REPUBLIC OF KENYA

# General Economic and Commercial Affairs (GECA) Sector

# MEDIUM TERM EXPENDITURE FRAMEWORK

# FY2026/27 – FY2028/29


**Presentation By**

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# Presentation Outline

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3. Autonomous and Semi-Autonomous Government Agencies
4. FY 2022/23 - FY2024/25 Performance Review -Sector Achievements
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7. Analysis of Sector Resource Requirements vs Allocations -FY 2026/27 – 2028/29
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# Sector Composition

GECA Sector Comprises Eight Sub-sectors :

1. **ASALs and Regional Development;**
2. **Cooperatives;**
3. **Trade;**
4. **Industry;**
5. **Micro, Small and Medium Enterprises (MSMEs) Development;**
6. **Investments Promotion;**
7. **Tourism; and**
8. **East African Community (EAC).**

## The Sector Mandate:

- Coordinates and accelerates integrated development in the ASALs and Regional Development Authorities (RDAs).
- Promotes growth and development of co-operatives through capacity building and provision of appropriate policy, legal and institutional framework;
- Promotes and develops domestic and international trade as well as enforcing fair trade practices and consumer protection;
- Facilitates an accelerated growth of the industrial sector through provision of an enabling institutional policy and legal framework.

## Sector Mandate Cont':

- Promotes and develops MSME Sector through development and promotion of progressive credit policies and practices;
- Formulates and implements policies to promote, attract, develop and retain both domestic investments and foreign direct investments;
- Formulates policy and coordinate implementation of strategies aimed at developing sustainable tourism; and
- Coordinates Kenya's participation in the EAC regional integration process and monitor and evaluate the implementation of the Northern Corridor Development.

# Sector Vision and Mission

## ❑Vision

“A prosperous and globally competitive economy fostering innovation, sustainable growth, and inclusive social and economic development”.

## ❑Mission

“To promote economic transformation through implementing integrated socio-economic policies and programmes for a rapidly industrializing economy.”

## Strategic Goals

- Enhance Economic Productivity in Arid and Semi-Arid Lands (ASALs) and other regions, to promote sustainable basin based development;
- Promote and maintain a vibrant and sustainable co-operatives sector for economic transformation;
- Promote domestic production and expand market access for Kenya exports;
- Create an enabling environment for sustainable development and management of MSMEs to promote economic transformation;
- Promote sustainable manufacturing and industrial enterprises;
- Promote foreign and domestic investments by improving the business environment;
- Project, promote and Market Kenya as a premier, sustainable tourism destination; and
- Strengthen Regional Integration for optimization of benefits and opportunities within EAC and the Northern Corridor.

# Autonomous and Semi-Autonomous Government Agencies

**The Sector has 4 Autonomous and 38 Semi-Autonomous Government Agencies. These include:**

**Autonomous Government Agencies**

1. East African Portland Cement Company (EAPCC)
2. Kenya Development Corporation (KDC)
3. Kenya Bureau of Standards (KEBS)
4. Kenya Industrial Property Institute (KIPI)

**Semi-Autonomous Government Agencies**

1. Anti-Counterfeit Authority (ACA)
2. Coast Development Authority (CDA)
3. Bomas of Kenya
4. Ewaso Ng'iro North River Basin Development Authority (ENNDA)
5. Ewaso Ng'iro South River Basin Development Authority (ENSDA)
6. Export Processing Zones Authority (EPZA)
7. Financial Inclusion Fund -Hustler Fund (FIF)
8. Kenya Investment Authority (KenInvest)
9. Kenya Tourism Board (KTB)
10. Kenyatta International Convention Centre (KICC)

# Autonomous and Semi-Autonomous Government Agencies Cont'

11. Kenya Industrial Estates (KIE)
12. Kerio Valley Development Authority (KVDA)
13. Kenya National Accreditation Services (KENAS)
14. Kenya Industrial Research and Development Institute (KIRDI)
15. Kenya Export Promotion and Branding Agency (KEPROBA)
16. Kenya National Trading Corporation (KNTC)
17. Kenya National Multi-Commodities Exchange (KOMEX)
18. Kenya Trade Remedies Agency (KETRA)
19. Kenya Safari Lodges & Hotels (KSL&H)
20. Kenya Consumers Promotion Advisory Committee (KECOPAC)
21. Lake Basin Development Authority (LBDA)
22. Micro and Small Enterprise Authority (MSEA)
23. National Drought Management Authority (NDMA)

# Autonomous and Semi-Autonomous Government Agencies Cont'

24. New Kenya Co-operative Creameries (New KCC)
25. New Kenya Planters Co-operative union (KPCU)
26. Numerical Machining Complex (NMC)
27. Rivatex EA Ltd
28. Special Economic Zones Authority (SEZA)
29. SACCOs Society Regulatory Authority (SASRA)
30. Scrap Metal Council (SMC)
31. Tourism Research Institute (TRI)
32. Tourism Regulatory Authority (TRA)
33. Tourism Fund (TF)
34. Tourism Promotion Fund
35. Tana and Athi Rivers Development Authority (TARDA)
36. Uwezo Fund
37. Ware house Receipt System Council (WRSC)
38. Kenya Utalii College (KUC)

# FY 2022/23 – FY 2024/25 PERFORMANCE REVIEW

## Sector Key Achievements

During the period under review FY2022/23 – 2024/25, the Sector realized the following :

- Completed the expansion and upgrading capacity at the Ewaso Ng'iro Leather and Tannery factory processing 1,128,696 square feet of finished leather;
- Automated the mango processing plant at Tot-Elgeyo Marakwet and processed 112,789 litres of mango juice;
- Conserved and rehabilitated 1,555 hectares of degraded catchment and riparian lands and put 1,104 hectares of land under irrigation;
- Constructed 21 water pans, 5 small dams and drilled 103 boreholes benefitting over 43,000 livestock and 2,333 households;
- SACCO membership in SASRA-regulated SACCOs grow to 7.4 million thus enhancing financial inclusion;
- Total savings within cooperatives grew from Kshs. 1,047 billion to Kshs. 1,224.95 billion

# Sector Key Achievements Cont'

- SACCOs membership grew from 6.4 M to 7.4 M and remained stable with the core capital to total asset ratio of SACCOs remaining above the 10% requirement;
- Coffee Cherry Advance Revolving Fund: extended advance of Kshs. 522 M in FY 2022/23 to Kshs. 4,800 M in FY 2024/25 covering 240,000 farmers across 33 coffee growing counties;
- Secured vital market access through the Kenya-EU Economic Partnership Agreement (worth €18 trillion European Union export market of 450 million consumers) and the Kenya-UAE Comprehensive Economic Partnership Agreement (UAE market valued at approximately USD 500 billion and a population of about 11.35 million);
- Total value of exports grew by 10.4% from Kshs.1,007.9 B in 2023 to Kshs.1,112.3 B in 2024 ;
- Value of wholesale and retail trade increased by 3.38%, from Kshs. 841.017 B in 2023 to Kshs. 873.376 B in 2024;

# Sector Key Achievements Cont'

- Advanced the construction of 21 County Aggregation and Industrial Parks (CAIPs) & 923 jobs created under CAIPs project;
- Modernized Rivatex machinery;
- Registered 2,290 patents and industrial designs, underscoring a growing culture of innovation;
- Trained 13,101 students and SMEs in industrial and entrepreneurial skills;
- Implemented Buy Kenya, Build Kenya Strategy, leading to increased uptake of locally produced goods in public procurement;
- A total of 2,419 new standards developed; (Industry )
- A total of 57,830 products certified under large firm;
- A total of 2,290 patents, utility models and industrial designs registered;
- A total of 19,411 trade marks registered;
- A total of 25,055 inspections for brand protection undertaken;
- A total of 540 IPRs recorded;
- A total of 126 MSMEs received disbursement for productivity and innovation upgrade;
- A total of 351 industrial technologies developed and transferred to industry;

# Sector Key Achievements cont'

- Provided affordable credit to MSMEs through several initiatives including: Financial Inclusion Fund (Kshs.. 72bn) through the Personal Loan Product and Kshs. 196.6 Million through the Group Loan Product to 58,698 groups); Kenya Industrial Estates (KIE)- Kshs.4.86bn Industrial Credit; Uwezo Fund-Kshs.1,136 million to 10.515 groups of youth, women and PWDs and start-up grants of Kshs.. 589 Million disbursed-MSEA;
- Provision of Infrastructure: Equipping 58 Constituency Industrial Development Centers(CIDCs) to support the priority value chains of leather, dairy, edible oils and construction; and completed construction and equipping of 3 Cold Storage Facilities (Nyandarua, Kisii and Meru) ;
- Provided Market Linkages for 3,762 MSMEs through local and regional trade fairs and 27,721 SMEs through sub-contracting arrangements and linked 419 MSEs to the Affordable Housing Programme
- Gazetted 25 Special Economic Zones and 20 Export Processing Zone that contributed to creation of 62,304 jobs;
- Attracted Kshs. 3,798 billion in domestic investment and USD 1.503 billion in foreign direct investment;
- Licensed 92 enterprises under Export Processing Zones Authority (EPZA) and Special Economic Zones Authority (SEZA);

# Sector Key Achievements cont’

- International visitor arrivals increased from 1.65 million in FY2022/23 to 2.42 million in FY 2024/25 thereby growing earnings from Kshs. 297.3 billion to Kshs. 458.2 billion, bolstered by aggressive marketing and the implementation of the Electronic Travel Authorization (ETA);
- Domestic bed-nights increased by 10.8% from Kshs. 4.52 million in FY 2022/23 to 5.01 million in FY 2024/25;
- Revenue generated from tourism levy increased from Ksh 3.9Billion in FY 2022/23 to 5.1 billion in FY 2024/25;
- Meetings, Incentives, Conferences, and Events (MICE) - number of local and international delegates increased from 638,478 to 736,874;
- Local conferences hosted increased from 10,558 to 12,224 respectively from the FY 2022/23 to FY 2024/25;
- Assessed and Accredited 991 establishments (hotels and lodges);
- Developed EAC Regional policies/guidelines/regulations in the various areas of cooperation;
- Coordinated over 1,000 MSMEs in EAC annual trade fairs;
- Over 2,000 youth, women and PWDs capacity built on EAC of Simplified Trade Regime;
- Conducted over 15 bilateral negotiations with the EAC Partner States to enhance trade facilitation for Kenyan goods and services, and free movement of people.

# Analysis of Recurrent Approved Budget Vs Actual Expenditure (Amount in Kshs. Millions) for FYs 2022/23 – 2024/25

# Analysis of Recurrent Approved Budget Vs Actual Expenditure (Amount in Kshs. Million) for FY 2022/23 – FY 2024/25

| Description | Approved Budget Allocation (Kshs. Million) | | | Actual Expenditure (Kshs. Million) | | |
|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2022/23 | 2023/24 | 2024/25 |
| Gross | 29,790.43 | 52,330.71 | 43,329.58 | 26,994.11 | 42,835.89 | 41,322.70 |
| AIA | 12,461.19 | 16,181.70 | 18,761.89 | 11,214.50 | 12,564.24 | 17,310.96 |
| NET | 17,329.24 | 36,149.01 | 24,567.69 | 15,779.61 | 30,271.65 | 24,011.74 |
| Compensation to Employees | 2,057.08 | 2,331.08 | 2,453.83 | 2,002.83 | 2,175.45 | 2,361.90 |
| Transfers | 24,702.73 | 45,205.59 | 36,804.86 | 22,444.04 | 36,826.43 | 35,225.41 |
| Other Recurrent | 3,030.62 | 4,794.04 | 4,070.89 | 2,547.24 | 3,834.01 | 3,735.39 |

# Analysis of Recurrent Approved Budget Vs Actual Expenditure by Sub-sector

| Vote and Vote Details | Approved Budget | | | Actual Expenditure | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2022/23 | Absorption Rate(%) | 2023/24 | Absorption Rate(%) | 2024/25 | Absorption Rate(%) |
| Vote 1036 State Department for ASALS and Regional Development | - | 26,715.47 | 11,203.19 | - | | 22,105.84 | 82.75 | 10,857.19 | 96.91 |
| Vote 1173: State Department for Co-operatives | 2,137.90 | 1,883.05 | 5,324.99 | 1,922.22 | 89.91 | 1,730.98 | 91.92 | 5,310.08 | 99.72 |
| Vote 1174 State Department for Trade | 2,952.76 | 3,502.79 | 5,292.31 | 2,937.09 | 99.47 | 3,183.05 | 90.87 | 5,138.79 | 97.10 |
| Vote 1175: State Department for Industry | 2,672.00 | 2,999.75 | 3,167.43 | 2,250.00 | 84.21 | 2,928.15 | 97.61 | 3,137.09 | 99.04 |
| Vote 1176: State Department for Micro, Small and Medium Enterprises (MSMEs) Development | 633.62 | 2,090.37 | 2,046.63 | 587.67 | 92.75 | 1,466.30 | 70.15 | 1,803.23 | 88.11 |
| Vote 1177: State Department for Investment Promotion | 925.90 | 1,672.37 | 1,862.93 | 899.00 | 97.09 | 1,342.66 | 80.28 | 1,827.31 | 98.09 |
| Vote 1202: State Department for Tourism | 10,056.00 | 12,659.00 | 13,588.38 | 9,216.00 | 91.65 | 9,288.00 | 73.37 | 12,426.74 | 91.45 |
| Vote 1221: State Department for East African Community | 698.90 | 807.90 | 843.71 | 698.90 | 100 | 790.90 | 97.90 | 822.28 | 97.46 |
| **TOTAL (Kshs.. millions)** | **29,790.43** | **52,330.71** | **43,329.58** | **26,994.11** | 90.61 | **42,835.89** | 81.86 | **41,322.70** | 95.37 |

# Analysis of Development Approved Budget Vs Actual Expenditure (Amount in Kshs. Million) for FYs 2022/23 – 2024/25

# Analysis of Development Approved Budget Vs Actual Expenditure (Amount in Kshs. Million) for FY 2022/23 – FY 2024/25

| Description | Approved Budget Allocation (Kshs. Million) | | | Actual Expenditure (Kshs. Million) | | |
|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2022/23 | 2023/24 | 2024/25 |
| Gross | 42,732.76 | 33,212.40 | 17,677.23 | 27,322.23 | 14,287.15 | 16,209.25 |
| GOK | 36,534.07 | 27,257.40 | 12,723.29 | 22,560.07 | 9,913.24 | 12,595.39 |
| Loans | 4,807.90 | 3,956.00 | 3,304.00 | 3,930.86 | 3,200.52 | 2,968.87 |
| Grants | 1,390.79 | 1,724.00 | 779.94 | 831.30 | 1,098.81 | 546.89 |
| Local AIA | - | 275.00 | 870.00 | - | 74.58 | 98.10 |

# Analysis of Development Budget by Sub-sectors

| Vote and Vote Details | Approved Budget | | | Actual Expenditure | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2022/23 | Absorption Rate(%) | 2023/24 | Absorption Rate(%) | 2024/25 | Absorption Rate(%) |
| **State Department for ASALS and Regional Development** | - | 9,599.98 | 3,671.86 | - | - | 6,404.48 | 66.71 | 3,336.57 | 90.87 |
| **State Department for Co-operatives** | 20,822.49 | 5,951.17 | 3,014.00 | 12,760.57 | 61.28 | 2,082.88 | 35 | 2,998.00 | 99.47 |
| **State Department for Trade** | 1,265.05 | 50.00 | 290.00 | 794.50 | 62.80 | 50.00 | 100 | 290.00 | 100 |
| **State Department for Industry** | 1,236.00 | 6,023.05 | 4,424.57 | 1,069.00 | 86.49 | 2,686.32 | 44.60 | 4,348.27 | 98.28 |
| **State Department for Micro, Small and Medium Enterprises (MSMEs) Development** | 46.00 | 5,929.20 | 4,461.80 | 46.00 | 100 | 1,720.47 | 29.02 | 4,296.50 | 96.30 |
| **State Department for Investment Promotion** | 1,238.00 | 5,517.00 | 945.00 | - | - | 1,256.00 | 22.77 | 841.81 | 89.00 |
| **State Department for Tourism** | 59.00 | 142.00 | 870.00 | 13.00 | 22.03 | 87.00 | 61.27 | 98.10 | 11.28 |
| **State Department for East African Community** | - | - | - | - | - | - | - | - | - |
| **TOTAL (Kshs.. Million)** | **42,732.76** | **33,212.40** | **17,677.23** | **27,322.23** | **63.94** | **14,287.15** | **43.02** | **16,209.25** | **91.69** |

# FY2026/27 – FY 2028/29
# Sector's Programmes and their objectives

# FY2026/27 – FY 2028/29
# Sector Programmes and their Objectives

| | In the Medium Term Plan, the sector targets to implement sixteen (16) programmes whose objectives are as outlined below: | |
|---|---|---|
| **S/No** | **Programme** | **Objective** |
| 1. | Accelerated ASALs Development | To ensure accelerated and sustained socio-economic development in the ASALs, build community resilience and end drought emergencies in Kenya. |
| 2. | Integrated Regional Development | To promote equitable and sustainable basin-based development and land utilization |
| 3. | Co-operative Development and Management | To promote growth and development of co-operatives through capacity building and provision of appropriate policy, legal and institutional framework. |
| 4. | Domestic Trade Promotion and Regulation | To facilitate the growth of domestic trade |
| 5. | Fair Trade Practices and Compliance with Standards | To ensure fair trade practices and consumer protection |

# FY2026/27 – FY 2028/29
# Sector Programmes and their Objectives Cont'

| S/No. | Programme | Objective |
|---|---|---|
| **6.** | International Trade Development and Promotion | To promote export trade and brand reputation |
| **7.** | Industrial Promotion and Development | To promote and facilitate industrial development through value addition, industrial infrastructure, industrial training and technology upgrading. |
| 8. | Standards and Quality Infrastructure and Research | To provide standards, quality infrastructure and industrial research for improved industrial performance. |
| **9.** | Promotion and Development of MSMEs | To create a conducive environment for growth and sustainability of MSMEs sector |
| **10.** | Product and Market Development for MSMEs | To promote standardization and enhance quality of MSMEs products and services |
| **11.** | Digitization and Financial Inclusion for MSMEs | To Increase Wealth Creation through MSMEs Sector |

# FY2026/27 – FY 2028/29
# Sector Programmes and their Objectives Cont'

| S/No. | Programme | Objective |
|---|---|---|
| 12. | Investments Development and Promotion | To increase private investments both domestic and foreign |
| 13. | Tourism Promotion and Marketing | To increase tourist arrivals and earnings by marketing Kenya as a tourist destination. |
| 14. | Tourism Product Development and Diversification | To improve destination competitiveness |
| 15. | East African Affairs and Regional Integration | To coordinate Kenya's participation in the EAC Regional integration process and monitor and evaluate implementation of northern corridor development |
| 16. | General Administration, Support Services and Planning | To strengthen institutional capacity for service delivery |

# Sector’s Key Priorities for the MTEF Period FY 2026/27 – FY 2028/29

# Sector's Key Priorities for the MTEF Period FY 2026/27 – FY 2028/29

1. **Promote regional socio-economic** development through sustainable utilization and conservation of natural resources by planning, developing and implementing integrated projects and programmes on development of water infrastructure, value addition and climate change mitigation and catchment conservation**;**
2. **Promote sustainable socio-economic development in the ASALs** and build resilience through community integration initiatives, resilience programmes, and peace building**;**
3. **Promotion and registration of cooperatives** across the identified national value chains and governance support to sustain the cooperative sub-sector;
4. **Promotion and capacity development for cooperatives** across priority value chains. This include developing common user facilities to support aggregation and processing such as coffee, dairy and cotton value addition and marketing facilities;
5. **Strengthen Commercial Diplomacy agenda:** to increase the current number progressively to cover Countries considered strategic and with potential to consume Kenya products and thus increase exports and earn the country the much needed foreign exchange and reduce the balance of trade deficit.

# Sector's Key Priorities for the MTEF Period FY 2026/27 – FY 2028/29

**6. Promote domestic trade, fair trade practices and consumer protection:** this will entail creation of enabling business environment supported by effective domestic regulations, accurate weights and measurements, and fair competition;

**7. Implementation of bilateral, regional and multilateral trade agreements:** provides preferential market access to Kenya's products in foreign markets, leads to diversification of export base, eliminate or reduce tariffs and non-tariff barriers, making Kenyan products more competitive in global markets.

**8. Commodity exchange and warehousing**: provides a transparent platform for price discovery, ensuring fair and competitive prices for commodities.

**9. Strengthen industrial promotion and development through:** Construction and equipping of County Aggregation and Industrial Parks(CAIPs); Construction of Industrial Research Labs at Nairobi, KIRDI; Development of leather industrial park Kenanie;

**10. Increase the manufacturing sector contribution to GDP from 7.3% in 2024 to 15% in 2027**

# Sector's Key Priorities for the MTEF Period 2026/27 – 2028/29 Cont'

11. **Promotion of MSME sector through:** regulation; entrepreneurship and business development services and consultancy; financing and incubation; market linkages; provision of decent work spaces and formalization of the sector while providing affordable credit to MSMEs with specific focus on the BETA Priority Value Chains;

12. **Increase the level of private investments (Foreign and Domestic Direct Investment) from the current GDP level of 15% to 20% by 2027** (investments valued at USD 10 Billion) and by 24% of GDP by 2030;

13. **Development of Economic Zones:** flagship export processing zones and Naivasha special economic zone;

14. **Diversification of tourism** beyond wildlife safaris and beaches by promoting niche tourism products while rehabilitating tourism sites and developing new attractions.

15. **Promotion of job creation and skills development** by increasing employment opportunities through youth centric tourism initiatives. It will enhance capacity building and training to improve service quality, while empowering local communities and small businesses to actively participate and benefit within the tourism value chain.

# Sector’s Key Priorities for the MTEF Period 2026/27 – 2028/29 Cont’

**16. Robust marketing and promotion** initiatives to position Kenya as a premier global tourism destination through aggressive destination marketing in both traditional and emerging source markets, and by implementing integrated marketing campaigns(online and offline) to enhance visibility and attract more international arrivals.

**17.** Complete EAC Regulations for Special Economic Zones;

**18.** Review EAC Rules of Origin; EAC Customs Management Act, 2004 and the EAC Customs Regulation 2010;

**19.** Complete EAC Common Higher Education Area framework;

**20.** Undertake negotiations on EAC Tariff Offer for the African Continental Free Trade Area (AfCFTA) for Category B and C Products;

**21.** Undertake negotiations with counties on harmonization of laws, rules and regulations in line with EAC framework for market access;

**22.** Monitor operationalization of regional Single Custom Territory (SCT) frameworks under the Northern Corridor Integration Project (NCIP).

# Analysis of Sector Recurrent Resource Requirement Vs Allocation for MTEF Period FY 2026/27 – FY 2028/29 (Kshs. Million)

| Economic Classification | Approved Estimates | Requirement (Kshs. Million) | | | Allocation (Kshs..Million) | | |
|---|---|---|---|---|---|---|---|
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2026/27 | 2027/28 | 2028/29 |
| Gross | 36,558.41 | 69,085.81 | 71,602.28 | 75,585.14 | 37,385.72 | 40,181.11 | 41,740.57 |
| AIA | 16,302.31 | 17,299.45 | 18,514.31 | 18,720.87 | 17,349.12 | 18,514.31 | 18,720.77 |
| NET | 20,256.10 | 51,786.36 | 53,087.97 | 56,864.27 | 20,036.60 | 21,666.80 | 23,019.80 |
| Compensation to Employees | 2,932.66 | 3,461.97 | 3,568.25 | 3,659.07 | 3,001.07 | 3,091.11 | 3,183.84 |
| Transfers | 30,393.82 | 48,640.35 | 49,926.44 | 52,293.07 | 31,575.43 | 34,401.52 | 35,743.53 |
| Other Recurrent | 3,231.93 | 16,983.49 | 18,107.58 | 19,633.00 | 2,809.23 | 2,688.47 | 2,813.21 |

# Analysis of Sub Sectors Recurrent Resource Requirement vs Allocation for MTEF Period FY 2026/27 –FY 2028/29 (Kshs. Million)

ANALYSIS BY SUB-SECTORS

| Sub Sectors | Approved Estimates | REQUIREMENT Kshs. Million | | | ALLOCATION Kshs. Million | | |
|---|---|---|---|---|---|---|---|
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2026/27 | 2027/28 | 2028/29 |
| ASALs &Regional Development | 7,074.54 | 15,023.99 | 15,154.73 | 15,405.15 | 7,494.92 | 7,622.61 | 7,283.22 |
| Cooperatives | 5,877.60 | 9,410.79 | 9,570.62 | 9,823.65 | 5,938.06 | 6,394.82 | 6,474.53 |
| Trade | 3,984.10 | 8,525.32 | 8,920.09 | 9,698.06 | 3,777.23 | 4,182.34 | 4,508.45 |
| Industry | 3,579.79 | 7,111.83 | 7,705.47 | 8,277.61 | 4,213.91 | 4,695.92 | 5,138.55 |
| MSMEs | 2,030.69 | 4,639.68 | 4,081.23 | 4,250.83 | 2,040.15 | 2,268.67 | 2,440.15 |
| Investments Promotion | 1,451.44 | 4,496.40 | 4,785.60 | 5,177.79 | 1,532.71 | 1,625.80 | 1,711.41 |
| Tourism | 11,525.53 | 15,669.73 | 16,774.50 | 17,869.26 | 11,547.37 | 12,543.55 | 13,310.77 |
| EAC | 1,034.73 | 4,208.06 | 4,610.04 | 5,082.80 | 841.38 | 847.40 | 873.50 |
| Gross Kshs. Millions | 36,558.41 | 69,085.81 | 71,602.28 | 75,585.14 | 37,385.72 | 40,181.11 | 41,740.57 |

# Analysis of Sector Development Resource Requirement Vs Allocation for MTEF Period FY 2026/27 – FY 2028/29 (Kshs. Million)

| Description | Approved Budget | Requirement (Kshs. Million) | | | Allocation (Kshs. Million) | | |
|---|---|---|---|---|---|---|---|
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2026/27 | 2027/28 | 2028/29 |
| **Gross** | 21,601.56 | 78,697.47 | 72,981.55 | 59,434.23 | 25,380.15 | 30,310.91 | 30,979.14 |
| **GoK** | 12,119.47 | 56,222.10 | 53,863.19 | 43,619.23 | 11,843.55 | 16,532.31 | 17,408.54 |
| **Loans** | 3,048.00 | 10,696.83 | 8,598.45 | 7,623.00 | 5,923.00 | 5,923.00 | 5,923.00 |
| **Grants** | 1,424.09 | 5,837.55 | 4,336.91 | 2,217.00 | 1,672.60 | 1,672.60 | 1,672.60 |
| **Local AIA** | 5,010.00 | 5,941.00 | 6,183.00 | 5,975.00 | 5,941.00 | 6,183.00 | 5,975.00 |

# Analysis of Sub Sectors Development Resource Requirement vs Allocation
# for MTEF Period FY 2026/27 – FY 2028/29 (Kshs. Million)

| ANALYSIS BY SUB-SECTOR (STATE DEPARTMENT) | | | | | | | |
|---|---|---|---|---|---|---|---|
| Sub Sector | Approved Estimates | REQUIREMENT Kshs. Million | | | ALLOCATION Kshs. Million | | |
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2026/27 | 2027/28 | 2028/29 |
| ASALs &Regional Development | 3,805.25 | 13,734.18 | 12,173.26 | 11,937.92 | 3,726.19 | 4,192.73 | 4,279.91 |
| Cooperatives | 1,471.38 | 5,874.00 | 5,278.00 | 5,010.00 | 1,530.76 | 2,136.77 | 2,250.02 |
| Trade | 369.85 | 2,494.92 | 2,285.56 | 1,601.88 | 433.77 | 605.49 | 637.58 |
| Industry | 5,822.25 | 10,326.33 | 8,118.45 | 8,780.54 | 5,627.55 | 7,855.46 | 8,271.81 |
| MSMEs | 3,061.80 | 18,239.26 | 16,130.67 | 13,208.89 | 4,843.88 | 5,119.43 | 5,170.93 |
| Investments Promotion | 2,061.03 | 21,887.78 | 22,612.61 | 12,720.00 | 3,200.00 | 4,110.55 | 4,280.71 |
| Tourism | 5,010.00 | 6,141.00 | 6,383.00 | 6,175.00 | 6,018.00 | 6,290.48 | 6,088.18 |
| EAC | - | - | - | - | - | - | - |
| Gross Kshs.s. Millions | 21,601.56 | 78,697.47 | 72,981.55 | 59,434.23 | 25,380.15 | 30,310.91 | 30,979.14 |

# Specific Allocations to BETA Priorities and Strategic Interventions in FY2026/27 - 2028/29

| | Project/Programme | ALLOCATION Kshs. Million | | |
|---|---|---|---|---|
| | | 2026/27 | 2027/28 | 2028/29 |
| 1. | Dairy Process(Powered Milk)- milk mop up | 500 | 500 | 500 |
| 2. | Coffee Industry Revitalization | 500 | 1,000 | 1,000 |
| 3. | Modernization of Cooperative Cotton Gineries | 178 | 500 | 500 |
| 4. | Kenya Coffee Promotion | 50 | 50 | 50 |
| 5. | Coffee Cherry Fund | 2,000 | 2,000 | 2,000 |
| 6. | Coffee Debts Waiver | 2,000 | 2,000 | 2,000 |
| 7. | New Kenya Planters Cooperative | 413 | 413 | 413 |
| 8. | BETA Value Chain Promotion - Cooperatives | 67 | 67 | 67 |
| 9. | Financial Inclusion Fund | 300 | 375 | 400 |
| 10. | Construction of Constituency Industrial Devt. Centres | 141 | 200 | 200 |

# Specific Allocations to BETA Priorities and Strategic Interventions in FY2026/27 - 2028/29 cont'

| | Project/Programme | ALLOCATION Kshs. Million | | |
|---|---|---|---|---|
| | | 2026/27 | 2027/28 | 2028/29 |
| 11. | Uwezo Fund | 100 | 175 | 183 |
| 12. | Cotton Value Chain- Manufacture of fabrics, textiles & apparel | 75 | 75 | 75 |
| 13. | Infrastructure and civil works Development- KITI | 177.5 | 104.5 | 100 |
| 14. | Development of Leather Industrial Park - Kenanie | 200 | 500 | 500 |
| 15. | Establishment of County Intergrated Agro-Industrial Parks | 4,500 | 4,500 | 4,500 |
| 16. | Development of SEZ Textile Park- Naivasha | 700 | 1,000 | 1,000 |
| 17. | Development of Athi River Textile Hub-Investor Sheds & Construction of an Effluent Treatment Plant-Kenanie | 700 | 1,000 | 1,000 |
| 18. | Flagship Export Processing Zones Hubs( Sagana, Delmonte, Egerton, Nasewa, Eldoret and Samburu(Kwale) | 860 | 1,860 | 1,860 |
| 19. | Completion of KIRDI- South B - Strategic Intervention | 500 | 500 | 500 |
| 20. | Kenya Hunger Safety Net Programme | 4,419 | 4,919 | 4,919 |
| 21. | Kenya Pastoralist Feedlots Programme | 180 | 280 | 300 |
| 22. | All Value Chains(KEPROBA) - Trade | 120 | 150 | 150 |
| | **Gross Kshs. Millions** | **18,680.8** | **22,168.8** | **22,217.3** |

# Sector Emerging Issues

- **Global Trade and Geopolitical Dynamics:**
- ✓ This entails invocation of the International Emergency Economic Powers Act (IEEPA); Freeze in U.S. foreign aid and the dissolution of USAID programmes;
- ✓ Global realignments, regional conflicts, and reconfiguration of global supply chains; Admission of the Democratic Republic of Congo (DRC) and the Federal Republic of Somalia into the East African Community (EAC)
- **Climate Change and Environmental Sustainability:**
- ✓ **Unpredictable and extreme weather patterns** are disrupting agricultural, livestock, and dairy value chains, threatening food security, cooperative incomes, and employment;
- ✓ **European Union Deforestation Regulation (EUDR)** introduces stringent sustainability and traceability requirements for export commodities;
- ✓ Growing emphasis on **green investment financing**, with global capital shifting toward renewable energy, sustainable agriculture, and circular economy initiatives;
- ✓ Balancing **blue economy development** with marine and coastal ecosystem conservation remains a key challenge, as extractive and conservation interests compete over shared marine resources

# Sector Emerging Issues Cont'

- **Technology, Innovation, and Digitization:**
- ✓ **Technological disruption**—including automation, digital manufacturing, and artificial intelligence (AI)—is reshaping industrial production;
- ✓ R**apid pace of technological change** presents both opportunities and gaps;
- ✓ **Digitization of government and business services**, such as licenses, permits, and investor facilitation, continues to improve transparency, reduce transaction costs, and enhance service delivery;
- ✓ **Social and digital media** are transforming marketing and stakeholder engagement, but also present risks related to misinformation, online fraud, and data privacy
- **Financial and Investment Flows:**
- ✓ **Limited access to affordable trade finance** and export risk guarantees constrain MSMEs' participation in export markets;

# Sector Emerging Issues Cont'

❑ **Market and Consumer Dynamics:**

✓ Changing **consumer tastes and preferences** are reshaping demand in sectors such as tourism, requiring investment in niche experiences, resort cities, and destination diversification;

✓ **Digital transformation in the travel and tourism industry**, through platforms such as Airbnb, Expedia, and Booking.com, has revolutionized marketing and service delivery, requiring policy adjustments to enhance the digital readiness and competitiveness of Kenyan destinations

❑ **Regional Integration and Peacebuilding:**

✓ **Entry of new EAC member states (DRC and Federal Republic of Somalia)** expands Kenya's market access and trade opportunities but also heightens the need for peace, security, and infrastructure development to sustain cross-border trade;

✓ **Instability in Eastern DRC and Republic of South Sudan** continues to pose risks to regional supply chains and the broader integration agenda

# Sector Challenges

**Economic Challenges**

- ✓ **Limited Access to Affordable Credit:** High interest rates, collateral requirements, and limited access to long-term financing hinder enterprise expansion;.
- ✓ **Budgetary Constraints:** The Sector has faced low allocations, inadequate GoK counterpart funding, delayed disbursements and budget cuts, leading to stalled or delayed projects, accumulation of pending bills and incomplete programmes.
- ✓ **Inflation and Industrialization**: Rising inflation continues to erode household purchasing power, reducing demand for locally manufactured goods. Higher borrowing costs further discourage investment in factories and industrial ventures.
- ✓ **High cost of doing business:** The cost of operations is significantly elevated by high electricity tariffs and unreliable power supply

# Sector Challenges Cont’

- **Policy and Regulatory Challenges**
- ✓ **Regulatory Complexity and Institutional Overlaps:** Multiple licensing requirements and unharmonized regulations between the National and County governments increase compliance costs and reduce business efficiency
- ✓ **Multiple Trade Regulations in the Domestic Market:** Kenya’s domestic trade environment is governed by numerous, overlapping laws and regulations administered by multiple agencies. This fragmented framework results in duplicative licensing, permits, inspections, and certifications, leading to delays in the clearance of goods for export and import.
- ✓ **Unfavourable Business Environment:** In the attempts to raise revenues, most Counties have introduced multiple licenses, levies and regulations leading to double taxation. This has resulted in increased costs of doing business, reduced competitiveness, and diminished returns.

# Challenges Cont’

- **Institutional Challenges**

- ✓ **Slow Technology Adoption:** Many enterprises have yet to fully embrace digitalization, automation, and e-commerce due to limited capacity, high costs, and inadequate ICT infrastructure
- ✓ **Data and Information Gaps:** Limited, outdated, and fragmented data across sub-sectors affect effective policy design, performance tracking, and decision-making.
- ✓ **Skills Gap and Capacity Challenges**: The Sector absorbs over 90% of new job entrants, yet youth unemployment and underemployment remain high due to a mismatch between available opportunities and skills.
- ✓ **Delays in land acquisition for the development of Economic Zones:** The process of transferring land to implementing agencies for the establishment of Economic Zones remains lengthy and bureaucratic

# Challenges Cont'

- **External Challenges**

✓ Global Geopolitical tension: Geopolitical tensions in the region, Europe and the Middle East continued to disrupt supply chains, trade, and potentially inflating global oil prices.

✓ **Non-Tariff Measures & Rising Wave of Protectionism:** Kenya's exports continue to face barriers such as sanitary and phytosanitary (SPS) standards and Technical Barriers to Trade (TBT) imposed by major markets, including the EU, China, India, Ethiopia, and the USA.

✓ New environmental and sustainability requirements related to biodiversity and climate change are increasingly being applied in ways that restrict trade.

✓ The growing protectionism and competition among global economic powers have further limited market access for Kenyan products.

✓ Implementation of the **EAC Common Market Protocol** remains slow due to uneven legal and institutional reforms and the varied pace of compliance among Partner States, which hampers full regional integration and trade facilitation

✓ **Market Access Constraints:** MSMEs and local industries face challenges in meeting export standards and tapping into regional and international markets due to limited certification, logistics, and value chain linkages.

# Recommendations

The recommendations to ensure that the Sector contributes effectively to the attainment of targets set in the medium term :

- ❑ **Enhance Access to Finance:** Establish sustainable financing models and blended financing instruments to expand access to affordable, long-term credit for enterprises.
- ❑ **Invest in Infrastructure and Technology:**
  - ✓ Scale up development of industrial parks, common user facilities, digital hubs, and logistics infrastructure to drive innovation, value addition, and trade.
  - ✓ Promote the adoption of digital tools and platforms across sectors, including tourism, to enhance efficiency, service delivery, and customer experience.
- ❑ **Harmonize Policy and Regulatory Frameworks:** Simplify and harmonize licensing, taxation, and compliance processes across sectors and levels of government to improve the business environment.
- ❑ **Strengthen Human Capital Development:** Deepen partnerships with training institutions to equip entrepreneurs and staff with skills in digital literacy, financial management, and green production.
- ❑ **Promote Regional and International Market Integration:** Leverage trade agreements such as the Africa Continental Free Trade Area (AfCFTA) and EAC frameworks to expand market access for Kenyan enterprises.

# Recommendations Cont’

- **Scale Up Green and Resilient Enterprises:** Integrate environmental sustainability into business operations, promote clean technologies, and support adaptation to climate change.
- **Establish and coordinate M&E Data Systems:** Establish integrated monitoring and evaluation systems for data-driven planning and performance tracking across sub-sectors.
- **Strengthen Partnerships and Resource Mobilization**: Deepen collaboration with development partners, private sector players, and county governments to mobilize financial and technical resources for Sector growth.
- **Strengthen Peacebuilding and Community Integration:** Strengthen collaboration with stakeholders in conflict-prone areas to enhance community integration and resource-sharing.

# Recommendations Cont'

- **Strengthen the EAC scorecard mechanism** to regularly and transparently assess Partner States' progress in implementing regional decisions and directives, and establish enforceable rules and sanctions to ensure compliance and accountability.

- **Predictable taxes, levies and charges framework:** Champion the establishment of a clear, predictable, and stable tax, levies and charges framework to reduce uncertainty for investors, support long-term business planning, and enhance Kenya's competitiveness as an investment destination.

- **Promote Research, Innovation, and Capacity Development:** Strengthen Partnerships between academic institutions, the private sector, and government agencies to foster continuous innovation and capacity-building initiatives.

- **Encourage Affordable Travel and Domestic Tourism:** Promote policies and incentives for affordable travel, targeting both domestic and international tourists. Encouraging domestic tourism to create a more resilient sector that is less vulnerable to external shocks.

**Thank you so much! Asante sana!**