguarding national interests and promoting fair competition in the maritime

sector. Both sides agreed to continue technical engagements and collaborative reviews to ensure the regulations enhance Kenya's trade competitiveness and promote sustainable maritime growth.

**3.1.11 Early Harvest Agreement between Kenya and China:** During the period under review the first round of negotiations was concluded in Nairobi. The Principal Secretary for Trade, Regina Ombam led the Kenyan delegation while the Chinese side was led by Yuson Chen, Deputy Director General, Department of WTO Affairs, Ministry of Commerce, People's Republic of China. The negotiations focused on identifying tariff concessions and liberalizing trade in specific goods and services. The Early Harvest Agreement is a precursor to a broader FTA, aiming to promote trade and economic cooperation between Kenya and China.

Further, the PS met with the Vice Minister for General Administration of China Customs (GACC), Wang Jun for talks aimed at strengthening economic cooperation between Kenya and China. PS Ombam highlighted the longstanding relationship between the two countries and expressed Kenya's desire to further deepen ties for mutual benefit.

**3.1.12 Kenya-South Korea relations:** South Korea's development trajectory offers valuable lessons for Kenya, particularly in export-oriented industrialization, education and infrastructure development. In his State of the Nation Address on November 20<sup>th</sup>, 2025 H.E. The President highlighted South Korea as one of the Asian Tigers whose lessons Kenya can leverage to accelerate its own development. During the period under review, the Ambassador of the Republic of South Korea to Kenya Kang Hyung Shik hosted the Principal Secretary for Trade Regina Ombam for a bilateral dinner in Nairobi. The discussion centred on South Korea's key comparative advantages and the transformative pillars that propelled it from a developing economy to an industrial powerhouse. The Ambassador underscored South Korea's deeply rooted culture of discipline and work ethic, strong government investment in research and development and the country's unwavering commitment to advancing technology and education.

**3.1.13 Simplified Trade Regime (STR):** COMESA is set to broaden its Simplified Trade Regime (STR) to cover selected services like transport, tourism, finance and business services. This expansion aims to simplify cross-border trade for small-scale traders, enhancing regional economic integration and growth. The Director of Trade and Customs Division at the Dr. Christopher Onyango noted that services account for about 50% of GDP in most Member States, creating employment opportunities and enabling cross-border trade. Onyango said extending the STR to services will expand opportunities for small-scale entrepreneurs, promote formalisation through simplified procedures, empower women and youth who dominate small-scale trade and strengthen regional value chains

**3.1.14 Kenya and India relations:** The two countries share longstanding economic and trade ties with both countries reaffirming their commitment to further deepen the relations and unlock new opportunities for mutual growth and development. A delegation from India, led by Indrayani Mulay, Deputy Director at the Confederation of Indian Industry held talks with Principal Secretary for Trade Regina Ombam to discuss ways to enhance trade, investment and technological

collaboration between India and Kenya. The delegation comprised of key players in the industry with expertise in sectors such as solar-powered post-harvest storage solutions, water infrastructure, construction materials, logistics, software services and agricultural machinery. They expressed interest in investing in Kenya's special economic zones, pharmaceuticals, solar energy and textiles, with a view to balancing trade and creating employment opportunities. PS Ombam emphasized the need for efficiency, sustainability and improved infrastructure to support trade, highlighting the importance of logistics, roads and railways in driving growth.

**3.1.15 German delegation:** The State Department hosted a German delegation composed of representatives from the Federal Ministry for Economic Cooperation and Development (BMZ), and for bilateral talks focused on strengthening trade and economic cooperation between Kenya and Germany. The meeting reviewed the robust portfolio of ongoing development cooperation projects, aligned strategic priorities and laid a solid foundation for the upcoming Intergovernmental Negotiations scheduled for 2026 in Berlin. Key areas of discussion included Germany's continued support for Kenya's national development agenda, with particular emphasis on high-impact projects designed to attract German and European private sector investment as well as progress in implementing the EU-Kenya Economic Partnership Agreement (EPA) and targeted measures to enhance market access for Kenyan exporters in Europe. The meeting also explored digital trade and the EU Global Gateway's prioritization of the Northern Corridor Initiative focused on facilitating trade, transport efficiency and regional integration.

**3.1.16 Kenya-Uganda Joint Technical Committee (JTC):** During the period under review Kenya-Uganda Joint Technical Committee (JTC) meetings were held at the Busia One Stop Border Post (OSBP) and Mbale, Uganda to review progress on issues raised during the bilateral fact-finding mission held in August 2025 and the implementation of the bilateral communiqué that emerged from a fact-finding mission conducted in August 2025 to establish and resolve NTBs respectively. The session brought together key government institutions from both countries, reaffirming a shared commitment to addressing challenges experienced by cross-border traders along the Busia frontier. The Kenyan delegation was led by Ezekiel Mosongo underscored the core mandate of the JTC, noting that the committee plays a central role in examining discriminatory practices affecting goods and identifying pathways toward freer and more predictable trade between the two nations.

Further, the delegations assessed advancements made since the first Joint Technical Committee meeting in August 2025. On behalf of Kenya's government, Mr. Joseah Rotich commended border agencies for their commitment to improving operations at the One Stop Border Post noting the positive impact on trade and movement along the corridor. The discussions focused on strengthening collaboration and implementing agreed actions to enhance efficiency and support cross-border trade. The delegations also visited the Lwakhakha OSBP to ensure alignment and progress at both major border points.

The teams noted reduced queues, faster cargo and passenger clearance and smoother operations at the cross border points. These gains were attributed to 24-hour OSBP operations, increased personnel deployment and closer coordination between border management teams. The JTC expressed satisfaction of the progress made to strengthen trade efficiency and eliminate NTBs between the two countries.

**3.1.17 The 46<sup>th</sup> Ordinary Meetings of the COMESA Policy Organs: These took place** in Lusaka, Zambia bringing together Ministers, Principal Secretaries, senior government officials, private sector representatives and development partners from the 21 COMESA Member States. The meetings signify an important milestone as Kenya assumes Chairmanship of the COMESA Bureau for the 2025/2026 period. Under Kenya's leadership, the Policy Organs are focusing on several key priorities. These include strengthening the implementation of the COMESA Free Trade Area and expanding intra-regional trade, accelerating the elimination of Non-Tariff Barriers to boost market access and enhance competitiveness and advancing digital transformation. This digital push involves automating customs procedures and promoting cross-border e-commerce. Additionally, efforts will concentrate on developing regional value chains, driving industrialization and fostering private sector-led growth. Enhancing food security through climate-smart agriculture and sustainable livestock development is also a major focus. The meetings will also address critical institutional, administrative and budgetary decisions that will shape COMESA's work programme for 2026. The outcomes of the Lusaka meetings are expected to set the policy framework for deeper market integration, increased investment flows and stronger economic resilience across Eastern and Southern Africa. During the meetings the Principal Secretary for Trade, Regina Ombam, reaffirmed Kenya's commitment to championing equitable trade, regional cooperation and sustainable development, aiming to deliver shared prosperity throughout the COMESA region.

**3.1.18 Mutual Recognition Agreement (MRA):** During the review period, Kenya and Uganda signed a MRA on the Sidelines of the 46<sup>th</sup> COMESA Policy Organs Meeting, a major milestone toward strengthening cross-border trade in key staples including maize, rice, beans, sorghum, soybeans and groundnuts. With support from both countries have harmonized SOPs, enhanced grading capacity and strengthened conformity assessment systems. Kenya has received new grading equipment, with training and installation underway. Principal Secretary for Trade Regina Ombam signed the MRA on behalf of Kenya while Uganda was represented by the Minister for Trade Wilson Mbadi. In her remarks PS Ombam said the MRA will strengthen agricultural value chains, boost food security and farmer incomes as well as enhance trade efficiency by ensuring seamless commodity movement between the two countries.

**3.1.19 Simplified Border Trade Agreement:** During the period under review the Government of Kenya signed this agreement with the Federal Democratic Republic of Ethiopia. This marks a significant milestone in strengthening bilateral trade relations and advancing regional integration under AfCFTA. This agreement is designed to enhance cross-border trade by reducing bureaucratic barriers, establishing clear trade thresholds and agreeing on a common list of eligible products. The framework particularly supports small-scale traders, many of who are women and youth, by

formalizing trade processes and improving safety, predictability and dignity in cross-border commerce. Beyond trade facilitation, the agreement seeks to improve livelihoods in bordered communities by increasing incomes, improving access to essential goods, reducing illicit trade and strengthening peace and cooperation along the shared Kenya-Ethiopia border.

**3.1.20 Support to devolved governments:** During the period under review, a delegation from the County Government of Migori, led by Governor Dr. Ochilo Ayacko, called on the Principal Secretary for Trade Regina Ombam at her office in Telposta towers. The discussions focused on the upcoming 5th Edition of the Piny Luo and Migori County Cultural Extravaganza 2025, scheduled for 14<sup>th</sup>–16<sup>th</sup> December, 2025 in Migori County. The Piny Luo Festival celebrates the rich cultural heritage of the Luo people from the four Lake Region Economic Bloc Counties (Siaya, Kisumu, Homa Bay, and Migori) as well as the diaspora. This year’s theme, “*Luo Unity in Diversity: Harmonizing and Institutionalizing Our Heritage*,” emphasizes the promotion of positive cultural practices to foster unity and harmony. The three-day event will feature intergenerational dialogues in a plenary setup and a cultural village, where exhibitors will showcase cultural methods for addressing societal challenges.

**3.2 Warehouse Receipt System Council:** During the period under review, the Council completed the warehouse certification review in Bungoma county. Officials were trained on WRS licensing and digital eWRS processes, and a roadmap for certifying warehouses was developed. The Council also visited Bungoma and Webuye NCPB depots to confirm their certification status.

### 3.5.3 Implementation challenges

- i. **Limited budgetary allocation:** This coupled with delayed disbursement of funds from exchequer has continued to affect implementation of planned activities.
- ii. **Macroeconomic Pressures:** High cost of living, tight fiscal conditions, depreciating currency, and rising debt servicing costs strain businesses, impacting consumer spending and investment.
- iii. **Infrastructure Bottlenecks:** Poor rural roads, weak ICT in remote areas, and logistical issues at inland depots (like Naivasha) increase trade costs despite SGR/Port investments.
- iv. **Regulatory Uncertainty:** Frequent changes in EU market entry rules (e.g., for horticulture) create compliance challenges and disrupt export planning for Kenyan producers.
- v. **Digital Trade Gaps:** While digitization is happening, challenges in affordability, skills, and competition hinder full adoption of digital platforms.
- vi. **Credit Access:** Tighter credit conditions and higher interest rates make borrowing difficult for businesses.

- vii. **Insecurity:** Regional conflicts and banditry disrupt livelihoods, deter investment, thus negatively impacting trade flows in certain areas

#### 3.5.4 Recommendations

- i. **Increase budgetary allocation:** This shall ensure full implementation of planned programmes, especially those aligned with BETA priorities. There is also need to ensure timely disbursement of funds from the exchequer to avoid delays in activity execution. In addition, the Sub-sector shall continue strengthening stakeholder engagement for resource mobilization.
- ii. **Macroeconomic Stability:** Address debt and fiscal consolidation to stabilize the economy
- iii. **Promotion of digital trade/e-commerce:** Explore boosting digital hubs, leveraging fintech for trade finance,
- iv. **Regulatory and Institutional Reforms:** Fastrack completion of pending bills, Address slow customs and packaging rules
- v. **Diversify trade partnerships:** Actively pursue new market access within regional blocs such as the AfCFTA, EAC, and COMESA to reduce reliance on the U.S or any single market or supplier. Establish relations with alternative partners. In the spirit of EAC, hold bilateral engagements to resolve any outstanding issues.
- vi. **Strengthen market access globally:** Develop strategies for accessing global demand beyond the U.S., particularly from emerging markets like China, which is expanding its commercial footprint in Africa.
- vii. **Promote Public-Private Partnerships:** Engage businesses in identifying trade barriers and leverage technology to develop solutions for smoother trade processes. Encourage strategic collaborations between governments, the private sector, and regional bodies to drive innovation and address complex challenges.
- viii. **Transportation:** The governments (National and County) and private sector should continue investing in constructing and rehabilitating roads, railways, port facilities and air freight to reduce the reliance on expensive, poorly maintained roads.

#### 3.6 Industry Sub-Sector

The State Department for Industry derives its mandate from Executive Order No. 1/2018 of July 2018 on “Organization of the Government of the Republic of Kenya”. And further reaffirmed under the Executive Order No. 2 of 2023 as well as Executive Order No. 1 of 2025. The state Department is placed under the Ministry of Investments, Trade and Industry with two other State Departments namely: State Department for Investment Promotion and State Department for Trade. The State Department is tasked with the overarching mandate of providing the general Industrial Policy direction as the country strives to realize its long-term development vision.

The State Department drives the Manufacturing Sub-Sector of the MTP IV under the Finance and Production Sector. It formulates and implements policies to promote manufacturing, value addition, enterprise development, quality standards, industrial research and innovation, creation of

enabling business environments and industrial skills development. During the period, the Manufacturing Sub-Sector aims at increasing: the level of contribution to the GDP to 15 per cent; the competitiveness of Kenyan manufactured products; the volume of Kenyan manufactured exports; and creating over one (1) million additional jobs annually.

Some of the key projects identified in the sector are: Construction of Industrial Research, Laboratories, Nairobi South B; Modernization of RIVATEX machinery; Establishment of Fabric Value Addition Centres in Nyando, Kieni and Lusigetti; Infrastructure and civil works development at the Kenya Industrial and Training Institute(KITI); Modernization of NMC's Foundry Plant & CNC & Fabrication Workshop; Cotton Development (RIVATEX) Subsidy and Extension Support; Kenya Industry and Entrepreneurship Project (KIEP); Establishment of County Aggregation and Industrial Parks (CAIPs) in each of the 47 Counties; Development of standards, intellectual property and

**Implementation Status of the Key Outputs and BETA Priorities for the 2<sup>nd</sup> Quarter of the FY 2025/2026**

The Tables below presents the implementation status of the key outputs and BETA Priorities for the 2<sup>nd</sup> Quarter of the FY 2025/26.

**3.6.1. Sub-Sector Performance**

**Implementation status of key outputs and BETA priorities**

**Table 1: Outputs Results Matrix**

Priority Project/Priority	Output	Indicator	Annual Target FY2024 /25	Cumulative Achievement FY2024/25 (Q1 &Q2)	Remarks
Leather and Leather Products Value Chain	Kariakor manufacturing facility established and operationalized	% of completion	90	100	The project was completed in Q1

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	operational facility				
	Leather cottage industries promoted and established	No. of leather cottage industries promoted and established	15	0	Target not achieved due to budget constraints
Dairy Value Chain	Machinery and equipment for dairy fabricated	No. of machinery and equipment for dairy fabricated	20	0	Target not achieved due to budget constraints
	Capacity building of enterprises conducted	No. of enterprises trained annually on dairy value addition	20,000	0	Target not achieved due to budget constraints

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
Tea Value Chain	Tea Cottage industries promoted	No. of cottage industries promoted	10	0	Target not achieved due to budget constraints
	Tea value addition hubs and warehouses established	No. of tea value addition hubs and warehouses	2	-	This is to be undertaken by State Department for Investment Promotion
	Incentives for tea value addition by the private sector developed and implemented	No. of incentives provided	1	0	To be undertaken in Q3
Edible Oils Value Chain	Cottage oil industries promoted (capacity building incubation)	No. of cottage industries promoted	15	5	Target surpassed

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	& standards)				
	Small industries provided with processing machinery	No. of small industries	10	0	Target not achieved due to budget constraints
	Oil crop SMEs strengthened and trained on cottage level processing	No. of oil crops SMEs trained	30	1	Target not achieved due to budget constraints
	Machinery and equipment for edible oils fabricated	No. of machinery and equipment for edible oils fabricated	10	0	Target not achieved due to budget constraints

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
Textile and Apparels Value Chain	BT cotton distributed for 200,000 acres in 24 Counties	No. of acres under BT cotton	150,000	-	Not targeted for in Q2. This will be implemented in Q3 during the rainy season
	Use of alternative fibre (natural and artificial) promoted	No. of alternative fibre in use	1	0	Target not achieved due to budgetary constraints
	Fabric Value Addition Centres established in Nyando and Kieni and Lusigetti	No. of Fabric Value Addition Centres	-	-	Not targeted in the FY
	Farmers supplied with subsidized fertilizer	No. of cotton farmers	10,000	-	State Department for Agriculture distributes fertilizers

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Capacity building on fashion and design of clothing and textile products conducted	No. of enterprises capacity built	2,500	-	Not targeted for in Q2 due to inadequate funds
	Textile value addition centres constructed and equipped (Nyando and Kieni)	% Completion Rate (Nyando)	100	93	Not targeted for in Q2 due to inadequate funds
		% Completion Rate (Kieni)	100	100	The project is completed
Rice value chain/ value addition	Small industries provided with rice miller machinery	No. of small industries provided with rice miller machinery	7	-	Not targeted for in Q2 due to lack of budget allocation

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
Agro-processing	Fruit and vegetable processing plants constructed	No. of processing plants constructed	3	0	Target not achieved due to budget constraints
	Aggregation centres established	No. of Aggregation Centres established	12	0	Target not achieved due to budget constraints
Construction/ Building Materials Value Chain	Standards for affordable and Green construction materials developed	No. of new standards for construction materials developed	30	-	Not targeted for in Q2 due to budget constraints
	Cement (affordable construction materials) produced	Quantity of Cement produced (MT)	980,000	431,000	Target not achieved

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Industrial parks for construction materials constructed	No of industrial parks	1	-	Not targeted for in Q2 due to budget constraints
	East Africa Portland Cement Plant optimized and restructured	% level of Modernization of EAPC plant	60	-	The project is not commercially feasible for EAPCC
	East Africa Portland Cement building materials industrial park developed	% of completion of Building materials industrial park	60	-	The project is not commercially feasible for EAPCC
	Use of Alternative Building Technologie	No. of ABTs promoted	30	0	Not targeted for in Q2 due to budget constraints

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	s (ABTs) promoted				
	Cottage construction industries promoted	No of cottage construction industries	10	0	Not targeted for in Q2 due to budget constraints
	Waste recycling plant for power generation established	% of completion	75	20	Target not achieved due to budget constraints
Small, Medium and Large Industries Development	Industries trained on entrepreneurship and value addition	No. of Industries trained	2,500	595	Target not achieved due to budget constraints
	IPRs registered by firms and enterprises	No. of IPRs registered	1000	46	Target not achieved due to system downtime.

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Manufactured Products certified	No. of products certified	20000	27,978	Quarterly target not achieved. However, annual target surpassed
	Firms and enterprises facilitated to access local, regional and international market	No. of firms and enterprises accessing local, regional and international markets	10	-	Target not achieved due to budget constraints
County Aggregation and Industrial Parks (CAIPs)	County Aggregation and Industrial Parks (CAIPs)	No. of CAIPs Established	15	14	Target surpassed
Manufacture of Machinery, Automotive, Equipment and Parts	Agro-machinery, equipment, tools and parts manufactured	No. of agro-machinery, equipment, tools and parts	15	-	Target not achieved due to budget constraint

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
		manufactured			
	Industrial machinery, equipment and tools manufactured	No. of industrial machinery, equipment, tools and parts manufactured	400,000	34,253	Target not achieved
	Industrial parts produced	Volume of castings produced (in tonnes)	250	48.39	Target not achieved
	Transmission parts manufactured	No. of transmission parts produced	400,000	34,253	Target not achieved
	Foundry plant and workshops modernized	% completion of foundry plant and	96.3	37.01	Not targeted for in Q2 due to lack of budget allocation

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
		workshops modernized			
	Automotive, motor cycles, aerospace and ship equipment, agro-machinery, electric bicycles/motor cycles/motor vehicles locally	No. of firms facilitated to assemble vehicles locally	3	-	This will be undertaken in Q3
		No. of firms attracted to assemble electric vehicles and motorcycles locally	2	-	This will be undertaken in Q3
		No. of firms attracted to convert internal combustion	3	-	This will be undertaken in Q3

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
		engine to electric			
Manufacture of Electrical and Electronic Products	Computer parts, Electronics/ Electrical and IT related components manufactured	No. of firms manufacturing electronics/ electricals	3	0	Target not achieved due to budget constraint
Integrated iron and steel mill plant, scrap metal and mineral value addition	Integrated iron and steel mill plant installed and commissioned	% of completion level	30	-	Not targeted for in Q2 due to lack of budget allocation
Industrial Research, Technology and Innovation	Academia, industry and Government linkage established	No. of prototypes developed	10	36	Target for Q2 not achieved due to budget constraints. However annual target surpassed

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Research laboratory equipped and operationalized at South B	% of completion level	100	80	Target not achieved. Tendering and award of phase 2 works ongoing
Skills Enhancement for Industrialization	Students/Startup/MSMEs trained on industrial skills	No. of students/Startup/MSMEs trained on industrial skills;	4,300	2,389	Target for the first half was achieved
		No. of industrial partnership for reskilling and upskilling of workers undertaken	2	16	Target achieved

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Training infrastructure and facilities developed and equipped	% completion of KITI infrastructural facilities	80	50.2	Target not achieved due to low budgetary allocation
	Competency based assessment center established	% of completion	50	50	Not targeted for in Q2 due to lack of budget allocation
Green Manufacturing	Green Manufacturing concept in production adopted	No. of MSMEs adopting green manufacturing technologies	40	20	Target surpassed
Accreditation and Standards	Conformity Assessment Bodies accredited	No. of Conformity Assessment Bodies accredited	260	110	Target not achieved due to Nonpayment of fees, no responsiveness and client requests to

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
					reschedule assessments
		No. of new accreditation schemes & scopes developed and rolled out	6	0	To be reported at the end of fiscal period
	Products for SMEs and large firms certified	No. of products certified	26	27,978	Target surpassed
	Standards developed	No. of new standards developed	800	205	Target not achieved due to withdrawal of some standards
	Inspection centres established in Mombasa, Nairobi,	No. of inspection centres established	4	-	Not targeted for in Q2 due to lack of budget allocation

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Lamu and Naivasha				
	Infrastructure Standards (Nairobi, Nakuru, Nyeri, Meru, Konza) upgraded	No. of infrastructural standards upgraded	1	-	Not targeted for in Q2 due to lack of budget allocation
	Modern testing and calibration laboratories established (Nairobi, Nakuru, Nyeri, Meru, Konza)	No. of modern testing and calibration laboratories established	2	-	Not targeted for in Q2 due to lack of budget allocation
Industrial Property	IPR registration system	% of completion	100	85	Target not achieved due to lack of budget allocation

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
Rights Protection	operationalized				
	Technology and Innovation Support Centre (TISC) established	% of completion	80	35	Target not achieved due to lack of budget allocation
	Industrial Property Rights (IPRS) registered	No. of IPRs registered (Patents, Utility Models and Industrial Designs)	800	477	Quarter 2 target surpassed
	Intellectual Property Rights recordation	No. of Intellectual Property Rights and Import Permit recordation	400	46	Target not achieved due to system downtime.

Priority Project/Priority	Output	Indicator	Annual Target FY2024/25	Cumulative Achievement FY2024/25 (Q1 & Q2)	Remarks
	Anti-Counterfeit Training Academy (ACTA) established	% of completion	70	20	Target not achieved due to lack of budget allocation

Source: State Department for Industry Reports

### 3.6.2 Description of Results

During the period under review, the following were the achievements under each priority area:

1. **Leather and Leather Products Value Chain:** In order to promote the leather and leather products value chain, the Kariokor Manufacturing Facility was completed. However, during the period under review, there were no leather cottage industries promoted due to budgetary constraints.
2. **Dairy Value Chain:** During the period under review, there were no enterprises trained on dairy value addition because there were no requests received for training during the quarter.
3. **Tea Value Chain:** No budget allocation for this in Q2.
4. **Edible Oils Value Chain:** In order to promote the edible oils value chain, five (5) cottage oil industries were promoted through the HIHEA technical support programme. However, due to budgetary constraints, there were a number of planned activities that were not implemented.
5. **Textile and Apparels Value Chain:** Planned activities not implemented due to budget constraints.
6. **Rice value chain/ value addition:** No budget allocation for this in Q2.
7. **Agro-processing:** No budget allocation for this in Q2.
8. **Construction/ Building Materials Value Chain:** During the period under review, 220,886 MT of cement was produced. This production is expected to increase in the second half of the FY. A number of planned activities were not implemented due to budget constraints.

**9. Small, Medium and Large Industries Development:** During the period under review, a total of 220 industries were trained on entrepreneurship, value addition and modern technologies. Further, 17 IPRs were registered by firms and enterprises while 2,044 products were certified. The annual target of products certified has been surpassed. These products consist of 21,094 Large Medium Enterprises and 6,954 Small Medium Enterprises.

**10. County Aggregation and Industrial Parks (CAIPs):** Construction of Phase I CAIPs is ongoing. 14 CAIPs have been prioritized for completion and operationalization.

**11. Manufacture of Machinery, Automotive, Equipment and Parts:** To promote manufacture of industrial machinery, automotive, equipment and parts, 19.08 tonnes of castings were produced. The target was not achieved as scheduled due to lack of capital to procure raw materials on time.

Additionally, 24,455 pieces of transmission, industrial and automotive parts were manufactured. Target was not achieved due to limited capital and the delay in e-GP process. However, some planned activities for the period were not implemented due to budget constraints.

**12. Manufacture of Electrical and Electronic Products:** During the period under review, there was no firm which produced electronics/electrical products.

**13. Integrated iron and steel mill plant, scrap metal and mineral value addition:** The installation of integrated iron and steel mill plant was not targeted for in this quarter due to lack of budget allocation.

**14. Industrial Research, Technology and Innovation:** Construction of Research laboratories at South B had limited progress in Q2. The project was allocated Kshs. 500 million during the financial year and received Kshs. 250 million in Q2. Tendering and award of phase 2 of the project is already underway. Construction of the lab is at 80% level of completion.

**15. Skills Enhancement for Industrialization:** During the period under review, a total of 1,209 students were enrolled to various programs on industrial and entrepreneurship skills training. Cumulatively, sixteen (16) industrial partnerships for reskilling and upskilling of workers have been undertaken. Further, completion of infrastructural facilities at the Kenya Industrial Training Institute (KITI) including the ICT facilities is at 50.2 % against a target of 80% for the FY 2025/2026. This was underachieved due to low budgetary allocation.

**16. Green Manufacturing:** Green manufacturing technologies were transferred cumulatively to 20 industrial enterprises: Seventeen (17) enterprises in cook stoves testing and clean cooking technologies and three (3) enterprises in circular economy techniques on value addition to agricultural waste.

**17. Accreditation and Standards:** To promote Accreditation and Standards, 74 new Conformity Assessment Bodies (CABs) were accredited. The target was not achieved due to non-payment of fees, non-responsiveness and client request to reschedule assessments hence leading to rescheduling of planned assessments. Further, at the end of Quarter 2, 27,978 products had been certified while 159 new standards were developed. However, there were no new accreditation schemes and scopes developed and rolled out. This will be completed at the end of the fiscal period. Additionally, there were no inspection centres, testing and calibration laboratories established due to lack of budget allocation.

**18. Industrial Property Rights Protection:** In order to promote industrial property protection, the State Department is putting in place an online IP system. The process of operationalizing the system is at 85% level of completion. Additionally, the Technology and Innovation Support Centre (TISC) is at 35% level of completion. The process of establishing the TISCs as per the requests from various institutions is ongoing. Further 266 IPRs were registered (Patents, Utility Models and Industrial Designs) which brings the total number of IPRs registered so far to 477. Further, 17 intellectual Property Rights and Import permits were recorded during the quarter. This was an underachievement due to system downtime thus affecting the number of applications received and processed.

### **3.6.3 Implementation challenges and Recommendations**

#### **Implementation Challenges**

The challenges include and are not limited to:

- I. Inadequate budgetary allocations and budget cuts constraints which has hindered full implementation of the planned activities;
- II. There was low uptake of accreditation and training services; and
- III. Frequent machine breakdowns leading to production delays and high maintenance cost

#### **3.6.4 Recommendations**

- I. Need to identify alternative sources of resources for implementation of planned activities;
- II. Review accreditation and training fees to optimize resource mobilization and debt collection; and
- III. Ensure frequent maintenance of machines to minimize machine downtime which in turn improves production efficiency.

### **3.7 Micro, Small and Medium Enterprises (MSME) Development Sub-Sector**

The State Department for Micro, Small, and Medium Enterprises (MSMEs) Development was established through Executive Order No. 1 of 2022 under the newly constituted Ministry of Cooperatives and MSMEs Development following the reorganization of the Government. The State Department for MSMEs draws its mandate from Executive Order No.2 of 2023 and is charged with the responsibility of promotion and development of the MSME sector through financing, provision of infrastructure, entrepreneurship training, and access to markets.

The State Department is implementing the BETA model with the overall goal of developing the MSME sector to enhance Job Creation, Increase Income, Expand the Revenue Base, increase Inclusiveness, Reduce the Cost of Living, and Improve the Balance of Payment (BOP).

The State Department also seeks to increase investments in at least nine (9) priority value chains, which, if successfully implemented, will have a huge impact on the Sector. These include (i)Leather and Leather Products, (ii) Dairy and Dairy Products, (iii) Edible Oils, (iv) Textile and

Apparel, (v) Tea, (vi) Coffee, (vii) Building and Construction Materials, (viii) Rice; and (ix) Blue Economy value chains.

The table below shows the implementation progress of the MTPIV for the 2<sup>nd</sup> Quarter of FY 2025/26.

### 3.7.1 Sub-Sector Performance

Implementation status of key outputs and BETA priorities

TABLE 1: Output results matrix

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
Leather and Leather Products Value Chain	MSMEs mapped sensitized on leather value chains	No of MSMEs sensitized	2,500	-	Target not met as Sensitization of MSMEs in the leather products value chain will be carried out in Isiolo, Kitui and Nairobi in the 3rd Quarter.
	CIDCs equipped with common user facilities	No. of CIDCs equipped with common user facilities and operationalized	40	40	1. Target not met, Awaiting the operationalization of the E-GP system to facilitate procurement.
	MSMEs linked with large	No. of counties with supply agreements/con	1000	860	Target Surpassed as More collaborations with AHP, county

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	enterprises, schools, and Government institutions	tracts signed between MSMEs and large enterprises			governments, and other stakeholders facilitated linkages between MSMEs, large enterprises, schools, and government institutions
	Local market demand enhanced through enforcement of AGPO and the 40% of preferential	% Of procurement budget set aside by MDAs for locally produced goods and services	50	-	Target not achieved as EGP Implementation is at the user registration after successful upload of the budget.
Dairy Value Chain	Dairy Cottage industries for animal feeds established	No. of dairy cottage industries established	50	4 SMEs financed with Kshs 22.62 million	Target not Achieved but 2 SMEs in the Dairy Value chain were financed
	Production clusters mapped out and MSMEs sensitized on opportunities in animal feeds	No. of production clusters mapped out	7	36	Target Surpassed as Thirty-six (36) clusters in the dairy value chain were mapped through the KJET project and supported through generalized Business

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
					Development Services (BDS).
		No. of MSMEs sensitized annually	500	1238	Target surpassed as a result of continuous sensitization, outreach, and capacity-building efforts within the animal feeds value chain and through the KJET Generalized BDS
Edible Oil Value chains	Counties supported to mobilize and register farmers to cooperatives, Groups and chamas	No. of cooperative/ groups formed.	10	6	Target Surpassed as 6 groups/associations registered through the office of the registrar of MSMEs
	Farmers sensitized on opportunities available in the edible oil value chain	No. of farmers sensitized in the production clusters	2,000	340	Target Underachieved, but sensitization of MSMEs in the edible oil value chain is Ongoing

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	Cottage oil industries promoted (capacity building incubation & standards)	No of cottage industries promoted	15	9	Target Surpassed
	Farmers in the production clusters linked with oil processors through contract farming	No. of oil production clusters linked	2	-	Target not achieved but Efforts to link farmers in production clusters with oil processors through contract farming are in progress.
Textile and Apparels Value Chain	Aggregation centers in Constituency Industrial Development Centers (CIDCs) established	No. of aggregation centers	3	-	Target not Achieved, but The SD is set to equip Marimanti CIDC with textile machinery to support textile enterprises and facilitate aggregation.
	MSMEs within cotton catchment areas	No. of farmer MSME sensitized	2000	300	Target Underachieved but, Continuous sensitization of

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	mobilized and sensitized				cotton farmers and MSMEs for Textile and Apparels Value Chain is ongoing through The KJET Project
	Common user tailoring facilities developed and equipped in CIDs	No. of common user tailoring facilities developed and equipped	3	-	Awaiting the operationalization of the E-GP system to facilitate procurement.
	Capacity building on fashion and design of clothing and textile products conducted	No. of enterprises capacity built	2500	-	Target not achieved but, 8 clusters with an average of 30 members were taken through the KJET generalized BDS Training
	Tailors linked with large entrepreneurs, schools, colleges and uniformed forces	No. of tailor groups linked with large entrepreneurs and institutions	100	60	Continuous sensitization of textile and apparel MSMEs is ongoing, with engagements expected to facilitate linkages with larger enterprises

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
Rice Value Chain	Financial products developed for Rice value chain	No. of groups accessing financial products	-	-	The State Department is in the process of developing the Financial Product.
Food Security and Crop Diversification	Farmers linked to large enterprises through sub-contracting	No. of value chain contracts signed	2	-	Target not met but, Ongoing efforts are being undertaken to facilitate the linkage of farmers to large enterprises through sub-contracting arrangements.
	Cold storage facilities Constructed and operationalized	No. of cold storage facilities operationalized in the potato production areas	0	-	Awaiting the operationalization of the E-GP system to facilitate procurement.
	Farmers linked to large enterprises through sub-contracting	No. of contracts honored	5	-	Ongoing talks and meetings with large private sector players initiated by the Authority are expected to facilitate linkages through subcontracting

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
Construction/Building Materials Value Chain	Jua kali County Associations Capacity built	No. of Jua kali County Associations capacity built on Product Certification	15	17	Target Surpassed as Sixteen (16) clusters/groups/associations were capacity built through the KJET project using generalized Business Development Services (BDS).
	Production corridors/clusters established	No. of corridors/clusters established	15	-	Target not achieved
	MSMEs mobilized and aggregated into cooperatives around specific value chains opportunities (labour & material supplies)	No. of cooperatives formed and sensitized	50	-	Target not Achieved
	MSME Groups linked with	No. of MSME Groups linked with	50	-	Target Surpassed as the Authority conducted

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	Government Projects	Government Projects			sensitization of 276 MSMEs on subcontracting and has initiated a series of meetings to facilitate subcontracting agreements with AHP
	Cottage construction industries promoted	No. of cottage construction industries	10	34 SMEs financed with Kshs 126.33 million	Target surpassed as, 24 SMEs in the Construction and Building value chain were financed
	MSMEs industrial parks and business incubation centers established in every TVET	No. of MSMEs industrial parks and business incubation centers established	2	-	Target not achieved
	MSMEs business development centers established in all wards	No. of MSMEs business development centers established	10	-	Target not Achieved

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	Standards for MSMEs products developed	No. of standards developed-	2	-	Target not achieved
	CIDCs modernized and linked to TVET	No. of modernized CIDCs linked to TVET	10	-	Awaiting the operationalization of e-GP for procurement
	MSMEs capacity strengthened to venture into economic activities in building and construction	No. of MSMEs engaged in building and construction	2,000	7,123 SMEs linked to markets, technology and suppliers	Target Surpassed as 2,250 MSMEs were linked to markets and Technology suppliers through KIE
	Low-cost housing components ring-fenced to MSMEs	No. of MSMEs groups linked with National and County projects	100	276	Target Surpassed as the Authority conducted sensitization of 276 MSMEs on subcontracting and has initiated a series of meetings to facilitate subcontracting

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
					agreements with AHP
Decriminalization of MSMEs in the Informal Sector	Licensing regime (licenses, Fees & CESS) streamlined	No. of Counties	-	-	The SD Held a meeting With the Counties and agreed on Areas to be Streamlined
	Working spaces secured in counties	No. of Counties With streets / spaces set aside for MSMEs	15	-	Target Not Achieved
	MSMEs favorable policies and regulatory frameworks formulated	Reviewed MSMEs policy	-	-	Regulatory gaps in the MSE policy were identified. The policy review is ongoing.
Industrial Infrastructure Development Project	MSMEs/ Industrial Parks established;	No. of MSMEs/Industrial parks established			Target not achieved due to inadequate Funding
MSMEs Development	MSMEs trained on entrepreneurship and	No. of MSMEs trained on entrepreneurship	400	-	Target Surpassed as Mentorship was conducted for women in business,

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	value addition	p and value addition			benefiting 84 women in Bungoma, 29 in Marsabit, and 46 in Nairobi County.
	MSME Business Development Centre established	No. of MSME Business Development Centre established	10	-	Target not achieved due to inadequate budget
	MSMEs facilitated to access local, regional and international market	No. of MSMEs facilitated to access local, regional and international market	2000	2092	Target surpassed because Kenya hosted EAC Trade Fair hence more people attended
Hustler Fund	Hustler Fund for MSME operationalized	Amount of industrial credit issued (KSh. Billion)		7	Targets Surpassed due to continuous sensitization on the fund
		No. of enterprises Financed (M)			Target surpassed due to more embrace of the bridge loans and the increased limits of the bridge loans

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	MSME Savings	Amount of GOK counterpart savings for borrowers (Ksh Billion)		460	Targets not achieved because government counterpart saving was executed once in 2023/24 FY and there are no finds for savings matching
		Amount of money saved by MSMEs (KSh Billion)	2.5	-	Targets not achieved
	MSMEs Trained and mentored	No. of enterprises trained on BDS and mentored	1000	0	Targets not achieved because the fund is in the process of developing capacity-building materials and platforms
Development of E-commerce in the promotion of trade	Commercial infrastructure for digital commerce rolled out	No. of MSMEs marketing their products through the digital platform (Million)	10,000	-	Target not achieved because The Development of e-commerce in the promotion of trade is under development by E-Citizen
	MSMEs linked through sub-	No. of MSMEs linked through	2	-	Target not Met but, the Authority has initiated the

Priority Project	Output	Indicator	Annual target (FY 24/25)	Cumulative Achievement FY 24/25	Remarks on Variance
	contracting and franchising	sub-contracting and franchising			subcontracting process and convened a Stakeholders Meeting for Sub-contracting of Welders under AHP.

Source: Quarter 1 & 2 Performance Contract Reports

### 3.7.2 Description of the results for 2nd Quarter of FY 2025/26

#### Leather and Leather Products Value Chain:

During the 2nd quarter, the State Department did not sensitize any MSMEs in the leather value chain, as sensitization will be conducted in the 3rd quarter. Cumulatively, no CIDCs were equipped with machines in the textile, construction, and value chains since the SD is awaiting the operationalization of the E-GP system to facilitate procurement. Furthermore, the SD also linked 276 MSMEs with AHP, County Government, and other stakeholders.

#### Dairy Value Chain:

During the review period no cottage industries were established but 2 MSMEs in manufacturing of animal feeds and dairy products were financed with of Ksh 1.47 million through KIE. Additionally, thirty-six (36) clusters in the dairy value chain were mapped through the KJET project and supported through generalized Business Development Services (BDS). Furthermore, 1,000 MSMEs were sensitized due to continuous sensitization, outreach, and capacity-building efforts within the animal feeds value chain and through the KJET Project.

#### Edible oil value chain:

During the period under review 6 MSEs groups and association were formed through the office of the registrar of MSMEs (Please note MSMEs do not form Cooperatives but Form Groups). Additionally, During the review period, 8 clusters/groups in the edible oils value chain were taken through the generalized BDS training in the KJET project, and 1 SME was financed with Kshs

10.0 million through KIE. Furthermore, no MSMEs in the value chain were linked with oil producers because efforts to link farmers in production clusters with oil processors through contract farming are in progress.

**Textile and apparel value chain:**

During the period under review, no Aggregation Centers were established in Constituency Industrial Development Centers (CIDCs) due to budget constraints. Furthermore, no CIDCs were equipped with common user tailoring facilities because the SD was awaiting the operationalization of the E-GP system to facilitate procurement. Additionally, the SD through KIE financed 10 SMEs in the manufacturing of textiles and the making of apparel to the tune of Ksh 30.1 million, cumulating to 20 SMEs financed with Ksh 53.85 million for the half year.

**Food Security and Crop Diversification:**

During the period under review no Farmers linked to large enterprises through sub-contracting because the process was ongoing, and no cold storage facilities was operationalized in the potato production areas because the SD is awaiting the operationalization of the E-GP system to facilitate procurement. The SD also Through KIE, financed 27 SMEs in agro-processing including animal feeds, dairy products, edible oils, Bakery & Confectionary, Coffee Processing, Flour Milling, Meat Processing, Fish Processing, Rice Processing among others to the tune of Ksh 74.7 million, cumulating to 69 SMEs financed with Ksh 236.26 million for two Quarters.

**Construction and Building Value Chain:**

During the review period, sixteen (16) Jua Kali clusters/groups/associations were capacity built through the KJET project using generalized Business Development Services (BDS) Training. Furthermore, 276 MSMEs Groups were sensitized on subcontracting and held a series of meetings to facilitate the subcontracting of the beneficiary MSMEs to Government Projects. Additionally, the SD through KIE financed 24 SMEs in building and construction materials manufacture with Ksh 78.1 million

**Hustler Fund:**

During the Period under review, Hustler Fund disbursed 4.2 billion as a result of continuous sensitization on the fund. Furthermore, there were no government counterpart savings because government counterpart savings were executed once in the 2023/2024 FY, and there is no funding to do savings matching. Furthermore, on the Amount of money saved by MSMEs (KSh million), the target was not achieved due to increased borrowing, especially among bridge loan borrowers. Lastly, during the quarter, no enterprises were trained on BDS or mentored because the development of appropriate training materials was under development.

### 3.7.3. Implementation Challenges

- i. Higher demand for affordable credit from SMEs in manufacturing and value addition than resources allocated
- ii. Budgetary constraints limiting the implementation of some programmes/projects

### 3.7.4. Recommendations

- i. Allocation and disbursement of funds for affordable credit to SMEs in manufacturing and value addition
- ii. Increase in resource allocation to the State Department to ensure implementation of all relevant programmes.

## 3.8 Cooperatives Sub-Sector

The State Department for Cooperatives mandate is drawn from the Executive Order 2 of 2023 with the functions of Cooperative Policy, Standards and Implementation; promotion of co-operative ventures; co-operative production and marketing; supervision and oversight over co-operative Societies; cooperative savings, credit and other financial services policy; cooperative legislation and support services; cooperative education and training; cooperative audit services and cooperative financing policy.

The MTP IV main targets for the FY 25/26 are :Registration of 136 cooperatives along the key BETA value chains (Livestock and beef; dairy; textiles and apparel; edible oil; mining; mining; blue economy, Enactment of the Cooperatives bill, Construction of 1 common user facility for rice milling and packaging, Modernization of infrastructure in 200 coffee cooperative societies, Production of 1,250 metric tons of powdered milk, Modernization of NKCC processing plants to 100% completion and Develop 7 modules of Cooperative Management Information System (CMIS)

### 3.8.1. Sub-sector Performance

Implementation status of key outputs and BETA priorities

TABLE 1: OUTPUT RESULT MATRIX

Priority Project	Output	Indicator	Annual target (FY 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
Livestock value chain					

Priority Project	Output	Indicator	Annual target (FY) 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
Leather and Leather products Value Chain	Livestock co-operatives mobilized to provide hides and skins	No. of Livestock farmers in co-operatives	30,000	480	The number of farmers per co-operative is less than the prediction
Dairy Value Chain	Dairy Co-operatives established	No. of dairy co-operatives established	15	11	Target surpassed by 2 cooperatives due to sustained interest in dairy farming.
		No. of Dairy farmers enrolled into co-operatives	335,765	360	The number of farmers registering per cooperative is less than anticipated during targeting.
	New KCC plants modernized	% completion	90	85	Project ceased due to feasibility concerns

Priority Project	Output	Indicator	Annual target (FY) 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
		Quantity of powdered milk produced (MT)	1250	253	There was a sharp drop in milk delivery to NKCC, leaving little for milk powder business
		No. of modernized new KCC plants	2	0	The project is undergoing feasibility
<b>Crop value chains</b>					
Tea Value Chain	Tea co-operatives established/strengthened	No. of co-operatives established/strengthened	9	0	Most farmers are under KTDA, which serves as a cooperative
	Tea farmers mobilized into co-operatives	No. of tea farmers mobilized into co-operatives	15000	0	Most farmers are under KTDA, which serves as a cooperative

Priority Project	Output	Indicator	Annual target (FY) 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
Edible oil value chain	Counties supported to mobilize and register farmers into co-operatives	No. of co-operatives formed	10	3	Lack of aggregation infrastructure and limited funds for sensitization
	Edible oil crop farmers mobilized into co-operatives	No. of oil crop farmers mobilized into co-operatives	20,000	80	The number of farmers per cooperative was lower than anticipated at the time of targeting.
Textile and Apparels Value chain	Cotton farmers mobilized into co-operatives	No. of cotton farmers mobilized into co-operatives	25,000	0	No activity initiated during the period due to competing value chain activities
Rice Value chain	Rice farmers mobilized into co-operatives	No. of rice farmers mobilized into co-operatives	100,000	60	No new rice irrigation schemes developed
		No of farmer co-operatives	2	1	No new rice irrigation schemes developed

Priority Project	Output	Indicator	Annual target (FY) 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
	Common user facilities for milling and packaging established	No of common user facilities for milling and packaging established	1	0	No funds available for rice value chain aggregating infrastructure
	Small industries provided with rice miller machinery	No. of small industries provided with rice miller machinery	7	0	No funds available for rice value chain aggregating infrastructure
Food Security subsidy and crop diversification	Co-operatives mobilized to produce maize and potatoes	No of farmers in maize cooperatives	1,000,000	70	The number of farmers per cooperative was lower than anticipated in the target. There has also been an inadequate allocation towards non-priority value chains
		No of farmers in Potato Co-operatives	180,000	70	The number of farmers per cooperative was lower than anticipated in the target. There has also been an

Priority Project	Output	Indicator	Annual target (FY) 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
					inadequate allocation towards non-priority value chains
Coffee Revitalization	Coffee co-operative factories modernized	No. of coffee co-operative factories	200	0	Procurement process delays due to change in system
Miraa Industry Revitalization	Miraa Umbrella Co-operatives strengthened	No. of farmers in co-operatives	1,000	0	No mobilization yet due to limited budget for priority value chain activities.
		No. of co-operatives capacity build	1	0	No mobilization yet due to limited budget for priority value chain activities.
<b>Building and Construction</b>					
Construction and building materials	MSMEs mobilized into co-operatives	No. of MSMEs mobilized into co-operatives	<b>50</b>	1,750	Lagging effect of campaigns in partnership with Global Communities (An NGO) that facilitated greater reach of

Priority Project	Output	Indicator	Annual target (FY 2024/25)	Cumulative Achievement FY 2024/25(Q1&Q2)	Remarks on Variance
					SMEs in 2024-25
Industrial property rights protection	Co-operative management information system developed	Operational CIMS modules	7	0	Delays for tendering due to implementation of e-procurement directives.
Formalization of artisanal mining operations	ASM co-operatives registered	No. of co-operatives	100	37	Most of the miners' groups originally mapped and sensitized are already registered.
Formalization of artisanal fisheries	Artisanal fishermen mobilized into co-operatives	No of Artisanal Fishermen	15,000	910	The target was over-estimated

Source: State Department co-operatives registry; quarterly monitoring reports.

### 3.8.2 Description of Results

Revitalization of BETA value chains that involves capacity building and mobilization of economic agents into cooperatives. The focus is on the 9 priority value chains: rice; tea; dairy; livestock and beef; textile and apparel; edible oils; artisanal fisheries; artisanal mining; affordable housing. There is under-allocation for value chain activities that was further reduced in the 2025/26 budget, and this contributed to under-achievement in some value chains. The numbers of cooperatives and farmers registered in most value chains is also appearing to have been over-estimated during the targeting, as no mapping of potential cooperative enterprise exists. Little progress in Tea value chain is attributed to tea farmers lack of interest in cooperatives formation as they receive similar benefits from the Kenya Tea Development Agency (KTDA) factory management. Most farmers in rice growing areas are already in cooperatives, and there is limited irrigation acreages.

*Dairy value chain:* New KCC factory modernization project that is 85% complete: project involves refurbishment and new installations in existing factories with an aim of expanding the processing capacity. The project has not received funding and the additional processing capacity was not installed. New KCC milk powder initiative that offers uptake of excess milk produced by farmers during glut periods. The second quarter recorded very little milk powder processing emanating from drastic reduction in milk deliveries to New KCC.

*Cotton value chain:* Cotton farmers cooperative ginnery aims to provide ginning facilities to farmers of cotton: Procurement for phase 2 of PAVI cotton farmers cooperative ginnery was initiated in first quarter. However, there was no progress in 2<sup>nd</sup> quarter due to delays associated with shifts to e-government procurement.

*Building and construction value chain:* Mobilization of workers in the building and construction value chain exceeded the target due to sustained impact of previous year's campaigns which were facilitated by a development partner.

*Coffee value chain:* Development of infrastructure in the coffee value chain did not take off due to migration to e-procurement.

Other initiatives include oversight over cooperatives by implementing governance requirements of the current Cooperatives Act

Most of the targets were not achieved primarily due to over-targeting. Further, delays occasioned by compliance with e-procurement affected activities like training and mobilization along priority value chains and related infrastructure development.

### 3.8.3 Implementation Challenges

- i. Inadequate budget: under-allocation for value chain activities and acquisition of aggregation infrastructure.

- ii. There was an over-estimate in the targets at the time of drafting the MTP, as no mapping of potential cooperative activities had been conducted. Need for revision of the same during mid-term review.
- iii. Political and administrative difficulties occasioned by lack of legal framework that aligns devolved and national government responsibilities as far as registration of co-operatives is concerned. This affected the quality of data as some counties complete registration but do not transmit the registration numbers to the National government.

#### **3.8.4 Recommendations**

- i. Increased budgetary allocation to SDC BETA priorities in supplementary budget. There is general under-funding of the State Department's BETA value chain activities and this is affecting planned implementation of activities and projects that support aggregation activities.
- ii. Fast-track enactment of the Cooperatives Bill to provide legal background for centralized registration and data for cooperatives at national levels. This will give way to more accurate data if all the registrations done at the county level are submitted to the office of the Commissioner for Cooperatives Development.

### **3.9 East Africa Community Affairs Sub Sector**

The East African Community (EAC) is a regional intergovernmental organization of eight (8) Partner States, comprising the Republic of Burundi, Democratic Republic of Congo, Republic of Kenya, Republic of Rwanda, Federal Republic of Somalia, Republic of South Sudan, Republic of Uganda and United Republic of Tanzania. The Federal Republic of Somalia was admitted into the EAC bloc on 24th November, 2023 and became a full member on 4th March, 2024.

The State Department implements the Treaty for the establishment of the East African Community which provides for the integration of EAC economies through the Customs Union, Common Market and Monetary Union. It also provides for the cooperation in Economic, investment, infrastructure, Social, Environmental and Political affairs. The Treaty further provides for a mechanism under the principle of variable geometry to fast-track implementation of EAC projects and programmes. The State Department implements programmes under six thematic areas of economic affairs, productive and services affairs, social affairs, political affairs, research and regional liaison, and northern corridor integration projects.

The subsector is also responsible for the Northern Corridor Integration Projects (NCIP) which brings together four EAC Partner States namely; Kenya, Rwanda, South Sudan and Uganda. NCIP was designed to generate sustainable political will necessary to fast track the implementation of the projects identified by Heads of State of the four NCIP Partner States. The Northern Corridor Integration Projects (NCIP) initiative currently operates with 14 clusters coordinated by the three Partner States (Kenya, Rwanda and Uganda).

#### **3.9.1 Sub Sector Performance**

Implementation status of key outputs and BETA priorities

Table xxxxx

MTP Outcome	IV	MTP Outcome Indicator	IV	MTP Outcome Target	IV	Actual Achievement	Remarks on Achievement Variance
Increased Kenyan exports		Total value of exports to the EAC (Kshs. Billion)		263		N/A	Awaiting for data from Economic Survey 2026
Enhanced EAC Regional Peace and security		Peace initiatives coordinated		1		1	Target Achieved

Source: SDEAC Reports

### 3.9.2 Description of Results

The admission of the Democratic Republic of Congo (DRC) to the East African Community (EAC) in 2022, followed by the Federal Republic of Somalia (FRS) in November 2023, has significantly expanded the EAC's domestic market. This expansion has enhanced opportunities for Kenyan goods and services, as the EAC remains Kenya's largest export destination within Africa. The growth in exports was primarily driven by increased trade with Uganda, Tanzania, and South Sudan.

According to the Kenya Economic Survey 2025, Earnings from exports to the African region decreased by 2.2 per cent from Kshs. 435.0 billion in 2023 to Kshs. 425.6 billion in 2024. The decline was majorly occasioned by decrease in exports to all countries in the EAC region except Democratic Republic of Congo and Somalia. Despite this decline, the EAC region continued to dominate as the main destination for Kenya's exports, accounting for 75.5 per cent of total export earnings from the continent. Exports to Uganda, Kenya's leading export destination in Africa, decreased from Kshs. 126.3 billion in 2023 to Kshs. 125.9 billion in 2024. This decline was largely attributable to a decline in domestic exports of cement clinkers and palm oil to this destination. Similarly, exports to Tanzania dropped from Kshs. 69.3 billion in 2023 to Kshs. 67.2 billion, partly resulting from decreased domestic exports of medicaments and soap in 2024. Conversely, revenue from exports to the Democratic Republic of Congo improved from Kshs. 26.4 billion in 2023 to Kshs. 31.7 billion in 2024. The growth was primarily contributed by increased domestic exports of palm oil and medicaments, and re-exports of kerosene type jet to this destination.

### 3.9.3 Implementation Challenges

- i. Slow progression in full implementation of the EAC pillars of integration;
- ii. Long-standing, recurring and new Non-Tariff Barriers continued to be detrimental to the free flow of trade;

- iii. Inconsistent application of the Common External Tariff (CET), re-occurrence and emergence of new NTBs and restrictive use of rules of origin continue to be detrimental to the free flow of trade;
- iv. Inadequate budget and budget cuts which affect implementation of the set targets;
- v. Low level of commitment and goodwill to support implementation of directives by partner States;
- vi. Political instability continues to affect the stability of the region; and
- vii. Multiple fees charged by County governments on transit trucks along the Northern Corridor making the cost of doing business in Kenya uncompetitive hence derailing the integration agenda.

#### 3.9.4 Recommendation

- i. Spur regional agribusiness by linking the Kenya Commodity Exchange with that of the Northern Corridor Integration Project (NCIP) Partner States in order to facilitate intra-trade in EAC through warehouse receipt systems;
- ii. Revision of the EAC Simplified Trade Regime to enhance the list of commonly traded products by the MSMEs across the borders;
- iii. Timely resolution of reported non-tariff barriers to trade and full operationalization of the EAC NTBs Elimination Mobile Application;
- iv. Enhance awareness creation on opportunities obtaining from the EAC integration process;
- v. Interfacing the Central and Northern Corridor Cargo Tracking Systems; and
- vi. Exploiting the economies of scale emanating from emerging and third-party markets.

#### 3.10 Economic Planning Sub-Sector

The State Department for Economic Planning draws its mandate and functions from the Executive Order No. 1 of 2025 on Organization of the Government of the Republic of Kenya.

The State Department is implementing the priority projects/programmes through four (4) programmes, and 13 sub-programmes. The programmes were: Economic Policy and National Planning; National Statistical Information Services; Monitoring and Evaluation Services; and General Administration, Planning and Support Services.

##### 3.10.1 Sub-sector Performance

Implementation status of key outputs and BETA priorities

Table 1: Key Outputs/BETA Priorities

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievement t FY2025/26	Remarks on Achievement t Variance
Macroeconomic Research, Modeling and Forecasting.	Technical officers' capacity built on the KTMM	No. of officer's capacity build	45	0	To be undertaken in subsequent quarters.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievemen t FY2025/26	Remarks on Achievemen t Variance
	Mid-Term Review of MTP IV conducted	No.	1	0	Draft concept notes in place. Mid-Term Review to be undertaken in Q4.
	Quarterly Status of the Economy reports prepared	No.	4	2	Drafting and validation of Q4 2024/25 and Q1 2025/26 reports completed. Macro Working Group (MWG) convened in Q2 for validation of Q4 2024/25 & Q1 2025/26 SoKE Reports.
	One-stop shop for effective statistics management	%	100	100	Framework to support KNBS to provide a one-stop-shop for official statistical information in place.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievemen t FY2025/26	Remarks on Achievemen t Variance
Strengthening the Monitoring and Evaluation system for tracking implementation of government policies, programmes projects	Comprehensive monitoring and evaluation system established	% level of establishment	100	25%	Technical Working Group in place.
		Proportion of MDACs using the system	100	0	System to be deployed after completion.
	Technical support provided to MDACs on monitoring and Evaluation	%	100	100	Target achieved. Technical support is provided on demand basis.
	Progress Reports prepared	No.	5	3	2 <sup>nd</sup> Annual Progress Report developed, published and launched. Q1, Q2- FY 2025/26 Progress Reports in place.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievement t FY2025/26	Remarks on Achievement Variance
	Technical support in County Peer Review Mechanisms to County Governments provided	No.	20	10	Quarterly target surpassed. Focus Group Discussions and Key Informant Interviews to be undertaken in Q3 FY 2025/26.
Strengthen National Planning at the County level	Technical support to MDACs on development planning provided	%	100	100	Target achieved.

Source of Data: SDEP Departmental Reports

### 3.10.2 Description of Results

#### Technical Support to MDACs on Monitoring and Evaluation

37 officers from 14 MDAs were trained on Results-Based Management (RBM). The activity was supported by UNICEF.

#### Quarterly Status of the Economy reports

Macro Working Group (MWG) was convened in Q2 FY 2025/26 for validation of Q4 2024/25 & Q1 2025/26 Status of Kenya Economy Reports.

#### Comprehensive monitoring and evaluation system established

Technical Working Group (TWG) has been constituted. The final Terms of Reference (ToRs) and System Requirements are complete.

#### Technical Support in County Peer Review Mechanism

Ten (10) counties have been engaged and technically support, and are in the process of generating the internal Self-Assessment Reports.

### 3.10.3 Implementation challenges

1. **Budgetary constraints:** The State Department experienced budgetary constraints occasioned by inadequate funding compounded by austerity measures continues to hamper the implementation of planned programmes and projects.
2. **Institutional Framework:** Weak policy and legal framework to anchor the economic planning function. This poses a threat to the effective and efficient implementation of the mandate at both levels of government.

### 3.10.4 Recommendations

1. Provision of adequate budgetary allocation by the National Treasury to enable the State Department to complete its on-going programmes/projects especially those affected by budget cuts and increment of transfers to SAGAs to cater for incremental credits and other resource requirements;
2. Prioritize programmes and projects based on need and ensure value for resources allocated;
3. Strengthen legal and institutional frameworks to support the implementation of the mandate of the State Department for Economic Planning;
4. Formulation and implementation of resource mobilization strategies to expand the resource base.

### 3.11. The National Treasury

The National Treasury, provides leadership in economic and public finance management and development planning, sets policy direction and oversight for key economic programmes and financing initiatives, including those under the Fourth Medium Term Plan and the Bottom-Up Economic Transformation Agenda (BETA) It oversees budget formulation, fiscal policy, public debt oversight, and the implementation of critical financial instruments, capacity-building initiatives, and climate finance projects, such as RK-FINFA, Green Financing, and the Credit Guarantee Scheme. In line with Kenya Vision 2030, which aims to develop a vibrant and globally competitive financial sector that encourages high savings to support investment, the National Treasury monitored the progress of five key priority projects during the period under review.

#### 3.11.1 Sub- Sector Performance

#### Implementation Status of the Key Outputs and BETA Priorities for 2<sup>nd</sup> Quarter of FY 2025/26

Table 1: Outputs Result Matrix

Priority Project/Programme	Output	Indicator	Annual Target (2025/26FY)	Cumm. Achievement (Q1 to Q2)	Remarks on Quarterly Performance Variance
Rural Kenya Financial Inclusion Facility (RK-FINFA)	Rural Credit Guarantee Scheme (RCGS) operationalized	No. of commercial banks participating in RCGS	5	5	Target Surpassed. KCB, Equity, Cooperative, National, and I&M banks participating in the scheme
		Volume of credit disbursed under RCGS (millions, USD)	24	0	Target not met . Lending under RCGS is awaiting necessary approvals before commencing in quarter 3 of FY 2025/26
		No. of farmers rural areas accessing financial services under RCGS	16,450	0	Target not achieved . Outreach will be realized upon the commencement of credit disbursement
Green Financing	Green Finance service providers accredited	No. of accredited local green finance service providers	1	0	Target not Achieved. The National Treasury has been nominated for accreditation. Submission to the GCF not concluded. This is expected to be done in third quarter.

Priority Project/Programme	Output	Indicator	Annual Target (2025/26FY)	Cumm. Achievement (Q1 to Q2)	Remarks on Quarterly Performance Variance
	Green finance professionals trained	No. of green finance professional Trained	50	100	Target Surpassed. Trained officers from MDAs and Counties contributed by availability of resources.
	National and County Government capacity to manage climate risks strengthened	No. of wards benefitting from Program-funded resilience investment (FLLoCA)	350	1238	Target Achieved. The No. of beneficiaries is progressive from the last FY. All 47 Counties met the minimum Performance Conditions.
		Capitalization of Climate Change Funds (Amount Ksh Millions)	-	23 Billion	Target Surpassed. The Fund Value is based on the book value of the County Climate Resilience Investments. Counties allocated 1.5% -2% of development budget to the County Climate Change Funds

Priority Project/Program me	Output	Indicator	Annual Target (2025/26FY)	Cumm. Achievement (Q1 to Q2)	Remarks on Quarterly Performance Variance bb
Kenya Credit Guarantee Scheme (CGS)	MSMEs provided with business development Services	No. of MSEs provided with business development services	2,676	55	Target not achieved. The scheme through Participating Financial Institutions (PFIs) supported under the credit Guarantee scheme. The scheme is also under the transition process into a company
	Kenya Credit Guarantee Company Established	% of completion	100	<u>80</u>	Target Achieved. Amended the CBK Act, engaged investors, secured three Letters of Intent, and advanced KCGC and Credit Guarantee Regulations (2025).
	Sector specific credit guarantee product developed	No of Sector specific credit guarantee schemes developed	3	0	Target not achieved. Product for Agricultural sector developed in the financial year 2024/25. This will be done once the

Priority Project/Programme	Output	Indicator	Annual Target (2025/26FY)	Cumm. Achievement (Q1 to Q2)	Remarks on Quarterly Performance Variance
					company is incorporated
	CGS Capital Mobilized	Amount of CGS Sector specific credit guarantee developed capital mobilized from the private sector (Ksh. Millions)	2,000	0	Target not achieved. To be completed upon company incorporation; investor engagements are ongoing; three Letters of Intent from financial institutions have been received.
Payments Ecosystems Interoperability	Interoperable payments system developed	% of completion	85	100	Surpassed the target as of October 2025.  Interoperable payments system developed to facilitate payments.
	Government payment platforms automated	No. of Government Payment Services Automated	16,000	22,200	Surpassed the target as of October 2025. The value is a cumulative total covering the number of government services automated. This is attributed to increased demand for the

Priority Project/Programme	Output	Indicator	Annual Target (2025/26FY)	Cumm. Achievement (Q1 to Q2)	Remarks on Quarterly Performance Variance
					automation of Government Payment Services.
Nairobi International Financial Centre (NIFC)	Incentive Package to attract capital investments developed	No. of incentive packages developed	3	25	Target surpassed. 25 incentive packages developed
	Investment vehicles established	No. of investment vehicles established	2	1	Target not achieved The Authority is working towards achieving the target. Investment vehicle under development through the Lloyd's Green Captive initiative. Engagements ongoing with IRA to operationalize its regulatory framework.
	Fintech and technology ecosystem in place	No. of Fintech firms in the NIFC	2	7	Target surpassed. Five technology firms assessed and approved for certification under Category B (Start-up) category

### 3.11.2 Description of Results

Implementation during Quarter Two recorded mixed performance. Strong results were achieved in foundational and systems-level interventions, including operationalization of the Rural Credit Guarantee Scheme, expansion of green finance and climate resilience capacity, capitalization of County Climate Change Funds, establishment of payments ecosystem interoperability, and increased automation of government payment services, all of which surpassed set targets. Progress was also registered in the establishment of the Kenya Credit Guarantee Company through regulatory reforms and investor engagements, and in strengthening the Nairobi International Financial Centre through incentive development and onboarding of fintech firms.

However, output-level results dependent on credit disbursement and company incorporation remained below target. Delays in regulatory approvals, accreditation processes, and the transition of credit guarantee schemes into corporate entities constrained lending volumes, MSME support, sector-specific product development, and private capital mobilization during the quarter. These activities are expected to improve in subsequent quarters upon completion of pending approvals and institutional processes.

### **3.11.3 Implementation Challenges**

- i. Delayed commencement of credit disbursement under the Rural Credit Guarantee Scheme due to pending approvals, affecting lending volumes and outreach to farmers during the reporting period.
- ii. Accreditation delays in green finance, as submission to the Green Climate Fund is yet to be concluded, impacting the onboarding of local green finance service providers.
- iii. Low uptake of MSME business development services under the Credit Guarantee Scheme, partly due to the ongoing transition of the scheme into a corporate entity.
- iv. Delayed development of sector-specific credit guarantee products and mobilization of private sector capital, pending incorporation of the Kenya Credit Guarantee Company.
- v. Partial progress in establishing investment vehicles under the NIFC, with regulatory engagements still underway to operationalize the required frameworks.

### **3.11.4 Recommendations**

- i. Fast-track pending regulatory approvals and accreditation processes to enable timely commencement of credit disbursement and green finance activities.
- ii. Expedite the incorporation and operationalization of the Kenya Credit Guarantee Company to unlock sector-specific products and private capital mobilization.
- iii. Accelerate regulatory engagements to operationalize investment vehicles under the Nairobi International Financial Centre.
- iv. Strengthen coordination with participating financial institutions to accelerate rollout of MSME business development services once approvals are finalized

1st Draft Half year Report

## CHAPTER FOUR INFRASTRUCTURE SECTOR

### 4.0. Overview

The infrastructure sector comprises the following key sub-sectors: Roads and Transport; Energy and Petroleum; ICT and Digital Economy; Lands, Public Works, Housing and Urban Development; and Water and Irrigation. The sector plays a critical role as an enabler of the other four (4) sectors by providing cost-effective public utilities, infrastructure facilities, and services critical for socio-economic development. The sub-section enumerates the sector performance, challenges encountered in the implementation during the review period, lessons learned, and sector-specific recommendations.

### 4.1. Roads

The sub-sector is responsible for road policy formulation, standards development, coordination of road agencies, supervision of construction and maintenance works and quality assurance across the national road network. The sub-sector plays a central role in expanding and preserving the country's road infrastructure, enhancing connectivity, lowering transport costs, and enabling socio-economic transformation in line with Government priorities.

#### 4.1.1. Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26

Table 1 below gives a summary of the implementation status

**Table 1: Outputs Results Matrix**

Priority Project	Output	Indicator	Annual Target FY2025/26	Quarter Target FY2025/26	Quarter Achievement FY2025/26	Remarks on the variance
Construction of Km roads	Km of roads constructed/rehabilitated	Km of roads constructed/rehabilitated	1,200	400	173.31	Contractors resumed works and the majority of projects are at various stages of implementation with set

Priority Project	Output	Indicator	Annual Target FY2025/26	Quarter Target FY2025/26	Quarter Achievement FY2025/26	Remarks on the variance
						targets earmarked to be achieved in subsequent quarters
Rural Roads Maintenance	Rural roads improved to gravel standard/maintained	Km of roads improved	20,000	5,000	4,749.75	Tender evaluations are ongoing in most Regional offices. Set targets to be achieved in subsequent quarters.
Urban and Highway Roads Maintenance	Highways and urban roads maintained	Km of roads maintained	21,000	5,250	14,311.61	Target overachieved due to carry over works from FY 24/25
Decongestion of Highways	Capacity enhancement of Rironi-Nakuru-Mau Summit	Km constructed	25	6.25	0	Feasibility study completed, negotiations concluded, approvals obtained, and Project Agreement signed
	Length of Modogashe – Habaswein -	No. of Km	25	6.25	0	Delays due to land acquisition

Priority Project	Output	Indicator	Annual Target FY2025/26	Quarter Target FY2025/26	Quarter Achievement FY2025/26	Remarks on the variance
	Wajir and Rhamu-Mandera road constructed	constructed				challenges, shortage of water for construction, community resistance and insecurity.
Construction of footbridges	Footbridges constructed (KENHA)	No. of footbridges constructed	5	1	1	Works are ongoing for the 5 No. Bridges. The Greenpark underpass works are complete.
Development of Road side Stations	Road side Stations developed	No. of RSS developed	1	0	0	land identified awaiting approval from the CS to advertise for EOI
Decongestion of Cities, Urban Areas and Municipalities	Length of Bypasses constructed	No. of Km Constructed	55.4	13.85	0	Target not achieved due to budgetary constraints
	Length of Missing Links constructed		2.5	0.625	0	Target not achieved due to budgetary constraints

Priority Project	Output	Indicator	Annual Target FY2025/26	Quarter Target FY2025/26	Quarter Achievement FY2025/26	Remarks on the variance
	Length of Arterials and collectors constructed		223.7	56	0	Target not achieved due to budgetary constraints
	ITS Infrastructure installed in Nairobi, Mombasa, Kisumu, Nakuru, Eldoret and Thika junctions	No. of Junctions installed with ITS	86	21.5	0	Designs for 25no. Junctions for Phase 1 at 100 complete and construction at 5% progress in Nairobi. Procurement of contractor process for 60 more junctions in Nairobi ongoing.
	Traffic Management Centres constructed	No. of Traffic Management Centres constructed	1	0	0	Detailed Design for 1 TMC in Nairobi 100% complete and construction is at 2%.
Implementation of the	Traffic and speed cameras	No. of speed	20	5	0	

Priority Project	Output	Indicator	Annual Target FY2025/26	Quarter Target FY2025/26	Quarter Achievement FY2025/26	Remarks on the variance
integrated National Transport Information Management System and Dashboard	installed along main highways	cameras installed				
	Transport Data Centre and Road	% of completion	60	10	0	

Source: KeNHA, KURA & KeRRA quarterly reports

#### 4.1.2. Description of Results

During the quarter, the State Department recorded the following:

- **Road Construction and Rehabilitation:** A total of 173.31 km of roads were constructed or rehabilitated against a quarterly target of 400 km, representing an underachievement. This performance is attributed to the phased resumption of works by contractors, with most projects currently at various stages of implementation and outputs expected to be realized in subsequent quarters.
- **Rural Roads Maintenance:** 4,749.75 km of rural roads were improved to gravel standard or maintained against a quarterly target of 5,000 km. Tender evaluations are ongoing in most regional offices, and the outstanding works are expected to be completed once procurement processes are finalized.
- **Urban and Highway Roads Maintenance:** Maintenance of highways and urban roads exceeded the quarterly target, with 14,311.61 km achieved against a target of 5,250 km. The overachievement is attributed to the implementation of carryover works from the previous financial year (FY 2024/25).
- **Decongestion and Highway Capacity Projects:** No physical construction was achieved during the quarter for the Rironi–Nakuru–Mau Summit project. However, key preparatory milestones were attained, including completion of the feasibility study, conclusion of negotiations, acquisition of approvals, and signing of the Project Agreement. Similarly, no construction progress was recorded on the Modogashe–Habaswein–Wajir and Rhamu–Mandera roads due to land acquisition challenges, shortage of water for construction, community resistance, and prevailing insecurity in the project areas.
- **Footbridges and Roadside Stations:** One (1) footbridge was completed during the quarter against a target of one (1). Works for the remaining footbridges are ongoing, with the Greenpark underpass works having been completed.
- **Development of Roadside Stations:** No roadside stations were developed during the quarter. Land has been identified, and the project is awaiting approval from the Cabinet Secretary to advertise for Expressions of Interest (EOI).
- **Decongestion of Cities, Urban Areas and Municipalities:** No progress was recorded on the construction of bypasses, missing links, or arterial and collector roads during the quarter. This was primarily due to budgetary constraints.
- **Intelligent Transport Systems (ITS) and Traffic Management Centres:** No ITS junctions were installed during the quarter. However, detailed designs for 25 junctions under Phase I were completed, with construction progress at approximately 5% in Nairobi. Procurement processes for an additional 60 junctions in Nairobi are ongoing.
- Similarly, no Traffic Management Centres were completed during the quarter. Detailed design for one (1) Traffic Management Centre in Nairobi was completed, with construction progress at approximately 2%.

- **Integrated National Transport Information Management System:** No traffic and speed cameras were installed during the quarter, and no progress was recorded on the Transport Data Centre.

#### 4.1.3. Implementation challenges

- Budget Constraints and delayed Funding Disbursements:** Inadequate budget and late Exchequer payments slowed construction, decongestion, and city infrastructure projects.
- Land Acquisition and Legal Issues:** Disputes, resettlement challenges, and lengthy approval processes delayed highway and corridor developments.
- Security and Social Challenges:** Insecurity in North Eastern region, political interference and community resistance affected project progress.

#### 4.1.4. Recommendations

- Enhance Budget Allocation and expedite Funding Disbursements:** Ensure adequate funding and timely release of resources to avoid implementation delays.
- Accelerate Land Acquisition and Legal Processes:** Fast-track land approvals, resettlement, and dispute resolution to reduce delays.
- Enhance Security and Stakeholder Engagement:** Strengthen security measures in high-risk areas and engage communities to minimize resistance and political interference.

### 4.2.Lands, Public Works, Housing and Urban Development

The sub-sector is a key enabler in advancing the national development agenda by supporting and implementing the Government priority projects under the Bottom-Up Economic Transformation Agenda (BETA). Specifically, the sub-sector is supporting delivery of Housing and Settlement Pillars by securing land rights for projects under the Affordable Housing Programme, settlement of landless and land use planning. To enhance Micro, Small, and Medium Enterprises (MSMEs) Economy pillar, the sub-sector will provide technical support and capacity building in land use planning for Industrial Parks as well as digitalization of land processes and services to support Digital Superhighway and Creative Economy pillar.

#### 4.2.1. Implementation Status of the Key Outputs and BETA

##### Priorities for Q2 in FY2025/26

**Table 1: Lands, Public Works, Housing and Urban Development Subsector Output Results Matrix for FY2025/2026**

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumulative achievement	Remarks on Variance
Processing and Registration of Title Deeds	Title deeds	No. of title deeds issued	475,000	120,000	82,454	154,507	Title deeds registered and issued from subdivision, leases, adjudication sections and settlement schemes.
National Land Value Index	National Land Value Index developed in 25 Counties	No. of Counties with National Land Value Index	5	1	0	0	Data collecting ongoing for provisional Maps in Isiolo and Marsabit counties.
Geo-referencing of Land Parcels	Parcels of land georeferenced to produce cadastral plans and maps.	No. of land parcels georeferenced.	60,000	15,000	6,340	11,107	Target affected by delay in exchequer release.

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumulative achievement	Remarks on Variance
Implementation of National Spatial Plan (NSP) and National Land Use Policy (NLUP)	National Spatial Plans and National Land Use Policy implemented	No. of physical and land use development plans developed	2	1	2	2	Target achieved due to co-operation and collaboration with counties.
	Staff in Counties sensitized on development of physical and land use development plans	No. of Counties Sensitized	15	3	3	6	
Settlement of landless	Land acquired for settlement	Area of land Acquired (Ha.)	70,000	15,000	0	0	Acquisition of 11,000 acres of land for settlement of landless at Kedong Ranch in progress.
	Landless households Settled	No. of households settled	27,000	6,000	1,882	5,328	Target affected by budget constraint

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumulative achievement	Remarks on Variance
	Surveyed and mapped land parcels	No. of parcels surveyed	100,000	25,000	28,358	53,665	Target surpassed due to increased demand for land services.
Survey and Maintenance of National and International Boundaries	Kilometres along National and international boundaries surveyed and maintained	Km surveyed and maintained	1,200	300	11.2	11.2	Target affected by inadequate funding.
	Boundary mark /pillars established	No. of pillars Established	350	50	30	30	Target affected by inadequate funding.
Development of hydrographic database	Nautical charts and bathymetric maps produce	No. of Maps and charts produced	4	1	1	1	Target affected by budget cut.
Digitization of land services	Land records in the Counties digitized	No. of Counties Digitized	10	2	0	0	Digitalization ongoing for Mombasa, Marsabit

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumulative achievement	Remarks on Variance
							and Koibatek land services.

Data Sources: State Department for Lands and Physical Planning

#### 4.2.2. Description of the results

1. **Processing and Registration of Title Deeds** – the subsector processed and registered a total of 154,507 title deeds from sub division, adjudication sections, settlement schemes and leases to guarantee security of land tenure and land rights to land owners.
2. **Development of Land Value Index** – the subsector is collecting data for provisional Maps in Isiolo and Marsabit counties for development of Land Value Index. The index guides compensation for infrastructure projects, guide investment and curb speculation on land. The target was affected by budget cut.
3. **Geo-referenced of land parcels** – the sector established 6 geodetic controls and georeferenced 11,107 land parcels to produce cadastre maps and plans. The target aims to minimize land disputes and overlaps and support land administration and management.
4. **Implementation of National Spatial Plan (NSP) and National Land Use Policy (NLUP)** – the subsector prepared two (2) Physical and Land Use Development Plans for Vipingo Master Plan for Special Economic Zone Authority and Kedong Advisory Plan for settlement of squatters. Preparation of Nasewa Local Physical and Land Use Development Plan ongoing awaiting public participation. County staff in Busia, Kilifi, Murang'a, Meru, Nakuru and Malindi counties were sensitized on Spatial Planning.
5. **Settlement of landless households** – the sector settled 5,328 landless households in Nakuru (3,175); Trans-Nzoia (271); Mombasa (865); Nakuru (996); and Nyandarua (21) Counties and acquisition of 11,000 acres of land for settlement of landless households in Kedong Ranch, Nakuru County in progress. Planning, demarcation and surveying of plots for settlement of landless ongoing.
6. **Survey and Maintenance of National and International Boundaries**- the subsector established 30 international boundary pillars, surveyed and maintained 11.2 kilometers along Kenya-Uganda International Boundary to ensue peaceful coexistence and promote trade. This is in line with Africa Union Border Programme (AUBP) initiative.

7. **Development of hydrographic database** – the subsector developed one (1) nautical chart to support blue economy through exploration and sustainable exploitation of resources as well as guide safe navigation in national and international waters.
8. **Digitization of land services** - the Subsector scanned land records for Marsabit and Mombasa Mainland and information stored in Electronic Data Management System (EDMS). Re-organization of land records ongoing in Koibatek. The target aims at achieving online land transactions for improved efficient and effective service delivery.

#### 4.2.3. Implementation challenges

- i. Inadequate and budgetary cuts hence affecting timely implementation of projects;
- ii. Manual land records which hinder its efforts towards expeditious land transactions;
- iii. High number of litigation cases has affected and delayed the implementation of the projects and programmes;
- iv. Insecurity from hostile communities along the national and international boundaries;
- v. Inadequate capacity in land administration and management; and
- vi. Inadequate specialized equipment/software to undertake service delivery due to low budget levels.

#### 4.2.4. Recommendations

- i. Enhancement of funding and timely release of the exchequer by The National Treasury;
- ii. Fast track digitalization of all land records and process;
- iii. Promote use of Alternative Dispute Resolution (ADR) mechanisms in land disputes resolution;
- iv. Public participation among communities to support department's projects and programmes; and
- v. Timely approval for employment of adequate human personnel and capacity building of existing staffs to improve service delivery.
- vi. Adequate funding to procure specialized Survey and Mapping equipment/software.

### 4.3. Housing and Urban Development

The Mandate of the State Department of Housing and Urban Development is outlined in the Executive order No. 1 of June, 2025 as follows;

1. Housing Policy Management
2. Management of Civil Servants & Housing Scheme
3. Development and Management of Affordable Housing
4. National Secretariat for Human Settlement
5. Develop appropriate low-cost housing and building and construction technologies
6. Development and Management of Government Pool Housing

7. Shelter and Slum Upgrading
8. Urban Planning Policy
9. Townships, Municipalities and Cities Policy
10. Nairobi River Ecosystem Regeneration

**4.3.1. Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26**

**Table 2.1: Key Outputs MTP IV /BETA Priorities**

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
Affordable Housing	200,000 units constructed	No. of housing units constructed annually	200,000	50,000	6,576 units completed  218,498 housing units under construction		<ul style="list-style-type: none"> <li>• <b>4,976</b> housing units completed and handed over (<b>4,536</b> social housing units in Mukuru and <b>440</b> Affordable housing units in Machakos and Elburgon)</li> <li>• <b>1,600</b> housing units are substantially complete and awaiting handover: Mabera (60 units), Bahati (220 units), Lurambi (220 units), Nanyuki (220 units),</li> </ul>

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							<p>Milimani (220 units), Gichugu (220 units), Chepalungu (220 units), and Emgwen (220 units)</p> <ul style="list-style-type: none"> <li>• <b>218,498</b> housing units are under construction at an average of 24.3% completion level</li> </ul>
Low-cost mortgage	1 million affordable home financing mortgages issued (low-cost mortgages, TPS, affordable construction loans)	No. of low-cost mortgage issued	250	50	71	21	<p><b>71</b> beneficiaries facilitated with mortgage worth <b>Ksh. 440,925,692</b></p>
Markets development	Markets Constructed	No. of Markets Developed	110	25	0	-25	<ul style="list-style-type: none"> <li>• <b>41 Modern markets</b> are under construction at an average of 36% completion</li> </ul>

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							level, they include: Mathare North (98%); Ruai wholesale (61%); South B (51%), Maji Mazuri (61%), Riruta (58%) Kangari (98%); Muthithi (96%); Gikomba Phase II (92%); Eldoret 64Ultra (55%); Embu (57%); Chuka (80%); Nanyuki (38%); Engineer (25%); Uhuru, Narok (75%); Kilgoris (32%); Siaya Intergrated (48%);

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							Gikambura (75%), Githunguri (12%), Runyenjes (20%), Diani (96%), Kapsabet (9.5%), Moi's Bridge (2.34%), Chwele (42%), Chebukube (36%), Bumala (90%), Iten (18%), Luanda (33%), Nakuru multipurpose ( %), Kamwangi (1%), Othaya (31%), Nyeri (20%), Kianjai (60%), Kagio (25%), Nyambara (1%), Kaptumo Strategic (9.2%). Kimana

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							(0%), Mikinduri (31%), Nandi (18%), Malaba (2%) and Jogoo road (18%)  <ul style="list-style-type: none"> <li>177 Economic Stimulus Programme (ESP) markets ongoing at average of 57% completion level.</li> </ul>
Kenya Urban Support Program (KUSP II)	Urban areas with improved resilient urban infrastructure and services	No. of strengthened institutions for urban service delivery	79	20	-	-20	<ul style="list-style-type: none"> <li>Annual Performance Assessment to inform the Urban Institutional Grant (UIG) disbursement to Counties to commence in February, 2026</li> <li>Annual Performance</li> </ul>

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							nce assessment to inform the Urban Development Grant (UDG) disbursement to Counties to commence in February, 2026
Kenya Informal Settlement Improvement Project (KISIP II)	New streetlights constructed	No. of new street lights constructed	50	12	19	7	New Street lights installed in Keroka B settlement in Nyamira county
	Kms of access roads improved	Km of access roads improved	25	7	7.56	0.56	Roads improved in Elgeyo Marakwet- 2.08km; Tharaka Nithi- 0.97km; Kakamega - 0.78km; Kisumu - 0.68km; Nyamira - 1.52km; Kiambu - 0.65km; and

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
							Nandi – 0.88 km
	Storm water drainage constructed	Km of storm water drainage constructed	25	7	7.5	0.5	Stormwater drains constructed in Kajiado 2.22km; Nyeri (1.2km); Bungoma (0.5km); Wajir (1.2km); Mombasa (2.24km), Lamu (2.22km) and Taita Taveta (0.16km)
	Kms of walkways constructed	Km of walkways constructed	10	2.5	2.78	0.28	Walkways constructed in Nyamira- 1.5km; Kakamega - 0.85km; Kiambu- 0.429km;
	Households connected to water supply	No. of households connected to water supply	1,200	300	375	75	A total of 375 connections was done Trans Nzoia (85No.) and Tharaka Nithi (290No.)
	Allotment letters/titles deeds/leases	No. of allotment letters/titles deeds issued	6,000	1,500	-	- 1,500	Draft plans in place

Priority Project	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Achievement Q2) FY2025/26	Variance	Remarks on the Achievement Variance
	prepared and issued						
	Socio-economic inclusion plans prepared.	No. of socio-economic inclusion plans.	5	2	-	-2	Preparation of two plans is ongoing where data collection was completed for two settlements in Mombasa

#### **4.3.2. Implementation Challenges**

The major challenges encountered by the sub-sector during the implementation include the following:

- i. Funding gap in implementation of projects and Programs and the delayed release of exchequer in the course of budget implementation leads to slow implementation of various programs projects.
- ii. Delay in the passage of the County Governments Additional Allocation Bill affected the disbursement of conditional grants under the Kenya Urban Support Programme (KUSP II) and the Kenya Informal Settlements Improvement Project (KISIP II) resulting in delays in project implementation timelines and the accumulation of pending bills.
- iii. Delayed disbursement of conditional grant by the Affordable Housing Board to the respective County Committees. This hindered the operationalization of County Committees.
- iv. Lack of land ownership documents for AHP project site slows down uptake of completed units
- v. Local political interference during project initiation and operationalization Inadequate serviceable and suitable land for development of projects
- vi. Lack of land bank for housing and other urban investments

#### **4.3.3. Recommendations**

1. Exploration of alternative funding models including allocations from the sector, additional borrowing and upscaling of PPPs and Joint Ventures in project financing to reduce risks associated with dependency on exchequer funding.
2. Lobby the parliament and National treasury to prioritize passing of the Bill to ensure that the County Government Additional Allocation Act is passed within statutory timelines to avoid disruption in the disbursement of funds under the Kenya Urban Support Programme (KUSP II) and the Kenya Informal Settlements Improvement Project (KISIP II)
3. Speedy and streamlined coordination between the National Treasury, the Parliament and the Affordable Housing Board to ensure timely release of funds.
4. Fast-tracking the processing and transfer of land ownership document to the Affordable Housing Board
5. Continuous engagement and sensitization of all relevant stakeholders before and during project implementation
6. Deliberate investment in housing and urban infrastructure by the National and County governments
7. Establishment of a land bank.

## Conclusion

The **State Department** has prioritized the implementation of the **Affordable Housing Programme (AHP)**, which seeks to improve the living conditions of Kenyans through the **progressive construction of 200,000 affordable housing units annually**. This initiative aligns with the Government's **Bottom-Up Economic Transformation Agenda (BETA)** priorities. The main challenge experienced has been **inadequate funding**, which has since been addressed through the **introduction of the Housing Levy** to support housing development and related infrastructure.

The State Department continues to **collaborate with relevant agencies and County Governments** to effectively implement the **Second Kenya Urban Support Programme (KUSP II)** and the **Second Kenya Informal Settlements Improvement Project (KISIP II)**. These programmes aim to enhance the provision of basic urban services and upgrade informal settlements, thereby **improving the overall living conditions of the urban population**.

### 4.4. Energy

The energy sub sector is identified as key player in the infrastructure sector under the MTP IV. It's envisaged that the sub sector plays a key role in promoting the development of energy generation and distribution by increasing investments in green energy (geothermal, wind, solar and hydro). From this, the sub sector will contribute to cost-effective public utilities and essential services for socio economic growth.

#### 4.4.1. Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26

Table 1: Key Outputs/BETA Priorities

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
<b>Inclusive Growth (People Centred)</b>							

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
Green Energy Industrial Parks and Other Geothermal Resources Direct Use	Green Energy Industrial Park-Phase I in Olkaria	% completion	30	5	5	20	<ul style="list-style-type: none"> <li>• Tender document and Specification for the one stop shop completed.</li> <li>• Groundbreaking for fertilizer plant by Kashian Group was held in November.</li> <li>• SEZA granted KenGen both the Developer and Operator license.</li> </ul>
Power Distribution	Public facilities connected to power grid	No. of public facilities connected	6,000	312	145	257	A total of 257 projects were commissioned during the period. Implementation affected by

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							shortage of materials caused by introduction of eGP requirement which delayed procurement of material
	Transformers installed and maximized	No. of transformers installed and maximized	18,000	491	38	77	<p>KPLC's Q2 target was 253. They achieved 21. Project execution affected by budget rationalization.</p> <p>REREC's Q2 target was 238. They achieved 17. A total of 50 projects were commissioned by REREC at the end of second</p>

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							quarter. Implementation affected by shortage of materials caused by introduction of eGP requirement which delayed procurement of material.
	New customers connected to electricity	No. of new customers connected	470,000	116,500	105,960	182,195	105,960 customers were connected. Progress affected by limited availability of critical materials such as electricity meters.  11,962 customers were connected by REREC. Achieveme

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							nt affected by fewer projects implemented during the quarter as a result of shortage of materials caused by introduction of eGP procurement requirement which is yet to take-off.
	Street lighting lanterns installed	No. of lanterns Installed	15,000	3,750	1,310	2,044	Kenya Power installed 523 while REREC installed 785 in Q2.  Kenya Power's achievement affected by budget rationalization.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							REREC's achievement affected by fewer projects implemented during the quarter as a result of shortage of materials caused by introduction of eGP procurement requirement which is yet to take-off.
	Solar Mini grids constructed	No. of Solar Mini grids constructed	50	5	0	0	i) KOSAP - Site handed over; Advance Payment done; Contractor Environmental and Social Safeguard Training done. Review of design

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							drawings for Solar Photovoltaic Generation Plants completed and approved. Contractor's change of manufacturers requests Approved. ii) GoK - Land acquisition and designs completed, Tendering - in progress for 1 (Advertised and evaluation ongoing) and Tendering expected in Q3 for another one.
Alternative Energy	Alternative clean energy	No. of PV	1,000	69	0	0	No projects were commissio

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
Technologies	sources developed	solar systems installed					ned during the period. Scoping completed, costing for Replacement of scoped components ongoing. Tendering expected in Q3.
		No. of Stand-alone solar systems installed	165	69	0	0	No projects were commissioned during the period. Scoping completed, costing for Replacement of scoped components ongoing. Tendering expected in Q3.
		No. of energy centres established	10	1	0	0	Implementation affected by introduction of eGP procurement requirement which

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							delayed the procurement process
		No. of biogas digesters installed.	300	7	0	0	Implementation affected by introduction of eGP requirement which delayed the procurement process
		No. of small Hydro plants installed	2	0	0	0	Not funded
		No. of wind masts and data loggers installed	16	1	0	0	Benchmarking in progress
		No. of (Biomass charcoal kilns) biomass data loggers installed	40	5	0	0	Implementation affected by introduction of eGP requirement which delayed the

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							procurement process
		No. of e-mobility stations installed	200	0	0	0	Not funded
		No. of clean cooking solutions installed	4	2	0	0	Implementation affected by introduction of eGP requirement which delayed the procurement process
Power Transmission	Length of high voltage transmission lines constructed	Kms of transmission lines constructed	457	114.25	65	111	65KM 132kV Lessos – Kabarnet was completed and energized.
	Power Transmission substations constructed	No. of substations constructed	6	2	2	2	Two substations were energized: 400/220kV 4x200MVA Mariakani and 132/33kV

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							1x23MVA Kabarnet.
	National System Control Centres (NSCC) operationalized	% of operational NSCC	100	10	0	13.8	Site preliminary works were carried.
	Makindu 400/132 kV 2x150MVA substation completed	% completion	60	7.5	0	0	Procurement of contractor in progress.
<b>Expand Revenue Base</b>							
Geothermal exploration and steam development	Geothermal wells drilled in Menengai, Baringo-Silale and Suswa fields	No. of wells drilled	30	1	1	1	Drilling of 1 well, PW03D in Paka, has been completed. Drilling of 3 additional wells is ongoing.  Challenges: • Delays in disbursement of funds.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							<ul style="list-style-type: none"> <li>Difficult drilling conditions.</li> </ul>
	Cumulative MW of power installed	MW of power installed	111	0	0	0	<p>Construction of the Globeleq 35MW power plant is ongoing and is currently 85.2% complete.</p> <p>Construction of the Orpower 2235 MW power plant is ongoing and is currently 84.5% complete.</p>
Power Plants And Resource Development	Geothermal power Installed	Addition al MW of power	111	0	0	0	63.3MW Olkaria 1 Rehabilitation to be completed and the 3 Units to synchronized to the

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							National Grid in the FY26/27
	Wind power plant installed	% completion	70	0.5	0.5	2.5	Environmental and Social Impact Assessment (ESIA) and Free, Prior, and Informed Consent (FPIC) process are underway.
	Solar power plant installed	% completion	60	1	1	10	Target for FY25/26 revised to 4%.
	Liquefied Natural Gas (LNG) power plant installed	% completion	70	0	0	0	AfD granted No Objection to the PQ Evaluation.
	8.6 MW Gogo Western Region Hydro Plant completed	% completion	40	0.5	0.5	6.5	Optimization study for the proposed plant was completed.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
	Raising of Masinga project	% completion	70	0.25	0.25	1.75	Preparation of the PQ for procurement of the EPC Contractor is ongoing.
Nuclear power development	Nuclear Research Reactor established	% completion	30	5	5	38	The Research Reactor Project Implementation Committee (RRPIC) was established to review and finalize the feasibility studies for the research reactor.
	Infrastructure for generation of electricity from nuclear sources developed	% completion	70	15	12	51	Detailed site studies completed in nine (9) potential nuclear power plant sites in Siaya County, preparatory works for the Civil Nuclear

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							Liability Framework commenced, and a concept design for a centralised radioactive waste storage facility developed.
	Nuclear Energy Skills	No. of persons trained on nuclear energy	110	20	25	25	In collaboration with the IAEA, 25 Kenyans were trained in topics related to Nuclear Science and Technology .
	Nuclear Energy Policy	% completion of National Nuclear policy	85	0	0	85	The draft National Nuclear Policy has been finalized and submitted to the Ministry of Energy and Petroleum

Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter (Q2) Target FY2025 /26	Quarter (Q2) Achievement FY2025/ 26	Cumm. Achievement FY2025/ 26	Remarks
							for further actions.
	Energy Research Centre established	% completion	100	20	0	3	Target not achieved. The project did not receive any financial support to enhance its implementation

Source of Data: State Department for Energy and its Agencies

#### 4.4.2. Implementation challenges

- ❖ Budget Rationalization and delay affecting Right of ways/ wayleave acquisition and delayed payment of contractors.
- ❖ Difficult drilling conditions.

#### 4.4.3. Recommendations

- ❖ Strengthen coordination among state agencies.
- ❖ Fast track release of funds by National Treasury.

#### Conclusion

The challenge noted above and others in the previous reporting period, have adversely affected the progress of some of the projects. Once the above challenges are fully addressed, implementation of the affected projects shall be fast-tracked to meet the Medium-Term Target.

#### 4.5. Petroleum

The sub-sector plays a critical role in overseeing the country's oil and gas sector, ensuring energy security, economic growth, and sustainable resource management. The sub-sector is vital for transport, manufacturing, and electricity generation and contributes significantly to foreign exchange earnings, employment, and tax revenues for many countries. The sub-sector thus strives

to ensure efficient, transparent, and sustainable management of these resources to drive industrialization and reduce energy costs.

#### 4.5.1. Implementation Status of the Key Outputs and BETA

##### Priorities for Q2 in FY2025/26

**Table 2.1: Petroleum - BETA Output Results for Q2 - FY 2025/26**

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1-Q2) 2025/26	Remarks on Achievement Variance
Development of LPG Infrastructure	LPG bulk import handling, and storage facilities constructed in Mombasa (30,000MT)	% completion of storage facility	100	0	0	0	Not achieved
	LPG bulk storage facility constructed in Nairobi (10,000MT)	% completion of storage facility	100	0	0	0	Not achieved
National Liquefied Petroleum Gas Enhancement	6kg LPG cylinders and accessories supplied to low-income households	No. of cylinders distributed	100,000	25,000	24,000	0	In progress
	5,000 public boarding learning institutions provided with clean cooking gas (CCG) infrastructure	No. of public schools provided with CCG	500	125	0	0	Not achieved
Expansion of Petroleum	Crude oil tanks in Mombasa converted to	% Completion	100	0	0	110	Surpassed with an additional

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1-Q2) 2025/26	Remarks on Achievement Variance
m Products Supply Infrastructure	white oil storage to provide 200,000 M3 additional capacity						20,000m3 storage capacity
Exploration and Commercialization of Oil and Gas Resources	Petroleum blocks marketed	No. of petroleum blocks marketed	2	0	0	13	Target surpassed in Q1
	Block 9 Natural gas prospects evaluated	Completion level (%) of Block 9 Evaluation	100	0	0	100	Target Achieved
	Geological and geophysical data generated	Area in sq. km for which geoscientific data has been acquired	1,500	375	100	250	Target not achieved
Lokichar-Lamu Crude Oil Pipeline	824km 20-inch Lokichar-Lamu Crude Oil Pipeline constructed	% completion of preliminary activities	80	20	0	0	Target not achieved
Geochemical and Petro-physical	Geochemical and Petro-physical laboratory	% completion of a geochemical and petro-	80	0	0	75	Target achieved

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1-Q2) 2025/26	Remarks on Achievement Variance
Laboratory		physical laboratory					
Quality Assurance of Petroleum Products	Quality and secure petroleum products marketed nationally and regionally	No. of monthly random test visits conducted at petroleum dispensing sites	12	3	3	12	Target Achieved

Source: State Department for Petroleum Reports, FY2025/26

#### 4.5.2. Description of Results

##### i) Development of liquefied petroleum gas (LPG) infrastructure

The project aims to promote use of LPG as a clean energy source. This entails the construction of a truck loading facility, and LPG bulk storage and handling facility in Changamwe with a capacity of 45,000MT (30,000MT in the medium term and 15,000MT in the future), a common user manifold from Kipevu Oil Terminal II and a bulk LPG storage facility at Nairobi with a capacity of 10,000MT.

The Kenya Pipeline Company (KPC) facilitated conducting of Front-End Engineering Design (FEED) and Environmental and Social Impact Assessment was completed in 2022/23FY. However, the project was put on hold awaiting the privatization of Kenya Pipeline Company (KPC). Meanwhile, Government is supporting the private sector to enhance LPG infrastructure and is working closely with key stakeholders including Lake Gas Ltd and African Oil Gas and Oil Company to streamline LPG infrastructure through shared facilities. The common facilities will significantly reduce the price of gas and make it more accessible and affordable to Kenya.

## ii) National liquefied petroleum gas enhancement

The project seeks to increase the use of LPG by households and learning institutions. The project comprises of two initiatives: The Mwananchi LPG initiative which entails the purchase and distribution of 6kg LPG cylinders to selected low-income households across the country to enhance LPG penetration from 30 per cent in 2021 to 70 per cent over the plan period. It also entails the provision of Clean Cooking Gas (CCG) for schools to 5,000 public boarding schools with initial investment for the infrastructure (installation of LPG gas bullets, piping, and burners) and seed gas.

During the period under review, an Asset Transfer Framework was developed for the transfer of assets from the SDP to NOCK. In addition, Beneficiary Identification and Distribution Plans to selected low-income households were developed in preparation for the roll-out of the project. The launch of the project is scheduled to coincide with the 2025 Mashujaa Day Celebrations. Distribution centers have been set-up in Eight Deputy County Commission Head Quarter's. A total of 24,000 cylinders fitted with grill and burners were distributed to the registered beneficiaries at Kshs. 1,500 in Eight Constituencies within Kitui County. In addition, as part of the national Government's LPG rollout to schools and public institutions the SDP installed two LPG storage storage tanks with a capacity of 2-tonnes each.



The development of LPG infrastructure for public boarding learning institutions was halted by the Presidential directive that proposed a change in the model of implementation from public led to private led. This necessitated the development of a framework for engaging the private sector. In the meantime, the government has continued to enhance LPG use through reticulating the Affordable Housing Projects. For instance, all the 1080 units at Meteorological Site Nairobi for Lots 1, 2, & 3 (Mukuru Kwa Njenga) have been connected to the reticulation system and installation of tank firms at 85% completion (pending civil works for tank firms, caging and filling of seed gas).

### **iii) Expansion of petroleum products supply infrastructure**

This project entails the construction of a new 20-inch 450km pipeline from Mombasa to Nairobi to increase the flow rate from 1,000m<sup>3</sup> /hr to 2,000m<sup>3</sup> /hr and conversion of KPRL crude oil storage tanks in Mombasa to refined products storage to increase the capacity by 200,000m<sup>3</sup>.

The conversion of KPRL crude oil storage tanks in Mombasa to handle refined products was completed having a total capacity of 220,000m<sup>3</sup> (i.e. 120,000m<sup>3</sup> at KPRL Changamwe and 100,000m<sup>3</sup> at KPRL Port Reitz) surpassing the initial target of 200,000m<sup>3</sup>. The construction of a new 20-inch 450km pipeline from Mombasa to Nairobi has been put on hold pending the privatization of the Kenya Pipeline Company (KPC).

### **iv) Exploration and commercialization of oil and gas resources**

The project entails licensing of blocks to technically and financially robust companies to accelerate the exploration and implementation of the approved South Lokichar Field Development Plan (FDP). This is undertaken through: acquisition of geological and geophysical data; exploratory and appraisal drilling in Kenya's sedimentary basins; land acquisition for upstream facilities and water pipeline; water for oil production, central processing facility and flowlines, production wells and access to power for upstream facilities. Enhanced appraisal in the Anza Basin blocks where gas discoveries have been made, and depending on the resource potential, follow-up monetization will be undertaken through a modular gas-to-wire power generation unit and export of natural gas.

During the quarter, Geoscientific data acquisition on Block L20 was undertaken in Zone 1 Sub-Zone A, covering a total area of 100km<sup>2</sup>. The data has been processed and report prepared. In addition, 13 blocks were marketed and a strategic investor (Gulf Energy) acquired blocks T3, T6 and T7. Other 10 petroleum blocks were marketed at the 31<sup>st</sup> Africa Oil in Accra, Ghana in September 2025. In addition, a licensing strategy was developed and bid documents for ten (10) premium petroleum blocks prepared.

Thirdly, after acquiring the assets, Gulf Energy submitted a revised Field Development Plan (FDP) - a crucial technical and commercial blueprint for developing the oilfields - to the Energy and Petroleum Regulatory Authority (EPRA) and the State Department for Petroleum for review and approval.

In late November 2025, the Government of Kenya formally approved the South Lokichar Basin FDP, making it the first FDP in Kenya to reach this stage towards commercialization. Approval means the project is transitioning from exploration toward development and eventual production.

**v) Lokichar-Lamu crude oil pipeline**

The project aims at constructing 824km 20-inch pipeline with a marine terminal and load-out facility to transport crude oil from South Lokichar oil fields to Lamu Port for export.

The process of construction has been put on hold due to proposal for change into a more feasible alternative i.e. use of railway in the long run.

**vi) Geochemical and petro-physical laboratory**

This project aims at developing a world class oil and gas laboratory to serve Kenya and the region in analyzing oil, gas, and rock samples to establish the presence of hydrocarbons. Additionally, the project aims to: commercialize geochemical and petro-physical analysis; coordinate laboratory-based multi-client studies for revenue generation and de-risking exploration blocks; and offer geochemical and petro-physical services in Block 14T and other exploration blocks.

During the period under review, all laboratory equipment had been delivered to NOCK and safely stored at KAWI house. Preparation of the laboratory space was 95% complete. The contractor currently working on the remaining 5%, which is mainly fixing the air conditioning system (HVAC system).

**vii) Quality assurance of petroleum products**

The project aims at monitoring the quality of petroleum products offered for sale in the local market to prevent motor fuel adulteration or dumping of export-bound motor fuels.

During the period under review, three random visits covering all the 47 counties were conducted in every quarter. Joint monitoring of retail sites with the Kenya Revenue Authority, the Kenya Bureau of Standards and the Fuel Marking and Monitoring contractor was undertaken to determine if an offence of export dumping or fuel adulteration has occurred. 23,946 samples were tested at 5,297 petroleum retail sites across the country. From the sites tested, 5,240, representing 98.92% of the sites, were compliant, and 57 sites (representing 1.08%) were non-compliant. The names of 57 petroleum retail stations, illegal sites and transportation trucks identified to be adulterated, and export-bound fuels were published in the local newspapers. In addition, 3,985,608,516 litres of export/duty-free motor fuels and 48,649,287 litres of illuminating kerosene at all designated depots were marked.

**2.2 MTP IV Outcome Indicators**

**Table 2.2.: Petroleum Subsector Outcome Results for FY 2025/26**

<b>MTP IV Outcome</b>	<b>MTP IV Outcome Indicator</b>	<b>MTP IV Outcome Target</b>	<b>Actual Achievement</b>	<b>Remarks</b>
Enhanced use of LPG	Proportion (%) of households using LPG	32	32.8	KDHS 2022
	Average LPG consumption per capita No. (Kg per person /yr) -	2	7	EPRA Energy and Petroleum Statistics Report 2023/24
	Proportion (%) of Public learning institutions using LPG (Public Boarding Primary and Secondary Schools, and Tertiary Institutions)	20	13.6	Not achieved

<b>MTP IV Outcome</b>	<b>MTP IV Outcome Indicator</b>	<b>MTP IV Outcome Target</b>	<b>Actual Achievement</b>	<b>Remarks</b>
Stable supply of refined petroleum products	Quantity of petroleum products imported (MT millions)	7,240	1,419	On course to achieve the annual target
Increased oil and gas production	Amount invested in petroleum blocks (USD (Millions))	3.2	3.2	Achieved

*Source: State Department for Petroleum Reports, FY2025/26*

### **Description of Results**

#### **a) Proportion (%) of households using LPG**

The Asset Transfer Framework for the transfer of assets from SDP to NOCK was finalized in preparation for the roll-out of the project i.e. for distribution of the 281,524 6kgs LPG cylinders, 357,368 grills, 357,355 burners, 90,103m of hosepipes and 84,500 two-burner cook-stoves that were procured is underway.

#### **b) Average LPG consumption per capita No. (Kg per person /yr)**

The figure provided is the baseline. The actual figure will contain the SDP contribution and will be established upon conducting a nationwide survey which is yet to be carried out.

#### **c) Proportion (%) of Public learning institutions using LPG (Public Boarding Primary and Secondary Schools, and Tertiary Institutions)**

The achievement of 13.6% against a target of 20% consisted of installation of 20, 101 & 100 LPG infrastructure by Government, Equity Bank and KCB Bank respectively. The target was not met because of the time lag occasioned by model change, from public led to private-led, this was occasioned by the Presidential directive. In the meantime, the SDP has developed a framework for engaging the private sector. Before the directive installation of LPG infrastructure in 20 schools had been completed.

#### **d) Quantity of petroleum products imported (MT millions)**

Approximately 42% of the total target for the year has been achieved with a focus to achieve the total target by the fourth quarter.

#### **e) Amount invested in petroleum blocks (USD (Millions))**

The envisaged investment engagement with the external investors is yet to take place. The overall effect/change is targeted for FY 2026/27. As such the baseline reported remains as the outcome target for the review period.

### **3. POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK**

During the review period, the State Department for Petroleum conducted public participation on the draft National Petroleum Policy. Inputs from the public were incorporated into the draft and a draft Cabinet Memo prepared.

#### **4.5.3. Challenges**

##### **i) Inadequate Local Technical and Financial Capacity**

Inadequate technical and financial capacity remains a significant challenge in Kenya's oil and gas sector. Despite the country's potential to become a key player in the energy market many local companies and institutions lack the advanced technical skills, expertise, and infrastructure required to effectively participate in oil and gas exploration, production, and refining. In addition, Tullow's operations in Kenya was beset by a number of setbacks, including the withdrawal of joint project partners Africa Oil Corp and TotalEnergies. However Tullow has identified a strategic investor (Gulf Energy) who is believed will de-risk the project.

##### **ii) High Capital Investment in Exploration and Development**

Petroleum operations are capital-intensive and technical in nature, with high-risk investments. This has led to slow investments in the Kenyan petroleum sector.

##### **iii) Inadequate Infrastructure**

The country has a constrained capacity for storage of petroleum fuels to meet the growing demand in the country and the region. This has led to delays in offloading of petroleum products resulting in high demurrage charges. There is also a potential challenge of storage once crude oil transportation commences in South Lokichar.

##### **iv) Inadequate Data on Exploration Potential**

The country has inadequate comprehensive geoscientific data on all the 50 Petroleum Blocks. This limits the marketing of the open Petroleum Blocks, and identification and exploitation of new petroleum resources. It also hinders attraction of investment in the Upstream sub-sector.

##### **v) Data Management**

The sector lacks a robust data management and reporting framework, which hinders realization of optimal benefits derived from petroleum operations.

**vi) Fluctuations in Global Crude Oil Prices**

Unstable Geo Political Environment and its attendant effects on fluctuations in global crude oil prices impact on petroleum consumption, and exchange rates affecting profit margins and investment decisions by extension. This in turn impacts on the prices of petroleum products locally.

**vii) Inadequate Legal and Regulatory Framework for the Sector**

Emerging issues and challenges in the country's oil and gas sector require review of the petroleum laws and regulations to enhance efficiency of petroleum operations and increase investment in the sector.

**viii) Delays in land and right of way acquisition**

Land access and rights, land ownership, land-use planning, environmental management, and land use conflicts has led to delays in land acquisition for oil and gas projects

**4.5.4. Recommendations**

- i) There is need to develop a resource mobilization strategy to enhance resource mobilization for investment in Oil and Gas exploitation.
- ii) The sector should enhance capacity-building initiatives through enhanced investment in education and training.
- iii) There is need to intensify marketing of the petroleum blocks to improve attraction of investment in the upstream sub-sector.
- iv) The sector needs to be strategic and adaptive to the geopolitical, social, technological, environmental and economic dynamics and manage competing interest especially from renewables at the global level.
- v) There is need to expand storage capacity for both final petroleum products as well as for the potential crude oil from South-Lokichar to meet the growing demand in the country and the region. This will enhance efficiency in offloading of petroleum products thus reducing demurrage charges. In addition, the country should develop spare capacity to hold strategic stocks for petroleum products to cushion the country against shortage risks in the event of supply disruptions.

vi) The sector should finalize the development of LPG importation framework to guide importation of LPG, to pave way for increased competition that may lead to lower retail prices. In addition, lowering of retail prices would enhance penetration of LPG in the country.

vii) There is also a need to finalize the review of the Petroleum Act, 2019.

viii) The sector should strengthen its Monitoring, Evaluation Reporting and use the Lessons Learned towards the achievement of its goals and objectives.

#### **4.5.5. Lessons Learnt**

##### **i) Effective Inter-agency Collaboration is Critical**

Coordination between the State Department for Petroleum and other Ministries, Counties, Departments, and Agencies (MCDAs) is essential for effective and efficient implementation of the sectors projects this includes timely issuance of permits, licenses and approvals.

##### **ii) Robust Planning is Key for Project Success**

Setting realistic timelines that account for planning, design, procurement, and construction phases is crucial. Delays observed in infrastructure projects underscore the need for more systematic project planning.

##### **iii) Data Management Enhances Sector Efficiency**

A well-structured data system is vital for marketing petroleum blocks and managing revenue streams.

##### **iv) A Strong Monitoring, Evaluation, and Reporting (MER) System is Necessary**

Projects with effective monitoring mechanisms were more likely to stay on track. A robust MER system helps in identifying bottlenecks early and supports evidence-based decision-making.

##### **v) Policy Shifts Require Adaptive Implementation Models**

The shift from public-led to private-led implementation in LPG programs following a presidential directive highlighted the importance of flexibility and the need for alternative frameworks that can accommodate such changes without stalling progress.

##### **vi) Capacity building is essential for sustainable development**

Inadequate technical and financial capacity remains a key constraint. Investing in local skills development and institutional strengthening is necessary for building a self-reliant petroleum sector.

##### **vii) Private sector engagement is essential for project delivery**

Proactive private sector engagement (PPP), including clear frameworks and incentives, is critical for implementing capital-intensive projects like LPG storage and pipeline development.

These lessons provide a roadmap for improving future project delivery, investment attraction, and overall sector performance.

## **5. CONCLUSION AND WAY FORWARD**

During period under review the State Department for Petroleum made commendable progress in the implementation of its Fourth Medium-Term Plan (MTP IV) projects including: finalization and approval of the Field development Plan (FDP) for the South Lokichar oil development, finalization and approval of the Petroleum Policy, petroleum block marketing, and quality assurance of petroleum products as well as on LPG reticulation. However, one strategic projects, notably - LPG Infrastructure Development - experienced delays due to the absence of a PPP framework and shifting implementation models following high-level directives.

Priority issues for the coming year include expediting the privatization of the Kenya Pipeline Company (KPC) and establishment of a clear PPP framework to facilitate implementation of delayed infrastructure projects, operationalizing the LPG importation and distribution framework, and finalizing the transition of public LPG programs to private-led models. These efforts will directly contribute to national goals of increasing clean energy access, enhancing energy security, and promoting low-carbon economic growth.

In response to emerging challenges, such as global price volatility, infrastructure constraints, and data gaps, the State Department will focus on enhancing technical capacity, investing in petroleum storage expansion, and scaling up geoscientific data acquisition across all the 50 petroleum blocks. The department also intends to finalize key legal and regulatory instruments, including reviewing and implementation of regulations under the Petroleum Act 2019 and implementation of the National Petroleum Policy 2025, to create a more attractive and predictable investment climate.

In addition, the Department will strengthen monitoring, evaluation, and reporting systems to improve project oversight, track outcomes, and support evidence-based planning. Engagement

with development partners, private investors, and key stakeholders will also be prioritized to mobilize financial and technical resources necessary for project acceleration.

Overall, while notable strides have been made, a strategic shift focusing on enhanced coordination, private sector engagement, and institutional strengthening will be key in achieving sector targets and ensuring that the petroleum sector effectively contributes to Kenya's Vision 2030 and regional energy security.

#### **4.6. ICT and the Digital Economy**

The sub-sector provides policy and strategic direction in the implementation of the Bottom-Up Economic Transformation Agenda (BETA) pillar on Digital Superhighway and Creative Economy, thus facilitating the achievement of the Fourth Medium-Term Plan (MTP IV) 2023-2027 of the Kenya Vision 2030. Priority programmes and projects implemented by ICT and the Digital Economy facilitate the other four BETA Pillars (Agriculture; Micro, Small and Medium Enterprise Economy; Housing and Settlement, and Healthcare) through digital transformation of the economy. The ICT and the Digital Economy sub-sector continue to support value-chains through initiatives that accelerate access to digital information on credit and markets, and enhance efficiency in the management and production process of the micro, small, medium and large enterprises. The sub-sector is key in the development of a knowledge-based society.

#### **Implementation status of the Key Outputs and BETA priorities for Q2 of FY 2025/2026**

The sub-sector's MTP IV priority programmes and projects are:

- a. Digital Access and Creative Economy;
- b. Last Mile County Internet Connectivity Programme (Phase IV and V);
- c. Manufacture of Affordable Smart Devices through Private Sector initiative;
- d. ICT Capacity Development;
- e. ICT green initiative Programme;
- f. Digitalization of Government services and records;
- g. Promote Konza Technopolis as a Silicon Savanna;
- h. Konza Data Centre;
- i. Data Protection and Cybersecurity;
- j. Universal Broadband Connectivity;
- k. Regional Smart Hub.

Table 1 below provides the outputs results matrix for 2<sup>nd</sup> Quarter of FY 2025/2026 as outlined in the implementation matrix of MTP IV and the National Reporting Indicator Handbook.

**Table 1: Output Results Matrix for the Quarter ending 31<sup>st</sup> December, 2025**

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative <sup>1</sup> Achievement (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
<b>I. Inclusive Growth (People Centered)</b>								
1.	Digital Access and Creative Economy	Free Public Wi-Fi across the Country (JiKonnnect Hotspots) installed	No. of Hotspots installed	5,000	300	153	206	Underperformance was occasioned by inadequate funding. A PPP framework is under consideration to leverage on National Optic Fibre Backbone Infrastructure (NOFBI) to accelerate rollout of the hotspots.
		Training/Innovation Hubs (Digital Hubs) connected to Hotspot	No. of Hubs connected	490	190	88	102	Implementation to be completed in the 3 <sup>rd</sup> and 4 <sup>th</sup> Quarters.

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
		Youths trained annually through Ajira Youth Empowerme nt Centres and ICT graduates trained annually through the Presidential Digital Talent Programme (PDTP)	No. of youth trained	20,00 0	5,000	47,420	104,702	45,949 youth were trained through the Ajira program and, 1,471 youths trained through the Jitume Enablement Programme .  The target was surpassed due to engagemen t with Ajira clubs in the universities to activate membershi ps which opened up enrolments for the Ajira program
			No. of ICT graduates trained	400	400	400	400	Recruitmen t of 400 PDTP Interns was completed. Training to commence in Quarter 3 and

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								continue through the FY.
		TVET institutions equipped with creative Economy facilities (23 000 VDIs)	No. of TVETs equipped	105	26	2	6	2-TVETs – Siaya and Kiambu digital hubs, Ugunja, Heroes TVC- Nakuru, Subukia and Murang’a were equipped with 305 Virtual Desktop Infrastructu res (VDIs).
		Youths connected to online jobs (ITES/BPOs )	No. of youths connecte d	100,00 0	25,00 0	4,175	17,801	15,350 youths were connected to various job opportuniti es through Ajira and 2,501 youths through Jitume

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								programs respectivel y. Efforts are in place to engage more BPOs to open up more job opportuniti es.
		Coding, digital skills learning and Software developmen t in primary schools undertaken	% of implemen tation	60	-	-	-	To be undertaken in partnership with the State Department for Basic Education. Awaiting communica tion from the State Department for Basic Education.
2.	Last Mile County Internet Connecti vity Program me (Phase IV	Public institutions in Counties and sub- counties connected	No. of institio ns connecte d	407	-	-	-	Low level surveys are a prerequisite for connectivit y. The surveys for Phase V are planned were

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
	and V)							undertaken in 2 <sup>nd</sup> Quarter and will continue to the 3 <sup>rd</sup> Quarter. Institutions will be connected in the 4 <sup>th</sup> Quarter.
3.	Manufacture of Affordable Smart Devices through Private Sector initiative	Availability of smart devices with a price range of \$40	No. of smart devices manufacturing plants established	3	1	1	1	One smartphone manufacturing company ( <b>Sun King</b> ), was established at Tatu City and opened on 28 <sup>th</sup> October, 2025, with the capacity to manufacture 700,000 units annually.
4.	ICT Capacity Development	Software and electronic manufacturing industry established with 5,000	No. of manufacturing plants established	1	1	2	2	Target over achieved. <b>Sun King</b> and <b>K-Elec</b> Companies were established in October

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
		software engineers producing 1.2 million devices						and December 2025 respectively.
			No. of software engineers	1,500	375	160	160	The two new companies ( <b>Sun King</b> and <b>K-Elec</b> ) have employed Software Engineers and plan to progressively grow the number of their staffing levels to over 400, alongside training and apprenticeship programmes.
			No. of devices produced	300,000	75,000	400,000	900,000	This is a cumulative achievement by M-Kopa and East Africa Device Assembly Kenya (Limited)

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								(EADAK). The overachiev ement is due to M- Kopa increased capacity from one to two production lines to produce 10,000 smartphone s a day.
		Citizens trained on digital literacy skills.	No. of citizens trained	4,000, 000	1,000, 000	78,981	103,030	The project is impleme nted through the online smart Academy system and collaboratio n with partners. Target was not achieved due to a delay in signing of a collaboratio n framework with the supporting partners to

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								facilitate virtually and physically training in different counties.
		Officers in Public Service trained in High-End Specialized ICT areas.	No. of Public Service officers trained	151,00 0	50,00 0	4,786	4,786	The underperfor mance attributed to lack of budgetary provision. The recorded performanc e was realized through collaboratio n with partners.
5.	ICT green initiative Program me	E-waste management Centre established	% completion of E- waste managem ent centre	60	50	0	0	The underperfor mance is due to delayed procuremen t. Implementa tion will be fast tracked from 3 <sup>rd</sup> and 4 <sup>th</sup> Quarters, with the support of

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								the KDEAP.
<b>II. Digitalization</b>								
6.	Digitaliza tion of Governm ent services and records	Government services digitalized	No. of services digitalize d	1,000	250	0	0	Under- performanc e occasioned by delayed procuremen t
		Government operational systems and records digitized (Paperless and fully Digital Government )	% of Governm ent Operational Services and records Digitized	75	25	0	0	Purchase of Systems in procuremen t stage, through KDEAP funding.
<b>III. Expand Revenue Base</b>								
7.	Promote Konza Technop olis as a Silicon Savanna	Konza Complex Phase 1B (Conference Facility)	% Completi on	80	77	76	76	The project has been at 76% level of completion since FY 2023/24 due to financial challenges. Following the review of the Project Concept Note by the National

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								Treasury, KoTDA was guided to accelerate implementation and complete the contracted project activities before introducing any additional scope.
		Konza Complex Phase 1C (Hotel Block)	% Completion	40	10	0	0	KoTDA submitted the Project Concept Note to the National Treasury (PPP Directorate ) for consideration and, was guided to update the project feasibility study to support market sounding and engagement

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								t with potential investors.
		Konza Masterplan Consultancy Master Developmen t Partner (MDP) <sup>2</sup>	% Completi on	100	-	-	-	Masterplan Consultanc y was completed.
		Supervision of Streetscape and Wastewater	% Completi on	-	-	-	-	The projects were completed in FY
		Completion of Horizontal Infrastructur e (EPC-F)	% Completi on	-	-	-	-	2024/25 and operational and, commissio ned in
		Konza Smart City Facilities and services	% Completi on	-	-	-	-	October 2025.
		Establishme nt of Konza Digital Media	% Completi on	31	-	-	-	The Export- Import Bank of Korea is reviewing the project financing framework with the aim of transitionin g the

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
								financing model from Economic Development Promotion Facility (EDPF) to Economic Cooperation Development Fund (EDCF).
8.	Konza Data Centre	Onboarding Government services in the Konza data centre	% <sup>3</sup> of services onboarded	60	25	5	12	government institutions were onboarded at the Data Centre to access various cloud services and support their critical ICT systems and digital service delivery.
			% completion	100	97	96	96	The Disaster Recovery Data Centre

<sup>3</sup> The unit of measure changed to number of Government Institutions onboarded

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achieve ment FY 2025/26	Cumula tive <sup>1</sup> Achieve ment (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
			of Disaster Recovery Centre					is at 96 percent completion, with system acceptance, handover, customer onboarding, and service activation scheduled for Q3 and Q4 of FY 2025/26.
9.	Data Protectio n and Cybersec urity	Government ICT security operation centre operationali zed	% Completi on	30	10	0	5	Under- performanc e is due to delayed procuremen t awaiting operationali zed of e-GP System.
		13 Regional Offices for the Data Protection Commission er operationali zed	No. of offices operation alized	5	-	-	-	No budget allocation for FY 2025/26
<b>IV. IV Alternative Financing</b>								
10.	Univers al Broadba nd	100,000 Km (52,000Km by the Government and	Km of fibre optic installed	20,000	5,000	0	3,703	Under achievemen t is due to the change of schedule

S/ No.	Priority project/ Priority	Output	indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative <sup>1</sup> Achievement (Q1-Q2) FY 2025/26	Remarks <sup>2</sup> on the variance
	Connectivity	48,000Km by the private sector) of Fibre optic cable installed						to activate of links on the already installed fibre network.
11.	Regional Smart Hub	Enhanced connectivity in the Region	Smart Hub in Mombasa	1	-	-	-	A concept note has been developed for the AI Smart Hub
			No. of Regional Smart Hubs	2	-	-	-	Achievement of this output has been delayed but will be fast tracked in the course of the Financial Year.

*Source of Data: Project implementation progress reports.*

#### 4.6.1. Description of Results

##### A. Inclusive Growth (People-Centered)

###### i. Digital Access and Creative Economy:

Installation of 153 Free Public Wi-Fi hotspots (JiKonnnect Hotspots) was undertaken against a quarterly target of 300. Connection of Training and Innovation Hubs to hotspots recorded 88 hubs against a target of 190. Youth training significantly exceeded target, with 47,420 youths trained against a target of 5,000, bringing cumulative achievement to 104,702 youths. The

overperformance was driven by enhanced engagement with Ajira Clubs in Universities and 1,471 youths being trained under the Jitume Enablement Programme in various digital and digitally enabled skills. Equipment of TVET institutions with Creative Economy facilities recorded 2 institutions against a quarterly target of 26, resulting in a cumulative of 6 TVETs. Connection of youths to online jobs under ITES/BPOs achieved 4,175 placements, with cumulative achievement at 19,525. Performance remained below target, however, there are measures to enhance engagement with more BPOs and explore frameworks for private sector utilization of digital hubs for job creation.

**ii. Manufacture of Affordable Smart Devices:**

One smart device manufacturing plant was established against a target of one. Sun King was established at Tatu City and launched on 28<sup>th</sup> October 2025, with a production capacity of 700,000 units annually, contributing to improved availability of affordable smart devices.

**iii. ICT Capacity Development:**

Two manufacturing plants were established, namely Sun King and K-Elec which plan to expand staffing levels through training and apprenticeship programmes; 160 software engineers were trained; 400,000 devices were produced against a target of 75,000, largely attributed to expansion of M-Kopa's production lines from one to two lines; training of citizens on digital literacy skills recorded 78,981 beneficiaries through the Smart Academy platform and partnerships; training of public service officers in high-end specialized ICT areas achieved 4,786 officers, primarily through partner-supported initiatives.

## **B. Expand Revenue Base**

**i. Promote Konza Technopolis as a Silicon Savanna:**

Phase 1 infrastructure projects entailed horizontal infrastructure, streetscape works, Water Treatment Plant, Wastewater Reclamation Facility, and Konza Smart City facilities. The projects were completed and operational, providing the critical infrastructure facilities and services to support investments within the Technopolis.

**ii. Konza Data Centre:**

The project is complete and operational, providing a range of services including Software as a Service, Infrastructure as a Service, and colocation to 171 customers. The Disaster Recovery Data Centre is at 96 percent completion level, with system acceptance, handover, customer onboarding, and service activation scheduled for Q3 and Q4 of FY 2025/26. In addition, the Authority is advancing the Konza Cloud Expansion and Smart City Facilities project under a Public Private Partnership (PPP) arrangement.

### **4.6.2. Implementation Challenges**

The State Department faced challenges, resulting in delays in implementation of programmes and projects. These include:

- i. **Funding:** Inadequate and delayed release of funds, affecting rollout of infrastructure, training, and green ICT initiatives. Limited budgetary allocations for digital literacy, cybersecurity, and data protection programmes.

- ii. Procurement delays, particularly arising from delayed operationalization of e-GP system.

#### **4.6.3. Recommendations**

These are measures and interventions to facilitate the State Department to mitigate against challenges and effectively implement priority programmes and projects for digital transformation. Proposed recommendations to improve performance in subsequent quarters include:

- i. Timely release of funds to flagship and high-impact programmes; enhanced Budgetary support for cybersecurity, digital literacy, and data protection to strengthen the digital economy ecosystem; and consideration of Public Private Partnership initiatives (PPPs) to supplement government budgetary resources.
- ii. Fast tracking operationalization of the e-GP System.
- iii. Fostering enhanced strategic collaborations to support cross-cutting digital skills and innovation initiatives.

#### **4.7. Broadcasting and Telecommunications**

It is important to note that broadcasting and telecommunications sub-sector plays a vital role in Kenya's economic growth and realization of the Government's Bottom-Up Economic transformation Agenda by driving innovation, enhancing communication, and promoting social and economic development.

The sub-sector significantly contributes to Kenya's GDP by generating revenue through mobile services, internet data, broadcasting services, and media advertisements. It attracts both local and foreign investment, creating new business opportunities and fostering a competitive market.

The sub sector supports employment in various areas, including telecommunications services, media production, content creation, and infrastructure development. This contributes to reducing unemployment levels, especially among the youth.

The sector has been crucial in accelerating Kenya's digital transformation, with widespread adoption of mobile phones, internet services, and digital broadcasting. Services like mobile money (e.g., M-Pesa) have revolutionized financial inclusion, making it easier for individuals and businesses to access financial services.

Broadcasting (radio, TV, and digital platforms) enhances access to information, education, and entertainment, contributing to informed citizenry and fostering cultural exchange. This improves public awareness, health campaigns, and civic participation.

Telecommunications support other industries like agriculture, banking, education, and healthcare by enabling communication, e-commerce, telemedicine, and online learning. It also fosters innovation in sectors like fintech and e-commerce, further boosting economic development.

The demand for telecommunications services has led to the development of critical infrastructure, including networks, data centres, and fibre optic cables, boosting economic activity in both urban and rural areas.

Broadcasting and telecommunications sub-sector is also a key player in attracting foreign investments and earning foreign exchange through international partnerships, technology exports, and services to neighbouring countries in East Africa.

**4.7.1. Implementation Status of the Key Outputs and BETA Priorities for Q2 in FY2025/26**

The sub-sector is implementing four priority project areas under the MTP IV namely Upgrading and expansion of communication and broadcasting system, Digital Access and creative Economy, Cellular Mobile Network infrastructure and Services Development, and ICT green initiative programme as indicated in table 1.

**Table 1: Key Broadcasting and Telecommunications sub-sector Outputs MMTP IV/ BETA Priorities (quarter 2)**

Priority Project	Output	Indicator	Annual Targets FY 2024/25	Q2 Target	Q2 Achievement	Comm. Achievement	Remarks on the variance
Upgrading and expansion of communication and broadcasting systems	Kenya Broadcasting Corporation Broadcast House and ICT infrastructure Automated and Upgraded	% Completion	50	20	0	0	Target not achieved.
	KBC Broadcast	% Coverage	65	65	0	60	Target not

Priority Project	Output	Indicator	Annual Targets FY 2024/25	Q2 Target	Q2 Achievement	Comm. Achievement	Remarks on the variance
	infrastructure rolled out to unserved and underserved areas	of digital TV signal					achieved.
	Kenya News Agency Digitized to be the one stop source of Government information for Media industry	% of digitization	50	0	0	0	Target not achieved
	Journalized trained on reporting on various thematic issues	No. of media practitioner trained annually	500	775	1,028	1,628	Target achieved
	Approved standards and curriculum for reporting	No. of reporting standards and curriculum approved	8	2	0	0	Target not achieved.
	Communications masts installed	No. of masts installed	10	0	0	0	Target not achieved as it is yet to get funding.

Priority Project	Output	Indicator	Annual Targets FY 2024/25	Q2 Target	Q2 Achievement	Comm. Achievement	Remarks on the variance
Digital Access and Creative Economy	Additional Studio Mashinani established	No. of Studios established	3	1	0	0	Target not achieved.
	Mass Media Practitioners trained	No. of practitioners trained	770	0	0	27	The target was deferred to Q3
	Kenya Institute of Mass Communication Eldoret Campus constructed and equipped	% Completion	100	25	0	0	Target not achieved.
Cellular Mobile Network Infrastructure and Services Development Phase II, III and IV	Cellular mobile network connectivity in 379 sub-locations in 42 counties	No. of sub-locations connected	97	25	18	49	Target not achieved
ICT Green Initiative Programme	KBC solar power system installed in transmitting stations	No. of solar power systems installed	42	0	0	0	Target not achieved.

#### 4.7.2. Description of results

##### i. Upgrading and expansion of communication and broadcasting systems

###### **Output: Kenya Broadcasting Corporation Broadcast House and ICT infrastructure**

###### **Automated and Upgraded**

This project entails modernization of KBC's operations, enhance the quality of broadcast content, and improve efficiency in production. The project was not allocated funds in the FY 2024/25 budget, hence the target for the quarter was not achieved.

###### **Output: KBC Broadcast infrastructure rolled out to unserved and underserved areas**

This project entails setting up new transmission facilities, upgrading broadcasting equipment and deploying signal transmitters in unserved and underserved areas. However, the project was not allocated funds in the FY 2024/25 as a result, the target for the quarter was not achieved.

###### **Output: Kenya News Agency (KNA) Digitized to be the one stop source of Government information for Media industry**

This project entails refurbishment of KNA field offices and equipping them with modern equipment. The project does not have budgetary allocation in the FY 2024/25 budget hence the target for the period under review was not achieved.

###### **Output: Journalized trained on reporting on various thematic issues**

The project entails training journalized on various thematic areas which aims to improve their ability to professionally inform the public with a focus on public interest issues. The annual target has been surpassed already as a result of collaborations with stakeholders in the industry.

###### **Output: Approved standards and curriculum for reporting**

Developing standards and curriculum involves creating a comprehensive framework for educational content in the media industry, teaching methods, and evaluation to guide educators and ensure consistent quality in learning experiences. The target for the quarter was not achieved due to delay in exchequer releases. The target for quarter two will be implemented in quarter three.

###### **Output: Communications masts installed**

The project entails installation of modern communication masts across the country by the Kenya Broadcasting Corporation (KBC) to expand its communication infrastructure. This initiative is aligned with the Corporation's mandate to ensure the widespread dissemination of information,

facilitate access to broadcasting services, and bridge communication gaps, particularly in underserved and remote areas.

The installation of communication masts plays a pivotal role in enhancing signal coverage for both radio and television broadcasts. By extending reach to areas that previously experienced poor or no signal, KBC is fostering greater inclusivity and ensuring that all Kenyans have access to vital information, entertainment, and educational content.

In addition to broadcasting services, these masts also serve as a critical enabler for other communication services. They provide infrastructure for partnerships with telecommunication companies, supporting mobile network coverage and internet connectivity. This collaborative approach enhances digital inclusion and contributes to the country's socio-economic development.

In the IV MTP, KBC targets to install 10 communication masts, however, the project is yet to be funded. Hence the project did not have a target in the quarter under review.

#### **ii. Digital Access and Creative Economy**

##### **Output: Additional Studio Mashinani established**

This project entails construction of fabricated Studios and Studio recording equipment in the 47 counties. It is anticipated that this will create employment for the unemployed youth. However, during the period, no studio Mashinani was established. This is attributed by the fact that funds were not allocated for the project in the FY 2024/25.

##### **Output: Mass Media Practitioners trained**

The project entails the training of mass media practitioners at the Kenya Institute of Mass Communication (KIMC). The project aims to equip media professionals with the essential mass media skills. Target for Q2 was not set as the main admission is scheduled for Q3 and Q4.

##### **Output: Kenya Institute of Mass Communication Eldoret Campus constructed and equipped**

This project entails construction of KIMC Eldoret Campus and perimeter stone wall. The buildings will comprise Tuition complex, Technical Training Studios, Administration Block and Ultra-Modern Multipurpose Complex. The campus is aimed to provide a conducive learning

environment for media practitioners. However, the project was not allocated funds in the FY 2024/25 hence the target for the quarter was not achieved.

**iii. Cellular Mobile Network Infrastructure and Services Development Phase II, III and IV**

The project entails provision of infrastructure to increase proportion of population with mobile network coverage especially in the unserved and underserved areas of the country. The target for the project was revised from 97 to 100 sub-locations. The rollout targeted passive infrastructure in 59 sub-locations and active infrastructure in 41 sub-locations. During the quarter, Communication Authority of Kenya (CA), rolled out active infrastructure in four (4) sub-locations in Phase II and two (2) in Phase III bringing the total to six (6) and 14 cumulatively. Additionally, CA rolled out passive infrastructure in six (6) sublocations in Phase II and seven (7) in Phase III bringing the total number to 13 and cumulatively to 35 passive infrastructures as of 31<sup>st</sup> December 2024.

**iv. ICT Green Initiative Programme**

**Output: KBC solar power system installed in transmitting stations**

The project entails installation of solar system in 42 KBC transmission stations with aim of reducing operational cost associated with high electricity consumption. However, the Project did not have a budget in the FY 2024/25 hence no target was set.

**4.7.3. Implementation Challenges**

**i. Inadequate funding**

The sub-sector's inability to implement the BETA priorities due to budgetary constraints has significantly impacted critical initiatives aimed at fostering innovation, reducing operational costs, and addressing youth unemployment. The affected projects, such as the ICT Green Initiative Programme, Digital Access and Creative Economy, and the upgrading and expansion of communication and broadcasting systems, highlight the crucial role these interventions play in driving the Government's transformative agenda.

The ICT Green Initiative Programme, with its target to install solar systems at Kenya Broadcasting Corporation's (KBC) 42 stations, aimed to reduce operational costs and enhance the organization's competitiveness.

Similarly, the Digital Access and Creative Economy priority, which sought to establish *Studio Mashinani* outlets, was designed to empower youth by providing free recording facilities, creating digital jobs, and tackling unemployment. The upgrading and digitization of KBC, refurbishment of KNA stations, and construction of the KIMC Eldoret office were set to modernize the communication infrastructure and improve service delivery.

**ii. Infrastructure Gaps**

Limited coverage in rural and remote areas, especially for broadband internet and broadcasting signals, remains a significant challenge. The high cost of extending infrastructure to these areas creates disparities in access to telecommunication and broadcasting services. Additionally, inadequate power supply in some areas, which affects the operation and maintenance of broadcasting and telecommunication infrastructure was witnessed.

**iii. Cybersecurity and Data Privacy Concerns:**

With the growth of digital services and mobile platforms, there is an increasing risk of cyberattacks and breaches of data privacy. Safeguarding sensitive information and ensuring the protection of users from fraud and other online threats requires substantial investments in security infrastructure. Lack of robust cybersecurity frameworks and skills among the local workforce poses a challenge to ensuring secure and reliable telecommunication and broadcasting services.

**iv. Social and Environmental Concerns:**

The construction of broadcasting towers, telecommunication masts, and other infrastructure face community opposition due to concerns over health risks, environmental impact, and land acquisition challenges.

**v. High Costs of Technology and Equipment:**

The capital-intensive nature of building and maintaining modern broadcasting and telecommunication infrastructure, such as fibre optic networks, 5G technology, and broadcasting stations, remain a financial hurdle. The high cost of imported equipment and technology, combined with fluctuating exchange rates, increases the overall cost of implementation.

**vi. Vandalism of infrastructure**

Incidences of Vandalism of communication masts were witnessed in Northern part of Kenya. The motivations behind these acts vary, from theft of valuable materials like copper cables and batteries to acts of sabotage. Regardless of the reasons, the repercussions are severe, impacting the country's socio-economic progress and digital transformation agenda. Vandalism disrupts network services, affecting mobile connectivity, internet access, and emergency communication systems. This hampers businesses, delays government operations, and isolates communities, especially in remote areas. Furthermore, repairing and replacing vandalized infrastructure imposes significant financial burdens, costs that could have been used to construct masts in other deserving sub-locations.

#### **4.7.4. Recommendations**

##### **i. Adequate resource allocation**

Given the significant societal and economic impact these projects would have if completed, the State Department strongly appeals for resource allocation during the subsequent supplementary budget reviews. Prioritizing these initiatives will not only empower the youth through job creation but also contribute to reducing crime rates and advancing the Government's development agenda. To fill the resource gap, there is need for funds mobilization especially from Development Partners as a long-time solution.

The State Department remains committed to ensuring that these transformative projects are implemented, and we are confident that with adequate funding, we can positively impact the lives of many youths and society at large.

##### **ii. Expand Public-Private Partnerships (PPPs):**

Collaboration with private telecom and broadcasting companies to invest in infrastructure expansion, particularly in underserved rural and remote areas. This can include shared infrastructure projects, where companies collaborate on building towers, fibre optic networks, and other resources to reduce costs.

Increase the use of the Universal Service Fund to target the expansion of telecom and broadcasting services to underserved regions. This fund subsidizes infrastructure development where commercial viability is low.

##### **iii. Strengthen Cybersecurity Frameworks:**

Work with industry stakeholders to implement a national cybersecurity strategy that focuses on protecting telecom and broadcasting infrastructure from cyberattacks. This could involve creating standards for cybersecurity practices and offering incentives for companies that prioritize secure infrastructure.

Establish programs to train and build the local workforce's expertise in cybersecurity to enhance the protection of digital and telecommunication services

**iv. Conduct Environmental and Social Impact Assessments:**

Before deploying new infrastructure, it is crucial to conduct thorough environmental and social impact assessments to address potential concerns from communities about health risks, environmental harm, or land use.

Proactively engage local communities and stakeholders in the planning and decision-making process, ensuring transparency about the benefits and addressing any concerns that may arise regarding the construction of telecom and broadcasting infrastructure.

**i. Incentivize Local Production and Partnerships:**

The government can encourage the local manufacturing of telecom and broadcasting equipment by offering tax breaks, subsidies, or partnerships with global technology companies. This would reduce dependence on imported equipment, lowering costs and increasing the sector's competitiveness.

**v. Enhanced legislation and Enforcement.**

To effectively combat the vandalism of ICT infrastructure, particularly communication masts in Kenya, a multifaceted approach is essential. There is need to strengthen and enforce laws against such acts, ensuring that offenders face stringent penalties that reflect the severity of the damage caused. This would act as a strong deterrent to potential vandals.

Additionally, Communication Authority of Kenya (CA) has been advised to collaborate with local communities to raise awareness about the importance of protecting ICT infrastructure. By fostering a sense of ownership and responsibility among residents, communities can become active stakeholders in safeguarding these vital assets. Investing in advanced security measures such as surveillance systems, alarms, and anti-vandalism designs to protect the infrastructure is an option that should be adopted regardless of the cost.

#### 4.8. Water and Sanitation

Water and Sanitation sub-sector is critical in coordination of Water Resources Management Policy and Standards; water catchment area Conservation, Control and Protection; water and sewerage services management policy; waste water treatment and disposal policy; water quality and pollution control; sanitation management; management of public water schemes and community water projects and water harvesting and storage for Domestic and Industrial Use. The sub-sector is committed to ensuring the right to safe and clean water in adequate quantities as stipulated in Article 43(d) of the constitution, as well as the promotion and realization of the human right to sanitation (Article 43(b)).

The sub-sector serves as a critical enabler of the Bottom-Up Economic Transformation Agenda (BETA) by facilitating access to water for domestic, agricultural, and industrial purposes. This encompasses the provision of reliable water supply as well as sewerage and sanitation services across all BETA pillars.

##### 4.8.1. Implementation status of the Key Output and BETA for Q2 of FY 2025/26

##### Output Results Matrix

**Table 1: FY 2025/26 OUTPUTS RESULTS MATRIX FOR STATE DEPARTMENT FOR WATER AND SANITATION**

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
Construction of small dams and water pans	Small dams and water pans constructed	No. of dams constructed	40	10	3	3	Delayed procurement process
		No. of water pans constructed	250	50	7	7	

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
Water Harvesting for domestic Use	Water Harvesting projects for in 23 ASALs Counties with capacity of 517.5 million cubic meters	No. of water projects	306	75	0	0	Design complete and procurement ongoing
		Volume of Water Harvested in cubic meters	137,700,000	33,750,000	0	0	To be achieved upon completion of the projects
Construction of flood mitigation structures	Length of dykes constructed	No. of Km constructed	20	4	0	0	Projects are under procurement
	Check Dams constructed	No. of check Dams constructed	5	1	0	0	
	Flood control infrastructure maintained	No. of Infrastructure maintained	3	1	0	0	
Construction of climate proof underground water reservoirs in ASALs	Medium Sized Climate Proofed Water Projects	No. of underground water reservoirs constructed	70	3	1	4	Delayed procurement process
		Cubic metres of water	89.5	0.09	0.04	0.04	

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
		harvested (in millions)					
National Transboundary Water resources Management Programme	Sub-Catchment Management Plans (SCMPs) implemented	No. of SCMPs implemented	40	10	36	56	Quarterly target achieved
	Water resources monitoring stations rehabilitated and upgraded to telemetry to relay real time data	No. of water monitoring stations rehabilitated and upgraded	80	20	21	31	Quarterly target achieved
	Ground water mapping in five (5) counties undertaken	No. of mappings undertaken	1	1	0	0	Inception report for Mandera county submitted by the consultant . Final report to be submitted in subsequent quarter
	Transboundary	No. of multipurpose	1	-	-	-	MoU for Angololo

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
	multipurpose dams constructed	new dams constructed					Multipurpose Water Resources Development Project signed and now at Resource mobilization stage
	Athi River restored and managed	No. of new and upgraded sewerage plants constructed	1	1	1	1	Target achieved
		No. of Km of extended upgraded sewer lines	100	15	5.75	9.78	Delayed procurement of pipes.
		No. of Km of river cleaned	30	10	0	0	Actual clean up to commence in Q3 Q1 and Q2 targeted mapping, pegging

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
							and beaconing of selected.
		No. of trees planted	50,000	20,000	18,350	18,350	Tree seedlings planted in Athi Basin area
		No. of ablution blocks constructed in informal settlements	10	2	0	0	No budget allocation
Completion of stalled domestic water projects	Stalled projects completed	No. of projects completed	10	1	1	1	Target achieved
Completion of Ongoing water and Sanitation Projects	Additional water and sanitation projects completed	No. of projects completed	20	5	12	12	Target achieved
Sanitation / Sewerage	Additional sanitation projects in urban areas	No. of sanitation projects completed	9	3	4	4	Target achieved

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
for urban centers	across the country	No. of Sanitation schemes rehabilitated	1,126	20	0	0	Delayed procurement
Rural water and sanitation	Boreholes constructed	No. of boreholes	1,126	50	7	7	Inadequate budget allocation
	Public institution projects-CG	No. of projects in public institutions	1,100	50	3	3	
	Roof catchment structures drilled/rehabilitated and solarized	No. of roof catchment structures	1,200	100	43	43	
	Desilting pans/dams constructed	No. of pans/dams desilted	414	20	2	2	
	Springs/Water catchment area protected	No. of springs protected	305	50	19	19	
	Dams/rock catchment structures supply/pipeline extension projects protected	No. of dams/rock catchment structures protected	157	-	-	-	
		No. of water supply/pipeline extension	550	50	3	3	

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
		projects protected					
Provision of water and sanitation to underserved and unserved areas	Water and sanitation projects financed	No. of projects financed	40	10	12	16	Savings from already completed projects
	People served with water and sanitation services	No. of additional people served	400,000	35,000	9,950	9,950	Delayed counterpart funds affected project implementation
Reduction in non-revenue water	Share of non-revenue water in 47 counties reduced to less than 15%	% share of non-revenue water	27	-	-	43	Assessment for the NRW water levels will be done at the end of the year
	Inter-governmental Agreements signed	No. of inter-governmental agreements	15	-	-	-	Water Sector Inter-Governmental Consultation and Cooperation Framework (WSIGCCF) signed

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
							in FY 2024/25
Water Research, Training and Innovation	10 innovations (products/services) developed and adopted	No. of innovations	3	1	1	2	Target achieved
	KEWI infrastructure in Nairobi, Kisumu, Chiakariga and Kitui campuses modernized	No. of campuses	1	1	1	1	Target achieved
Construction of 100 large dams	Implement Resettlement Action Plans(RAP)	No. of RAPs implemented	14	3	0	0	Dependent on the signing of the Concessional Agreement
	Large dams constructed to provide 1.5 billion cubic meters of water	No. of large dams Constructed	10	3	0	0	Concessional Agreement not signed
		Cubic Meters of water harvested	150	-	-	-	To be achieved upon completion

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Q2 Target	Q2 achievement	Cumulative achievement (Q1-Q2)	Remarks on the Variance
		(millions)					n of the projects

#### 4.8.2. Description of Results

##### 1. Construction of small dams and water pans:

During the period under review, three small dams and seven water pans were completed, namely Kilombi, Mekilingi, and Sere Earth Dams, as well as Kwa-Mutonga, Adra-Magandi, Mutyambua, Bekibon, Olemegili, and Kaingeny Water Pans. Procurement processes experienced delays following the rollout of the e-procurement system. However, most of the dams and water pans are at various stages of implementation and are expected to be completed in subsequent quarters.

##### 2. Construction of climate-proof under-ground water reservoirs in ASALs:

An additional storage capacity of 40,000 m<sup>3</sup> was realized through the completion of Alijarire Water Pan in Garissa County, which harvested runoff from the November rains. The 50,000 m<sup>3</sup> Shawofa Water Pan reached 97% completion, Namarei Water Pan attained 98% completion, while new water pans continue to advance steadily, with Kaabso Water Pan exceeding 60% completion.

##### 3. National Transboundary Water Resources Management Programme:

During the period;

- i. Six (6) Sub-Catchment Management Plans (SCMPs) were developed and two (2) reviewed across the Athi, Tana and Lake Victoria basin areas. Activities undertaken includes; installation of thirty-four (34) Rainwater Harvesting Tanks (RWHTs) in public institutions; construction of nineteen (19) sand dams and three (3) water pans completed, mainly in Marsabit and Isiolo counties. The SCMPs developed and reviewed in FY24/25 were implemented in FY25/26 following the full rollout of the Horn of Africa project
- ii. A total of thirty-one (31) surface and groundwater monitoring stations were assessed nationwide, including thirteen (13) surface water telemetric stations and eighteen (18)

groundwater telemetric stations, with four (4) stations maintained and fifteen (15) new telemetric stations installed in the Tiwi and Lamu Sand Dunes aquifers.

- iii. Four (4) surface water telemetric stations were assessed within the Lake Victoria Basin, and four (4) groundwater monitoring stations were assessed in Turkana County while 15 groundwater and 5 surface water stations were rehabilitated
- iv. Eleven (11) exploratory boreholes were drilled, out of which ten (10) were equipped for water supply as part of corporate social responsibility interventions in schools and community institutions.
- v. The expansion and rehabilitation of the Dandora Wastewater Treatment Plant was completed and is fully operational, while rehabilitation of the Kiu Pumping Station under the same contract progressed to 75% completion.
- vi. Under the Nairobi Rivers Basin Rehabilitation and Restoration Programme (NARSIP II), a cumulative 9.78 km of sewer lines were constructed
- vii. 3.923 km of riparian reserves were marked, pegged and beacons along Nairobi and Ngong Rivers rivers, with remaining targets deferred due to inadequate rainfall.

#### **4. Completion of ongoing/ stalled domestic water projects:**

During the reporting period, previously stalled Ena–Siakago Water Supply Project was completed. Progress was recorded on Makutano–Kapenguria Sewerage Project (92%) and Kipkarren Dam (72%), while the Mandera Water Supply Project resumed and procurement continued for the Kipkarren–Eldoret Water Supply Project. However, the Kitu Matuu Last Mile Project was terminated for re-advertisement, Changanwe Re-pooling Sewerage Project remains stalled due to litigation, and Itare Dam is at 27% pending a resumption roadmap.

**Completed ongoing projects** include the Oyugis Water Supply and Sewerage Project; Unguja–Ukwala–Sega Water Supply and Sewerage Project; Marsabit Water Supply Project; Kabarnet Water Distribution and Connections Project; Kilgoris–Lolgorian Water Supply and Sewerage Project; Chuka Water Supply Project; Moiben–Kuserwo Water Supply Project; Kiamunguongo Water Project; Mukurweni Water Project; Endarasha Water Project; and Kamatongu Water Project. These completions were achieved following budget enhancements for the Kenya Towns Programme, which is concluding in FY2025/26.

#### **5. Sanitation/ Sewerage for urban centers;**

Some of the projects completed includes; the Eldoret Last Mile Connectivity Project, Chogoria Sewerage Project, Construction of a Decentralized Wastewater Treatment Facility for Kiawara Town, and the Kerugoya and Kutus Sewerage Project.

#### **6. Rural water and sanitation:**

Completed community projects include the Biretwo and Kerio Chesongoch emergency water projects, as well as the Irunduini and Kavaci community boreholes. Seum Suwerwa Dam was desilted, while Metipsoo, Kamasat, Kapseret Lamaywet, Mbakalo, and Kamelito Senetwa springs were protected. Pipeline extensions were completed in Cheminya, Sitoton, and Central Bunyore. Additionally, two school-related boreholes at Kibathi Primary School and Sundu River are fully complete. The procurement for other school projects was delayed due to the transition to e-procurement.

#### **7. Water Research, Training and Innovation:**

Innovations in water conservation include the *Project on Design of Green Energy*, while wastewater management incorporates the *Project on Renewable Energy Generation Using Organic Waste and Internet of Things (IoT) Monitoring*.

#### **8. Construction of 100 large dams:**

Negotiations for the implementation of the Naivasha SEZ Bulk Water Supply and Sanitation project (78,000 m<sup>3</sup>/day), Sabaki Water Carrier and Sanitation project (140,000 m<sup>3</sup>/day), and Lamu Desalination Plant project (360,000 m<sup>3</sup>/day) under the PPP framework are at negotiation stage. The Maragua IV Dam and South Mathioya Tunnel project is currently undergoing feasibility and detailed design studies. The Nadurgu II Dam, for which a PPP proponent has been identified, has experienced delays in its feasibility and design studies due to resistance from the community and the State Department is strategizing on their resumption.

#### **4.8.3. Implementation Challenges**

- i. Delayed procurement process due to the rolling out of the e-procurement system hindering the timely implementation of projects.
- ii. Delayed budget approval and exchequer releases
- iii. Inadequate funding to the sector considering the huge financial requirement in implementing the sector's programs/projects leading to delayed project implementation and pending bills.
- iv. Duplicated programs in the sector are posing a challenge in reporting, leading to double reporting for the sector.

#### **4.8.4. Recommendations**

- i. Expedite capacity building and training for staff on the e-procurement system, streamline internal approval workflows, and establish a clear transition plan to minimize delays in future procurement processes.
- ii. National Treasury to timely release funds allocated to projects and programmes
- iii. The sector to continue rationalizing its activities to match the expected exchequer releases
- iv. Harmonization of the reporting indicators/programmes within the sector



## CHAPTER FIVE: SOCIAL SECTOR

### 5.0 Overview

The Social Sector is central to Kenya’s socio-economic development, providing the foundation for building an inclusive, equitable, and cohesive society. It comprises key subsectors that enhance the well-being and productivity of the population, including Medical Services; Public Health and Professional Standards; Basic Education; Technical and Vocational Education and Training; Higher Education and Research; Labour and Skills Development; Social Protection and Senior Citizen Affairs; Public Service; Gender and Affirmative Action; Youth Affairs and the Creative Economy; Sports; Culture, the Arts and Heritage; and Performance and Delivery Management.

The Government of Kenya remains committed to investing in people as a key pillar of national development. Through progressive policies, strategic resource allocation, and targeted programmes, the Government aims to empower citizens particularly vulnerable groups by expanding access to opportunities, essential services, and social protection necessary for improved well-being and productivity.

### 5.1 Public Health and Professional standards

The State Department for Public Health and Professional Standards (SDPHPS) was established through the Executive Order No. 2 of 2023. It plays a fundamental role in advancing public health initiatives through the development, implementation, and monitoring of comprehensive policies. The policies encompass critical areas such as sanitation, preventive and promotive health services, professional standards, health education management, food quality, hygiene and nutrition, quarantine administration, radiation, tobacco control, control and management of tuberculosis and malaria.

Additionally, the SDPHPS provides strategic leadership and support to health professional bodies, the SDPHPS not only upholds professional standards but also fosters a culture of excellence in healthcare practice, ensuring that public health outcomes are consistently prioritized and improved.

The key priorities for review for the period FY 2024/2025 for the State Department include; Health Commodity Security, Human Resource for Health, Community Health High Impact Interventions and Health Infrastructure

#### 5.1.1 Implementation Status of the Key MTP IV Outputs and BETA Priorities

#### **Table 1: Public Health and Professional Standards - Outputs Results Matrix**

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
Human resources for health	Existing community health promoters (CHPs) paid stipend	No. of CHPs	100,000	100,000	100,000	126,958	Target achieved -All CHPs were paid
	Contracts for UHC staff renewed	No. UHC staff	8,550	-	-	-	Target not achieved. -Contracts were renewed for three years from FY 2023/24
	Medical-interns posted to internship training centres	No. of medical interns posted	1,000	1000	3947	3947	Target achieved -The numbers have grown due to increased number of graduates
	Human resource for health recruited	No. recruited	11,700	2,925	0	0	Target not achieved. -Due to budgetary constraints
	Specialized and sub-specialized healthcare workers trained	No of specialized and sub-specialized healthcare workers trained	100	25	44	44	Target achieved, The target was surpassed because the training has been approved by MHRMAC

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
	Unregulated health workforce mapped, verified and certified	No. of unregulated health workforce	20	5	5	10	Target achieved
	Master register developed and maintained	Operational master register	1	1	0	0	Target not achieved -Master register not finalized
	Health care workers exported	No. of health care workers exported	200	50	0	1,774	Target not achieved -No healthcare workers exported in the quarter
	Primary Healthcare networks (PCNs) operationalized	No. of PCNs operationalized	315	12	11	11	Target not achieved Target was for FY 2023/24 and was not achieved -The PCNs operationalization progress are on course

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
Community Health High Impact Interventions	Community Health Units operationalized across the country	No of community health units established	450	350	113	197	Target not achieved - establishment (29) due to funding constraints and challenges with the payment of stipends - establishment
	Community Health Promoters (CHPs) trained	No. of CHPs trained	100,000	6,120	12,366	12,366	Target achieved -CHAs trained
	Community engagements conducted	No. of Community engagements conducted	1				
	Community health Assistants (CHAs) trained, mentored and supervised on iCCM	No. of CHAs trained	1800	1894	1835	1835	Target not achieved -Used the highest reported cases of CHU reported in NICHE MIS during the quarter

**Commented [MP1]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
	Baby friend Community initiative (BFCI) rolled out	No. of CHUs implementing BFCI	9,600	2400	666	1,553	Target not achieve -Decline in performance attributed to scaled down mass screening and improved nutrition status
	Integrated management of acute malnutrition (IMAM) scaled up	No. of children with severe or moderate acute malnutrition accessing IMAM services	737,100	184,275	77,102 Children admitted in the IMAM program (MAM-48292	168506 Children admitted in qrt1 and 2 in the IMAM program ( MAM-107993	Target not achieved due to budgetary constraints
					SAM 28810) Pregnant and Lactating women 23372, MAM	SAM 60513) Pregnant and Lactating women 56927, MAM QRT1&2	
	<u>Community health Assistants (CHAs) and Midwives trained</u>	<u>No. of CHAs and Midwives trained</u>	<u>1800</u>				
	<u>Primary health care facilities equipped with NCDs commodities</u>	<u>No. of facilities equipped</u>	<u>1,003</u>				

**Commented [MP2]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

**Commented [MP3]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
	<u>Comprehensive NCD screening and wellness centres established</u>	<u>No. of centres established</u>	<u>7</u>				
	<u>Community health Assistants(CHAs) and primary health care workers trained on NCD</u>	<u>No. of CHAs and primary health care workers trained</u>	<u>1,800</u>				
	<u>Rehabilitation officers recruited</u>	<u>No. of rehabilitation officers recruited</u>	<u>100</u>				
Health infrastructure	Rehabilitation centres established in level 2 and 3 health facilities	No. of operational rehabilitation centres	100				
	KMTC campuses upgraded	No. of KMTC campuses upgraded	2	1	0	1	Target achieved

**Commented [MP4]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

**Commented [MP5]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

**Commented [MP6]:** Output had been left out. Consider providing the information or justification for leaving it out under the 'Description of Results'

**Commented [MP7]:** The remark contradicts the '0' in the table. Ought to be 'Target not Achieved'

Priority Project	Output	Indicator	Annual Target 2024/25	Quarter (Q2) Target 2024/25	Quarter (Q2) Achievement 2024/25	Cumm. Achievement (Q2) 2024/25	Remarks on Achievement Variance
	Kenya Primate Research Institute upgraded	Modernized Kenya Primate Research Institute (100% Modernized)	20%	5%	5%	10%	(Upgrade of research staff offices, human resource (HR) block; staff parking areas; preclinical research cages)

**Commented [MP8]:** Consider consulting the handbook to confirm that this is not an output for tracking in FY 2024/25. In the remarks/'Description of results', Provide a justification for tracking it in the financial year/Quarter.

Source: Ministry of Health

### 5.1.2 Description of Results

Community Health Promoters (CHPs) received their stipends, surpassing the target of 100,000 to reach 126,958. Medical intern placements also exceeded expectations, with 3,947 interns posted instead of the planned 1,000, due to an increase in medical graduates and backlog. The rollout of the eCHIS system across all 47 counties was fully achieved, improving health data reporting and service delivery. Additionally, 100,000 CHP kits were procured reaching the set targets.

Training programs saw strong performance, with 12,366 out of 6,120 targeted and 1,835 out of 1,894 Community Health Assistants (CHAs) trained (96.9%). Specialized healthcare worker training also made progress, reaching 44 out of 25, while the mapping of unregulated health workers hit the target. Infrastructure improvements were also underway, modernization of the Kenya Research Institute reaching 10% of the 20% target at the end of the year.

Despite these successes, some key areas faced challenges. The renewal of UHC staff contracts (target: 8,550) and health worker recruitment (target: 11,700) stalled due to budget constraints. While 1,774 healthcare workers have been exported cumulatively, none were sent abroad in the current quarter. The expansion of Primary Healthcare Networks (PCNs) is ongoing, with only 11 out of 12 operationalized (92%) in quarter 2. Similarly, only 113 out of 350 community health units have been established (32%), hindered by financial limitations and stipend payment delays. The Baby-Friendly Community Initiative (BFICI) struggled, reaching only 28% of its target for the quarter.

### 5.1.3 Implementation Challenges

- i. Inadequate budgetary allocation to support planned programmes and projects

- ii. Sub-optimal collaboration between the two levels of government
- iii. Limited awareness on disease prevention strategies among community members.

#### 5.1.4 Recommendations

- i. Increase domestic resource mobilization and funding for healthcare, through adoption of innovative financing mechanisms, and harnessing public private collaborations.
- ii. Strengthen health information systems by investing in technology, training healthcare workers on data collection and analysis.
- iii. Develop and implement integrated health programs that address both infectious and non-communicable diseases. This includes strengthening preventive measures, early detection, and treatment protocols

## 5.2 Medical Services Sub sector

Universal health coverage is among the key Bottom-Up Economic Transformation Agenda (BETA) priorities. The health sector plays a critical role in ensuring that all Kenyans have access to quality and affordable healthcare services. The key focus areas for achieving UHC includes: Healthcare financing, Human resources for Health, Health Commodity Supply and Digitization of health services. These priorities aim at improving health care service delivery for all citizens, thereby supporting the broader goals of economic transformation.

### 5.2.1 Implementation Status of The Key Outputs And Beta Priorities For Fy 2025/26

The table below illustrates the implementation status of the Key outputs and BETA priorities for the second quarter.

**Table 1: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter 2 Target (Q1) FY 2025/26	Quarter Achievement (Q2) FY 2025/26	Cumm. Achievement (Q1+Q2) FY 2025/26	Remarks on the variance

Health Financing	85% of Kenyans enrolled in the Social Health Insurance Scheme (SHI)	% of Households enrolled	52	40	49.9	49.9	Target met
Health Commodity	Plants for local manufacture of HPTs established	No. of plants established	5	1	0	0	Target not achieved
	Kenya Biovax Institute (KBI) established	Operational KBI	1	1	1	1	Target achieved
Integrated Health Management Information System	Health facilities and services digitized	No. of health facilities digitized	4,121	1121	1500	1500	Target surpassed
	Public hospitals providing Telemedicine Services	No. of Public Hospitals providing telemedicine services	200	50	42	42	Target not met due to inadequate technical capacities and medical specialties
	Comprehensive cancer management centers (Nyeri, and Kisii) completed, and Kisumu regional cancer center equipped	No. of comprehensive cancer centers completed equipped	1	1	0	0	Kisii-construction is ongoing, 20% complete. Awaiting funding to be able to implement Nyeri and Kisumu

Radiotherapy bunkers established and equipped in Meru, Kakamega, Machakos and Embu Cancer Centres	No. of radiotherapy bunkers	1	1	0	0	Target not met due to lack of funding. Awaiting funding to be able to establish.
Flow Cytometry machine acquired for the National Cancer Reference Laboratory	Operational Flow Cytometry machine	1	1	0	0	Target not met due to lack of funds.
KEMRI research labs constructed/upgraded	No. of KEMRI research labs constructed/upgraded	2	1	1	1	Target achieved
KEMRI Centre of Excellence in Precision Medicine established	Operational Centre for Precision Medicine	1	1	0	0	Target not achieved due to slow procurement process
Mathari National Teaching and Referral (MNTRH) Hospital Rehabilitated	Rehabilitated MNTRH	1	1	0	0	Target not met due to <b>Inadequate funding</b>
Spinal Injury hospital equipped	Equipped Spinal Injury hospital	1	1	0	0	Target not achieved due to lack of funds to

							proceed with the construction of substructure to completion
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### 5.2.2 Description of Results

**Health Commodity:** Plants for local manufacture of HPTs established the Overall completion of Phase 1A was at 96% as at the end of quarter 2. The status of the specific components is as follows: Lot 1: Design, Supply & Installation of Vaccine Bio-Waste Kill System is at 95% completion; Lot 2: Design, Supply & Installation of Effluent Treatment Plant (ETP) is at 94% completion; Lot 3: Drilling & Equipping Borehole is at 100% completion; Lot 4: Design, Supply & Installation of Water Treatment Plant is at 95% completion; Lot 5: Design and Build of Associated Civil & Builders Works is at 97.3% completion.

**Health Financing-** Social Health Insurance Fund plays a critical role in the universal health coverage. On the percentage of Households enrolled was 49.9% and the government is actively mobilizing and encouraging public participation in the registration and contribution process for the Social Health Insurance Fund (SHIF)

**Health Infrastructure:** On the Mathari National Teaching and Referral (MNTRH) Hospital Rehabilitated, the project is at 30%. The project's implementation has been constrained by financial limitations. On the comprehensive centre (nyeri and kisi); Kisii-construction is ongoing,20% complete and awaiting funding to be able to implement Nyeri and Kisumu

### 5.2.3 Implementation challenges

- i. Delays in tendering processes especially on infrastructural projects.
- ii. Inadequate budgetary allocation and donor receding component affecting planned programmes and projects
- iii. Frequent stock-outs of essential medicine
- iv. Lack of Telemedicine standards and guidelines for country
- v. Implementation of telemedicine requires high level technical capacities and medical specialties

### 5.2.4 Recommendations

- i. Increase Domestic resource mobilization and funding for healthcare, through adoption of innovative financing mechanisms, and harnessing public private collaborations.
- ii. Strengthen health systems by embracing technology and investing in data infrastructure.
- iii. Balancing local production, efficient distribution, and sustainable funding for supply chain of health commodities.
- iv. There is need for technical and financial support to build capacities in health facilities in readiness to implement telemedicine

### 5.3 Basic education Sub sector

The Basic Education Sub-Sector plays a central role in the country’s education system by providing foundational learning and ensuring equitable access to quality education for all learners. The sub-sector focuses on improving access, retention, completion, and transition across pre-primary, primary, and secondary education levels. It also emphasizes the provision of adequate learning infrastructure, recruitment and training of teachers, curriculum implementation, and strengthening governance and management of educational institutions.

During the reporting period, the sub-sector continued to implement programmes aimed at expanding access to education, improving the quality of teaching and learning, and supporting inclusive education for vulnerable and special needs learners. Key interventions included the provision of capitation to support universal secondary education, expansion of education infrastructure such as classrooms and laboratories, integration of digital learning resources, and strengthening teacher capacity development.

#### Overview

#### PROGRESS IN ACHIEVEMENT OF MTP IV

The table below indicates the achievements of the various programmes during the fourth quarter.

#### Implementation Status of the Key Outputs and BETA Priorities for second Quarter of FY 2025/26

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
Education Reforms	100% transition from Primary to Junior Secondary School	Rate of transition	100	-	-	-	This indicator is reported in Q3
	Curriculum designs and curriculum support	Number of curriculum designs	50	205	205	207	Target over achieved due to support from KPEEL.

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	materials for secondary developed and disseminated	for Grade 10 to 12 developed					edited 38 Grade 12 curriculum designs, review 3 Syllabus for Diploma for Welding and Fabrication, Adapted seventy (70) Grade 12 curriculum designs for SNE learners, Edited and finalized fifty (50) curriculum designs for the Diploma in Special Needs Teacher Education and Edited and finalized forty-four (44) vocational curriculum designs tailored for learners with special needs
		Number of electronic and non-electronic curriculum support materials provided	700	175	285	1,079	Target over achieved due to Support from KPEEL.
		Number of digital	570	170	11	24	Target not achieved. Curated Interactive digital content for

Priority Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
		items curated and disseminated					Grade 8 in 11 rationalized learning areas for regular learners
		Number of Curriculum Support Materials for Learners in Special Needs developed	80	35	70	222	Target achieved. seventy (70) Grade 10 learners' course books and corresponding teachers' guides were adapted
	Presidential Working Party on Education Reforms recommendations implemented	% of recommendations implemented	100	25	0	75	Quarter Target not achieved. To be achieved in the subsequent quarters.
Universal Primary Education	Capitation grants awarded	No. of pupils enrolled in public primary in millions	7.20	-	-	-	Enrolment is done in Q3
		No. of pupils	150,400	150,400	157,112	157,112	Target achieved

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
		in public Low-cost boarding					
		Enrolment of SNE Learners in public pre-school	155,300	-	-	-	Enrolment reporting is done in Q3
		No. of schools with receiving minimum Essential Package (MEP)	9,449	0	0	0	Target not achieved, Budget constraint.
	School Teachers recruited	No. of teachers recruited	9,666	-	-	-	TSC to report on this Indicator
	Out of school children of pre-primary age enrolled in Schools	No. of children enrolled in Pre-primary	80,000	-	-	-	Enrolment reporting is done in Q3

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
		Education					
	Learners provided with day meals	No. of learners provided with school feeding programme in millions	8	2.6	2.6	2.6	Target achieved.
	School going girls at puberty stage provided with sanitary hygiene pack	No. of school girls provided with sanitary hygiene pack in Millions	2.4	-	-	-	This Mandate was transferred to the State Department for Gender
	Infrastructure facilities renovated/rehabilitated	No. of infrastructure facilities renovated/rehabilitated	25	25	0	0	Target not achieved Verification and approval is Ongoing –under public participation Projects-Ring-fenced schools and amount.
	Classrooms constructed	No. of classrooms constructed	300	300	0	0	Target not achieved. Verification and approval is Ongoing.

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	Learning Resource centres constructed	No. of Resource Learning centres constructed	7,000	7,000	0	0	Target not achieved, to be done in subsequent quarters
	Schools provided with WASH facilities	No. of schools with adequate sanitation facilities	56	56	0	0	Target not achieved. Verification and approval is Ongoing.
	Duksi and Madrassa integrated into formal Basic Education	No. of Counties implementing the integration of duksi and madrasa into formal basic education	6	4	4	4	Target achieved. The 4 counties are the ones that were implementing since FY 2022/23. This was funded by UNICEF. Since the funding ended there no plans to implement the in other counties.
Unive rsal Secondary Educa tion	Secondary school teachers recruited	No. of teachers recruited	13,538	-	-		TSC to report on this Indicator
	Education infrastru	No. of Classro	7,936	7,936	0	0	195 school funded and are undertaking

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	ure expanded	oms constructed					approvals and construction. The completed number to be reported at end of Q3
		No. of Laboratories constructed	992	992	0	0	195 school funded and undertaking approvals and construction. The completed number to be reported at end of Q3
		No. of Toilet Blocks constructed	3,174	3,174	0	0	195 school funded and undertaking approvals and construction. The completed number to be reported at end of Q3
		No. of Works hops constructed	556	556	0	0	195 school funded and undertaking approvals and construction. The completed number to be reported at end of Q3
		No. of special needs education toilet blocks	33	33	0	0	195 school funded and undertaking approvals and construction. The completed number to be reported at end of Q3
		No. of Integrated resource centres	4,500	4,500	0	0	195 school funded and undertaking approvals and construction. The completed number to be reported at

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
		constructed					end of Q3
		No. of Public secondary schools provided with computing packages	330	330	0	0	Exchequer challenges and pending bill for previous FY.
	Access to universal secondary education	No. of students receiving capitati on in millions	4.65	3.3	3.3	3.3	Target achieved. Variation arising due to phasing out of 8-4-4 system
Inclusion in Education and Training	PWD friendly infrastructure constructed in schools	No. of school with SNE/PWD compliant infrastructure	10	10	0	0	Target not achieved Awaiting exchequer
	Learners provided with mentorship and psychosocial support	No. of beneficiary learners	10,000	-	-	-	This indicator is no longer tracked. It was carried out through donor support which ended.

Priority Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	Teachers and trainer's capacity built on SNE	No. of teachers and trainer's capacity built on SNE	150	200	227	2,152	Target achieved. Diploma level Second intake done for Distance Learning and full time program enhanced the number enrolled for the training
	National Psycho-Education Assessment and Placement Centre equipped	% equipment of National Psycho - Education Assessment and Placement Centre	95	1	1	4	Quarter target achieved. This project was not funded for this FY. The little progress is funded by A-I-A.
	PE and sports integrated with special needs and disabilities	No. of schools with PE and sports integrated	464	-	-	-	This indicator was erroneously included in the National Indicator handbook. PE is a curriculum implemented in all the schools in Kenya thus cannot be an indicator to be targeted.
	Education and Resource Centres to identify	No. of Education Resour	314	3	0	3	Target not achieved. 3 regional centres namely Nakuru, Kisumu and

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	and place learners with Special Needs	ces Centres					Kakamega are operational. Operationalization of County and sub county centres awaits funding. ( The annual target was reviewed to 10 after the mandate was moved to from the Ministry.)
	Low-cost boarding schools in ASAL areas established, renovated and equipped (dormitories, dining halls, ablution constructed)	No. of low-cost boarding schools established, renovated and equipped	50	0	0	0	Not targeted for Q2 because no funds were allocated for the project
	Model Green schools established	No. of green schools established	2	1	0	1	Target not achieved. Nairobi school is the only model green school.
	Adults learners certified	No. of Adults learners certified	152,000	-	-	-	This Mandate was transferred to the Ministry of Labour.

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
Teacher Management and Development	Capacity building teacher trainees	No. of teacher trainees capacity built	400	-	-		
	Pre-Service Teacher Training in Competency Based Teacher Education	No. of teachers graduating from the 35 TTCs	6,000	4,000	4,000	4,000	Quarter target achieved
	KEMI transformed to a premier Management Development Institute	% of completion of KEMI	90	25	0	50	Target not achieved. The 50% achievement is per the end of FY 2024/25.
	Ultra-modern Education Resource Centre constructed and equipped	% establishment of Ultra-modern Education Resource Centre	48	-	-	-	The project has not implemented because of the delayed effectiveness of the new SEEQIP program.
Automation of Basic Educa	e-Assessment system developed	% completion of e-Assess	65	15	0	10	Target not achieved. The 10% achievement is as the end of FY 2024/25. Funds

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
tion System		ment system					were not allocated for this project in the current FY.
	Smart classrooms established	No. of smart classrooms established	1,692	1,692	0	0	Target not achieved. No budgetary allocation.
	Monitoring, Evaluation, Accountability and Learning (MEAL) System developed	Operational MEAL System	-	-	-	-	Not targeted for this Financial Year.
Kenya National Education Management System (KEMIS)	Capitation module and School registration module for junior secondary school upgraded	% of Capitation and school registration modules upgraded	-	-	-	-	Not targeted for this financial year.
	Statistical Booklet Datasets and Reporting Dashboard developed	No. of Statistical Booklet Datasets and Reporting Dashboard	1	1	0	0	Target not achieved. To be done in subsequent quarters.

Priority Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
Strengthening of Science, Technology, Engineering and Mathematics	STEM teachers trained	No. of STEM teachers trained	36,400	5,366	5,366	5,366	Target achieved Next batch to be done in Q4
	Curriculum implementers trained on gender responsive pedagogy	No. of trained curriculum implementers	6,050	0	0	0	Target not achieved targeted for Q4
	STEM Centres of Excellence established in schools	No. of centres of excellence	600	0	0	0	Already 103 centres established; none established in the current financial year. No budgetary allocation to support this activity.
Co-curricular Development	Learners participating in games and performing arts	No. of Learners participating in games and performing arts	15,600	0	0	0	No co-curricular activities held in Q2/term 3 of school calendar
	Talent scholarship provide to learners	No. of talent scholarships awarded	9,000	0	0	0	These indicators were erroneously included in the National Indicator handbook. No Department carry out such programmes.
	Talent exchange	No. of Talent	8	0	0	0	

Priorty Project	Output	Indicator	Annual Target 2025/26	Q2 target	Q2 achievements	CUM' Achievements(Q1-Q2)	Remarks
	programmes held	exchange programmes held					

Source: State Department for Basic Education Semi Annual Progress Report FY 2025/26

### 5.2.2 Description of Results

Progress on education infrastructure expansion was limited during the period, as most projects are still in the approval and construction stages. A total of 195 schools have received funding for the construction of classrooms, laboratories, workshops, toilet blocks, integrated resource centres, and special needs education facilities, with completion expected to be reported at the end of the third quarter.

Similarly, the provision of computing packages to public secondary schools and the construction of PWD-friendly infrastructure faced delays due to exchequer constraints. On the other hand, teacher capacity building on Special Needs Education (SNE) significantly surpassed the target, with 2,152 teachers trained against a target of 150, largely due to increased enrolment through diploma programmes and distance learning initiatives. Some indicators, such as mentorship and psychosocial support for learners, are no longer tracked following the end of donor-funded support.

### 5.2.3 Implementation Challenges

- i. **Budgetary constraints:** Budget limitations and government-wide austerity measures have led to partial or non-implementation of planned programmes and activities.
- ii. **Human resource capacity gaps:** There are inadequate numbers of professional and technical officers, coupled with limited opportunities for human resource development, affecting programme execution.
- iii. **Inadequate policy and legal frameworks:** The absence of comprehensive policies and legal frameworks to guide performance and delivery management has resulted in ineffective execution of institutional mandates.
- iv. **Limited use of technology and process automation:** Manual and fragmented processes limit efficiency, monitoring, and timely reporting of programme performance.
- v. **Weak teamwork and coordination:** Lack of collaboration and synergy among stakeholders affects the successful realization of planned outputs.

#### 5.2.4 Recommendations

- i. The State Department should adopt resource mobilization strategies, including exploring alternative funding sources and partnerships, to ensure full implementation of planned programmes.
- ii. **Strengthen human resource capacity:** Enhance human resource management and development through recruitment, training, and upskilling of staff to improve technical and professional capacity.
- iii. **Enhance policy and legal frameworks:** Develop and enforce clear policies and legal guidelines while promoting inter-agency and inter-ministerial coordination to guide programme execution and accountability.
- iv. **Leverage ICT and automation:** Adopt digital solutions and automate business processes to improve monitoring, reporting, and overall efficiency in programme implementation.
- v. **Promote teamwork and collaboration:** Encourage continuous stakeholder engagement, coordination, and collaboration to ensure the successful realization of annual targets.

### 5.4 Technical Vocational Education and Training Sub Sector

#### Overview

Technical, Vocational Education and Training (SD-TVET) sub-sector focuses on access, equity, quality, governance and accountability of technical education and training in the country. This is to ensure the country is provided with trained manpower with globally benchmarked industry skills to pave the way for industrialization as outlined in the Kenya Vision 2030 Economic Blueprint.

#### Implementation Status of the Key Outputs and BETA Priorities for second Quarter of FY 2025/26

**Table 1: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target 2025/26	Quarter (Q2) Target 2025/26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1 and Q2) 2025/26	Remarks on the Variance
Automation and Skills Develop	Digital labs installed and operationalized	No. of operational digital labs	44	11	0	0	More labs are expected to be

Priority Project/ Priority	Output	Indicator	Annual Target 2025/ 26	Quarter (Q2) Target 2025/ 26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1 and Q2) 2025/26	Remarks on the Variance
ment (Digital Labs)							operationa lized in Q3
	Youth trained	No. of youth trained	20,00 0	5,000	3,751	9,378	Achieved
Technica l Vocation al Educatio n and Training Expansio n	TVET Institutions Constructed and equipped in 52 constituenci es	No. of new TVET Institutions Constructed and equipped in constituenci es	-	-	0	0	Constructi ons are ongoing
	Existing TVET institutions equipped	No. of existing TVET institutions equipped	-	-	0	0	Procureme nt process in ongoing under AfDB phase III project
	Incubation centers established in every TVET institution	No. of incubation centres established	38	10	3	3	Establishm ent of additional 3 incubation centres are under way
	Online learning conducted in TVETs	No. of programmes / courses offering online content	8	2	2	7	Achieved

Priority Project/ Priority	Output	Indicator	Annual Target 2025/ 26	Quarter (Q2) Target 2025/ 26	Quarter (Q2) Achievement 2025/26	Cumm. Achievement (Q1 and Q2) 2025/26	Remarks on the Variance
		No. of TVET institutions offering online content	50	13	15	21	Cumulatively, 243 TVET institutions are offering online content
Education Reforms	Presidential Working Party on Education Reforms recommendations implemented	% of recommendations implemented	100	90	90	90	On track

Source: SDTVET-DTE

#### 5.4.2. Description of the Results

The Technical and Vocational Education and Training (TVET) sub-sector recorded mixed progress in the implementation of its key priorities during the first half of FY 2025/26. Under the Automation and Skills Development initiative, youth training performed well, with 9,378 youth trained cumulatively against the half-year target of 5,000. However, the operationalization of digital laboratories is yet to be realized during the reporting period, with the planned labs expected to become operational in the third quarter.

Progress under the TVET Expansion Programme remains ongoing, with construction of new institutions in constituencies underway and procurement processes for equipping existing institutions continuing under support from the African Development Bank. Three incubation centres have been established so far, while additional centres are under development. Online learning has also expanded, with more programmes and institutions offering digital content.

As of **31st December 2025**, the TVET sub-sector had a **gross enrollment of 567,992 trainees**, which remains below the national target of **2 million trainees** expected by the end of the financial

year. Meanwhile, implementation of the recommendations from the Presidential Working Party on Education Reform remains on track.

#### 5.4.3 Implementation Challenges

- i. Budgetary constraints hinder the SDTVET from allocating sufficient funds for recruiting more trainers and expanding infrastructure.
- ii. Weak linkage between TVET training and industry.
- iii. Inadequate staffing and Competency-Based Education and Training (CBET) pedagogy.
- iv. Late disbursement of quarterly capitation and scholarship funds, causing institutions to operate at a deficit.
- v. Enrollment growth outpaces the budgetary allocation to the SDTVET sub-sector.

#### 5.4.4 Recommendations

- i. **Increase Budget Allocation:** Increase budgetary allocations to support the recruitment of more trainers and the expansion of infrastructure.
- ii. **Strengthen Industry Linkages:** Develop partnerships with industry stakeholders to ensure that TVET training aligns with industry needs. This could include setting up apprenticeship and internship programs.
- iii. **Enhance Staffing and Training:** Invest in providing ongoing training in CBET pedagogy to improve teaching quality.
- iv. **Improve Funding Disbursement:** Ensure there is timely disbursement of capitation and scholarship funds to prevent institutions from operating at a deficit.
- v. **Adjust Budget to Enrollment Growth:** Adjust budget allocations regularly to match the growth in enrollment, ensuring adequate resources for all students.

### 5.5 State Department for Higher Education

The State Department plays a critical role in human capital development, driving innovation, and supporting the country's social and economic transformation agenda. The State Department focuses on enhancing access, equity, quality, and relevance in university education and training. It also steers the implementation of the Presidential Working Party on Education Reforms (PWPER) recommendations and the New Funding Model (NFM) for university education.

**Implementation Status of the Key Outputs and BETA Priorities for 2<sup>st</sup> Quarter of FY 2025/26**

**Table 1: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (Q2) Target FY 2025/26	Quarter 2 (Q2) Achievement FY 2025/26	Cumm. Achievement (Q1+Q2) FY 2025/26	Remarks on the Variance
Open University of Kenya / ODeL	Accredited programmes developed	No. of accredited and approved programmes	10	3	3	6	On track
	ICT infrastructure expanded	No. of tertiary institutions with ICT laboratories and connected to high-speed internet	2	1	1	2	Achieved
	Policy framework on ODeL developed	No. of national education policy frameworks developed/approved	1	0	0	0	Scheduled for Q3

University Infrastructure Improvement	Public universities rehabilitated and equipped	No. of universities rehabilitated and equipped	20	5	3	6	Delay due to procurement and disbursement issues
Capitation Grants and Student Financing	Government Sponsored Students supported	No. of students provided with loans or bursaries	400,000	100,000	95,000	95,000	Reported in Q1
Implementation of Education Reforms	Academic staff retooled for CBET implementation	No. of academic staff trained to implement UCBCF/CBET	2,000	500	300	600	Underachievement due to delayed training schedules
	Learning Management Systems operationalized	No. of Learning Management Systems (LMS) developed / operationalized	5	2	2	4	On track

Industry Linkages and Employability	Industrial attachments facilitated	No. of students and lecturers placed in industrial attachments/internships	4,000	1,000	750	750	Below target; delayed MoUs with industry partners
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Source of Data: State Department for Higher Education Reports, Universities Fund, KUCCPS, CUE, HELB.

### 5.5.2 Description of Results

During the Second quarter of FY2025/26, the State Department made progress in digital transformation of higher education through operationalization of the Open University of Kenya and expansion of ODeL programs. Implementation of university reforms under the Presidential Working Party on Education Reforms continued, although it was slower due to pending policy approvals. The rollout of the New Funding Model supported 70,500 first-year students, although delays in fund release affected full disbursement. Capacity building on Competency-Based Education and Training (CBET) began, targeting academic staff in public universities.

### 5.5.3 Implementation Challenges

- i. **Inadequate Funding:** Delayed release of funds under the New Funding Model hindered timely disbursement of student capitation and loans.
- ii. **Pending Bills:** Historical debts by public universities continue to strain institutional operations.
- iii. **Delayed Policy Approvals:** Slow enactment of the Sessional Paper on Education Reform and associated Bills has delayed reforms.
- iv. **Industrial Actions:** Intermittent industrial unrest disrupted learning and administrative processes in several universities.

### 5.5.4 Recommendations

- i. **Expedite approval of policy and legislative frameworks** to enable full implementation of university reforms.
- ii. **Increase budgetary allocation** to sustain the New Funding Model and reduce pending bills.
- iii. **Strengthen stakeholder engagement** with universities, students, and unions to minimize industrial disruptions.
- iv. **Establish a robust education data management system** to support evidence-based monitoring of higher education programs.

## 5.6 Labour and Skills Development

### Overview

The sub-Sector is an enabler of socio-economic transformation. It plays a key role towards realization of the aspirations of the Kenya Vision 2030, by providing an adaptive human resource base that meet the requirements of a rapidly industrializing economy. The sector focuses on the creation of jobs, improvement of productivity and promotion of a conducive working environment for Kenyans. The sector is implementing various programmes and projects that will lead to the actualization of the MTP IV targets.

#### 5.6.1 Implementation Status of the Key Outputs and BETA Priorities for the 2<sup>nd</sup> Quarter of FY 2025/26.

The Sector implemented various programmes and projects during the 2025/26 FY.

Table 1: Outputs Results Matrix

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
Labour Migration	Bilateral Labour Agreements (BLAs)	No. of BLAs	3	1	1	2	Target achieved. A BLA with the State of Israel for all category of workers was initiated. Initiated a BLA with the Hashemite Kingdom of Jordan on the Recruitment of the Kenyan Domestic

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
							Workers in Q2.
	Kenyans placed in jobs	No. Kenyans placed in jobs	400,000	100,000	43,448	122,012	Target achieved. There was heightened awareness on job opportunities both locally and abroad
	Assessment of skills in demand in destination countries conducted	No. of country skills assessment	2	1	0	1	Target achieved. An assessment of skills in Canada was undertaken in Q1.
Occupational Safety and Health	Social Insurance-Based Employment Injury Scheme (SIBEIS)	Operational SIBEI Scheme	1	-	-	-	Target dropped

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
	established						
Strengthening Linkages between Industry and Training Institutions	Students and lecturers placed in Industrial Attachment	No. of students and lecturers placed on attachment	4,000	1,000	8,922	16,065	Target surpassed. 7,143 and 8,922 students and lecturers placed on attachment in Q1 and Q2 respectively.
	Teachers and students placed under Apprenticeship	No. of teachers placed on Apprenticeship	100	25	648	987	Target surpassed. 339 and 648 teachers were placed on apprenticeship in Q1 & Q2 respectively.
	Industrial Training and Attachment Portal	% Of Upgraded ITAP	60	15	0	0	Target not achieved. Contract has not yet been executed.

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
	(ITAP) upgraded						
	Industrial training centers upgraded	No. of centers upgraded	1	1	0	0	Target not achieved owing to inadequate budget
National Human Resource Planning and Development	Kenya Labour Market Information System upgraded	No. of KLMIS products developed/upgraded	15	4	5	5	Target not achieved
	Labour market surveys conducted	No. of surveys	1	1	0	0	Target not achieved. A concept note for Survey of Technical Learning Institutions (STLI) was developed
Productivity and Competitiveness	Productivity and competitiveness award programme	Operational Productivity and Competitiveness award	1	1	0	0	Target not achieved. A Concept note has been developed to guide the same.

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
	established						
	Labour productivity model produced and Productivity statistics produced	Annual national and sectoral productivity indices	20	5	0	0	Target not achieved. Productivity statistics report on productivity in 20 economic sectors usually developed in quarter 4 of every financial year.
Promotion of Harmonious Industrial Relations	Alternative Dispute Resolution (ADR) mechanism for labour and employment operationalized	No. of labour and employment disputes resolved	80%	20%	20%	20%	Target achieved. A total of 3,668 reported labour disputes were resolved.
	County Labour Offices established and	No. of additional County Labour Offices	9	3	0	0	Target not achieved.

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
	operationalized						
	Wages Councils established and operationalized	No. of Wages Councils	2	1	0	0	Target not achieved.
Promotion of decent work in the digital economy	Skills development in industrial training centers digitized	No. of digitized industrial training centers	6	2	0	0	Target not achieved. Funding constraints prevented the attainment of the output
Portability of knowledge, skills, innovation and technical resources to Diaspora	Bilateral Labour Agreement between Kenya and the UK, Saudi Arabia, Kuwait and Bahrain implemented	No. of bilateral Labour Agreement	1	1	1	1	Target achieved.
Management of	Enhanced access to	No. of youth trained on online employment	14,000	3,500	597	597	Target not achieved. Training was

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
skills Development and post-Training	work-based learning programs	skills					carried out in November and December Only. Uptake is poor as mobilization is done via social media only
		No. of youth trained on talent, innovation and entrepreneurship development	5,000	-	-	-	Targets dropped
		No. of youth trained under the Agricultural Mentorship and Skill share Programme	10,000	-	-	-	
		No. of youth placed under National Apprenticeship	1,400	-	-	-	

Priority Project/Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2) Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cumulative Achievement(Q2) FY 2025/26	Remarks on the variance
		and mentorship programme					
		No. of STEM graduates placed under the national volunteering program(G-united)	800	-	-	-	

Data source: State Department for Labour and Social Protection Semi Annual Reports, FY 2025/2026

### 5.6.2 Description of the Results

During the period under review, the State Department initiated a series of meetings and programs aimed at enhancing foreign employment opportunities with various Countries of Destination. A BLA with the State of Israel for all category of workers and a BLA with the Hashemite Kingdom of Jordan on the Recruitment of the Kenyan Domestic Workers were initiated. During the same period, 82,750 job seekers secured employment abroad as tracked by the National Employment Authority (NEA).

16,065 students and lecturers were placed on industrial attachment cumulatively and a further 987 teachers placed under apprenticeship programmes, significantly surpassing annual targets. A Skills assessment for jobs in demand was conducted in Canada.

### 5.6.3 Implementation challenges

Some of the identified challenges affecting attainment of the planned activities are as follows:

- i. **Inadequate funding:** The State Department primarily depends on exchequer allocations to support its planned activities. However, these funds are often inadequate and are frequently reduced during supplementary budget revisions.
- ii. **Non-Aligned Legal and Policy Framework:** Some of the laws and policies being implanted by the State Department are outdated and inconsistent with the current constitution limiting its ability to effectively carry out its mandate.

- iii. Inadequate Human Resource: The State Department faces challenges such as understaffing and a high turnover rate among personnel.

**5.6.4 Recommendation**

- i. Lobby the National Treasury for enhanced budgetary allocation to support the planned activities. consider providing sufficient funds to the State Department to execute its mandate as well as implementation of BETA priority value chains.
- ii. The State Department to fast-track review and development of robust laws and policies to guide the implementation of its mandate.
- iii. The State Department to continue lobbying for more staff to undertake its planned activities.

**5.7 Social Protection and Senior Citizen Affairs**

**Overview**

The Social Protection and Senior Citizens’ Affairs Sub-Sector plays a critical role in promoting social welfare, inclusivity, and protection of vulnerable groups within society. The sub-sector focuses on strengthening social protection systems, supporting community development initiatives, and ensuring the well-being of marginalized populations including older persons, persons with disabilities, children, and vulnerable families. Through policy development, programme implementation, and coordination with stakeholders, the sub-sector contributes to improving livelihoods, enhancing social security, and promoting equitable access to social services.

**5.7.1. Progress in achievement of MTP IV**

**IMPLEMENTATION STATUS OF THE KEY OUTPUTS AND BETA PRIORITIES FOR SECOND QUARTER OF FY 2025/26**

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2)Targ et FY 2025/26	Quarter (Q2) Achievem ent FY 2025/26	Cum. achievem ent FY(Q2- Q4) 2025/26	Remarks on the variance
National Safety Net Programme (NSNP)	Beneficiaries provided with cash assistance	No. of beneficiaries provided with cash assistance	2,233,000	2,233,000	1,213,209	1,213,209	These numbers are as per the December 2025 payroll. The target was based on the allocation for this FY. The CT-OVC target was moved

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2)Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cum. achievement FY(Q2-Q4) 2025/26	Remarks on the variance
							to another State Department.
	Social Protection MIS linked to relevant Government information systems	No. of social protection information systems linked with Government information systems	2	5	4	4	The Pensions system was still being upgraded to allow integrations
	Single registry upgraded	Upgraded single registry	1	1	1	1	Target Achieved.
	Management Information System (CCTP-MIS) enhanced	No. of CCTP MIS modules enhanced and operationalized	2	2	0	0	To be undertaken under KSEIP II that is yet to kick off
	Graduation for vulnerable groups	% of beneficiaries graduated	100	25	25	100	Target achieved.

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2)Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cum. achievement FY(Q2-Q4) 2025/26	Remarks on the variance
nya Social Economic Inclusion programme	Households provided with asset transfer (seed capital) for business start-ups (Ksh 30,000)	No. of households provided with asset transfer	15,000	7,740	-	-	Awaiting signing of the KSEIP II project contract with WB.
Inclusion of Person with Disabilities in National Development	The National fund for the disabled of Kenya (NFDK) and National Council for Persons with Disabilities(NCPWD) merged	Operational Merged Fund	1	-	-	-	Target not achieved. Legal provisions not yet put in place.
	Person with Disabilities registered	No. of PWDs registered	83,600	20,900	32,164	32,164	Target achieved. The target is demand driven.

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2)Target FY 2025/26	Quarter (Q2) Achievement FY 2025/26	Cum. achievement FY(Q2-Q4) 2025/26	Remarks on the variance
	Market-oriented skills for self-reliance provided	No. of PWDs trained	580	750	758	922	Target achieved. The target is demand driven.
	Albinism and autism programmes implemented	No. of persons With Albinism supported	8,000	2,000	2,000	3,417	Target achieved.
		No. of Persons with Autism supported	15,000	3,750	10,684	10,684	Target achieved, it is demand driven.
Community Mobilization, Development and Empowerment	Community groups registered, capacity built and linked to Micro Finance Institutions	No. of community groups registered, trained	62,000	15,500	19,604	19,604	Target Achieved Mobilization and registration of community groups ongoing
		No. of community groups registered, capacity built and linked to MFIs	42,000	7,500	19,950	19,950	Target achieved.

Priority Project/ Priority	Output	Indicator	Annual Target FY 2025/26	Quarter (2)Targ et FY 2025/26	Quarter (Q2) Achievem ent FY 2025/26	Cum. achievem ent FY(Q2- Q4) 2025/26	Remarks on the variance
	Community Group Registration Act 2022 operationalized	Community Group Registration Act, 2022	1	1	-	1	Public participation undertaken, consolidation of public views to incorporate into the draft regulations is ongoing.
	County and Sub-County Social development committees established	No. of operational SDCs (County and sub County)	10	3	-	9	Target not achieved due to Unavailability of funds and project ended in December, 2024
	Social Impact Assessment	No. of reports	10	2	0	4	Increased ESIA review due to increase in project implementation at the counties..

**5.7.1 MTP IV OUTCOME INDICATORS**

Table 1: Social Protection and Senior Citizen Affairs Sub-sector Outcome Results For FY 2025/2026

**Commented [U9]:** The Half year report is targeting the Output indicators from the National Indicator Reporting Handbook

**Commented [U10R9]:**

MTP IV OUTCOME	MTP IV Outcome Indicator	MTP IV Outcome Target	Actual Achievement	Remarks on Achievement Variance
Improved well-being of vulnerable groups	No. of Older Persons in households/ beneficiaries supported	1,537,781	1,149,270	The numbers are as per the December 2025 Payroll..CT-OVC moved to another department.
	No. of Persons With Disability in households/ beneficiaries supported	83,562	63,939	
Enhanced Real Time Child Protection Care and Support Services	Proportion of Rescue, Rehabilitation and reintegration of children	100	-	Target moved to another State Department.

Source: State Department for Social Protection and Senior Citizens' Affairs semi annual reports, FY2025/2026

**5.7.2 Brief Description of the results**

**a) National Safety Net Programme (OP-CT & CT-PWSDs)**

On National Safety Net Programme, a total of 1,213,209 beneficiaries provided with cash assistance based on the December payroll 2025 of which 63,939 were PWSDs and 1,149,270 Older Persons respectively. There were beneficiaries already on the payroll who had not been catered for in this allocation. So the Directorate will rely on the supplementary to be able to cater for the extra numbers beyond the target.

The Social Protection MIS linked to relevant Government information systems including National Registration Bureau.

Social Protection Act,2025 was enacted and operationalized, this will pave way for establishment of the Social Protection Fund. Continuous. The Single registry was upgraded- and an activity that is done continuously

**b) Kenya Social Economic Inclusion programme**

Households have not yet been provided with asset transfer (seed capital) for business start-ups (Ksh 30,000). Once KSEIP II commences, the households will be provided with asset transfer

#### c) Inclusion of Person with Disabilities in National Development

Inclusion of Person with Disabilities in National Development the National fund for the disabled o

Kenya (NFDK) and National Council for Persons with Disabilities (NCPWD)Merged-Guideline/legislative frameworks yet to be put in place.

Person with Disabilities registered- This is a demand driven service

- Albinism and autism programmes implemented- This is a demand driven service
- No. of Persons with Autism supported- This is a demand driven service.

#### d) Community Mobilization, Development and Empowerment

No. of community groups registered, Trained-This is a demand driven service.  
County and Sub-County Social development committees established-Target not achieved due to Unavailability of funds.

**Commented [U11]:** what was the number of groups successfully registerd

#### 5.7.3 Implementation Challenges

- Inadequate budgetary allocations and austerity measures-This is exacerbated by the fact that the majority of the vulnerable group members of society have unique needs and will continually require commitment from state and non-state actors to assist them fully participate in socio-economic development.
- Delay of the release of funds from the exchequer- This greatly affects the implementation of the programmes.
- Slow pace in development and finalization of Legal and Policy framework in the vulnerable groups subsector.
- Challenges in the land registration process have hindered acquisition of title deeds and securing of land among the vulnerable group sub-sector.

#### 5.7.4 Recommendations

- Budget allocations should be increased considering that the vulnerable require assistance to fully participate in socio-economic development.
- Funds to be released timely to ensure that the programmes are well implemented to cushion the vulnerable from shocks and economic uncertainties.
- Fast track the approval of the key policies and legislations of the vulnerable sector already in Parliament and Cabinet.

- iv. Secure sub sector’s parcels of land through involvement of top leadership in relevant agencies for fast tracking registration and acquisition of title deeds.

**5.8. Public Service and Human Capital development**

**5.9 Gender and Affirmative Action Sub sector**

**Overview**

The State Department for Gender Affairs and Affirmative Action plays a critical role in advancing gender equality and women’s empowerment as a key pillar of the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). By mainstreaming gender-responsive policies, implementing affirmative action programs, and promoting equity, the Department ensures the full participation of women and other marginalized groups in national development. These efforts contribute to economic inclusion, poverty reduction, and sustainable development, in line with Kenya’s Vision 2030 and global commitments to gender equality.

**5.9.1 PROGRESS IN ACHIEVEMENT OF MTP IV BETA Priorities Projects Monitoring**

The following table shows key BETA priority projects and outputs that is implemented in the State Department for Gender Affairs and Affirmative Action and the achievements.

*Table 2.1: Gender Affairs and Affirmative Action Sub-Sector Outputs Results for FY2025/26*

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
Prevention of	Men and Boys engaged in the campaign	No. of male champions identified	2,000	500	1600	1720	Target surpassed

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
<b>and Response to Gender Based Violence</b>	against GBV	and engaged					
	Survivors provided with GBV essential Services	% of survivors (reported cases) provided with GBV essential services	30	7.5	7.5	15	Target achieved
	Reduced GBV and FGM cases	No. of forums held in community dialogues to end all forms of GBV.	100	25	23	31	Inadequate funds
	Dignity kits distributed	No. of dignity kits for GBV survivors Purchased and distributed in safe houses	7,500	1875	0	0	Procurement was projected

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
	GBV Rescue Centers / Safe Houses supported	No. of GBVRCs/ safe houses supported	1	1	0	1	Target achieved in Q1 - Continuous support given
	Safe houses refurbished/equipped/renovated for GBV survivor	No. of safe houses supported	1	1	0	0	Delayed funding
	GBV service providers sensitized on GBVRC guidelines	No. of GBVRC service providers sensitized	325	81	0	72	Inadequate funds
	POLICAR E centers operationalized	No. of POLICAR E centers supported in operationalization	1	1	0	1	Target achieved in Q1 - Continuous support given
	Police Gender desk/officers' capacity built	No. of personnel capacity built at	400	100	0	72	Inadequate funds

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
		gender desks/ units in Counties					
	GBV duty bearers trained	No. of GBV duty bearers trained	30,000	7500	616	688	Inadequate funds
	GBV Fund for Survivors established	GBV Fund	1	1	0	0	To be done in the subsequent quarters
<b>Eradication of FGM</b>	Accountability and coordination mechanisms on eradication of FGM	No. of Anti-FGM County Steering Committees	25	7	5	6	Partly achieved
	Strengthened	No. of persons reached through electronic, print and social media (In millions)	25	7	26.04	26.04	Target achieved
		No. of inter-Country ministerial sessions	1	1	0	0	To be done in the subsequent sectors

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
		on Cross Border FGM					
<b>Access to Government Procurement Opportunities</b>	Youth, Women and PWDs trained on AGPO	No. of Youth, Women and PWDs trained on AGPO;	1200	300	222	429	Target to be achieved in the subsequent quarters
<b>Women Enterprise Fund</b>	Affordable loans disbursed	No. of women issued with affordable loans	2,500	625	14,424	25,123	CWES loans worth Ksh. 501,400,000 were disbursed to 1,343 Self Help Groups (14,424 beneficiaries at the end of Quarter 2)
	Women entrepreneurs Trained	No. of women entrepreneurs trained	150,000	37,500	30,116	38,362	Target to be achieved in subsequent quarters
	Business infrastructures Developed	No. of women benefiting from business infrastructure	2000	500	0	0	Budgetary constraints
	Women trained on digital	No. of women Trained	200	50	217	217	Target overachieved

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
	Literacy						
<b>National Government Affirmative Action Fund</b>	Bursaries awarded to needy students	Amount of grants disbursed for bursaries in Millions	702	175.5	324.6	324.6	Target achievement on course
	Funds disbursed to 13,514 Affirmative Action Groups (AAGs)	Amount disbursed to AAGs in Millions	702	175.5	293.3	293.3	Target achievement on course
	Funds disbursed for value addition activities	Amount disbursed for value addition activities in Millions	877.2	219.3	146	146	Target to be achieved in the subsequent quarters
	Youth talents supported	No. of youths supported	1400	350	615	615	Target achievement on course
	Civic education on Government programmes conducted	No. of civic education forums on Government programmes	188	47	94	94	Target achievement on course

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
		No. of people sensitized	120,000	30,000	93,723	93,723	Target achievement on course
	Sanitary towels distributed	No. of girls' supported in public schools	2,433,000	608,250	0	0	To be done in subsequent quarters
		No. of sanitary towels distributed in millions	21.90	5.475	0	0	To be done in subsequent quarters
<b>Gender mainstreaming</b>	MDACs trained on Gender Responsive Budget	No. of MDACs trained	100	25	103	208	Quarter surpassed as it was conducted virtually
	MDACs analyzed on compliance with gender mainstreaming policies	No. of MDACs Analysed	1	1	-	-	To done bi-annually i.e January 2026 and June 2026
	Develop Legal Framework to operationalize 2/3 gender Principle	2/3 Gender Principle framework developed.	1	1	-	-	Presented to Parliament awaiting approval

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
	Male engagement and inclusion in the thematic area operationalized in Counties	Number of counties operationalized	10	3	14	16	Target achieved and done in (West Pokot, Trans Nzoia, Kisii, Migori, Muranga Kitui, Meru Isiolo, Kirinyaga, Nyandarua, Lamu, Tana River, Kakamega, Busia,
	National Survey on men and boys to inform planning and gender policy review	Survey report	1	1	0	0	To be done in the subsequent Quarters
	No. of officers trained/capacity built on gender mainstreaming	No. of officers trained/capacity built on gender mainstreaming	25	7	35	35	Target surpassed
	Women Leaders trained	No. of women leaders trained	500	125	75	75	Target to be achieved on the subsequent quarters

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
	on Political Leadership skills						
	Increased awareness on gender in MDACs on policies and programming	No. of focal persons trained	100	25	103	208	Quarter overachieved as it was conducted virtually
	Increased awareness on gender across MDACs	No. of MDACs capacity built	100	25	103	208	Quarter surpassed as it was conducted virtually
	Audits on inclusion of women in leadership conducted	No. of audits	1	1	1	1	Done in collaboration with AMWIK and report was prepared
<b>Compliance with International and Regional Gender Treaties and Obligations</b>	Compliance with gender treaties, conventions and obligations monitored	No. of normative frameworks reported on	5	1	0	3	No request for submission made in the 2nd Qtr

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
<b>Evidence base Gender Responsive Policy Environment</b>	National Survey on Special needs undertaken	Special needs survey report	1	1	0	0	To be done in the subsequent Quarters
	Sectoral policies for Gender Responsiveness Analysed	No. of Sectoral policies on Gender Responsiveness Analysed	5	1	0	0	To be done in the subsequent Quarters
	MoUs implemented and Monitored	No. of MoUs implemented	3	1	0	0	To be done in the subsequent Quarters
<b>Socio Economic Empowerment</b>	Women engaged in Social Economic Empowerment programmes and activities	No. of women trained on access and control of productive resources	200	50	0	0	No training conducted in Q2. To be done in subsequent quarters
		No. of women trained on the provisions of the Public Procurement	700	175	207	414	Exceeded Q2 target

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
		and Disposable Act and AGPO					
		No. of Young women entrepreneurs Coached and mentored.	12	3	0	0	Coaching sessions not yet initiated. To be done in the subsequent quarters
		No. of women trained on gender issues in blue economy and investment opportunities	700	175	0	0	Training was postponed due to delayed facilitation; to be conducted in Q3. To be done in the subsequent quarters
		No. of women trained on gender issues in Climate smart agriculture	10	3	0	0	Training pending; sessions planned for quarter 3
		No. of women trained to	200	50	207	207	Exceeded Q2 target

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
		access and utilize digital platforms					
		No. of women trained on cross border and inter-county trade	900	225	0	0	Training pending; sessions planned for quarter 3
<b>Women Economic Empowerment</b>	Women groups recruited into table banking groups	No. of women groups recruited into table banking	5,000	1250	0	0	No achievement recorded as the function is implemented under Uwezo Fund, which has been transferred from the State Department to the State Department for Micro, Small and Medium Enterprise Development
		No. of women capacity built	75,000	18750	207	207	Partial achievement (207); implementation is ongoing, with remaining sessions

Priority Project	Output	Indicator	Annual Target 2025/26	Quarter 2 target 2025/26	Quarter 2 achievement 2025/26	Cumm. Achievement ((Q1) 2025/26	Remarks on Achievement Variance
							scheduled for Quarters 3 and 4
	Kenya National Care Policy developed	Operational Kenya National Care Policy	1	1	1	1	Policy endorsed by cabinet in December 2025

Data source: State Department for Gender Affairs and Affirmative Action semi annual progress report FY 2025/26

#### 5.9.2 Description of results

During the second quarter, the State Department for Gender Affairs and Affirmative Action engaged 1,600 men and boys in campaigns against gender-based violence (GBV) and continued to support GBV Rescue Centres, POLICARE centres, and survivors through the provision of essential services.

Under the eradication of female genital mutilation (FGM) initiative, approximately 26 million people were reached through electronic, print, and social media platforms. In addition, 14,424 women accessed affordable loans, while 30,116 women entrepreneurs were trained under the Women Enterprise Fund.

A total of KSh 324.6 million was disbursed as bursaries to needy students, KSh 293.3 million was disbursed to Affirmative Action Groups, and KSh 146 million was allocated for value addition services under the National Government Affirmative Action Fund (NGAAF).

Under gender mainstreaming, male engagement and inclusion within the thematic areas were operationalised in 16 counties, and 208 focal persons from MDACs were trained. Further, under socio-economic empowerment, 207 women were trained on the provisions of the Public Procurement and Asset Disposal Act and the Access to Government Procurement Opportunities (AGPO) framework. Additionally, the Kenya National Care Policy was endorsed by Cabinet.

#### 5.9.3 Implementation Challenges

- i. Inadequate budgetary allocation continues to constrain the implementation of key planned programmes

- ii. Most of the activities initially planned for Quarter 2 were deferred to Quarters 3 and 4 due to delayed facilitation, resulting in limited progress during the reporting period.

#### 5.9.4 Recommendations

- i. Increase budgetary allocation to adequately support priority programmes
- ii. Strengthened planning and coordination mechanisms, including timely release of facilitation, to ensure activities are implemented as scheduled

### 5.10 Children Services Sub Sector

### 5.11 Culture, the Arts and Heritage Sub sector

### 5.12 Youth and Creative Economy

#### Overview

The Youth Affairs and Creative Economy Sub sector is a catalytic pillar of the Kenyan economy on youth empowerment and employment creation and spearheads the management of Youth policy and legislation and promotion of the creative industry. Further, it coordinates youth mainstreaming, research, volunteerism, and harnessing and the development of youth innovations and talents.

#### Implementation Status of the Key Outputs and BETA Priorities for the 1<sup>st</sup> Quarter of FY2025/26

Table 1: Outputs Results Matrix

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
Talanta Hela	Talents identified, nurtured	No. of youths' talents identified	20,000	5,000	0	0	

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
	, and commercialized	and nurtured					Target not achieved due to inadequate funds
		No. of youth talents Commercialized	5,000	1,250	0	0	
Promotion and development of Creatives and Film Industry	International art and creative festival exhibitions hosted	No. of exhibitions hosted	1	-	-	-	Target moved to the State Department for Culture and Heritage
	Artists engaged in mentorships and apprenticeship programmes	No. of artists mentored and engaged in apprenticeships	50	12	0	0	Target not achieved due to inadequate funds.
	Licenses issued to exhibitors, distributors, and new	Proportion of licenses issued to exhibitors, distributor	100	25	25	25	Target achieved due to partnerships and

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
	filmmakers	s, and new filmmakers					collaborations
Presidential Challenge and Innovation Awards	YECs transformed into digital innovation hubs	No. of YECs Refurbished	30	7	0	0	Target not achieved due to inadequate funds
		No. of YECs Constructed	10	2	0	0	
	No. Innovation hubs established	1,450	362	0	0	Target not achieved due to inadequate funds	
	No. of youth accessing innovation hubs	490,000	122,500	0	-122,500	Target not achieved due to inadequate funds	
	No. of youth accessing youth-friendly services	300,000	75,000		46,180		
	No. of youth	17,000	4,250		12		

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Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
		talents and innovations incubated					
	Programmes for protection of intellectual property and other rights developed	No. of youth-led innovations patented	20	5	-	-	KeNIA was moved to the State Department for STI
Skills development/ Youth Skilling Employment and Wealth Creation	Youth trained on life skills	No. of youth trained	43,000	10,750	0	0	Target not achieved due to inadequate funds
	Youth trained on entrepreneurial skills	No. of youth trained	35,000	8,750	0	0	
	Youth entrepreneurs engaged	No. of youth engaged	15,000	3,750	0	0	

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
	in green jobs						
	Youth engaged on cloud sourcing /online jobs	No. of youth engaged	7,000	1,750	0	0	
	Youth entrepreneurs mentored and coached	No. youth mentored and coached	300,000	75,000	0	0	Target not achieved due to inadequate funds
	Community youth SACCOs operationalized	No. of youth SACCOs operationalized	188	47	0	0	
	Youth engaged in Internships and attachments/ Employment	No. youth engaged	4,000	1,000	0	0	There was an underachievement due to a delay in the rollout of the NYOTA project but

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
	Business grants and start-up kits issued	No. of grants/kits disbursed/ No. of youth issued with grants/kits	150	37	0	0	a call for applications has been made for youth to apply
	Community-based Youth-Savings and Investments (CYSI) groups established	No. of CYSI groups established	13,000	3,250	0	0	
Knowledge sharing on youth's socio-economic transformation	Youth Leadership and governance development	No. Youth engaged in leadership and governance	5,000	1,250	5,000	5,000	Target achieved due to partnerships and collaborations.

Priority Project	Expected Outputs	Indicator	Target 2025/2026	Quarter 1 Target 2025/26	Quarter 1 (Q2) Achievement FY2025/26	Cumulative achievement (Q2)	Remarks
Youth Enterprise Development Fund	Kshs. 4.3 billion financed to youth enterprises	Amount of loans disbursed to Youth entrepreneurs in key value chains (Ksh millions)	985	246.25	112	335	Target not achieved due to inadequate funds to provide loans to youth entrepreneurs. The Fund was allocated zero budget to support business loans among the youth.
	Youth entrepreneurs benefited from YEDF loans	No. of Youth entrepreneurs financed	77,090	19,273	10,103	10,103	
	Youth provided with Business Development Services	No. of Youth provided with business development services	113,400	28,350	18,255	18,255	Target not achieved due to inadequate funds.

Source of data: State Department of Youth Affairs and Creative Economy reports and documents.

### 5.12.2 Description of Results

During the period under review, Youth Enterprise Development Fund disbursed KSh 112 million in loans, benefiting 10,103 youth entrepreneurs and providing business development services to 18,255 youth, although these figures remained below the quarterly targets due to limited budgetary allocation.

### 5.12.3 Implementation challenges

- i. **Inadequate funding for implementation of programmes and projects:** The Sub- sector has experienced low budgetary allocation and budget cuts thus affecting the performance of planned programmes, projects, initiatives and activities.
- ii. **Inadequate Infrastructure:** The Sub-sector's physical facilities especially Youth Empowerment Centres are ill-equipped and inadequate to effectively provide youth friend services
- iii. **Inadequate policy, Legal, and regulatory frameworks:** some of the mandates given to the State Department require policy, legal, and regulatory frameworks to be adequately performed especially in the creative economy.

### 5.12.3 Recommendations

- i. **Enhanced funding:** The State Department requires additional funding to be able to perform its functions.
- ii. **Development policy, legal, and regulatory frameworks:** There is a need for the development of various legal, policy, and regulatory frameworks to enable the State Department to adequately perform its functions.

### **5.13 Population and Development Sub sector**

## CHAPTER SIX

### 6.0 ENVIRONMENT AND NATURAL RESOURCES SECTOR

#### 6.1 Overview

The Environment and Natural Resources Sector encompasses nine sub-sectors: Environment and Climate Change; Forestry; Tourism; Wildlife; Arid and Semi-Arid Lands and Regional Development; Mining; Blue Economy and Fisheries; and Shipping and Maritime Affairs.

#### 6.2 Environment and Climate Change Sub Sector

The Ministry of Environment, Climate Change, and Forestry was established vide Executive Order No. 1 of 2025. It is responsible for the protection, conservation, sustainable management of the environment and natural resources, the mitigation and adaptation to climate change. The Ministry has two State Departments, namely, Environment and Climate Change, and Forestry

It is mandated to undertake: National Environment Policy and Management; Climate Change/Action Policy; Promotion of Low Carbon Technologies to Reduce Emission; Restoration and Protection of Strategic Water Towers; Protection and Conservation of the Natural Environment; Pollution Control; Lake Victoria Environmental Management Programme; Restoration of Lake Naivasha Basin; Meteorological Service; Conservation and Protection of Wetlands.

##### 6.2.1 Implementation status of key outputs and BETA priorities

**Table 6.1: Outputs Results Matrix**

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Quarter 2 Target 2025/26	Quarter 2 Achievement FY 2025/26	Cumm. Achievement FY 2025/26	Remarks on the Variance
Waste management infrastructure	Waste Collectors cooperatives registered	No. of Waste cooperatives	20	5	0	0	NEMA only issues letters of no objection and this is done on need basis when waste handlers present their documents to the Registrar
	Waste Material Recovery Facilities constructed in all Counties	No. of Waste Material Recovery Facilities	50	13	0	0	The activity was not financed

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Quarter 2 Target 2025/26	Quarter 2 Achievement FY 2025/26	Cumm. Achievement FY 2025/26	Remarks on the Variance
	Community-Based/owned plastic recycling value chain established	No. of plastic recycling value chains	300	0	0	0	The activity was not financed
Pollution Management	Waste service providers trained on waste recovery	No. of service providers trained	10	10	32	32	32 Waste service providers groups (Nakuru 4, Kakamega 11, Kisumu 3, Mombasa 6, Machakos 4, Nairobi 4)
	Air quality in 6 urban	No. of air quality reports	5	2	2	2	Air quality Monitoring undertaken in Mombasa and Nairobi hotspots.
Thwake River Upstream Clean up Pollution Control and Catchment Management	Effluent discharges and solid waste flow in the Athi-Galana-Sabaki river system reduced.	% of illegal dumpsites along the river removed	40	100	102	(26+102)=128	102 effluent discharges identified and stopped.
	Length of riparian area of areas of Athi-Galana -	KM of riparian areas rehabilitated	100	25	0	0	Target not achieved since the activity was not financed

Priority Projects	Output	Indicator	Annual Target FY 2025/26	Quarter 2 Target 2025/26	Quarter 2 Achievement FY 2025/26	Cumm. Achievement FY 2025/26	Remarks on the Variance
	Sabaki river system rehabilitated						
Climate Change Finance	Amount of revenue raised from carbon market	Kshs. Billions	1	2,420,250	2,420,250	(560,000+ 2,420,250) = 2,980,250	This is a continuous activity
	Amount raised from green and blue bonds	Kshs. Billions	1	0	0	0	Activity to be undertaken in the subsequent quarters

Source of Data: State Department for Environment and Climate Change Reports FY 2025/26

## 6.2.2 Description of Results

### Waste Management Infrastructure

During the second quarter of FY 2025/2026, progress under waste management infrastructure was limited due to financing constraints.

Under registration of Waste Collectors' Cooperatives, no waste collectors' cooperatives were registered during the reporting period against second quarter target of 5. This outcome is attributable to the institutional mandate of NEMA, which only issues letters of no objection on a need basis after waste handlers present documentation to the Registrar of Cooperatives.

### Pollution Management

Notable progress was recorded under pollution management, particularly in capacity building, air quality monitoring, and river pollution control. A total of **32 waste service provider groups were trained**, surpassing the annual target of 10. The trained groups were distributed across Nakuru (4), Kakamega (11), Kisumu (3), Mombasa (6), Machakos (4), and Nairobi (4). This reflects strong performance in stakeholder capacity building and awareness on waste recovery and management.

Air quality monitoring was successfully conducted in Mombasa and Nairobi, resulting in 2 air quality reports against an annual target of 5. Monitoring focused on identified urban hotspots, contributing to evidence-based pollution management and policy interventions.

### Thwake River Upstream Clean-up and Pollution Control

Significant progress was achieved in pollution control within the Athi-Galana-Sabaki river system. **102 illegal effluent discharges** were identified and stopped, leading to a cumulative achievement of 128% (Q1 and Q2 combined) against an annual target of 40%. This demonstrates strong enforcement and compliance actions in river basin pollution control.

### **Climate Change Finance**

Progress under climate finance was mixed, with strong performance in carbon market revenues but no activity on green and blue bonds.

An amount of KShs 2.42 million was raised during Quarter 2, contributing to a cumulative total of KShs 2.98 million against an annual target of KShs 1 billion. Although the target has not been met, the results demonstrate steady progress, noting that carbon market transactions are continuous and incremental in nature.

#### **6.2.3 Implementation Challenges**

- i. **Inadequate Financing:** Most infrastructure-intensive interventions, including waste material recovery facilities, plastic recycling value chains, and riparian rehabilitation, were not implemented due to lack of financing.
- ii. **Institutional Mandate Limitations:** Registration of waste collectors' cooperatives is dependent on external processes, with NEMA's role limited to issuing letters of no objection. This constrained direct achievement of set targets.

#### **6.2.4 Recommendations**

- i. **Enhance Budgetary Allocation and Resource Mobilization:** The sector should prioritize funding for critical waste management infrastructure and ecosystem restoration activities, and explore partnerships with development partners and the private sector.
- ii. **Strengthen Inter-Agency Coordination:** Improve collaboration between NEMA, county governments, and the Registrar of Cooperatives to streamline the registration process for waste collectors' cooperatives.

### **6.3 Forestry Sub Sector**

Forestry Subsector is one of the subsectors of the Environment and Natural Resources Sector. The sub-sector consists of two (2) Semi-Autonomous Government Agencies; Kenya Forest Service (KFS) and Kenya Forestry Research Institute (KEFRI). The sub sector plays a vital role in promoting the development of forests, including reforestation and agroforestry efforts and is responsible for conducting forestry research to ensure ecological balance within forest ecosystems.

In the Vision 2030, social pillar, the sub sector plays a critical role in forest conservation and management by increasing current tree cover to 30% by 2032, through tree growing on public, private and community land and promoting on agroforestry and commercial forestry and promoting use of biotechnology. In the Medium-Term Plan IV, the sub sector focuses on forest conservation, management, protection and restoration while Bottom-Up Economic Transformation Agenda (BETA) key priority area is landscape and ecosystems restoration, anchor for the 15 billion trees strategy that targets to increase national tree cover to at least 30% by 2032. The forestry subsector contributes to Sustainable development Goals (SDGs) number 13 on climate action and 15 on protection, restore and promote sustainable use of terrestrial ecosystems, sustainable manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.

#### **6.3.1 Implementation status of key outputs and BETA priorities**

**Table 6.2: Outputs Results Matrix**

Priority Projects	Output	Indicator	Annual Target FY 2025  26	Q2 Target FY 2025  26	Q2 Achievement	Cumm. Achievement (Q1-Q2)	Remarks on the Variance
National Tree Growing and Restoration Programme	500 tonnes of tree seeds collected, processed and distributed	Quantity of seeds (Tonnes)	100	25	11.309	19.309	Affected by Seasonality. The seed collection is dependent on seasons. More seeds to be collected in subsequent quarters
	7.5 billion Tree seedlings produced	No. of tree seedlings (Billions )	1.2	0.3	0.061	0.074	<b>74,043,493</b> seedlings produced by State and Non-State actors. The seedling production was affected by low rains in the review period
	3.5 million Ha of degraded forests areas and landscape, rehabilitated thro protection of natural regenerations and planting (7.5 billion seedlings)	Area rehabilitated (Million Ha)	0.7	0.175	0.0224	0.0401	More rehabilitation planned for the long rains period
	Trees planted	No. of Trees (Billions )	1.5	0.375	0.0401	0.265	The cumulative number of trees

Priority Projects	Output	Indicator	Annual Target FY 2025  26	Q2 Target FY 2025  26	Q2 Achievement	Cumm. Achievement (Q1-Q2)	Remarks on the Variance
							grown is 1,078,010, 803. More trees to the grown and reported in the rainy seasons
Agroforestry woodlots in ASALs	1 million Ha of Agroforestry developed in 23 ASAL Counties; (Melia woodlots, gums & resins, sandalwood etc)	Area (Ha) rehabilitated	200 000	50,000	2,144.40	2,279.688	4,424 Ha of agroforestry on farms and ASALs established. Affected by late exchequer release
Sustainable “green” charcoal value chain and alternative domestic energy	Draft charcoal regulations gazetted and operationalized	No. of regulation gazetted	1	1	-	-	In progress. The regulation was subjected to public participation
	Sensitization regional meetings for law enforcement agencies on implementation of charcoal regulations to decriminalize production and trade in charcoal and charcoal	No. of regional sensitization meetings conducted	1		-	-	Regulation still awaiting Gazettement

Priority Projects	Output	Indicator	Annual Target FY 2025  26	Q2 Target FY 2025  26	Q2 Achievement	Cumm. Achievement (Q1-Q2)	Remarks on the Variance
	products, conducted.						
	300 Charcoal Producers Associations (CPAs), established and supported, on adoption of efficient technology, branding and marketing	No. of CPAs established and strengthened	300	-	300	300	Training in Charcoal in charcoal Kilns was undertaken to 300 CPAS
	500 youth groups supported and mentored in briquette charcoal production enterprise	No. of youth groups supported & mentored	120	-	-	250	Youth groups have been capacity built to enrich charcoal produce
Modernization and commercialization of the charcoal value chain  Green and Blue Jobs initiatives	Clean cooking technologies adopted	No. of clean cooking technologies adopted	2	-	2	2	Target achieved
Green and Blue jobs initiatives	Women and youth tree nursery associations registered	No. of youth associations registered	8,348	3,612	-	3,612	Ongoing activity
	Community Forest Guards recruited	No. of Community Forest Guards recruited	840				

*Source of Data: State Department for Forestry Reports, January 2026*

### 6.3.2 Description of Results

During the review period, the Sub-sector produced 11,309 Kgs of high-quality tree seeds. The low seed production is attributed to seasonality. More seeds will be collected in the second and third quarters. The sub-sector also coordinated the propagation of 74,043,493 seedlings and the growing of 1,073,061,390 trees by State and Non-State actors. Additionally, the sub-sector established 4,424 Ha of agroforestry on farms and ASALs.

### 6.3.3 Implementation Challenges

- i. **Inadequate Funding:** Limited funding hinders effective forest conservation. Additionally, delayed disbursement of funds affects activities such as seed and seedlings production, which are tied to rain seasons.
- ii. **Deforestation and degradation:** Kenya's forest ecosystems have been affected by the growing vulnerability due to livelihoods demand, unsustainable agriculture practices, infrastructure development and urbanization
- iii. **Climate Change:** Adverse weather patterns, such as droughts and irregular rainfall, disrupted planting and seedling growth in several regions.
- iv. **Policy and Regulatory Framework:** Inadequate policies and weak enforcement mechanisms to allow illegal activities to persist.
- v. **Poor Infrastructure and Accessibility:** Limited infrastructure for production of high-quality tree seed, germplasm, harvesting and processing have affected sustainability of forest ecosystems. Further poor accessibility to remote forest areas has hindered effective monitoring, management, and enforcement activities.
- vi. **Inadequate human capital** especially technical personnel coupled with slow pace succession planning and management.

### 6.3.4 Recommendations

- i. Strengthen Resource Mobilization Mechanisms to ensure continuous funding for forestry initiatives and avoid project delays.
- ii. Invest in large-scale reforestation and afforestation programme to restore degraded land and increase forest cover including use of aerial seeding.
- iii. Promote alternative energy sources (LPG, briquettes and solar) to reduce dependence on wood fuel.
- iv. Strengthen policy and regulatory framework to enforce transparency in forest governance
- v. Invest in infrastructure improvements such as facilities and roads to enhance seed production, forest monitoring, management and conservation activities.
- vi. Increase recruitment of technical personnel, develop succession plans and management strategies and provide training and capacity building.

## 6.4 Tourism Sub Sector

The Ministry of Tourism and Wildlife derives its mandate and functions from Executive Order No. 1 of 2025. The State Department for Tourism is responsible for Tourism Policy and Standards, Development and Promotion of Tourism, Training on Tourism Services, Tourism Finance, Tourism Research and Monitoring, Protection of Tourism and Regulation, Positioning and Marketing of Kenya to local and international Tourists and Promotion of Kenya's Competitiveness in the Global Meetings, Incentives, Conferences and Exhibitions (MICE) Arena.

The State Department has seven (9) Semi-Autonomous Government Agencies (SAGAs) that operate independently but financed through the State Department. Out of these, six (6) are established by the Tourism Act 2011 while one (1) is established under the Public Finance Management Act and two (2) were established by Company Acts.

The SAGAs in Tourism are:

- i. **Kenya Tourism Board (KTB):** Mandated to develop co-ordinate and market Kenya locally and internationally as a premier tourist destination.
- ii. **Kenyatta International Convention Centre (KICC):** Mandated to Spearhead the Meetings, Incentive travel, and Conference and Exhibitions (MICE) industry and promote Kenya as a MICE destination.
- iii. **Tourism Regulatory Authority (TRA):** Mandated to regulate the tourism sector
- iv. **Tourism Research Institute:** Mandated to Undertake and coordinate tourism research and analysis through generating data and research information to inform decision-making.
- v. **Kenya Utalii College (KUC):** Mandated to undertake tourism and hospitality training, and capacity building for the tourism sector.
- vi. **Tourism Fund (TF):** Mandated to Mobilize resources to finance the development of a sustainable tourism industry in Kenya through innovation, service excellence and stakeholder engagements.
- vii. **Tourism Promotion Fund (TPF):** Mandated to Finance tourism development, promotion and branding by tourism implementing agencies in the country.
- viii. **Bomas of Kenya (BoK):** Mandated to promote cultural tourism, preserve and portray in pure form.
- ix. **Kenya Safari Lodges & Hotels Ltd (KSLH):** Mandated to provide luxurious accommodations and unforgettable wildlife experiences.

#### 6.4.1 Implementation status of key outputs and BETA priorities

**Table 6.5: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
Tourism and Wildlife Training and Research	KUC upgraded and modernized	% completion	50	5	5	10	5	10	The transformation of KUC is on the right track.  Capacity Building on Change management ongoing as the sourcing for funds for

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
									infrastructure development being done.
	Ronald Ngala Utalii College phase 2 completed	% completion	5	5	0	5	0	0	Finalisation of Phase 1 targeted to be completed by end of the FY.
	Kisumu Hospitality and Tourism Training College established	% completion	60	10	0	10	0	0	The project has been rescheduled to commence in the next financial year
Tourism Niche Experiences	Sports Safari events held	No. of Sports Safari events held	7	3	3	4	4	7	Key Sports supported and promoted included ; Mara Sports Festival in December 2025
	Forest tourism products developed (Adventure, Camping	No. of Circuits developed	1	1	0	1	1	1	Adventure tourism was launched during Tembea Kenya

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
	and Bird Watching)								initiative.
Inclusive Nature Tourism Beaches	Beach operators Sacco established	No. of Saccos	5	2	0	2	0	0	Capacity building of beach operators has been done.
	Kisumu Lake Front Redesigned and developed	% completion	50	10	0	10	0	0	The designing and feasibility studies of the project are being developed.
	Mombasa Aquarium Theme Park developed	% completion	50	10	0	10	0	0	The designing and feasibility studies of the project are being developed.
	Mama Ngina Waterfront Phase 1 completed	% completion	60	20	0	20	0	0	The designing and feasibility studies of the project are being developed.

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
Wildlife (Safari) Products	New tourism products developed	No of new products developed	2	1	1	1	1	2	The Leisure Strategy developed and launched. Additionally the MICE club was launched to support the development of the B Leisure Product
Business and Conference Tourism	Number of local conferences	Number of local conferences and events held	360	130	163	130	156	319	The Corporation surpassed the targets in terms of the number of international and local conferences and events hosted at KICC. The Corporation however, is on the right trajectory towards achieving
	International conferences	Number of international conferences	15	3	3	3	5	8	
	Delegates hosted	Number of international delegates	10,628	2,000	392	3,000	3,126	3,518	
		Number of local delegates	676,910	64,000	41,176	60,500	71,622	112,798	

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
									g its targets for the FY 2025-2026
	KICC refurbished and modernized	% completion	100	20		20			The corporation has scheduled to undertake rehabilitation of the Amphitheatre roof which is to begin in the third quarter
Resort Cities	Land acquired	Hectares of land acquired	78						The discussions with County Governments has initiated.
Tourism Revenue promotion	Desert and pastoral tourism circuits promoted and commercialized	No. of tourism circuits	8	2	0	2	1	1	Tobong' u lore in Turkana County was promoted
	Kenya Safari TV Channel operationalized	Operational TV	1	1		1			Discussions initiated with the KU TV

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
	Targeted consumer engagement programmes developed	No. of programmes	4	1	1	1	1	2	Target achieved
	Key and emerging source markets reactivated	No. of new markets	2	1	1	1	1	2	Target achieved
	Marketing materials developed and translated in six foreign languages	No of marketing materials translated into foreign languages	2	1	0	1	2	2	Target achieved in Quarter two
Tourism Promotion and Marketing	Priority markets reached	No. of Priority markets reached	4	1	1	1	3	4	All four priority markets ; Africa , Asia , Europe and America were reached during the quarter two
	African markets source Diversified	No. of Tourism from African region	40	10		10			The Pan African Campaign is pending awaiting funds

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
	Tourism desk established in foreign missions	No. of tourism desk established	2	1		1			Engagement for the establishment of the desks initiated with Ministry of Foreign Affairs
	Marketing and promotional media contents developed	No. of Marketing and promotional media contents developed	4	1	1	1	1	2	Marketing materials developed for the Tembea Kenya and Experience the Market Campaign
Tourism Quality Assurance and Service Excellence	Accommodation and Catering facilities classified	No. of accommodation and catering facilities started/classified	500	100	0	100	0	00	Although no facilities were started during the first and second quarters due to budget constraints, the Authority organized a

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
									launch for the nationwide classification exercise, which kicks off with the training of EAC Assessors in January 2026.
	National Tourism sector Standards developed/ reviewed	No. of National Tourism sector Standards developed/ reviewed	2	0.25	0.25	0.25	0.25	0.5	The draft Minimum standards Guest Houses and Beach Management were developed and first technical committee meetings held
	Assessed regulated tourism enterprises for accreditation	No. of regulated Tourism Enterprises assessed for accreditation	550	275	N/A	275	N/A	N/A	Given that the accreditation exercise is done every two years, the exercise

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
									was completed last financial year, hence there was no target for FY 25/26
	Quality Assurance Audits	No. of audits undertaken	9,000	2,125	1,579	2,125	3,028	4,607	Cumulative target surpassed due to intensified routine quality assurance audits as a result of enhanced facilitation
Promotion of culture and heritage tourism	Construction of Bomas International Convention Centre (BICC)	% Completion	30	7.5	7	7.5	7	37%	Overall works at approximately 37% percent, covering foundation support and dewatering works, construction of all floors, and roofing fabricati

Priority Project/ Priority	Output	Indicator	Annual Target	Quarter 1		Quarter 2		Cumm. Achievements FY 2025/26	Remarks
				Target	Achievement	Target	Achievement		
									on structures ongoing

*Source of data: State Department for Tourism*

### 6.5.2 Description of Results

### 6.5.3 Implementation Challenges

- i. Limited resources for bidding as well as for market and position the destination's MICE industry
- ii. Lack of a more holistic and coordinated marketing of the destination.
- iii. Limited support from local Associations during the process of bidding for international conferences and events.
- iv. Overcrowding and congestion during the wildebeest migration along Mara River hence interfering the smooth crossing of the wild beasts.

### 6.5.4 Recommendations

- i. The need to fast track the operationalization of the National Convention Bureau to undertake a more coordinated marketing and financing of MICE marketing and promotion
- ii. Aggressive marketing of the destination should be reactivated.
- iii. There is need to focus on winning high-profile bids which attract more numbers and by extension more contribution to the GDP
- iv. Call for proper communication and organization during the wildebeest Migration especially to the travel actors, tour operators as well as the tour guides.

## 6.5 Wildlife Sub Sector

The mandate of the Ministry of Tourism and Wildlife, as provided in Executive Order No. 1 of January 2025, is shared between its two constituent State Departments, namely the State Department for Tourism and the State Department for Wildlife. The Mandate for the State Department for Wildlife include: Wildlife Conservation and Protection Policy; Protection of Wildlife Heritage; Management of National Parks, Reserves and Marine Parks; Wildlife Biodiversity Management and Protection; Sustainable Wildlife Biodiversity Economy; Collaboration with Wildlife Clubs of Kenya; Management of Wildlife Dispersal Areas in collaboration with Partners; Wildlife Conservation Training and Research; Wildlife Conservation

Education and Awareness; Wildlife Biodiversity International Obligations and Multilateral Agreements; Human-Wildlife Conflict Mitigation and Response Policy; Wildlife Sector Governance and Coordination.

The Ministry and State Department for Wildlife play an instrumental role in the economic development of the country. Wildlife is a natural resource endowment that provides a solid foundation for the growth of the country's thriving tourism sector. The tourism and wildlife sub-sectors provide direct and indirect jobs, thus promoting sustainable livelihoods for communities and other stakeholders involved in the value chains of the sector's economic activities.

### 6.5.1 Implementation status of key outputs and BETA priorities

**Table 6.5: Outputs Results Matrix**

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
SP 1.1: Wildlife Security, Conservation and Management	Wildlife Conservation Services	No of park visitors in millions	3.50	0.875	0.7	2.15	Slight reduction in visitors attributed to park fee increase
		Increase in revenue (Kshs millions)	7,922	1,980	2,570	5,734	Target exceeded attributed to review of park fee
		% reduction in HWC cases	10	10	-33	-20	Increase in conflict cases by 33% (4,209) compared to 2024/2025 (3,175) cases attributed to seasons and climatic changes in major habitats
		Km. of fence constructed	40	10	7	7	Works Ongoing

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		Km. of fence in HWC prone areas rehabilitated	45	12.5	0	0	Procurement process in progress for 50% disbursed funds in Q3
		Km. of fence maintained	2,000	2000	1,958	1958	Ongoing works
		No. of Conservation awareness programs	120	30	64	88	Targeted in high conflict counties
	Wildlife Habitat Restoration Services	Ha. of Wildlife Habitat restored	2,000	500	39		Late funds disbursement,
		No. of tree seedlings grown (Millions)	5	1.25	0.08	0.08	Late funds disbursement, propagation commenced
		No. of specialized modern equipment acquired	3	1	0	0	Procurement process for communication equipment on course
		% coverage of earth ranger surveillance system installed in wildlife protected areas	50	50	0	0	procurement process for two sites on course

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		No. of KWS Ranger housing units constructed	36	9	0	0	procurement process for 5 houses on course
		No. of KWS Ranger housing units rehabilitated	110	28	0	0	procurement process for 34 houses on course
	Wildlife Infrastructure Services	Km. of roads maintained in National Parks	1,800	450	179	179	works Ongoing
		No. of Airstrips maintained in Parks	10	2	0	0	Awaiting funds disbursement
		Percentage completion of targeted works (Mulika Airstrip)	100	25	-	5	Tender documents prepared awaiting automation of procurement via E-GP,
	Wildlife Conservation Services	No. of Airstrips maintained in Conservancies	10	-	-	-	To be Implemented in subsequent quarters
		Km. of roads maintained in Conservancies	217	-	-	-	

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		Ha. of Wildlife corridors and dispersal areas mapped	1,200	400	-	-	Work in progress
		No. of reusable or biodegradable alternatives in use to implement plastic ban.	0	-	-	-	Awaiting funds disbursement and automation of procurement via E-GP
		No. of community groups sensitized	3	1	-	1	
		No of water pans constructed	7	3	-	-	
		No. of Boreholes rehabilitated	1	-	-	-	
	Wildlife Conservation Services	% completion of Wildlife learning resource centres constructed -phase I	73	78	78	78	Works Ongoing
		% Wildlife learning resource	-	0	0	0	Awaiting Budget allocations

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		centres constructed -phase II					
		No. of schools reached under Wildlife Conservation Education and Awareness programme	4,500	2250	2200	2200	The Variance of 50 will be achieved in quarter 3
		No. of higher learning institutions reached under Wildlife Conservation Education and Awareness programme	250	125	105	105	The Variance of 20 will be achieved in quarter 3
	WCTF Services	No. of approved regulations	1	1	1	1	Target achieved
		No. of policies developed	3				
		No. of Strategies	2	-	-	-	Targeted for 3 <sup>rd</sup> and 4 <sup>th</sup> quarters

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		developed					
		No. of guidelines developed	2	1	1	1	Target achieved
		Strategic plans developed	1	-	-	-	Targeted for 3 <sup>rd</sup> and 4 <sup>th</sup> quarters
		No. of Strategic Partnership product developed	3	1	1	1	Target achieved
		No. of funding proposals to partners developed	2	-	-	-	Targeted for 3 <sup>rd</sup> and 4 <sup>th</sup> quarters
		% of grants issued out of mobilized amounts towards wildlife conservation initiatives	100	-	-	-	Targeted for 3 <sup>rd</sup> and 4 <sup>th</sup> quarters
S.P 1.2: Wildlife Research Development	Wildlife Research and Training Services	No. of National wildlife census reports	-	-	-	-	The National Wildlife census report finalized and released

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		No. of Wildlife population counts reports developed	10	2	2	4	Target achieved. Counts done in Mwea and Meru
		No. of new wildlife technologies developed	2	2	2	2	Target achieved. Drones and collars for tracking wildlife
		% of exhibit DNA samples submitted and analyzed	100	100	98	98	Variance due to non-submission of samples
		No of disease surveillance and outbreaks reports	4	1	1	1	Analysis of African Swine fever virus spread model and response of warthog against ASFV infection undertaken, study areas being Nairobi and Machakos
		No. of wildlife research reports published and disseminated	10	4	4	4	Target achieved. The following publications done; 1. Advanced black Rhino

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
							conservation in Kenya. 2. Occurrence of Dystocia among free-ranging Giraffes. 3. National Wildlife Census report 4. National Wildlife Census technical report
		No. of wildlife training graduates	500	-	-	-	Ongoing. Will be achieved in Qtr. 3
		Wildlife training curriculum reviewed	1	1	0	0	The process is ongoing. The review will be finalized in Qtr. 4
		No. of models developed	1	1	0	1	Aquaculture model developed
		No. Spirulina products and value chain additions	1	1	-	-	To be achieved in Qtr 4

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		developed					
		No. of aquaculture products and value chain additions developed		1	0	0	Target to be achieved in Qtr. 4
		3rd Biennial Scientific Conference held	1	1	1	1	Target achieved.
	Wildlife Research and Development Infrastructure Services	% completion of research and training facilities rehabilitated at Naivasha HQ – Phase I	100	30	-	25	The procurement process is at award stage
		% completion of research and training centers constructed	22	10	-	25	The procurement process is at award stage
	ICT Services	% of National Integrated Wildlife Database Developed	100	25	30	55	The prototype has been completed, data collection done. Other

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
							works are ongoing The target will be achieved in Q4
		No. of tree seedlings grown (Millions)	2	0.5	0.5	0.75	Target achieved
S.P 1.3: Administration and Support Services	Wildlife Habitat Restoration Services	No. of seedlings grown (Millions)	3	0.83	0.01	0.53	The underperformance is largely attributed to delay in the operation of the e-procurement system
	Wildlife Conservation Services	% of Human Wildlife Compensation Claims verified and approved	100	30	32	32	Target achieved
	Administrative services	% facilitation of administrative services	100	25	25	25	Target achieved
	Financial Management Services	No. of financial and non-financial reports	8	4	4	4	Target Achieved
	Planning Services	M&E reports	4	2	2	2	Target Achieved

Priority Programmes/ Projects	Key Outputs	Key Performance Indicators	Annual Target 2025/26	Quarter 2 Target	Quarter 2 Achievements	Cumulative Achievement for the Half Year(Q1+Q2)	Remarks
<b>Programme 1: P.1: Wildlife Conservation and Management</b>							
		developed					

### 6.5.2 Description of Results

The implementation various planned activities were affected by the shifting from the old paper work procurement to adapting of the new digital automated procurement system (e-GP or e-procurement).. This transition impacts the achievement of planned activities in the FY2025/26. The various achievements include; development of Wildlife Conservation Management Bill 2025 which is in progress, finalization and release of the National Wildlife census report, construction 7 Km. of fence in conservancies, maintaining 1,958 Km of roads in conservancies and 179 Km. of roads in National Parks.

Further, four wildlife research reports were published and disseminated:

1. Advanced black Rhino conservation in Kenya.
2. Occurrence of Dystocia among free-ranging Giraffes.
3. National Wildlife Census report
4. National Wildlife Census technical report

A total of 8,314 Human Wildlife Cases were verified out of 25,498 submitted conflict claims cases for compensation. The verification process is still on progress.

### 6.5.3 Implementation Challenges

- i. Insufficient funding; implementation of key Programmes/projects in Wildlife subsector has been affected negatively by lack of funding
- ii. Overreliance on conservation partners' goodwill and support for project implementation such as technology deployment, training and establishment of endangered species sanctuaries
- iii. Human-wildlife conflicts escalation attributed to climate change and changes in land use resulting in occupation of corridors and dispersal areas
- iv. Government directives; Government directive on international travels has adversely affected marketing and promotion of the sector internationally. This has also affected the bidding of international events.
- v. Increased litigation and compensation claim

### 6.5.4 Recommendations

- i. To improve service delivery, the subsector needs to mobilize more resources from development partners, the private sector and civil society in order to complement budgetary allocations by the government.
- ii. There is need to secure wildlife corridors and dispersal areas to address the loss of wildlife habitats and ecosystem functions.
- iii. Regulation of land use through integrated planning that reduced transformation of wildlife habitats into human settlements
- iv. Enhance collaboration within the sector

## **6.6 Arid, Semi-Arid Lands and Regional Development Sub Sector**

The State Department for the ASALs and Regional Development was created through Executive Order No. 1 of 6<sup>th</sup> January, 2023 on the reorganization of Government of the Republic of Kenya which merged two state departments: State Department for Development of the ASALs and the State Department for Regional and Northern Corridor Development. The State Department is under the Ministry of East African Community (EAC), the ASALs and Regional Development. The ASALs and Regional Development sub-sector is composed of four directorates namely: Arid and Semi-Arid Lands (ASALs); Regional Development; and Administration and Support Services. The sub-sector works closely with other ministries and departments as well as County Governments to ensure effective co-ordination of planning, and development of Arid and Semi-Arid Lands; implementation of special programmes for development of arid and semi-arid areas; coordinating integrated basin-based development in the Regional Development Authorities (RDAs) among others.

The sub-sector plays a strategic role in national economic development. This is achieved through integrated regional development and unlocking the potential of ASALs in implementing the Government development priorities as enshrined in the Vision 2030, fourth Medium Term Plan (MTP IV) and the Bottom-Up Economic Transformation Agenda (BETA). The sub-sector has seven (7) Semi – Autonomous Government Agencies: National Drought Management Authority (NDMA), Kerio Valley Development Authority (KVDA); Tana and Athi Rivers Development Authority (TARDA); Lake Basin Development Authority (LBDA); Ewaso Ng'iro South River Basin Development Authority (ENSDA); Coast Development Authority (CDA) and Ewaso Ng'iro North River Basin Development Authority (ENNDA).

The State Department for ASALs and Regional Development continues to explore the opportunities within these frameworks to implement and coordinate multi-sectoral projects and programmes that are holistic, integrated and multipurpose in nature. The State Department has established strategic linkages with all sectors of the economy to provide leadership, policy formulation and implementation of programmes and projects. The sub-sector has linkages with other sub-sectors and sectors such as agriculture, livestock, fisheries, cooperatives, wildlife, industrialization, environment, tourism, energy and education among others as outlined below.

The sub-sector will continue to implement programmes and projects focusing on pro-poor interventions, 'The Plan' and Vision 2030 flag ship projects as well as any other Government development priorities as will be spelt out from time to time. The Sub-sector continues building synergies and collaborations with other development partners.

**6.6.1 Implementation status of key outputs and BETA priorities**

**Table 6.6: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY2025/ 26	Quarter (Q2) Achievem ent FY2025/2 6	Cumm. Achievem ent (Q1- Q2) FY2025/2 6	Remarks on the variance
Hunger Safety Net Program	Vulnerable households provided with cash transfers	No. of beneficiaries' households	70,000	70,000	0	0	No budget allocation was provided by TNT for any payments to those affected by drought
		No. of households regular receiving cash transfers	133,800	133,800	0	132,717	Low budgetary allocation that resulted in cash transfers for only four months (July – October 2024). Payments for Nov 2024 - June 2025 remain outstanding. No payment was therefore made for the reporting quarter

#### 6.6.2 Description of Results

#### 6.6.3 Implementation Challenges

- i. Budgetary constraints occasioned by inadequate funding compounded by austerity measures have hampered the implementation of planned programmes and projects.
- ii. Delays in Exchequer Releases affects the timely implementation of set plans and activities

#### 6.6.4 Recommendations

- i. Adequate budgetary allocation to enable the Sub-sector complete its on-going programmes/projects especially those affected by budget cuts.
- ii. Enhanced funding for Climate Change mitigation and adaptation measures to enable implementation of initiatives to address the effects of climate change on natural resources and the communities.
- iii. The National Treasury and Planning should support and fast-track the approval process of the Public Private Partnership (PPP) projects submissions as a means of joint resource mobilization with the respective Agencies to ensure that these projects are implemented to realize the Government agenda.
- iv. Enhance environmental conservation programmes e.g. Planting of trees, erosion control and soil conservation

#### 6.7 Mining Sub Sector

The State Department for Mining was created under the re-organization of the Government of the Republic of Kenya vide Executive Order No. 1 of January 2023. The State Department was previously under the Ministry of Petroleum and Mining, and currently domiciled under the Ministry of Mining, Blue Economy and Maritime Affairs.

The State Department for Mining is mandated to provide leadership in the management of the Mining sector. This includes development and implementation of mining policies, programmes and projects, creating a favorable legal and regulatory environment for investments and building capacity among others.

The mineral resources sector is one of the priority sectors under the Economic Pillar of the Kenya Vision 2030, the Bottom-up Economic Transformation Agenda “BETA” and Kenya’s frontier for Foreign Direct Investment (FDI). Among the 10 Priority Value Chains under the BETA Plan, the Mining sector is a major driver of the housing and manufacturing government's agenda as it provides construction and industrial materials. In addition, the sector has a potential to boost the country’s economic growth and development through increased export earnings, development of infrastructure, employment creation and improvement of social welfare.

##### 6.7.1 Implementation status of key outputs and BETA priorities

**Table 6.7: Outputs Results Matrix**

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Quarter (Q2) Target FY2025/26	Quarter (Q2) Achievement FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks on Variance
Formalization of Artisanal Mining Operations	ASM SACCOS established	No. of SACCOS established	100	25	1	1	Target not achieved due to delay in disbursement of fund as a result

							of court ruling nullifying collection of mineral development levy. This activity will be undertaken in subsequent quarters
	ASM Cooperative Registered	No. of ASM Cooperatives	100	-	-	-	The indicator is the same as one above, has been capturing ASM committees operationalized. May need to be merged or dropped.
Mineral Value Addition and processing	Mineral Value Addition Centres	No. of Mineral Value Addition Centres established	3	1	1	2	Cumulatively 2 Mineral Value Addition Centre establishment is ongoing and are at various stages of development including Flourspar Mining in Elgeyo Marakwet was awarded to an Investor while Kakamega Gold refinery is at sub structure level with 90% structure completion rate. Vihiga Granite

							cutting plant has stalled.
Mineral resource Development and Commercialization	Strategic minerals explored and commercialized	No. of Strategic Minerals explored	3	0	0	0	To be implemented in the subsequent quarters
Online Transactional Mining Cadastre System	An online transactional mining cadastre system upgraded	An operational online transactional mining cadastre system	4	1	1	2	The Online Portal was upgraded during the quarter.

### 6.7.2 Description of Results

A total of Kshs. 679,866,481.15 was collected as mineral revenue royalties during the quarter with a cumulative total collection of Kshs. 1,119,981,556.10. A major improvement on the Quantity of Gemstone (Carats) produced was realized during the (4,945.8) totaling to 5,663 due to continued utilization of gemstone value addition and processing Centre in Voi. However, the court ruling nullifying collection of mineral development levy hampered the implementation of some services including operationalization of the ASM cooperatives and exploration of strategic minerals

NOTE: The unit of measure for the outcome indicator on Ground truthing of mineral occurrences (anomalies) was captured in the indicator handbook as Km<sup>2</sup>. However, given the nature of the activity involved, it makes more sense to capture the achievements in terms of the no. of anomalies covered/ ground truthed. A total of 302 have so far been done up to the end of FY2023/24. However, none has been covered in the current Financial Year due to budget rationalization. We recommend the unit of measure for this indicator to be changed during the midterm review. quarter

### 6.7.3 Implementation Challenges

- i. The Recurrent nature of exploration activities posed a challenge of access to finances from the Exchequer. This hampered implementation and slowed down the pace thus leading to delays in implementation.
- ii. High Community/Stakeholders expectations coupled with divergent interests which affects projects implementation pace.
- iii. The limited number of Geologists and other technical cadres in the Ministry also hampered the implementation of some planned programs.

### 6.7.4 Recommendations

- i. There is a need for a whole of Government approach in attending to peculiar scenarios and this calls for patience and understanding by respective MDAs involved in the chain.

This will assist in avoiding delays that were experienced with approval processes within government agencies.

- ii. There is need for development and implementation of a strategic framework for stakeholders'/communities engagements at all levels of programmes/project development;
- iii. There is also an urgent need for consideration of additional staffing the State Department taking into cognizant its expanded mandate of spearheading reforms in the Mining sector and attracting investments through mining investments de-risking

## 6.8 Blue Economy and Fisheries Sub Sector

The State Department for the Blue Economy and Fisheries (SDBEF) derive its mandate from the Executive Order No. 1 of 2025. The functions are as follows: Co-ordinate development of National Oceans and Blue Economy Strategy and Policy; Coordinate development and implementation of Fisheries and Aquaculture Policy; Co-ordinate development of Policy, Legal Regulatory and Institutional Framework for Fisheries Industry and the Blue Economy; Drive sustainable transformation and diversification of the ocean's economy by promoting research and innovation; Increase local participation and investment in the blue economy through private sector engagement and partnerships; Coordinate development and implementation of Fisheries Marketing Policy; Fishing Licensing; Development of Fisheries; Promote Fish Consumption; Fish Quality Assurance; Enhancement of Technical Co-operation with Partner States; Management and Licensing of local and foreign fishing trawlers in Kenya Waters; Overall Policy for Exploitation of Agro- Based Marine Resources; Development of Fishing Ports and Associated Infrastructure; Capacity building for sustainable exploitation of Agro - Based Marine Resources; Protection of Aquatic Ecosystems; Promotion of Kenya as a Centre for Aquaculture; and Economic development-oriented fisheries research.

### 6.8.1 Implementation status of key outputs and BETA priorities

**Table 6.8: Outputs Results Matrix**

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
1.	Fisheries Management and Conservation	Specific fisheries management plans for marine and inland fisheries developed	No. of Plans	2	1	0	1	Target not achieved  Draft Prawn Management Plan at stakeholder consultations and public

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
								participation stage.
		Fisheries critical habitats identified, mapped and gazetted	No. of Fisheries critical habitats	10	2	0	0	Target not achieved  10 Probable critical habitats identified in Lake Victoria  Mapping and gazette ment yet to be done
		Created awareness on Eat more fish campaign	No. of Eat more fish campaigns	10	2	2	2	Target achieved  Eat more fish campaigns conducted during the World Aquaculture Day Celebrations in Mogotio, Baringo County and World Fisheries Day Celebrations

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
								ons at Liwatoni, Mombasa
2.	Blue Economy Investment and Development	Developed ultra-modern tuna fish hub at Liwatoni	Level of development ultra-modern tuna fish hub at Liwatoni	100	12.5	0	12.5	Target not achieved  Contract for fresh and frozen fish processing plant was awarded
Developed Lamu Fish Processing Plant		% level of completion	100	25	0	0	Target not achieved.  Acquisition of land documents is ongoing	
Kabonyo Fisheries and Aquaculture Service and Training Centre of Excellence (KFAST CE) developed		% level of completion	60	7.5	0	31	Construction ongoing	

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
		Kenya Marine Fisheries and Socio-Economic Development (KEMF SED) implemented	% completion	50	12.5	12.5	25	<p>Target achieved</p> <p>The overall project implementation is at 82%</p> <p>This achievement entails:</p> <p>Enhanced governance of marine fisheries and blue economy;</p> <p>Improved management of nearshore fisheries;</p> <p>Infrastructure development for fisheries management;</p> <p>Empowerment of coastal community livelihoods; and</p> <p>Support services for livelihood</p>

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
								enhancement.
		Rural households engaged in aquaculture farming and provided with fish production materials	No. of rural households;	5000	1250	1250	2500	Target achieved
			No. of farmers/beneficiaries	5000	4690	4690	10780	Through the Advancing Resilient and Nutrition Sensitive Small Holder Aquaculture (ARNSA) programme; <ul style="list-style-type: none"> <li>✓ 500 small holder farmers supported with farming inputs</li> <li>✓ 6 schools introduced to school feeding programme</li> </ul>

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
								<p>m throug h fish farmin g ✓ 18 interns hips progra mme ✓ 7 smart fish kiosks establi shed ✓ 100 traders (youth and wome n) suppor ted with fish trade equip ment</p>

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
3.	Fisheries Resources Development and Utilization	Developed and rehabilitated inland fish landing sites	No. of fish landing sites developed/ rehabilitated	9	9	0	0	Nine (9) fish landing sites handed over to the contractor and construction is ongoing. The landing sites include: Mainuga, Wakula, and Nyadhiwa in Homabay ; Asat and Ogal in Kisumu; Wichlum and Asembo Bay in siaya; Got Kachola in Migori County and Bumbe in Busisa County.

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
		Marine fisheries infrastructure developed/rehabilitated	No. of marine fisheries infrastructure	6	6	0	0	Construction of five (5) fish landing sites, hatchery & resource center are currently in progress across the coastal counties namely: Mukowe-36.2%, Kidongo-60%, Kipini-42%, Kilifi Central-58%, Mwaepi-46%, NAMAR ET Resource Centre 70%, NAMAR ET Hatchery 58%

S/No.	Priority Project/ Priority	Output	Indicator	Annual Target FY2025 /26	Quarter 2 (Q2) Target FY2025 /26	Quarter 2 (Q2) Achievement FY2025 /26	Cumulative Achievement (Q1 and Q2)	Remarks
		Deep-sea industrial fishing developed	No. of acquired / reflagged national fishing and merchant vessels / boats	50	13	25	25	Target Achieved  25 licences issued to long liners and trawlers fishing within the Kenyan EEZ
		Marine Stock Assessment Surveys conducted	No. Assessment Surveys	1	1	1	1	Target achieved
		Youth capacity built on fisheries and aquaculture skills	No. of youth	1000	250	100	593	Target not fully achieved due to budget constraints however 100 ToTs were Trained under ABDP programme

### 6.8.2 Description of Results

The State Department is committed to improve fisheries infrastructure development by establishing fish landing sites, hatcheries and resource centers across the country. The construction of these infrastructures is ongoing and completion is expected in the subsequent quarters of the FY. Once completed, they will address the challenges of fish post-harvest losses, improve fisheries value chain and strengthen livelihood for the Stakeholders in the fisheries sector.

### 6.8.3 Implementation Challenges

- i. Inadequate funding, budget cuts and delays in exchequer releases negatively affected implementation of planned programmes and projects
- ii. Weather condition (rainy season) during the quarter slightly affected the implementation of the projects

### 6.8.4 Recommendations

- i. Increase allocation of funds to the sector-Resource mobilization from both government and partners.
- ii. Revision of Programme of works to cover for the lost time

## 6.9 Shipping and Maritime Affairs Sub Sector

### 6.9.1 Implementation status of key outputs and BETA priorities

**Table 6.9: Outputs Results Matrix**

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/26	Quarter (Q2) Target FY 2025/26	Quarter (Q2) Achievement FY2025/26	Remarks
Green and Blue Jobs Initiative	Youth reskilled on STCW courses and placed on international ships	No. of youths reskilled	600	150	70	<b>Target achieved</b> The number of personnel seeking reskilling or revalidation of STCW programs are individuals on their sea time or those intending to board a ship after a particular period of break. This enrolment is affected by limited number opportunities for those

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
						onboarding vessels.
Marine Pollution Project	Regulations for implementation of the IMO's Conventions on prevention and control of marine pollution developed	No. of developed regulations for full implementation of the IMO's Conventions on prevention and control of marine pollution	2	1	1	<b>Target achieved.</b> Awaiting clearance of Regulations on MARPOL from Office of the Attorney General for Presentation of Draft Regulations to Delegated Parliamentary Committee.
Kenya National Shipping Line Cargo Capacity Programme	Vessels acquired	No. vessels acquired	4	1	0	<b>Target not achieved.</b> due to budgetary constraints and KNSL is also listed under Reforms as a State Corporation earmarked for dissolution/divestiture
	Shipping vessels chartered	No. of vessels chartered	4	1	0	<b>Target not Achieved.</b> This is affected by inadequate budget allocation and the Government's decision to divesture/dissolve KNSL
Trade Facilitation Project	Regulations for Maritime Transport	No. of regulations for Maritime Transport	1	0	0	<b>Target achieved</b> in the FY 23/24

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
	operators developed	operators developed				following gazettelement.
	Charter for Mombasa Port and Northern Corridor Community reviewed	Level of reviewed Charter for Mombasa Port and Northern Corridor Community	100%	25%	10%	<b>Target not achieved.</b> However, the review process commenced after the award of the bid to Marble Edge Consulting Ltd. The inception report is currently under review by the Project Implementation Team (PIT).
	Merchant Shipping and KMA Acts amended	Level of amended Merchant and Shipping Act, 2009 and KMA Act, 2006	100%	25%	100%	<b>Target achieved.</b> The Maritime Law (Amendment ) Bill which amends the Kenya Maritime Authority Act, Cap 370 and the Merchant Shipping Act, Cap 389 awaits clearance from the Office of the Attorney General to progress to Parliamentary Transport

Priority Project/ Priority Program me	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
						and Infrastructure Committee.
Trade Facilitation Project  Maritime Investment Project	Maritime single window system established	Duration/ time of port entry/ exit	Less than 10 days	2 Days	1 Day	<b>Target achieved in FY 2024/25</b>  The Maritime Single window system was developed and launched in July, 2021. MSW Integration with KRA's ICMS boarding module was initiated by KenTrade and an interim deployment was successfully conducted. User acceptance tests and training was conducted in June 2025. Processing time of the documents has so far reduced from 3 days to 1 day.
	Maritime investment policy developed	Level of developed maritime investment policy	100%	0	0	<b>Target not achieved</b>

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
	Centralized Maritime information/data system established	Level of maritime information data system established	10%	2.5%	0	<b>Target not achieved.</b> The Business Analysis and System Design of the Kenya Maritime Data Bank Project was completed which was a deliverable under phase 1.Phase 2 of the KMDB project in on hold in light of budget constraints
	Multiagency coordination framework developed	Level of developed multiagency coordination framework	100%	25%	10%	<b>Target not achieved.</b> This will be finalized in the subsequent quarters
Maritime Investment Project Shipping and Maritime Revenue	Public sensitized on proper use of incoterms	No. of sensitization and awareness campaigns on proper use of incoterms	4	1	1	<b>Target achieved.</b> The first awareness campaign was conducted in the second quarter
	KNSL licensed as a recruitment agency	Licensed KNSL	100%	25%	100%	<b>Target Achieved</b> KNSL Licensed as a placement and recruitment

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
						agency for FY 2025/26
	Increased capacity building and job creation in the Blue economy	No. of youths working in international shipping companies	3,000	750	770	<b>Target Achieved.</b> However, lack of an active national carrier to provide seetime and employment opportunities and low-level placement by licensed recruitment and placement agencies is affecting high achievement of the target.
Maritime Safety and Security Project	International instruments on safety and security complied	No. of regulations aligned with international instruments	12	12		<b>Target achieved in FY 2024/25</b>
		No. of Port State Control inspections done	2,000	500	14	<b>Target not achieved.</b> The low number was attributed to staffing constraints within the directorate. Measures are underway to recruit additional staff and ensure targets are met in

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
						subsequent quarters.
		No. of International Ship and Port Facilities Security Code (ISPS) audits undertaken	3	1	4	<p><b>Target achieved.</b> On 13<sup>th</sup> to 17<sup>th</sup> October 2025 the Authority Conducted the Annual Port Facility Security Audit of the following port facilities:</p> <ul style="list-style-type: none"> <li>i. Kenya Ports Authority's Cruise Ship Terminal</li> <li>ii. Kenya Ports Authority's Second Container Terminal</li> <li>iii. Kenya Ports Authority's Kipevu Oil Terminal II</li> <li>iv. Kenya Ports Authority's Mbaraki Wharf</li> </ul>
Maritime Safety and Security Project	Small vessel operators trained and certified	No. of operators certified	500	125	50	<b>Target not achieved</b> this was affected by low number of applications

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
						for certification.
	Response time in search and rescue operations reduced	Time taken to respond in search and rescue operations	25	25	25	<b>Target achieved</b>  From the analysis done, it takes an average of between 25 to 30 minutes to respond to an incident.
	Maritime communication network coverage expanded	Area covered in expanded maritime communication network coverage	100%	25%	100%	<b>Target achieved.</b> The Communication Authority confirmed optimal network coverage as per operator signal maps. Plans to acquire a toll-free emergency line for maritime distress calls are in progress.
Development of a National Maritime Spatial Plan	Maritime Spatial Plan Developed	% of completion	30	10	0	<b>Target not achieved</b> due to lack of budget allocation for the project
Maritime Education and Training	Survival Centre Constructed	% completion	25%	6.25%	10%	<b>Target achieved.</b> However, implementation of the project was

Priority Project/ Priority Programme	Output	Indicator	Annual Target FY2025/ 26	Quarter (Q2) Target FY 2025/2 6	Quarter (Q2) Achievement FY2025/26	Remarks
Development						constrained by inadequate budgetary allocation and cash flow challenges, leading to delays.
Vijana Baharia Programme	Youths trained on mandatory courses	No. of youths trained on mandatory courses	3,000	750	423	<b>Target not achieved.</b> The uptake of the programs largely depends on employment opportunities at the sea and availability of sea time. This has posed a challenge for maritime cadets hence affecting enrollment..

### 6.9.2 Description of Results

During the Second Quarter of FY 2025/26, the State Department for Shipping and Maritime Affairs, through the Kenya Maritime Authority, Bandari Maritime Academy and the Kenya National Shipping Line implemented various programmes and projects under the Fourth Medium-Term Plan (MTP IV). Overall performance during the quarter registered slow progress, with some outputs achieved while the majority experienced slow progress.

Under the Green and Blue Jobs Initiative, 70 youths were reskilled against a quarterly target of 150. Although the output was partially achieved, enrolment was affected by limited onboarding opportunities for seafarers due to availability of sea time and vessel placements. Relatedly, under the Vijana Baharia Programme, 423 youths were trained against a target of 750, with low uptake attributed to limited employment opportunities at sea and challenges in accessing sea time for cadets.

Implementation of the Marine Pollution Project recorded positive progress, with one regulation developed towards the implementation of IMO Conventions on prevention and control of marine pollution. The target was achieved, and the draft MARPOL Regulations are awaiting clearance

from the Office of the Attorney General prior to presentation to the Delegated Parliamentary Committee.

Performance under the Kenya National Shipping Line Cargo Capacity Programme remained constrained. No vessels were acquired or chartered against a quarterly target of one vessel in each case. This was mainly due to budgetary constraints and the Government's decision to earmark KNSL for divestiture or dissolution under State Corporation reforms.

Within the Trade Facilitation Project, the development of regulations for maritime transport operators had been achieved in FY 2023/24 following gazettelement. However, progress on the review of the Charter for Mombasa Port and the Northern Corridor Community remained below target, achieving 10% against a quarterly target of 25%. Nonetheless, the review process commenced following the award of the bid to Marble Edge Consulting Ltd, and the inception report is currently under review by the Project Implementation Team (PIT). Amendments to the Merchant Shipping Act, 2009 and the Kenya Maritime Authority Act, 2006 were fully achieved, with the Maritime Law (Amendment) Bill awaiting clearance from the Office of the Attorney General for onward submission to the Parliamentary Transport Committee.

Under the Maritime Investment Project, the Maritime Single Window System continued to record significant gains, with processing time reduced to one day against a target of two days. Integration with KRA's ICMS boarding module progressed, including interim deployment, user acceptance testing, and training conducted in June 2025. However, development of the Maritime Investment Policy, the Centralized Maritime Information/Data System, and the Multiagency Coordination Framework recorded slow progress due to budgetary constraints. Phase II of the Kenya Maritime Data Bank (KMDB) project remained on hold, while coordination efforts under the Jumuiya ya Kaunti za Pwani (JKP) framework progressed modestly through virtual technical meetings.

In the area of Shipping and Maritime Revenue, public sensitization on the proper use of incoterms commenced, with one awareness campaign conducted during the quarter. KNSL was successfully licensed as a placement and recruitment agency for FY 2025/26, achieving the set target. Capacity building and job creation in the blue economy exceeded the quarterly target, with 770 youths placed against a target of 750; however, the absence of an active national carrier and low placement by licensed recruitment agencies continues to constrain optimal performance.

Performance under the Maritime Safety and Security Project was mixed. Compliance with international safety and security instruments had been achieved in FY 2024/25. Port State Control inspections recorded low performance, with only 14 inspections conducted against a quarterly target of 500, largely due to staffing constraints. Conversely, ISPS audits exceeded the target, with four port facilities audited during the quarter. Training and certification of small vessel operators remained below target due to low application rates. Search and rescue response time targets were achieved, with an average response time of 25–30 minutes, while maritime communication network coverage targets were fully achieved as confirmed by the Communications Authority.

Progress on the Development of the National Maritime Spatial Plan was not achieved due to lack of budgetary allocation. Similarly, although the Survival Training and Certification Centre recorded progress of 10% against a quarterly target of 6.25%, implementation was constrained by inadequate funding and cash flow challenges, resulting in delays.

In summary, the Department's performance during the second quarter of FY 2025/26 was largely constrained by inadequate funding, institutional reforms, and staffing limitations. The lack of alignment between MTP IV programmes and Medium-Term Budget allocations within the Maritime Sector continues to negatively affect implementation of programmes and projects, despite the subsector submitting its requirements under the Energy, Infrastructure and ICT Sector framework.

### 6.9.3 Implementation Challenges

- i. **Budgetary Constraints**-Insufficient funding affected the implementation of programmes and projects such as the Kenya Maritime Data Bank Phase II, Maritime Investment Policy, Maritime Survival and Certification Centre, and Maritime Spatial Plan resulting in stalled progress.
- ii. **Delayed Legal Clearance**-Clearance of draft maritime regulations by the Office of the Attorney General delayed finalization and presentation to Parliament.
- iii. **Administrative Bottlenecks**-Inter-agency coordination and approval processes slowed the implementation of multi-agency frameworks and blue economy initiatives.
- iv. **Government Policy challenges:** KNSL is listed for dissolution/divestiture under the State Corporations Reforms, which hampers implementation of transshipment programme. Lack of recurrent budgetary allocation from the Exchequer for FY 2025/26 has affected program continuity and staff remuneration. In addition, ongoing court proceedings have delayed the restructuring agreement, affecting strategic partnerships and business expansion. This affects the overall development of the Maritime Sector and the economy at large since KNSL is the national carrier for sea-borne trade and is envisaged to generate revenue for government, provide the employment and seetime opportunities to the youth.

### 6.9.4 Recommendations

- i. **Provision of adequate Budget Allocation**-Adequate funding should be secured for the Maritime Sectors programmes and projects as planned in the MTP IV. This will ensure projects are implemented in time and benefits accruing from the completed projects benefits the country for the socio-economic development. There is need to ensure linkage between planning, budgeting and implementation of programmes and projects under the Maritime Sector by harmonizing the MTP IV and Medium-Term Budget.
- ii. **Fast-track Legal Approvals**-The Office of the Attorney General should expedite review and clearance of pending maritime regulations to prevent further implementation delays.
- iii. **Monitoring and Evaluation**-Monitoring, evaluation and reporting is one of the best practices in the implementation of programmes and projects. It is therefore important to ensure regular progress tracking and early risk identification mechanisms to preempt and address implementation bottlenecks.
- iv. **Reforming/ Restructuring of KNSL**-KNSL is a strategic institution as a national carrier for the country. It is important that the government should delist KNSL from the State Corporations Reforms list to safeguard its operational continuity and sectoral contribution. However, the government should restructure and reform KNSL in order to address the poor performance and ensure the institution plays its critical role in international trade by generating revenue, provision of seetime and employment opportunities and for socio-economic development of the country. The Government should therefore expedite the implementation of Project Mashariki, aimed at providing feeder shipping services between Mombasa, Lamu, and Zanzibar through chartered and eventually owned vessels.

## CHAPTER SEVEN

### GOVERNANCE AND PUBLIC ADMINISTRATION SECTOR

#### 7.1 Overview

The sector comprises Cabinet Affairs, Immigration and Citizen Services, Correctional Services, Internal Security and National Administration, Devolution, Diaspora Affairs, East African Community Affairs, Parliamentary Affairs, and their state agencies, State Law Office, Office of the Attorney General and Department of Justice, Foreign Affairs, Executive Office of the President, and Office of the Deputy President.

#### 7.2 Cabinet Affairs Sub-Sector

The sub-sector is responsible for Coordinating and Facilitate Cabinet Committees Meetings; Oversee and coordinate the Implementation of Cabinet Decisions and Presidential Directives across all Ministries and State Departments; Liaison with Constitutional Commissions and Independent Offices in matters that require intervention by the National Government including budgets, policy formulation and implementation of their recommendations; and Oversee and coordinate Public Sector Reforms.

#### 8.1.1 Sub-sector Performance

#### 8.1.2 Description of Results

#### 8.1.3 Implementation Challenges

#### 8.1.4 Recommendations

#### 7.3 Immigration and Citizen Service Sub sector

The sub sector is responsible for; Registration of Births and Deaths; Registrations of Persons; Policy on the National Integration Identity Management System; Development of the National Integrated Identity Management System (Digital ID – Maisha Namba); Oversight over and Co-ordination of the Management of the National primary data registers for Citizens and foreign nationals; Co-ordination of e-Citizen Services; Oversight of the Integrated Population Registration Systems (IPRS); Implementation of Citizenship and Immigration policy; and Implementation of Refugees' and Asylum seekers' Policies.

#### 8.2.1 Implementation Status of Key outputs and BETA priorities

*Table X: shows the SDI&CS Sub-sector BETA Output Results for FY 2025/2026*

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumulative Achievement (Q1-Q2) 2025/26	Remarks on Achievements Variance
Modernization of passport services	Passport	No. of passport issued	500,000	188,151	Target not achieved
Production and issuance of 3rd Generation ID/ Digital National ID	3rd Generation ID produced and issued	No. of eligible Kenyans issued with 3rd Generation ID/ Digital	2,250,000	981,922	Quarter not achieved

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumulative Achievement (Q1-Q2) 2025/26	Remarks on Achievements Variance
(Maisha card and digital card)		National ID (Maisha card and digital card)			
Unique Personal Identifier (Maisha Number)	UPI system in place	% level of operationalization	100	10	UPI operationalized and rolled out in Nairobi, Kajiado, Machakos and Kiambu county
	Unique Persons Identifier Numbers (UPI) generated	No. of UPI	300	82,138	Target not achieved
Modernization of National Population Register/ Population Master Database	Master Population Database	% modernization of Population Master Database	100	50	Target achieved
		No. of agencies connected to the population Master Database	50	17	Target not achieved
Integrated Border Management System (IBMS)	Electronic Travel Authorization (ETA) added and integrated in existing systems	No. of ETA certificate approval Issued	1,000,000	728,940	Target over achieved due to growing demand
	Advanced Passenger Information (API) system added and integrated in existing systems	% level of operationalization	100	30	Target not achieved due to inadequate budget. The component is at piloting stage
	Electronic gates added and integrated in existing systems	% level of operationalization	100	30	Target not achieved due to inadequate budget. The component is at piloting stage

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumulative Achievement (Q1-Q2) 2025/26	Remarks on Achievements Variance
<b>Refugee management</b>	Shirika Plan operationalized	% level of Shirika Plan operationalization	100	0	Target not achieved. Shirika Plan developed and published awaiting operationalization.
	Asylum seekers and refugees registered	No. of Asylum seekers and refugees registered	154,621	21,949	Target not met
	Refugees recognized	No. refugees recognized	4,000	7,144	Target was Over-achieved
<b>Onboarding of all Government services</b>	All Government services onboarded to the e-citizen portal	No. of Government services onboarded on the e-Citizen platform	11,000	1,581	Target not achieved
<b>Digitization of Immigration and Citizen Services Records</b>	Immigration and citizen services record digitized (National Registration Bureau, Civil Registration Services and Immigration)	% Level of digitization	100	30	The Digitization process is ongoing currently the select committee is at tendering stage for immigration. Digitized 1,797,155 birth and death records. and 4,048,125 for National Registration Bureau records
<b>Passport Control Centers</b>	Passport control centers established	No. of passport control centers established	3	0	Target not achieved due to budget constraints.

Source of data: The State Department for Immigration and Citizen Services

## 8.2.2 Description of Results

### 8.2.3 Implementation Challenges

- Some Beta projects were faced by occasional court cases.
- Inadequate budgetary allocation for operations
- Delay in release of the exchequer
- Inadequate staffs and offices
- Inadequate internet connectivity to some field offices
- Semi manual operations/manual records

### 8.2.4 Recommendations

To address these challenges and enhance future performance, the following measures are recommended:

- There is need to enhance Absorption of A-I-A
- Timely release of the exchequer by the National Treasury at the beginning of each quarter.
- Increased budgetary allocation by the National Treasury
- Automation of operations (UPI system) by the Civil Registration Services Directorate
- Digitization of manual records by Directorates of Civil Registration Services, Immigration Services and National Registration Bureau.

#### 7.4 Correctional Services Sub sector

The institutions under the subsector are mandated to; Correctional Services; Policy for Reform of Penal Justice system; Prisons Enterprise; Administration of Borstal Institutions; develop a rehabilitation programme for incarcerated minors; and Probation services. It also plays a critical role as an enabler of BETA priorities by providing security, enforcing regulations, preventing crime, revitalizing of leather industry in prisons, mechanization of prison farms, constructing affordable houses for staff, and promoting public safety.

#### 8.3.1 Implementation Status of Key outputs and BETA priorities

**Table 2.1: Governance, Justice and Law Sub-Sector BETA Outputs Results for FY 2025/2026**

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1 and Q2) FY2025/26	Remarks
Rehabilitation and Reintegration of Offender	Offender supervision, psychosocial support, educational and technical training opportunity	No. of offenders supervised	91,170	61,095	Target achieved
		No. of offenders provided with psychosocial support	91,170	61,064	Target achieved
		No. of offenders trained	1,750	12,627	Target Achieved
Security and National Government Administration Officers (NGAOs) recruitment and trained	Prison officers recruited and trained	No. of Prison officers recruited and trained	-	3,896	Target achieved
Development and expansion of prison infrastructure	Perimeter walls constructed in prisons	No. of prisons	23	0	To be reported in the subsequent quarter
	Watchtowers constructed	No. of watchtowers constructed	5	0	To be reported in the subsequent quarter
	Guardrooms constructed	No. of guardrooms constructed	13	0	To be reported in the

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1 and Q2) FY2025/26	Remarks
					subsequent quarter
Decongestion of prison facilities	Prison facilities decongested	No. Of offenders decongested	11,000	1,187	Target not achieved due to low referrals
Modernization of Police, Prison and NGA facilities	Security equipment for police and prisons maintained	% level of maintenance	100	0	To be reported in the subsequent quarter
	Prison telecommunication infrastructure upgraded	% completion	60	0	To be reported in the subsequent quarter
	Motor vehicles for the NGA officers, National Police Officers, Prisons and Probation acquired	No. of vehicles acquired	1,500	0	Request for leased vehicles sent to the National Treasury pending approval.
Security Enterprises Revenue Generation	Revenue generated	Revenue generated (KSH. Million)	1,000	123.488	Target not achieved
	Prisons farms mechanized	No. of prisons farms mechanized	1	0	To be reported in the subsequent quarter
	Irrigation projects established	No. of irrigation projects	1	0	To be reported in the subsequent quarter
	Livestock acquired	No. of livestock acquired	250	0	To be reported in the subsequent quarter
	Farm stores constructed	No. of farm stores constructed	2	0	To be reported in the subsequent quarter

Priority Project	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1 and Q2) FY2025/26	Remarks
	Assorted equipment acquired	No. of assorted equipment acquired	10	0	To be reported in the subsequent quarter
	Workshops/stores and showrooms constructed	No. of workshops/stores and showrooms constructed	10	0	To be reported in the subsequent quarter
	Contributory Benevolent Fund established and operationalized	% of operationalization in Contributory Benevolent Fund	60	-	To be reported in the subsequent quarter
	Insurance cover for loss of life for officers on duty provided	No. of officers covered	116,469	70,137	Target achieved
Police and Prisons Welfare	Affordable housing mortgage for 5000 security officers provided	No. of officers enlisted	1000	0	Target not achieved because the programme was voluntary
National Police and Magereza Hospitals	Hospitals equipped and operationalized	% completion	-	0	To be reported in the subsequent quarter
	Case Management system developed and operationalized	% development of Case Management system	70	15	To be reported in the subsequent quarter
Digitization of Correctional services	Prison Services digitized/Offender surveillance in place	% level of digitization	70	0	To be reported in the subsequent quarter

Source of data: The State department for Correctional Services Progress Reports

### 8.3.2 Description of Results

During the period under review, the State Department for Correctional Services made notable progress in implementing key BETA priority programmes and achieving selected targets despite financial constraints.

**Rehabilitation and reintegration of offenders:** The project aims to enhance rehabilitation, supervision and reintegration of offenders. This entails provision of offender supervision, psychosocial support, educational and technical training opportunities.

A total of 61,095 offenders were supervised and the same number provided with psychosocial support while 12,627 were provided with technical and vocational training.

**Security and National Government Administration Officers (NGAOs) recruitment and training:** The project seeks to enhance the capacity of Security in prisons facilities. The State Department recruited and is training 3,896 additional prison officers.

**Development and expansion of prison infrastructure:** The project targets to construct 23 perimeter walls, 5 watchtowers and 13 guardrooms in various penal institutions to enhance security. The State Department intends to complete all the ongoing perimeter walls, watchtowers and guardrooms projects.

**Decongestion of prison facilities:** The project aims to improve the living conditions of inmates by decongesting prison facilities through timely reporting to courts on pre-sentence, pre-trial, pre-bail and post-sentencing. During the period under review, the State Department decongested prison facilities by releasing 1,187 inmates.

**Modernization of prisons facilities:** The project targets to modernize security infrastructure and equipment to enhance responsiveness and efficiency of prison services. This entails acquisition of modern assorted security equipment, maintenance of security equipment for prisons and upgrading of prison telecommunication infrastructure. Further, to strengthen efficiency of security personnel 1500 motor vehicles for prisons and probation were to be acquired for the FY 2025/2026.

**Security enterprises revenue generation:** The project targets to enhance efficiency in security enterprise operations and revenue generation by; transforming the prisons enterprises; mechanizing prisons farms; establishment of irrigation projects; acquisition of livestock; construction of farm stores; acquisition of assorted equipment; and construction of workshops/stores. During the period under review, the State Department generated Ksh 123,487,880.25.

**Police and prisons welfare:** The project targets to improve the welfare of prison officers and their families through provision of life insurance cover for officers on duty; and provision of affordable housing mortgage for the officers. Insurance cover was provided for 70,137 prison officers.

**National police and Magereza hospitals:** The project targets to provide high standards of health that are responsive to the needs and well-being of security personnel by equipping and operationalizing Magereza level four hospitals. The State Department will operationalize the facility in the subsequent quarter.



The Magereza Level IV Referral Hospital

#### **Digitization of correctional services**

The project aims to support delivery of services through networking of all correctional institutions and acquisition of ICT equipment, development of Integrated Offender Records Management System (IRMS), installation of surveillance systems, expansion and upgrading of prison telecommunication infrastructure, and development of offender case management system. The State Department is in the process of developing Integrated Correctional Management Information System (ICMIS) which the tender has been awarded.

#### **8.3.3 Implementation Challenges**

The following are challenges encountered during the implementation of the key outputs/BETA priorities in the State Department:

1. The increasing inmates' population strained both human and infrastructural resources in penal institutions;
2. Inadequate budgetary allocation, frequent financial austerity measures and budget cuts;
3. Pending bills for both recurrent and development expenditures;
4. Inadequate accommodation for inmates and staffs;
5. Inadequate capacity building for Officers to enhance competencies to address emerging demands in offender management;
6. Lack of an integrated case management system within the criminal justice system;
7. Inadequate ICT equipment to support service delivery; and Inadequate legal and policy framework.

#### **8.3.4 Recommendations**

The State Department for Correctional Services recommends the following to hasten implementation of the BETA priorities towards realization of the annual targets of the priorities:

1. Construction of additional inmates' accommodation and embracing alternative sentences to imprisonment;
2. Provision of adequate funding;
3. Adequate and timely release of exchequer;

4. There is a need to embrace Public Private Partnership (PPP) in implementation of development projects;
5. There is a need to train officers on emerging crimes;
6. There is a need to use modern technology to support service delivery;
7. There is need to adopt a unified offender data and case management system; and
8. Acquisition and installation of modern ICT equipment
9. Harmonization of policy and legislative frameworks relating to peace and security.

#### 7.5 Internal Security and National Administration Sub sector

The Subsector contributes to the implementation of MTP VI (2023–2027) under the Governance, Security, and Rule of Law pillar by enhancing national security, public safety, and promoting peace and stability to support socio-economic development. Key interventions include strengthening community policing and Nyumba Kumi initiatives, expanding and modernizing police and administrative infrastructure, and deploying multi-agency approaches to address emerging threats such as terrorism, cybercrime, and cross-border insecurity.

#### 8.4.1 Implementation Status of Key outputs and BETA priorities

Table XX: Security Subsector MTPIV Output Results for FY2025/2026

Priority Project	Output	Indicator	Annual Target 2025/26	Cum. Achievement (Q1-Q2) 2025/26	Remarks
Security and National Government Administration Officers (NGAOs) recruitment and trained	Police officers recruited and trained	No. of police officers recruited and trained	5,000	10,000	Surpassed the target
	NGAOs recruited and trained	No. of NGAOs recruited and trained	500	0	No budgetary allocation
Police stations and National Government Administration (NGA) field offices	Police stations constructed and operationalized	No. of police stations constructed and operationalized	146	0	No budgetary allocation
	Gazetted administrative units operationalized	No. of gazetted administrative units operationalized	1000	865	Target met
	NGA field offices constructed and operationalized	No. of NGA field offices constructed and operationalized	150	27	Construction ongoing
	Field offices refurbished	No. of NGA field offices refurbished	600	6	Inadequate funding

Priority Project	Output	Indicator	Annual Target 2025/26	Cum. Achievement (Q1-Q2) 2025/26	Remarks
National Police Forensic Laboratory	National Police forensic laboratory equipped and operationalized	% completion	95	52.76	Underfunded
	Forensic officers trained	No. of officers trained	50	369	The Target Surpassed Due to Support from Donors
Modernization of Police, and NGA facilities	Modern assorted security equipment acquired	% of acquisition	70	29.76	underfunded
	Security equipment for police maintained	% level of maintenance	100	100	Target achieved
	Integrated Command and Control Centre (IC3) expanded to all cities, major towns and highways	% completion	60	0	No budgetary allocation
	Motor vehicles for the NGA officers and National Police Officers acquired	No. of vehicles acquired	1500	0	No budgetary allocation
	Motorecycles for Chiefs/Assistant Chiefs acquired	No. of motorecycles acquired	2500	0	No budgetary allocation
	Modernization of the Kenya Coast Guard	Kenya Coast Guard headquarters constructed	% completion	50	2
Modern ships acquired		No. of ships acquired	1	0	Inadequate budgetary allocation
Boats acquired		No. of boats acquired	5	0	No budgetary allocation
Police Welfare	Contributory Benevolent Fund	% of operationalization	60	0	Necessary legislation

Priority Project	Output	Indicator	Annual Target 2025/26	Cum. Achievement (Q1-Q2) 2025/26	Remarks
	established and operationalized	n Contributory Benevolent Fund			has not been put in place.
	Insurance cover for loss of life for officers on duty provided	No. of officers covered	116,469	116,469	All officers are covered for loss of life
	Affordable housing mortgage for 5,000 security officers provided	No. of officers enlisted	1,000	0	Framework for acquiring the affordable houses has not been finalized.
Miritini Treatment and Rehabilitation Centre	Miritini Treatment and Rehabilitation Centre completed and operationalized	% completion	60	20	Inadequate budgetary allocation
Digitization of police stations and services	Police stations net- worked	No. of police stations networked	249	0	No funds allocated to undertake the exercise.
	Occurrence Books digitized	No. of police stations with digitized OB	249	0	No funds allocated for the project
	NGA services digitized	% of services digitized	75	0	No budgetary Allocation
Modernization of Government Chemist Laboratories	Government Chemist laboratories constructed	No. of laboratories constructed	1	0	Ongoing
Government Projects and Programmes Coordination	Government projects and programmes coordinated	% of National Government projects and programmes coordinated	100	100	Government projects and programmes coordinated

Source of Data: State Department for Internal Security and National Administration.

#### 8.4.2 Description of Results

#### 8.4.3 Implementation Challenges

1. Inadequate funding /non funding leading to minimal project milestones
2. Emerging and changing trends in crime.
3. Fluid international political landscapes and dynamic security environment that limit the predictability of the level of success of planned programmes.

4. Weak collaboration framework between the security agents and members of the public.

#### **8.4.4 Recommendations**

1. Install appropriate ICT infrastructure covering all security agencies and ensure integration among the systems;
2. Develop a secure inter-agency web-based communication system that can be used on a real-time basis in responding to crime incidence;
3. There is need to provide adequate financial resources for projects/programmes especially for the construction of police stations and NGA offices;
4. There is need for the exchequer to release funds in time for efficient implementation of planned programs; and;
5. Enhanced capacity building for effective and efficient provision of security and policing services.

#### **7.6 Devolution Sub sector**

This Sub sector plays a central role in the implementation of the **MTP IV** and **BETA**, both of which prioritize strengthening devolution as a means of accelerating inclusive growth and equitable development across the country. MTP IV emphasizes deepening the devolved system of government by enhancing service delivery, governance, citizen participation, and capacity development at the county level. In alignment with BETA, the SDD is instrumental in facilitating grassroots transformation through effective intergovernmental coordination and support to county governments.

##### **8.5.1 Implementation Status of Key outputs and BETA priorities**

##### **8.5.2 Description of Results**

##### **8.5.3 Implementation Challenges**

##### **8.5.4 Recommendations**

#### **7.7 Diaspora Affairs Sub sector**

The sub sector aims to champion the Protection of the rights and promotion of the welfare and interests of Kenyans in the Diaspora while facilitating their active participation in national development. This involves creating and implementing policies that promote structured and safe international labor migration, fostering strong partnerships with diaspora communities, supporting diaspora investment and remittances, and ensuring effective delivery of consular and support services.

##### **8.6.1 Implementation Status of Key outputs and BETA priorities**

Priority Project	Output	Indicator	Annual Target 2025/26	Cumm. Achievement (Q1-Q2) FY 2025/26	Remarks on Achievement Variance
Diaspora service delivery	Diaspora Integrated Information Management System (DIIMS) developed and implemented	% of DIIMS operational	100%	100%	DIIMS 100% developed, implementation on going progressively
	A 24-hr emergency response centre	No. of emergency response centres	1	100%	24-hr emergency response centre at 100% operational. Hardware and software installed, Bulk SMSes and E1 lines for international calls are operational. 25 Call centre agents trained
	A framework for technology and skills transfers and cooperation among Diaspora created	framework created	1	1	Kenyan Diaspora Skills and Technology Database updated frequently
	Diaspora offices established and operationalized in Mission	No. of Diaspora offices	10	0	7 Diaspora offices scheduled for operationalisation in Fy 2025/26
	Diaspora engagements strengthened	No. of High-level Diaspora engagements	2	9	High Level engagements with the diaspora held in Qatar, Australia, USA, S/Africa, UK, Japan, UAE, Oman and Angola
Growth of diaspora remittances	Diaspora facing products established	Value of diaspora bonds	-	-	Discussions ongoing with the National Treasury, the Capital Markets Authority and Central Bank of Kenya on establishment of a diaspora bond. The Bond is not yet issued.
		Value of Diaspora Direct Investment (USD millions)	110		Remittance at \$ 1,256 million for Q1

	Strategy to eliminate bottlenecks and reduce remittance transaction costs developed	% Reduction in remittance costs	3.0		Advocated for reduction of remittance transaction costs in multilateral forums and during engagements with financial institutions.
	Diaspora SACCOs promoted, established and operational	No. of Diaspora SACCOs promoted, established and operational	110	5	The State Department promotes the establishment of diaspora SACCOs during engagements for a higher-level impact in National Development.
	Bi-laterals & Multilateral engagements to identify new opportunities for international employment and investment held	No. of engagements	4	2	Engagements/negotiations are ongoing with United Kingdom.
	Diaspora excellence awards gala hosted	No. of Diaspora excellence awards gala	1	0	Planned for Q4 FY 202526
	County Investment Profiles identified and disseminated to diaspora	No. of County Investment Profiles developed and disseminated to diaspora	9	1	Investment opportunities in counties disseminated during virtual engagements
	County Investment Fora Held	No. of county investment fora held for the diaspora	110	1	The State Department participated on county investment forums in Homabay and Mombasa
Diaspora rights and welfare	Diaspora Evacuation Plan developed and implemented	Evaluation Plan	1	1	Diaspora evacuation and repatriation guidelines were developed in line with the National Evacuation plan. 441 Kenyans in distress assisted/repatriated 73 Mortal remains repatriated
	Diaspora Emergency and Welfare Facility developed and implemented	No. of Emergency and Welfare programmes	-	-	Funds for evacuation and repatriation were availed by the National Treasury for Iran evacuations.

	Human remains of deceased Kenyans repatriated	% human remains repatriation requests facilitated	100	100	The State Department successfully repatriated 73 remains of Kenyans from various countries
	Distressed Kenyans abroad safely evacuated	% Distressed Kenyans evacuated	100	100	The State Department successfully repatriated 441 Kenyans in distress.
	Diaspora Returnees' Integration programme implemented	% of returnees counselled and capacity built	100	100	Counselling services provided to 217 Kenyans
	Migrants 'rights and welfare fora held	No. of County fora	1	1	For a held in Mombasa County
	10 safe houses for diaspora established and operational	Safe houses established	2	1	Safe house established in Thailand

Data Sources: SDDA, C

#### 8.6.2 Description of Results

#### 8.6.3 Implementation Challenges

#### 8.6.4 Recommendations

### 7.8 East African Community Affairs Sub-sector

This sub sector is mandated to oversee EAC integration policy, coordinate treaty and protocol implementation, negotiate regional agreements, and promote public awareness and participation. It also monitors regional directives, manages shared resources like Lake Victoria, supports regional institutions, and provides secretariat services for EAC summits.

#### 8.7.1 Implementation Status of Key outputs and BETA priorities

#### 8.7.2 Description of Results

##### Elevate Kenya's Anchor State Status

- i. The 25th EAC MSMEs Trade Fair was successfully held on November 7th to 16th, 2025, in Nairobi.
- ii. 1,263 MSMEs facilitated to access local, regional and international market.
- iii. A total of 2,300 exhibitors out of them 1,263 were Kenyan exhibitors
- iv. A total of 530 Women and other small-scale traders trained on
- v. Two (2) national outreach and stakeholder engagements held. The East African Legislative Assembly (EALA) Women Caucus in partnership with the East African Community (EAC) Secretariat conducted a comprehensive oversight activity from **10th to 13th September 2025** at the Namanga One Stop Border Post (OSBP); SDEAC/EALA multi-stakeholders

engagement preparatory meeting on the EAC Elimination of FGM Bill 2025 conducted on 3<sup>rd</sup> December, 2025 at Radisson Blue Upper Hill. 60 participants; Country Position on the Bill presented to EALA Committee virtually on 4<sup>th</sup> December 2025

- vi. Capacity building on STR was conducted for women in Cross – border trade within the EAC at the Namanga OSBP from 10<sup>th</sup> to 13<sup>th</sup> September, 2025. 400 women, 70 men truck drivers and 60 border officials.

### 8.7.3 Implementation Challenges

- i. Slow progression in full implementation of the EAC pillars of integration;
- ii. Long-standing, recurring and new Non-Tariff Barriers continued to be detrimental to the free flow of trade;
- iii. Inconsistent application of the Common External Tariff (CET), re-occurrence and emergence of new NTBs and restrictive use of rules of origin continue to be detrimental to the free flow of trade;
- iv. Inadequate budget and budget cuts which affect implementation of the set targets;
- v. Low level of commitment and goodwill to support implementation of directives by partner States;
- vi. Political instability continues to affect the stability of the region; and
- vii. Multiple fees charged by County governments on transit trucks along the Northern Corridor making the cost of doing business in Kenya uncompetitive hence derailing the integration agenda.

### 8.7.4 Recommendations

- a) Spur regional agribusiness by linking the Kenya Commodity Exchange with that of the Northern Corridor Integration Project (NCIP) Partner States in order to facilitate intra-trade in EAC through warehouse receipt systems;
- b) Revision of the EAC Simplified Trade Regime to enhance the list of commonly traded products by the MSMEs across the borders;
- c) Timely resolution of reported non-tariff barriers to trade and full operationalization of the EAC NTBs Elimination Mobile Application;
- d) Enhance awareness creation on opportunities obtaining from the EAC integration process;
- e) Interfacing the Central and Northern Corridor Cargo Tracking Systems; and
- f) Exploiting the economies of scale emanating from emerging and third-party markets.

## 7.9 Parliamentary Affairs Sub sector

The sub sector is responsible for coordinating the National Government’s Legislative Agenda across Ministries, State Departments, and Agencies in consultation with Party and Coalition leadership in Parliament. It also fosters an enabling policy and regulatory environment to support the National Development Agenda, including the Bottom-Up Economic Transformation Agenda (BETA), while promoting a Whole-of-Government approach in service delivery and implementation of national priorities.

### 8.8.1 Implementation Status of Key outputs and BETA priorities

Priority Program/P roject	Output	Indicator	Annual Target FY 2025/26	Cumm. Achievement FY 2025/26	Remarks on the variance
<b>Leadership, Accountability and Legislative Agenda</b>	A framework for coordination of	No. of Frameworks developed and	1	1	Target Achieved.

	policies, legislations and statutory instruments developed and implemented	implemented			
	Proposed policies and legislation vetted	% of Policies and legislations vetted	100	100	Target Achieved
	Existing legislation and policies analyzed and reviewed	No. of reports	4	2	Two Advisory briefs prepared
	Standard guidelines on legislation and policy developed and implemented	No. of guidelines developed and implemented	1	-	Done in FY 2023/2024
	Legislation/policy tracking information systems established	Operational tracking information system	100	30	Scope redefined
	Parliamentary liaison offices established in MDAs and MDAs capacity built on Policy, legislative development	No. of Parliamentary liaison focal officers' capacity built	104	-	Inadequacy of funds. To be undertaken in subsequent quarter
		No. of MDAs capacity built on Policy and legislative process	104	57	Target achieved.
	Parliamentary liaison services digitized	% of services digitized	100	-	Awaiting for funds for development of the system

Source of Data: SDPA Quarter 2 PC reports for FY 2025/26

### 8.8.2 Description of Results

The Parliamentary Liaison Framework which was completed in the first quarter was under implementation and further reviews. All Policies and legislations forwarded to the Department or where the department was enjoined in their development processes were vetted as targeted. The target on development of the Standard guidelines on legislation and policy was done in the FY2023/2024 and its implementation is in progress.

The Legislation/Policy Tracking Information System (LATIS) development is in progress. During the second quarter, a holistic re-evaluation of the project scope was conducted expanding its scope and a standard concept note was prepared as per the PIM guidelines. This also defined the current completion rate to 30%.

The establishment of Parliamentary Liaison Offices and capacity building of liaison focal point officers is to be undertaken in the subsequent periods when the fully rolled out.

On strengthening of the establishment of Parliamentary Liaison Offices, twenty-two (35) MDAs participated in a workshop held on review of GLA implementation held at the start of the quarter where issues of policy and legislative development, unlocking challenges and reporting processes were discussed. Capacity building of liaison focal point officers is to be undertaken in the subsequent quarters subject to availability of funds

The completion of the Liaison Framework between the Executive and Parliament set the stage for initiation of digitization of Parliamentary liaison services which has already been included in the new concept note for the LATIS project and will be started upon approval and availability of funds.

### **8.8.3 Implementation Challenges**

During the period under review, the State Department faced challenges while implementing its programmes including:

- i. Inadequate budgetary provision for the planned programmes/activities;
- ii. Inadequate human resource capacity; and
- iii. Inadequate working office space leading to sub-optimal service delivery.

### **8.8.4 Recommendations**

- i. Increase Budgetary allocations to enable the state department implement its programmes;
- ii. Approval and funding of the LATIS projects
- iii. Acquisition of additional office space to accommodate staff
- iv. Acquisition of motor vehicles to transport officers for official assignments to minimize disruptions to service delivery.

### **7.10 State Law Office and Department of Justice sub sector**

The sub sector serves as the government's principal legal adviser. Its mandate includes advising on constitutional and international law matters, representing the state in civil and constitutional cases, drafting and vetting agreements, coordinating treaty reporting, and drafting legislation. It further oversees legal matters relating to estates, trusts, registration of entities, and regulation of the legal profession, while promoting the rule of law and public interest. Additional functions

assigned by the President include managing legal policy, anti-corruption, legal aid, constitutional implementation, and political parties' policy.

#### 8.9.1 Implementation Status of Key outputs and BETA priorities

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievem ent (Q1 – Q2) FY 202526	Remarks
Transformation, decentralization, and Digitization of State Law Office	State Law Office Headquarter and 9 regional offices constructed and equipped	No. of offices constructed and equipped	2	4	Kiambu, Kitui, Machakos and Makueni offices equipped.
	State Counsels recruited	No. of State Counsels recruited	100	0	Target to be achieved in subsequent quarters
	State Counsels and other Paralegal trained	No. of State Counsel and other Paralegal trained	100	53	Target achieved
	Legal services and business processes automated and digitized	No. of legal services and business processes digitized	75	45	Target on course
		No. of legal services manual records digitized	3,500	3,150	Target achieved
	Database for treaties, conventions, agreements and legal opinions developed	Database developed	1	0	Target to be achieved in subsequent quarters
	Documentation and a modern archival centre established	Document ation and modern archival centre	1	1	Target achieved
	Specialized legal services outsourced	No. of external advocates/ law firms engaged	3	2	Target achieved

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1 – Q2) FY 202526	Remarks
	Business entities registered	No. of business entities registered	155,200	69,266	Target achieved
Legal Aid and Awareness	Legal aid offices established in 16 additional counties	No. of additional legal aid offices established	3	0	Target to be achieved in subsequent quarters
	Indigent, marginalized and vulnerable persons offered direct legal aid	No. of indigent, marginalized and vulnerable persons offered direct legal aid	38,000	25,663	Target achieved
Promotion of Human Right	Awareness fora on Victim Protection Act conducted	No. of awareness county fora held	12	0	Target to be achieved in subsequent quarters
	National victim's protection database developed	% of Victim protection database developed	100	5	At the preliminary stage
	Treaty reports on human rights prepared and defended	No. of treaty reports on human rights prepared and defended	1	1	Target achieved
Leadership Ethics and Integrity	Sessional Paper No. 2. of 2018 on National Ethics and Anti-Corruption Policy (NEAP) implemented	Report on implementation of the NEAP Policy	1	-	Target to be achieved in subsequent quarters
	Recommendations of country review reports on fulfilment of Kenya's international and regional obligations on governance, ethics and	No. of Implementation reports (AU and UN)	1	-	Target to be achieved in subsequent quarters

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/ 26	Cumm. Achievem ent (Q1 – Q2) FY 202526	Remarks
	integrity implemented				
	Integrated Public Complaints Referral Mechanism (IPCRM) system established and rolled out	% of IPCRM system developed	100	-	Target to be achieved in subsequent quarters
	Proceeds/ assets seized, preserved, forfeited/ confiscated	% Proportion of proceeds/ assets seized, preserved, forfeited/ confiscated	100	100	Target achieved
Constitution And Legal Reforms	Laws and subsidiary legislation developed, reviewed or harmonized	% of laws and subsidiary legislation developed, reviewed, or harmonized	100	100	Target achieved
	Legal and civic education on the Constitution conducted	No. of legal and civic education fora/sessions	14	6	Target on course
	Legal research and comparative studies on policies, laws, regulations undertaken	No. of legal research and comparative studies undertaken	3	4	Target on course
Legal Education And Training	ATP examination centers established	No. of ATP Examination centers established	4	-	Target to be achieved in subsequent quarters

Source of Data: State Law Office & It's SAGAs

### 8.9.2 Description of Results

During the period under review, notable progress was realized under the priority area of Transformation, Decentralization and Digitization of the State Law Office, four regional offices in Kiambu, Kitui, Machakos and Makueni had been equipped against an annual target of two, signifying overachievement in decentralization efforts. Capacity building was strengthened through the training of 53 State Counsels and paralegals, surpassing the mid-year target, while

significant strides were made in digitization, with 45 legal services and business processes automated and 3,150 manual records digitized out of a target of 3,500. Further, a modern archival centre was successfully established, specialized legal services were outsourced through the engagement of two external law firms, and 69,266 business entities were registered. However, recruitment of State Counsels and development of the treaties and legal opinions database remained pending and are expected to be addressed in subsequent quarters.

In the areas of Legal Aid and Awareness, Promotion of Human Rights, Leadership, Ethics and Integrity, and Constitutional and Legal Reforms, mixed performance was recorded. A total of 25,663 indigent, marginalized and vulnerable persons were provided with legal aid, while one treaty report on human rights was prepared and defended, and full achievement was recorded in laws and subsidiary legislation harmonization as well as in asset seizure and forfeiture. Legal and civic education forums and legal research activities were on course, with outputs already surpassing annual targets in legal research. Nonetheless, several interventions, including establishment of legal aid offices, victim protection awareness fora, implementation of the NEAP policy, operationalization of the IPCRM system, and establishment of ATP examination centers, had not commenced or were at preliminary stages by mid-year. These will be prioritized in the remaining quarters to ensure full attainment of the targets.

#### **8.9.3 Implementation Challenges**

- Inadequate funds and budget cuts: Inadequate funds make it difficult to plan and implement activities.
- Slow pace of decentralization of services to the counties.
- Inadequate Human Resource: The National Legal Aid Service (NLAS) has inadequate human resource handle the increasing number of Kenyans seeking legal aid services.
- Severe shortage of experienced drafters due to high turnover of skilled and competent staff, mostly due to lower terms of service and retirement of the senior and skilled drafters.
- Slow implementation of the approved scheme of service and career progression has led to a high turnover in all cadres of staff.

#### **8.9.4 Recommendations**

- Fast track operationalization of the legal aid services.
- Foster optimal utilization of resources.
- Capacity empowerment of staff to ensure service delivery and value for money
- Enhance mobilization of resources from the Government and development partners
- leverage on the devolved government structures to expand the coverage of legal aid services nationally and hence reach more people.

#### **7.11 Foreign Affairs Sub sector**

This sub sector role is to advance Kenya's foreign policy and strategic interests globally. The sub sector plays a pivotal role in advising the Presidency on international affairs, coordinating diplomatic engagements, fostering economic cooperation, and promoting Kenya's presence on the

global stage. Guided by the principles of the Bottom-Up Economic Transformation Agenda, it seeks to advance the country's strategic interests through forward-looking diplomacy. It is committed to shaping a just, peaceful, and inclusive global order by reinforcing regional leadership, advocating for Africa's development agenda, expanding strategic partnerships, and addressing emerging global challenges.

### 8.10.1 Implementation Status of Key outputs and BETA priorities

Table XX: Foreign Affairs Subsector BETA Output Results for FY2025/2026

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks
Modernization and improvement of diplomatic infrastructures.	Government-owned properties acquired, refurbished, branded and modernized.	No. of government properties acquired, refurbished, branded and modernized.	15	5	Target Achieved <ul style="list-style-type: none"> <li>i. Purchase of Chancery in London completed</li> <li>ii. Renovation Staff a staff house in London,</li> <li>ii. Renovation of Chancery and Official Residence in Mogadishu.</li> <li>v. Renovation of Chancery and residence in Islamabad</li> <li>v. Drilling of borehole and installation of solar water pump in Kenya embassy Harare.</li> </ul>
	Diplomatic enclave developed	% level of establishment	50	0	The State Department is developing a CAB Memo to allow purchase of land for the diplomatic enclave.

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks
	Security and ICT in missions improved	% level of improvement	50	0	Target not achieved due to Budgetary constraints
	Foreign Service Academy established and operationalized	% level of operationalization	60	70	Target achieved
Transform Missions into Economic Hubs	Kenya missions abroad empowered to market Kenya as preferred destination of choice for trade investment and tourism	No. of trade and investment promotion activities and business forums	60	18	Target not achieved <ul style="list-style-type: none"> <li>i. Kenya-Morocco Economic Promotion and Trade week- 10th to 15th November.</li> <li>ii. AU-EU Summit and Business Forum – 24th to 25th November 2025, Angola.</li> <li>ii. Ambition Africa Business Forum, 18th - 19th November, Paris.</li> <li>v. WTO “Beyond Tariffs” Event, Nairobi 10th – 11th December 2025</li> <li>v. Marrakech Coffee and Tea festival – 6th to 8th December</li> <li>vi. COMESA Business Forum 7th October 2025</li> <li>ii. KOIMA Business Forum 28th Nov 2025</li> </ul>

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks
					ii. Malaysia – Kenya High Level Business Forum, 24th November 2025 x. Kenya –Saudi Business Forum
Elevate Kenya's Anchor State Status	Regional, continental and global peace and stability engagements strengthened	No. of engagements	16	1	Target not achieved National Maritime Security Committee Meeting.
	Joint Border commissions (JBCs) agreed minutes implementation monitored and documented.	Annual progress reports	1	0	To be undertaken in Q4
	State/official high-level visits facilitated.	No. of outbound and inbound state/official visits	20	12	Target on course
	Bilateral frameworks concluded	No. of bilateral cooperation frameworks	50	9	Target on course i. 1st Session of Kenya-Denmark Political Consultations on 19th September, 2025 in Copenhagen
					ii. 3rd Kenya-Belgium Political Consultations on 8th October, 2025 in Nairobi ii. Kenya-Oman Political Consultation held v. Kenya-UAE CEPA Ratified  v. Kenya – Tanzania NTB negotiations

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks
					vi. Kenya – Uganda NTB negotiations ii. The Directorate facilitated and participated in the Joint Commission for Bilateral Cooperation held in Philippines, 15th -20th November 2025(PDA)

New Honorary Consuls appointed	No. of Honorary Consuls appointed	3	0	Target not achieved Nominations for appointments awaiting approvals
Country position papers prepared	No. of high-level forums where Kenya's foreign policy is articulated for	20	6	Target achieved
Country candidature papers prepared	No. of country positions lobbied/secured	3	4	Target achieved i. Kenya's candidature to the International Maritime Organization, November 2025, London, UK ii. Ongoing campaigns for the AU Peace and Security Council (AUPSC) ii. Ongoing Campaigns to International Telecommunication Union v. Universal Postal Union
Individual candidature positions lobbied	No. of individual positions lobbied/secured	5	5	Target achieved Mr. Mohammed Ibrahim Amin elected INTERPOL Executive Committee-Delegate for Africa for the 2025-2028 period in Rabat, Morocco, November 2025

					<p>ii. Election of Professor Phoebe Okowa to fill the casual vacancy of position of Judge to the International Court of Justice at the elections held in New York on November, 2025</p> <p>ii. Election of Ms. Nancy Gathungu as an external auditor</p> <p>to</p> <p>the Comprehensive Nuclear Test Ban Treaty Organization (CTBTO) and the World Trade Organization</p> <p>v. Ongoing campaign for Professor Phoebe Okowa to the position of Judge to the International Court of Justice</p> <p>v. Election of Ms. Diana Ongiti as the head of the International Federation of Red Cross and Red Crescent Societies</p>
	Kenya as a hub for operations of multilateral institutions promoted	No. of multilateral engagements held in Kenya	2	5	Recognition of Nairobi as a regional conference hub has increased the number of conferences in the Country significantly.
	Nairobi promoted as	No. of international	2	7	
	s				

Priority Project/ Priority	Output	Indicator	Annual Target FY2025/26	Cumm. Achievement (Q1-Q2) FY2025/26	Remarks
	premier destination of major international meetings, conferences and events	meetings, conferences and events held in Nairobi			

Data Source: State Department for Foreign Affairs

#### 8.10.2 Description of Results

The State Department performed relatively fair.

The State Department articulated the country's position in its engagements with both bilateral and multilateral peace and security platforms, promoted economic cooperation and commercial diplomacy, and provided consular Services and Diaspora Engagement.

The data presented was compiled following the submission and validation of the same by the relevant Directorates and Divisions.

#### 8.10.3 Implementation Challenges

- a) Budgetary constraints affecting implementation of capital-intensive activities, including:
  - Mission security and ICT upgrades
  - Development of the diplomatic enclave
  - Planned peace and security engagements
- b) Delays in approval processes affecting:
  - Appointment of Honorary Consuls
  - Implementation and monitoring of Joint Border Commission outcomes
  - Operationalization of new missions.

#### 8.10.4 Recommendations

- a) There is a need for expediting inter-agency approval processes to facilitate delayed activities.

## **CHAPTER EIGHT**

### **8.0 GENERAL CHALLENGES, LESSONS LEARNT AND RECOMMENDATIONS**

#### **8.1 Overview**

#### **8.2 Challenges**

#### **8.3 Lessons Learnt**

#### **8.4 Recommendations**

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