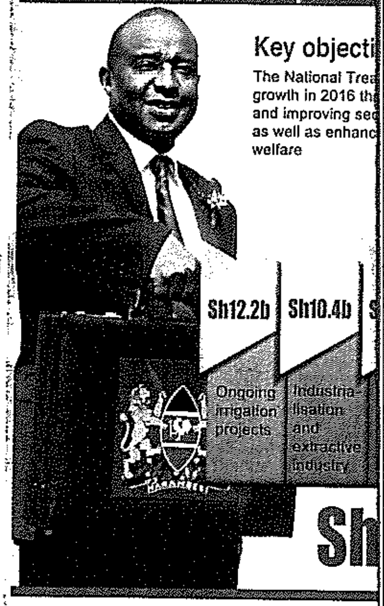
failed to

What Treasury CS will present



providers but one year later, with Treasury still watching the high interest regime maintained by CBK, it is yet to be launched in spite of its potential to ease the government cash crunch.

But it is the resistance by private sector on Rotich's initiatives that is outstanding.

The fight by private sector on government efforts to shore up its revenue at a time that Kenya Revenue Authority (KRA) has missed targets for consecutive years, is not new but it has gone up in the last three years.

For example, in 2014, Rotich reintroduced a five per cent capital gains tax on any asset transfer. This was aimed at plugging the budget deficit that has been expanding in the recent past.

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2016/17 BUDGET ANALYSIS

State cuts tourism sector cash despite decline in arrivals

We can do better if we improve on infrastructure and new products - Nzioka

by Conrad Onyango
@onyangoconrad

The government has cut the tourism budget by Sh1.2 billion, despite a sustained five-year drop in revenues, indicating confidence in the sector's recovery efforts started last year.

A total of Sh4 billion has been approved for marketing Kenya as a travel destination, develop more products and increase tourists' safety in the next fiscal year compared to a proposed Sh5.2 billion the previous year.

"The special line item, recovery, is struck off, it was a one-off programme...this year we don't have that line, it is specifically the sector budget," said Tourism Cabinet secretary Najib Balala *(pictured)* while releasing the 2015 sector performance report yesterday.

In 2014, the government made significant cuts in taxes and national parks entry fees, and introduced vacation for workers and free landing for chatter flights to spur tourism.

Recovery efforts

Kenya Tourism Board acting chief executive Jacinta Nzioka said the rate of recovery would be higher but was still good, coming from a bad year.

"We can do better if we improve on infrastructure and new products. The incentives given out were good and helped recovery efforts," she said.

However, more campaigns are in the offing with the government projecting the sector's full recovery in 2018.

"It is key for us to build image of the destination before forming strategic partnerships because if fear persists, that would be difficult," said Balala.

Tourism earnings recorded a five-year low last year with a three per cent drop to Sh84.6 billion, depressed by a 12.7 per cent decline in international arrivals to 752,023 from 861,758 in 2014.

The country's key traditional source markets recorded significant drops, with arrivals from Italy recording the largest slump at 34.6 per cent.

UK recorded a 15.9 per cent drop, Germany 22 per cent and USA 10.5 per cent, with India seen as most resilient at 9.5 per cent decline.

Only United Arabs Emirates showed positive growth at 64 per cent.

In Africa, arrivals from South Africa and Nigeria were highest at 17.6 per cent and six per cent.

Tourist numbers from Tanzania Uganda and Rwanda dropped by 17.3, 8.1 and 1.3 per cent, attributed to an 'overlook' of the markets, the ministry said.

"It is key for us to build image of the destination before forming strategic partnerships — Balala"

34.6%

Reduced visitors
Drop in number of tourists from Italy last year