

# BUDGET

## HIGHLIGHTS

CITIZEN'S - GUIDE  
**2011/12**



June 2011

### BUILDING RESILIENCE, DEALING WITH EMERGING CHALLENGES — ADDITIONS TO SPENDING PLANS

- KSh 7.3 billion for irrigation programmes covering various parts of the country
- KSh 1.6 billion for water harvesting and construction of water pans.
- KSh 1 billion for Agribusiness Fund to catalyze funding to agriculture
- KSh 400 million for Livestock Development Fund to boost livestock development
- KSh 2.1 billion to boost the current safety nets to cushion the vulnerable(disabled, orphans, older persons, and urban poor)
- KSh 3.3 billion (first phase) to enhance pension for retired teachers and cushion them from rising cost of living
- KSh 840 million for bursary (KSh 20,000 per child) to cover additional 200 poor students per constituency
- KSh 300 million for sanitary pads to support girls in schools countrywide.
- KSh 2.3 billion for basic services—water/irrigation, health, solar power, slaughterhouses—in marginalized areas.
- Additional KSh 3.7 billion (KSh 17.8 million per constituency) for CDF for completion of existing projects.
- KSh 2 billion capital grants to cooperative societies to pay coffee debts
- KSh 2.9 billion for expansion and upggrade of commuter rail in Nairobi and its environs
- KSh 4.2 billion for resettlement of IDPs (all categories)

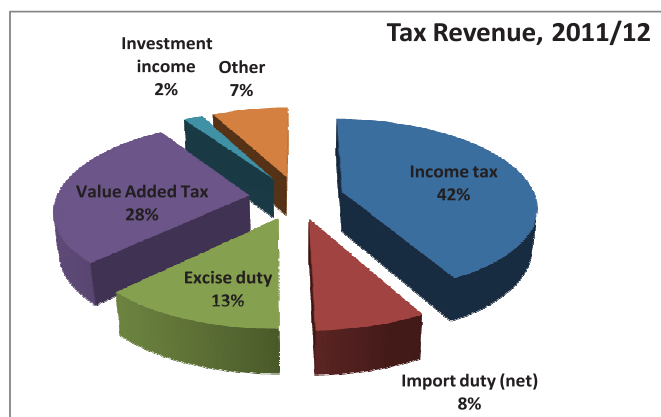
### SUSTAINING INCLUSIVE GROWTH FOR A BETTER KENYA

- Economic growth of 5.3% is projected for 2011, rising to 6.1% in 2012 and 6.5% in the medium-term. For FY 2011/12, this translates to an average growth of 5.7%.
- Inflation averaged 4% in 2010, but expected to rise to average 9.3% in 2011 and thereafter ease to the 5% target in the medium-term.
- Additional KSh 58 billion expenditure to ministerial spending plans for strategic interventions and cushioning the vulnerable.
- Projected budget deficit of 8.8% of GDP for 2011/12, declining to 5% by 2013/14.
- Public debt projected to rise from the estimated KSh 1.3 trillion at the end of June 2011 to KSh 1.6 trillion in 2011/12.
- The projected growth to create jobs slightly over half a million a year.
- KSh 1.6 billion for job creation through support for labour intensive public works programmes, skills development and internship programme
- Continued spending in social services—education (KSh 149.4bn) and health (KSh 64bn).

*Removing binding constraints for faster growth:*

- Continued investment in infrastructure (KSh 221.4 billion)—of which, energy (KSh65.7bn), roads (KSh 100.9), rail (KSh 3.3 billion for construction of Standard Gauge Railway and KSh 2.8 billion for upgrade of commuter rail), among others.
- KSh 3.5 billion for police to boost security operations
- KSh 20.8 billion for implementation of new Constitution including preparation of next elections.

### BUDGET AT A GLANCE



#### MACROECONOMIC OUTLOOK, 2010/11 - 2013/14

	2010/11 Est.	2011/12 Pro.	2012/13 Pro.	2013/14 Pro.
Real GDP growth	5.4%	5.7%	6.3%	6.5%
Investment (% of GDP)	22.3%	23.4%	24.8%	25.3%
Gross National Savings (% of GDP)	13.8%	15.5%	17.6%	19.0%
Exports of goods & Services (% of GDP)	28.3%	28.2%	27.2%	26.8%
Imports of goods & Services (% of GDP)	40.6%	41.4%	39.3%	37.7%
Nominal GDP growth	12.3%	15.3%	12.7%	11.8%
Real GDP per capita growth	2.5%	2.8%	3.4%	3.6%
GDP deflator	6.4%	9.1%	6.0%	5.0%
CPI Index (avg)	7.4%	9.3%	6.4%	5.0%
Current account % of GDP	-8.5%	-7.9%	-7.2%	-6.3%
Revenue (incl. Aia)	686.3	787.7	894.5	1,010.0
% of GDP	24.9%	24.7%	24.9%	25.2%
Expenditure*	917.5	1,066.8	1,112.0	1,210.3
% of GDP	33.2%	33.5%	31.0%	30.2%
Budget Deficit	(231.1)	(279.1)	(217.5)	(200.4)
% of GDP	-8.4%	-8.8%	-6.1%	-5.0%
Public Debt (net) (KSh billion)	1,324	1,546	1,764	1,872
GDP (in KSh billion)	2,761	3,184	3,589	4,011

\* Exclude domestic debt redemptions and external debt repayments.

#### GOVERNMENT EXPENDITURE BY SECTOR 2010/11 - 2011/12 Ksh Million

	2010/11 Est.	2011/12 Proj.
Agriculture and Rural Development	38,197	33,301
Physical Infrastructure	165,811	221,412
Trade, Tourism and Industry	12,296	12,143
Governance, Justice, Law, and Order	98,738	121,543
Human Resources Development	201,750	214,982
Special Programmes	40,346	36,234
Public Administration and International Relations	77,458	112,856
Research, Innovation and Technology	65,895	75,562
National Security	61,021	58,376
Environment, Water and Irrigation	50,351	57,000
<b>Total</b>	<b>811,863</b>	<b>943,409</b>