Analysis of the Approved Estimates for the General Economic and Commercial Affairs Sectors

Financial Year 2015-2016

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FOREWORD

The National Gender and Equality Commission (NGEC) was established through the NGEC Act, 2011 and is responsible for promoting gender equity, equality and freedom from discrimination. To achieve its mandate, the Commission monitors, facilitates and advises on the integration of these principles in the Government policies. It is through monitoring, analysis and review of the government programmes, projects and policies that the Commission can ascertain the level of implementation of the principles of equity and inclusion ultimately leading to achievement of equality. The mandate of NGEC is drawn from the inclusion principles established in the Kenya Constitution 2010 and the key international and regional treaties Kenya has ratified, signed and acceded to.

A budget is a key policy tool of any government in impacting the social and economic position of men, women, boys and girls. Progress towards the realization of any rights entails monetary investments. Budgets in themselves are never 'gender neutral'; they either perpetuate or reduce inequalities. As you are aware, the Commission developed the Gender Responsive Budgeting (GRB) guidelines 2014 to assist in mainstreaming gender and inclusion in the budget making process. The review of the budget estimates 2014/2015 along thematic areas will help ascertain the adherence to the principles of equity and inclusion in the sectors as well as inform subsequent budget policy formulation and implementation.

It is my belief, that this analysis will guide the technical officers and the policy makers to deepen the gains made towards achieving gender equality and exclusivity. Specifically, it is intended to raise awareness and understanding of gender issues in budgets and policies, foster the accountability of government for their gender equality commitments and ultimately change budget and policies in light of the analysis. NGEC envisages a budget process that is responsive to the needs of all special interest groups in Kenya in the long run.

Commissioner Winfred Osimbo Lichuma, EBS

Chairperson,

National Gender and Equality Commission

ACKNOWLEDGEMENT

The National Gender and Equality Commission would like to acknowledge the Government's commitment towards realisation of gender equality and inclusion in Kenya. Indeed, ensuring that resources match commitment is imperative to the realisation of the equality and inclusion entrenched in the Kenyan Constitution 2010.

This report reviews the proposed budget allocation of the General Economic and Commercial Affairs Sector Report - October 2014 (Financial Year 2015/16), the FY 2015/16 to the various interest groups and generates gender equity and inclusion analysis of the Budget Estimates. The analysis reviews the National Budget and each ministry's budget and provides a synopsis of the extent to which the ministerial budgets have the potential to promote gender equality and inclusion. The report seeks to build understanding and promote the adoption of the principles of Gender Responsive Budgeting (GRB), in the government's budget-making process.

The Commission is grateful to the expert, Edna Atisa and her team for developing this report and to UN-Women for their financial support. This report in generated under the overall technical guidance of the Chairperson, Commissioner Winfred Lichuma, Jackline Nekesa, Tabitha Nyambura, Stephanie Mutindi, Angellah Khamala and James Ngechu.

Paul Kuria
Ag. Commission Secretary,
National Gender and Equality Commission

ACRONYMS

A-in-A	Appropriations in Aid
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CIDC	Constituency Industrial Development Centers.
EAA	East African Affairs
EAC	East African Community
ESP	Economic Stimulus Programme
FY	Financial Year
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GEWE	Gender Equality and Women Empowerment
GRB	Gender Responsive Budgeting.
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NGEC	National Gender and Equality Commission
NTB	Non-Tariff Barriers
OECD	Organization for Economic Cooperation and Development
PBB	Programme Based Budgeting
PER	Public Expenditure Review
PFM	Public Financial Management
SIGs	Special Interest Groups
SWGs	Sector Working Group
ToR	Terms of Reference
ZBB	Zero Based Budgeting

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EXECUTIVE SUMMARY

The National Budget is a key policy tool for the Kenya Government. This analysis seeks to highlight the gains made by the government in ensuring equality and inclusion in the proposed budget for the fiscal year 2015/2016. With a focus on the General Economic and Commercial Affairs Sectors this analysis has shown that Kenya has made significant progress towards achievement of these principles.

The allocation of funds for special interest groups among them children, the youth, women, the elderly, persons with disabilities, the marginalized and the minorities was very evident. Their rights must be upheld by the government and this is entrenched in the Constitution of Kenya 2010. Women and the youth are the biggest beneficiaries of the government's efforts towards leveling the playing field for Kenyans. The provision of UWEZO Fund, Youth and Women Enterprise Development Funds has shown the government's commitment towards equality and inclusion.

The budget making process in Kenya has been described in this analysis with reference to the National Gender and Equality Commission Gender Responsive Budgeting (GRB) 2014. This analysis shows the transformation that the process has gone through within the years has been outlined with a focus on the different methods of budget making. The government employs more than one budget making process.

This analysis will inform all stakeholders on how the government had allocated funds in proposed budget for the fiscal year 2015/2016. It is clear that the government, through its arms recognizes that advancement towards the realization of any equality and inclusion entails monetary investments.

1.0 INTRODUCTION

1.1 Context of the Analysis

The Constitution of Kenya upholds the rights of women as being equal in law to men and entitled to enjoy equal opportunities in all spheres of life.

The government of Kenya has done fairly well in enactment of laws and policies touching on equality and non-discrimination of its citizens on the basis of among other parameters sex, race, religion, social status, ethnicity, age, disability, marginalisation among others. It has gone further to put in place implementation structures through establishment of gender mechanisms and incorporated of gender indicators in the performance contracting process at the national level. This obliges public institutions to adhere to the principles of gender equality and inclusion in their plans, budgets and administrative procedures. It is hoped that county governments can follow suit and institutionalize performance contracting.

Efforts are currently underway to ensure that government policies and laws do comply. However, when it comes to public resources, this comes with the added challenge of lack of awareness about the gendered outcomes of how resources are mobilised and/or allocated. The problem is compounded by the fact that other than it being an economic process, budget making is also a highly political process in which governments with scarce resources, seek to juggle competing interests and against political interests. There is therefore a need for political buy-in, for such efforts to be successful. Secondly, there has not been sufficient research and analysis undertaken to support advocacy efforts to engender the budgets. To that extent, tools to support such work, and enable linkages to be drawn between the findings, and the challenges being faced by the different sexes, technical capacity within and outside of the government is limited.

Ensuring that resources match commitments is imperative to the realisation of the gender and inclusion gains under the Constitution. Budgets are the most important policy tool of any government. Without resources, policies and laws are un-implementable. Progress towards the realization of any rights entails monetary investments. In addition, budgets in themselves are never ‘gender neutral’; they either perpetuate or reduce inequalities. On this latter issue, policy makers and other stakeholders need to understand that to the extent that certain considerations such as existing gender disparities do not inform budget-making, budgets do generate particular outcomes, whether intended or not. Based on how they are structured, they can distribute resources within a society via expenditures and even ease access to certain factors of production for enhancing goods and services and thereby contribute towards the uptake of such goods and services. They can also recover resources through taxes and other revenue generation measures, possibly impacting upon household and individual spending patterns. Furthermore, they produce secondary impacts via their influence on job creation in different sectors, and the type of economic growth that the budget supports. How individuals or households benefit, is determined (in part) by where they are located within the larger society, and this is determined significantly by that individual’s gender.

1.2 Purpose, Objectives and Scope of Analysis

Purpose

The purpose of the analysis is to review the national budget estimates and the final budget for the fiscal year 2015/2016, and generate a gender equality and inclusion analysis to be used to contribute to building understanding and promote the adoption of the principles of Gender Responsive Budgeting (GRB), in the government's budget-making process. The analysis reviews the National Budget and each ministry's budget and provides a synopsis of the extent to which the ministerial budgets have the potential to promote gender equality and inclusion.

The broad objectives of the analysis are:

- Review the global national and each ministry's budgets;
- Provide a synopsis of the extent to which the ministerial budgets have the potential to promote gender equality and inclusion and ensure the realization of the government's commitments in this regard, specifically, in the General Economic and Commercial Affairs Sector;
- Review the impact of budget on poverty eradication efforts, and economic growth in general;
- Provide a global picture and approximate amounts of measures and funds allocated by the government towards promoting gender equality and inclusion;
- Provide some indication of the areas where Kenyans can expect potential gender equality and inclusion gains.

Specifically, the analysis is to:

- Review of the approved estimates for the General Economic and Commercial Affairs Sector Report - October 2014 for the year in question (FY 2015/16);
- Determine the percentage of budget allocation to Gender Equality and Women Empowerment (GEWE) activities;
- Analyse the budget allocation against the respective sub sectors' mandates and their relationship with the current gender equality and inclusion-related challenges facing the country;

Limitation

The analysis only covers the budget estimates for the year 2015/16 drawing from the budget review of the year 2014/15, the GRB tools and the budget policy statement of February, 2015.

Preparatory and Inception Phase

This report is a culmination of desktop review of some of the relevant documents of the study, focused discussions with the budget preparation officers and stakeholder meetings. The validity of the report is based on the assumptions that all the relevant resource materials were to be available to facilitate comprehensive analysis and accurate reporting in a timely manner.

1.3 Analysis framework

The study evaluated the existing data on budget estimates and expenditure review reports. The data was analyzed in light of the GRB tools.

1.4 Methodology

The analysis was undertaken through reviewing existing data, literature, budget estimates and the Sector reports. Interviews/ focused discussions of key informants such as the budget desk officers were conducted. The information was analysed and presented in the form of tables, charts and lists to effectively display data that was collected. The analysis was limited to the budget allocation for the whole of government with focus on the General Economic and Commercial Affairs Sector.

2.0 BUDGETING

2.1 What is a Budget

A budget is a plan of revenue and expenditure. It outlines what is to be done and the cost (expenditure) and also prescribes how funds will be raised to finance the planned expenditure (revenue). Governments world over prepare budgets following a certain sequence, which is known as the budget cycle. Budgets are the strongest expression of a government's priorities and commitments. They constitute a declaration of the government's fiscal, financial and economic objectives and reflect its social and economic priorities.

Budgeting has evolved over the years. The evolution of budgeting has resulted in new types of public sector budgets, each with different focus; performance budgeting, program budgeting, zero based budgeting, output outcome budgeting have all evolved as distinct forms incorporating new ways of conceptualizing and measuring performance, building on lessons learnt. Today governments use more than one budget type e.g. Output budgeting with Program budgeting.

Line budget

In this type of budget; Money is listed according to the proposed expenditure line item e.g. salaries, equipment, infrastructure etc. This form of budgeting does not attempt to identify the objectives of government and as a result does not give information about why money was spent or about the efficiency or effectiveness of the programs. It encourages incremental budget approach to budgets without necessarily examining the products or results. The allocation or re-allocation of funds to new programmes or policies is difficult to achieve since existing programmes tend to have first priority in the budget process. This has continued to be used by the Government as a way of controlling the expenditure inputs of government activities. It is familiar and widely understood by government as compared to the other forms of budgeting. Governments have continued to use both this form of budgeting and Programme Based Budgeting (PBB). (Source: Kluvers 1999)

Performance Budgeting

This was introduced in the 1950s to seek to address the deficiencies of the line budget. This form of budgeting introduced the comparison between cost and output. The budgets were developed on the basis of anticipated workload and also multiplying the number of units required by the cost per unit of output. This allowed for tracking of technical efficiency of government activities. The lack of information for choosing between competing policies on the basis of effectiveness of expenditure in the early form of performance budgeting is identified as a significant factor in the shift to PBB.

Program Budgeting

This form of budgeting was intended to combine efficiency and effectiveness in performance criteria. It establishes a link between programme costs and results of government programmes. The centrepiece of this system is the programme and therefore resources are sought to finance programmes not agencies. However many problems have been associated with this form of budgeting. In particular the significant resources required to set up this system and strong resistance from departments and ministries is a common experience world over coupled with lack of skilled personnel. In Organization for Economic Cooperation and Development (OECD) countries the argument has been that by seeking to impose a rational or technocratic approach to resource allocation is at odds with the inherently political nature of budgeting.

Zero Based Budgeting (ZBB)

To deal with the shortcomings of the PBB and partly the incrementalism of line budgeting, some countries adopted the ZBB. This was developed and applied in large corporations in the USA. It assumes that all programmes are considered to have no funding at the beginning of each budget cycle. This required institutions do identify programmes and rank them in order of priority. Higher ranked programmes were more likely to continue to be funded. ZBB was a bottom up process. This has however not been widely adopted.

Output and outcomes budgeting

It focuses the budget decision-making and government accountability on three core areas.

1. Outcomes- what influence is needed
2. Outputs – How to achieve the influence
3. Performance Indicators- How to measure whether the influence has been achieved

The Goals of this approach are twofold.

1. Allocate resources in line with government priorities
2. Related allocation to results

In this case the outputs and activities have to be constantly reconsidered and adjusted in light of the outcomes. Despite the central position of outcomes in the budget process, very few countries have been identified as actively engaged in evaluating outcomes.

Gender responsive budgeting has emerged as an important and widespread strategy for scrutinizing government budgets for their contribution to gender equality. They use a variety of tools and processes to assess the impact of government expenditures and revenues on the social and economic impact on men, women, boys and girls. Gender responsive budgets initiatives are gender-mainstreaming strategies that direct attention to economic policy by focusing on government budgets. The development of this type of budgets dates back to the 1980s when they were implemented by the Australian federal governments as a gender mainstreaming strategy that incorporated economic as well as social policy and whole of government approach. Since the late 1990s the term gender responsive budgets has gained wide usage. (Sharp & Broom hill 2002: 25).

2.2 Legal framework for the budget process in Kenya

Chapter twelve of the Constitution of Kenya 2010 addresses the principles and framework of Public Finance. The fundamental principle in all aspects of Public Finance is that there shall be openness and accountability including public participation in financial matters. In article 201 (b) (i) the Constitution states that revenue raised shall be shared equitably and that expenditure shall promote the equitable development of the country including making special provisions for marginalized groups and areas.

Further, it states that the burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations. In 203 (h) the constitution highlights the need for affirmative action in respect of disadvantaged areas and groups.

The special interest or vulnerable groups are defined to include women, older members of society, persons with disabilities, children, youth, members of minority or marginalized communities and members of particular ethnic, religious or cultural communities. **Constitution of Kenya 2010 Article 21 (3).**

2.3 Budget Cycle

An understanding of the potential use of performance measurement in budgeting must recognize that budget decision-making takes place over an annual or in limited cases a medium term cycle. The cycle is differentiated by four phases namely;

1. Budget formulation,
2. Budget enactment,
3. Budget execution, and
4. Audit and Evaluation.

The Public Financial Management (PFM) Act, 2012 gives timelines for implementation of the programme-based budget as 2013/14 for the National Government and 2014/15 for the county governments. This provides an opportunity for government to adopt a more flexible method of budgeting that allows for inclusion of all aspects of life into the budget including review of the impact of budget to various interest groups.

The following terms are widely used in the budget;

1. Medium term expenditure framework which allows for 3 rolling years financial plans,
2. Budget policy review and outlook paper that looks at actual fiscal performance,
3. Budget circular that gives instructions on the budget process and procedures, and
4. Budget policy Statement- that provides for a summary of government priorities.

The budget cycle in Kenya follows the pattern below:

1. Issuance of Budget Circular
2. Undertaking Public Expenditure Review (PER)

3. Launch of Sector Working Groups) (SWGs)
4. Development of Budget Review and Outlook Paper (BROP)
5. Stakeholder Consultations.
6. Preparation of Medium Term Expenditure Framework (MTEF) proposals.
7. Preparation of Sector Reports.
8. Development of Budget Policy Statement (BPS).
9. Development of the ministerial MTEF budget.
10. Consolidation of draft estimates by the National Treasury.
11. Submission of draft estimates to Parliament and Vote on Account in June.

3.0 BUDGETING ANALYSIS

3.1 Budget Policy Statement 2015

The Budget Policy Statement (BPS), 2015, the second to be prepared under the Jubilee Government, reaffirms the broad policies and strategies outlined in the 2014 BPS, under a five pillar transformation program covering: (i) creating a conducive business environment; (ii) investing in agricultural transformation and food security; (iii) investing in first-class transport and logistics; (iv) investing in quality and accessible healthcare services and quality education as well as strengthening the social safety net to reduce the burden on the households; and (v) supporting devolution for better service delivery and enhanced economic development. To Spur Economic growth and create jobs, the Budget Policy Statement outlines the following strategies/activities

- Development of a two-pronged strategy focusing on both the large modern technology industries and small cottage industries that produce for the local and regional markets. As part of this strategy, the Government intends to prioritize and facilitate the establishment of modern and technology-based green industrial parks under the Special Economic Zones along the railway lines from Mombasa to Western Kenya (including the shores of L Victoria) and within the proximity of geothermal wells. These will provide cheaper and faster transport and logistic, access to near free steam and water, cheaper geothermal power and leverage other by-products for industrial, livestock and agricultural development. More specifically, the government has prioritized establishment of modern industrial parks at Voi, Athi River, Naivasha (geothermal) and Menengai in Nakuru under phase I. The second phase will cover strategic locations within common borders, especially at the shores of L Victoria, Lokichogio and Marsabit. The implementation of this is likely to contribute positively towards positioning Kenya as a manufacturing hub for the region.

- Making operational Special Economic Zones to attract foreign direct investment with new industrial technologies. This will help to expand and diversify industrial outputs, grow economy and create productive jobs for the youth. In addition, a framework for applied technology and artisan training will be developed and implemented to equip the labour force with technical skills and turn them into productive factors of production. The Government, working with Development Partners, will put in place a program to support Small and Medium Enterprises (SMEs) to acquire small industrial plants for value addition of agricultural produce and products currently produced under the Jua Kali. This initiative will see industries grow and contribute towards value addition which fetches better prices in the market and also contribute towards job creation.

- Facilitate the modernization and establishment of labour-intensive export-based industries, such as textile, leather, agro-processing, beef and fish processing, among others, as key drivers of agricultural transformation, value addition and industrialization. To achieve this objective, the Ministry responsible for industries will, among other initiatives:

- ¬ Develop an industrial transformation strategy by end-April, 2015;
- ¬ Initiate and finalize industrial park cluster designs and incentive structure by end-July 2015;
- ¬ Undertake a modernization program for all Kenya Industrial Estate Shades and Constituency Industrial Centres;
- ¬ Reform the standards and quality enforcement framework to assure strict adherence to standard mark of quality by all manufacturers, importers and traders; and further entrench Buy-Kenya Build-Kenya policy in all public procurement and most of the local purchases. The Buy-Kenya Build-Kenya policy will focus on developing and manufacturing locally quality product lines that can compete with imports, such as furniture, office supplies, construction materials, consumer and electronic products, without any subsidies or protection by the Government. Full implementation of this initiative will see an improvement in the quality of goods and services thus increasing the quality of life of the citizens through increased exports and job creation.
- ¬ Introduction of a policy and legislation requiring leasing of motor vehicles by Government and for agencies to have local content of at least 40 percent in 2015. This measure is expected to encourage motor vehicle assembling, support growth of backward and forward industries, boost secondary market of vehicles and generate additional employment opportunities. However to contribute towards equity and inclusion, Government should undertake an impact assessment on all interest groups before the policy if finalized.

- To ensure that Empowerment and Inclusion of all disadvantaged groups is taken into account, the government outlines the following strategies:
    - ¬ Building on the on-going initiatives (UWEZO Fund, Youth and Women Enterprise Development Funds) and expand into new program areas aimed at skills development and access to credit to enable this group to be the dynamic drivers of growth and employment creation. More specifically, the Government intends to among others: reform and expand, under Biashara Kenya, youth and women access to credit, promote acquisition of requisite skills and competencies and entrepreneurial capacities; Entrench a catalytic and sustainable youth and women skill development, enterprise and cottage industry program under the NYS slum upgrading initiative; Recruit at least 20,000 annually over the medium term as part of the national youth transformation and re-socialization agenda. The youth will be engaged in community development and building public assets under a strong sense of discipline, integrity, purpose and civic duty; in addition the Government intends to organize youth into groups through NYS program to focus on construction, agri-business (rural and urban), cottage industries, water harvesting, and environmental conservation initiatives, among others, to create jobs and sustain livelihoods; Strictly enforce, in policy and law (create awareness among beneficiary and publicize reports of compliance) the requirement for at least 30 percent of all public procurement to be reserved for the youth,

women and persons with disability; The Buy-Kenya Build-Kenya policy will be a training ground for Kenyan enterprises to expand local production for local and export market, and encourage formation of viable enterprises, and Create youth employment through a wide agency framework under the Government Digital Payment Platform (register over 200,000 agents countrywide).

- To enhance Tourism, Sports, Culture, and Arts the following have been proposed for implementation.
    - ¬ Align investments in education, health and energy towards promotion of tourism attraction, particularly by developing and making operational regional centres of excellence in training (tourism, technical and vocational, university, medical training, geothermal, etc.,);
    - ¬ Leverage commerce tourism by facilitating establishment of large free trade area (free port) at strategic locations around Nairobi and along the Kenya borders (for instance, shore of L. Victoria, Lokichogio, Marsabit and Taveta, among others);
    - ¬ Facilitate increased investments in large conference and accommodation facilities in Nairobi, Coast and Western Kenya to position Kenya as premier conference destination. As part of this, Government will facilitate hosting of at least 10 large conferences annually, including Trade Expo; Re-organize and develop an all-inclusive niche beech tourism at the Coast integrated with medical, safari, cultural, commerce and conference Tourism;
    - ¬ Invest, in partnership with private sector, on sports development, including expansion and modernization of sports facilities and hosting of regional and international sports annually with a target of at least 150,000 guests; Develop, preserve and protect our culture to encourage growth of youth talents in sports and arts and nurture them as catalyst for growth and development; and The ministry responsible for sports, culture and arts will develop and implement a comprehensive strategy to position Kenya as a regional hub for sports, arts and culture.
- To improve Transport and Logistics – Railway, Port, Airport and Pipeline Expansion will ensure that the construction work on the standard gauge railway from Mombasa to Nairobi which commenced in November, 2014 and is expected to be completed by mid-2017 is fast tracked for immediate commencement of train operations. At the same time, the construction of Phase II of the standard gauge railway line from Nairobi to the shore of Lake Victoria (at the port with the shortest access to EAC) will commence in FY 2015/16 under design and build framework. Phase III, which entails upgrading of existing railway lines (Nairobi to Malaba, Nakuru to Kisumu, Nairobi to Nanyuki, Voi to Taveta, among others) will also commence in the course of FY 2015/16 and be completed within three years. In addition the construction of the container terminal at the Lamu Port will commence in the financial year 2015/16.

3.2 Analysis of the budget policy statement

Analysis of the budget policy statement paints a positive picture on the future of the country including aspects of inclusion for the disadvantaged groups. A lot of focus and emphasize has been put on empowerment of the youth and marginalized groups. The continued implementation of the access to government procurement opportunities by the government and the Uwezo funds, and construction of railway passing through various remote towns among others is a clear indication of commitment from the government to ensure equity and equality is achieved. These are some of the sectors/ areas that impact directly on the marginalized groups.

3.3 Budget Proposals 2015/16

The FY 2015/16 budget targets revenue collection including Appropriation-in-Aid (AiA) of Kshs 1,358.0 billion from Kshs 1,164.6 billion in FY 2014/15. Ordinary revenues are expected to be Kshs 1,254.9 billion in FY 2015/16 up from the projected Kshs 1,070.5 billion in FY 2014/15. The fiscal framework for the year 2015/16 is as shown in Table 1.

Table 1: Financial Year 2015/16 Fiscal Framework

	Kshs Million	As % of GDP
1.0 TOTAL EXPENDITURE AND NET LENDING	1,998,527	30.6
1.1 Ministerial Recurrent Expenditure	786,222	12.1
o/w Wages (civil Service & TSC)	315,392	4.8
Contributory Pensions	6,000	0.1
1.2 Development Expenditure	715,452	11.0
1.3 Interest Payments & Pensions	228,754	3.5
1.4 Net Lending	2,183	0.0
1.5 Contingencies Fund	5,000	0.1
1.6 County Allocation	260,916	4.0
2.0 TOTAL REVENUES	1,358,029	20.8
2.1 Ordinary Revenue	1,254,867	19.2
2.2 Ministerial A-I-A	103,161	1.6
3.0 GRANTS	73,546	1.1
3.1 Grants – AMISOM	6,440	0.1
3.2 Project Grants	66,606	1.0
3.3 Debt Swap	500.00	0.0
4.0 DEFICIT	(566,953)	(8.7)
5.0 FINANCING	566,953	8.7
5.1 Project Loans	283,702	4.4
5.2 Commercial Financing	83,300	1.3

5.3 Program Support	8,213	0.1
5.4 Foreign Repayments	(34,689)	(0.5)
5.5 Domestic Loan Repayments	2,180	0.0
5.6 Mumias /NBK Rights Issue	4,998	0.1
5.7 Domestic Deposits	0	-
5.8 Domestic Borrowing	219,249	3.4
6.0 FINANCING GAP	-	-
NOMINAL GDP	6,520,529	100.0

Analysis of the data in table 1 indicates that the government's total expenditure and net lending is expected to be Kshs 1,998,527 million (30.6 percent of GDP) from the estimated Kshs 1,806.7 billion (31.6 percent of GDP) in the FY 2014/15 budget. Kshs 1,358,029 million will be financed through ordinary revenue (that is collections through KRA) including Appropriations in Aid (A-i-A), while Kshs 566,953 million will be financed through borrowing (Deficit financing).

3.3.1 Recurrent Expenditure

Ministerial recurrent expenditures is estimated at Kshs 786.2 billion (12.1 percent of GDP) up from Kshs 730.8 billion (12.8 percent of GDP) in FY 2014/15, While wages is estimated at Kshs 315.4 billion (28.7% of National Government Revenues), Compared to Kshs 305.1 billion (32.6% of National Government Revenues) in the year 2014/15. This is a decline of about 3.8%, meaning that more funds are now being shifted to other expenditures. Table 2 shows the revenue and expenditures for the period 2013/14 to 2017/18 in detail.

Table 2: Revenues and Expenditures, (Kshs Billion)

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18
1.0 Total Expenditures & Net Lending	1,300.6	1,806.7	1,998.5	2,048.6	2,250.5
1.1 Total National Govt Expenses	1,107.2	1,577.4	1,737.6	1,763.8	1,932.7
Total Recurrent	787.9	935.4	1,015.0	1,104.4	1,244.3
CFS (Interest & Pensions)	156.5	204.6	228.8	248.8	290.4
Total ministerial Recurrent	622.9	730.8	786.2	855.6	953.9
Wages	281.2	305.1	315.4	360.8	396.9
As % of National Government Revenues	36.0%	32.6%	28.7%	27.5%	26.0%
Development	319.3	637.0	717.6	654.5	683.4
As % of NG Expenditures	28.8%	40.4%	41.3%	37.1%	35.4%

Domestic	200.7	315.5	368.2	374.1	443.0
External	118.6	321.5	349.5	280.4	240.4
Contingencies	-	5.0	5.0	5.0	5.0
1.2 County Allocation	193.4	229.3	260.9	284.8	317.8
2.0 Total Recurrent Revenues	974.4	1,164.6	1,358.0	1,594.6	1,845.3
3.0 Total National Government - Revenues (Incl. A-I-A)	781.0	935.4	1,097.1	1,309.8	1,527.5
4.0 National Government Domestic Borrowing	201.7	163.7	219.2	183.8	175.9

Source: National Treasury

3.3.2 Development Expenditure

In the FY 2015/16, development expenditure is estimated to be Kshs 717.6 billion compared to Kshs 637.0 billion in the financial year 2014/15 as shown in Table 2. Kshs 5.0 billion have been set-aside for Contingency. It is important to note that the contingency funds are meant to cater for unforeseen shocks that may arise and challenges of climate change and conditional grants to marginalized areas for improving basic services in those areas.

The enactment of a legal framework to facilitate utilization of the Equalization, made it possible for government to share resources from the fund guided by the criteria developed by the Commission for Resource Allocation.

The Criteria for revenue sharing from the Equalization Fund is as follows;

a. 50 percent of the Fund be shared on the basis of the Composite Development Index CDI determined by the Commission for Revenue Allocation;

b. 42.5 percent on the basis of the population

c. 7.5 percent on the basis of land area.

As a result the proposed allocations from the Fund are as shown in Table 3.

Table 3: Proposed Allocation of Equalization Fund by County in 2015

	County	Weight in % per County	Total County Allocation (Figures in Kshs.)		
			2015/16	2016/17	2017/18
1	Kwale	6.99%	398,325,849	398,325,849	365,132,028
2	Kilifi	9.33%	531,570,298	531,570,298	487,272,773
3	Tana River	5.72%	325,765,523	325,765,523	298,618,396
4	Lamu	3.25%	185,141,309	185,141,309	169,712,866

5	Taita Taveta	4.72%	268,990,295	268,990,295	246,574,437
6	Marsabit	6.78%	386,362,395	386,362,395	354,165,529
7	Isiolo	4.02%	229,034,260	229,034,260	209,948,072
8	Garissa	7.34%	418,301,816	418,301,816	383,443,332
9	Wajir	9.08%	517,354,166	517,354,166	474,241,319
10	Mandera	10.85%	618,687,860	618,687,860	567,130,538
11	Turkana	11.34%	646,540,102	646,540,102	592,661,760
12	West Pokot	6.82%	388,882,706	388,882,706	356,475,814
13	Samburu	5.41%	308,520,720	308,520,720	282,810,660
14	Narok	8.36%	476,522,702	476,522,702	436,812,476
	Total County Allocation	100.00%	5,700,000,000	5,700,000,000	5,225,000,000
	Fund Admin Expenses	5% of the Fund	300,000,000	300,000,000	275,000,000
	Total Allocation From	100.00%	6,000,000,000	6,000,000,000	5,500,000,000

The distribution of funds as shown in table 3 shall enable marginalized areas such as Turkana, Mandera and Kilifi receive the highest allocation of the funds. Distribution of the Equalization fund directly addresses the principle of equity and inclusion as provided for in the Constitution. More allocation of revenue and disbursement of the same will see an improvement in the livelihoods of the citizens in the marginalized areas. The distribution of funds is guided in the Kenya Gazette Notice No.26 of 13th March 2015, **Guidelines on the Administration of the Equalization Fund** established under Article 204 of the Constitution of Kenya 2010.

3.4 Highlights of the FY 2015/16 Budget

The Financial Year 2015/16 Budget is prepared with a focus on pro-poor growth and sustainable development. Emphasis has been given to strategic intervention areas under the Jubilee manifestos' five pillar transformation agenda and the flagship projects under the Kenya Vision 2030. The Highlights of the resource allocation across all sector is indicated below:

3.4.1 Food Security and Agriculture:

Kshs 13.8 billion has been proposed for on-going irrigation projects countrywide and transformation of agriculture from subsistence to productive commercial farming covering about 1 million acres. This includes Kshs 10.3 billion for National Irrigation Board (NIB) and Kshs 3.5 billion allocated to the Galana Irrigation Project. Other key allocations shown in Figure 1

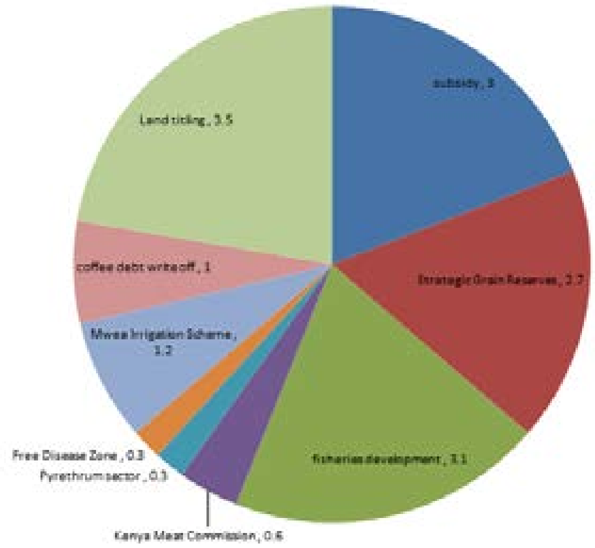


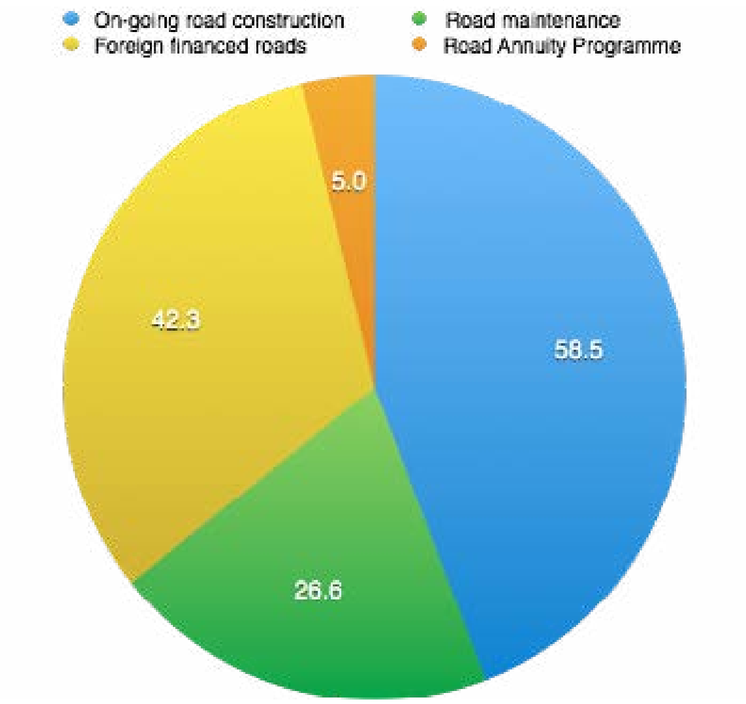
Figure 1: Other Key Allocations for Food Security and Agriculture

3.4.2 Transport and Logistics:

Investment for infrastructure development has been significantly enhanced as follows:

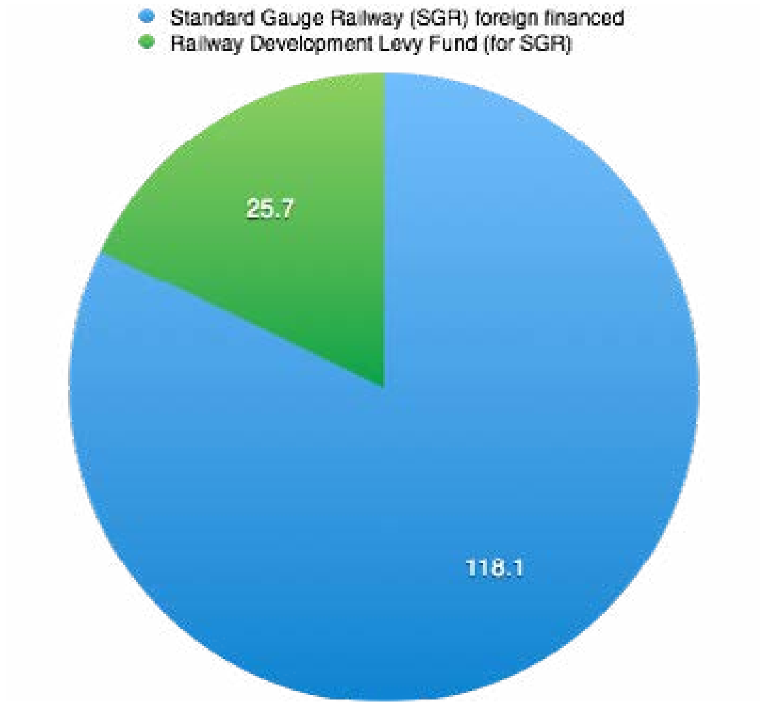
Roads

(in billions)



Rail

(in billions)

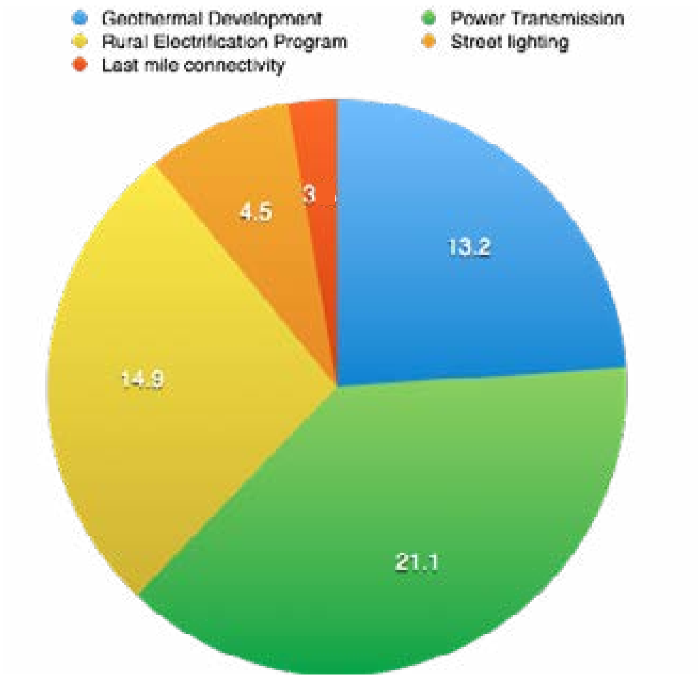


Ports

Kshs 1.3 billion for replacement of ferries

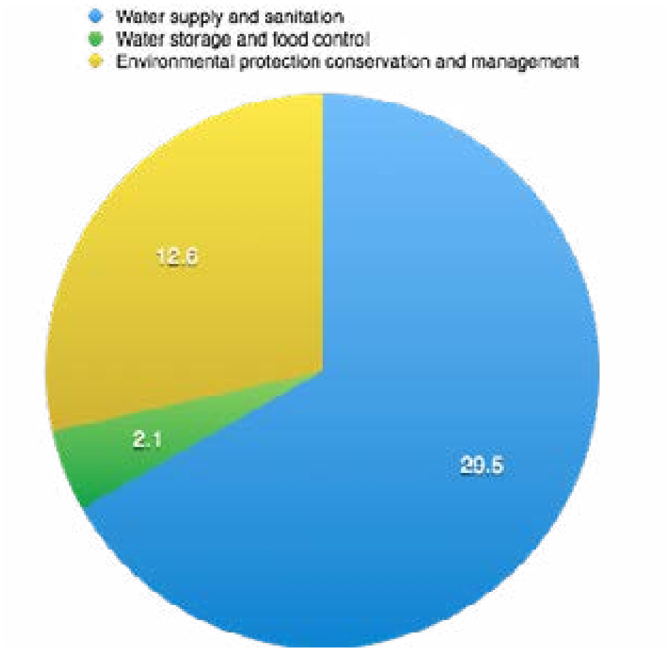
3.4.3 Energy

(in billions)



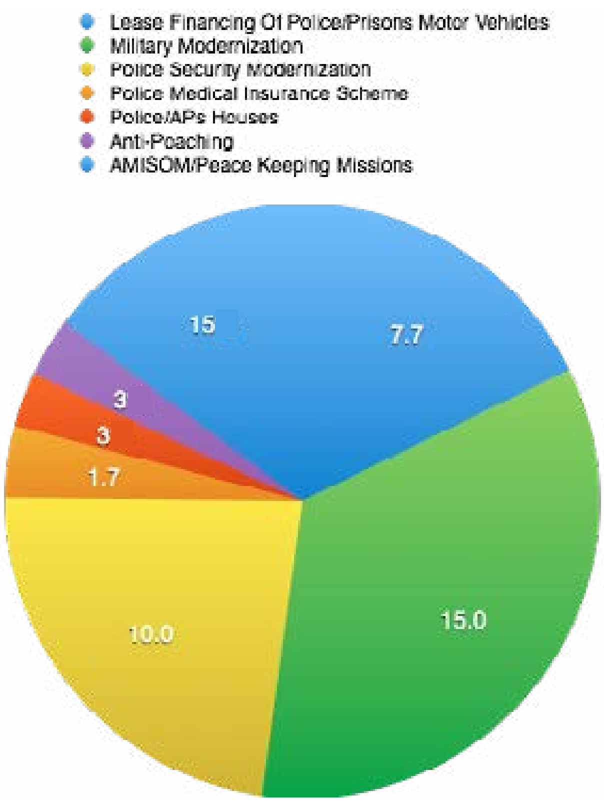
3.4.4 Flood Control and Water Harvesting:

To enhance and sustain measures to control floods and harvest rain water, the following activities have been allocated funds as follows: (in billions)



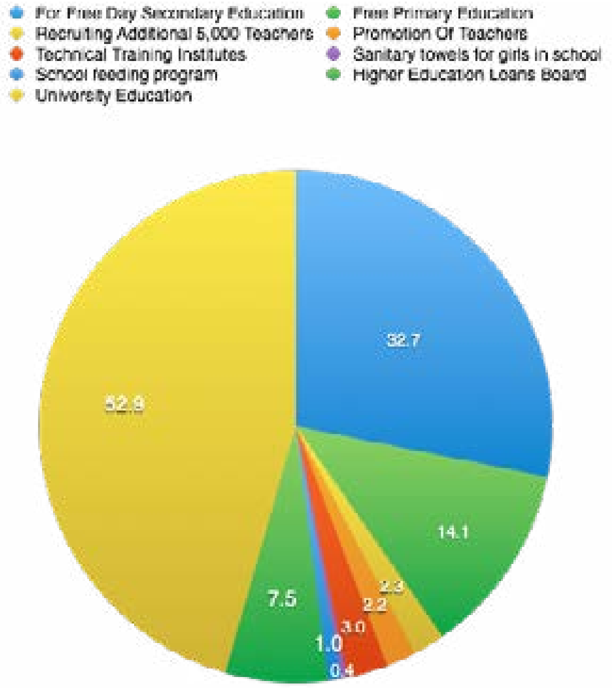
3.4.5 Enhanced Security for Investment, Growth and Employment:

Security is necessary for encouraging investment, accelerating economic growth and creating more jobs for our youth. To this end, the following allocation has been provided: (in billions)



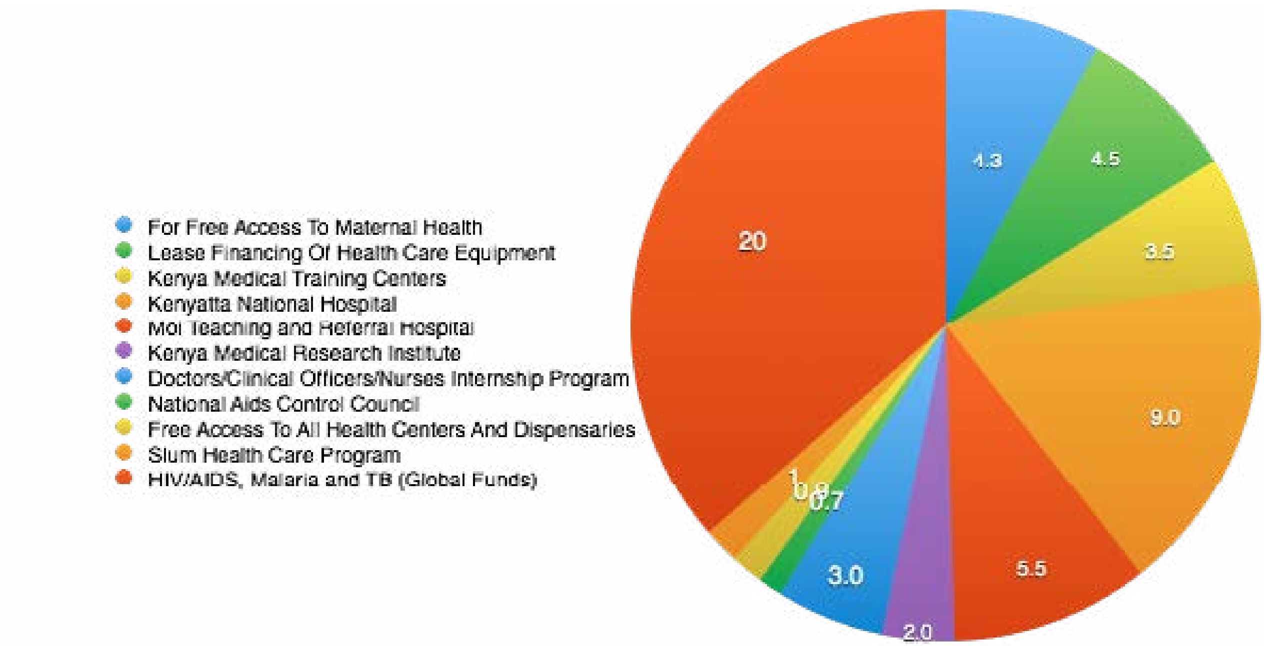
3.4.6 Enhancing Access and Transforming the Educational System through e-Teaching and e-Learning:

A total of Kshs17.58 billion has been proposed for deployment of laptops to schools, development of digital content, building capacity of teachers and rolling out computer laboratory for class 4 to class 8 in all schools throughout the country. Other key allocations in basic education, tertiary and higher education are as follows: (in billions)



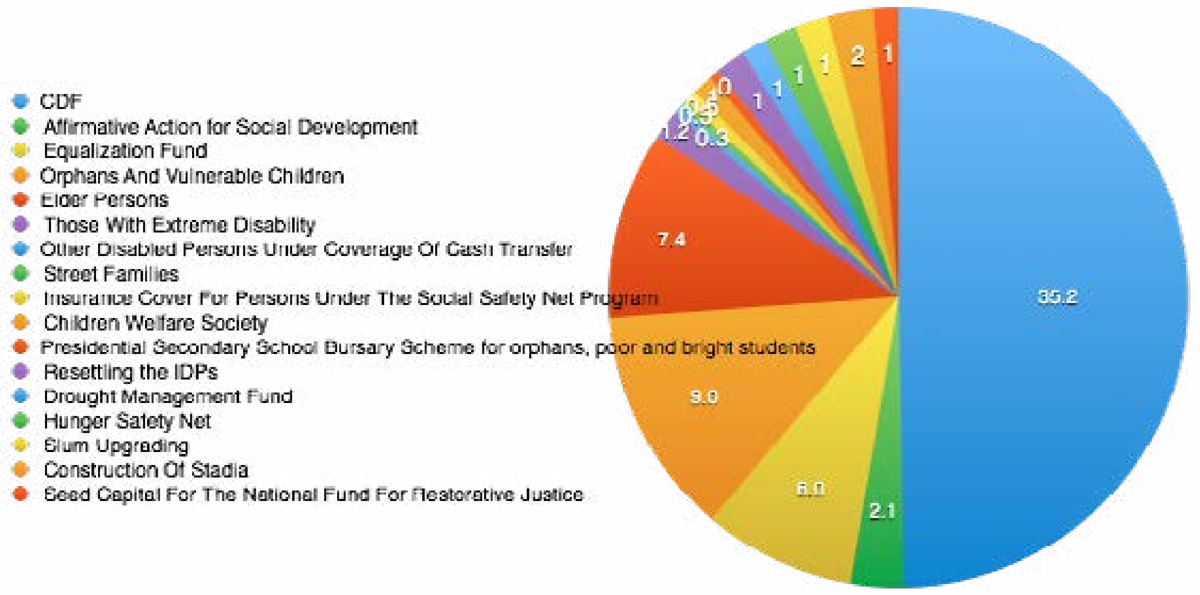
3.4.7 Accessible Health Care Services for all Kenyans:

The government allocated Kshs12.9 billion for free access to primary health care in dispensaries, maternal health care, leasing medical equipment, and internship program. This is allocated as follows: (in billions)



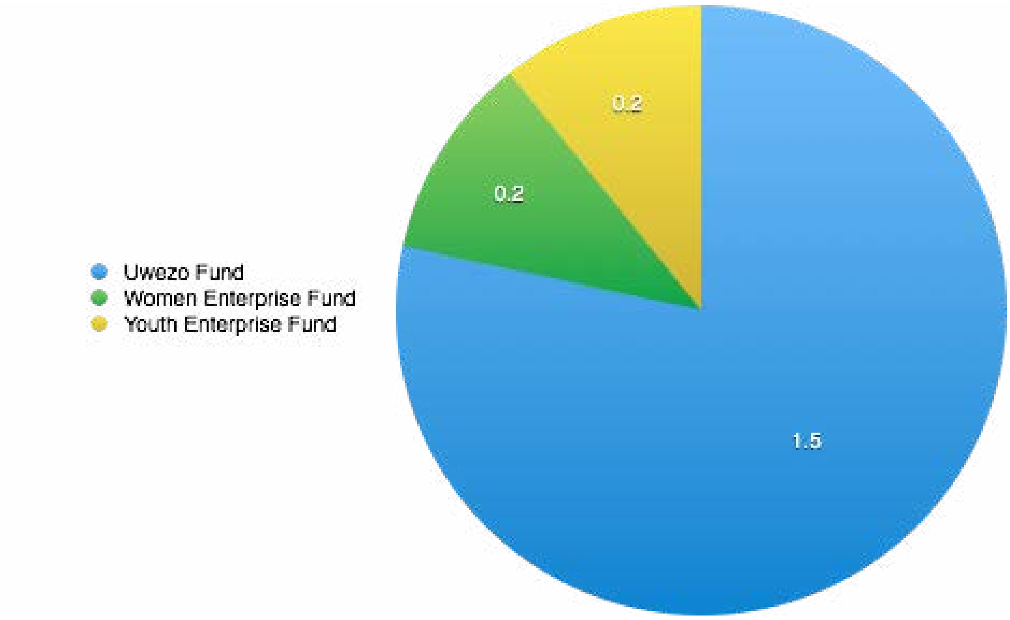
3.4.8 Equity, Poverty Reduction and Social Protection for Vulnerable Groups:

To address the plight of the less disadvantaged in society, combat poverty, and promote equity, the social protection safety net in form of cash transfer has been enhanced. In addition an allocation for the equalization fund, Constituency Development Fund (CDF), and Affirmative Action for Social Development has been set aside as follows: (in billions)



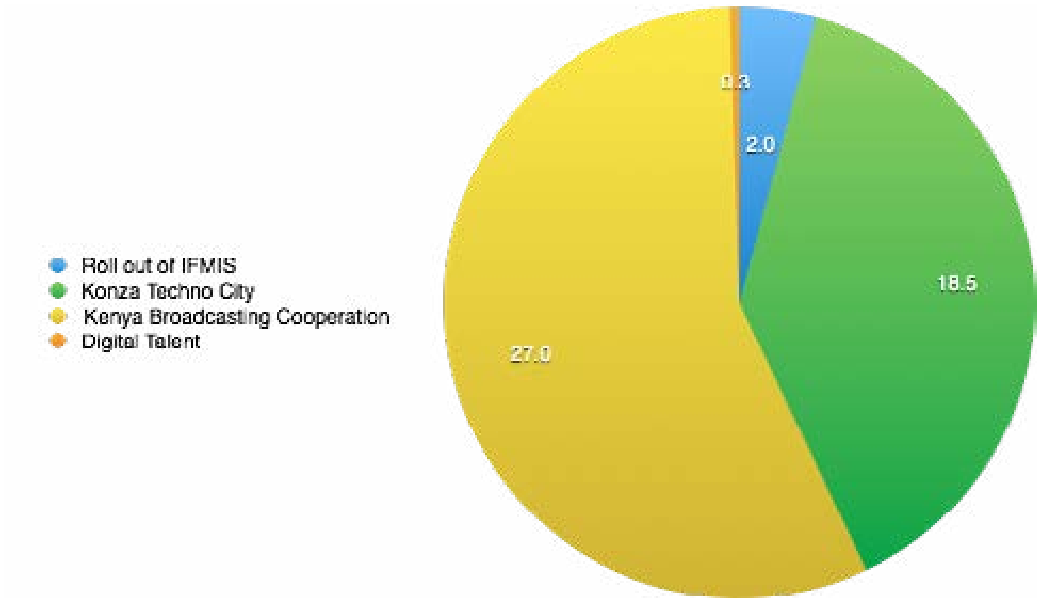
3.4.9 Enhancing Women and Youth Empowerment:

Kshs 25.0 billion has been allocated towards youth employment and reengineering the NYS as a vehicle for transforming and empowering the youth. Other interventions include: (in billions)



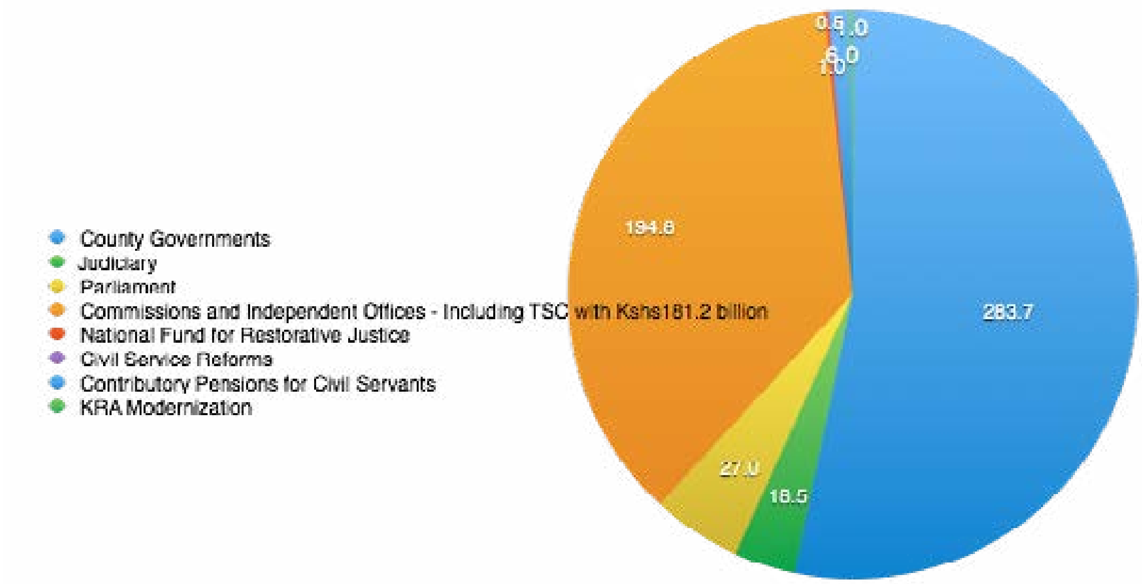
3.4.10 Leveraging on Information, Communication and Technology:

The following allocation has been set aside (in billions)



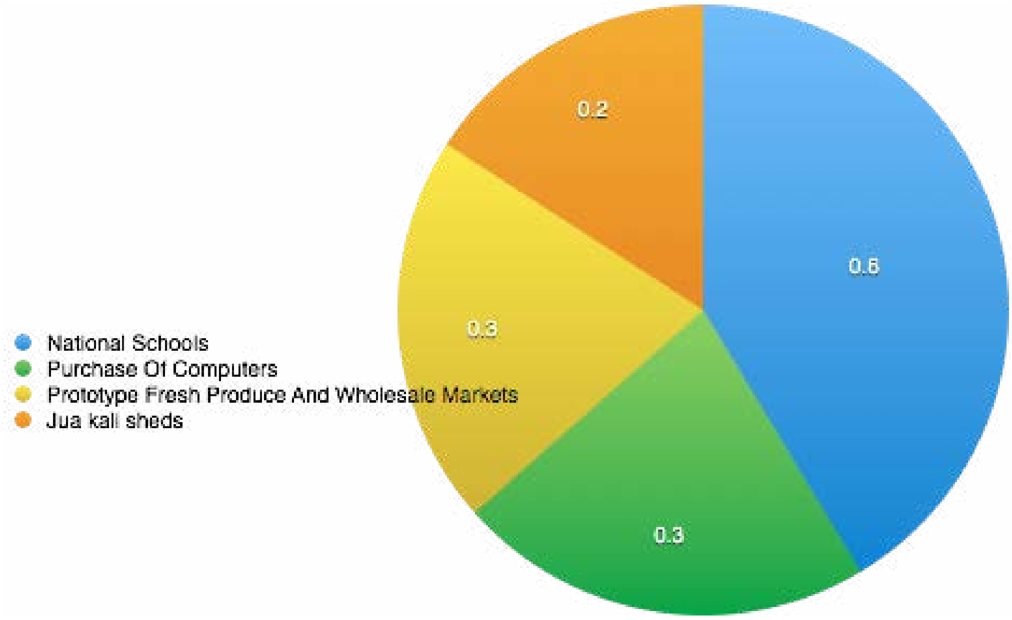
3.4.11 Constitutional Implementation and Related Reforms;

Funds to support implementation of the Constitution as follows: (in billions)



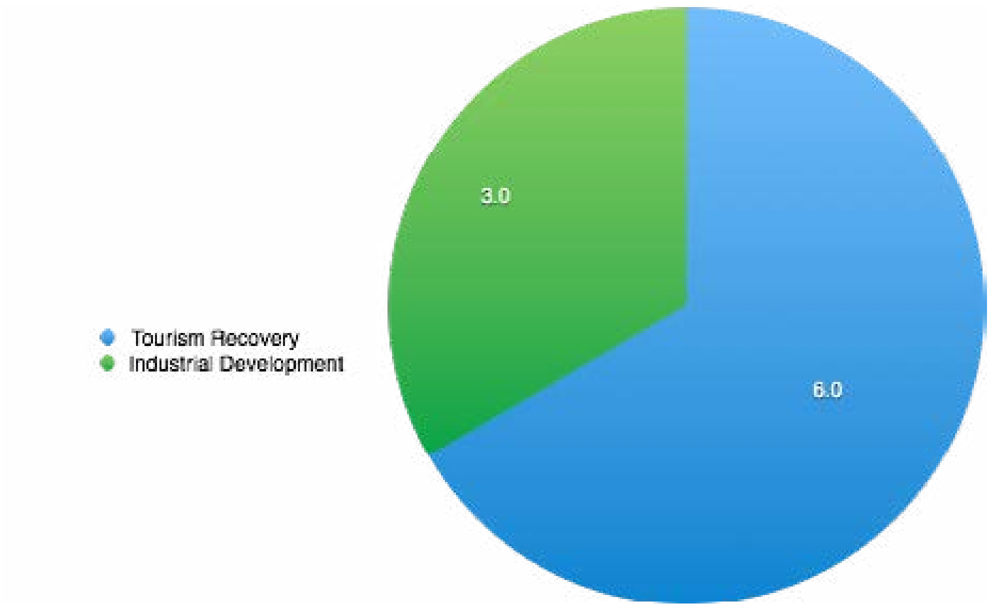
3.4.12 On-going Economic Stimulus Projects;

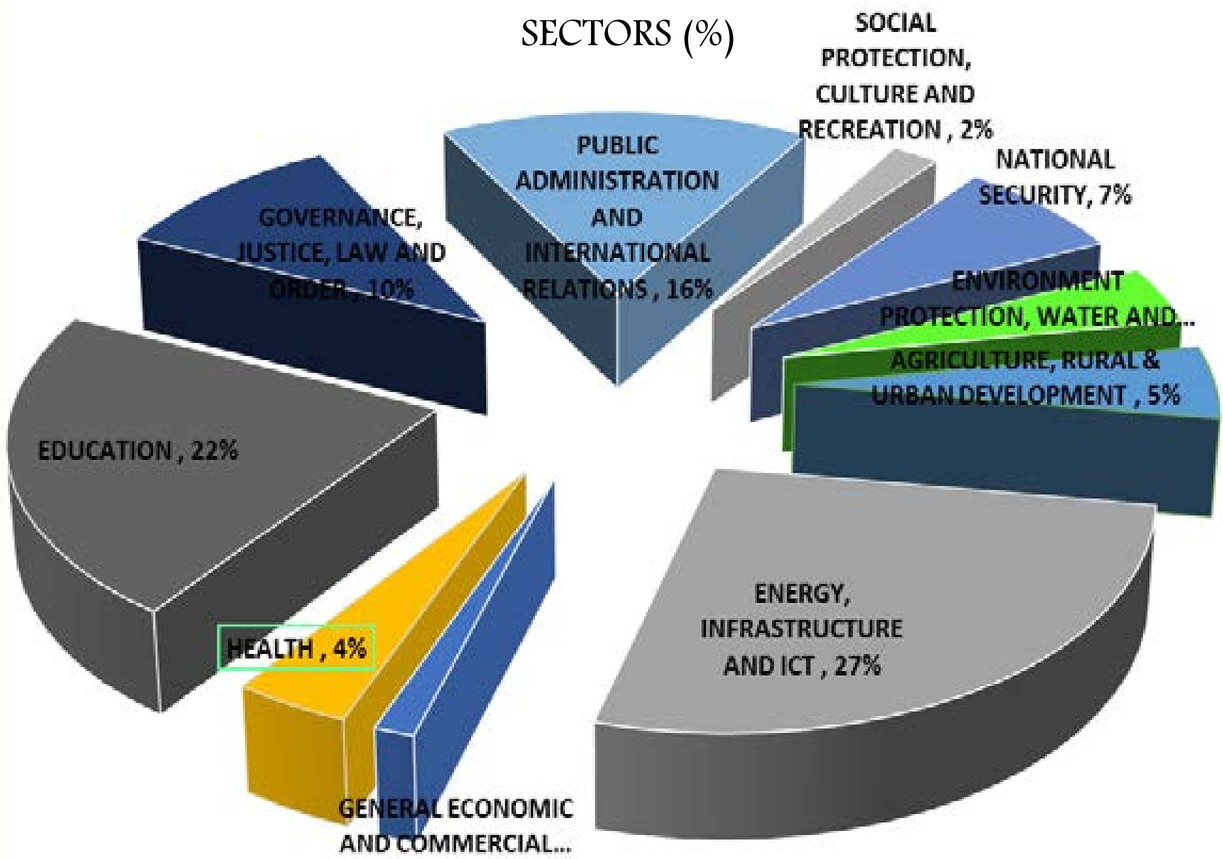
The Government is committed to completion of on-going ESP Projects: (in billions)



3.4.13 General Economic, Tourism, commerce and industry;

The Government is committed to improving the economy through promoting tourism and industrial development. The budget has allocation in the following projects. (in billions)

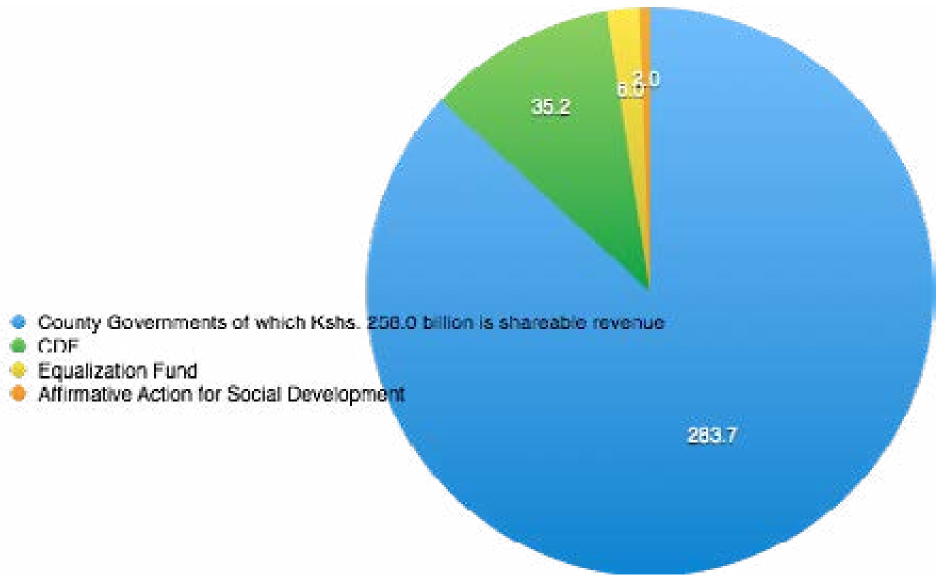




3.4.14 Enhancing Equity and Inclusion

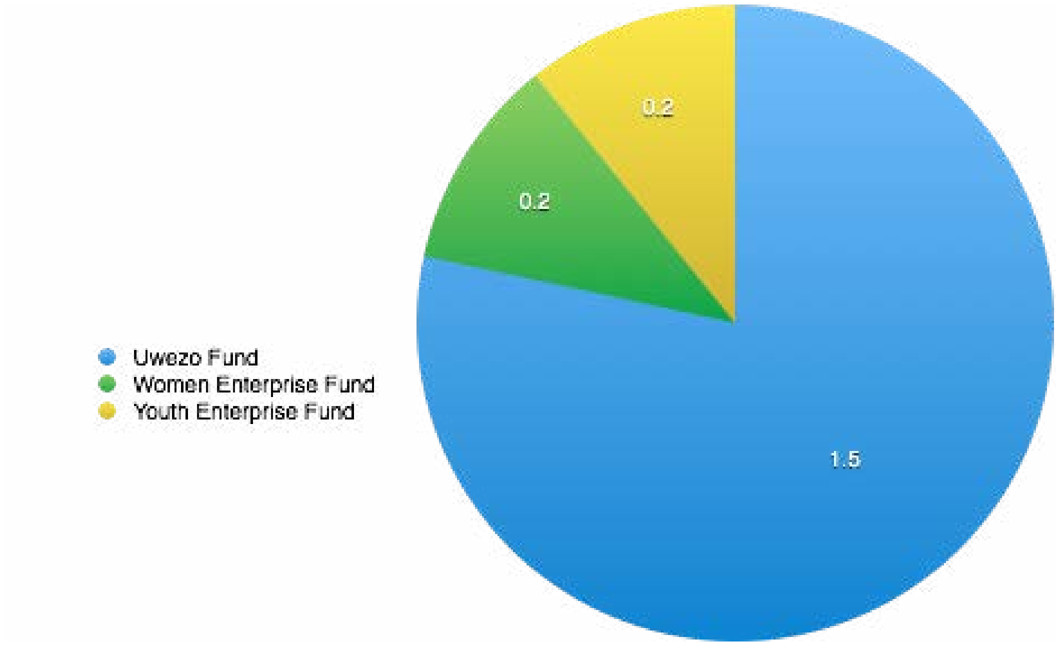
This is the theme of the budget Policy statement for the year 2015 "Promoting economic growth for shared growth". Funds that are expected to contribute towards addressing matters of equality and inclusion are discussed in the sections that follow:

Support for Devolution and Equitable Development (in billions)



Enhancing Women and Youth Empowerment:

Kshs 25.0 billion has been allocated towards youth employment and reengineering the NYS as a vehicle for transforming and empowering the youth. Other interventions include: (in billions)



Social Safety Nets

Kshs. 19.1 billion has been allocated to social safety nets to cushion the vulnerable members of our society. The specific allocations for each of the Social safety net items are:

- Kshs. 9 billion has been allocated to orphans and vulnerable children;
- Kshs. 1.2 billion for cash transfer programme targeting the severe physically challenged persons;
- Kshs. 7.4 billion to cater for cash transfer to the elderly persons with each receiving Kshs. 2,000 per Month;
- Kshs. 1.0 billion has been allocated to the school feeding programme covering the arid and semi-arid areas;
- Kshs. 0.65 billion for presidential secondary school bursary and digital talent
- Kshs. 1.3 billion for hunger safety net.
- Kshs. 1.3 billion for slum upgrading
- Kshs. 1.2 billion for resettlement of IDPs
- Kshs. 1.8 billion for construction of stadia
- Kshs. 1.0 billion for drought management fund.
- Kshs. 0.5 billion for insurance cover for person under the safety net program.
- Kshs. 0.3 billion for street families
- Kshs. 0.25 billion for digital talent

A review of the Budget proposals above indicates that there is good progress in allocation of funds towards support for devolution and equitable development. Approximately Kshs 497 billion has been allocated towards this thematic area translating to about 24% of the total budget. However, a lot more needs to be done in order to achieve this noble goal through increased engendering of the budget, taking into account, race, region, gender among others.

3.5 General Economic and Commercial Affairs Sector review for period 2011/12 -2013/14

The General Economic and Commercial Affairs (GECA) Sector is a budgetary classification that brings together three sub-sectors namely; State department of East African Affairs, Commerce and Tourism and Ministry of Industrialization and Enterprise Development. The Sector integrates both product and service industries as it covers Commerce, Tourism, Industrialization and regional integration. The Sector contributes significantly to the Country's GDP.

The MTP II 2013 - 2017, identifies the need to increase tourist arrivals and industrial development as key for the Country's economic progress and attainment of the desired sustainable growth of 10% p.a. The Industrialization and Enterprise Development sub-sector comprise the Ministry of Industrialization, Ministry of Cooperative Development and Marketing and the Department of Enterprises with a core objective of promoting the development of Cooperatives, Industrialization and Enterprises. The East African Affairs (EAA) sub-sector is responsible for co-ordination of East African Community Affairs while the State Department of Commerce and Tourism is charged with the responsibility of promoting and developing trade and tourism.

The specific mandates of the subsectors are as listed below:

Industrialization and Enterprise Development

- Promotion of Buy Kenya policy through Brand Kenya.
- Formulation of Co-operative Policies and Implementation.
- Ensuring adherence to Co-operative Legislations.
- Ensuring good Governance in Co-operative management.
- Promotion of Marketing, Value Addition and Co-operative Productivity.
- Carry out Co-operative Audit services.
- Mobilization of Co-operative Savings, Credit facility and formulate Financial Services Policies.
- Promotion and Development of Micro, Small and Medium Enterprise and capacity building.
- Formulation of Industrialization Policy.
- Formulation and Implementation of Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and innovation).
- Leather Production Development.
- Private Sector Development Strategy and Policy.

- Promotion of Co-operative Ventures.
- Ensure quality Control including Industrial Standards.
- Identification and development of Special Economic Zones.
- Textile and apparel development

East African Affairs

- Formulation of National Policies on Regional Integration.
- Co-ordination and implementation of Regional Integration initiatives (COMESA, EAC and COMESA-EAC-SADC Tripartite Free Trade Area).
- Coordination of the implementation of the EAC regional programmes and projects.
- Implementation of the Treaty for the establishment of the EAC.

Commerce and Tourism

- National Trade Policy Development.
- Promotion of Fair Trade Practices and Consumer Protection
- Promotion of Retail and Wholesale Markets
- Establishment of Business Premises Dispute Resolution mechanism
- Promotion of Small Medium Enterprises and relevant stakeholders through training, counselling, consultancy and Research
- Promotion of exports
- Tourism Policy Management
- Tourism Development and Promotion

3.6 Semi-Autonomous Government Agencies under the GECA sector

The Sector has twenty six (26) Semi-Autonomous Government Agencies and Parastatals that operate independently but financed through the relevant Ministries which include:

In the period under review, the sector had the following programmes/projects for implementation: Coordination of East African Community Affairs; Domestic Trade Development; Trade promotion and Investment; Trade General Administration and planning; Tourism Promotion and Marketing; Tourism Product Development and Management; Industrial development and investment; Standardization and Business Incubation; Cooperative Development and Management; Co-operative Marketing; and Promotion of Research in Industrial Development.

3.7 Performance of Sector Programmes

Coordination of East African Community Affairs

The Sector continued to make progress in coordinating regional integration programmes and projects by pursuing the objectives of the integration agenda through the four pillars of integration namely the Customs Union, the Common Market, Monetary Union and ultimately the Political

Federation. Having concluded the protocols on the Customs Union and the Common Market, implementation of the already concluded protocols are at different levels while negotiations for the Monetary Union and laying foundation for the Political Federation is being pursued. The most recent major milestone in this area is the signing of the Monetary Union Protocol by the five Partner States on 30th November 2013.

As part of the implementation of the Customs Union, three EAC Partner States; namely: Kenya, Rwanda and Uganda are sharing a common ICT platform; applying common procedures; and interlinked their revenue authorities through Raddex system. The three Partner States are executing Common Customs Law – EACCMA, EAC Regulations and Duty Remission Regulations. All the EAC Partner States are implementing a Common External Tariff structure of 0%, 10% and 25% respectively and supported by EAC Rules of Origin. As a way of resolving and reducing Non-Tariff Barriers (NTBs), the number of roadblocks along the Northern Corridor has been reduced from 134 in 2008 to a maximum 15 in 2010.

The EAC Common Market Protocol which became effective on 1st July 2010 provides for free movement of goods, services, persons, labor and capital; and the right of residence and establishment for EAC citizens across the Partner States. Macro Economic Convergence Criteria has been agreed upon; exchange rates, fiscal and monetary policies have been harmonized.

Under the Political Pillar, EAC Protocols on Cooperation in defense, peace and security were signed; a log frame for implementation of counter terrorism strategy to facilitate speedy conclusion of investigations and prosecution of suspects developed; and firearms' marking machines for serialization of guns to identify illegal firearms and address trafficking in small arms and light weapons acquired. An EAC Early Warning Mechanism (EACWARN) to facilitate anticipation, preparedness and early responses to situations that are likely to affect peace and security was developed and a Conflict Prevention, Management and Resolution (CPMR) negotiated. The EAC Protocol on Foreign Policy Coordination was signed by the Heads of State in December 2011 and ratified in 2012; and modalities for the issuance of Visa Consular Services on behalf Partner States concluded. The issuance of single tourist visa has commenced for Kenya, Uganda and Rwanda while the use of ID/student identification documents as travel documents within the three countries has already started.

Under infrastructure, the Athi-River-Namanga-Arusha road was completed; improvements were made in quality of the northern corridor road; three submarine fibre optic ICT cables were connected to Kenya; feasibility studies for the Lamu Transport Corridor and Tanzania-Kenya gas pipeline were undertaken and a draft report prepared. The construction of a power transmission line between Kenya and Ethiopia commenced. In addition the sector coordinated the construction of One-Stop-Border Posts (OSBPs) at Namanga, Taveta, Malaba, Busia and Lunga Lunga. The OSBPs are intended to ease and promote intra-regional trade.

The Sector initiated the process of establishing Regional Integration Centres (RICs) in all the major border posts of Malaba, Busia, Namanga and Lunga Lunga. Busia and Namanga were operationalized in 2011. Plans are underway to establish other RICs in Isbania and Taveta border posts. EAC Industrialization Policy and strategy (2012-2032) was finalized and approved.

Moreover, over 50,000 Kenyans in 104 Constituencies across 29 counties were sensitized in EAC Integration process and business opportunities with a larger number being reached via electronic and print media. The Sector developed the draft Miscellaneous Bill to facilitate the implementation of the Common Market Protocol; and undertook an audit of EAC Protocols and Acts Vis –a-Vis the Constitution of Kenya 2010.

The Sector coordinated Kenya's participation in a number of regional Programmes and Projects namely: - Lake Victoria Water Supply and Sanitation (LVWTSAN) Programme Phase II. –where the satellite towns of Kericho, Keroka and Isebania had sewerage treatment works and Water Supply (Isebania) works designs completed in preparation for their implementation; and Trans boundary Water for Biodiversity and Human Health in the Mara River Basin (TWBHH-MRB) Project- Two studies Mara River Basin Ecosystem Strategic Environment Assessment (SEA) and Social Environmental Impact Assessment (SEIA) were completed and validated by stakeholders.

Tourism Development and Promotion

During the period under review, Kenya was declared the World's Leading Safari Destination at the 20th World Travel Awards (WTA) grand finale in Doha, Qatar, held on 30th November 2013. Prior to this, Kenya Tourism Board (KTB) had been voted Africa's leading Tourism Board in Africa by WTA during the Africa chapter held in Kenya in October 2013. Media campaigns such as Tembea Kenya, Travel dairies and why I love Kenya were initiated and developed to promote domestic tourism. In spite of the above positive endorsements, the tourism sector recorded depressed growth due to security related challenges such as Westgate and Lamu attacks, and the resultant adverse travel advisories from some of Kenya's tourism traditional source markets. Tourist arrivals decreased by 11.2% from 1.7 million in 2012 to 1.52 in 2013 while tourism earnings declined by 2.1% from Kshs 96 billion in 2012 to Kshs 94 billion in 2013. Domestic tourism measured in terms of bed nights by Kenyans dropped by 3.2% from 2.8 million in 2012 to 2.7 million in 2013.

Other achievements include: Participation in World Travel Market in London UK (4th to 10th Nov. 2013 and International Tourism Bourse (ITB) in Berlin (5th to 9th March 2014); diversified tourism markets by deepening presence in traditional markets and penetrating new and emerging markets in Middle East, Eastern Europe, China, India and Africa region; promotion of Kenya as a birding destination (Rutland Bird Fair); promotion of Kenya as a Sports Tourism destination 'Galway Kenya Run' featuring David Rudisha; promotion of Kenya as a Luxury Tourism/Travel destination through organizing of the Magical Kenya Golf Cup in Italy between Sept to Oct 2013; participation and sponsorship of the Maralal Carmel Derby 2013 in Samburu and Lamu Cultural Festival (21st – 24th Nov 2013); and organized Magical Kenya Expo 2013 (3rd edition) and Kenya Tourism Week which culminated in the World Tourism Day celebration on 27th September, 2013.

In the General Economic and Commercial Affairs Report building and sustaining an accepted Kenyan identity was done through the transformation of Kenya into a competitive global brand. The National Brand Audit, June 2014 shows a 4% increase in pride, patriotism and national cohesion to 82% from 78% baseline survey conducted in 2011. Phase 1 of the National Brand Master Plan internal communication strategy dubbed the "Nitakuwepo" campaign was executed through an integrated media strategy including TV, radio, print and outdoor platforms. The National Youth Summit 2013, part of the Citizen engagement programme aimed at communicating the brand to the citizenry so that they can understand, appreciate and play their role in sustaining the brand was held in 2013. The Summit culminated into six Regional forums bringing together Youth Leaders from all the 47 Counties in Kenya, the objective being to stimulate new insights, intuitions, and fresh ideas for the future of Kenya and renew their quest to make this country better.

Niche Tourism Product Development & Diversification

During the period under review, statistics on conference tourism were on the decline. The number of local conferences held in the country decreased by 14.6% from 3,338 in 2012 to 2,849 in 2013 with number of delegates attending declining by 2.7%. Similarly, international conferences held in the country declined by 8.8% from 328 in 2012 to 299 in 2013 with number of delegates hosted declining by 12.5%. The average percentage occupancy of conference facilities declined from 6.8% in 2012 to 6.4% in 2013.

KICC continued with the Modernization and renovation of the Centre. The design, supply, installation & commissioning of a conference management system was completed as well as the renovation of the Aberdare and Lenana and Tsavo Ball room meeting rooms in KICC.

The Tourism Finance Corporation (TFC) undertook a pre-feasibility study for the development of the Mombasa Convention Center while International Finance Corporation (IFC) is currently undertaking the feasibility study. In addition, towards the development of a Marina, TFC identified the site and has initiated the land acquisition process. Bomas of Kenya is in the process of identifying potential partners to undertake the construction of Bomas International Convention and Exhibition Centre (BICEC) through PPP. Tender evaluation for engagement of a Transaction advisor to manage the development of the BICEC project is complete.

Community-based Tourism Initiative and Agro-Tourism:

In an effort to diversify tourism product, the sector undertook sensitization trainings on home-stays and agro tourism in western Kenya, Central Kenya and North Rift circuits. Arising from this, 200 home- stay and 50 agro tourism operators are ready for certification to host tourists. These products will expose tourists to diverse cultures thereby promoting cultural tourism, which is being done through holding cultural festivals and selection of cultural ambassadors. In the last one-year, four (4) cultural festivals were held namely: Nubian, Banyala, Pokot and Sengwer. The expectation is that these community-based initiatives will boost rural income and living standards.

Tourism Infrastructure Development

Towards the realization of Vision 2030 flagship projects, the sector spearheaded the development of proposed three resort cities in Isiolo, Lake Turkana and Lamu as contained in the 2nd MTP. However, with the new constitutional and political dispensation and establishment of County Governments, efforts during the review period were geared towards apprising the relevant county governments on the progress made and bringing them on board for joint planning and agreement on the way forward. To this end, the sector organized sensitization/consultative meetings in Turkana and Isiolo during the month of December, 2013.

Industrial Development and Investments

During the period under review 135, 32 and 20 acres of land were identified in Eldoret, Juja and Taita Taveta respectively for development of SME parks. The Juja SME park, the plot is fenced and JKUAT identified some partners from China on ICT component which will be accommodated in the park among other components.

Special Economic Zones

The sector developed a Special Economic Zones Bill of February 2015. Land has been identified in Mombasa, Dong'o Kundu, for the development of a Special Economic Zone and master planning for the same.

Free Trade Zones

The sector has signed a Memorandum of Understanding with China Communications Construction Company (CCCC) Limited for undertaking a feasibility study for the establishment of a Free Trade Zone in Mombasa.

Construction and Equipping of Constituency Industrial Development Centres (CIDCs)

The Economic Stimulus Programme under the Ministry of Industrialization and Enterprise Development is designed in Phase 1 to construct and equip 210 Constituency Industrial Development Centers (CIDCs). Two CIDCs in Kiambaa and Kitui Central have been equipped and handed over to Kenya Industrial Estate for operationalization.

Development of the integrated iron and steel mill

A concept paper on development of the iron & steel sector was approved by the Cabinet paving way for a Memorandum of Understanding (MoU) between the Government of Kenya and a South Korean investor to develop integrated steel mill among other projects. The study tour was conducted. In addition a strategy paper for promoting the sector has been developed and drafting of Iron and Steel Bill 2012 is in progress and the process of finalizing consultancy services for feasibility study is ongoing.

Implementation of one Village One Product Programme

The programme has supported about 200 Micro, Small and Medium Enterprises (MSMEs) in capacity building in value addition, business management, exhibitions, and access to export markets and linkage to business partners. The technical training on value addition covered the following sectors: dairy, honey, & fruits, Soap & detergents, herbal products, confectionaries and Handcraft.

5K MSE 2030 Programme

Under the 5K MSE programme which is collaboration between the Ministry of Industrialization and Enterprise Development and 5 institutions namely KIRDI, KEBS, KIPI, KNTC, KNJKA was designed and supported development of 150 hospital beds which were distributed to 10 selected hospitals in the country. Furthermore, arc-welding machines is awaiting commercialization. A draft strategic plan to guide implementation of the partner institutions was developed and is awaiting finalization.

Industrial Policy and Legal Framework development

The sector is in the process of developing the following policies and legal instruments: Subcontracting policy, National Business and Technology Incubation Policy, Furniture Policy Guidelines, Intellectual property policy, National Industrialization Bill and Buy Kenya Policy. The National Industrialization policy was completed and approved by parliament through Sessional Paper No.9 of 2012.

Development of Industrial Clusters

In promoting industrial cluster development, the sector identified Kajiado and Garrisa as pilot areas for leather and meat clusters. Sensitization of stakeholders by the sector jointly with the county government in the two counties has been held. The process of conducting a feasibility study for the clusters in the said areas is on-going. Under EPZA the number of manufacturing zones increased to 50 from 47, operating firms increased from 82 to 88, the direct investments stood at Kshs. 48billion and the 4504 new jobs opportunities were created.

Business financing & incubation for MSMEs

During this period the institution constructed 132 industrial sheds in Kimilili, Machakos, Narok, Kwale, Kapsabet, Tala, Muranga, Voi, Homabay, Siaya, Nyeri, Embu, Bungoma, Mwatate, Kipsirchet, Meru, Sagana, Kwale, Kikima, Nunduine, Timau, Imenti central, Nithi, Nairobi, Kakamega, Nyamira, Eldoret- East, Migori, Webuye, Mandera, Vihiga, Wundanyi, Kitui, Nyeri, Kajiado-central, Ndia-Kirinyaga, Wajir, Karatina, Bondo, Kapsabet, Malindi. This has provided quality and competitive industrial infrastructure. Credit amounting to Kshs 571.6 Million was disbursed, created 1,506 new enterprises, 8,601 direct jobs and 34,404 indirect jobs were created 12,623 entrepreneurs were trained, 229 training courses were conducted and 483 Linkages established.

A review of the progress above paints a gloomy picture on the success of the government initiatives to improve the tourism industry. These efforts have been affected by the current security situation in the country. The most affected in this case are the youth and women who engage in small business at the beaches and other tourist sites, where business is dwindling.

Cooperative Development and Management

During the period under review, Ethics Commission for Co-operative Societies was established to enforce good governance in Co-operatives. The cooperative audit services were also computerized. A total of 7,426 accounts were registered and 5,308 audits conducted. In addition the extension service were fully devolved and field officers posted to the Counties, taking the extension services closer to the citizen.

The Co-operative department registered 2,482 Co-operative enterprises in the period under review. As a result, the total number of registered Co-operative enterprises as at 30th June 2014 was 15857. Out of the enterprises registered during the period under review, 96 were transport SACCOs (Total registered so far 707, 356 were Housing Co-operatives, and 84 were Youth SACCOs and 4 Diaspora SACCOs. Transport SACCOs were registered following request from Transport Licensing Board to register Co-operatives to assist in bringing order in the Public transport sector.350 housing units were constructed and Kshs. 521 million disbursed to members for improvement of shelter, water and sanitation. During the period, 29 youth Bunge SACCOs were registered and granted Kshs. 5 million each to assist in their operations from USAID.

Savings Mobilization

As at the end of the period, the co-operative movement had mobilized Kshs. 420 billion as savings by members. Deposit Taking Savings and Credit Co-operatives(SACCOs) increased new loans to SMEs by Kshs. 184.3 billion (17.3%) in year 2013 from Kshs 157.1 billion in 2012 thereby exceeding target of 10%. The sector, through the SACCOs Societies Regulatory Authority (SASRA) licensed additional 54 SACCOs to bring the total number of Deposit Taking SACCOs (DTS) from 140 to 184, coverage of 99.2%. SASRA intensified surveillance of the DTS which resulted into increase of deposits by 15% from Kshs. 149.2 billion to Kshs. 172.3 billion. Through SASRA, deposit taking SACCOs have been mainstreamed into the credit information sharing that allows listing of bad loans through credit reference bureaus thereby resulting in lowering of non-performing loan ratios from 7.4% in year 2012 to 4.7% in year 2013.

Regulated SACCOs have also been mainstreamed into Anti-Money Laundering initiative through the joint Financial Sector Regulators collaboration i.e. Central Bank of Kenya (CBK), Capital Markets Authority (CMA), Retirement Benefits Authority (RBA), Insurance Regulatory Authority (IRA) and SASRA.

Trade Development and Promotion

To improve the supply chain efficiency in Wholesale and Retail Trade, the sector initiated the establishment of a model pilot wholesale hub in Maragua and Tier 1 retail market in Athi River. Towards this, topographical and geo-technical surveys were undertaken in Maragua and Athi River. Cumulatively, land was acquired and fenced; TOR for hiring a consultant to develop design plans prepared, Topological survey for Maragua done; preliminary designs done for both Maragua wholesale hub and Tier 1 retail in Athi River; Preliminary estimates for final designs done for Maragua wholesale hub; budget proposal for drawing of final designs for Tier 1 retail market in Athi River received from Ministry of Public Works. In addition, bench marking was undertaken and the sector is working with other stakeholders to leverage financial support from the private sector and international sources for the construction of the markets.

In building capacity for value addition, EPC assisted 19 enterprises to design and develop new products through the various product development stages. EPC also facilitated another 15 enterprises in value added processing to develop new packaging and labelling materials and to test market their newly developed and improved products comprising of honey, banana flour, banana crisps, popped amaranth, coconut oil, aloe based bathing soaps, body creams and lotions, chilly and dried leafy vegetables in International Trade Fairs held in Ethiopia and Tanzania. The sector also formed cross border trade association (CBTAs) and cross border trade committees (CBTCs) in Nadapal, Moyale, and Mandera.

The sector, through the Export Promotion Council (EPC) in collaboration with the National Economic and Social Council (NESC) and the Multi Sectoral Committee on Credit Guarantee

Scheme, finalized Policy on National Credit Guarantee scheme and the Credit Guarantee Bill. The Policy and Bill has been forwarded to the National Treasury for adoption.

Establishment of Distribution Infrastructure to improve market access for Kenyan exports Feasibility study and analyses for Warehousing project was undertaken in Lubumbashi in the Republic of Democratic Republic of Congo and suitable facilities identified.

Towards attracting/promoting investments Kenya Investment Authority (KenInvest) registered Investment project proposals worth Kshs.101.02 billion (28 of the Project Proposals being in export related value chain production worth Kshs. 12.096 billion with the potential to generate 7,102 jobs to local citizens); profiled Thirty six (36) Vision 2030 projects targeting strategic investors, their implementation road maps, funding models and collaboration frameworks developed; held Five (5) national investment forums targeting mining, tourism, agri-business, ICT, agro processing and manufacturing; and provided after care services to new investors and existing investors and a total of 213 projects visited and investor concerns compiled and analyzed.

The sector, through Kenya Institute of Business Training (KIBT), provided innovative business support services through training of 2,343 MSMEs on entrepreneurial skills & business management. Business consultancy services and business counseling and extension services were also provided to 12 firms and 2,500 MSMEs respectively. This will enable the of youth and women to access credit from the Youth, Women and Uwezo funds as well as boost their capacity to do business especially under the government programmed to award them 30% of government tenders.

Towards the establishment of MSME National documentation Centre, two e-resource materials (Business planning and KAIZEN 5S) were produced in DVD format. In addition Concept Papers on Tool room and Business incubation center were developed.

3.8 Sector Expenditure Analysis

In the period under review approved budget for GECA sector increased minimally from Kshs.11.6 billion in 2011/12 financial year to Kshs.12.2 billion in 2013/14 financial year with a high of Kshs.13.1 billion in 2012/13 financial year.

Table 4: GECA Budget Allocations for the 2011/12 – 2014/15 (FY)

Sub sector	(Kshs. In Millions)			
	2011/12	2012/13	2013/14	2014/15
East African Affairs, Commerce & Tourism	5,741.20	5,920.30	6,127.62	6,519.3
Industrialization & Enterprise Development	5,822.40	7,223.38	6,050.12	10,597.3
TOTAL	11,563.60	13,143.68	12,177.74	17,116.60

The allocation in Recurrent and Development expenditure is as indicated in Table 5 and 6.

Table 5: Recurrent Expenditure Analysis

Sub sector	(Kshs. In Millions)			
	2011/12	2012/13	2013/14	2014/15
East African Affairs, Commerce & Tourism	4,133.4	4,525.7	4,531.4	4,369.9
Industrialization & Enterprise Development	2,685.2	3,721.5	2,671.3	3,121.7
TOTAL	6,818.6	8,247.2	8,247.2	7,491.60

Table 6: Development Expenditure Analysis

Sub sector	(Kshs. In Millions)			
	2011/12	2012/13	2013/14	2014/15
East African Affairs, Commerce & Tourism	1,443.0	1,117.0	1,286.5	2,149.4
Industrialization & Enterprise Development	2,512.0	2,846.0	3,178.6	7,475.6
TOTAL	3,955.0	3,963.0	4,465.1	9,625.0

3.9 Trade Development and Promotion Budgetary Allocations for the period 2011/12-2014/15

Table 7 outlines the expenditure for the Trade Development and Investment programme by economic classification:

Table 7: Expenditure by Economic Classification.

Trade Development & Investment				
Item Description	2011/12 Kshs (million)	2012/13 Kshs (million)	2013/14 Kshs (million)	2014/15 Kshs (million)
Compensation of Employees	530.60	512.70	284.92	112.3
Use of Goods & Services	514.70	731.30	444.63	344.0
Subsidies, Grants & Other Transfers	766.70	928.00	325.71	697.1
Acquisition of Non-Financial Assets	218.20	218.30	369.53	213.5
TOTAL	2,030.20	2,390.30	1,424.79	1,366.8

Analysis of the expenditure allocation indicates a declining budget allocation. The allocations increased marginally from Kshs 2,030.2 million to Kshs 2,390.3 in 2011/12, 2012/13 respectively. In the Financial Year 2013/14 it reduced to Kshs 1,424.79 and further declined to Kshs 1,366.8 in the year 2014/15. Out of the total allocation approximately 50% of the funds are for subsidies and transfers to other agencies.

3.10 Sector Proposed Allocations for the year 2015/16

Table 8 contains the details of budget allocations by programme for the Sector:

Table 8: Ministry of Industrialization and Enterprise Development

Programme	Approved Estimates	Estimates	Projected Estimates	
	2014/2015	2015/2016	2016/2017	2017/2018
	Kshs.	Kshs.	Kshs.	Kshs.
0301010 SP1 General Administration Planning and Support Services	386,596,041	552,068,301	603,027,974	624,360,773
0301000 P.1 General Administration Planning and Support Services	386,596,041	552,068,301	603,027,974	624,360,773
0302010 SP. 2.1 Promotion of Industrial Development and Investments	5,874,288,872	4,257,771,878	4,633,864,006	4,548,267,086
0302020 SP. 2.2 Promotion of Industrial Property Rights and arbitration	34,862,231	-	-	
0302030 SP. 2.3 Promotion of Industrial Training	172,205,205	175,296,380	195,585,380	214,444,178
0302000 P.2 Industrial Development and Investments	6,081,356,308	4,433,068,258	4,829,449,386	4,762,711,264
0303010 SP. 3.1 Standardization, Metrology and conformity assessment	531,068,020	735,456,044	771,417,644	813,417,644
0303020 SP. 3.2 Business financing & incubation for MSMEs	473,600,000	686,433,821	520,500,000	581,500,650
0303030 SP. 3.3 Promotion of Industrial Products	240,400,000	-	-	-
0303040 SP. 3.4 Industrial Research, Development and Innovation	2,021,824,000	1,101,624,000	1,099,898,000	1,095,326,790
0303000 P.3 Standards and Business Incubation	3,266,892,020	2,523,513,865	2,391,815,644	2,490,245,084
0304010 SP. 4.1 Governance and Accountability	298,848,563	54,194,507	57,589,518	62,626,553
0304020 SP. 4.2 Co-operative Advisory Services	560,846,643	199,403,607	225,424,419	238,723,681
0304030 SP. 4.3 Marketing, value addition and research	2,809,453	13,452,436	14,610,204	15,415,456
0304000 P.4 Cooperative and Development and Management	862,504,659	267,050,550	297,624,141	316,765,690
Total Expenditure for Vote 1171 Ministry of Industrialization and Enterprise Development	10,597,349,028	7,775,700,974	8,121,917,145	8,194,082,811

Table 9: State Department for Commerce and Tourism

Programme	Approved Estimates	Estimates	Projected Estimates	
	2014/2015	2015/2016	2016/2017	2017/2018
	Kshs.	Kshs.	Kshs.	Kshs.
0306010 S.P 2.1: Tourism Promotion and Marketing	1,232,912,044	7,111,616,515	1,206,216,587	1,217,137,326
0306020 S.P 2.2: Niche tourism product development and diversification	584,750,563	971,633,444	1,027,096,455	1,098,138,908
0306030 S.P 2.3: Tourism Infrastructure Development	500,000,000	500,000,000	500,000,000	550,000,000
0306040 S.P.2.4: Tourism Training& Capacity Building	189,780,000	313,539,440	317,446,150	320,776,853
0306000 P 2: Tourism Development and Promotion	2,507,442,607	8,896,789,399	3,050,759,192	3,186,053,087
0307010 S.P 3.1: Domestic Trade Development	187,822,240	87,539,036	100,551,738	101,324,523
0307020 S.P 3.2: Fair Trade and Consumer Protection	220,000,934	184,697,513	187,290,663	192,795,177
0307030 S.P 3.3: Exports Market Development	340,565,586	502,565,586	472,498,284	477,367,222
0307040 S.P3.4: Regional Economic Integration Initiatives	435,917,314	447,520,141	489,516,704	490,517,255
0307050 S.P 3.5: Entrepreneurial and Management Training	182,531,061	183,025,416	175,771,283	178,352,876
0307000 P 3: Trade Development and Promotion	1,366,837,135	1,405,347,692	1,425,628,672	1,440,357,053
0308010 S.P 4.1: General administration planning and support services	961,427,652	679,399,075	861,316,495	892,586,700
0308000 P 4: General Administration, Planning and Support Services	961,427,652	679,399,075	861,316,495	892,586,700
Total Expenditure for Vote 1181 State Department for Commerce and Tourism	4,835,707,394	10,981,536,166	5,337,704,359	5,518,996,840

Table 10: State Department for East African Affairs

Programme	Approved Estimates	Estimates	Projected Estimates	
	2014/2015	2015/2016	2016/2017	2017/2018
	Kshs.	Kshs.	Kshs.	Kshs.
0305010 S.P 1.1: East African Customs Union	585,114,330	680,549,346	688,524,949	657,908,557
0305020 S.P 1.2: East African Common Market	772,742,671	990,888,254	1,057,320,965	1,168,761,708
0305030 S.P 1.3: EAC Monetary Union	136,705,605	109,159,804	97,318,990	97,339,726
0305000 P 1: East African Affairs and Regional Integration	1,494,562,606	1,780,597,404	1,843,164,904	1,924,009,991
0308010 S.P 4.1: General administration planning and support services	189,041,161	-	-	-
0308000 P 4: General Administration, Planning and Support Services	189,041,161	-	-	-
Total Expenditure for Vote 1182 State Department for East African Affairs	1,683,603,767	1,780,597,404	1,843,164,904	1,924,009,991

Table 11: Trade Development and Promotion

Economic Classification	Approved Estimates	Estimates	Projected Estimates	
	2014/2015	2015/2016	2016/2017	2017/2018
	Kshs.	Kshs.	Kshs.	Kshs.
Current Expenditure	1,058,317,135	1,017,456,732	959,108,672	973,837,053
Compensation to Employees	112,277,932	99,813,859	98,214,549	104,767,132
Use of Goods and Services	231,048,617	167,730,787	170,714,342	172,672,788
Current Transfers to Govt. Agencies	697,065,586	732,065,586	672,998,284	679,067,222
Other Recurrent	17,925,000	17,846,500	17,181,497	17,329,911
Capital Expenditure	308,520,000	387,890,960	466,520,000	466,520,000
Acquisition of Non-Financial Assets	213,520,000	245,490,960	321,520,000	321,520,000
Capital Grants to Govt. Agencies	-	47,400,000	60,000,000	60,000,000
Other Development	95,000,000	95,000,000	85,000,000	85,000,000
Total Expenditure	1,366,837,135	1,405,347,692	1,425,628,672	1,440,357,053

The key activities and outputs for the Trade Development and Promotion programme are outlined in Table 12.

Table 12: Trade Development and Promotion

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2015-2016	Targets 2016-2017	Targets 2017- 2018
Domestic Trade					
1181000700 Regional Trade Development Offices	Improved regional trade	No. of Producer Business Groups (PBGs) profiled	300	300	350
		No. of consultative fora on trade and investment	10	10	10
		No. of regional trade development offices established	3	3	3
1181000800 Department of Internal Trade	Master plan of Wholesale hub in Maragua	No. of Master plan and design of wholesale hub in Maragua	1	0	0
	Master plan of Tier 1 ratail market in Athi River	No. of Master plan and design of Tier ‘’1’’ Retail Market in Athi river	1	0	0
1181000900 Trade Development - Field Services	Trade Development Services	No. of surveys on ease of doing business	1	1	1
1181001100 Trade Monitoring and Research	Trade data bank	% Completion rate of Trade data bank	50%	100%	100%

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2015-2016	Targets 2016-2017	Targets 2017- 2018
Fair Trade and Consumer Protection					
1181000400 Business Premises Rent Tribunal	Business premises disputes resolved	No. of rulings/ judgments delivered	4235	4335	4535
1181001200 Weights and Measures - Headquarters Administrative Services	Compliance and Standards	No. of weighing and measuring equipment approved No. of weights and measures standards calibrated	15 250	18 295	25 300
1181001300 Regional Weights and Measures Offices	Compliance and Standards	No. of weighing and measuring equipment verified No. of workshops/ laboratories inspected No. of reviewed Weights & Measures Acts	15,000 35 2	18,000 46 0	20,000 52 0
Exports Market Development					
1181000600 Export Promotion Council	Increase in exports earnings	Increased exports earnings (Kshs. Billion)	766.6	874.11	996.49

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2015-2016	Targets 2016-2017	Targets 2017- 2018
Regional Economic Integration Initiatives					
1181000500 Regional Trade and Export	Kenya Commodities Exchange established Increase in Foreign and Domestic Direct Investments	% completion rate of Kenya Commodities Exchange Increase in Investment Worth (Kshs. Billion) % completion rate of State of the art One Stop Investment Centre % Implementation of Joint Venture Policy	80% 150 100% 100%	100% 200 100% 100%	250 100% 100%
Entrepreneurial and Management Training					
1181001000 Kenya Institute of Business Training	Micro Small Medium Enterprises (MSMEs) operators trained and supported	No. of MSMEs operators trained No. of Business firms incubated No. of on-site business consultancy, counseling and follow ups offered	3,500 4 6	3,700 6 6	3,800 6 8

4.0 FINDINGS AND OBSERVATIONS

Review of the Budget for the period 2015/16 – 2017/18 and the Expenditure review of the period 2011/12 – 2014/15 indicates the following:

1. The Government has made great strides in ensuring that government policies and laws are in line with the provisions of the Constitution of Kenya 2010 in relation to the principles of equality and inclusion. The Government has also implemented structures through the establishment of gender machineries with the inclusion of gender indicators in the performance contracts. However, it is important to note that for effective implementation of the policies and laws, funding is paramount. In this regard, a lot more needs to be done to ensure that the Government budget takes on board the principles of equality and inclusion in the budget cycle. The National Gender and Equality Commission should be enabled to monitor the budget process with finally receiving financial statements from Ministries, Departments and Agencies (MDAs) for purposes of review and guidance on gender responsiveness and inclusion principles. The Government commitment in addressing issues of gender and inclusion is evident despite the mismatch between resources allocated for the same and the commitment.

2. The Government prepares the budget through a combination of both line budget and the programme based budget. The budget that is presented in the detailed estimates books is at the item level with the programme based budget outlining the programmes to be implemented by government institutions and their budgetary allocations drawing from the itemized allocations. This approach is likely to present many challenges key among the tendency towards budget incrementalism (pegging budgeting on the previous years' allocation within minimal increase in allocation) making it difficult to shift resources to new programmes. There is need to adopt fully the programme based budget that focuses more on the outputs and outcomes to inform the subsequent budget allocations.

3. There is inadequate training for budget officers on gender/inclusion responsive budgeting especially on the tools for the same. There are minimal resources allocated to mainstreaming issues of gender and inclusion across the sectors.

4. The Budget Cycle provides an opportunity for stakeholders to review the budget throughout the budget making process from formulation to execution and evaluation. However, the involvement of the public is not well structured to facilitate effective and fruitful engagement of the Public. At the initial stage of conceptualizing of the budget, the public is never involved except at the tail end of the process where more often than not very little can be done to change the budget proposals.

5. The Budget once prepared, it is posted on the website of the National Treasury. In most cases it is not disseminated effectively e.g. through other channels where the public who have no access to Internet can participate in the process and give their views and input. In addition, the budget is too technical making it difficult to interpret. The use of vernacular and translation in Swahili must be stressed as necessary.

6. This is especially true for the Budget Policy Statement. Further, the implications of the budget on Citizens and how it addresses the principles of equality, inclusion and participation is often not discussed.

7. The review of the budget proposal indicate as follows:

- Total Government Expenditure and net lending for the year 2015/16, is estimated to be Kshs 1, 998,527 million out of which Kshs 1,358,029 million will be obtained from Ordinary revenue i.e. taxes including A in A, Kshs 73,546 million from grants while Kshs, 566,953, will be from Deficit Financing in the form of loans.

- The allocations to County Governments is proposed to increase from Kshs 229.3 billion in the Financial Year (FY) 2014/15 to Kshs 260.9 billion in the Financial Year (FY) 2015/16. The Increase in this allocation gives more resource for use at the County level thus addressing the issues of equality and inclusion. Increased allocation to the County Governments coupled with proper monitoring and evaluation framework is likely to lead to improved livelihoods for Kenyans over and above the enhancement of shared growth. This remains an area of great potential for shared growth.

- The proposed allocation of Kshs 5 billion and Kshs 6 billion to the Contingencies Fund and the Equalization Fund is a step towards integration of the principle of equality and inclusion. The specific allocations to the counties from the Equalization Fund is as follows:

5.0 CHALLENGES

Some of the challenges encountered during the review were as follows:

1. The budget is not disaggregated to the level where one can easily extract information on the impacts to the various special interest groups. Allocations are generally itemized within the programmes.
2. Information on budget including the budget circulars is not readily available. This therefore delays the process of analysis as one is forced to spend time looking for the relevant information to facilitate the analysis.
3. Public Expenditure review reports do not indicate the gender impact on the implementation of its projects and programmes. In some cases data on the actual achievements of the programmes implemented is not documented.
4. To surmount the challenges more focused discussions including interviews with the budget desk officers were conducted to extract the relevant information.

6.0 RECOMMENDATIONS

The recommendations for improvement of the budgeting process so as to provide for equality and inclusion drawing from the findings above include:

1. To enhance the gains made in addressing the principles of equality and inclusion, there is need for more collaboration between the lead agency in the aspects of equality and inclusion and that of the budget making agencies including parliament. A clear framework for the involvement of the National Gender and Equality Commission should be developed to enhance this process. This should be coupled with extensive capacity building of officers involved in the budget process on the equality responsive budgeting tools and benchmarking for best practices. The National Budget should enumerate key resources and corresponding amounts set aside to directly influence issues of equality and inclusion.
2. The Government budget document should be simplified to facilitate effective participation of the public. There is need to publish the popular version of all budget documents in both English and Kiswahili and braille. These publications should include the budget circular that ushers the budgeting process.
3. There is need to review the mode of engagement with the public throughout the budget process. More time should be allocated for scrutiny of the budget proposals by the public and feedback on the uptake of their views and comments given. A forum to discuss the budget process after the finalization of its formulation should be created to allow for review of the process and proposals on way forward.
4. The budget proposal should be disseminated in more than one media so that the public is adequately informed to enable them give feedback. This can be through Television or radio. FM stations with ability to broadcast in many vernacular languages will be most preferred.
5. There is need to disaggregated the budget further to capture the impacts on various interest groups for example how the allocations impact on the male vs female , urban vs rural among others. This makes it possible for one to pick out the salient issues at a glance.
6. The Policies that inform the budget such as the tax laws do not provide incentives to special interest groups. To encourage these groups to participate in the development of the economy there is need to introduce flexibility in some of the laws e.g. tax exemptions for the youth benefiting from the AGPO.
7. There is need for continuous analysis of the budget along the equality and inclusion line to inform future budget allocations and reviews. The analysis should also include budget execution and disbursement of funds to the implementing units.
8. The Equalization Fund is set-aside for the marginalized groups for a given period of time. To hasten the recovery of these regions, there is need to consider allocating more funds to the equalization fund in the long run. To do this parliament can enact a law to increase the allocation.

9. Extensive research and publishing on this subject matter is important as part of creating awareness and increasing knowledge on the same.

10. Trade is identified as one of the key drivers to spur economic growth in the vision 2030. There is need to increase allocation to this programme to facilitate implementation of activities that will hasten the attainment of the vision 2030, that of becoming a middle income earning country with a high quality of life.

11. Increased allocation to the County Governments coupled with proper monitoring and evaluation framework is likely to lead to improved livelihoods for Kenyans over and above the enhancement of shared growth. This remains an area of great potential for shared growth. In this regard, there is need to consider increasing budget allocations for the County Governments especially for Capital expenditure

12. The National Gender and Equality Commission in consultation with lead agencies in the budget making process should develop a framework for collaboration in this area.

13. The National Gender and Equality Commission Gender Responsive Budgeting (GRB) 2014 should be used to guide the budgeting process.

7.0 Conclusion

The budget 2015/16 has generally and to a great extent addressed the principles of equality and inclusion, both at the policy level and the budget allocation. In total the budgetary allocations for addressing matters relating to equity amounts to approximately Kshs 497.6 billion translating to about 24% of the total budget. Going forward there is need to institutionalize the principles of equality and inclusion in the budget process.

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