

REPUBLIC OF KENYA

**GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS
(GECLA)**

**SECTOR REPORT FOR THE MEDIUM
TERM EXPENDITURE FRAMEWORK**

2012/13-2014/15

January 2012

ABBREVIATION AND ACROYMNS

ACU	AIDS Control Unit
ADB	African Development Bank
AGAs	Autonomous Government Agencies
AGOA	African Growth and Opportunity Act
AIA	Appropriation in Aid
AIDS	Acquire Immune Deficiency Syndrome
AIE	Authority to Incur Expenditure
ASAL	Arid and Semi Arid lands
BDS	Business Development Services
BPO	Business Process Outsourcing
BPRT	Business Premises Rent Tribunal
BSCs	Business Solution Centers
BSPS	Business Sector Programme Support
BQ	Bill of Quantity
CBA	Collective Bargaining Agreement
CBOs	Community Based Organizations
CDA	Coast Development Authority
CET	Common External Tariffs
CMP	Common Market Protocol
CNC	Computer Numerical Controlled
COMESA	Common Market for Eastern and Southern Africa
COTU	Central Organization of Trade Unions
CSOs	Civil Society Organizations
CTDLT	Catering Tourism Development Levy Trustee
DANIDA	Danish International Development Agency
DIT	Directorate of Industrial Training
DOHSS	Directorate of Occupational Health and Safety Services
DNHRPD	Directorate of National Human Resource Planning and Development
EAC	East African Community
EAPCC	East African Portland Cement Company
EC	European Commission

EDF	European Development Fund
EDSC	Engineering and Design Centre
EEC	European Economic Community
ENNDA	Ewaso Ng'iro North Development Authority
ENSDA	Ewaso Ng'iro South Development Authority
EPA	Economic Partnership Agreement
EPC	Export Promotion Council
EPZs	Export Processing Zones
EPZA	Export Processing Zones Authority
EU	European Union
FDI	Foreign Direct Investment
FKE	Federation of Kenya Employers
GECLA	General Economic, Commercial and Labour Affairs
GDP	Gross Domestic Product
GOK	Government of Kenya
HIV	Human Immunodeficiency Virus
IC	Industrial Court
ICDC	Industrial and Commercial Development Corporation
ICT	Information, Communication and Technology
IDA	International Development Agency
IDB	Industrial Development Bank
IFMIS	Integrated Financial Management Information System
IGAD	Inter-Governmental Authority on Development
ILO	International Labour Organization
IP-ERS	Investment Programme for the ERS
IPRs	Industrial Property Rights
IPR	Institute of Primate Research
JICA	Japan International Cooperation Agency
JLBS	Joint Loan Board Scheme
JPC	Joint Permanent Commission
KEBS	Kenya Bureau of Standards
KENAS	Kenya National Accreditation Service
KEPLOTRADE	Kenya Post-Lome Trade Negotiations Programme

KIBT	Kenya Institute of Business Training
KICC	Kenyatta International Conference Center
KIE	Kenya Industrial Estates
KIPI	Kenya Industrial Property Institute
KIRDI	Kenya Industrial Research and Development Institute
KITI	Kenya Industrial Training Institute
KNJKA	Kenya National Jua Kali Association
KNTC	Kenya National Trading Corporation
KTB	Kenya Tourist Board
KTDC	Kenya Tourist Development Corporation
KTTI	Kenya Textile Training Institute
KUC	Kenya Utalii College
KVDA	Kerio Valley Development Authority
KV2030	Kenya Vision 2030
KWAL	Kenya Wine Agencies Limited
LBDA	Lake Basin Development Authority
LDC	Leather Development Centre
MDGs	Millennium Development Goals
MICE	Meetings, Incentive, Conferences and Exhibitions
MITC	Mombasa Industrial Training centre
MOL	Ministry of Labour
MORDA	Ministry of Regional Development Authorities
MPER	Ministerial Public Expenditure Review
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
MSMIs	Micro, Small and Medium Industries
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NACOSH	National Council for Occupational Safety and Health
NCSE	National Council for Small Enterprises
NCWTO	National Committee on World Trade Organization
NEMA	National Environmental Management Authority
NGO	Non Governmental Organization

NITC	National Industrial Training Council
NIVTC	National Industrial and Vocational Training Centre
NQF	National Qualification Framework
NSSF	National Social Security Fund
O&M	Operation and Maintenance
OSH	Occupational Safety and Health
NMC	Numerical Machining Complex
NTBs	Non Tariff Barriers
OVOP	One Village One Product
PAS	Performance Appraisal System
PCK	Productivity Centre of Kenya
PER	Public Expenditure Review
PPP	Public Private Partnership
PPSDS	Private Sector Development Strategy
PBGs	Producer Business Groups
RDAs	Regional Development Authorities
R&D	Research and Development
RoO	Rules of Origin
SAGAs	Semi-Autonomous Government Agencies
SME	Small and Medium Enterprise
SMIs	Small and Medium Industries
TARDA	Tana and Athi River Development Authority
TNA	Training Needs Analysis
TTF	Tourism Trust Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Education Social and Cultural Organization
USAID	United States Agency for International Development
UNWTO	United Nations World Tourism Organization
W&M	Weights and Measures
WB	World Bank
WTO	World Trade Organization

EXECUTIVE SUMMARY

The General Economic, Commercial and Labour Affairs (GECLA) Sector comprises of seven sub-sectors namely: Regional Development Authorities; Labour; Trade; East Africa Community (EAC); Tourism; Industrialization; and GECLA Research and Development. The GECLA Research and Development (R&D) sub-sector comprises of Kenya Industrial Research and Development Institute (KIRDI) and Productivity Centre of Kenya (PCK).

The Sector plays a significant role towards achievement of the Vision 2030 and Millennium Development Goals (MDGs) through enhancement of economic growth. It contributes significantly to the overall national development agenda accounting for approximately more than 35% of the overall Kenya's GDP. This is reflected by the fact that it is a major source of government revenue in form of taxes, duties, license fees, entry fees, among others.

The sector aims at creating employment opportunities, poverty reduction, overseeing the fast tracking of the EAC regional integration initiatives, creation of human resource base for global competitiveness and promotion of equity among the Kenyan citizens. The Sector is expected to spearhead the national economic development and contribute towards overall national goal of increasing the GDP growth from 5.6 % in 2010 to 10% per annum by the year 2012. This is expected to be achieved through creating an enabling environment for business, investments and industrial development; promotion of exports; promotion of sustainable tourism; deepening of the EAC integration; and promotion of employment and harmonious industrial relations.

The First Medium Term Plan (2008 – 2012) of the Vision 2030 stipulates that in order to address the challenges facing the country and to improve economic growth, implementation of flagship projects should be given priority. In this regard, the sector has already embarked on implementation of the flagship projects in accordance with the MTP. The projects are either completed, ongoing, or have not yet started partly due to lack of funds, inadequate preparedness and weak collaboration by implementing agencies.

The Sector has identified ten (10) priority programmes for implementation during the MTEF period 2012/13 to 2014/15 namely: Integrated Regional Development; Promotion of Best Labour Practices; Manpower Planning, Development and Utilization; Labour Policy, Planning and Administration; Trade Development and Investment; Coordination of the East African Community Affairs; Tourism Development and Marketing; Industrial development and investment; Promotion of Industrial Research and Development; and Productivity Improvement Measurement and Promotion.

To implement the above prioritized programmes a total of Kshs 84.9 billion, Kshs 111.2 billion and Kshs 116.3 billion is required in 2012/13, 2013/14 and 2014/2015 respectively. Despite the sector's major role in the implementation and realization of the flagship projects of the Vision 2030, its allocation remains at a meager less than 3% of the total national resource allocation. For instance, the proposed government allocation for 2012/13 financial year is Kshs. 21.2 billion for GECLA sector against the total national resource of 935.2 billion. There is

therefore need for a deliberate and explicit reorganization of resource allocation towards this sector which has been identified to lead in Kenya's economic growth.

The sector is currently faced with myriad challenges and emerging issues which need to be addressed to enable the sector realize its goals. These challenges include: Inadequate funding; Inadequate human resource capacity; Inadequate policy, legal, regulatory and institutional framework; Inadequate infrastructure; Insecurity; Declining local and foreign direct investments; Limited access to credit facilities and financial services; Influx of sub-standard, counterfeits and contra-band goods; Low technology, innovation, research and development; Lack of Harmonized Trade Regulations; Weak linkages and collaboration with other agencies; Underdeveloped Micro, Small and Medium Enterprises (MSMEs); Low levels of ICT utilization; Inadequate market and labour information; Environmental concerns; High food and energy cost; and Low awareness on EAC regional integration.

To sustain the Sector's contribution to the economy and achievement of the Vision 2030, a number of interventions and strategies need to be put in place to address emerging issues and challenges in the Sector.

These strategies and interventions include among others: enhanced funding to the sector; fast tracking regional integration; diversifying the Kenyan exports; Creating an enabling environment for transformation of informal sector into formal sector; Increase value addition for locally produced products; Encourage innovation in order to reap maximum gains from a changing international and regional trading arrangements; Expanding the product choice and range of tourism facilities; Promote Foreign Direct Investment to the EAC Partner States; Supporting the development and marketing of cultural products and industries; Build capacities to increase the national pool of skills and talents in research, innovation and technology; Development of a National Human Resource Database and an Integrated Human Resource Development (IHRD) Strategy; promotion of harmonious industrial relations; Strengthening linkages between industry and training; Promote productivity for competitiveness; use of Public Private Partnership in funding/marketing and build linkages and collaboration with stakeholders to minimize duplication of activities in the regions; initialize restructuring and rationalization of RDAs; and Improved Safety and Security measures.

Contents

ABBREVIATION AND ACROYMNS -----	ii
EXECUTIVE SUMMARY-----	vi
CHAPTER ONE -----	1
1.0. INTRODUCTION -----	1
1.1. Background-----	1
1.2. Sector Vision and Mission -----	3
1.3. Strategic goals and objectives of the Sector -----	3
1.4. Sub-sectors and their mandates-----	5
1.4.1. Regional Development Authorities (RDAs) -----	5
1.4.2. Labour -----	6
1.4.3. Trade-----	6
1.4.4. East African Community-----	6
1.4.5. Tourism -----	6
1.4.6. Industrialization -----	7
1.4.7. Research and development-----	7
1.5. Autonomous and Semi-Autonomous Government Agencies -----	7
1.5.1. Autonomous Government Agencies (AGAS)-----	7
1.5.2. Semi-Autonomous Government Agencies (SAGAs)-----	8
1.6. The Role of the Sector Stakeholders -----	8
CHAPTER TWO -----	11
2.0. PERFORMANCE AND ACHIEVEMENTS OF THE SECTOR DURING THE PERIOD 2008/09 – 2010/11-----	11

2.1.	Performance of Programmes-----	11
2.1.1.	Regional Development Authorities sub-sector-----	11
2.1.2.	Labour sub-sector-----	13
2.1.2.1.	Promotion of Best Labour Practices-----	14
2.1.2.2.	Manpower Planning, Development, Utilization and Productivity Management-----	15
2.1.2.3.	Labour Policy, Planning and Administration-----	17
2.1.3.	Trade Sub-sector-----	17
2.1.4.	East Africa Community (EAC) sub sector-----	24
2.1.5.	Tourism sub sector-----	26
2.1.6.	Industry-----	30
2.1.7.	Research and Development-----	33
2.2.	Review of Key Indicators of Sector Performance-----	36
2.3	Expenditure Analysis-----	38
2.3.1	Analysis of the Recurrent Expenditure-----	40
2.3.2	Analysis of the Development Expenditure-----	40
2.3.3	Analysis of Externally Funded Programmes-----	42
2.3.4	Review of Expenditure by Programmes-----	44
2.4	Review of Pending Bills/Claims-----	46
2.4.1	Recurrent pending bills-----	46
2.4.2	Development Pending Bills Analysis-----	47
CHAPTER THREE-----		48
3	MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2012/13 – 2014/2015-----	48
3.1	Prioritization of Programmes and Sub-Programmes-----	48
3.1.1	Programmes and their objectives-----	48

3.1.2	Programmes, Sub-Programmes, Expected Outcomes, Outputs and Key Performance Indicators for the Sector	49
3.1.3	Programmes by order of Ranking	58
3.1.4	Key Strategic Interventions in Counties by Order of Ranking	59
3.2	Analysis of resource requirement verses allocation	61
3.2.1	Sector (recurrent and development)	61
3.2.2	Subsector (recurrent and development)	61
3.2.3	Programmes and sub-programmes	62
3.2.4	Allocations to strategic interventions in Counties	65
3.2.5	Semi Autonomous Government Agencies	67
3.2.6	Economic Classification	68
3.2.7	Resource Allocation Criteria	70
CHAPTER FOUR		76
4.0	CROSS-SECTORAL LINKAGES, EMERGING ISSUES AND CHALLENGES	76
4.1	Sectoral Linkages	76
4.2	Emerging issues and challenges	79
CHAPTER FIVE		84
Conclusions		84
CHAPTER SIX		85
Recommendations		85
APPENDICES		87
APPENDIX I:	COUNTY STAKEHOLDER'S FORUM VIEWS	87

CHAPTER ONE

1.0. INTRODUCTION

1.1. Background

The General Economic, Commercial and Labour Affairs (GECLA) Sector comprises of seven sub-sectors namely; Regional Development Authorities, Labour, Trade, East Africa Community (EAC), Tourism, Industrialization, and Research and Development which comprises of Kenya Industrial Research and Development Institute (KIRDI) and Productivity Centre of Kenya (PCK). The sector has seven (7) autonomous agencies and twenty one (21) semi autonomous agencies.

Kenya aspires to become a globally competitive country offering high quality of life to all her citizens by the year 2030. The programmes in the sector will continue to play a vital role in poverty reduction particularly in the implementation of the flagship projects in the Kenya Vision 2030 through the Medium Term Plans. The sector programmes for the period 2012/13 – 2014/15 are also aimed at enhancing economic growth, increasing employment opportunities, reducing poverty and promoting equity in line with the Kenyan Constitution.

Regional development is critical to poverty reduction. Effective planning, development and implementation of integrated and multi-purpose programmes contribute to balanced regional development through employment creation, equitable distribution of resources, household food security and urban-rural balance. Among the major challenges to Kenya's economy is the imbalance in socio-economic development despite the sound macro and sectoral policies put in place to address regional disparities in economic and social development. The Regional Development Authorities sub-sector is expected to promote exploitation of integrated basin-based resources for integrated multipurpose development programmes for equitable, balanced and sustainable development.

The *Kenya Vision 2030* pillars are anchored on existence of a skilled, productive, competitive and adaptive human resource base. Further, the Constitution of Kenya reaffirms the

government's commitment to employment issues and advocates for decent work, promotion of freely chosen productive employment, fundamental rights at work, adequate income from work, representation, and the social protection. The Labour Sub-sector is expected to spearhead the development of a national human resource, supply of skilled labour force, development of MSE sector and promotion of industrial peace and harmony all aimed at creating a globally competitive workforce.

The Trade Sub-Sector contributes significantly to the Kenyan Gross Domestic Product (GDP) through promotion of domestic and international trade. Key programmes under the subsector are geared towards promoting enabling business environment, spearheading regional integration initiatives and promoting internationally recognized fair trade practices. The provision of affordable business credits is a core poverty programme implemented by the trade subsector to reduce poverty by offering trade finance, business entrepreneurial and advisory services to Micro and Small Enterprises (MSE).

The East Africa Community sub-sector activities are hinged on the economic pillar of the Vision 2030 aimed at expanding demand for local value added products beyond the domestic market. The sub-sector is expected to deepen and widen the EAC integration process and address emerging challenges. This will involve among others, implementation of the integration pillars of the Customs Union, the Common Market, Monetary Union and eventually Political Federation.

The tourism sub-sector is charged with the responsibility of formulating and coordinating the implementation of Tourism policy and strategies. It remains one of the leading foreign exchange earners and a major generator of employment in Kenya, contributing about 10% of the GDP and also providing a market for goods produced in other sectors. Programmes and activities undertaken include development of tourism product and services, regulation and marketing. The sub-sector is also key to attainment of economic pillar of Vision 2030. The sub-sector implements policies that ensure sustainable tourism development in the country. Specific flagship projects being implemented include the development of resort cities in Isiolo, Diani and Kilifi, development of niche products and provision of adequate tourism personnel.

The industry sub sector is a key productive sector for economic growth and development because of its immense potential for wealth and employment creation as well as poverty alleviation. In addition, the sub sector provides impetus towards achievement of Millennium Development Goals (MDGs) both in the medium and long term particularly goal one on eradication of extreme poverty and hunger and goal eight on Global Partnerships for Development. The sub sector is expected to enhance product value addition and diversification to ensure product competitiveness and create enabling environment for industrial investment. The average contribution of the sub sector to the GDP growth rate is 10%.

Kenya Industrial Research and Development Institute (KIRDI) undertake industrial research, development and transfer with a view to addressing technology advancement, productivity improvements and enterprise growth. This will be achieved through promotion of industrial research and development of small scale enterprises.

The Productivity Centre of Kenya (PCK) will develop and implement targeted and research based productivity interventions to mainstream productivity practices in all sectors of the country's economy. These interventions will be carried out through productivity promotion, measurement and improvement.

1.2. Sector Vision and Mission

Vision

“A globally competitive economy with sustainable and equitable socio-economic development, where citizens operate freely across borders”.

Mission

“To promote, co-ordinate and implement integrated socio-economic policies and programmes for a rapidly industrializing economy”.

1.3. Strategic goals and objectives of the Sector

Strategic Goals

- i. Promote integrated regional development to achieve equitable national socio-economic development through sustainable utilization and management of basin based resources
- ii. Promote industrial peace and harmony, manpower development, employment creation and enterprise competitiveness
- iii. Facilitate trade and investment;
- iv. Fast track EAC regional integration;
- v. Promote sustainable tourism
- vi. Promote industrial development and entrepreneurship ;
- vii. To promote creation and development of manufacturing micro, small and medium enterprises through technology development;
- viii. To develop and implement targeted and research based productivity interventions and mainstream productivity practices in all sectors of the economy

Strategic objectives

- i) Undertake policy, legal and institutional reforms for the development of the sector;
- ii) Formulation, Promotion and implementation of integrated regional plans, programmes and projects through utilization of basin based resources at regional and local levels.
- iii) Develop resource utilization charters for conflict resolution, arising from inter-regional jurisdictions.
- iv) Establish all inclusive mechanisms for mobilizing local communities to participate effectively in regional development programmes.
- v) Build and strengthen the capacities for development of the sector.
- vi) Strengthen infrastructure and service linkages between existing and new market centres and towns.
- vii) To institutionalize human resource development within employment with emphasis on learning to deepen technological knowledge;
- viii) To strengthen linkages between industry and training/research institutions to promote demand driven training responsive to industry requirements;
- ix) To establish and strengthen institutions for social dialogue, minimize industrial disputes and build adequate capacity for effective application of the labour laws;
- x) To establish a comprehensive National human resource database and formulate and implement an integrated human resource development policy and strategy;

- xi) To promote entrepreneurship development and competitiveness of Micro and Small Enterprise Development
- xii) To create awareness, enhance research and capacity building for occupational safety and health;
- xiii) To improve business environment for trade, tourism and investment
- xiv) To promote Private Sector Development through enterprise and entrepreneurship development.
- xv) To improve business environment and promote entrepreneurship, attractive investment climate, tourism and trade.
- xvi) To coordinate Kenya Regional Integration in COMESA and the larger EAC-COMESA-SADC Tripartite.
- xvii) To establish an effective coordination mechanism for EAC Programmes
- xviii) Support entrepreneurship and industrial development
- xix) To promote Research & Development, innovation and technology adoption
- xx) To make Kenya a leading tourist destination offering internationally accepted standards
- xxi) To enhance and sustain the financial resources for the sector
- xxii) To develop and implement targeted and research based productivity interventions and mainstream productivity practices in all sectors of the economy

1.4. Sub-sectors and their mandates

The following are the mandates of the sub-sectors:-

1.4.1. Regional Development Authorities (RDAs)

- i. Formulation, implementation and monitoring Regional Development Authorities
- ii. Policy guidance to RDAs
- iii. Development, implementation and coordination of programs in the regional development sub sector
- iv. Promote management and conservation of the natural resource base
- v. Collecting, collating, maintaining and managing information and data in regional development
- vi. Enhancing capacity building in RDAs
- vii. Management oversight and support to RDAs

1.4.2. Labour

- i. National manpower policy and development,
- ii. Factory inspection and workers health,
- iii. Industrial relation, arbitration and settlement of labour disputes,
- iv. Vocation training,
- v. Promotion of self employment in micro and small enterprise,
- vi. Directorate of Industrial Training,
- vii. National Social Security Fund (NSSF) and
- viii. National Productivity Centre.
- ix. Supervising and inspecting of Trade Unions

1.4.3. Trade

- i. Formulation of Trade development policy
- ii. Promotion of retail and wholesale markets
- iii. Development of Micro and Small Business
- iv. Fair trade practices and consumer protection
- v. Private sector development
- vi. International trade affairs
- vii. Development of Special Economic Zones

1.4.4. East African Community

- i. Formulation of policies on the East African Community;
- ii. Coordination of government participation in the East African Community meetings and institutions;
- iii. Coordination of the implementation of the East African Community regional programmes;
- iv. Implementation of the East African Treaty; and
- v. Promotion and fast tracking of East African integration.

1.4.5. Tourism

- i. Formulation, coordination and administration of tourism policy
- ii. Development and promotion of tourism
- iii. Tourism and hospitality training

- iv. Development and enforcement of tourism standards

1.4.6. Industrialization

- i. Industrialization Policy
- ii. Industrial Property Rights Policy and Settlement of Industrial Property Rights Disputes
- iii. Quality Control and Standardization
- iv. Industrial Training and Capacity Building
- v. Training, Infrastructure and Business Development Services for Micro, Small and Medium Industries
- vi. Cement Production, Industrial Tooling and Machining
- vii. Industrial Research and Development
- viii. Finances and Venture Capital for Industrial Development
- ix. Development of Micro, Small and Medium Industries
- x. Provision of Market Linkages and Access to Finance for Micro, Small and Medium Industries

1.4.7. Research and development

- i. Develop and implement targeted and research based productivity interventions and mainstream productivity practices in all sectors of the economy
- ii. Carry out research and development in industrial and allied Technology.

1.5. Autonomous and Semi-Autonomous Government Agencies

The Sector has seven (7) Autonomous and twenty one (21) Semi autonomous Government Agencies (SAGAs) as follows:-

1.5.1. Autonomous Government Agencies (AGAS)

1. National Social Security Fund (NSSF)
2. Industrial and Commercial Development Corporation (ICDC)
3. Kenya National Trading Corporation (KNTC)
4. Kenya Wines Agencies Ltd (KWAL)
5. Kenya Safaris Lodges and Hotels Limited (KSLH)
6. East Africa Portland Cement Company (EAPCC)
7. Industrial Development Bank Capital Limited (IDB)

1.5.2. Semi-Autonomous Government Agencies (SAGAs)

1. Tana and Athi Rivers Development Authority (TARDA)
2. Kerio Valley Development Authority (KVDA)
3. Lake Basin Development Authority (LBDA)
4. Ewaso-Nyiro North Development Authority (ENNDA)
5. Ewaso-Nyiro South Development Authority (ENSDA)
6. Coast Development Authority (CDA).
7. Export Promotion Council (EPC)
8. Export Processing Zones Authority (EPZA)
9. Kenya Tourist Board (KTB)
10. Kenya Tourist Development Corporation (KTDC).
11. Kenya Utalii College (KUC)
12. Catering and Tourism Development Levy Trustees (CTDLT)
13. Bomas of Kenya
14. Kenyatta International Conference Centre (KICC)
15. Numerical Machining Complex (NMC)
16. Kenya Industrial Research and Development Institute (KIRDI)
17. Kenya Industrial Property Institute (KIPI)
18. Kenya Industrial Estates (KIE)
19. Kenya National Accreditation Services (KENAS)
20. Kenya Bureau of Standards (KEBS)
21. Anti-counterfeit Agency (ACA)

1.6. The Role of the Sector Stakeholders

i) Government Ministries and Departments

These are major stakeholders in provision of public security; policy formulation and generation of national development agenda; human resource management and development; development of enabling legal and regulatory framework; development of infrastructure; and resource mobilization.

ii) Regional Economic and Trading Blocs

Regional Development and Trading Blocks such as SADC, COMESA and EAC provide accessibility to a wider range of products and services; offer wider markets; and free movement of factors of production.

iii) **Partner States**

The partner states in regional economic and trading blocks are key stakeholders in ratifying appropriate Treaties and Protocols and ensuring consistency and clarity on policy issues.

iv) **Development Partners**

The Development Partners provide technical, financial and other resources; capacity building and create synergies.

v) **Private Sector**

Play a key role in advocacy on improvement of business environment; creation of wealth and employment; collaboration in formulation and implementation of various sectoral policies; collaborate in industrial development; participate in joint Public-Private investments; provision of business information; provision of quality goods and services; and self regulation within the business community.

vi) **Civil Society**

Create consumer rights awareness and protection; contributes to policy formulation; participates and supports the sensitization and advocacy on various sub- sectoral matters.

vii) **Education and Research Institutions**

Providing information to guide policy formulation; provide skills and knowledge; provide market intelligence; broaden product base; and innovations and technologies for value addition.

viii) **Media**

Play a major role to advocate and disseminate information on sectoral affairs; and provide constructive third party opinion.

ix) **National Parliament**

A key stakeholder in enactment of relevant legislation, harmonizing national laws, and approval of funding.

x) **Employers**

Provision of employment and appropriate employee rights as well as representation of employers' interests in all relevant fora.

xi) **The Trade Unions**

Represent workers interests.

CHAPTER TWO

2.0. PERFORMANCE AND ACHIEVEMENTS OF THE SECTOR DURING THE PERIOD 2008/09 – 2010/11

2.1. Performance of Programmes

The Sector has made various achievements as highlighted below:

2.1.1. Regional Development Authorities sub-sector

The Regional Development Authorities sub sector has one programme and four sub programmes.

2.1.1.1. Integrated Regional Development

The achievements under this programme are as discussed below

- **Regional development planning**

Under regional development planning, 4 integrated regional development master-plans are being developed and 2 are complete awaiting launching. The Ewaso Ng'iro North Development Authority –Arid and Semi Arid lands has developed a concept paper, procured equipment for the development of a regional early warning system and has done mineral resource mapping. A Regional data and Information centre at Ewaso Ng'iro North Development Authority is 95% complete and is awaiting launching. In addition, the Lake Basin Development Authority has developed one investment plan, 7 concept papers and 4 market concept papers. Lake Basin Development Authority has conducted a study and prepared report on sustainable tourism in southern frontier and the available mineral resources in the region for exploitation.

- **Integrated basin based development**

Coast Development Authority undertook feasibility studies for Mwache and Lake Challa. Kerio Valley Development Authority prepared a feasibility report for Aror River Hydropower project, further, the Tana and Athi River Development Authority completed feasibility study for the High Grand Falls Multipurpose Project (HFG), concept paper and terms of reference for Munyu reservoir and Greater Kibwezi Irrigation Project were developed . Tana Integrated Sugar Project cabinet memo was done and is awaiting Cabinet approval. The terms of reference

for the Webuye/Teremi Multipurpose dam have been prepared and the rice Mill project at the lake Basin Development Authority has been commercialized. At Ewaso Ng'iro North Natural Resources Conservation project, water pans have been rehabilitated, self help groups have been trained on environmental conservation activities, areas of regional carbon credit scheme and ecotourism centres have been identified.

Through the Kimira-Oluch Smallholder Farm Improvement Project (KOSFIP), one bridge at Oluch intake was completed, 48 kilometers of canal completed, 2 sand traps , 4 main siphons, 38 minor siphons completed, 8 night water reservoirs completed, 19 out of 26 houses completed for farmers affected along the canal routes, 2 water users association have been established, 5 workshops on soil erosion control and management were held. Further, three sites have been rehabilitated, farmers have also been supported through extension and marketing services where 4 tour visits were organized and 200 persons benefited from the study .During the same period, 2,500 farmers been trained on best agricultural practices and environmental conservation.

- **Development of riverbanks, water bodies and catchment conservation**

Under catchment conservation the Lake Basin Development Authority rehabilitated six(6) degraded sites, 1,500,404 seedlings produced out of which 1,494,404 seedlings have been planted and 290 woodlots were established. The Ewaso Ng'iro North Development Authority ASAL based livestock and rural livelihood support project has rehabilitated 10 Water points and 2 regional offices equipped with new machines under the promotion of brick and tiles project. The Coast Development Authority planted 1,571,158 tree seedlings during the period . Ewaso Ng'iro North planted 2,000,000 trees, undertook environmental conservation and community capacities building.

Kerio Valley Development Authority conserved catchment areas through the construction of water-pans and dams, where 42 water pans were constructed, 2 dams de-silted, 45 km² of catchment conserved, 100 acres of woodlots established, 3 million assorted tree seedlings produced and 100,000 fruits seedlings produced. Tana and Athi River Development Authority has also conserved the environment through establishment of community nurseries and carried out community capacity building exercises.

The Kibuon Tende Integrated Watershed Management project has completed Contracts for the supply of equipment and consultancy has been signed and 4 workshop trainings organized.

- **Community Support and empowerment**

The Coast Development Authority has supported the communities by developing Bodhai eco camp, constructed 7 water pans, constructed Vanga weir and a wetland lagoon. Coast Development Authority through Malindi Integrated project has constructed 1 secondary school with 8 new classrooms, 1 administration block, 1 computer lab, 1 library block and 4 staff houses. A primary school was rehabilitated with 4 new classrooms constructed, 5 rehabilitated, 1 administration block, two toilet blocks and 1 water well were also completed. A health centre, with 3 Maternity blocks, x-ray lab, access roads and Carpark in a District Hospital were completed.

The Ewaso Ng'iro South Development Authority constructed 1 secondary school with 8 classrooms, a computer lab, a library, two twin-labs, an administration block, 3 dispensaries and a district hospital. Two water wells have been constructed, 600 jobs were created and 400 community farmers trained.

Further, the Kerio Valley Development Authority irrigated 695 acres of land and processed 30 metric tonnes of honey. The Ewaso Ng'iro North Development Authority developed a gum and resin factory, developed a camel milk processing plant and through Wajir Integrated Development programme two regional offices have been equipped with new machines for the production of bricks and tiles. In addition, the Lake Basin Development Authority has rehabilitated 266 water ponds, constructed 322 water ponds, and carried out capacity building exercise for 1,433 fish farmers and stocked 7 dams with fish. The Lake Basin Development Authority produced 262,074.2 litres of milk, 398 tonnes of Nerica rice, 205 tonnes of soya beans and 3,423,077 fingerlings and created 9,458 jobs. Lake Basin Development Authority produced 7780 fruit seedlings and 142,305 bricks.

2.1.2. Labour sub-sector

The labour sub-sector has three programmes and eight sub programmes

2.1.2.1. Promotion of Best Labour Practices

Under the programme the following achievements have been made:

- **Promotion of Harmonious Industrial Relations**

Within the period under review, 24,216 labour disputes were received and 20,500 resolved representing 84.7% while 30,799 workplaces were inspected within the same period against a target of 34,400 translating to 89.5%. In addition, 24,067 Workmen Compensation Claims were settled against a target of 29,955 representing 80.4%. A Draft Child Labour Policy was developed, validated and approved by the National Labour Board and forwarded to Cabinet for approval. In addition, rules and regulations on child protection were developed in accordance with Section 7 of the Employment Act, 2007; strengthened District Child Labour Committees in five districts and developed a Training Manual for District Child Labour Committees.

The five Labour Laws enacted in October, 2007 provide for the establishment of Labour Market Institutions. During the period under review, the following labour market institutions were established and operationalized; the National Labour Board, General Wages Councils, Agricultural Wage Council, Building and Construction Wages Council, Rules Board for the Industrial Court of Kenya, National Council for Occupational Safety and Health and Occupational Safety and Health Fund.

- **Arbitration of Industrial Disputes**

The Industrial Court arbitrated and awarded 1,474 industrial disputes against a target of 992 which translates to 148.6% and registered 951 Collective Bargaining Agreements (CBAs). The increase in the number of reported cases is due to implementation of the revised labour laws which provide for individuals to file cases directly with the Court unlike in the past when such cases could only be filed through unions or employer federations. In addition, premises in Mombasa County were acquired for the establishment of a regional Industrial Court whose aim is to increase access to justice in the determination of industrial disputes. The premises were renovated and office equipment purchased. In addition, the Rules Board for the Industrial Court of Kenya were formulated and gazetted. The draft Employment and Labour Relations Court Bill 2011 was developed and approved by the Cabinet and thereafter submitted to Parliament for enactment.

- **Provision of Occupational Safety and Health services**

Under the review period 19,469 members of Workplace Safety and Health Committees and other workers were trained on occupational safety and health matters against a target of 17,400. In addition, 16,041 hazardous equipment were examined against a target of 13,950 and examined 48,375 workers in hazardous workplaces against a target of 22,200. During the period under review, a draft National Occupational Safety and Health Policy was prepared and submitted the Cabinet for approval.

Construction of the Occupational Safety and Health Institute progressed during the period under review with the construction of the foundation, ground floor and slab for the first floor which account for 28% of the total construction of a five storey building completed. In addition the health and safety laboratories were revamped with modern equipments. The National Council for Occupational Safety and Health (NACOSH) formed committees to deal with Occupational Safety and Health issues in the following sectors; Agriculture, Building and construction, Services and manufacturing, Micro and Small Enterprises and Legal Affairs. The Council also developed a code of practice on personal protective equipment. Rules for the operation of the Occupational Safety and Health (OSH) Fund were developed, gazetted and approval granted from the Treasury to open a bank account for the institution.

2.1.2.2. Manpower Planning, Development, Utilization and Productivity Management

Under the programme the following achievements have been made:

- **Human Resource Planning, Development and Utilization**

The National Manpower Survey exercise commenced in the year 2010 and the following activities were accomplished: finalized the survey instruments and developed the sample design and methodology for the four modules of the Survey, identified, recruited and trained 402 research personnel to undertake the exercise, data collection completed and data entry is on-going.

- **Employment Promotion**

During the period under review, 17,398 job seekers were placed in employment through the Public Employment Services against a target of 15,688. In addition, a web-based system for management of employment data was developed. This has facilitated registration of 1,264 job

seekers in employment. Draft Diaspora and Employment Policies were developed and inter-ministerial Technical Working Committees constituted to review the documents which are due for stakeholder validation.

- **Provision of Industrial Skills in the Country**

With a view of strengthening linkages between industry and training institutions, 127,866 Trade Test Examinations were administered, 30,889 trainees placed on industrial attachment against a target of 27,500 and 16,222 individuals trained in relevant industrial skills against a target of 18,900 in the period under review. The framework for National Training and Testing Standards were reviewed, floriculture curriculum developed and guidelines for trade testing of hair and beauty therapists developed.

Development and refurbishment works in the 5 industrial training centres in Kisumu, Nairobi, Mombasa and Athi River were carried out during the period under review. The accomplished activities included: re-roofing of the Kenya Textile and Training Institute administration blocks, renovation of female hostels, re-roofing of automotive workshops, construction of the perimeter wall, renovation of dining hall for Mombasa Industrial Training Centre (MITC), refurbishment of the staff room and 32 hostel rooms, repaired gas welding system, installed a standby generator, drilled a 160 meter borehole in Kisumu Industrial Training Centre (KITC). In addition, 2 standby generator were commissioned and installation at MITC and KITC.

At the Technology and Development Centre, Athi River, 547 meter perimeter wall, a car park garage, 2 residential houses for lecturers, a car wash facility, ablution block, four offices and three classrooms, a perimeter wall around the staff houses, display room for textile products were constructed and overhaul of the sewer system carried out.

The Industrial Training (Amendment) Bill, 2009 which provides for the establishment of the Directorate of Industrial Training (DIT) as a semi Autonomous Government Agency (SAGA) was amended and submitted the Parliamentary Committee on Labour and Social Welfare and is awaiting enactment into law by Parliament.

- **Micro and Small Enterprise (MSE) Development**

Development and rehabilitation works were carried out in 116 MSE worksites countrywide against a target of 107 worksites. The actual works include construction of Jua Kali sheds, securing of work sites, provision of electricity, water, sanitation, access roads and rehabilitation of existing work sites. In addition, 466 parcels of land for Micro and Small Enterprise (MSE) activities were acquired. Further 1,035 MSE operators were trained on management and entrepreneurship skills against a target of 720 and 1,643 MSE operators were facilitated to attend local and regional trade exhibitions and fares against a target of 1,129 within the same period. A Draft Micro and Small Enterprises (MSE) Bill was prepared and forwarded it to Cabinet sub-committee on the services sector. The sub-committee discussed the Bill and proposed several amendments. The amendments and issues raised were addressed and the draft Bill was re-submission to the Cabinet sub-committee.

2.1.2.3. Labour Policy, Planning and Administration

The following are the achievements under this programme:

- **Institutional capacity enhancement**

During the period under review, the institutional capacity enhancement of staff was carried out through training on critical skills and procurement of furniture and office equipment. A total of 537 officers were trained in critical skills, 130 computers and 14 vehicles procured. In addition, automation of essential services was carried out.

2.1.3. Trade Sub-sector

The Trade subsector has one programme and nine sub programmes.

2.1.3.1. Trade Development and Investment

The following are the achievements of the sub sector during the review period:

- **Promotion of domestic trade**

The sub-sector administers a Joint Loan Board Scheme (JLBS) to provide affordable credit to small scale traders. Over the review period, Kshs. 101 million was advanced form of grants to the scheme. Table 2.1 below shows the performance of the scheme.

Table 2.1: Performance of Joint Loans Board Scheme

Financial Year	2008/09	2009/10	2010/11	Totals
Grant from government in (Kshs. millions)	11	40	50	101
Amount Loans disbursed to traders (Kshs. millions)	47	103	131	281
Amount of loans Recovered from traders (Kshs. millions)	36	58	102	196
Number of beneficiaries	1,059	1581	1796	4,436

Source: Department of Internal Trade

From table 2.1 above, the amounts of loans disbursed to traders and the number of beneficiaries increased by 179% and 70% respectively while the amount of loans recovered from traders increased by 183 % over the same period.

Nineteen (19) cross border trade committee meetings were held in Lunga Lunga, Taveta, Kajiado, Busia and Malaba to sensitize on customs union and common market protocols of EAC and resolve trade barriers hindering cross border trade between Kenya, Tanzania and Uganda.

To bring trade development services closer to the business community, 10 new District trade development offices were opened in Bondo, Kwale, Laikipia, Kiambu, Kirinyaga, Elgeyo Mrakwet, South Gucha, Baringo, Chuka and Nyamira, while 8 provincial offices were opened in all the provincial headquarters.

Over the review period, Ten (10) District Business Solution Centres (DBSCs) were established to offer a one-stop-shop for an integrated mix of business services to the youth taking up self-employment within the MSE sector and other existing MSEs throughout the country. In addition, 4 Business Information Centres (BICs) were established in Kakamega, Kisumu, Embu and Mombasa to offer relevant and timely business information to the Micro and Small Enterprises.

To improve value chain efficiency and access market at competitive prices through economies of scale 1,085 Producer Business Groups (PBGs) were formed across the country.

To implement flagship projects of building whole sale hubs and Tier ‘1’ retail markets, 19 acres of land in Maragua County Council for the construction of pilot Wholesale Hub and 24 hectares of land in Athi River Export Processing Zones (EPZ) for the construction of Tier ‘1’ Retail Market (pilot) were identified. In addition, concept papers on Wholesale Hubs and Tier ‘1’ Retail Markets have been developed.

- **Promotion of Regional Integration**

The subsector is the national focal point for implementation of regional integration programmes under COMESA. During the review COMESA customs union was launched in June 2009 with a three year transition period up to June 2012. As regards the implementation of the customs union, a national committee on customs union was established which consists of representatives from ministries of finance and Trade, KRA and state Law Office. The committee has aligned 80% of national tariffs to COMESA CET.

The tripartite framework for inter regional cooperation and integration among the three RECs of EAC, COMESA and SADC was launched in 2005 as part of efforts to fast track the attainment of the African Economic Community as envisaged by the African Union under the 1980 Lagos Plan of Action and the 1991 Abuja Treaty. Since 2005 the three RECs have undertaken numerous activities aimed at harmonizing policy and procedures in the area of trade, trade facilitation, custom processes and documentation and harmonization of infrastructure development. These activities led to the holding of the first and second tripartite summit in COMESA-EAC-SADC tripartite FTA negotiations to be concluded in 36 months

- **External Trade Development**

To improve market access of locally produced goods, the subsector negotiates bilateral trade agreements and regional integration initiatives. The following were the achievements of these initiatives;

The value of exports increased from Kshs 344,947 million in 2008 to Kshs.409, 974 million (19%) in 2010 while the value of imports grew from KShs 770,651 million to Kshs.947, 382 (22.9%) over the same period. COMESA, EAC and EU were the leading destinations of Kenyan exports.

The table below shows the value of Kenyan exports to EAC, COMESA and EU markets between 2008 and 2010.

Table 2.2: Exports in (Kshs Millions)

Region	2008	2009	2010
EAC	83,942	90,460	101,313
COMESA	111,237	112,971	135,962
EU	89,295	92,015	98,766

Source: Economic Survey, 2011

Exports to the EAC, COMESA and EU increased by 20.6%, 22.2% and 10.6% respectively.

Four Bilateral Trade Agreements with Ethiopia, South Africa, Libya and Turkey were initiated and concluded while Bilateral Trade Agreements with China, Democratic Republic of Congo, Zambia, Cuba, Djibouti and Botswana were initiated and are ongoing. Review of a bilateral trade agreement with China is ongoing.

The subsector resolved trade disputes with Pakistan, Vietnam and India on rice and with Zambia on exports of milk and milk products where powdered milk from Kenya is now entering the Zambian market. Negotiations to resolve other trade disputes of exports of avocado and soda ash to South Africa, chicken and chicken products to Uganda and access of Mastermind tobacco products to South Sudan through Uganda are still ongoing.

During the review period the subsector was involved in the preparation and hosting of Joint Permanent Commission (JPC) on Economic Co-operation with the following; Zambia, Tanzania, Burundi, Rwanda, Botswana, Cuba, Pakistan, Iran, India, Turkey, South Africa, Egypt, Ethiopia, China and Libya.

The subsector opened one commercial office in China, instead of the seven commercial offices which had been planned to be opened in Southern Sudan, Japan, Holland, Nigeria, Rwanda, and Malaysia.

To bring together the business communities together between countries to exchange ideas on the business opportunities, challenges and how to address these challenges in order to strengthen trade between them, the subsector hosted seven business fora between Kenya and South Africa, Democratic Republic of Congo, India, Iran, Mauritius and Turkey.

The sub- sector was involved in negotiations leading to signing and ratification of EAC common market protocols which came into effect in July 2010. Currently, negotiations of EAC common Monetary union are ongoing.

The subsector is involved in negotiations of a comprehensive EPA between the EAC partner states and European Commission (EC) which began in June 2007. Negotiations are still on going to finalize all outstanding issues before conclusion of the comprehensive EPA expected by July 2012

The Sub sector hosted the 9th AGOA forum in Nairobi and participated in the 10th AGOA forum in Lusaka Zambia. The value of exports to the United States of America (USA) under the AGOA increased from Kshs 20.5 billion in 2008 to Kshs 22.5 billion in 2010. 2011.

Six National Committee on World Trade Organization (NCWTO) meetings were held to prepare position papers and negotiating positions for WTO negotiations, follow-up on existing commitments and, communication with public and private sectors to involve them in the negotiations process, so as to make sure that Kenya's interests are promoted in the WTO. In addition, 2 mini ministerial conferences were held in Geneva to provide political guidance and decisions on contentious issues under Doha Development Agenda (DDA) negotiations in which the sub-sector participated. Preparatory work for joint EAC Trade policy was commenced and an inter-ministerial task force was constituted to spear head the review exercise.

- **Export Processing Zones (EPZs) Investments**

The EPZs give incentives to local and foreign investors to manufacture goods for exports, bring Foreign Direct Investment (FDI) and create employment. Over the review period, the performance of the EPZs is as shown in the table 2.3 below:

Table 2.3: EPZs performance

	2008	2009	2010
No. of enterprises operating within EPZ	75	76	77
Number of Employment opportunities created	24,421	25,673	28,967
Value of exports (Kshs. millions)	26,619	22,516	32,136
Value of foreign direct investments (Kshs. millions)	21,701	21,507	22,757
No. of Zones gazetted	38	42	42

Source: EPZA

From the table above, the number of enterprises operating within the EPZA rose by 2 between 2008 and 2010. This was due to the shrinking of EAC market access after the launch of EAC common market protocol and high cost of production. The value of exports increased by 20.7%, the value of foreign direct investment increased by 4.9%, while the number of employment opportunities created increased by 18.6%.

- **Exports Market Development and Diversification**

The sub sector facilitates Kenyan businesses to penetrate and diversify into new markets, and consolidate existing markets through provision of trade information and training of exporters to design and develop new products. During the review period, 2793 SMEs were trained on export trade and 52 SMEs assisted to design and develop new products while 72 trade information alerts via internet were issued to exporters. In addition, outreach programme was conducted to 466 exporters

To show case Kenyan products in the international market, Trade Fairs and Exhibitions were organized and held in; Dar-es-salaam, Kigali, Kinshasa, Malawi, Uganda, Shanghai Expo in China, Zaragoza Expo in Spain, Italy, Johannesburg and Zambia.

- **Entrepreneurial and Business Management**

To mainstream SMEs operators into export value chain the subsector trained 5699 SMEs operators on entrepreneurial and management skills while 7699 SMEs were counseled on business development services.

- **Fair Trade Practices and Consumer Protection**

To enhance fair trade practices and consumer protection the subsector verifies, stamps and calibrates weighing and measuring equipments and inspects business premises, investigates and prosecutes cases of malpractices. Achievements under are illustrated in the table below:

Table 2.4: Fair trade practices and consumer protection services performance

	2008/09	2009/10	2010/11
Number of weighing and measuring equipments Verified and stamped	209,187	262,878	259,000
Number of equipments Calibrated	23,000	19,510	21,101
Number of cases Investigated and prosecuted	87	125	85
Number of business premises Inspected	11,827	17,146	12,113

Source: Weights & Measures

As indicated in the table the high performance was recorded during the financial year 2009/10 this is attributable to facilitation of transport from a sister department. The decline in the next financial year is attributable to inadequate funding and lack of vehicles to facilitate the process.

- **Business Premises Rent Tribunal Services**

To protect tenants from eviction and exploitation by landlords, the Sub-sector provides business premises rent dispute resolution services. The following were the achievements as shown in table below:

Table 2.5: Business Premises Rent Tribunal Services performance

	2008/09	2009/10	2010/11
Number of cases Heard and determined	3,398	3405	4307

Inspection of Business Premises	103	101	102
---------------------------------	-----	-----	-----

Source: BPRT

As indicated the above the enhanced performance is due to increased sensitization and awareness.

- **Special Economic Zones (SEZs)**

The subsector in conjunction with other government collaborators has identified, surveyed and profiled 2000sq km of land on the Mombasa Zone corridor, 700sq km on Lamu Zone corridor and 182sq.km on Kisumu Zone corridor. A contract agreement with the government of Singapore through Singapore Cooperation Enterprise for Master Planning Consultancy Services of the SEZ has been finalized.

2.1.4. East Africa Community (EAC) sub sector

The East Africa Community sub-sector has one programme and five sub-programmes.

2.1.4.1. Coordinating East African Community Affairs in Kenya

The achievements under this programme are outlined below:

- **Consolidation and Sustained implementation of a fully fledged EA Customs Union and operationalization of the EA Common Market**

In the review period, the sector coordinated and monitored implementation of EAC Customs Union Protocol and EAC Common Market Protocol by line Ministries/ Departments/ Agencies. Through implementation of the Customs Union all domestic goods are traded at zero tariffs across the five Partner States with effect from 1st January 2010. In addition, a report on single customs territory whose object is establishment of a single customs revenue collection point and a single regional body to administer revenue collection to facilitate free circulation of goods was finalized and submitted to the 9th extraordinary summit of the EAC. The sector further coordinated the Country's participation in EAC negotiations leading to; adoption of Common Customs Law – EACCMA, adoption of EAC Regulations and Duty Remission Regulations, implementation of a CET structure of 0%, 10% and 25%, supported by a list of sensitive items by all Partner States, and preparation of a Draft regional industrial policy and

strategy. The sector also opened and operationalized two Regional Integration Centres in Busia and Namanga Border Posts, held three National Monitoring Committee meetings and one regional meeting on Non-Tariff Barriers (NTBs) and is in the process of capturing NTBs online. Implementation of the EAC Customs Union has led to increase in revenues collected and trade volumes, improved tax administration and growth in trade and industrial development.

Under the Common Market, the main achievement was signing, ratification and implementation of the Common Market Protocol effective 1st July, 2010. The sector continued to progressively implement provisions of the Common Market Protocol where additional commitments are made on a continuous basis. The sector also supported the National Manpower Survey and coordinated negotiation of the annex on Mutual Recognition of Academic and Professional Qualifications to facilitate labour mobility within EAC.

- **Laying the foundation for the East Africa Community (EAC) Monetary Union and Political Federation**

During the review period, the sector coordinated the country's participation in development of a draft EAC Macro Economic Convergence Criterion with a view to harmonizing macro-economic policies. A task force on EAC Monetary Union was established and operationalized, preparatory work on studies on monetary framework and exchange rate initiated, a matrix of issues that informed the articles in the current draft East Africa Monetary Union Protocol prepared.

Under political federation, the sector coordinated Kenya's participation in EAC negotiations on Human Rights Strategy, Strategy on Good Governance, and Anti-Corruption Policy. In this period the EAC Protocol on Coordination of Foreign Policy was concluded and is at various stages of ratification by Partner States.

- **Participation in EAC cross-cutting regional integration issues in Productive and Social Sectors**

Under this sub-programme the sector aimed at having harmonized policies and implementation of regional programmes and projects in infrastructure, productive and social sectors. In this regard, the following EAC programmes and projects were implemented to

different stages; safety navigation of Lake Victoria, Lake Victoria sanitation, HIV and AIDS project, Mt. Elgon Regional Ecosystem Conservation, Mara River Basin project to deal with threats on the Basin, Railway Master Plan, Road Master Plan, Power Master Plan, Broad band infrastructure network, E-Government Frameworks and Cyber-laws, Hotel Classification and single entry Tourist Visa, drug registration procedure, common drug policies and establishment and operationalization of a National EAC Resource Centre.

- **National publicity and advocacy of EAC regional integration initiatives**

Under this sub-programme the sector aimed to increase stakeholder engagement in the EAC integration process to institutionalize a citizen and private sector driven integration and also to increase public awareness of EAC integration process and opportunities. Achievements realised under this sub-programme included: publication of the quarterly Jumuiya Newsletter, update of the sub sector's website for public information and education, sensitization of 80,000 citizens including political leaders, civic and public sector leaders, Youth, Students and cross border business communities, holding of two Speakers Roundtable conferences for Members of Parliament and implementation of political parties sensitization programmes.

- **Participation in the coordination and implementation of EAC-SADC-COMESA Tripartite Cooperation (Transfer to relevant sub-programme)**

The sub sector aims at having trade agreements in line with EAC framework including Bi-lateral and multi-lateral political and social engagements. This can be realized if the sub sector fully implements the given directives. During the period under review, the sub sector successfully coordinated the implementation of Council and Summit directives.

2.1.5. Tourism sub sector

The tourism sub-sector has the following achievements under the tourism marketing and promotion programme. The sub-sector has one programme and six sub-programmes.

2.1.5.1. Tourism Marketing and Promotion

- **International Tourism Promotion and Marketing**

The period between 2009/10-2010/11 witnessed remarkable tourism recovery after slump occasioned by the perceived destination insecurity after the 2008 post-poll chaos.

Table 2.6: Tourist Arrivals and Earnings, 2008 - 2010

	2008	2009	2010
International Tourists Arrivals, (Millions)	1.203	1.49	1.609
Tourism Earnings (Kshs Billions)	52.7	62.5	73.7

Source: Economic Survey, 2011

From the table above on tourism sub-sector performance in the period 2008 – 2010, there was a significant increase of the volume of international tourist arrivals by 23.9 per cent in 2009 over 2008, and 8 per cent in 2010 over 2009. Similarly, tourism earnings rose by 18.6 per cent in 2009 over 2008 and 17.9 per cent in 2010 over 2009.

The achievements were attained after aggressive reassurance campaigns targeting the traditional and new international markets. Further gains were also achieved from various highly targeted activities such as familiarization trips for journalists and tour operators, participation in trade fairs and tourism bourses that were aimed at re-instilling confidence among consumers.

The sub-sector was also involved in various multilateral and bilateral relations with a view of strengthening our relations with some of the key tourist source markets. Key of these are participation in UNWTO activities, which included hosting the 90th Session of UNWTO Executive Council in June, 2010. In bilateral front, the sector prepared and signed Memorandum of Understanding (MOU) on tourism relations and held implementation activities with South Africa, Sudan, Iran, Mozambique, Morocco, and Czech Republic.

- **Domestic Tourism Promotion and Marketing**

A domestic tourism strategy was developed to guide the promotion of domestic tourism in the country in 2009. As a result of its implementation, the bed-nights by domestic tourists increased by 9.2 % from 2.15 million in 2009 to 2.35 million in 2010. Various activities aimed at increasing domestic tourism participation undertaken in line with the strategy include:- television advertising, radio, print, online, and outdoor advertising and in-store promotions. There were also key events targeted at specific segments of the domestic consumer such as the Kenya Open golf, Magicalkenya expos (Sarit Centre Exhibition), various domestic

media product familiarization, joint promotions with tourism trade, participation at ASK shows and the Kenya Tourism Week/ World Tourism Day celebrations.

- **Conference Tourism Development and Promotion**

During the period under review, the sub-sector hosted a number of conferences as indicated here below:

Table 2.7: Conference Tourism Performance, 2008 – 2010

	2008/2009		2009/10		2010/11	
	No of Delegates	No. of Events	No. of delegates	No. of events	No. of delegates	No. of events
International conference	10,210	13	19,695	20	8,719	13
Domestic/National Conferences	6,650	8	6,250	13	10,756	18
Trade fairs	275	7	1,670	10	1,065	14
Exhibitions	2,214	16	4,334	28	1,979	20
Corporate	85,577	164	70,910	74	93,233	93
NGO & Special	20,640	83	15,554	64	15,917	48
Ministries	44,180	344	42,375	178	40,673	149
Parastatals	18,742	2,818	18,525	91	20,966	88
Banquets	14,804	35	20,920	34	17,487	20

Source: Kenya International Conference Centre

- **Cultural tourism development**

Various efforts geared towards cultural tourism product development were undertaken in the review period. This resulted to development and launch of cultural tourism development and promotion strategy and action plan; holding of three (3) cultural festivals, research and publishing of information on five cultures; and coordination of three (3) local promotional tours.

- **Product Standardization and diversification**

Various activities were undertaken to ensure tourist facilities and services offered appropriate standards. These included inspection of 1,509 tourist facilities, assessment of 69 hotels and restaurants for classification and licensing of tourists' establishments. To ensure environmental sustainability, there was coordination of environmental matters concerning tourism including coordinating activities of Task Force on Sustainable Tourism Development in Maasai Mara and

Amboseli Ecosystems; assessed and appropriately recommended to NEMA on tourism related projects, and participated in climate change negotiations and development of country's Climate Change Response Strategy.

To improve and increase tourism service standards, the Kenya Utalii College in collaboration with University of Nairobi introduced two degree programmes in Hospitality, and Tours and Travel management. Additionally, two (2) satellite campuses were also established in Mombasa and Kisumu. As a result of these efforts there was tremendous increase in number of graduates trained as indicated in table below:-

Table 2.8: Kenya Utalii College Performance, 2008 – 2010

Year	Pioneer courses	In-service	MDP	Professional Courses		Total
				Ordinary	Advance	
2009	855	1,623	191	469	28	3,166
2010	1,052	986	192	533	30	2,793
2011	561	1,494	264	629	0	3,167
Total	2,468	2,468	647	1,631	58	9,126
MDP – Management Development Programmes Pioneer – 3 months course.						

Source: Kenya Utalii College

To increase training opportunities in the sector, architectural design for the proposed Ronald Ngala Utalii College at the coast were developed.

To diversify tourism products and distribute tourism activities in various areas in the country, agro-tourism strategy and work plan was developed and launched; inventory of sport tourism facilities undertaken in the North Rift. Homestays operational guidelines were developed, and inventory and sensitization workshops on the same undertaken.

- **Tourism Infrastructure development**

Towards realization of Vision 2030 flagship projects, pre-feasibility study on Isiolo Resort City was undertaken and Expression of Interest (EOI) for consultancy study advertised. The project was coordinated in collaboration with the Lamu Port Southern Sudan Ethiopia Transport (LAPSSSET) corridor project under the Ministry of Transport. Activities undertaken include

formation of an Inter-Ministerial Taskforce to conceptualize the Isiolo Resort City, development of Terms of Reference for the consultancy study and sensitization of the stakeholders.

In respect to the Diani and Kilifi Resort cities, land use plans and preliminary land delineation (marking of boundaries) were developed in collaboration with the Lands sub-sector. A concept paper was prepared for the two cities and key stakeholders identified. Tender documents for award of aerial mapping were also finalised.

To ensure tourist facilities continue offering quality product and services, 64 tourist facilities were facilitated in VAT and Duty exemptions for tourist establishments. Business advisory services were provided to 51 potential investors and loanees in the tourism industry. Implementation of business development projects were facilitated and over 40 potential investors in the tourism industry sensitised in two symposiums. Negotiations with National Oil Corporation of Kenya (NOCK) for a joint partnership in the development of Roadside Rest Areas were also initiated.

In an effort to diversify tourism product, 18 acre land was identified from Bamburi Portland Company for the development of a Conventional centre in Mombasa in an effort to expand conference tourism. Two sites were also identified in consultation with Kenya Ports Authority for the development of up market Marina along in Shimoni and Kilifi.

Development of Tourism Circuit Associations was also supported to bring together tourism stake holders in an effort to support, strengthen, develop and improve tourism related activities and products in the various regions.

2.1.6. Industry

The industry sub-sector has one programme and six sub-programmes.

2.1.6.1. Promotion of industrial development and investment

Under the programme the following achievements have been made:

- **Promotion of Industrial development**

The manufacturing sector achieved a growth of 4.4% in 2010 as compared with a sluggish growth of 1.3 per cent in 2009. The value of manufacturing output rose by 11.9 per cent from Kshs. 769,624 million in 2009 to Kshs. 861,130 million in 2010.

The sub sector has prepared a final draft National Industrialization Policy that identifies 21 key industrial subsectors in the economy. The draft was forwarded to the Cabinet sub-committee on Productive Sector for comments; which were incorporated and the document resubmitted to the committee. The implementation on the 21 sub sectors identified is ongoing. In addition the subsector has also developed a draft sub-contracting Policy and waste management strategy paper.

The sub sector was mandated in 2009 under the Economic Stimulus Programme (ESP) to construct and equip industrial development centres (Jua- Kali sheds) in each of the 210 Constituencies. The programme once complete is expected to provide facilities to support start-up enterprises in various industrial sub-sectors; provide business development services; and incubation for companies and entrepreneurs using common manufacturing facilities. The construction of Constituency Industrial Development Centres (CIDC) started in 2009/10. The construction is in progress in 189 constituencies and is at various stages of completion as follows: 34 are complete, 39 are 90-99% complete 77 are 50-59% complete, 35 are below 50% complete. 21 constituencies are yet to identify land for construction

In the year 2008, the sub sector started the One Village One Product (OVOP) project with technical assistance from Japan International Cooperation Agency (JICA). This initiative has promoted 60 projects on value addition in different parts of the country.

The 4K (KIRDI KIPI, KEBS KNJKA) initiative supported by Business Sector Programme Support (BSPS) project has developed and commercialized an arc welding machine which meets international standards. Also, together with handicraft groups in Coast, Turkana and Kisumu, the 4K initiative engages in product development and marketing of handicraft products both locally and internationally. The project has also developed a hand loom prototype that is ready for commercialization.

The Business Sector Programme Support project addresses technology transfer and commercialization, innovations, training and skills upgrading, pilot product development, product quality and capacity building in Micro and Small Enterprises (MSEs). The project has set up mini- tannery and honey processing plant in west Pokot; and promoted value addition in fish leather and water hyacinth products in Kisumu.

Other achievements of the programme include the enactment of the Anti-Counterfeit Bill in December, 2008 and became operational in June 2010 through the establishment of the Anti – counterfeit Agency.

Under the Micro, Small and Medium Enterprises (MSME) competitiveness project, there are three components focusing on access to finance; strengthening enterprise skills and market linkages; and capacity building and provision of Business Development Services (BDS). Implementation of this project led to creation of 1,500 jobs from MSMEs in 2010. In addition the project disbursed Kshs. 115 million to MSMEs as technical assistance, 2,000 business plans were submitted for consideration under Jitihada Competition for funding and 20 were funded.

- **Provision of Industrial Training**

Kenya Industrial Training Institute (KITI) has provided specialized technical training with strong components of entrepreneurship for self employment to 1,998 students. The training programmes were expanded and four (4) new courses in food and beverage, business administration, accounts and electrical engineering as part of its training programme expansion introduced. In addition the institute undertook the rehabilitation of stalled building projects which includes the workshops, classrooms, auditorium, playing ground and central stores and some projects are still ongoing.

- **Standardization, Metrology and conformity assessment**

The Kenya Bureau of Standards (KEBS) has facilitated the establishment of Kenya Accreditation Service (KENAS) vide Legal Notice No. 26/2005 and is now an independent entity from KEBS. It has also expanded the measurement scope into ionizing radiation thus enhancing capacity and competence for calibration of hospital diagnostic and treatment equipment such as x-rays

thus offering measurement traceability in this field at protection and diagnostic level. The institution undertook training and certification on ISO 9001:2000 Quality Management System for the industry, government, state corporations and local authorities, developed 364 standards and certified 9,845 products.

- **Business finance and incubation for MSMEs**

During the period under review, Kenya Industrial Estate (KIE) disbursed credit amounting to Kshs.221.6 Million to Micro, Small and Medium Industries (MSMIs) that engage in various industrial activities, trained 11,020 entrepreneurs on business development services, acquired 33.8 hectares of land for industrial development across the country and constructed 173 industrial sheds.

- **Promotion of industrial products**

The sub sector, through the Numerical Machining Complex (NMC) developed a prototype 5 horse power pump for irrigation and is ready for commercialization. Mass production of the pump is in progress. In addition, the sub sector revived operations in the Foundry & CNC factory that stalled in 2002 and trained skilled foundry operators.

- **Promotion of Industrial Property Rights**

Over the review period, 2,508, 3,040 and 3,594 applications were received in 2008/09, 2009/10 and 2010/11 respectively from clients for protection of patents and trademarks. In addition, technical advice was provided to 1,250, 2,250 and 1,965 clients respectively, over the same period. KIPRI carried out 1,410, 1,515 and 1,449 searches respectively on behalf of clients for the same period.

2.1.7. Research and Development

The General Economic, Commercial and Labour Affairs (GECLA) Sector has two research institutions namely the Kenya Industrial Research and Development Institute (KIRDI) and the Productivity Centre of Kenya (PCK). The achievements of the two institutions are outlined below:

2.1.7.1. Promotion of Industrial Research and Development

During the period under review more than 20 products and technologies developed. The bulk of these technologies and processes target value addition in the agricultural sector some of which are listed below

- **Identifying gaps in technology products and processes for value addition**

The institute undertook a resource mapping project of Central Kenya and Western and developed a technology needs assessment report that identified the needs of the region as well as interventions for the same.

- **Development of technologies products and processes**

The institute developed a handloom machine that can be used by small scale farmers in ginneries for processing of cotton and in the field of Natural Products extraction Technologies, the Institute developed technology for the Extraction of Aloe vera. Already Several SMEs have been incubated to use this technology.

- **Commercialization of Research and Development results**

Among the Research and Development results that are commercialized in the \institute Leather processing technologies, fruit processing and honey processing are the most notable and have been commercialized at a national level

- i. **Leather Processing Technologies:** Various leather processing and utilization technologies have been developed in KIRDI through R&D. The process of transferring these technologies to the entrepreneurs to support value addition to hides and skin through production of wet blue from hides is in progress. 2 mini tanneries have been established in West Pokot and Wamunyu.
- ii. **Fruit Processing Technologies:** Various Fruit processing technologies have been developed in KIRDI through R&D, reverse engineering and prototyping to support SMEs to add value to fruits and vegetables. The main objective is to reduce post harvest losses through value addition. KIRDI is already working with 50 SMEs in this line.
- iii. **Honey Processing Technologies:** Various honey processing technologies have been developed in KIRDI through R&D, reverse engineering and prototyping to support SMEs to add value to honey, honey products and by-products. The honey processing

technologies are being disseminated to support honey farmers on value addition including production of export honey based products. KIRDI has already transferred these technologies to more than 8 SMEs.

- **Promotion of Business Incubation Services**

The Institute endeavours to assist in the vertical growth of MSMI through the establishment of business incubation services both virtually and physically by providing the services. During the year 45 physical incubates graduated while 300 enterprises are still in incubation.

The institute provides virtual incubation through the dissemination of various technologies through training and business incubation services such as.

- i. Analytical Testing and Quality Control Services: The laboratory facilities used for R&D are also being used to provide analytical testing and quality control services to SMEs. KIRDI has in the past provided the above services to about 2000 SMEs.
- ii. Technologies for extraction of essential oils and medicinal active ingredients: The R&D facilities and pilot plants for extraction and analysis of essential oils and medicinal active ingredients have been adapted to support SMEs in export business. Already these technologies have been disseminated to 5 SMEs

- **Promote common manufacturing facilities**

The R&D and Pilot plant facilities for leather processing have been adapted to support SMEs to convert semi processed leather wet blues from their enterprises to process finished leather for production of various finished leather products for local and export markets. 80 SMEs have benefited.

- **Other technologies developed include:**

- i. Pilot Plants For Ceramics Processing and Value addition
- ii. Already these Technologies have been transferred to Nandi and Mukuwe-ini in Nyeri.
- iii. Agro Waste Utilization Technologies for Fuel Making
- iv. Technologies for Briquetting Agro waste for Fuel Have been Developed and Disseminated to Western Region

- v. Commercialization of fish leather technologies.

2.1.7.2. Productivity improvement, measurement and promotion

Under the programme the following achievements have been made:

- **Productivity improvement**

The sub-sector undertakes productivity research based improvement programmes involving diagnosis of enterprise/organization level problems and issues and designing initiatives and tools for improvement. During the period under review improvement programmes were carried out in 32 public and private sector institutions/enterprises.

- **Productivity promotion**

Productivity promotion involves undertaking productivity awareness programs and developing critical mass of people knowledgeable of productivity practices and applications. During the period under review a total of 274 Technical Service Providers were trained as champions, practitioners and facilitators to spearhead productivity promotion. In addition, a Draft National Productivity and Competitiveness Policy was developed awaiting submission to Cabinet.

- **Productivity measurement**

To provide relevant productivity information in form of productivity statistics at the national, sectoral, and firm levels for benchmarking, design of productivity improvement programme and informing decision making and value based management. Productivity indices in 5 sector of the economy were developed based on sectoral level productivity data.

2.2. Review of Key Indicators of Sector Performance

The Sector measures its performance by the following key indicators as shown in the table below:

Table 2. 9: Key indicators of Sector Performance

Sub-Sector	Key indicators of Sector Performance
Regional Development Authorities	Number of Regional Development master plans developed
	Number of regional data and information centre established

Sub-Sector	Key indicators of Sector Performance
	Number of feasibility studies completed
	Number of multipurpose dams
	Number of acres planted with trees
Labour	Number of Industrial Disputes Resolved
	Percentage of Workmen Compensation claims settled
	Number of workplace inspections carried out
	Number of trainees placed on Industrial Attachment
	Number of students trained in relevant industrial skills
	Number of labour disputes abitrated and awarded
	Hazadous industrial equipment examined
	Number of cases of occupational accidents and ill-health acted upon
	Number of MSE worksites rehabilitated
	Number of job seekers placed in Employment
Trade	Percentage increase in value of exports
	Percentage increase in contribution of Trade to GDP
	Amount of loans disbursed through the Joint Loans Boards Scheme
	Amount of loans recovered under the Joint Loans Boards Scheme
	Number of MSMEs trained
	Number of weighing and measuring equipments stamped
	Number of cases heard and determined
East Africa Community	Number of drafts on negotiations of the EAC common market Protocol.
	Percentage increase in publicity and awareness on EA customs Union and Common Market
	Number of Non-Tariff barriers identified and eliminated
	Percentage Increase in volume of exports to EAC
	Percentage reduction of EAC internal tariff structure from highest of over 25% to zero rated level by 2010
	Percentage of implementation of the EAC projects and programmes
	Number of documented EAC policies and advocacy issues
	Number of workshops/seminars conducted on EAC integration process
	Number of EAC Agreements and protocols identified, signed and ratified

Sub-Sector	Key indicators of Sector Performance
Tourism	Number of bed-nights occupied by domestic tourists
	Number of tourist establishments inspected
	Number of new tourist products developed
	Number of new source markets established
	Value of tourism earnings
	Number of international tourist arrivals
Industrialization	Number of SMI parks developed
	Number of MSMIs graduating to the next level
	Amount of credit disbursed to MSMIs
	Number of students trained
	Number of new industrial machines produced
	Number of standards developed
	Number of IPR registered
Research and development	Number of research projects undertaken
	Number of new technologies products and processes developed.
	Number of prototypes developed
	Number of technologies commercialized
	Number of MSMI be incubated and graduated in the institute
	Number of upgraded MSMI technology products
	Number of Technical Service Providers trained as productivity champions
	Number of institutions/enterprises practicing productivity
	Number of sectors for which productivity indices are developed

2.3 Expenditure Analysis

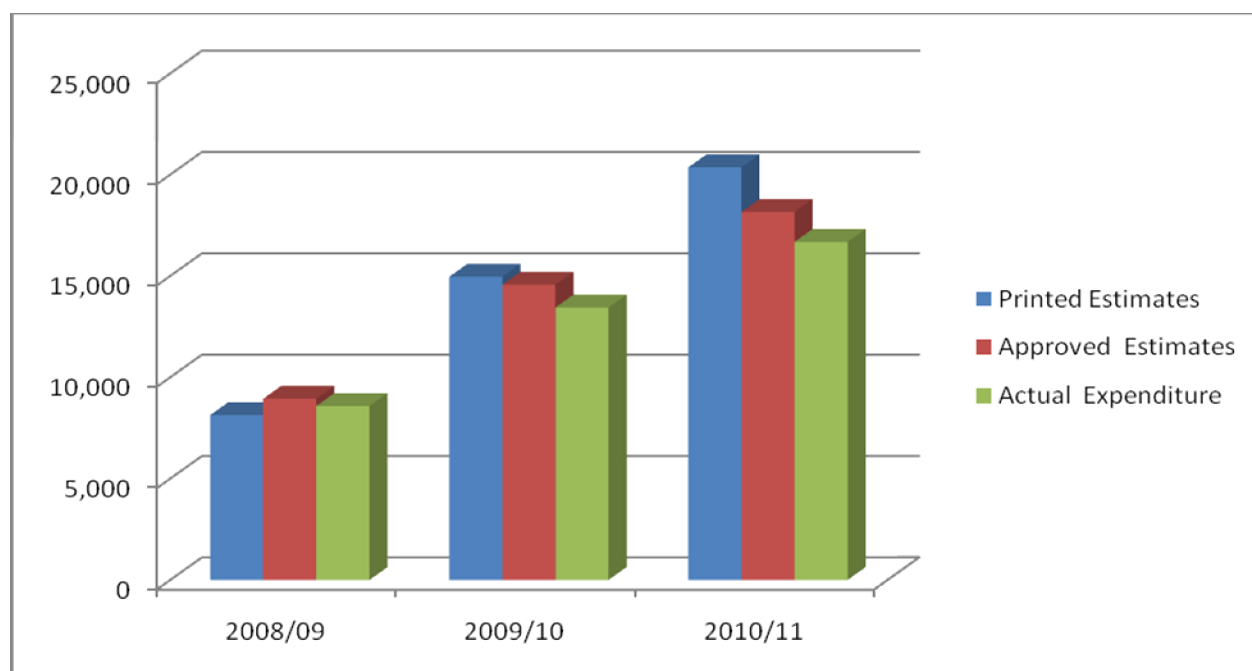
From the table below, the total approved budget to the Sector increased from Kshs.8.9 billion in 2008/09 to Kshs.14.5 billion in 2009/10, and finally to Kshs.18.1 billion in 2010/11. This was mainly attributed to an increase in allocation to cater for new programmes like the Economic Stimulus, Vision 2030 flagships among other projects. In 2008/09, the sector on average utilized 96 % of its allocation compared to 92 % in 2009/10, and 94% in 2010/11 indicating a minimum variance in utilization of voted provision. Under utilization of allocated

funds for both development and recurrent expenditure was attributed to the logistical issues in implementation of economic stimulus projects, donor conditionality on donor funded project, lengthy procurement processes and slow approvals from other collaborators.

Table 2.10: Comparison between Approved gross budget estimates against the actual expenditure (Ksh. Millions)

	Printed Estimates			Approved Figures			Actual Figures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Regional Development	1,397	4,475.7	8,301.2	1,415.0	3,967.5	6,169.3	1,407.8	4,010.8	5,910.4
Labour	1,439.6	2,105.5	2,394.1	1,389	1,666	2,424	1,260.8	1,387.8	1,795.7
Trade	1,383	1,884	1,992	1,916	2,348	1,857	1,854	2,208	1,466
East Africa Community	458	1,033	988.5	455	973	1,053.9	453	916	1,037.0
Tourism	1,700	2,873	2,378.5	1,945	2,400	2,348.5	1,897	2,330	2,167.1
Industrialization	1,236.6	2,032.0	3,510.7	1,336.5	2,635	3,504.7	1,223.1	2,032	3,542.1
Research and Development	517.6	554.9	791.6	485.7	574.9	797.6	486.1	554.9	760.2
TOTAL	8,131.8	14,958.1	20,356.6	8,942.2	14,564.4	18,155	8,581.8	13,439.5	16,678.5

Figure 2.1: Comparison between printed, approved and actual estimates from 2008/09 to 2010/11



2.3.1 Analysis of the Recurrent Expenditure

The recurrent budget for the sector over the review period increased from Ksh.6.1 billion in 2008/09 to Ksh.7.5 billion in 2009/10 and finally to Ksh.7.5 billion in 2010/11 which reflects a 23% increase over the period i.e. 2008/09 – 2010/11. During the review period, the sector's absorption of recurrent funds was on an average of 95 %. Under utilization of allocated recurrent funds was occasioned by lengthy procurement processes and slow approvals from other collaborators.

Table 2. 11: Comparison between Approved gross recurrent estimates against the actual expenditure (Kshs Millions)

	Printed Estimates			Approved Figures			Actual Figures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Regional Development	688.4	835.1	818.8	711.7	820.1	817.2	706.6	819.2	807.2
Labour	944.8	1,194.0	1,205.6	989.4	1,186.4	1,296.0	951.4	1,121.5	1,215.7
Trade	1,026	1,696	1,470	1,521	1,922	1,535	1,451	1,806	1,301
East Africa Community	458	912	897.6	455	882	944.	453	898	929.3
Tourism	1,222	1,604	1,378.5	1,507	1,596	1,502.5	1,474	1,540	1,473.5
Industrialization	770.6	810	996.1	755	850	1002.4	741.6	827	960.4
Research and Development	247.6	300.9	461.6	247.2	320.9	461.6	247.6	300.9	461.6
TOTAL	5,357.4	7,352	7,228.2	6,186.3	7,577.4	7,558.7	6,025.2	7,312.6	7,148.7

2.3.2 Analysis of the Development Expenditure

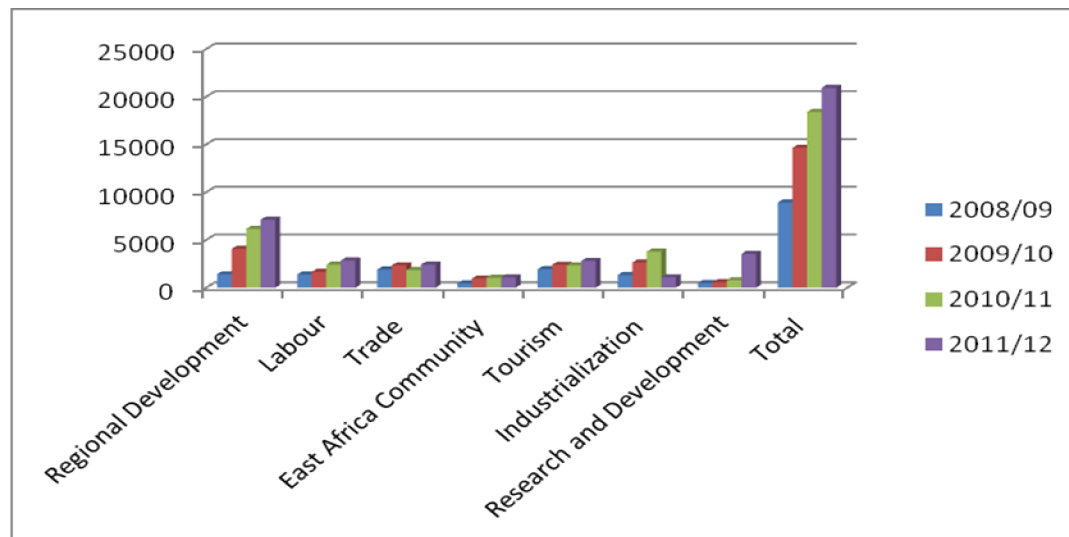
The approved development budget for sector over the review period increased from Kshs.2.7 billion in 2008/09 to Kshs.7.0 billion in 2009/10 and finally to Ksh.10.8 billion in 2010/11 which reflects a 300% increase over the review period i.e 2008/09 – 2010/11. The increase was mainly as a result of allocations to cater for new programmes like the Economic Stimulus, Vision 2030 flagships among other projects. Over the review period, the sector had an average absorption rate of 88% on development funds. In 2008/09, the sector utilized 93% of its allocation compared to 87.1 % in 2009/10 and 83.3% in 2010/11 indicating a significant drop in utilization of voted provisions. However, this under-utilization is attributed to the logistical issues in the implementation of economic stimulus & flagship projects and donor conditionality on donor funded projects.

Table 2.12: Comparison between Approved Gross Development estimates against the Actual Expenditure (Kshs Millions)

	Printed Estimates			Approved Figures			Actual Figures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Regional Development	708.6	3,640.6	7,482.4	703.3	3,247.4	5,352.1	701.2	3,191.6	5,103.2
Labour	494.5	911.5	1,178.5	399.7	479.6	1,118.1	309.4	266.3	570
Trade	357	188	522	395	426	322	403	402	165
East Africa Community	0	121	90.9	0	91	109.9	0	17	107.6
Tourism	478	1,269	1,000	439	804	846	423	790	694.6
Industrialization	466	1,222	2,534.6	581.5	1,785	2,784.6	482.5	1,204	1,952.6
Research and Development	270.0	254.0	320.0	238.5	254.0	326.0	238.5	254.0	308.6
Total	2774.1	7,606.1	13,128.4	2757	7,087	10,858.7	2557.6	6,124.9	8,901.6

Table 2.13: Trends in Funding

	2008/09	2009/10	2010/11	2011/12
Regional Development	1415	4,067.50	6,169.30	7,127.0
Labour	1389.1	1,666.00	2,414.10	2857
Trade	1916	2,348.00	1,857.00	2,417.0
East Africa Community	455	973.00	1,053.90	1,089
Tourism	1946	2,400.00	2,348.50	2,811
Industrialization	1336.5	2,635.00	3,787.00	1097
Research and Development	485.7	574.90	787.60	3548.9
Total	8943.3	14,664.40	18,417.40	20,947

Figure 2.2: Trends in funding

2.3.3 Analysis of Externally Funded Programmes

Over the review period, the sector received development budgetary support of Kshs.682.87 million, Kshs.2,167.15 million and Kshs. 4,153.01 million for financial years 2008/09, 2009/10 and 2010/11 respectively. The actual expenditure for the respective years was Kshs. 581.87 Million, Kshs. 1,273.37 Million, and Kshs. 1,616.43.Million.

Table 2.14: Donor funded projects by name and the respective development partners

Project Name	Name of Donor	Approved Estimates			Actual Expenditure		
		2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Kimira Oluch Smallholder Farm Improvement Project	African Development Fund	0	509.23	843.78	0	459.98	274.17
Malindi Intergrated Development Project	Italy	0	140	120	0	0	120
Kenya Youth Empowerment Program	World Bank	0	0	75	0	0	75
Integrated land and Water Management - Kibuon	African Development Bank/Fund	0	7	49.92	0	0	34.87
Ewaso Ng'iro North Natural Resources	African Development Bank/Fund.	0	200	843.78	0	173.17	27.98

Project Name	Name of Donor	Approved Estimates			Actual Expenditure		
		2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Conservation Project(ENNNRCP)							
Community based Mini-Hydropower Development in Upper Tana Basin for Poverty Alleviation	European Development Fund.	0	52.40	130.35	0	42.39	0
Feasibility Study for the Construction of Central Abattoir in Northern Kenya	Arab Bank for Economic Development in Africa.	0	22	28	0	0	8.76
Sigor Wei Wei Phase III.	Italy	0	21	200	0	0	0
RH for Farmers Field Schools(CDA)	UNFPA	0	0	1.13	0	0	0
Technology Development Centre Phase II Extension Project	Government of Korea	0	460.83	755	0	13.76	244
Kenya Post-Lome Trade Negotiation	EEC/ EDF	168	113	59	168	113	59
Assistance to Micro and Small enterprise Programme (ASMEP)	EEC/ EDF	6	41	131	6	41	131
Trade Training Programme for SME exporters	JICA	27	8	8	27	8	8
District Business Solution Centre	UNDP	35	35	15	35	35	15
Promotion of Women in Business and Investment in Kenya	UNDP	0	40	15	40	40	15
Private Sector Development	EEC/ EDF	0	0	60	0	0	0
Establishment of Regional Integration Centers	DFID	0	45.4	64.4	0	0	64.4
Tourism Diversification & Sustainable Development	EEC/EDF	8	8	349.2	9	0	349.2

Project Name	Name of Donor	Approved Estimates			Actual Expenditure		
		2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
MSME competitive project	IDA	265	265	265	253	250	97
Business Sector Programme support (BSPS)	DANIDA	173.87	173.29	117.95	52.87	97.07	79.85
OVOP	JICA	0	0	10.5	0	0	10.5
Standards & Labeling	UNDP	0	26.0	11.00	0	0	2.9
Total For The Sector		682.87	2,167.15	4,153.01	590.87	1,273.37	1,616.63

2.3.4 Review of Expenditure by Programmes

Table 2.15: Review of Expenditure by programmes and economic classification

	Approved Estimates			Actual Expenditures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Programme 1 - Integrated Regional Development						
Compensation of employees	206	100	137.6	159	99	131
Use of goods and services	392	979	2193	724	736	2289
Subsidies, Grants and other Transfers	815	3050	3839	473.8	2995	3491
Acquisition of Non-financial Assets	20	0	0	33	0	0
Total for Programme 1	1,433	4288	6,169	1,390	3,830	5,910
Programme 2 - Promotion of Best Labour Practices						
Compensation to employees	203.3	244.6	259.7	199.6	245.9	264.7
Use of goods and services	167.0	230.3	241.6	141.4	203.7	227.4
Subsidies, Grants and other Transfers	121.0	78.0	57.0	111.9	68.5	56.8
Acquisition of Non-financial Assets	165.9	348.1	129.2	114.4	46.3	113.2
Total For Programme 2	657.2	901.0	687.4	567.2	564.3	662.1
Programme 3 - Manpower Planning, Development, Utilization and Productivity Management						
Compensation to employees	178.5	171.5	194.3	174.0	177.3	185.9
Use of goods and services	144.1	193.8	269.0	131.9	131.9	166.0
Subsidies, Grants and other Transfers	0	0	0	0	0	0
Acquisition of Non-financial Assets	164.1	409.4	1,008.3	137.9	239.5	527.6
Total for Programme 3	486.7	774.7	1,471.7	443.7	577.9	879.4
Programme 4 - Policy, Planning and Administration						
Compensation to employees	88.5	111.2	106.3	87.0	96.6	101.0
Use of goods and services	133.3	130.2	139.2	142.5	129.3	132.9
Subsidies, Grants and other Transfers	0	0	0	0	0	0
Acquisition of Non-financial Assets	22.7	18.8	11.9	20.3	17.8	11.7

	Approved Estimates			Actual Expenditures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Total for Programme 4	244.5	260.2	257.4	249.7	243.7	245.6
Programme 5 - Trade Development and Investment						
Compensation to employees	428	457	465	428	454	451
Use of goods and services	802	1019	646	740	916	444
Subsidies, Grants and other Transfers	551	757	792	560	738	740
Acquisition of Non-financial Assets	135	115	180	126	100	41
Total for Programme 5	1916	2348	2083	1854	2208	1676
Programme 6 - Co-ordination of EAC Affairs						
Compensation to employees	76.8	79.7	154.1	74.9	77.6	152.7
Use of goods and services	188.1	333.1	228.9	187.9	265.2	214.9
Subsidies, Grants and other Transfers	126.8	544.9	563.0	126.8	544.9	562.9
Acquisition of Non-financial Assets	63.5	56.1	43.6	63.4	28.0	42.4
Total for Programme 6	455.2	1,013.7	989.5	453.1	915.7	972.8
Programme 7 - Tourism Development and Marketing						
Compensation to employees	116.5	124	137.2	109.4	124	137.4
Use of goods and services	369.2	453	444.9	349.6	414	412.3
Subsidies, Grants and other Transfers	1388.5	1714	1608.1	1387.9	1704	1454
Acquisition of Non-financial Assets	71.2	109.8	158.2	49.7	88	164
Total for Programme 7	1945.4	2400.8	2348.4	1896.7	2330	2167.7
Programme 8 - Industrial Development and Investment						
Compensation to employees	144.0	198.7	209.7	139.6	168.6	207.3
Use of goods and services	697.4	716.1	534.4	598.1	312.	278.2
Subsidies, Grants and other Transfers	882.3	1669.4	2222.7	882.3	1643.0	2154.8
Acquisition of Non-financial Assets	88.2	614.7	1579.2	80.2	451.9	1014.6
Total for Programme 8	1811.9	3198.8	4546.0	1700.2	2575.9	3654.8
Programme 9 - Promotion of Industrial Research and Development						
Compensation to employees	195.0	240.7	375.7	228.7	203.2	324.1
Use of goods and services	42.4	69.3	67.3	47.3	45.3	245.5
Subsidies, Grants and other Transfers	0	0	0	0	0	0
Acquisition of Non-financial Assets	270.0	254.0	310.0	151.9	100.5	172.0
Total for Programme 9	507.4	564.0	753.0	427.8	349.0	741.6
Programme 10 - Productivity Measurement and Promotion						
Compensation to employees	0	0	0	0	0	0
Use of goods and services	8.9	8.8	11.9	8.3	10.4	11.2
Subsidies, Grants and other Transfers	0	0	0	0	0	0
Acquisition of Non-financial Assets	2.1	2.1	16.7	2.1	2.3	15.9
Total for Programme 10	11.0	10.9	28.6	10.4	12.8	27.2

	Approved Estimates			Actual Expenditures		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Total for the Sector						

2.4 Review of Pending Bills/Claims

As at 30th June 2011 the sector had accumulated total pending bills/claims of Kshs 875.62 Million. This included Kshs 379 million for recurrent claims and Ksh.496.62 million for development claims.

2.4.1 Recurrent pending bills

The table below shows the summary of recurrent pending bills claims by sub sectors:

Table 2.16: Recurrent and Development Pending bills/ claims Analysis Kshs. Millions

	Due of lack liquidity			Due of lack of provision		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Recurrent						
Regional Dev. Authorities	344.89	331.66	206.41	69.19	53.59	31.00
Labor	-	12.14	98.13	103.04	0.95	-
Trade	-	-	1.00	-	-	-
East Africa Community	-	-	-	-	-	41.30
Tourism	18.60	17.73	-	-	0.48	-
Industrialization	-	-	0.97	21.86	15.80	-
Research & Development	-	0.50	0.19	-	-	-
Total	363.49	362.03	306.70	194.09	70.82	72.30

The Regional Development Authorities' subsector had accrued recurrent pending bills of Kshs 237.41 million resulting from outstanding statutory payments and utilities as at the end of 2010/11 financial year. This was majorly due to lack of sufficient provision.

The Labor sector had accrued Kshs 98m which arose partly from accumulated rent arrears payable to the land lord (NSSF) and personal claims arising from outstanding Baggage allowance claims. Payments for these claims have always come from Local Travelling and transportation item whose allocation has been insufficient to cover all the claims leading to their accumulation.

EAC subsector had a pending bill of Kshs. 41.3 million which was as a result of lack of provision. This arose from arrears in rent of Kshs 29.3m to Cooperative Bank House for the

period and a historical pending bill of Kshs 12 m that emanated from Kenya hosting the Somali Peace Process held between 2003 to 2005. It was inherited from the ministry of foreign Affairs since the ministry was then a department under Ministry of Foreign Affairs.

2.4.2 Development Pending Bills Analysis

The table below shows the summary of development pending bills claims by sub sectors:

Table 2.17: Development Pending bills/ claims (Kshs. Millions)

Development	Due of lack liquidity			Due of lack of provision		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Regional Dev. Authorities	316.10	323.28	418.50	-	0.99	0.90
Labor	6.70	35.63	5.67	34.40	-	-
Trade	-	-	12.25	-	19.00	-
East Africa Community	-	-	-	-	-	-
Tourism	10.30	4.42	-	-	-	-
Industrialization	-	-	59.30	113.00	-	-
Total	333.10	363.33	495.72	147.40	19.99	0.90

The Regional Development Authorities' subsector had accrued development pending bills of **Kshs 419.4** million in the 2010/11 financial year. The claims resulted from the bills accrued from construction works certified but not paid as at the year end and unexpected legal claims arising from court ruling (compensation to farmers-TARDA and NK Brothers-LBDA).

In addition, Labor subsector incurred rehabilitation cost of mechanical and civil engineering works at Technology Development Centre, Athi River which was certified but not paid as at the end of 2010/11 financial year.

CHAPTER THREE

3 MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2012/13 – 2014/2015

3.1 Prioritization of Programmes and Sub-Programmes

The sector has ten (10) programmes with forty-eight (48) sub-programmes as shown in the table 3.1 below.

3.1.1 Programmes and their objectives

1. Integrated Regional Development

The objective of the programme is to promote balanced, equitable, and sustainable integrated basin based development.

2. Promotion of Best Labour Practices

The objective is to promote harmonious industrial relations and safety at work.

3. Manpower Planning, Development and Utilization

The objective is to enhance competitiveness of the country's workforce.

4. Labour Policy, Planning and Administration

The objective is to enhance efficiency and effectiveness in service delivery.

5. Trade Development and Investment

The objective is to facilitate private sector led economic growth and a globally competitive trade and investment climate for transformation of Kenya into a regional service hub and expansion of Kenya exports.

6. Coordination of the East African Community affairs in Kenya.

The objective is to coordinate and monitor the implementation of the East African Community Council decision on all programmes.

7. Tourism Development and Marketing

The objective is to coordinate the implementation of activities that ensure sustainable tourism development.

8. Industrial development and investment

The programme objective is to stimulate industrial technological activities that will enhance product value addition and diversification to ensure product competitiveness and create enabling environment for investment.

9. Promotion of Industrial Research and Development

To promote creation and development of manufacturing Micro, Small and Medium Enterprises through Technology development and Transfer.

10. Productivity Improvement, Measurement and Promotion

The objective is to develop and implement targeted and research based productivity interventions.

3.1.2 Programmes, Sub-Programmes, Expected Outcomes, Outputs and Key Performance Indicators for the Sector

Table 3.1: Sector's expected, outcomes, expected outputs and key performance indicators

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
<i>Programme 1: Integrated Regional Development</i>			
<i>Outcome: Equitable, balanced and sustainable regional development</i>			
Regional Development Planning	Regional development master plans developed	No. of Regional development master plans developed	6
	Regional Data and Information Centres established	No. of Regional Data and Information Centre established	6
Integrated Basin Based development	Feasibility studies reports	No. of Feasibility studies completed.	2
	Multipurpose dams	No. of multipurpose dams	5
Development of River Banks, Water Bodies and Catchment areas	Area planted with trees	No. of acres planted with trees	1000
	No. of tree seedlings produced and planted	No of tree seedlings produced & planted	6 million
Community Empowerment and Support Programs entailing	Dispensaries	No. of dispensaries constructed	6
	Trained communities on best agricultural practices	No of people trained	3,000
	Water pans	No of water pans	20
<i>Programme 2: Promotion of Best Labour Practices</i>			
<i>Outcome: Harmonious and Peaceful Industry</i>			
Promotion of harmonious industrial relations	Reported labour disputes resolved	Time taken to resolve reported industrial disputes	3 months
	Policy on Child Labour developed and implemented	Policy on Child Labour	Child Labour Policy
	Work places inspected	Number of workplaces inspected	13,000
Arbitration of trade disputes	Arbitrated reported trade disputes	No. of trade disputes arbitrated	1,350
	Regional Industrial Courts established	No. of regional Courts established	2
Provision and promotion of	National Occupational Safety and Health at Workplace Policy	National Occupational Safety and Health Policy	Policy

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
occupational safety and health services	approved and operational		
	National Council for Occupational Safety and Health (NACOSH) established and operational	An operational National Council for Occupational Safety and Health (NACOSH)	Council
	Occupational Safety and Health Institute established and operational	An operational Occupational Safety and Health Institute	OSHA Institute
	Hazardous plant and equipment inspected	No. of hazardous plant and equipment inspected	6,000
	Work injury benefits claims settled	%age of work injury benefits claims settled	73%
<i>Programme 3: Manpower Planning, Development and Utilization</i>			
<i>Outcome: A competitive workforce</i>			
Human resource planning, development and utilization	National Human Resource Database developed and operational	National Skills Inventory	HR Database
	Job seekers placed through the Public Employment System	No. of job seekers placed in employment	10,000
	Employment Policy approved and operational	Employment Policy	Policy
	Diaspora Policy approved and operational	Diaspora Policy	Policy
Micro and Small Enterprise development	MSE worksites developed and upgraded	No. of MSE worksites upgraded and developed	35
	MSE Bill enacted and operational	Discussion and approval of MSE Bill	MSE Act
	MSE Centres of Excellence established and operational	No. of MSE Centres of Excellence established	3
	MSEs exposed to local and international trade exhibitions	No. of MSEs exposed to local and international trade exhibitions	1,800
Provision of industrial skills in the country	Industrial Training Centres refurbished and upgraded	No. of existing Industrial Training Centres refurbished and upgraded	5
	Individuals trained in relevant industrial skills	No. of individuals trained in relevant industrial skills	6,500
	Trainees placed on industrial attachment	Number of trainees placed on attachment	12,000
	DIT transformed into a Semi Autonomous Government agency (SAGA)	DIT as a Semi-Autonomous Government Agency	SAGA
	Industrial Training and Attachment Policy	Approved Industrial Training Policy	Policy
Productivity improvement, measurement and promotion	National Productivity Policy approved and implemented	Approved National Productivity Policy	Policy
	National Productivity and Competitiveness Bill	Approval by parliament	Bill
	Productivity Centre of Kenya (PCK) transformed into a Productivity and Competitive	Productivity and Competitiveness Commission Decree	Commission

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	Commission		
	Productivity Technical Service Providers trained	No. of productivity Technical Service Providers trained	250
	Productivity improvement conducted	No. of firms/ enterprises in which productivity improvement is conducted	80
<i>Programme 4: Policy, planning and administration</i>			
<i>Outcome: Efficient Services in the Labour Market</i>			
Policy, Planning and Administration	Effective and Efficient services	Customer Satisfaction Survey	80%
<i>Programme 5: Trade Development and Investment</i>			
<i>Outcome: Increased volume of both domestic and international trade</i>			
Administrative and Financial Services	Master plans and Designs of Special Economic Zones(SEZ)	Number of master plans and designs developed for Special Economic Zones(Mombasa, Lamu & Kisumu) zones	3
	Floors transformed into open office plans	Number of floors transformed into open offices	4
Regional Economic Integration Initiatives	Exports to COMESA Region	Value of exports to COMESA (Kshs)	164,513
Business Premises Rent Tribunal Services	Business premises Rent disputes cases heard and determined	Number of cases heard and determined	3,500
	Circuit sitting sessions conducted	Number of circuit sitting sessions conducted	28
	Court references filed	Number of cases filed	2,500
Domestic Trade Development	Loans disbursed under Joint Loan Board Scheme	Amount of loans disbursed through Joint Loans Board scheme(Kshs M)	147
	Loans recovered from traders under Joint Loan Board Scheme	Amount of loans recovered from Traders (Kshs M)	196
	Beneficiaries of Joint Loans Board	Number of beneficiaries of Joint Loan	3,903
	Cross border trade meetings	Number of cross border meetings held	14
	Producer Business Groups (PBGs) formed to improve the supply chain	Number of PBGs formed	500
	District Business Solution Centers(DBSCs)/Business Information Centers(BICs)	Number of DBSCs/BICs established	34
External Trade Development	Exports to EU markets	Value of export earnings to EU Markets (Kshs M)	119,506
	Exports under AGOA framework	Value of export earnings (Kshs M)	27,251
	Trade agreements negotiated and signed	- Number of Trade bilateral trade agreements	4

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
		signed (Djibouti, Cuba, DR Congo & Philippines)	
		Interim multilateral trade agreement signed (EPAs)	1
	Exports earnings to EAC markets	Value of export earnings to EAC (Kshs M)	122,588
Exports Market Development and Diversification	Participation in international trade fairs and bilateral visits made.	Number of international trade fairs participated in (specify Countries)	20
	Markets /Country export opportunity reports	Number of markets /country export opportunity reports	5
	Outreach programme to exporters	Number of Outreach visits to exporters conducted	90
	Export production villages	Number of Export promotion village established	18
	Established International Trade Centre	Number of internal trade centers developed (Juba, Kinshasa, Lubumbashi)	3
	Training Micro, Small and Medium Enterprises on Export trade	Number of MSMEs trained	550
	Establishment of National Export Development Fund	National Export Development Fund Established(Kshs billions)	2
	Establishment of Export Endowment Fund	Export Endowment Fund (Kshs)	2
	Designed and developed new products for exports	Number of exporters assisted to design and develop new product for export.	30
Fair trade practices and Consumer protection	Weighing and Measuring Equipments calibrated	Number of weighing and measuring equipments calibrated('000')	12
	Weighing and Measuring Equipments stamped	Number of weighing and measuring equipments very ('000')	285
	Cases Investigated and prosecuted	Number of cases of trade malpractices investigated and prosecuted	600
	Business premises Inspected	Number of business premises inspected	550
Export Processing Zones	Investments in EPZs	Value of investments in EPZs (Kshs billions)	43
	Jobs created in EPZs	Number of jobs created in EPZs ('000')	73
	Enterprises established in EPZs	Number of enterprises operating in EPZs	161
	Exports from EPZs	Value of exports earnings from EPZs (billions)	44

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	Export Processing Zones gazette	Number of EPZ Zones gazetted	62
Entrepreneurial and Business Management	MSMEs operators trained	Number of MSMEs operators trained	1,800
	Business research, consultancy and counseling services conducted	Number of MSMEs operators counseled through business clinics	2,000
<i>Programme 6: Coordination of the East African Community Affairs in Kenya</i>			
<i>Outcome: Deepened and widened EAC integration</i>			
Consolidation and Sustained implementation of a fully fledged EA Customs Union and operationalization of the EA Common Market	Customs Union Protocol and Customs Management Act implemented	Volume of cross border trade	80% towards zero tariff by 2015
	Common Market Protocol operationalised	Number of Articles and Annexes implemented and complied with	50% Compliance with provisions of the EAC CMP by 2015
Laying the foundation for the EAC Monetary Union and Political Federation	Joint implementation of programmes on the Political Pillar of EAC integration	- Number of Protocols on Political Affairs negotiated and adopted - Number of joint programmes on political pillar	20% increase in joint programmes by 2015
	East African Monetary Union (EAMU) Protocol signed, ratified and implemented	Fully fledged Monetary Union	By 2015
	Macro Economic Convergence Criteria developed	Agreed Macro Economic Convergence Criteria, harmonized exchange rates, fiscal and monetary policies, and eventual establishment of one EAC Central Bank	By 2015
Coordination and participation in cross cutting programmes in productive and social sectors	Full participation in regional infrastructural, energy, agriculture and food security, environment, tourism, health, education, youth and gender programmes	Percentage participation of cross cutting projects and programmes in productive and social sectors	100% participation in EAC cross cutting programmes in productive and social sectors
Participation in the coordination and implementation of EAC-SADC-COMESA Tripartite Cooperation and US - EAC trade and investment initiative	Tripartite industrial and infrastructural development plans and Free Trade Area	Number of draft plans, roadmaps and draft protocols	By 2016

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
Establishment of Regional Integration centers, National publicity and advocacy of EAC regional integration initiatives	Regional Integration Centres established in major border points	Number of Regional Integration Centres established	Four Regional Integration Centres established by 2015
	Increased understanding of the benefits and opportunities of EAC integration by Kenyan citizens, cross border traders and investors	Number of Jumuiya Newsletter produced and distributed	20% increase in number of Newsletters produced and distributed per quarter by 2015
Programme 7: Tourism development and marketing			
Outcome: Develop an internationally competitive sector			
International Tourism promotion and marketing	Increase in number of international tourist arrivals	No. of tourists	1.8 M
	Increase in tourism earnings	Earnings from tourism	Kshs 85 B
	Increase in average spending per visitor	Average expenditure per tourist	Ksh.70,000
	Enhanced PPP with stakeholders, communities and SME investors in tourism	Number of Public Private Partnerships (PPP)	8
	Participation in Regional meetings - EAC, COMESA AND NEPAD	Percentage of meetings invited & attended	100%
Domestic Tourism promotion and marketing	Increased bed-nights by domestic tourist	No. of bed-nights occupied by domestic tourists	2.6 M
Conference Tourism Development	KICC facilities renovated and refurbished	% of renovation project completion	100%
	Increased MICE segment of tourism	No. of international Conference hosted	10
	MICE strategy implemented	% level of implementation	10
Cultural Tourism Development	Increased number of visitors seeking cultural experience	No. of Visitors to Bomas of Kenya	134,000
	High value cultural products launched	No. of products launched	1
	Cultural festivals held	No. of Cultural festivals	4
	Traditional villages rehabilitated	No. of traditional villages rehabilitated	11
	Re-choreography of songs	No. of songs choreographed	8
Tourism Product Diversification and Standardization	Capacity building and Human resource development	No. of graduates in hospitality industry	1,325
	Tourist establishments, hotels	No. of Establishments and	2000

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	and restaurants inspected	Hotels and Restaurants inspected, licensed.	
	Improved Tourism and hospitality standards	No. of hotels and restaurants classified	90
	Homestays licensed	No. of home stays registered	100
	National Tourism Act 2011 implemented	National Tourism Strategy	Strategy in place
Tourism Infrastructure Development (Including Resort cities development, and other KV2030 flagship projects)	Loans Disbursed	Amount of loan disbursed	Kshs 700 M
	Roadside rest areas developed	% of completion	30
	Business advisory services provided	No of advisory services provided	70
	Beach operator's stalls constructed along the coastline	No. of markets constructed	1
	Feasibility Study, Model Designs And Master Plans of the three resort cities (Isiolo, Diani and Kilifi) Developed	No. of Feasibility Studies No. of Master Plans	2 1
	Data on inbound/outbound tourism expenditure, tourism supply and on domestic tourism expenditure	TSA Reports and publications	3
Programme 8: Industrial development and Investment Outcome: Increased contribution of industry to GDP			
Promotion of Industrial development	Land Acquired for Development of SMI Parks	Number of Acres of Land acquired	150
	Feasibility studies for SMI Parks (Nairobi, Kisumu, Mombasa, Eldoret, Nakuru)	Number of feasibility studies	5
	land Acquired for Development of industrial park through PPP	Number of Acres of Land acquired	35
	Site plan for development of industrial park	Number of Site plans developed	1
	Complete construction of Phase I and equipping of IDCs	No. of IDCs Operationalised	210
	Upgrade 47 Industrial Development Centres to Industrial Parks	No. of IDCs upgraded to Industrial Parks	47
	Construct and equip Phase II of IDCs in 210 Constituencies	No. of Phase II IDC operationalized	210
	Conduct feasibility study on iron ore	No. of feasibility study	1
	Upgrade 10 products under the 4K MSI 2030 programme	No. of products upgraded	10
	Promote development of Kisumu	No. of processing projects	3

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	Inland Fisheries Cluster, Garissa Beef Cluster and Mombasa Fruit Processing Cluster	started.	
	Implement One Village One Product (OVOP) in all counties	No. of projected supported under OVOP per County	3
	Conduct energy audits	No. of energy audits conducted	20
	Develop a portfolio of bankable projects	No. of bankable projects developed	2
	Mobilize financial resources for KIE and IDB Capital Ltd	Amount mobilized	Kshs. 4 billion
	Establish and Operationalize Industrial Development Fund	Industrial Development Fund	1
	Conduct a feasibility study on establishment of a fertilizer plant	No. of feasibility study conducted	1
	Improved availability of industrial Information	Industrial database	1
	Reduced incidents of counterfeiting	No. of cases prosecuted	
Provision of Industrial Training	Set up of twelve Centres of Excellence in existing institutions to provide Competence based training for Engineers and Technicians	No. of institutions identified as centres of excellence	12
	Students trained	No. of student trained	2,000
	Increased number of courses offered	No. of new courses introduced	2
	Increased revenue collected	Collected	Kshs. 15 million
Standardization, Metrology and conformity assessment	Increase in the number of standards developed	No. of standards developed	320
	Increased conformity of products to standards in the market	No. of products certified under large firms	7,500
	Construction and equipping of two Regional Laboratories and Offices(Miritini& Kisumu)	No. of regional laboratories constructed and equipped	2
	Radiation Testing Laboratories Project	Radiation laboratory completed	1
	Increased awareness in Accreditation services	No. of awareness programmes conducted	10
	Accreditation of conformity assessment bodies across all sectors	No. of conformity assessment bodies accredited	15
	Arbitration of standards disputes	No. of standards disputes arbitrated	5
Business financing & incubation for MSMEs	Industrial sheds built	No. of industrial sheds built	390
	Credit disbursed to MSMEs	Amount of credit disbursed to MSME's	Kshs. 1.1 Billion
	Business development services provided	No. of entrepreneurs trained on BDS	70

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	MSMIs linked with large enterprises	No. of MSMIs linked with large enterprises	100
Promotion of industrial products	Increased Industrial replacement parts & spare parts.	Worth of assorted industrial replacement parts	Kshs. 70 million
	Increased in production of engineering materials & alloy steels	worth non-ferrous & ferrous engineering materials produced	Kshs. 15 million
	Improved skills in the metal sub sector	No. of skilled operators trained	30
	Increased in production of agricultural & irrigation equipment for value addition	No. of 5-Horse Power Pumps produced	100
	Increased in production of transmission units for the Industrial sector.	No. of transmission units produced	500
	Increase in use of aluminum & copper alloy castings	No. of tones of aluminum and copper alloy casting produced	12 tons
Promotion of Industrial Property Rights and arbitration	Increased IP registration	No. of certificates issued	7563
	Outreach programme for IP awareness	No. of awareness for a	
	Arbitration of IP disputes	No. of cases arbitrated	10
Programme 9: Promotion of Industrial Research and Development			
Outcome: Increased contribution of industry to GDP			
Identify Gaps in Technology, Products and Processes for Value Addition	TNAs developed	No. of TNAs developed	6
	Technologies, products and processes for value addition identified	No. of technologies, products and processes identified	35
Development of technologies, products and processes	Projects formulated	No. of Projects formulated	35
	Technologies, products and processes developed	No. of Projects formulated	35
Commercialization of R&D Results	Technologies protected	No. of Technologies protected	50
	Increased technology transferred	No. of technology transferred	10
	Field trails undertaken	No. of Field trails undertaken	10
	Technologies commercialized	No. of Technologies commercialized	5
Promotion of business incubation services (BIS)	BIS established	No. of BIS established	5
	Increased SMEs incubation	No. of SMEs incubation	300
	MSE graduated	No. of MSE graduated	45
	M&E undertaken	No. of M&E undertaken	30
Upgrade MSE Products	MSEs products selected	No. of MSEs products selected	10

Sub-Programme	Expected Outputs	Key Performance Indicator	Target
	Prototypes developed	No. of Prototypes developed	10
	Products produced	No. of Products produced	1000
Promote Common Manufacturing Facility (CMF)	CMFs established	No. of CMFs established	5
	Increase SMEs incubated	No. of Increase SMEs incubated	150
<i>Programme 10: Productivity Improvement, Measurement and Promotion</i>			
<i>Outcome: Competitiveness Goods and Services</i>			
Productivity measurement	Productivity sector study reports	Number of sectoral productivity studies undertaken	Sectoral Indices
Productivity promotion	National Productivity Policy approved and implemented	Approved National Productivity Policy	Policy
	National Productivity and Competitiveness Bill	Approval by parliament	Bill
	Productivity Centre of Kenya (PCK) transformed into a Productivity and Competitive Commission	Productivity and Competitiveness Commission Decree	Commission
	Productivity Technical Service Providers trained	No. of productivity Technical Service Providers trained	250
Productivity improvement	Productivity improvement conducted	No. of firms/ enterprises in which productivity improvement is conducted	80

3.1.3 Programmes by order of Ranking

The GECLA sector has a total of ten (10) programmes and forty-eight (48) sub-programmes. The various programmes are either ranked high, moderate, or low depending on how they are inter-linked to Vision 2030, the Medium Term Plan (MTP) and the New Constitution. The table below summarizes the ranking.

Table 3.2: Programmes by Order of Ranking

No.	Name of the Programme	Ministry	Ranking		
			High	Moderate	Low
1	Integrated Regional Development	Regional Development	√	-	-
2	Promotion of Labour best practices	Labour	-	√	-
3	Man Power Planning & Utilization	Labour	√	-	-
4	Labour Policy and Planning	Labour	-	-	√
5	Trade Development and Investment	Trade	√	-	-
6	Co-ordination of the East African Community	MEAC	-	√	-
7	Tourism Development & Marketing	Tourism	√	-	-
8	Industrial Development & Investment	Industrialization	√	-	-
9	Promotion of Research in Industrial Development	KIRDI	√	-	-
10	Productivity Improvement,	Productivity Centre	-	√	-

Measurement & Promotion				
-------------------------	--	--	--	--

3.1.4 Key Strategic Interventions in Counties by Order of Ranking

The table below was derived from the appendix 1. It shows two priority issues for each subsector to be funded in the counties.

Table 3.3: Priority issues for Counties

Subsector	Priority	Recommendations	County
Regional development authority	Investment Research and feasibility studies	Allocate fund for conduct research and carrying out feasibility studies to identify viable industrial ventures and investment opportunities	All counties
	County Master Development of County Master plans Plan	Allocate resources for the RDAs to support Development of County Master Plans to be coordinated by MORDA	All counties
Labour	Lack of adequate skilled labour (technical, industrial, vocational) Inadequate labour market information, High unemployment rate ,child labour, and exploitation of employees	Increase funding to Upgrade and equip industrial training centers with modern and appropriate technology	Kisumu, Mombasa, Nairobi, Nyeri, Kwale
		Establish employment centers to provide labour market information	Vihiga, Elgeyo Marakwet, Garissa, Tharaka Nithi, Nyeri, Muranga, Kirinyaga, Nyandarwa, Laikipia, Machakos
		<ul style="list-style-type: none"> • carry out child labour survey to establish number of children involved in child Labour • Increase funding for sensitization and enforcement of labour • Increase funding for development and implementation of entrepreneurship programmes 	All counties
	Inadequate physical infrastructure(Jua kali sheds), Lack of modern tools and poor access to credit by MSEs	Increase funding to Establish MSEs centers of excellence to transfer technology to the MSEs(Jua Kali) Tailor made credit schemes(MSEs associations)	All counties
Trade	Lack of affordable	Increase JLB funding	All counties

Subsector	Priority	Recommendations	County
	credit to SMEs	Establish new JLBs	Makueni, Tharaka, Migori
	Lack of Market access, infrastructure and business information	Establishment of BIC's and producer business groups	Samburu, Laikipia, Nyandarwa, Nyeri, Kirinyaga, Murang'a, Kitui, Makueni, Machakos, Kajiado, Kiambu, Tharaka Nithi, Elgeyo Marakwet, Turkana, Trans Nzoia
		Construct stalls and modern retail markets in designated areas	Lamu, Kwale, Kiambu, Makueni, Kajiado, Nairobi, Kisumu
East Africa Community	Publicity and awareness creation	Immediate Funding	All counties
	Sensitize cross border trade facilitation agencies	Immediate fuding	Busia, Kajiado, Malaba, Isabania, Lungalunga
Tourism	Undeveloped tourism potential in most of the counties	<ul style="list-style-type: none"> Identify and profile tourist attractions and facilities in all counties Identify the areas that require interventions. Undertake the necessary interventions in collaboration with the local people and investors. 	All counties
	Unregistered tourist facilities and services, lack of guidance in tourism promotion in most counties	<ul style="list-style-type: none"> Undertake inventory and register/licence tourist facilities and services in all counties; Fast track the Implementation of Tourism Act that establishes Tourism Regulatory Authority; Deploy tourism officers in all counties 	All counties
Industry	Industrial parks	Avail funds for the setup Industrial parks	All counties
	Revival of collapsed and stalled industries	Avail funds for revival of collapsed industries	Kwale, Kilifi, Mombasa, Nakuru, Nyandarua, Laikipia, Nyeri

3.2 Analysis of resource requirement verses allocation

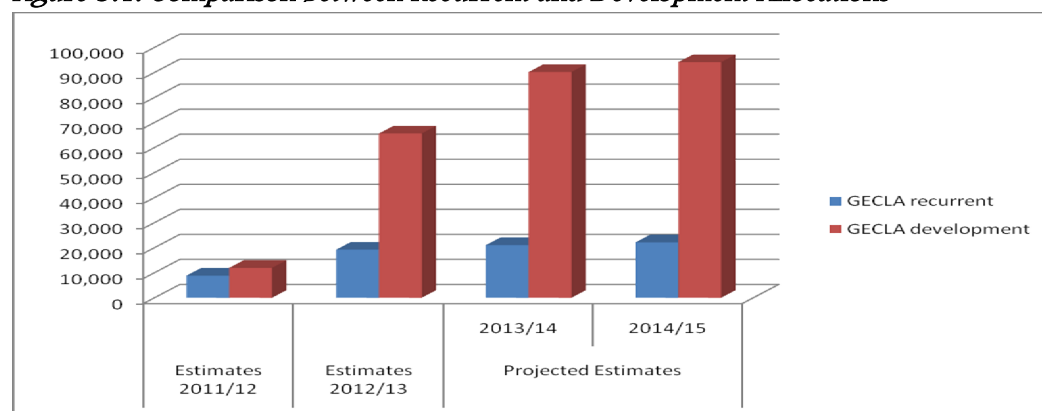
3.2.1 Sector (recurrent and development)

The estimates for the sector in 2011/12 is Kshs 20.8 billion with Regional Development Authority sub-sector receiving the highest amount followed closely by industry, Trade and tourism sub sectors respectively while the EAC and Research & Development and labour sub-sector have the lowest estimates. To facilitate the realization of the vision 2030 and to ensure implementation of the flagship projects under the Medium Term Plan (MTP), the sector requires enhanced funding to implement the ten programmes under the sector. The resource requirement for 2012/13 is Kshs **84.9** billion with the projected estimates of Kshs **111.2** billion and Kshs **116.3** billion for 2013/14 and 2014/15 respectively. The table below shows the summary of resource requirements for the sector;

Table 3.4: Sector's resource requirement (Kshs. Millions)

Sector	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
			2013/14	2014/15
GECLA recurrent	8,863.3	19,225.5	21,044.8	22,161.5
GECLA development	11,960.6	65,648.1	90,199.1	94,133.7
TOTAL	20,823.9	84,873.6	111,243.9	116,295.2

Figure 3.1: Comparison between Recurrent and Development Allocations



3.2.2 Subsector (recurrent and development)

The total resource requirements by Sub Sectors are shown in table below;

Table 3. 5: Resource Requirements by Sub-sector (Recurrent and Development) - Kshs. Millions

Sub-Sector	Estimates 2011/12		Estimates 2012/13		Projected Estimates			
	Rec	Dev	Rec	Dev	2013/14		2014/15	
					Rec	Dev	Rec	Dev
Regional Development	794.0	6,333.0	2,628.0	23,691.0	3,153.0	28,429.8	2,427.8	22,744.2

Sub-Sector	Estimates		Estimates		Projected Estimates			
	2011/12		2012/13		2013/14		2014/15	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Authorities								
Labour	1,701.5	1,157.0	2,531.2	1,482.0	2,776.9	1,556.1	3,197.3	1,597.6
Trade	1,803	614	4,011	10,604	3,948	22,043	4,137	19,326
EAC	1,019.3	9.7	1,690.6	81.2	1,922.5	97.7	2,133.8	119.2
Tourism	1,557.7	1,209	3,699.7	6,109	4,108.0	6,865.7	4,588.0	5,843.7
Industry	1,342.1	2,176.2	3,112.6	22,624.3	3,522.8	30,125.2	3,902.6	43,371.3
Research	645.7	461.7	1,552.4	1,056.6	1,613.6	1,081.4	1,775	1,131.2
TOTAL	8,863.3	11,960.6	19,225.5	65,648.1	21,044.8	90,198.9	22,161.5	94,133.2

The increase in resources requirements is due to the expected construction of three new Multipurpose dams, establishment National Export Development and of Export Endowment Funds, Master planning and Designing of Special Economic Zones and Tier ‘1’ Retail Markets, Wholesale hubs, Expansion of Export Processing Zones, Development of the proposed three Resort Cities, Refurbishment of Kenya Tourist Development Corporation (K.T.D.C) facilities, Establishment of Small and Medium Industrial Parks and Establishment of Iron and Steel Industry and Grants to IDB Capital Ltd. The sector will need resources to continue implementing various ongoing the flagship projects in the 2012/13 financial year and fund the new devolved units of governments/ counties.

3.2.3 Programmes and sub-programmes

The resource requirements by programme for the Sector are shown in table below.

Table 3. 6: Resource Requirements by Programmes (Kshs. Millions)

Programme	Printed Estimates 2011/12	Estimates 2012/13	Projected Estimates	
			2013/14	2014/15
Integrated Regional Development	7,127.0	26,319.0	31,582.8	25,172.0
Promotion of Best Labour Practices	1,039.0	1,723.3	1,742.8	1,796.7
Manpower Planning, Development and Utilization	1,466.6	1,804.3	2,119.9	2,498.7
Labour policy, planning and administration	352.8	485.6	470.3	499.5
Trade Development and Investment	2,417.0	14,615.0	25,991.0	23,463.0
Co-ordination of East African Community matters	1,029.0	1,771.8	2,020.2	2,253.0
Tourism Development and Marketing	2,766.7	9,808.7	10,973.7	10,431.7
Industrial development and investment	3,518.2	25,736.8	33,648.0	47,273.9

Programme	Printed Estimates 2011/12	Estimates 2012/13	Projected Estimates	
			2013/14	2014/15
Promotion of Industrial Research and Development	1,076.7	1,604.7	1,651.9	1,755.1
Productivity Improvement, Measurement and Promotion	30.7	1,004.9	1,043.1	1,151.1
TOTAL	20,823.7	84,874.1	111,243.7	116,294.7

Integrated regional development; promotion of industrial development and investment; and promotion of trade and investment programmes respectively require the highest resources in Sector.

Table 3.7: Resource requirements by sub-programmes (Ksh. Millions)

	Programme	Printed Estimates 2011/12	Estimate 2012/13	Projected Estimates	
				2013/14	2014/15
Programme 1: Integrated regional development					
1.	Development of river banks, water bodies and catchments areas	1,775.8	6,530.0	7,836	6,174.2
2.	Regional Development Planning	1,905.2	7,000.0	8,399	6,719.2
3.	Integrated Basin Based Development	1,762.6	6,535.0	7,842	6,273.6
4.	Community empowerment and support	1,683.4	6,254.0	7,505.8	6,005
	Programme 1 Sub- Total	7,127.0	26,319	31,582.8	25,172
Programme 2: Promotion of Best Labour Practices					
5.	Promotion of harmonious industrial relations	654.2	930.5	804.0	875.6
6.	Regulation of Trade Unions	5.5	7.4	9.5	10.8
7.	Arbitration of Trade Disputes	126.0	219.8	277.2	331.5
8.	Provision of occupational safety and Health	253.3	565.6	652.0	578.8
	Programme 2 Sub- Total	1,039	1,723.3	1,742.7	1,796.7
Programme 3: Manpower Planning, Development and Utilization					
9.	Human Resource Planning and Development	124.5	151.2	149.8	155.8
10.	Employment Promotion	63.8	183.0	226.0	262.2
11.	Micro and Small Enterprise Development	228.5	621.2	723.1	847.9
12.	Provision of industrial Skills in the Country	1,049.8	786.4	947.9	1,139.8
	Programme 3 Sub- Total	1,466.6	1,804.3	2,120.0	2,498.7
Programme 4: Labour Policy, Planning and Administration					
14.	Labour Policy, Planning and administration	352.8	485.6	470.3	499.5
	Programme 4 Sub-total	352.8	485.6	470.3	499.5

	Programme	Printed Estimates 2011/12	Estimate 2012/13	Projected Estimates	
				2013/14	2014/15
Programme 5: Trade Development and Investment					
15.	Administrative and Financial Services	433	1,274	1,473	1,487
16.	Regional Economic Integration	171	223	224	229
17.	Business Premises Rent Tribunal	23	45	48	53
18.	Domestic Trade Development	429	4,821	17,216	14,205
19.	External Trade Development	379	585	645	715
20.	Exports Market Development and Diversification	306	5,311	1,313	1,466
21.	Fair Trade and Consumer Protection	222	649	624	672
22.	Export Processing Zones	402	1,470	4,294	4,509
23.	Entrepreneurial and Business Services	52	237	153	127
	Programme 5: Sub-total	2,417	14,615	25,990	23,463
Programme 6: Co-ordination of East African Community matters					
24.	Consolidation and Sustained implementation of a fully fledged EA Customs Union and operationalization of the EA Common Market	783.8	1,166.0	1,308.1	1,458.0
25.	Laying the foundation for the EA Monetary Union and Political Federation	136.0	251.7	249.4	274.4
26.	Participation in EAC cross- cutting in Productive and Social Sectors	99.5	190.9	182.5	200.7
27.	National publicity and advocacy of EAC regional integration initiatives	9.7	81.2	97.7	119.2
28.	Participation in the coordination and implementation of EAC-SADC-COMESA Tripartite Cooperation	0.0	82.5	182.5	200.7
	Programme 6 sub-total	1029.0	1,772.3	2,020.2	2,253.0
Programme 7: Tourism Development and Marketing					
29.	International Tourism promotion and marketing	1,059.7	3,122.5	3,495	3,911
30.	Domestic Tourism promotion and marketing	257.0	348	381	423
31.	Conference Tourism Development	200	443	948.7	533.4
32.	Cultural Tourism Development	508.3	566	358	410
33.	Product Standardization and classification	221.6	2,196.2	2,001.8	1,638.5
34.	Tourism Infrastructure Development (Resort cities development, KTDC)	520	3,133	3,789.2	3,515.8
	Programme 7 sub-total	2,766.6	9,808.7	10,973.7	10,431.7
Programme 8: Industrial development and investment					

	Programme	Printed Estimates 2011/12	Estimate 2012/13	Projected Estimates	
				2013/14	2014/15
36.	Promotion of Industrial Development	2,295.5	21,099.7	28,016.5	39,877.0
37.	Provision of Industrial Training	164.0	348.5	713.5	1,220.1
38.	Standardization, Metrology and conformity assessment	238.0	1,196.8	839.3	906.0
39.	Business financing & incubation for MSMEs	465.0	2,400.0	3,250.0	4,250.0
40.	Promotion of industrial products	215.0	322.3	442.1	615.7
41.	Promotion of Industrial Property Rights and arbitration	140.7	369.6	386.5	405.0
	Programme 8 sub-total	3,518.2	25,736.9	33,647.9	47,273.8
Programme 9: Promotion of Industrial Research and Development					
42.	Technology development	366.7	456.7	469.9	510.5
43.	Transfer of technologies products and processes	85.0	400.7	410.5	420.5
44.	Management and administrative	625.0	747.3	771.5	824.1
	Programme 9 sub-total	1,076.7	1,604.7	1,651.9	1,755.1
Programme 10: Productivity Improvement, Measurement and Promotion					
45.	Productivity promotion	0.6	415.1	437.0	501.1
46.	Productivity measurement	6.9	144.9	147.1	169.1
47.	Productivity improvement	13.2	245.0	258.0	270.0
48.	Research project preparation	10.0	199.9	201.0	210.9
	Programme 10 sub total	30.7	1,004.9	1,043.1	1,151.1
	Grand Total	20,823.9	84,873.6	111,243.9	116,295.2

3.2.4 Allocations to strategic interventions in Counties

Following the countrywide County Stakeholders' Consultations on the MTEF Budget 2012/11; the sector allocated funds to strategic interventions for funding in the counties as follows:-

Table 3.8: Allocations to strategic interventions in the Counties

Subsector	Interventions	County	Amount (Kshs millions)
Labour	Upgrading and equipping of Industrial Training Centres	Kisumu	11
		Mombasa	11
		Nairobi	10
	Establishment of Employment Offices/Centres	Garissa	5
		Kirinyaga	5
		Busia	5
		Machakos	5

Subsector	Interventions	County	Amount (Kshs millions)
	Establishment of Labour Offices	Vihiga	5
		Garissa	5
		Lamu	6
		Narok	4
		Siaya	5
		Kajiado	5
		Bomet	5
Trade	Establishment of New Joint Loan Boards	Makueni	8
		Tharaka Nithi	8
		Migori	8
	Construction of Modern retail Markets	Kajiado	10
		Kiambu	10
		Kwale	10
		Kisumu	10
	Establishment of Regional Business Solution/Information Centers	Machakos	9
		Turkana	7
		Nyandarua	7
Tourism	Development of Tourism Information Centres	Isiolo	10
		Narok	10
		Kitui	10
		Bungoma	10
		Homa/Bay	10
		Nyeri	10
	Development of tourism attraction sites	Makueni	6
		Busia	5
		Migori	5
		Kajiado	5
Kericho		6	
Industry	Design and Feasibility for industrial parks	Nairobi	11
		Garrissa	11
		Kisii	10
		Nandi	11
		Vihiga	10

Subsector	Interventions	County	Amount (Kshs millions)
		Elgeyo Marakwet	13
		Kakamega	10
		Nyamira	11
Total			348

3.2.5 Semi Autonomous Government Agencies

Table 3.9: Resource requirement for the SAGAs

	SAGA	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
				2013/14	2014/15
1.	Coast Development Authority	353.4	2,875.0	3,981.0	3,173.0
2.	Tana and Athi River Devolvement	480.6	2,580.0	3,572.5	2,847.0
3.	Kerio Valley Development Authority	516.5	2,756.0	3,816.0	3,041.0
4.	Lake Basin Development Authority	495.2	1,624.0	2,249.0	1,792.0
5.	Ewaso Ngiro South Dev. Authority	178.6	1,596.0	2,210.0	1,761.0
6.	Ewaso Ngiro North Dev. Authority	1,393.5	4,348.0	6,021.0	4,800.0
7.	Export Promotion Council	306.0	5,311.0	1,133.0	1,466.0
8.	Export Processing Zones Authority	402.0	1,147.0	4,294.0	4,509.0
9.	Kenya Tourist Board	745.0	2,863	3,174.0	3,530.0
10.	Bomas of Kenya	460.0	510.0	290.0	310.0
11.	Kenya Utalii College	110	553.0	336.0	16.0
12.	Kenyatta International Conference Centre	200.0	443.0	948.7	533.3
13.	Kenya Tourism Development Corporation	110.0	1,463.0	2,009.2	2,175.8
14.	Hotels and Restaurants Authority	25.0	~	~	~
15.	Ronald Ngala Utalii College	300.0	500.0	550.0	450.0
16.	Anti-counterfeit Agency	208.6	883.4	1,122.2	1,261.5
17.	Kenya Bureau of Standards	100.0	1,000.0	620.0	660.0
18.	Kenya National Accreditation Services	110.0	161.8	181.3	204.0
19.	Kenya Industrial Estates	465.0	1,100.0	1,400.0	1,800.0
20.	Kenya Industrial Property Institute	119.5	327.7	341.9	357.3
21.	Numerical Machining Complex	215.0	322.3	442.1	615.7
22.	Industrial Development Bank Capital Ltd	0	1,300.0	1,850.0	2,450.0
23.	Kenya Industrial Research and Development Institute	1,076.7	1,604.7	1,651.9	1,755.1

	SAGA	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
				2013/14	2014/15
	TOTAL	8,370.6	45,591.9	42,193.8	39,507.7

3.2.6 Economic Classification

Table 3.10: Resource requirement for the sector by Economic Classification

	Printed Estimates 2011/12	Estimate 2012/13	Projected Estimates	
			2013/14	2014/15
(1) Recurrent Expenditure	8,863.3	19,225.5	21,044.8	22,161.5
Compensation to Employees	2,402.0	3,429.9	3,889.8	4,177.3
Use of goods and services	3,208.4	6,552.6	6,977.2	7,411.3
Current Transfers Govt. Agencies	2,881.4	7,848.8	9,017.2	9,274.2
Acquisition of non financial assets	205.3	1,207.2	865.6	917.5
Other Recurrent	166.2	187.0	295.0	381.1
(2) Capital Expenditure	11,960.6	65,648.1	90,199.1	94,133.7
Use of goods and services	367.6	853.2	1,341.2	1,918.6
Capital Transfers to Government Agencies	3,872.6	39,053.0	50,646.9	57,487.5
Acquisition of Non-Financial Assets	3,493.0	8,100.9	19,730.2	21,124.7
Other Development	4,227.4	17,641.0	18,480.8	13,602.9
Total Expenditure	20,823.9	84,873.6	111,243.9	116,295.2

Table 3.11: Resource requirement for sub sector by Economic Classification

	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
			2013/14	2014/15
Regional Development Authorities				
(1) Recurrent Expenditure	794.0	2,628.0	3,153.0	2,427.8
Compensation to Employees	95.2	240.0	288	221.8
Use of goods and services	146	568.0	681	524.4
Current Transfers Govt. Agencies	552.8	1,820.0	2,184	1,681.6
(2) Capital Expenditure	6,333.0	23,691.0	28,429.8	22,744.2
Capital Transfers to Government Agencies	2,382.6	16,387.0	19,665	15,732.3
Other Development	3,950.4	7,304.0	8,764.8	7,011.9
Total Regional Expenditure	7,127.0	26,319.0	31,582.8	25,172.0
Labour sub-sector				
(1) Recurrent Expenditure	1,701.5	2,531.2	2,776.9	3,197.3
Compensation to Employees	576.8	949.7	1,218.0	1,389.0
Use of goods and services	972.3	1,286.7	1,272.7	1,492.3

	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
			2013/14	2014/15
Current Transfers Govt. Agencies	7.5	20.0	25.0	30.0
Acquisition of Non Financial assets	144.9	274.8	261.2	286.1
(2) Capital Expenditure	1,157.0	1,482.0	1,556.1	1,597.6
Use of goods and services	103.7	150.0	172.0	194.1
Acquisition of Non-Financial Assets	1,013.3	1,172.0	1,354.1	1,388.5
Capital Transfers to Government Agencies	40.0	160.0	30.0	15.0
Total Expenditure	2,858.5	4,013.2	4,333.0	4,795.0
Trade				
(1) Recurrent Expenditure	1,803	4,011	3,948	4,137
Compensation to Employees	774	1099	1185	1280
Use of goods and services	826	2,104	2,291	2,402
Current Transfers Govt. Agencies	175	219	222	222
Acquisition of Non-Financial Assets	27	589	250	233
Other Recurrent	1	0	0	0
(2) Capital Expenditure	614	10,604	22,043	19,326
Use of goods and services	183	387	332	312
Acquisition of Non-Financial Assets	214	1,393	13,570	13,760
Capital Transfers to Government Agencies	50	207	286	286
Other Development	167	8,617	7,855	4,968
Total Expenditure	2,417	14,615	25,991	23,463
East African Community				
(1) Recurrent Expenditure	1,019.3	1,690.6	1,922.5	2,133.8
Compensation to Employees	162.1	235.1	253.2	272.3
Use of goods and services	236.4	595.3	542.1	531.6
Current Transfers Govt. Agencies	515.0	695.0	857.4	978.1
Other Recurrent	105.8	165.2	269.8	351.8
(2) Capital Expenditure	9.7	81.2	97.7	119.2
Use of goods and services	9.7	81.2	97.7	119.2
Total Expenditure	1,029.0	1,771.8	2,020.2	2,253.0
Tourism				
(1) Recurrent Expenditure	1,557.7	3,699.7	4,108.0	4,588.0
Compensation to Employees	149.3	157.3	166	174
Use of goods and services	414.0	467.55	552.8	664.6

	Estimates 2011/12	Estimate 2012/13	Projected Estimates	
			2013/14	2014/15
Current Transfers Govt. Agencies	935	3,053	3,364	3,720.0
Other Recurrent	59.4	21.8	25.2	29.3
(2) Capital Expenditure	1,209	6,109	6,865.7	5,843.7
Acquisition of Non-Financial Assets	83	91	94	97
Capital Transfers to Government Agencies	1,016	4,298	4,910.9	4,124.2
Other Development	110	1,720	1,861	1,623
Total Expenditure	2,766.7	9,808.7	10,973.7	10,431.7
Industry				
(1) Recurrent Expenditure	1,342.1	3,112.6	3,522.8	3,902.6
Compensation to Employees	216.0	253.4	268.4	285.9
Use of goods and services	403.8	755.8	829.9	904.9
Current Transfers Govt. Agencies	696.1	2,041.8	2,364.8	2,642.5
Acquisition of Non-Financial Assets	26.2	61.6	59.7	69.3
(2) Capital Expenditure	2,176.2	22,624.3	30,125.2	43,371.3
Use of goods and services	71.2	235.0	739.5	1,293.3
Acquisition of Non-Financial Assets	1,721.0	4,388.3	3,630.7	4,748.0
Capital Transfers to Government Agencies	384.0	18,001.0	25,755.0	37,330.0
Total Expenditure	3,518.3	25,736.9	33,648.0	47,273.9
Research and development				
(1) Recurrent Expenditure	645.7	1,552.4	1,613.6	1,775
Compensation to Employees	428.6	495.4	511.2	554.3
Use of goods and services	209.9	775.2	807.7	891.6
Acquisition of Non-Financial Assets	7.2	281.8	294.7	329.1
(2) Capital Expenditure	461.7	1,056.6	1,081.4	1,131.2
Acquisition of Non-Financial Assets	461.7	1,056.6	1,081.4	1,131.2
Total Expenditure	1,107.4	2,609.0	2,695.0	2,906.2

3.2.7 Resource Allocation Criteria

The following issues were agreed upon and adhered to in the allocation of resources by the sector:-

1. Personnel emolument items and mandatory statutory expenses were given the first priority;
2. Programmes/projects be prioritized as per the ranked;
3. Flag-ship Projects as spelt out in vision 2030 were highly considered;
4. Counter-part projects for donor funded programmes were taken care of;

5. On-going projects were considered in terms of the level of completion and commitment;
6. Other considered programmes/projects were on new commitments as a result of the implementation of the new constitution; and
7. Netting-off of one-off expenditures in the previous financial year's budget to allow more resources to be shared among the sub sectors.

Share of Various Sectors as per Budget Review and Outlook Paper (BROP), 2012 Allocation

The following pie chart indicates that GECLA sector has received the lowest allocation compared to the rest of the sectors.

Figure 3.2: Percentage share on total expenditure among sector ceilings for 2012/13 financial year

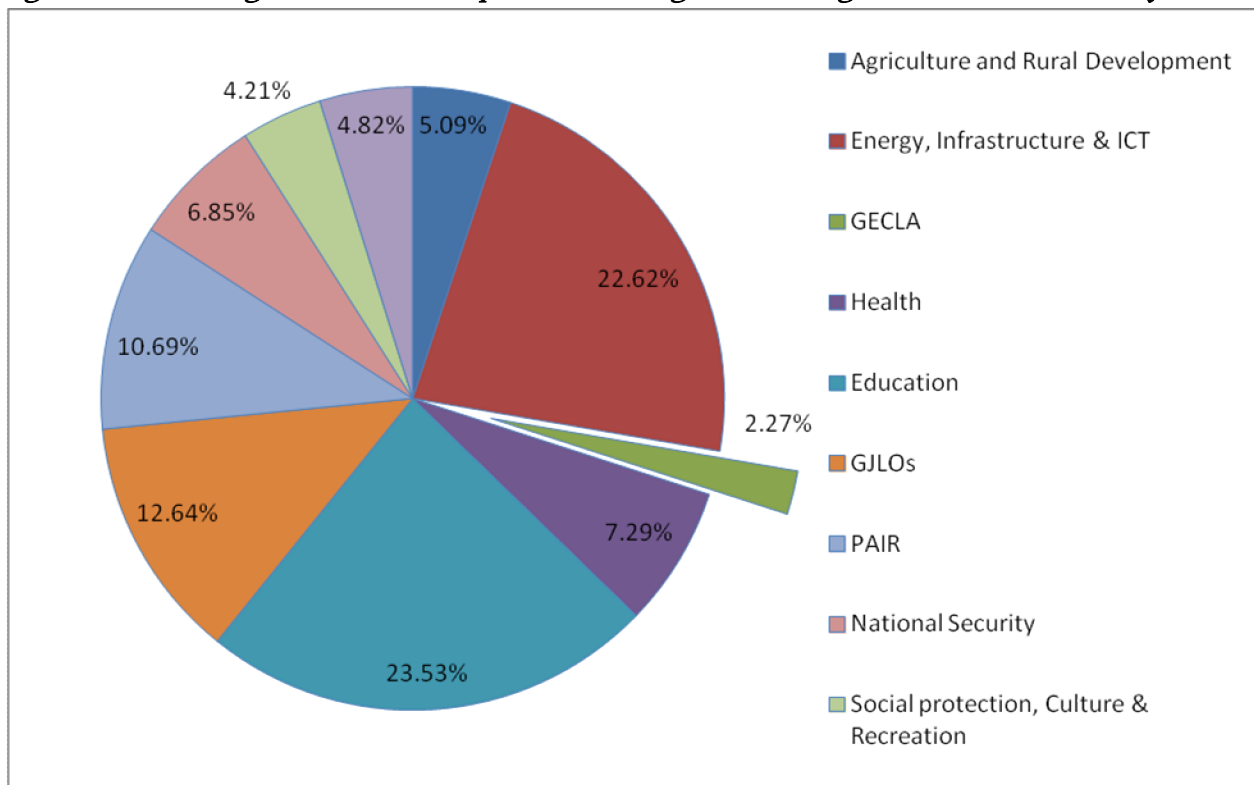


Table 3.12: Resource Allocation by Programmes (Ksh. Millions)

	Programme	Printed Estimates 2011/12	Allocation 2012/13	Projected Estimates	
				2013/14	2014/15
1.	Integrated Regional Development	7,127.0	6858	7057	7157
2.	Promotion of Labour best practices	1,039.0	1440	1507	1650
3.	Man Power Planning & Utilization	1,466.6	1160	1226	1219
4.	Labour Policy and Planning	352.8	615	681	681
5.	Trade Development and Investment	2,417.0	2878	3077	3077
6.	Co-ordination of the East African Community	1,089	1463	1662	1629
7.	Tourism Development & Marketing	2,811	3058	3257	3257
8.	Industrial Development & Investment	3,518.2	3805	3906	3906
9.	Promotion of Research in Industrial Development	1097	1276	1375	1375
10.	Productivity Improvement, Measurement & Promotion	30.7	87	88	88
	Gross Total	20,948.30	22,640	23,836	24,039

Table 3.13: Resource Requirements Vs Allocation (Ksh. Millions)

Sub-sector	Allocation 2012/13	Requirement 2012/13	Shortfall
Regional	3902	26,319.00	(22,417.00)
Labour	2455	4,013.20	(1,558.20)
Trade	2479	14,615.00	(12,136.00)
EAC	1397	1,771.80	(374.80)
Tourism	3014	9,808.70	(6,794.70)
KIRDI	1256	1,604.70	(348.70)
Productivity Centre	87	1,004.90	(917.90)
Industrialization	3458	25,736.80	(22,278.80)
Net Total	18048	84,874.10	(66,826.10)

Table 3.14: Gross Resource Requirement Compared to BROP ceilings (Ksh. Millions)

	Resource requirement 2012/13	BROP 2012/13	Difference
Recurrent	19,226	9533	(9,693)
Development	65,648	8515	(57,133)
TOTAL	84,874	18,048	(66,826)

Table 3.15: Gross Resource Allocation by Sub-Sector – Summary – Kshs. million

	Sub- Sector	Estimates 2011/12	Estimates 2012/13	Projected Estimates	
				2013/14	2014/15
1	Regional	7,127.0	6858	7057	7157
2	Labour	2857	3215	3414	3550
3	Trade	2,417.0	2878	3077	3077
4	EAC	1,089	1463	1662	1629
5	Tourism	2,811	3058	3257	3257
6	KIRDI	1097	1276	1375	1375
7	Productivity Centre	30.7	87	88	88
8	Industrialization	3,518.2	3805	3906	3906
	Gross Total	20,947	22,640	23,836	24,039

Table 3.16: Proposed Resource Allocation – Recurrent (Ksh. Millions)

Vote	Ministry		2011/12	2012/13	2013/14	2014/15
Vote 09	Regional	Gross	794	849	971	971
		A.I.A	0	0	0	0
		Net	794	849	971	971
		Salaries	95	123	245	245
		Transfers	543	543	543	543
		Others	156	183	183	183
Vote 15	Labour	Gross	1701	1853	1975	1975
		A.I.A	89	89	89	89
		Net	1612	1764	1886	1886
		Salaries	577	656	778	778
		Transfers	14	14	14	14
		Others	1110	1183	1183	1183
Vote 16	Trade	Gross	1803	2061	2183	2183
		A.I.A	215	215	215	215
		Net	1588	1846	1968	1968
		Salaries	475	579	701	701
		Transfers	779	779	779	779

		Others	549	703	703	703
Vote 24	EAC	Gross	1015	1387	1509	1476
		A.I.A	1	1	1	1
		Net	1014	1386	1508	1475
		Salaries	159	194	316	283
		Transfers	515	515	515	515
		Others	341	678	678	678
Vote 46	Tourism	Gross	1569	1646	1768	1768
		A.I.A	11	11	11	11
		Net	1558	1635	1757	1757
		Salaries	141	167	289	289
		Transfers	999	999	999	999
		Others	429	480	480	480
	KIRD1	Gross	572	666	737	737
		A.I.A	20	20	20	20
		Net	552	646	717	717
	Productivity Centre	Gross	19	87	87	87
		A.I.A	0	0	0	0
		Net	19	87	88	88
Vote 60	Industrialization	Gross	1342	1426	1476	1476
		A.I.A	106	106	106	106
		Net	1236	1320	1370	1370
		Salaries	216	239	361	361
		Transfers	701	701	701	701
		Others	425	486	486	486
	Total Net Estimates		8373	9533	10265	10232

Table 3.17: Proposed Resource Allocation – Development (Ksh. Millions)

Vote	Ministry		2011/12	2012/13	2013/14	2014/15
Vote 09	Regional	Gross	6,333	6,009	6086	6186
		GOK	3,377	3,053	3130	3230
		Loans	2365	2365	2365	2365
		Grants	336	336	336	336
		Local AIA	255	255	255	255
Vote 15	Labour	Gross	1,156	1362	1439	1575
		GOK	495	691	768	904
		Loans	671	671	671	671
		Grants	0	0	0	0

Vote 16	Trade	Gross	614	817	894	894
		GOK	430	633	710	710
		Loans	0	0	0	0
		Grants	184	184	184	184
Vote 24	EAC	Gross	74	76	153	153
		GOK	9	11	88	88
		Loans	0	0	0	0
		Grants	65	65	65	65
Vote 46	Tourism	Gross	1242	1412	1489	1489
		GOK	1209	1379	1456	1456
		Loans	0	0	0	0
		Grants	33	33	33	33
	KIRDI	Gross	525	610	713	713
		GOK	525	610	713	713
		Loans	0	0	0	0
		Grants	0	0	0	0
Vote 60	Industrialization	Gross	2176	2379	2430	2430
		GOK	1935	2138	2189	2189
		Loans	201	201	201	201
		Grants	40	40	40	40
	Total GOK		7980	8515	9054	9290

CHAPTER FOUR

4.0 CROSS-SECTORAL LINKAGES, EMERGING ISSUES AND CHALLENGES

Introduction

The GECLA sector cuts across the three pillars of the Kenya Vision 2030 with the main focus on the Economic Pillar. In executing its mandate, the sector has direct and indirect linkages with other sectors namely; Agriculture and Rural Development; Energy, Infrastructure and ICT; Education; Health; Governance Justice, law and Order; Public Administration and International Relations; National Security; Social Protection, Environmental Protection, Culture and Recreation and Water and Housing. As a result, the programmes, projects and activities within the GECLA sector are cross cutting and affect the performance and output of other sectors.

4.1 Sectoral Linkages

These sectoral linkages are manifested in the following dimensions:

(i) Diversification of Exports

The GECLA sector works closely with Public Administration and International Relations sector through; Sensitization of exporters and business communities on potential export markets and opportunities; removal of Non-Tariff Barriers (NTB); Promotion of Kenyan products overseas; Provision of business incentives to exporters; Policy intervention measures; and co-ordination and implementation of trade negotiations under the EAC, COMESA, AGOA, WTO and EPAs.

(ii) Provision of Investment incentives

The sector works closely with Public Administration and International Relations, Energy, Infrastructure and ICT sectors to promote investments through Tax holidays and waiver; and Airlines /Charter incentive.

(iii) Micro, Small and Medium Enterprises (MSMEs)

Development of Micro, Small and Medium Enterprises (MSMEs) has been identified as key to achieving economic growth in the country. The sector works with Social Protection, Culture and Recreation, Public Administration and International Relations, Energy, Infrastructure and ICT sectors to equip the youth with requisite entrepreneurial skills.

(iv) Security

The sector works closely with regional, national and international security agencies to ensure a secure environment for investment, tourism development, regional integration and trade. This is achieved in liaison with the National Security and Governance, Justice, Law and Order Sectors.

(v) Infrastructure

According to the Kenya Vision 2030, infrastructural development will play a critical enabling role towards realization of the goals and objectives outlined in the vision. Good infrastructure facilitates easy access to markets, tourist attraction; promote investment as well as efficient and effective movement of imports and exports. The sector works closely with Energy, Infrastructure and ICT sector to ensure infrastructural challenges are addressed to reduce the cost of doing business.

(vi) Environment

Promotion of environmental conservation is identified as one of the country's specific environmental strategy required to support the economic pillar flagship projects and achievement of the Millennium Development Goals. The strategy will also harmonize environment related laws for better environmental planning and governance. The sector works closely with Environment Protection, Water and Housing sector to ensure cleaner production by industries for sustainable industrial development.

(vii) Improvement of enabling Business environment

An enabling business environment leads to increase in investment portfolio contributing to employment creation and consequently economic growth. However performance of the sector is affected by multiple regulations by other sectors and Local Authorities. To provide enabling environment for foreign and domestic investors through removal of cumbersome

administrative procedures and licensing, the sector works closely with the Public Administration and International Relations and Energy, Infrastructure and ICT sectors.

(viii) Land

Land is significant resource for socio-economic and political transformation as spelled out in KV2030. Availability of suitable land, respect for property rights to land, allocation of industrial land; sites, physical and spatial planning, and human-wildlife conflict management are some of the essential requirements for growth of this sector. The sector collaborates with the Agriculture and Rural development; Environment, Water and Irrigation and Energy, Infrastructure and ICT Sectors to ensure land related concerns are addressed.

(ix) Research and Development

Research and development is an important aspect of the sector that leads to innovation and technology transfer, international benchmarking and adoption of best practices that increase the country's competitiveness in international sphere. The sector collaborates with Education sector and all other sectors with research agencies to ensure increased productivity.

(x) Financial Access

A stable, functioning financial system is critical to acceleration of economic growth and ensuring macro-economic stability as well as promotion of private sector development. To ensure financial access, the sector relies on the Social protection, Culture and recreation, Agriculture and Rural development and Public Administration and International Relations sectors.

(xi) Human Resource Development

Creation of a globally competitive and adaptive human resource base to meet the challenges of rapidly industrializing economy like Kenya is essential. The sector works closely with Public Administration and International Relations and Education sectors to ensure availability of adequate numbers of high skilled manpower

(xii) Availability of industrial raw materials:

Various industries require consistent and timely supply of inputs and quality raw materials. To ensure sustainable supply of quality industrial raw materials, the sector works with the Agriculture and Rural Development, and Environment, Water and Irrigation Sectors.

(xiii) Productivity management

The GECLA sector is mandated to promote productivity practices in the country through productivity management which cuts across all sectors of the economy. The sector works closely with all other sectors to promote Productivity practices.

4.2 Emerging issues and challenges

Despite remarkable contribution to socio-economic growth in Kenya, the GECLA sector is faced with numerous challenges and emerging issues which need to be addressed to enable the sector realize its targets. The following are the key challenges and emerging issues from the sector:-

(i) Inadequate funding

The sector contributes immensely to the country's GDP both directly and indirectly. It provides both forward and backward linkages in the production process, has a high multiplier effect and creates many jobs. However, it has been consistently and persistently underfunded to effectively deliver its mandate and implementation of the Vision 2030 flagship projects.

(ii) Inadequate human resource capacity

The Sector has continued to operate with low staffing level both at the headquarters and county offices. At present, the sector is operating with a very low number of staff compared to the required. For instance the Labour subsector is operating with only 35.9% of required staff due to natural attrition and resource constraints.

(iii) Inadequate policy, legal, regulatory and institutional framework

There is lack of comprehensive policy and legal framework to guide various sector activities. This has resulted to the following challenges:-

- Weak and ineffective legal and institutional framework to effectively discharge and enforce the sector's mandate

- Scatter of various policy instruments in different policy documents and legislations which are also administered by different institutions
- Numerous permits and licenses which has made doing business cumbersome and costly;
- The regulatory framework is unfavorable to informal sector;

(iv) Inadequate infrastructure

The achievement of the GECLA sector targets heavily relies on availability of efficient infrastructure. Whereas the Government has endeavored to address challenges in this regard, the infrastructure is still inadequate, dilapidated buildings and obsolete equipment which has led to low productivity, high production and distribution costs; and uncompetitive products and services. The concentration of infrastructure and social amenities in a few urban areas has resulted in the conglomeration of industries in such areas thus, further creating disparities in regional and industrial development.

(v) Unstable macroeconomic

This can be attributed to the high interest rates, unstable forex exchange rate and high inflation rate, which has been exacerbated by the global high prices of food and fuel.

(vi) Insecurity

Security is very important for the sector to attain its targets. Various insecurity concerns such as high crime rates, piracy and terrorism have greatly affected smooth operations of the sector. This has forced private operators in the sector to invest in security programmes and rise of insurance costs. This has also led to difficulties in accessing the sector products and services to the international markets. There is need to address the sector security concerns to avert possible relocation of the sector interests to other countries as well as attract local and foreign direct investments.

(vii) Declining local and foreign direct investments

In the last decade, both Local and Foreign Direct Investments (FDI) in Kenya has been on the decline, whereas the investment rates of neighbouring countries such as Tanzania and Uganda have been increasing. This could be attributed to a number of socio-economic and political

factors that have caused many business enterprises to scale down, close down, or relocate to other countries with better business environment.

(viii) Limited Access to Credit Facilities and Financial Services

Kenya Vision 2030 targets to reduce the share of population to finance from 85% to below 70%. To achieve this objective, the Vision intends to reform micro-finance institutions with a view to addressing credit accessibility to MSMEs. The financial services challenges faced by the sector includes; Lack of access to formal financial services, high interest rates, lack of long term financing and Lack of sustainable funding mechanism which has inhibited the competitiveness and growth of MSMEs and community based enterprises in the sector.

(ix) Influx of sub-standard, counterfeits and contra-band goods

Counterfeits, sub-standard and contraband goods stifle large and small scale enterprises in the economy. The opening up of the Kenyan market has attracted entry into the local market of substandard, counterfeit and contra-band products. These products have substantially contributed to the reduction of the market share for locally manufactured products, discouraged innovation efforts and reduced the government revenue base. Inadequate enforcement of the intellectual property rights has not only contributed to this influx but also negatively impacted on local industrial growth.

(x) Low technology, innovation, research and development

The sector has for many years been underfunded under innovation, research and development has been minimal in the sector as a result; there has been limited technological capability, low uptake of technology, weak linkages between the technology and research providers and lack of incentives for promotion and use of existing and creation of new knowledge.

(xi) Lack of Harmonized Trade Regulations

Kenya is a member of various trading blocs such as EAC, COMESA, and IGAD. The Common External Tariff (CET), Rules of Origin (RoO) and other measures such as axle-load limits and transport insurance requirements in these blocs are not uniform. This poses a challenge to the business community in complying with these different trading arrangements which have led to technical barriers to trade and other non-tariff barriers. The sector is also faced with the challenge of dealing with unfair competition that is posed by the flow of exports through other

Partner States which belong to other trading blocs where the Rules of Origin are not strictly enforced.

(xii) Weak linkages and collaboration

The mandate of the sector requires collaboration and linkages with several agencies including Government ministries and departments, the Private Sector, the Civil Society and Development Partners. However, there have been instances where mandates and functions of Ministries and agencies overlap resulting in conflicting policies.

(xiii) Underdevelopment of Micro, Small and Medium Enterprises (MSMEs)

The Micro, Small and Medium Enterprises (MSMEs) in the Sector contribute about 20% of the GDP and create direct formal employment to Kenyans. However, majority of the micro and small enterprises are informal, rural based and lack adequate managerial and technical capacities which has led to high mortality rate. The growth and graduation of the firms in the sector has not fully realised their potential due to a number of factors such as poor market access, restrictive legislation and regulation, high cost of credit, poor infrastructure and access to land.

(xiv) Low levels of ICT utilization

Information and communication technology has not yet been put into optimum use to facilitate more prudent business processes and efficient delivery of service by the sector. The low levels of penetration and high cost of ICT infrastructure has hindered access and usage of ICT leading to increased costs of production and low access to technological and market information. This has contributed to a slow process of industrialization.

(xv) Market Access

The growth and development of the sector depends on the existence of a vibrant market for products and services. Access to markets by Kenyan products to some countries is threatened by new trading arrangements that require compliance with WTO rules and regulations. Under the new global trading arrangements, Kenyan products face stiffer competition in the preferred markets.

(xvi) Inadequate Market Information

Accurate market information is important for planning, policy and resource allocation. Currently the sectors have been unable to provide real time market information for use as a basis for, planning, development, utilization and evidence-based policy. Although the subsectors have programmed to undertake studies to consolidate data to inform policy, resource constraints continue to impact on this target.

(xvii) Environmental Issues

There have been numerous global environmental concerns which generally affect the operations of the sector. Climatic change and unsustainable human activities have led to negative environmental effects including global warming and environmental degradation. This has led to mitigation strategies which affect the sector operations and global competitiveness of the sector products and services.

(xviii) Inadequate Labour Market Information

The country lacks up-to-date labour market information, which can be used as a basis for evidence-based human capital planning, development and utilization.

(xix) High food and Energy cost

The sector is adversely affected by high energy prices, food prices and exchange rate fluctuation.

(xx) Low awareness of EAC Integration

Most Kenyans and business community are currently unaware of the socio-economic benefits and provisions of the common market and integration process at large. There is also uncertainty in the sub-regional integration process due to perceived fear of loss of national sovereignty, loss of revenues and unemployment. Partner States within the EAC bloc are at different levels in terms of implementation of the CMP. There are also challenges on implementation of the Customs Union due to persistent non-tariff barriers.

CHAPTER FIVE

Conclusions

General Economic Commercial and Labour Affairs (GECLA) Sector is critical in the achievement of Kenya's Vision 2030 and aims at contributing to the expected GDP growth of over 10% by the year 2012. It promotes both forward and backward linkages in the production process and has a high multiplier effect through improved labour relations, promotion of productivity, and balanced and equitable regional development for competitiveness. In addition, it plays a significant role in the country's economic growth and development by creating markets for goods and services, poverty reduction, and developing global partnership for development, among others.

Despite the significant role played by the sector in the development of the economy, it has not been able to effectively deliver its mandate and implement the Vision 2030 flagship projects due to consistent and persistent underfunding. For instance, in the 2012/13 financial year the sector has only been allocated 25% of its total resource requirement. The limited funding has resulted to slow rate of completion of development projects, non-execution of projects requiring large amount of resources and accumulation of pending bills.

In view of the above, there is need to adopt a paradigm shift in prioritization of funding to the sector to spearhead implementation of the projects and programmes. Such prioritization in funding is expected to enable it achieve its mandate in contribution to critical national development goals and Vision 2030 aspirations. Increased funding is therefore necessary to implement targeted interventions, addressing challenges and emerging issues through policy, legal and institutional changes.

CHAPTER SIX

Recommendations

In order to enhance Kenya's competitiveness and to address the challenges being faced by the sector, the following is recommended:-

1. Enhance allocation of resources to the sector to fully implement;
2. Regular capacity building of project managers, budget officers, procurement officers, monitoring and evaluation officers on various technical processes and requirements relevant to their work so as to strengthen their capacity to effectively implement the Budget.
3. Fast track the full operation of IFMIS to provide relevant reports required for effective managerial decision making.
4. Kenya currently being the Chair to the EAC, be allocated increased funding to the sector in 2012/2013 financial year to drive the EAC agenda.
5. Create an enabling environment for the transformation of informal sector into formal sector.
6. Build capacities to increase the national pool of skills and talents in research, innovation and technology as well as improved remuneration packages to counter "Brain drain".
7. Strengthening of Public Private Partnerships (PPPs) to leverage on funding of projects, marketing, building linkages and collaboration with stakeholders to minimize duplication of activities in the regions.
8. Promotion of micro, small and medium industries through investment in physical facilities and access to affordable long term financing and credit facilities.

9. Rehabilitation and upgrading the existing Industrial Training Centres to enable the country undertake the industrial training capable of meeting the aspirations of the Kenya Vision 2030.
10. Recruit additional officers, provide working tools, improve working conditions and upgrade operational infrastructure for effective delivery of quality services.
11. Promote cross-sectoral linkages especially with the infrastructure, Energy and ICT.

APPENDICES

APPENDIX I: COUNTY STAKEHOLDER'S FORUM VIEWS

Sub sector	Key Issue	Priority	Recommendation	County
Regional Development	Lack of Regional Development Authorities to tap the Counties Potentials		Establish Regional Authorities to exploit the resources in the Counties (Harness the rivers for electricity generation and irrigation	Samburu Laikipia Nyandarwa Nyeri Kirinyaga Murang'a
	<ul style="list-style-type: none"> Funding of Coast Development Authority has not been forth coming Government not soliciting funds from donors 	Funding of Coast Development Authority	Government to follow up the implementation of CDA projects	Kilifi
	<ul style="list-style-type: none"> Weak institutions Poor management Poor linkage 	Weak regional institutions	The Government should review the regional development policy to be in line with the with the needs of county	Mombasa
	<ul style="list-style-type: none"> Poverty Unemployment 	Employment creation	Government should allocate more fund to CDA	Kwale
	<ul style="list-style-type: none"> No adequate funding from the government Lack of government authority to outsource funds 	Lack of government authority to outsource	RDA should be a semi autonomous institution	Taita Taveta
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Kitui

Sub sector	Key Issue	Priority	Recommendation	County
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Makueni
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Machakos
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Kajiado
	Mineral & natural resources	Research on minerals in the county	Allocate funds for research on mineral resources.	Marsabit
	Distribution of resources		<ul style="list-style-type: none"> • Equitable distribution of resources • Formalization • Accessible office established at county level 	Mandera
	<ul style="list-style-type: none"> • Adequate funding • Capacity building • Public participation 		<ul style="list-style-type: none"> • Increase funding to regional authorities • Sensitize the public on the role and functions of authority. • Involvement of all 	Tana River

Sub sector	Key Issue	Priority	Recommendation	County
			stakeholders and other development agencies	
	<ul style="list-style-type: none"> Lack of information on investments Fear of the citizenry of large investments 	Lack of information on investments.	<ul style="list-style-type: none"> Conduct feasibility studies to identify viable industrial ventures in the County. Intensify community sensitization towards long-term investments. Hold stakeholders' consultative forums on investments. 	Homa Bay
	Lack of information on investments	Lack of information on investments	<ul style="list-style-type: none"> Conduct feasibility studies to identify viable industrial ventures in the County. Intensify community sensitization towards long-term investments. Hold stakeholders' consultative forums on investments. 	Migori
	Lack of information on investments	Lack of information on investments	<ul style="list-style-type: none"> Conduct feasibility studies to identify viable industrial ventures in the County. Intensify community sensitization towards long-term investments. Hold stakeholders' 	Kisii

Sub sector	Key Issue	Priority	Recommendation	County
			consultative forums on investments.	
	Lack of information on investments		<ul style="list-style-type: none"> • Conduct feasibility studies to identify viable industrial ventures in the County. • Hold stakeholders' consultative forums on investments. 	Nyamira
	Regional Development		Set up a county office	Elgeyo Marakwet
	Absence of the authorities in the county	<ul style="list-style-type: none"> • Low presence of authority in the county. • Partnership with foreign investors 	Should be developed in the county structure.	Trans Nzoia
	unclear operational policy	Resource identification and prioritization	Development of a Regional/county development master plan	Turkana
Labour	<ul style="list-style-type: none"> • High youth unemployment • Inadequate tools and machinery for use by Jua kali sector • Poor access to credit to start and run micro and small scale businesses • Exploitation of Workers by Employers especially in the flower farms, ranches and plantations • Lack of Industrial 		<ul style="list-style-type: none"> • Develop entrepreneurship and technical skills programmes for the youth to arm them required with skills • Harness and nurture talents among the youth Establish youth mentoring Programmes and entrepreneurship exchange programmes • Establish 	Samburu Laikipia Nyandarwa Nyeri Kirinyaga Murang'a

Sub sector	Key Issue	Priority	Recommendation	County
	<p>Court to facilitate arbitration of labour disputes in the Counties</p> <ul style="list-style-type: none"> • High business mortality rate 		<p>rehabilitation centers for the youth who are already affected by drugs and substance abuse</p> <ul style="list-style-type: none"> • Establish and equip Jua Kali shed • MSEs Centres of Excellence in the Counties to transfer technology • Establish a revolving fund for the SMEs • Develop tailor made innovative credit schemes • Establish Industrial Training Centres to equip the youth with relevant skills • Build capacity for workplace inspection and enforcement of labour laws • Establish Industrial Courts in the County • Establish employment Centres/Bureaus • Carry out survey to establish the stock of existing skills 	

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Local tour guides to be given first hand chance in recruitments. Establishment of Utalii College to train the locals' new ways. Government to stop outsiders from guiding the tourist 	Establishment of Utalii College	<ul style="list-style-type: none"> The Utalii College to be built at Witu. Service providers (Lecturers, support staff etc) should be from Lamu County second priority from outsiders 	Lamu
	<ul style="list-style-type: none"> Establishment of training institution Employees not accorded their human rights in terms of remuneration, poor working conditions, right to join trade unions Child labour/trafficking/sexual exploitation 	Accordinging Human Rights to employees as stipulated in the constitution and international conventions	Sensitization of employees/employers on human/workers rights	Kilifi
	<ul style="list-style-type: none"> High rate of unemployment Low wages Skilled labour Poor working conditions Job insecurity Stop allowing investors to bring in their own workers which thaws the opportunities for local employment Encourage export 	High rate of unemployment	Form a task force to look into above issues	Mombasa

Sub sector	Key Issue	Priority	Recommendation	County
	intellectual properties/assets <ul style="list-style-type: none"> Induce our overseas trained citizens to come back and create employment by providing conducive climate 			
	<ul style="list-style-type: none"> Labour Exploitation Inadequate labour market information Unskilled labour 	Capacity building on skills	Government allocate fund for expansion	Kwale
	<ul style="list-style-type: none"> Lack of adequate technical skills Child labour Exploitation of employees Poor working conditions 	Lack of adequate technical skills	Establish technical training institutions within the county	Taita Taveta
	<ul style="list-style-type: none"> Ignorance of labor issues and laws Inadequate staffing Juakali Sheds 	Awareness on labor laws	Funding in the short term	Kitui
	<ul style="list-style-type: none"> Lack of personnel to address labor issues Lack of awareness on labor issues and laws Unemployment 	Adequate staffing of the county labor office	Immediate	Makueni
	<ul style="list-style-type: none"> Lack of employment and Vocational centres Inadequate staffing 	Establish employment and Vocational centres in the county	Funding in the short term	Machakos

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Lack of Youth employment Ignorance of labor laws and issues 	Establishment and equipping of Jua Kali Sheds	Funding in the short term	Kajiado
	<ul style="list-style-type: none"> Lack of vocational training institutions Unemployment Drug abuse among the youth 	Technical training institutes	Medium term funding	Kiambu
	<ul style="list-style-type: none"> Lack of recognition of juakali competencies Transitional gap between industry and academic 	Skills upgrading	Immediate funding to start the process	Nairobi
	Unemployment	Self-employment	<ul style="list-style-type: none"> Start-up capital facilitation Change of mind set Entrepreneurial culture 	Embu
	<ul style="list-style-type: none"> People should be encouraged in education People should be encouraged to establish factories i.e. coffee 		Establishment of boards to encourage creation of employment	Tharaka Nithi
	Employees welfare	Enhance employees welfare in the County	Establishment of labour office to deal with employment issues	Garissa
	Fully functioning labour office to take charge	<ul style="list-style-type: none"> Establish an office Staffing salary 		Mandera

Sub sector	Key Issue	Priority	Recommendation	County
		<ul style="list-style-type: none"> Office equipment vehicle 		
	<ul style="list-style-type: none"> Labour Officer Elimination of Child labour 	Set up labour officer and post adequate labour officers	Government to provide funds	Tana River
	Capacity building and empowering of local traders		Capacity building and empowering of local traders	Wajir
	<ul style="list-style-type: none"> Employee exploitation Capacity Building Safety of workers 	Full enforcement of Labour Laws.	<ul style="list-style-type: none"> Full enforcement of Labour Laws. Training of workers on Labour Laws and their basic rights be conducted. Full enforcement of Labour Laws. 	Homa bay
	Quality of local professionals and workforce	Quality of local professionals and workforce	Establish well equipped and viable youth polytechnics to accommodate and train all out of school youths	Migori
	Lack of adequate skilled labour force	Lack of adequate skilled labour force	Capacity building for the local population in technical skills by developing a technical training institution in the county.	Busia
	Lack of skilled manpower	Lack of skilled manpower	<ul style="list-style-type: none"> Upgrading the equipment at the Directorate of industrial training to the industry needs; Introduce a fund to compensate industrialists for practical 	Kisumu

Sub sector	Key Issue	Priority	Recommendation	County
			<p>attachments;</p> <ul style="list-style-type: none"> Facilitate industrialists and training institutions collaboration on training needs 	
	Lack of skilled manpower		Provide necessary funds	Kericho
	<p>Lack of databank on employment and/employment opportunities</p> <p>Lack of skilled manpower</p>		<ul style="list-style-type: none"> Set up a databank cum employment bureau in the county Create more Youth Polytechnics and Tertiary institutions in all parts of the county 	Kakamega
	Employment		Data collection on employment, unemployment and placement	Nandi
	Employment information center		<ul style="list-style-type: none"> Establishment of employment and Lack of employers/employees Information centres exchange center 	Vihiga
	<ul style="list-style-type: none"> Set up an employment exchange office Continuous development of County human resource to suit the needs of the county 	Set up an employment exchange office	Set up a fund to enhance human resource in the county	Elgeyo Marakwet
	Skill development, employment promotion	<ul style="list-style-type: none"> Industrial 	More resource to be	Trans Nzoia

Sub sector	Key Issue	Priority	Recommendation	County
	and industrial peace	training <ul style="list-style-type: none"> • Industrial disputes • Jua kali sector promotion • Private employment agencies 	allocated	
	<ul style="list-style-type: none"> • Review of minimum wage requirements • High rate of unemployment • No industries • High level of illiteracy and training 		<ul style="list-style-type: none"> • Training • Regulation • Institutional capacity development 	Turkana
Trade	<ul style="list-style-type: none"> • Lack of marketing information • Lack of proper infrastructure to support trade such as road, electricity, marketing stores etc • Poor marketing systems • Poor access to affordable credit especially by youth/women due to lack of collateral 		<ul style="list-style-type: none"> • Establish business information centre's to provide relevant and timely business information e.g one per district • Establish well equipped market stores • Establish market surveillance and feedback mechanisms to monitor trading activities • Organize trade fairs and exhibitions programmes 	Samburu Laikipia Nyandarwa Nyeri Kirinyaga Murang'a
	<ul style="list-style-type: none"> • Establishment of wholesale market to serve the County of 	Establishment of Wholesale market	Carry out a feasibility study - Hindi is a better place for the	Lamu

Sub sector	Key Issue	Priority	Recommendation	County
	<p>Lamu.</p> <ul style="list-style-type: none"> • The Government should provide loans without conditionality. • The provisions of such loans should have a minimum of million Kenya Shillings onwards 		<p>construction of the wholesale market</p>	
	<ul style="list-style-type: none"> • Issuance of affordable/accessible business loans • Provision of loans without collateral • Capacity building in trade related issues • Provision of ready and accessible market • Protection of local small-scale business people from/against foreign competition • Conditions attached to permits issued to foreigners to be adhered to the letter 	<p>Protection of local small-scale business people from/against foreign competition</p>	<ul style="list-style-type: none"> • Permits conditions to be adhered to • County Government to be involved in issuance of work permits and licenses • Business companies to contribute towards county development from their proceeds • A certain percentage of income by foreigners to be allocated for the county's development 	<p>Kilifi</p>
	<ul style="list-style-type: none"> • Underdeveloped entrepreneurial skill and Knowledge • Fear of loans • Inadequate business Knowledge • Underdeveloped wholesale and retail markets 	<p>Development of skills and Knowledge on entrepreneurship</p>	<p>Enhance trade linkages</p>	<p>Mombasa</p>

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> • Underdeveloped entrepreneurial skill and Knowledge • Fear of loans • In adequate business Knowledge • Underdeveloped retail and wholesale markets • High poverty 	Development of skills and Knowledge on entrepreneurship	<ul style="list-style-type: none"> • More business training lecturers recruited in the county • Organize study trips for MSEs,potential MSEs • Government to allocate funds for putting up BICs in the county 	Kwale
	<ul style="list-style-type: none"> • Lack of awareness on trade issues • Lack of entrepreneurial skills and business exposure • Lack of capital • Poor physical planning and enforcement of policies 	Sensitization and training on trade issues	<ul style="list-style-type: none"> • Deployment of Trade Officers within the county • Allocation of adequate funds for training and sensitization 	Taita Taveta
	<ul style="list-style-type: none"> • Insufficient credit to SMEs • Lack of means of transport for Business Development Services(BSD) • Lack of business information • Lack of Market Access 	Provision of Sufficient and Affordable Credit to SMEs	Increase funding to JLB- Immediately	Kitui

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Lack of market infrastructure Lack of affordable credit to SMEs Lack of Market and Business information Lack of Transport and staff 	Construction of markets	Funding in the Short term and medium term	Makueni
	<ul style="list-style-type: none"> Lack of adequate Business Information Inadequate affordable credit to SMEs Market Access Lack of Transport and logistics 	Establish Business Information Centre	Funding in the short term	Machakos
	<ul style="list-style-type: none"> Lack of adequate Business Information Inadequate affordable credit to SMEs Market Access Lack of Transport and logistics 	Construct two modern retail markets with cold storage facility at Kimana and Rombo	<ul style="list-style-type: none"> Kimana Market – immediately Rombo Market- Medium term 	Kajiado
	<ul style="list-style-type: none"> Lack of adequate Business Information Inadequate affordable credit to SMEs Market Access Lack of Transport and logistics 	Installation of facilities to preservation of farm produce	Funding in both short term and medium term	Kiambu

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Market infrastructure Development Adequate Access to affordable credit to SMEs Market Access Trade licensing and regulatory framework 	Construct stalls and modern retail markets in designated areas	Immediate funding	Nairobi
	<ul style="list-style-type: none"> Lack of trade & industry data Financing Market liberalization and Consumer protection Lack of Value addition capacity 		<ul style="list-style-type: none"> Flexible lending Reviewing lending laws. Regular stakeholders forum 	Embu
	<ul style="list-style-type: none"> Financing Licenses Market information centres in counties 	Financing	<ul style="list-style-type: none"> The government should have a scheme i.e. loan board to give the loans to business funds to the members directly Establishment of business development solution centre and market research centres 	Tharaka Nithi
	Open entrepreneurship centres in the county and promote small and medium enterprises	establishment of training centers to train people	Allocate funds for entrepreneurship centres	Marsabit
	<ul style="list-style-type: none"> Business loans 	Increased funding to the existing	Immediately	Garissa

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Market access Business training 	government credit institutions e.g.K.I.E Gsa JLB, WEF, YEF		
	<ul style="list-style-type: none"> Trade staffs Loans-Facilitation of business 	Increase loans	Enough & funding office equipments	Mandera
	<ul style="list-style-type: none"> Financial Support-Loans Markets-Wholesale and retail Capacity Building-skills, counseling and consultancy Underdeveloped retail and wholesale markets 		<ul style="list-style-type: none"> Organize study trips for MSEs, potential MSEs Government to allocate funds for putting up BICs in the county 	Tana River
	<ul style="list-style-type: none"> Provision of Sheria compliant loans Capacity building and empowering of local traders 	Provision of Sheria compliant loans	This will enhance growth of trade in the community- strongly recommended	Wajir
	<ul style="list-style-type: none"> High fees for licencing and market access Poor access to business credit Low entrepreneurial skills 	High fees for licencing and market access	<ul style="list-style-type: none"> Hold stakeholders' consultative forums on the matter. Increase the allocation of Joint Loan Board and provide low interest loans to SMEs Hold trainings for traders 	Homa Bay
	<ul style="list-style-type: none"> Cost of doing business too high in the County due to 	Cost of doing business too high in the County due to high licence fees	<ul style="list-style-type: none"> Hold stakeholders' consultative forums on the 	Migori

Sub sector	Key Issue	Priority	Recommendation	County
	<p>high licence fees and market cess.</p> <ul style="list-style-type: none"> Lack of ready market for agro-products 	and market access.	<p>matter.</p> <ul style="list-style-type: none"> Establish open air markets 	
	<ul style="list-style-type: none"> High fees for licencing and market access Lack of Market Sheds in the County. 	High fees for licencing and market access	<ul style="list-style-type: none"> Hold stakeholders' consultative forums on the matter. Form Traders' Association (Cooperative) to lobby for the traders rights. Government to provide funds to put up Fresh Produce and market sheds for SMEs 	Kisii
	<ul style="list-style-type: none"> Inadequate linkages between producers and the market Poor access to affordable business credit Lack of good infrastructure e.g. water, electricity, roads, etc.) 	Inadequate linkages between producers and the market	<ul style="list-style-type: none"> Identify viable agro-processing cottage industries. Hold stakeholders' consultative forums on the matter. 	Nyamira
	<ul style="list-style-type: none"> Poor trade environment and trade facilitation Dominance of trade by Uganda Traders Poor tourism development 		<ul style="list-style-type: none"> Facilitate provision of storage facilities/ ware house in Kenyan side of the border; Review the taxes, levies and licenses Education on the cross border trade requirement to avoid flouting of 	Busia

Sub sector	Key Issue	Priority	Recommendation	County
			<p>the rules which fuel corruption;</p> <ul style="list-style-type: none"> Facilitate similar trade environment between the two neighboring countries; 	
	Inadequate Financing and Training	Training and capacity building;	<ul style="list-style-type: none"> Dissemination of information and training Lack of standardization of SME products; 	Siaya
	<ul style="list-style-type: none"> High cost of doing business Poor infrastructure Untapped business investment opportunities Low access to financial services 	High cost of doing business	<ul style="list-style-type: none"> Develop one stop shop Introduce subsidies 	Kisumu
	<ul style="list-style-type: none"> Lack of access to affordable credit High cost of doing business Low technology uptake 	High cost of doing business	<ul style="list-style-type: none"> Increase the annual district loans joint loans kitty from Kshs 1 M to Kshs 100 M; Increase the upper threshold of district joint loans from Kshs 100,000; Harmonize the lending rates and devolve the same to the county. 	Kericho

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Lack of access to affordable credit High cost of doing business 		<ul style="list-style-type: none"> Enhance available credit e.g. trade development joint loans, women and youth development funds; Introduce county revolving fund; Undertake community sensitization and introduce incentives to encourage savings; 	Nakuru
	Lack of affordable credit for trade		Increase funding to Development Finance Institutions and Joint Loan Boards	Bungoma
	<ul style="list-style-type: none"> Lack of awareness Lack of affordable credit 	<ul style="list-style-type: none"> Lack of awareness Lack of affordable credit 	Allocate more funds to DFIs, youth, women funds and ministries and government agencies concerned	Kakamega
	<ul style="list-style-type: none"> Inadequate credit loans for traders. Expensive credit facilities 	Inadequate	The Government and other agencies to increase funding	Nandi
	Insufficient financial institutions		Increase funding to financial institutions	Uasin gishu
	<ul style="list-style-type: none"> Lack of affordable credit for trade. Capacity building in marketing and value addition in business management 		Increase funding to development finance institutions	Vihiga

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Lack of access to credit facilities Lack of adequate office spaces 	Allocate funds towards construction of offices		Baringo
	Improve trade	Increase funding to Joint Loans board	<ul style="list-style-type: none"> Increase training of traders on entrepreneurial skills Stop and eliminate counterfeit goods Set up a county trade centre to provide information on business ventures and potentials. 	Elgeyo Marakwet
	<ul style="list-style-type: none"> Training and improving access to credit (JLB) Increase trade officers in the county Substandard and Counterfeit goods Funding to MSMEs Market infrastructure ICT and business information centres Counterfeit and substandard products -Lack of trade fairs, publicity and exhibitions 	financing and business information centres	<ul style="list-style-type: none"> Encouragement of public private partnership (PPP) Adherence to budget time line 	Trans Nzoia

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> • Insufficient government funding • Lack of information and technology • Market infrastructure development especially along the borders • Counterfeit and substandard products • Poor transport infrastructure • Livestock and fish markets • Tourism development. • Lack of home-based commodity value addition/factories • Lack of land title deeds • Multiple taxes and regulations • Black market competition • No market advisory player • Lack of trade fairs, publicity and exhibitions 	<ul style="list-style-type: none"> • Funding to MSMEs • Market infrastructure • ICT and business information centres 	financing and business information centres	Turkana
East African	<ul style="list-style-type: none"> • Members of the Lamu County should 	Exchange	A committee to be constituted to be	Lamu

Sub sector	Key Issue	Priority	Recommendation	County
Community	<p>be facilitated to have exchange programme with other Partner States of EAC</p> <ul style="list-style-type: none"> Establish a single currency for the EAC 	programme	addressing EAC issues	
	<ul style="list-style-type: none"> Bad attitude by Kenyan officials towards local business people moving across borders Bureaucracy in the issuance of travel documents - passport 	Attitudinal change from government officials manning border points	To ensure zero tolerance to corruption	Kilifi
	All policies on East African Community only exist in papers but not in practice	Operationalise the EAC protocols and put them in effective practice	Form a task force to work on good will and attitude issues	Mombasa
	<ul style="list-style-type: none"> Low cross border trade across Lunga Lunga border Restriction on movement of goods and services and persons to Tanzania 	Increase cross border trade	<ul style="list-style-type: none"> Exchange visits across Lunga-Lunga border Govt to allocate fund for cross border trade sensitisation 	Kwale
	<ul style="list-style-type: none"> Poor roads to link Partner States Laxity in the implementation of policies such as the non tariff barriers 	Poor implementation of policies	<ul style="list-style-type: none"> Follow-up on the implementation of policies A county representative to be appointed to follow-up on implementation of policies 	Taita Taveta
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Makueni

Sub sector	Key Issue	Priority	Recommendation	County
	Lack of knowledge of existence of the ministry	Publicity and awareness	Funding for awareness and publicity	Machakos
	Inadequate information about the EAC market	Provide information to the traders	Immediate funding	Kiambu
	Presence of Non Trade Barriers	Create Awareness on the taxation and barriers to trade	Immediate funding	Kiambu
	Expansion of the Market	Linkage to EAC market	Increase awareness of opportunities arising from EAC	Garissa
	Passport documents and policy		Regional office at Nairobi/Mandera	Mandera
	<ul style="list-style-type: none"> Capacity building Exchange programme 		Sensitize community on EAC, its importance and how they are going to benefit	Tana River
	<ul style="list-style-type: none"> East African community Marketing Cross border trade Counterfeit goods 	<ul style="list-style-type: none"> Assist identify markets within EAC Fast tracking cross border trade especially for perishables Introduce 24hr clearance services Exhibitors from the county to participate in the international trade fairs 	<ul style="list-style-type: none"> Empower the county exporters and importers to expand the narrow base export and import trade Promote export and import based production 	Trans Nzoia
	<ul style="list-style-type: none"> Transaction 	<ul style="list-style-type: none"> Trade policies, 	<ul style="list-style-type: none"> Harmonization of 	Turkana

Sub sector	Key Issue	Priority	Recommendation	County
	<p>procedures</p> <ul style="list-style-type: none"> Lack of universal currency 	<p>customs, immigration and currency</p>	<p>regulations, protocol and documents</p> <ul style="list-style-type: none"> Universal currency 	
Tourism	<ul style="list-style-type: none"> Underdeveloped Tourism sector Lack of promotion of tourism destinations in the counties 		<ul style="list-style-type: none"> Construct Tourism facilities (hotels, airstrips) Modernize and upgrade the tourism sites (Mt. Kenya, Abedare National Park, Mukurwe wa Nyagathanga, Rapid falls, Karia Kahungu) Market the Counties sites in the tourist circuit Conserve rivers for landscaping to attract tourists (Murang’a, Kirinyaga) 	<p>Samburu</p> <p>Laikipia</p> <p>Nyandarwa</p> <p>Nyeri</p> <p>Kirinyaga</p> <p>Murang’a</p>
	<ul style="list-style-type: none"> Tourism attractive centre Capacity building of tour guides Cleanliness of environment to attract tourism 	<p>Establishment of tourist attractive centre</p>	<p>The centre to specifically be build in Manda Island</p>	<p>Lamu</p>
	<ul style="list-style-type: none"> Foreign investors build commercial houses 	<p>Aggressive marketing both locally and</p>	<p>County Governments to have a big stake in the revenue obtained</p>	<p>Kilifi</p>

Sub sector	Key Issue	Priority	Recommendation	County
	<p>(villas/cottages) but purport to be residential hence denying government revenue</p> <ul style="list-style-type: none"> • The sector solely rely on Italian market – county is asking for aggressive marketing to attract more tourists • Mushrooming villas/cottages should be discouraged • Bed occupancy revenue to be specifically allocated for the county Government 	internationally to attract more tourists	from the tourism and ensure it is ploughed back towards the development of the locals.	
	<ul style="list-style-type: none"> • Security • Inadequate infrastructure/conference tourism • Lack of adequate training facilities • Lack of enhanced community based tourism • Promotion of domestic tourism 	Promotion of domestic tourism	Establish or strengthen county offices for promotion of domestic tourism	Mombasa
	<ul style="list-style-type: none"> • Inadequate Security • Infrastructure- poor roads/ferry delays • Child sex tourism • Unfair competition • Poor implementation 	Training/sensitising on tourism related investment opportunities	Allocation of fund for construction, cultural promotion and sensitisation	Kwale

Sub sector	Key Issue	Priority	Recommendation	County
	<p>of policies</p> <ul style="list-style-type: none"> • Inadequate Knowledge on Tourism and related investments • Lack of tourism technical staffs in the county 			
	<ul style="list-style-type: none"> • Tourism is being managed at the national level • Tourism does not feature in the local development agenda • Lack of tourism development plan • Lack of information on tourism opportunities • Tourism benefits from the county do not benefit the county 	Tourism benefits from the county do not benefit the county	<ul style="list-style-type: none"> • Money allocated to the county should be used for community development • A tourism officer to be deployed in the county to guide on issues pertaining tourism 	Taita taveta
	<ul style="list-style-type: none"> • Lack of infrastructure • Lack of awareness of tourists sites • Insecurity 	Promotion of local tourism	Immediate funding for publicity and awareness	Kitui
	<ul style="list-style-type: none"> • Lack of infrastructure and tourism facilities • Lack of awareness of the tourism attraction centre • None classification of Kyulu National Park 	Improve infrastructure to access Kyulu National Park	Short term funding	Makueni

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Underdeveloped conference tourism in Machakos Commercialization of existing attraction sites 	Fourteen falls, Donyo Sabuk, Ngelani gravitational fall	Funding immediately in the short term	Machakos
	<ul style="list-style-type: none"> Haphazard sale/trade on handicrafts at national park gates Exploitation of Manyatta culture 	Facilitate Organized trade at national parks	Facilitate Organized trade at national parks	Kajiado
	Untapped tourism attraction centers	Identification and awareness of the sites	Create awareness of the attraction sites e.g. Ondire swamp, Mugumo, Githunguri gallos	Kiambu
	Inadequate handicraft markets	Development of markets in designated areas	Funding in short term and medium term	Nairobi
	<ul style="list-style-type: none"> Cultural Centers Nature Trail 	<ul style="list-style-type: none"> Access Awareness 		Embu
	<ul style="list-style-type: none"> People to be encouraged in domestic tourism and be educated about Kenya tourism board Utilization of our rivers Introduce mountain climbing 		<ul style="list-style-type: none"> Government to establish swimming pools Government to establish information centre's on mountain climbing 	Tharaka Nithi
	Market and attraction sites	Marketing of tourism sites in the county and allocate funds for upgrading of road networks for their accessibility	Needs funding and marketing	Marsabit

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> N. E. tourism circuit Wildlife Conservation 	Policy Support Community Wildlife Conservancies	<ul style="list-style-type: none"> Implementation of the northern corridor roads to link it with the north coast Provision of incentives for construction of tourism conservancy 	Garissa
	<ul style="list-style-type: none"> Malkamari game reserve to be developed and animals allocated Square kilometer marked. All streams preserved Water centers allocated 		Enough and allocation of granting	Mandera
	<ul style="list-style-type: none"> Historical Artifacts and sites Tana County Tourism circuits Cultural heritage Revival of existing game reserves 	Gazettement of historical sites		Tana River
	<ul style="list-style-type: none"> Promotion of cultural tourism Creation of a game reserve 		<ul style="list-style-type: none"> Building of Somali cultural villages and stocking them with traditional Somali artifacts. Creation of a game reserve around lake Yahud 7KM East of Wajir town to place Wajir County in the 	Wajir

Sub sector	Key Issue	Priority	Recommendation	County
			tourism market	
	Lack of aggressiveness in marketing touristic sites.	Lack of aggressiveness in marketing touristic sites.	Sensitize the community on marketing skills.	Homa Bay
	Lack of aggressiveness in marketing and promoting touristic sites e.g. Thim Lich Ohinga, Lake Victoria and local culture	Lack of aggressiveness in marketing and promoting touristic sites e.g. Thim Lich Ohinga, Lake Victoria and local culture	Sensitize the community on marketing skills.	Migori
	Poor tourism development		<ul style="list-style-type: none"> • Facilitate tourist product development including beaches; Sio port, L. Victoria, and water sports activities; • Improvement of security; • Improvement of infrastructure and communication network; • Attract investments in tourist hotels and other tourist services; • Development of cultural centres. 	Busia
	Poor attraction of tourists despite having good tourist attractions e.g President Obama's Ancestral home, Yala swamp, rich culture, beaches, Got Ramongi and Jaramogi Oginga Odinga Mausoleum		<ul style="list-style-type: none"> • Attract proper hotels and other services; • Improve accessibility; • Develop the beaches, cultural sites and other 	Siaya

Sub sector	Key Issue	Priority	Recommendation	County
			attractions; <ul style="list-style-type: none"> • Attract skilled manpower training. 	
	Untapped tourism potential		<ul style="list-style-type: none"> • Package the local tourism products (scenery, agro-tourism, culture); • Aggressive marketing and promotion. 	Kericho
	Depletion of the local tourism sites		<ul style="list-style-type: none"> • Protection of catchment areas by sensitizing and supporting communities in catchment area to plant trees • Enforce the environmental laws. 	Nakuru
	Untaped tourist potential Mt. Elgon, Nabuyole Falls, Chetambe/Sangalo hills	Untaped tourist potential Mt. Elgon, Nabuyole Falls, Chetambe/Sangalo hills	<ul style="list-style-type: none"> • Government to fund and gazette • Tourism fund • Multi-lateral donors 	Bungoma
	Untapped tourism potential		<ul style="list-style-type: none"> • Taking stock of tourism sites, gazetement of tourism sites and of tourism potential areas • Improve accessibility • Restoration of forests e.g. Malava, Kakamega and Bunyala to its previous state and 	Kakamega

Sub sector	Key Issue	Priority	Recommendation	County
			fence <ul style="list-style-type: none"> Trace and document cultural practices Roll out capacity building and awareness programmes 	
	Untapped Tourism Potential	Untapped Tourism Potential	<ul style="list-style-type: none"> Government should invest on developing tourism sites in the County Encourage PPP partnerships and other development partners to invest in Tourism infrastructure 	Nandi
	Lack of tourism information centre		Establish a tourism information center (one stop shop)	Uasin Gishu
	Tourism		<ul style="list-style-type: none"> Fencing of tourism lands Gazetting Access roads Restore forest to original state Development of cultural and forests site Establishment of a museum` 	Vihiga
	Tourism promotion		National as well as County Governments to	Elgeyo Marakwet

Sub sector	Key Issue	Priority	Recommendation	County
			<p>set up proper policy framework to guide on tourism</p> <ul style="list-style-type: none"> Identify sites of historical importance Set up a fund to promote these activities 	
	Unexploited tourism sites e.g. Saiwa Swamp and Mt. Elgon national park	<ul style="list-style-type: none"> Creation of Modern tourism hotels Opening up tourism sites 	Open up the western tourism circuit.	Trans Nzoia
	<ul style="list-style-type: none"> Poor tourist accommodation facilities, tour guides, transport organizations Lack of tourist sites publicity and information Lack of training and capacity development in the county No cultural museums No cultural rites 	<ul style="list-style-type: none"> Protection of tourist sites Infrastructure Training 	Infrastructure and publicity	Turkana
Industry	<ul style="list-style-type: none"> Low industrialization Lack of required infrastructure to support the Industries Limited secured sites for industrial 		<ul style="list-style-type: none"> Funds be allocated to establish industrial development Centres to promote skills development, innovation, science and 	<p>Samburu</p> <p>Laikipia</p> <p>Nyandarwa</p> <p>Nyeri</p> <p>Kirinyaga</p>

Sub sector	Key Issue	Priority	Recommendation	County
	development		technology	Murang'a
	<ul style="list-style-type: none"> • Lack of land for investors. • Lack of Cold store for fish storage • Lack of meat processing factory. • Lack of a milk factory 	Establishment of cold store	Funds to be allocated for these projects.	Lamu
	<ul style="list-style-type: none"> • Processing, refining and packaging of products to be done locally at county level • Revival of old factories e.g. Kenya Cashew nuts, Mariakani milk scheme, mining of lead at Kaloleni • Establishment of new factories e.g. fruit processing – mangoes, pineapples • Establishment of fish exploitation factories 	Revival of old factories	Money to be allocated for the revival of factories	Kilifi
	<ul style="list-style-type: none"> • Low base of industrialization • Revival of collapsed industries • Inadequate land for industrialization • Poor planning • High cost of infrastructure 	Revival of collapsed industries	Funds to be allocated to revive collapsed industries	Mombasa

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Absence of manufacturing industries Presence of collapsed and stalled industry 	Revival of collapsed and stalled industries	Funds be allocated for completion and revival of collapsed industries	Kwale
	<ul style="list-style-type: none"> Lack of coordination between investors and resource owners Lack of capital Lack of industrial trade fairs Bureaucracy Corruption 	Lack of coordination between investors and resource owners	A platform to be established to ensure there is good and conducive partnership between local entrepreneurs and investors	Taita Taveta
	<ul style="list-style-type: none"> Uncompleted projects Lack of small scale industries 	Completion of CIDCs	Funds allocated for the completion of CIDCs	Kitui
	<ul style="list-style-type: none"> Lack of processing industries Lack of industrial parks 	Construct factories to process mangoes and oranges, avocado, milk	Fund be allocated for the construction of the factories	Makueni
	<ul style="list-style-type: none"> Lack of industrial Land for Industrial Development. Lack of Micro Small and Medium Industrial(MSMI) Funds Inadequate industrial Development Centres 		Fund the to be allocated to fund MSMIs	Machakos
	Wastage of perishable goods-lack of value addition & exploitation	Establish agro processing industries to process tomatoes,	Funds be allocated to set up the industries both in the short and	Kajiado

Sub sector	Key Issue	Priority	Recommendation	County
	by middlemen	honey , meat etc	long term	
	Lack of adequate industries for value addition on farm produce	Establish meat processing plant	Funds be allocated to establish meat processing plant	Kiambu
	<ul style="list-style-type: none"> • Land for industrial development • Adoption of new technologies • Protection of intellectual properties 	Acquisition of land	Funds be allocated to acquire land	Nairobi
	Lack of industries			Marsabit
	Technologies at county levels to nurture talents			Tharaka Nithi
	Land accessibility for MSME	Acquisition of land		Garrissa
	Light factory	<ul style="list-style-type: none"> • Industrial incubation centers in every District (major centers) • Hides & skin (tannery) factory 	Immediate funding	Mandera
	Lack of Processing plants for mangoes, milk, meat, skin, maize, honey	Establish of mangoes, meat, skin processing plant	Funds allocated to establish the plants	Tana River
	Lack of light industries and tapping of local industrial resources	Establishment of a modern industry to manufacture white wash from limestone rocks	Funding be availed immediately	Wajir

Sub sector	Key Issue	Priority	Recommendation	County
	<ul style="list-style-type: none"> Lack of data base on viable industrial ventures Poor community perception towards industrial investments 	Conduct feasibility studies to identify viable industrial ventures in the County.	Allocate fund for the feasibility study	Homa Bay
	<ul style="list-style-type: none"> Lack of cottage industries in the County e.g. beef factory, gold mining, etc. Unavailability of supporting funds for locals 	Conduct feasibility studies to identify viable industrial	Allocate fund for the feasibility study	Migori
	<ul style="list-style-type: none"> Scarcity of Land for construction of industries (Industrial Area). Lack of industries in the County 	Source for land in peri-urban regions for construction of industries	-Fund be allocated to source the land	Kisii
	Lack of Cottage Industries for Value Addition.	Conduct feasibility studies to identify viable industrial	Funds be availed to conduct the feasibility study	Nyamira
	No established industries despite the potential	Avail affordable funding		Busia
	Lack of standardization of SME products	Training and capacity building;		Siaya
	Untapped industrial potential	Provide investment fund		Kericho
	Untapped industrial potential	Upgrade the outdated pyrethrum processing plant;	Provide funds for industrial development	Nakuru

Sub sector	Key Issue	Priority	Recommendation	County
	Lack of industrial land and infrastructure	Government to provide funds for acquiring land for industrial park in each constituency	GOK to provide sufficient funds	Kakamega
	In availability of industrial land	Acquire land for industrial development	Provide loans for industrialization activities.	Nandi
	Industrial park	Acquire land for industrialization	Local authority to spearhead industrialization by availing land	Uashin Gishu
	<ul style="list-style-type: none"> Industrial development Lack of industrial land for investment 	Change of Kenya railway land from agriculture to industrial (Luanda town)	Avail money for funding.	Vihiga
	Lack of Industries	Establishment of Agro-processing industries e.g. Honey	Allocate fund to establish the industries	Baringo
	Industrial Development	Develop a County Industrial Park	National Government in conjunction with County Government to spearhead this activity and liaise with potential private investors	Elgeyo Marakwet
	Lack of Industries	Develop Agro-processing industries	Adequate resources be allocated	Trans Nzioa
	<ul style="list-style-type: none"> Counterfeit and substandard products Lack of home-based commodity value addition/factories 	<ul style="list-style-type: none"> Cottage industries and value addition Industrial park 	Enhanced funding and business information centres	Turkana