MEMORANDUM TO THE BUDGET AND APPROPRIATIONS COMMITTEE

OF THE NATIONAL ASSEMBLY

ON THE BUDGET ESTIMATES 2020/21

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Introduction

The International Budget Partnership Kenya and Institute of Public Finance Kenya are pleased to submit this memorandum for consideration in the debate and approval of the 2020/21 estimates of revenue and expenditure for the national government. This submission was prepared by a collective of 114 individuals working with 74 organizations, drawn mostly from civil society organizations and the private sector (details are annexed). The organizations represented in the preparation of this memorandum work in 24 counties across the country spread from Mandera to Nyamira counties. The participants were convened via the Zoom meeting platform. The analysis covered about 17 budget focus areas and their proposed allocations for the financial year 2020/21.

This memorandum is organized into two sections. The first section provides a summary of the key proposals for each of the sectors that were analyzed by the team, including justifications for those asks. The second section provides the detailed analysis of each of the sectors. At the end of each section we provide names of persons and organizations that developed it.

Summary

1. **Structure and presentation of information in the Program Based Budget**: The National Assembly should confirm that the targets set in the budget are realistic and directly connected to the allocations provided to the sub-programme level. The PBB's key objective is to provide details that can be used to evaluate what will be achieved by different government agencies through their allocations across the budget. This serves a key function of tracking budget implementation, which facilitates the oversight role of Parliament and the public. Therefore, the structure of the budget should provide proper disaggregation down to programmes and sub-programmes. This should also be accompanied by realistic targets and indicators on what each department, programme and sub-programme projects to achieve in the coming financial year.
2. **Budget financing and addressing funding gaps**: The current coronavirus pandemic has greatly affected global and national economic activities. This means that government revenue targets will be missed in 2019/20 and mostly likely going into 2020/21. The Parliamentary Budget Office estimates

that national revenue collection will lose Ksh 122 billion just from the tax measures implemented by government from April. Therefore, Parliament should carefully examine revenue targets for 2020/21 to reduce unnecessary deficits, and at the same time ensure that borrowing is only for essential programmes and projects. The debt repayment bill for 2020/21 will be Ksh 904 billion will be 18 percent higher than the debt service bill for 2019/20. In this context, Kenya has very little fiscal space and therefore budget rationalization and austerity is key going into 2020/21.

3. **Social protection for the vulnerable**: The COVID-19 pandemic has exposed the risks that poor and vulnerable communities in urban and rural areas in Kenya face every day. Parliament should allocate more resources for social protection programmes, and as well ensure that there is clarity on how beneficiaries are selected. Allocations to the social protection programmes is proposed to decrease by 26 percent (Kshs 10.1 billion) to KShs 28.8 billion in the 2020/21 estimates compared with the 2019/20 revised estimates. The reduction in allocation may have negative implications on the number of vulnerable people reached through the programme as effects of Coronavirus pandemic are expected to last for the better part of 2020/21.
4. **Public participation:** The global COVID-19 pandemic has, in a major way, affected the way people interact and changed how governments consult the public. However, the challenges brought about by the disease provide an opportunity for the National Assembly to be innovative on how it consults the public before approval of the budget estimates for 2020/21. The efforts made by the 74 organizations to work together virtually in preparing this submission is a good testament that public consultation on key budget issues is still possible. We stand ready to share our experiences on how we achieved this objective.
5. **Public Debt**: It is about time that government started discussions with debtors on immediate debt relief as the debt payment obligations are pressing hard on the country's ability to effectively handle the COVID-19 crisis. This should be accompanied by adjustments to the national budget 2020/21 FY, with a view to curb non-priority expenditure, including suspension of non-essential large infrastructure projects. At the same time, government should apply caution in order not to divert spending from existing essential health and other crucial services.
6. **Universal Health Coverage:** Parliament should ensure no more monies are allocated towards the full roll-out of the UHC phase until the report on lessons-learnt from the pilot counties is submitted. Kenya spent Kshs 3.97 billion in the four counties during the pilot phase that started in 2018. Therefore, the proposed rollout to the other counties will be more expensive. The reduction of the health budget by Ksh 1.6 billion raises concern as to whether the roll out ambition is realistic. This, coupled with the vast resources required to respond to COVID-19, should be of concern to the National Assembly.
7. **Tuberculosis Funding:** TB resources from the global fund and other donors is decreasing. Therefore, the government should be gradually increasing allocation for testing and treatment of the disease. The implications for reduced donor funding are not clearly addressed in the budget. There is a slight projected increase in budget for FY 2020/21-2021/22 of the national TB and leprosy program. However, the amount is insufficient to supplement the needed TB budget to mitigate the inadequacies brought about by a decrease in funding. In addition, the TB screening and treatment targets for the year are projected to remain constant to get to the END TB targets.
8. **Malaria:** Malaria funding from the Special Global Funding for malaria was cut by a third during the last supplementary budget in April 2020. This is happening in a context where Malaria cases have increased by 1.5% in the last one year, let alone the current climatic trends that exacerbate the

infections. The targets for Malaria treatment remain unchanged in the proposed budget for 2020/21 even though the targets had been doubled during the first supplementary budget estimates in November 2019. This raises questions on how to track the delivery of services and spending performance and if the targets are realistic. There is an under-achievement of testing in public facilities with majority of funds inclined towards preventive measures especially in the endemic areas. More funds should be allocated to diagnostics measures.

9. **Immunization**: The Government budget allocation for immunization remains low; less than 20% of total expenditure and half of total requirements. In fact, government contribution has stagnated since 2016/17 in face of increased need as more vaccines were introduced during that period. Therefore, the government should commit to payment of the Global Alliance for Vaccine Initiative (GAVI) co-financing by incrementally allocating budget to cover the funding gaps that will be left by donors exiting.
10. **Reproductive and Maternal Health**: Increase funding on Reproductive, Maternal, Neo-natal, Child and Adolescent Health (RMNCAH) to ensure access to quality maternal and newborn health services, family planning and immunization. We recommend that the allocations to national referral services are reduced by 15%, and the figure added to RMNCAH. This will improve focus on addressing the leading causes of death among children under five years, the rise of teenage pregnancies and new HIV/AIDs infections among adolescents and youth. There are calls for the government to set aside funds to procure family planning commodities, support immunization services, equip primary healthcare facilities to provide quality maternal and newborn health services, support school health programmes and remunerate Community health care workers who are key in provision of primary healthcare.
11. **Non-Communicable Diseases**: The PBB should refer to the Medium-Term Plans. If not, the budget becomes disconnected from the medium-term decisions. In addition, the PBB funding for NCDs is solely focused on cancer testing and treatment, a welcome proposal. However, the sub-programme should include all other sub-programmes and go beyond cancer. They include obesity, diabetes, hypertension, nutrition, tobacco and alcohol abuse among others under NCDs. This is in line with the Health Sector Working Group report and they have budgetary allocations and performance data of the same. The PBB should also respond to the emerging issues such as COVID-19 pandemic, as there is an anticipated increase on mental illnesses as a result of anxiety.
12. **Health Research and Development**. The National Assembly should consider redirecting the resources used in elementary training and capacity strengthening for KMTC to KEMRI for increased financing. This would save up to 50% of the resources currently used to run KMTC, as 50 percent is funded through AIA. Like other learning institutions with medical-related faculties, KMTC budget should also be considered under the Ministry of Education and focus the HRD budget to research and innovations.
13. **Water and Natural Resources:** Project implementation and budget execution, in general, should be accelerated, and the underlying challenges hampering progress be effectively addressed. Addressing these challenges is equivalent to, as a starting point, timely and adequate disbursement of funds to the Ministry and limiting the dependency on foreign funding for projects.
14. **Housing:** There is need to match financial and non-financial information in terms of indicators/targets for the department of housing and urban development. There is no specific funding

for social housing units, yet the PBB provides performance indicators and targets for the project . This is a priority area for the Big Four and funding should be clear for ease of tracking.

15. **Trade and Industry:** Indicate the number of beneficiaries receiving credit in order to promote accountability and transparency in the disbursement of the credit to SMEs. Further, the responsibility of the disbursement of funds should rest with the Kenya Industrial Estates.
16. **Education:** There is need to address funding to the State Department for Early Learning and Basic Education. Funds to this state department have increased by only one percent, which is not enough. The sector has been impacted by COVID-19 and needs more resources to ensure continuity in learning. The following programmes are underbudgeted: School health, Nutrition and Meals (School Feeding Program), ICT capacity development and Special Needs Education. Take note of targets, indicators and their budgetary allocations which have not been consistent.
17. **Persons with Disabilities**: According to the Census 2019, about 1 million Kenyans aged 5 years and above are living with a disability. This is a large population of Kenyans with special needs. Planning and budgeting should not ignore these needs. The PWDs cash transfer programme should be expanded into a universal disability benefit for all persons with severe disabilities (PWSD) who are not in receipt of the Inua Jamii Senior Citizens Scheme. It should increase the slots to 94,000 in 2020/2021 and as projected for 2022/2023.
18. **Agriculture and Food Security:** Funding gaps in the sector that have been presented by COVID-19 and natural calamities (drought, heavy rainfall and locust invasion) ought to be addressed to ensure that County Governments receive adequate support to combat food insecurity.
19. **Youth Empowerment:** Parliament should increase the allocation to the Youth Employment and Enterprise Fund as a response measure for COVID-19. The programme was allocated only Ksh 145 million, already a reduction of 15 percent compared to 2019/20. This is a priority response area to the economic impact of Covid-19 and the National Assembly should allocate more resources to get the fund up to at least Ksh 500 million.

Detailed Submissions

Contents

Public Debt and Budget Financing

Introduction

Kenya has already been ranked at high risk of debt distress by IMF[1] due to the impact of COVID-19 pandemic. The disease is worsening the existing vulnerabilities, specifically, the limited fiscal space occasioned by revenue shortfalls amid rising expenditure pressures. The country has consistently failed to meet its revenue targets due to unrealistic revenue projections.

This has led to in-year borrowing and may also imply foregoing services equivalent to the amount of revenue that has not been met. Ordinary revenue is expected to decline in the FY 2020/21 due to the impact of the COVID-19 pandemic on economic activities and the tax measures being implemented to cushion Kenyans from the effects of the pandemic.

The executive arm of the national government on the other hand has fueled growth in government expenditure leading to the widening fiscal gap. The government is accumulating more debt to support its response to COVID-19. It has already received a $739 million loan from the IMF[2] and $50 million from the World Bank.[3] Additionally, National Treasury established the COVID-19 Emergency Response Fund which is mostly financed through donations from well-wishers and is managed separately from the Consolidated Fund. However, these resources are not adequate to mitigate the COVID-19 crisis. National Treasury must use all means to protect and boost its limited resources in order to slow down, stop the pandemic and avert economic collapse.

Submission Summary

The amount repaid as public debt is increasing amid reduced revenue collections owing to the recent tax laws amendments and a large government expenditure fueled by the executive arm.

The National Treasury needs to make available additional financing for COVID-19 response by:

i. Seeking debt relief from all its creditors.

ii. Adjusting the national budget 2020/21 FY to curb non-priority expenditure including suspension of non-essential large infrastructure projects while being cautious not to divert spending from existing essential health services and other crucial needs.

iii. Prioritizing economic stimulus/relief through the national budget to address immediate health needs, income needs and recovery from the pandemic specially to cushion small businesses in the informal sector worst hit by the pandemic.

Detailed facts

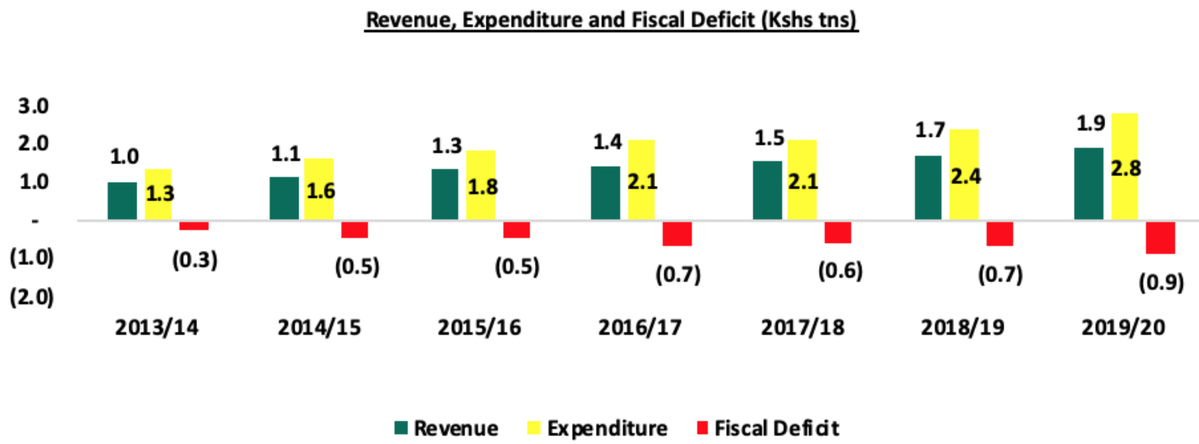
1. **Kenya's Current Debt Levels and Debt Profile**

[1] https://www.imf.org/en/Publications/CR/Issues/2020/05/11/Republic-of-Kenya-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-49405

[2] https://www.imf.org/en/News/Articles/2020/05/06/pr20208-kenya-imf-executive-board-approves-us-million-disbursement-address-impact-covid-19-pandemic

[3] https://www.worldbank.org/en/news/press-release/2020/04/02/kenya-receives-50-million-world-bank-group-support-to-address-covid-19-pandemic

Year on year, the national budget has continued to grow, with total expenditure growing at a 6-year Compound Annual Growth Rate (CAGR) of 16.6 percent to an estimated Kshs 2.8 trillion in FY 2019/20 according to the 2020 Supplementary II budget estimates, from Kshs. 1.3 trillion as at the end of FY 2013/14. Revenue growth on the other hand has grown at a slower 6-year CAGR of 13.1 percent to an estimated Kshs 1.9 trillion in FY 2019/20, from Kshs 1.0 trillion as at the end of FY'2013/14. The faster rise in expenses, compared to revenue collected has seen the fiscal deficit widening from Kshs 0.3 trillion (equivalent to 5.6 percent of GDP) in FY 2013/14 to a projected Kshs 0.9 trillion (equivalent to 8.0 percent of GDP) in FY'2019/20 as per the 2020 Supplementary II budget estimates as highlighted in the chart below:



Source: National Treasury

An in-depth analysis of government's expenditure indicates that it has largely been fueled by the executive arm as indicated in the table below.

Government Expenditure	**2019/20**	**2020/21**
Executive	1,947,873	1,778,133
Judiciary	19,202	18,051
Parliament	39,889	36,222
National Government	**2,006,964**	**1,832,406**
Consolidated Fund services	550,063	574,650
County Governments	316,500	316,500
Total	**2,873,527**	**2,723,556**

Source: Budget Policy Statement, 2020 – The National Treasury

Kenya's public debt level has increased to unsustainable levels in the past 5 years from 50.2 percent of GDP in 2015 to an estimated 61.7 percent of GDP in 2019. This is as a result of high deficits mainly due to large capital-intensive infrastructure projects. The budget deficit projected at 7.3 percent of GDP will worsen due to reduction in fiscal revenues and increase in expenditures to fight the spread of COVID-19 and to limit its impact on the economy and the vulnerable. The projected fiscal deficit will be financed by external financing and domestic borrowing estimated at Kshs. 835.9 Billion in the Budget Estimates for 2020/21.[4]

Table 5: Financing of the fiscal deficit

In Kshs. Billion				
	2017/2018	**2018/2019**	**2019/2020***	**2020/2021**
Fiscal Balance (commitment basis excl. grants)	-623.9	-732	-874.2	-859.3
Grants	27.6	19.7	34.5	36.1
Of which: Project grants	22.9	15.4	22.8	33.1
Fiscal Balance (incl. grants)	-596.3	-712.3	-839.7	-823.2
Adjustment to Cash Basis	-34.7	8.7	0	0
Fiscal Balance (incl. grants) Cash Basis	**-631**	**-703.6**	**-839.7**	**-823.2**
Financing	**631.2**	**721.2**	**839.7**	**823.2**
Net Foreign Financing	354.9	414.6	349.9	349.75
Project loans	180.8	222.3	219	241.55
Programme and other concessional Loans	8.5	84.8	246.2	152

Source: Parliamentary Budget Office

The country's economy has been driving on the wheels of debt especially in development projects, with the total national debt as at January 2020 standing at Ksh. 6.2 trillion. This is has so far gone up since COVID-19 pandemic struck. We have seen a gradual rise in risk from low in 2017 to moderate in 2018 and now IMF has raised Kenya's risk of debt distress to high at 61.7 percent of GDP, nearing a debt crisis. This comes at a time when the country is struggling financially due to the health crisis and tremendous debt obligations estimated at Kshs. 904.7 billion in FY 2020/2021[5] falling due.

Table 10: Public Debt Servicing Expenses

Interest Payments	FY 2018/2019	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Interest - Internal Debt	285,607	301,812	308,424	370,430	382,588	385,662
Interest - External Debt	114,374	131,868	154,684	166,821	173,950	183,692
Sub-Total	399,981	433,680	463,108	537,251	556,539	569,354
Redemptions Payments						
Redemption - Internal Debt	220,352	213,691	261,955	246,810	336,623	357,165
Redemption - External Debt	250,283	121,477	179,640	239,393	257,612	258,457
Sub-Total	470,635	335,168	441,595	486,203	594,235	615,622
Public Debt Service Expenses	870,616	768,848	904,704	1,023,454	1,150,773	1,184,975

Source: FY 2019/20 Budget Estimates & FY 2020/21 Printed Budget Estimates

[4] http://www.parliament.go.ke/sites/default/files/2020-05/Estimates%20of%20Revenue%20and%20Expenditure%20for%20202021.pdf
[5] http://www.parliament.go.ke/sites/default/files/2020-05/Estimates%20of%20Revenue%20and%20Expenditure%20for%20202021.pdf

2. **Public debt servicing as a percentage of Tax Revenue**

Financial Year	**Tax revenue (KES Billions)**	**Public Debt Servicing (KES Billions)**	**Public debt servicing/Tax Revenue (%)**
2013/14	893.38	227.58	25.47
2014/15	1,001.43	416.23	41.56
2015/16	1,108.17	421.85	38.07
2016/17	1,253.46	435.72	34.76
2017/18	1,311.69	517.16	39.42
2018/19	1,440.21	826.20	57.37
2019/20 (1st Half)	779.32	416.46	53.44

Source: Kenya Gazette, Statement of Actual Revenues and Exchequer Issues for 2014 – 2020

Further, an analysis of public debt repayment expressed as a percentage of tax revenue over the period 2013/14 to the first half of the FY 2019/20 indicates that public debt repayment as a percentage of tax revenue has more than doubled. This implies that less tax revenues are being used to provide services such as health and education. In FY 2013/14, the country used 25.47 percent of its tax revenue to repay debt, a figure that increased to about 57.37 percent in FY 2018/19. In the first half of FY 2019/20, the country used 53.44 percent of its tax revenue to repay its debt.

Public debt growth rate

Item	2019/20	2020/21	Growth	Rate
Redemption (KSH in Bn)	335.17	441.60	106.43	31.75%
Interest (KSH in Bn)	433.68	463.12	29.44	6.79%
Total Public debt (KSH in Bn)	768.85	904.70	135.85	17.67%

Source: National Treasury - Programme based budget, 2020/21

In the current FY 2020/21, revenue collections are likely to decrease owing to the recent tax laws amendments. On the contrary, public debt repayments will increase by 17.67 percent from Kshs. 768.85 billion in FY 2019/20 to Kshs. 904.70 billion in FY 2020/21. This implies that Kenya's public debt environment is likely to worsen, especially now that the country is at a high risk of defaulting in the repayment of its external debt

Proposition

1. The government should seek debt relief because these obligations are pressing hard on the country's ability to effectively handle COVID-19 crisis.
2. The government should then adjust the national budget 2020/21 FY to curb non-priority expenditure, including suspension of non-essential large infrastructure projects, while being cautious not to divert spending from existing essential health services and other crucial needs.
3. The government should reduce on its executive recurrent expenditure which takes up a huge proportion of the government's expenditure.
4. The government should prioritize economic stimulus/relief through the national budget to address immediate health needs, income needs and recovery from the pandemic specially to cushion small businesses in the informal sector worst hit by the pandemic.

Conclusion

So far, contributions have been made towards addressing the COVID-19 pandemic amounting to about KSH. 181,104,172,350[6] and this is including loans that government has pursued from IMF towards this cause. This amount, together with supplementary budget allocations being done towards the health sector, will go a long way in addressing the pandemic and the effects it has brought about. However, the government should put in place measures to ensure transparency and accountability in the use of these funds. This is to seal any loopholes for corruption and misuse, and ensure that the funds are used effectively for the proposed purpose.

The economic effects caused by COVID-19 shall be felt long after the pandemic is contained. To this effect, we propose that the government puts on hold further borrowing, particularly towards addressing the pandemic. Government should instead ensure strict transparency and accountability measures in place for the effective management of the amounts already donated and realigned towards the health sector to effectively address the sector.

This will give a chance for the country to recover economically from the negative effects that have been caused so far and as well give it a chance to meet its other budgetary commitments. It is therefore important for the government to avoid incurring more debt during this period. The reduction of the executive recurrent expenditure is also likely to reduce the country's fiscal deficit which in turn is likely to reduce public debt stock, maintaining it within sustainable levels.

[6] https://actionfortransparency.org/covid-19/aid/

Universal Health Coverage

Introduction

Since 2018, the Government has been implementing policies and programmes under the Universal Health Coverage Pillar (one of the Big Four Agenda). The primary goal of these initiatives is to increase access to quality health care and reduce medical costs incurred by Kenyans (see table 1 below),

Table 1: Key deliverables of UHC for next 5 years as per BPS 2018

✓ 9M covered by Kes 32B formal member contributions ✓ 12M covered by Kes 28B informal member contributions ✓ 50% reduction in out-of-pocket medical expenses ✓ 10 referral Hospitals ✓ Roll out UHC to all counties in a phased approach (initial 4 counties, then to the others, based on lessons learnt) ✓ 4 new comprehensive cancer centres ✓ 1 centre of excellence for kidney health ✓ 21 additional hospitals equipped with surgical Theatres, Radiology and Dialysis Equipment ✓ 50% increase in ratio of health worker to 10,000 people (from 9:10K to 14:10K) ✓ Finance 1.79M elderly (+70years) ✓ Cover 1.5M poor households ✓ 1.36M under Linda Mama ✓ Achieve Universal Health Coverage with target of 85% in 2020, 99% in 2021 and 100% in 2022

Source: BPS 2018

To understand how the Ministry of Health implements the UHC programme besides other core mandates as stipulated in the constitution, we will focus on the:

- **Programme:** Health Policy, Standards and Regulations,
- **Sub programmes**: Health Policy, Planning & Financing and Social Protection is where majority of the UHC programmes are harboured.

Submission Summary

1. **Based on the recent inconsistent supplementary reallocations towards the Ministry of Health,** it is not clear how the planned outcomes of the UHC programmes were affected considering that the targets never changed.
2. **While comparing PBB estimates FY 2020/21 and supplementary budgets II FY 2019/20,** some of the targets within UHC sub-programmes (Health Policy, Planning & Financing and Social Protection in Health) increased despite their allocations declining.
3. **The Budget estimates FY 2020/21** indicate that there is an overlap of UHC activities within the two sub-programmes highlighted above.

4. **Phase I implementation ('UHC Pilot') was launched in December** 2018 for a period of 1 year (up to October 2019) through signing of Intergovernmental participation agreement (IPA) that spelt roles of the 4 target counties (Kisumu, Isiolo, Machakos and Nyeri). The budget didn't clearly outline the programmes and sub programmes that implemented the UHC pilot phase.
5. **In a bid to scale up full UHC, another IPA was signed in January 2020** targeting four more counties (Elgeyo Marakwet, Narok, Kajiado and Kiambu). It is not clear what informed the decision considering that the Lessons-Learnt Report has not yet been developed.

Detailed facts

a) **Analysis of the supplementary budgets I FY 2019/20 indicate that the overall health budget increased by KSh.22.9 billion**. Allocations towards the sub-programme: Health Policy, Planning & Financing increased by Kshs 17 billion while the No. of households targeted for vulnerable persons accessing subsidized health insurance remained unchanged at 190,000 compared to the printed estimates.

Conversely, in the second supplementary estimates, health budget decreased by Ksh 12.2 billion. Allocations in sub-programme: Health Policy, Planning & Financing reduced by Ksh 8.4 billion while the above target remained unchanged. Fiscal impact analysis of how the reallocations affected the planned UHC outcomes would help make informed decisions on FY 2020/21 allocations.

b) **Given the above examples of sub-programmes,** PBB estimates FY 2020/21 indicate that the number of households targeted for vulnerable persons accessing subsidized health insurance will expand to 195,000 compared to 190,000 in supplementary budget II FY 2019/20.

This increase is not justifiable since the planned allocation for the sub-programme in FY 2020/21 will be Ksh 22.9 billion compared to Ksh 24.9 billion in the supplementary budget II FY 2019/20. (We would expect such targets to be revised downwards to reflect the reduction in allocation).

c) **Under the programme Health Policy, Standards and Regulations, there are two sub-programmes:** Health Policy, Planning & Financing and Social Protection in Health which share similar ***key outputs*** (Increased access to health services through subsidies), ***key performance indicators*** (No. of households for vulnerable persons accessing subsidized health insurance) and ***targets*** (195,000).

This could lead to duplication of roles and consequently waste public resources.

d) **A total of Kshs.3.97 billion was invested in the Pilot Phase I (See Table 2 below).** However, it is not clear how these funds were captured in the budget; either through supplementary budget FY 2018/2019 or BPS 2019.

Table 2: Allocations towards the UHC programme in the pilot counties. (Ksh Millions)

	Public Health Services Allocation	Community Health Services Allocation	Health Systems Strengthening Allocation	Basic and Specialized Services Allocation	Total
Isiolo	4	21	141	560	726
Kisumu	4	133	118	621	876
Machakos	4	136	106	541	788
Nyeri	4	93	113	570	781
Specialized services (Pilot Counties referral to L6 Facilities)	-	-	-	-	800
Total					3,970

Source: Health Sector Working Group Report 2020/21-2022/2023

e) Analysis of the BPS 2018, 2019 & 2020 and PBB June 2018, 2019 & 2020 does not evidently indicate which programmes or sub-programmes will implement the full county roll-out of UHC.

Proposition

a) **Parliament should examine how UHC targets are affected whenever there is a change in allocation.** This can be derived from fiscal impact analysis to eliminate possibilities of over/under funding sub-programmes.

b) **Since the delivery units implementing UHC are different,** Parliament should seek clarity on the duplication of activities under the sub-programme: Health Policy, Planning & Financing and Social Protection in Health.

However, if it's a collective responsibility of the delivery units to achieve similar outputs and targets, then it should be clear.

c) **Parliament should ensure no more monies** are allocated towards the full roll-out of the UHC phase until the Lessons-Learnt report is submitted.

d) **Based on the key deliverables under UHC as set out in BPS 2018 (see table 1 above),** parliament should be able to track the implementation progress for informed allocation decisions in FY 2021/21.

e) **Parliament should ensure that the programmes/sub-programmes** set to implement Health's core mandates and UHC programmes are distinct and separate within the budget estimates FY 2020/21. This will be crucial for tracking and monitoring implementation.

Conclusion

In view of the global health pandemic, the government will be compelled to expedite the implementation of UHC programmes that mitigate the spread of the disease by ensuring each citizen can access free of charge testing and treatment without incurring out of pocket medical expenses.

That said, parliament should consider above recommendations since they will guide on allocation decisions while keeping track of the implementation roadmap.

Global Fund Financing for TB and Malaria

i. **Tuberculosis Budget Analysis**

Introduction

Tuberculosis is one of the world's deadliest communicable infections. Kenya has been identified as one of top 4 high burden countries in Africa, with the disease killing an estimated 60 people a day. Due to the middle-income status assigned to the country, overall external TB funding is expected to drop over the next few years as the country takes up more financial responsibility in addressing the pandemic.

Submission Summary

1. The following points are to be highlighted:
    - The Global fund and donor funding for TB in general is declining. However, the TB screening and treatment targets for the year are constant to get to the END TB targets. The implications for reduced donor funding are not clearly addressed in the budget.
    - There is a slight estimated projected increase in budget for PBB FY 2020/21-2021/22 for the national TB and leprosy program. The amount is insufficient to supplement the needed TB budget to mitigate the inadequacies brought about by a decrease in funding.
    - With the reduced GF funding there is a need to be frugal with the little amounts that have been allocated to the National TB and Leprosy Program, using lessons learnt from the COVID 19 response.

Detailed facts

1. The GF estimates the funding drop for 2020 and 2021 to be about Kenya Shillings 1.3 billion/13 million USD. While recurring budgets FY 2020/2021 estimate that there will be a slight increase of approximately Kenya Shillings 150 million allocated to the NTLP, this will however not mitigate the effects of reduced financing from GF. This is shown below in the NTLDP report on donor funding.

PARTNERS/YEAR	2019/20	2020/21	2021/22	2022/23
GLOBAL FUND	767,770,872	500,292,117		
AMREF GLOBAL FUND	1,045,716,840	559,426,834		
USAID/TB ARC 2	429,704,816			
CLINTON HEALTH (CHAI)	34,000,000	17,000,000		
TB REACH	38,000,000			
CDC/PEPFAR	8,000,000			
WHO	15,000,000			
GOK COUNTER PART	195,000,000			
GOK MOH	100,750,000			
AVAILABLE FUNDING	2,345,935,788	824,028,517		
AMOUNT REQUIRED	6,243,717,855	6,087,323,650	6,028,678,350	5,743,315,350
FUNDING GAP	**3,897,782,067**	**5,263,295,133**	**6,028,678,350**	**5,743,315,350**

2. National estimates in the recurrent budget FY2020/21 in the table below only increases the funding by about 12% of the estimated funding drop by GF. This does not match the expected funding needed to sustain TB-related activities in line with the End TB Strategy. These savings could be up to or more than Kenya shillings 28 million a year. According to the TB patient cost survey, it is estimated that the cost of treating a TB patient is Kes 25,000. The savings could enroll up to 1000 or more new patients on TB medication

1081009400 National Leprosy and Tuberculosis Control.				
1081009401 Headquarters				
2210200 Communication, Supplies and Services	25,500	74,571	75,755	76,013
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	54,400	53,900	54,944	55,493
2210500 Printing , Advertising and Information Supplies and Services	14,237	63,287	64,379	64,523
2210800 Hospitality Supplies and Services	10,093	59,872	60,194	60,296
2211100 Office and General Supplies and Services	28,687	77,500	78,974	79,264
2211200 Fuel Oil and Lubricants	472,500	466,700	477,225	481,998
2211300 Other Operating Expenses	1,000,000	787,500	810,000	820,100
Gross Expenditure.................... KShs.	**1,605,417**	**1,583,330**	**1,621,471**	**1,637,687**
Net Expenditure.. Sub-Head.................. KShs.	**1,605,417**	**1,583,330**	**1,621,471**	**1,637,687**
1081009400 National Leprosy and Tuberculosis Control				
Net Expenditure Head.........KShs	**1,605,417**	**1,583,330**	**1,621,471**	**1,637,687**

Source:

3. According to the health sector working report, the communicable diseases sub program in which the NTLDP program falls under, has had a 74.6%, 77% and 86% rate of absorption of funds as indicated by the Approved budget and actual expenditure for the FY 2016/17, FY 2017/18 and 2018/19 respectively in table 3. The increase in absorption can also be noted to be as a result of a decrease in approved budget from 6 billion in 2016, 5.5 billion in 2017 and 5.4 billion in 2018, a decline of Kenya shillings 634 Million. A 4% increase in absorption of funds from the 2018 expenditure would result in an additional Kes 200 million in the program.

Programme	**Approved Budget (Kshs. Millions)**			**Actual Expenditure (Kshs. Millions)**		
	2016/17	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
Programme 1 - Preventive and Promotive Health Services						
SP1.1 -Communicable disease prevention	6,093	5,505	5,459	4,548	4,259	4,736

Figure 3

Proposition

1. That the program considers reducing hospitality supplies and services, domestic travel and subsistence-related costs by 25%, which would affect the fuel and cost budget lines.
2. Activities should be prioritized and limited to those that contribute to programme-based budgets. There is need to ensure that activities and travel-related costs are limited to essential outcome related activities and increase uptake of virtual meetings.

ii. Malaria Budget Analysis

Introduction

The budget estimate analysis 2020/21 below focuses on malaria under the Public Debt and Budget Financing/Global Fund Financing sector. The analysis will cover a review of the budget allocation and expenditure as well as the functional achievements in the last five years (2014-2019).

Malaria situational analysis

Malaria remains a major public health problem accounting for an estimated 19% outpatient consultations based on data from the routine health information system in Kenya.7

Table 1 Disease Incidence reported in Public Health Facilities, 2015-2019

Disease incidence	2015		2016		2017		2018		2019*	
Malaria	No	%	No	%	No	%	No	%	No	%
	7,663,625	14.4	8,325,387	14.7	7,958,213	17.2	10,020,721	13.4	13,073,008	14.9

Source: Division of Health Informatics, Ministry of Health

Submission Summary

2. The Special Global Funding for malaria has been cut by a third in each delivery unit during II supplementary estimates.
3. Malaria cases have increased by 1.5% in the last one year, let alone the current climatic trends that exacerbate the infections.
4. Targets remained unchanged despite the same being doubled during the first supplementary budget estimate. This raises questions as to how to track the delivery of services and spending performance and if the targets are realistic.
5. There is an underachievement of testing in public facilities with majority of funds inclined towards preventive measures especially in the endemic areas; allocate more funds to diagnostics measures (*the Pair Sector report highlights an over achievement ACT for prevention documenting that the Malaria cases have come*

[7] Kenya National Bureau of Statistics. Economic Survey, 2018. Nairobi: KNBS, 2018. https://www.knbs.or.ke/download/economic-survey

down due to the implementation of preventive strategies (50% in last three years) yet there is an underachievement noted on testing)

6. The development expenditure estimates is heavily donor-dependent (60%) on most of its operations and procurements of essential supplies, which at best is unstable or unreliable, especially for time-bound events like procurement of medicines among others; reallocate

Detailed facts

Summary of Programmes, Key Outputs, Performance Indicators and targets for FY 2020/21 - 2022/23

Key Output	KPIs	Target 2018/19	Actual Achievement 2018/19	Target (Baseline) 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
National Malaria Program Distribution of ACTs doses enhanced	No of ACTs doses distributed to public health facilities	12,000, 000	8,776,020	6,700,000	6,800,000	7,000,000	6,300,000
Testing of Malaria cases in public health facilities increased	Proportion of suspected cases presenting to public health facilities tested (microscopy or RDT)	70%	59%	90%	95%	100%	100%
Treatment of Confirmed Malaria Cases enhanced	Proportion of Confirmed Malaria Cases treated in accordance to the Kenya Malaria Treatment	65%	97%	70%	80%	90%	100%
Malaria Prevention improved	Number of Routine Long Lasting Insecticides Nets distributed to public health facilities	1,700,000	1,800,000	1,700,000	1,700,000	1,700,000	1,800,000

Population growth is estimated at 2.7 % and based on 2009 population data. Approximately 3.6 % of the population could become pregnant in 14 counties of lake and coast endemic regions. An estimated 80% of pregnant women attend ANC. The NMCP bases SP needs on three doses for each pregnant woman attending ANC

Proposition

- Reallocate 10% funds from preventive measures to testing of malaria cases in the endemic areas
- Reallocate 5% of recurrent costs (wages and compensations) for SP therapy among pregnant women to prevent subsequent infections (*Population growth is estimated at 2.7 % and based on 2009 population data. Approximately 3.6 % of the population could become pregnant in 14 counties of lake and coast endemic regions. An estimated 80% of pregnant women attend ANC. The NMCP bases SP needs on three doses for each pregnant woman attending ANC)*

Conclusion

Parliament should consider taking over funding gaps left by development partners in strategic areas. The key areas affected by donor withdrawal include malaria, immunization, HIV among others.

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Immunization

Introduction

Immunization is an essential lifesaving intervention that every child in Kenya and every adult who needs it should have access to. The national immunization coverage has seen a decline over the last year from 81 percent in both 2017/2018 and 2016/2017 financial years to 79 percent 2018/2019. This falls short of the 90 percent target for herd immunity. This decline is likely to increase sharply due to COVID-19 related disruptions and with transition from donor funding. It is imperative therefore, that the government demonstrates commitment to increasing, sustaining, and safeguarding investments in immunization to protect the 1.5 million children requiring immunization annually and avert vaccine preventable diseases and deaths.

Immunization services are provided under:

Sub Programme: Reproductive Maternal Neo-natal Child & Adolescent Health-RMNCAH

Programme: Preventive, Promotive & RMNCAH

Delivery units

1. Kenya Expanded Programme Immunization
2. Vaccines and Immunizations
3. Health System Management

Submission Summary

- **Inadequate budgetary allocation considering Gavi transition and shrinking donor funding due to attainment of middle-income status**
  The rebasing of the country's economy into lower middle income in 2014 has resulted in changes for Kenya's eligibility thresholds for donor funding, resulting in reduction or cessation of funding for public health programmes including immunization. Kenya enters the accelerated transition phase from GAVI support in FY 2022/23 and is expected to be ultimately self-reliant by FY 2026/27. The implications for reduced donor funding are not adequately addressed in the budget. This could lead to loss of the progress that the country has made to date. Government budget allocation remains low; less than 20% of total expenditure and half of total requirements.

- **Missing allocation for Health System Management delivery unit**
  Allocation for ***1081103500: Health System Management*** is missing in the 2020/21 estimates, while in the previous years; FY2018/19 and 2019/20 estimates, it had an allocation of **Kshs. 2,600,000** in each from Gavi. The PBB does not provide an explanation for this missing allocation and how the health system management will be financed.

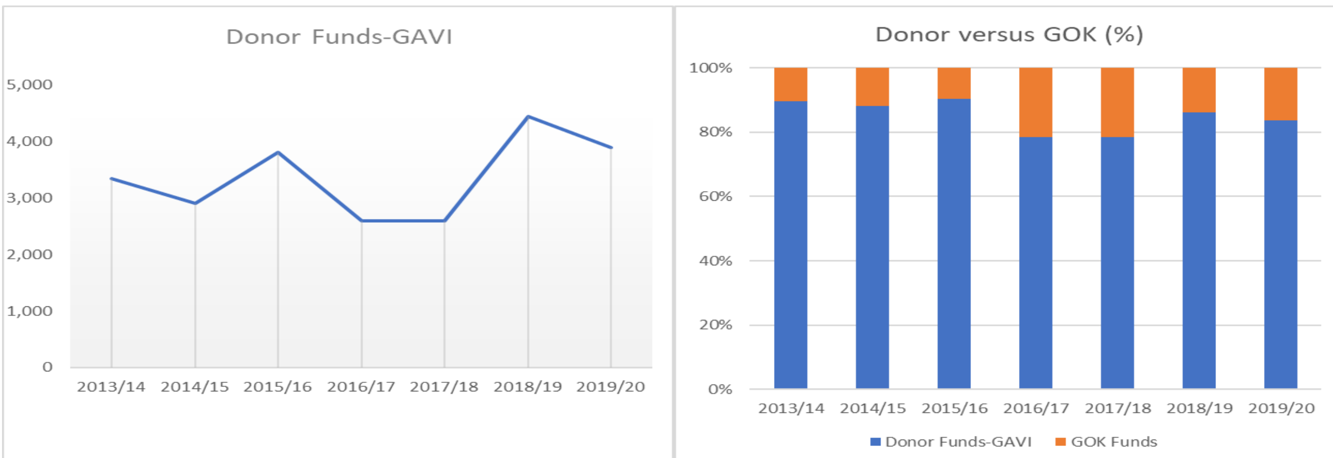
- **Declining immunization coverage**
  The national immunization coverage for 2018/2019 was 79 percent, a decline as compared to 81 percent in both 2017/18 and 2016/2017. The decline is likely to increase especially due to COVID-19 disruptions. There in need for the country to increase and strengthen focus on improving and sustaining immunization coverage and equity amid this pandemic to avert outbreaks of vaccine preventable diseases

that could overwhelm the health system. It is important to increase access to immunization services through procurement and installation of specialized vaccine storage.

Detailed Facts

a) Inadequate Budgetary Allocation while faced with GAVI Transition and Shrinking Donor Funding

Figure 1: Overdependence on donor funding



Source: Computations from 2013/14 – 2019/20 PBBs

Immunization funding is dependent on development partners as shown in Figure 1 above. The GoK contribution to vaccines and immunization services is about 20% of the total expenditure with the rest coming from donors – GAVI whose support is declining (and decline is expected to continue following the rebasing of our economy in 2014).

Table 1: Recurrent and Development Expenditure Estimates 2020/2021 For Vaccines and Immunizations Services (Kshs.)

	Approved Estimates 2019/20	**Estimates 2020/21**	**Projected Estimates 2021/22**	**Projected Estimates 2022/23**
Recurrent Net Expenditure	3,866,835	3,560,152	3,594,953	3,630,103
Development Net Expenditure	748,000,000	1,400,000,000	1,559,190,000	
Total	**751,866,835**	**1,403,560,152 (87%)**	**1,562,784,953 (11%)**	

Source: Computations from PBB, 2021,

Table 1shows increase in GOK contribution from **KShs. 751,866,835 to KShs. 1,403,560,152 in 2020/21 and is projected to increase by 11% to KShs. 1,562,784,953 after stagnation since FY 2016/17.** Development expenditure has increased from **KShs. 748,000,000 in FY 2019/2020 to** KShs1,400,000,000 in

FY 2020/2021 estimates and is projected to grow to KShs. 1,559,190,000 in FY 2021/22. Recurrent expenditure on the other hand decreasing from KShs. 3,866,835 in FY 2019/20 to KShs. 3,560,152 in FY 2020/2021 and is projected to grow to KShs. 3,594,953 and Kshs. 3,630,103 in FY 2021/22 and FY 2022/2023 respectively. The increase in government's contribution by 87 percent is highly commendable given that the previous allocations have been about half of total resource requirement. The increase is welcome especially considering increased need due to introduction of more vaccines, diminishing donor support and disruptions caused by COVID-19 pandemic. The estimates do not reveal how much can be attributed to donor contribution during FY 2020/21. There is need for GoK to take over the funding gaps left by development partners in immunization financing to avoid reversing the gains already made. Domestic public sources, particularly general revenue, are often more predictable, equitable, efficient, and sustainable than other revenue sources.

b) Missing Health System Management Delivery Unit in FY 2020/21 Estimates

Table 2: Delivery Units FY 2020/21 and FY 2019/20

Delivery Units 2020/21	**Key Output (KO)**	**Key Performance Indicators (KPIs)**	**Targets 2020/2021**	**Targets 2021/2022**	**Targets 2022/2023**
1081009000 Kenya Expanded Programme Immunization	Pentavalent vaccination coverage increased	Proportion of children immunized with DPT/ Hep + HiB3 (Pentavalent 3)	90%	90%	92%
1081105500 (Vaccines and Immunizations)	Pentavalent 3 vaccination coverage increased	Proportion of children immunized with DPT/Hep +HiB3	90%	90%	90%
Delivery Units FY 2019/20					
1081009000 Kenya Expanded Programme Immunization	Pentavalent 3 vaccination coverage increased	Proportion of children immunized with DPT/ Hep + HiB3 (Pentavalent 3)	90%	90%	81%
1081103500 Health System Management	Pentavalent 3 vaccination coverage increased	Proportion of children	90%	90%	90%
1081105500 (Vaccines and	Pentavalent 3 vaccination	Proportion of children immunized with DPT/Hep +HiB3	90%	90%	90%

Immunizations)	coverage increased				

Source: PBB FY 2019/2020 and 2020/21

Allocation for 1081103500: Health System Management unit is missing in the FY 2020/21 estimates. In the previous years, FY 2018/19 and 2019/20 estimates, it had an allocation of Kshs. 2,600,000,000 in each from Gavi (MoH-Health Sector Working Group Report, 2020). The PBB does not provide an explanation for this missing allocation and how the health system management will be financed.

c) Declining Immunization Coverage

The national immunization coverage for FY 2018/2019 was 79 percent, as compared to 81 percent in both FY 2017/18 and 2016/2017.

The decline is likely to increase especially due to COVID-19 disruptions. There in need for the country to increase and strengthen focus on improving and sustaining immunization coverage and equity amid this pandemic to avert outbreaks of vaccine preventable diseases that could overwhelm the health system. Increasing access to immunization services through procurement and installation of specialized vaccine storage.

Propositions

To realize the aspirations of the Country within the health sector during this Medium-Term expenditure Framework, the Sector will prioritize several interventions to address the challenges that hinder effective service delivery through the following recommendations:

Commit to payment of GAVI co-financing while incrementally allocating budget to cover the funding gaps that will be left by donors exiting. For this fiscal year, we ask parliament to reallocate funds from Free Primary Healthcare, **General Administration, Planning & Support.**

Services, Communicable Disease Control, and Environmental Health to immunization services to fill donor gaps and develop the capacity introduction of COVID-19 vaccine should it be found during this Period.

1. The Government should explore innovative financing mechanisms such as Joint Ventures (JV) and Public Private Partnerships (PPPs) and ensure efficiency and accountability in the utilization of allocated funds by all Sector players and especially, immunization.

2. Given that Gavi will be transitioning the function of paying for vaccines and the entire responsibility will be taken up by government of Kenya, GoK should introduce a sub-programme on immunization for ease of tracking the resources and to ring-fence the funds considering the critical nature of immunization in ensuring that the population remains healthy.

3. Considering the impact of COVID 19 on immunization services delivery and uptake, the government needs to allocate adequate funding towards catch up immunization campaigns when the situation improves including, intense community mobilization and communication for immunization uptake. A specific budget line to be established for this.

4. The government needs to allocate specific funding to support the Ministry of Health to help put in place digital information and communication technology infrastructure for immunization data. This

will ensure use of real time tracking and reporting to inform catch up immunization strategies and sustained targets for immunization coverage especially for under reached populations going forward.

Conclusion

What are likely changes if Parliament adopts these recommendation or repercussions if they are not adopted? The impact of inaction would be:

1. An overwhelmed health system due to an upsurge of vaccine-preventable diseases
2. Reversal in health indicators that Kenya has been performing well in e.g. a surge in childhood diseases
3. A weak future population that cannot contribute to the economy of the country

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Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH)

Introduction

Reproductive, Maternal, Neo-natal, Child and Adolescent's Health (RMNCAH) is an important sub-program component of the Ministry of Health. The key areas include maternal and newborn health, child health, family planning, primary health care, and immunization. Kenya has made progress in enhancing access to quality RMNCAH services. In FY 2018/19 to 2019/20 financial year, Reproductive Health realized improved performance, with the percentage of skilled deliveries increasing from 62 percent in FY 2017/18 to 65 percent in FY 2018/19, while the proportion of expectant women attending four antenatal clinic (ANC) visits has shown slight increase from 48% to 50% within the period under review.

The number of Women of Reproductive Age (WRA) accessing family planning services increased marginally from 42 percent to 43% percent between 2017/18 and 2018/19 financial years. Immunization coverage also recorded a slight decline from 81 percent to 79 percent in the two financial years[8].

Only half of pregnant women attended the recommended four antenatal clinic visits. Illnesses and death associated with pregnancy and childbirth continue to be a major concern in Kenya. The country has recorded slow progress towards reducing the high maternal mortality ratio. This has wide ramifications not only for the health of women but also the cost to the country in terms of families left orphaned and the loss of productive members. The total fertility rate in Kenya reduced from 3.9 in 2014[9] to 3.43 in 2019[10], but teenage pregnancy remains a major concern given that one in five adolescents have started childbearing. In 2017/18 there was no budgetary allocation for procurement of contraceptives, leading to persistent stock-outs. Availability of essential medicines is also a challenge in Kenya. KHFA 2018 survey revealed that availability of essential medicines for mothers nationally was only 40 percent while availability of essential medicines for children stood at 56 percent. As the ministry is facing declining external funding towards key strategic health interventions, there is need for the government to increase domestic funding for the sub-program in order to sustain access to these essential health services.

Observed Gaps

1. **Budget Cuts in 2019/20 budget**: There is an overall decline of Ksh 1 billion in the health budget financial year 2019/2020 and 2020/2021. The **RMNCAH allocation has reduced from the FY 2019/20 baseline of Ksh 6.1 Billion to Ksh 4.3 Billion, and from Kshs. 3.5 Billion to Kshs. 2.0 Billion in the MTEF period 2020/21-2022/23.** The reduction in funding has negative implications on access to RMNCAH services such as family planning/contraceptives in FY 2020/21. This therefore means that the capital expenditure that was meant to go towards purchase of equipment for Level 4 hospitals will not take place as well as Linda Mama Program.

[8] Ministry of Health (2019) Health Sector Working Group Report: Medium Term Expenditure Framework for the period 2020/2021- 2022/2023, December 2019

[9] https://dhsprogram.com/pubs/pdf/fr308/fr308.pdf

[10] https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html (source quoted in absence of government data)

2. **<u>There is no Appropriation in Aid allocation for Family Planning Maternal and Child Health Line items</u>**. In FY 2020/21, there is a reduction in the projected estimates. This begs the question how the department will provide the Family planning, Maternal and child health services.

Approved Estimate 2019/2020	Projected Estimate 2020/2021	Appropriation in Aid
59,475,255	53,527,729	0

3. **<u>Increase on the targets with reduction in budgets</u>**: The Ministry projects under the Health sector report 2020/21 to improve provision of RMNCAH services yet, overall, there is a decrease in budgetary allocation and reduction in donor funding which translates into reduced funds to provide RMNCAH services. The table summarizes targets achieved in the previous years. Setting higher targets with reduced budgetary allocation is not feasible; hence the ministry needs to explain how the targets will be achieved with a decreased budget.

Key Performance Indicators	Planned Target			Achieved Target/ Performance			Remarks
	2016/17	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**	
Proportion of Children aged 6-59months given 2 doses of Vitamin A supplement annually	80%	80%	80%	70%	70%	71%	HCW unrest led to disruption of services
<u>Key Output:</u> WRA accessing family planning Services							
Proportion of WRA accessing FP services	45%	47%	49%	46%	42%	43%	Lack of commodities and HCW unrest
<u>Key output:</u> Increased number of deliveries by skilled birth attendants							
Proportion of pregnant women attending 4 ANC visits	NA	60%	60%	52%	48%	50%	HCW unrest

4. **<u>Hindrance to family planning and the negative impact</u>:** COVID-19 Pandemic resulted in decreased funding for RMNCAH sub-program. The targets for child immunization and family planning will not be possibly be achieved, this is also attributed to previous healthcare workers' unrests, disruption of services and lack of commodities. Consequently, teenage girls and mothers are unable to access contraceptives services leading to increased unplanned or unwanted pregnancies which has a social economic impact.

5. **Effects of COVID-19 on RMNCAH**: COVID-19 pandemic resulted in a presidential declaration of a partial lock down and curfew in the country. The results were a spike in sexual and gender-based violence in homes and especially affecting the young people.
6. **No budgetary allocation for adolescent sexual reproductive health:** The FY 2020/21 health sector report recognizes that young people below 24 years comprise of 24 percent of the Kenya's population. Youths are vulnerable to child marriage, sexual violence, sexually transmitted infections and HIV/AIDS. KDHS 2009 data indicated that 47 percent of pregnancies among teenagers were unintended and 13 percent of all HIV-related deaths were reported among adolescents between 10-19 years. However, for Adolescent health there is no line item in the PBB.
7. **Improving quality and reach of maternal, newborn and child health services:** The government has set a target of increasing skilled attendance during childbirth to 72 percent in 2020/21 from 65 percent in 2018/2019. Increased funding is required to achieve this improvement considering the current impact of COVID-19 on the delivery of maternal, newborn and child health services. Already the Ministry of health is reporting reduction in utilization of services, with women delivering their babies at home under risky conditions, doubling of stillbirths and a surge in diseases such as Pneumonia[11] affecting children. This calls for increased funding for RMNCAH sub-program to ensure that the country does not suffer a double burden or the rise in existing health challenges alongside increasing impact of COVID-19.

Propositions/ recommendations

Based on the above findings therefore, we wish to make the following submissions:

1. Increase RMNCAH funding to ensure access to quality maternal and newborn health services, family planning and immunization by reducing 15 percent from the sub-programme on national referral services which should be added to RMNCAH. Addressing leading causes of death among children under five years, the rise in teenage pregnancies, HIV/AIDs new infections among adolescent and youth, calls for the government to set aside funds to procure family planning commodities, support immunization services, equip primary healthcare facilities to provide quality maternal and newborn health services, support school health programmes and remunerate Community health care workers who are key in provision of primary healthcare.
2. Create and fund a line item in adolescent health. This will tame the rise in teenage pregnancy and lower the school drop-out numbers, decrease HIV/AIDs new infection and improved well-being of the adolescents. The funds can be sourced from the RMNCAH sub-programme. In the previous years, RMNCAH sub-programme has not exhausted all allocations made as demonstrated in the table below;

	Approved budget in Millions				**Actual expenditure in Millions**			
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
0401030 Reproductive Maternal Neo-natal Child & Adolescent	8,515	1,147	2,497	3,961	6,519	1,004	4,320	

[11] http://www.msn.com/en-xl/africa/kenya/spike-in-pneumonia-cases-alarming/ar-BB11WEng?ocid=se

Health-RMNCAH								

3. Increase domestic investments to cover appropriation in aid which is not factored in 2020/21 budget estimates. This will ensure family planning commodities reach all the women and girls of childbearing age in Kenya.

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GOOD HEALTH COMMUNITY PROGRAMME

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PATH

Non-Communicable Diseases (NCDs)

Introduction

1. This submission is focusing on Non-Communicable Diseases (NCDs) under the Ministry of Health. This is in line with the realization of the rising cases of NCDs indicated at 40 percent of hospital mortality and a global menace that is progressively increasing the health burden.[12] Cancer is the third leading cause of death in Kenya and second among NCDs accounting for 7 per cent.[13] The key risk factors for NCDs include tobacco use, alcohol and lack of exercise /physical activity. The Ministry of Health, through the Medium-Term Expenditure Sector Working Group Report, has acknowledged this. It has led to the prioritization of the prevention of NCDs in measures to halt and reverse the rising burden. With the emergence of COVID 19, it is anticipated that the NCDs will escalate as a result of the effects of the pandemic. Despite the Health Sector Working Group Report clearly outlining that NCD programmes be prioritized in the next 3 years, this has not been clearly reflected in the Program Based Budget.

Submission Summary

2. The Health Sector Working Group Report identifies various sub programmes under NCDs such as Cancer, Mental Health, Tobacco and Alcohol Abuse. Unfortunately, the Programme Based Budget does not give any allocation for other NCDs other than Cancer. The MTEF and PBB do not speak to each other, hence creating inconsistencies in priorities, resource allocation and performance measurements. It would also mean that separate decisions are made through the budget and the MTEF process, and consequently the budget decisions may overlap the Medium-Term Plans.

Among the critical global health challenges facing the World today are the Non-Communicable Diseases (NCDs). Kenya's health sector strives to halt and reverse the rising burden of NCDs by tackling the burden of obesity, cancer, diabetes and Hypertension. Currently, 2 percent of Kenyans have diabetes mellitus, 27 percent are overweight or obese, 24 percent are hypertensive, and only 14 percent women 25- 49 years have ever been screened for cervical cancer. Among the risk factors include physical activity and Nutrition, Overweight and Obesity, Tobacco and Alcohol use. To mitigate these emerging threats, the Country is in the process of fully equipping its National Referral Hospitals and the establishment of additional four regional cancer treatment centres in Mombasa, Kisii, Kisumu and Garissa. This is in addition to the rolling out HPV vaccination as well as cervical cancer screening across all public health facilities.

Figure 2.1 Source: Health Sector report 2019

Programme: 0401000 Preventive, Promotive & RMNCAH

Outcome: Reduced morbidity and mortality due to preventable causes

Sub Programme: 0401020 Non-communicable Disease Prevention & Control

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1081000200 Headquarters Administrative Professional services	health Interventions enhanced	Number of women of reproductive age screened for cervical cancer	500,000	550,000	600,000
1081017500 Cancer Management Board	Cancer information platforms established in National and County levels	Number of National & County cancer registries established	12	31	47
1081106100 Establishment of Regional Cancer Centers	Comprehensive cancer center established	Number of comprehensive cancer centers established and completed	1	1	1

Figure 2.2: Source: PBB 2020/21

[12] https://www.treasury.go.ke/component/jdownloads/send/211-sector-reports/1489-health-sector-report-draft.html

[13] http://kehpca.org/wp-content/uploads/KENYA-NATIONAL-CANCER-CONTROL-STRATEGY-2017-2022.pdf

3. NCDs budget estimates increased by KShs. 71.88 million. That is a 17 percent increase from the FY 2019/2020 estimates as shown in Figure 3.1 below. The budget allocations acknowledge that there shall be a rising burden on NCDs, however as shown in **Figure 2.2 above**, they concentrated on cancer without cushioning for other NCDs like Mental health illnesses, High Blood Pressure, Diabetics, Asthma and other chronic conditions. The focus on cancer is on cervical cancer screening yet prostate cancer, breast cancer and leukemia are on the rise.

Health Programmes and SubProgrammes	Approved Budget (Ksh Million)			FINANCIAL YEAR 2018/2019	FINANCIAL YEAR 2019/2020	FINANCIAL YEAR 2020/2021
	2015/16	2016/17	2017/18	2018/2019 Estimates	2019/2020 Estimates	2020/2021 Estimates
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
0401020 Non-communicable Disease Prevention & Control	632	252	236	435	424	496
Increase or Decrease from previous years		(380.00)	(16.00)	198.92	(10.80)	71.88
Percentage increase or decrease from previous years		**-60%**	**-6%**	**84%**	**-2%**	**17%**

Figure 3.1 Source PBB 2015/16 to 2020/2021

4. PBBs should provide classification of expenditure. In the expenditure estimates under the sub programme NCD, it provides a summary of estimates by economic classification as shown below in Figure 3.2. It also refers to use of goods and services in both capital and current expenditure yet there is no narrative or breakdown giving indication what these goods and services are. This is observed over the years from FY 2016/17 to FY 2020/2021.

0401020 Non-communicable Disease Prevention & Control

Economic Classification	Baseline Estimates	Estimates	Projected Estimates	
	2019/2020	2020/2021	2021/2022	2022/2023
	KShs.	KShs.	KShs.	KShs.
Current Expenditure	**22,611,721**	**96,711,286**	**96,797,400**	**96,901,848**
2200000 Use of Goods and Services	8,611,721	6,711,286	6,797,400	6,901,848
2600000 Current Transfers to Govt. Agencies	14,000,000	90,000,000	90,000,000	90,000,000
Capital Expenditure	**400,000,000**	**400,000,000**	**400,000,000**	**400,000,000**
2200000 Use of Goods and Services	40,000,000	40,000,000	40,000,000	40,000,000
3100000 Non Financial Assets	360,000,000	360,000,000	360,000,000	360,000,000
Total Expenditure	**422,611,721**	**496,711,286**	**496,797,400**	**496,901,848**

Figure 3.2 Source: PBB 2020/21

5. The Programme Based Budget (PBB) has an allocation for Social protection in health. However, it does not indicate as to what it entails; there are no budget lines attached to this. *(0405070 Social Protection in Health) as NCD is a real threat for* vulnerable groups including households with orphans and vulnerable children, people with severe disabilities and older persons
6. A shown below in Figure 6.1, we observe that in FY 2015/16 to FY 2018/19 there are estimates provided for the 'Compensation of employees' while in FY 2019/2020 and 2020/21 no amounts are allocated. Looking at the targets and indicators in Figure 2.2, it refers to employees who will be screening for cervical cancer and centres that will be established that also require human resources. The budget for FY 2020/21

has not allocated any financial resources to cater to the employment of those human resources. The narrative also does not provide any indication under which sub-programme these monies are allocated to.

0401020 SP. 1.2 Non-communicable Disease Prevention and Control						
	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates
Economic Classification	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2021
Compensation of employees	4,128,000	5,022,636	10,800,000	10,800,000	0	0

Figure 6.1 Source PBB 2015/16 to 2020/21

Recommendations for NCD

7. The PBB should refer to the Medium-Term Plans. If not, the budget becomes disconnected from the medium-term decisions. In reference to Figure 2.1 above, the PBB should include all the other sub programmes including obesity, diabetes, hypertension, nutrition, tobacco and alcohol abuse among others under NCDs in line with the Health Sector Working Group report. There should also have budgetary allocations and performance data of the same. The PBB should also respond to the emerging issues such as COVID-19 pandemic, as there is an anticipated increase in mental illnesses as a result of anxiety.

8. Given the breakdown of the goods and services in Figure 3.2 above, the budget documents talk about use of goods and services yet there is no indication what this entails. They should also provide a narrative indicating the budget allocations for the 'compensation of employees' under NCD sub-programme. [14].

9. Performance data should provide data that is referenced or being measured against or compared to future data collected in form of baselines. In reference to Figure 2.2 above, we recommend detailed baselines, targets and indicators including past and actual performance this will enable partners /stakeholders to identify the line items for accountability purposes.

10. Over the years, we observe a challenge on reduced absorption of resources from 30 percent in FY 2017/18 to 17 percent in FY 2018/19 as shown in figure 10.1 below. There is therefore the need to strengthen and support various departments to utilize allocations to counter the challenges the ministry encounters in terms of service delivery.

Ministry of Health									
Sector	Revised gross recurrent estimates	Recurrent Expenditure	Percentage Absorption of recurrent expenditure againt gross estimates	Revised gross Development Estimates	Development Expenditure	Percentage Absorption of development expenditure againt gross estimates	Revised Total Gross Estimates	Total Expenditure	Percentage Absorption of total expenditure againt gross estimates
2014/15	29.3	24.7	16%	24.8	13.5	46%	54.1	38.3	29%
2015/16	29.2	25.2	14%	32.5	17.1	47%	61.7	42.3	31%
2016/17	35.7	29.8	17%	41.7	27.2	35%	77.4	57.0	26%
2017/18	38.6	32.0	17%	36.8	20.4	45%	75.3	52.4	30%
2018/19	53.2	50.8	5%	39.2	25.8	34%	92.5	76.6	17%

Figure 10.1 Source PBB and Sector Reports 2014/15 to 2018/19

[14] https://www.internationalbudget.org/wp-content/uploads/Program-Based-Budgeting-in-Kenya.pdf

11. Under the Development Vote, there is an allocation for Mathari National Teaching and Referral Hospital. The facility is classified under other National Referral facilities yet it has not been accredited as a level 6 facility, with its budget held at the Ministry. It would be important to make the facility a semi-autonomous facility like the other facilities of that level, to enable direct channeling of resources. Improvement of its facilities will help meet the set target of increasing the number of clients who access both inpatient and outpatient specialized mental health services.

Programme:	0402000 National Referral & Specialized Services
Outcome:	Increased access, quality and range of specialized health services
Sub Programme:	0402010 National Referral Services

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1081001800 Mathari National Teaching and Referral Hospital	Access to specialized health services improved	No of patients receiving in- patient mental health services (occupied bed days)	330,882	347,427	350,000

Figure 11.1 Source PBB 2020/21

Conclusion

12. If the government funds preventive NCD programs directly, this will halt and reverse the rapid increase of NCDs and hence reduce the health burden affiliated i.e. cost of treating cancer and other NCDs.

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Health Research and Development

Introduction

The Kenya Vision 2030 strategies include the development of research in universities and research institutes, as well as the provision of an efficient and high-quality health system that adapts evidence-based best practices. Investment in research and development guarantees development of affordable health technologies that reach the people that need them the most.[15]

This submission focuses on the Health Research and Development Programme under the Ministry of Health. The Programme aims at increasing knowledge and innovation through capacity building and research with the objective to increase capacity and provide evidence for policy formulation and practice guidelines. It is further divided in to two sub-programmes, Capacity Building and Training and Research and Innovations on Health.

Submission Summary

1. The programme continues to invest more resources to capitation in place of research and innovations. The National Assembly should consider increasing financing for research and innovation through KEMRI by redirecting the resources used on training and capacity strengthening under KMTC.
2. Inadequate financing for health research leads to low levels of impact towards improving technological and pharmaceutical development which should be in line with the programme objectives. Analysis of the budget estimates reveals that only 37 percent of the sector requirement for Health Research and Development Programme has been funded for 2020-21 FY which has also been the average allocation against requirement over the last three years.
3. Failure to provide baseline indicators in the budget estimates and inconsistency between targets set in the health sector report and the Budget Estimates. This makes it hard to assess the credibility and reasonableness of the new targets against the allocation. Additionally, despite a Kshs. 7.4 billion financing gap in the resource requirements submission made in the sector working group report, the same indicators have been replicated in the budget estimates.
4. Health research is heavily donor driven and quite fragmented due to varying donor interests and is therefore less impactful and fails to address national priorities. There are also limited opportunities for innovators. Availing these much-needed resources would support growth, innovation and research under this programme.
5. Under the Research and Innovation sub-programme, the allocation is declining from KES171 million in 2019-20 to KES151 million proposed in 2020-21 amidst growing concerns on response to the COVID-19 pandemic and emerging global health crisis.

Detailed facts

1. **Research and capitation**

[15] https://path.azureedge.net/media/documents/APP_kenya_rd_landscape_exec_summaryr1.pdf

Research and development refers to any recurrent and development expenditure used to support extension of knowledge in any health related field such as that concerned with biological, clinical, psychological or social processes in human beings, improved methods for the provision of health services or human pathology or the causes of diseases of the effects of environment on the human body or the development or application of new pharmaceuticals medicines and other preventative, therapeutic curative agencies or development of new applications or health technology.

If this definition is anything to go by, financing for education under the health research and innovation does not meet this threshold. It is important to note that the capacity building and training takes the largest proportion of the budget whose indicators and outputs are not related to research.

Table 2: Comparative allocation for Health and Research Development Programmes

	Capacity Building and Training	Research and innovation	Total	% of Total Capacity Building	% Total Research and innovation
2016-17	3762	1835	5,597	67%	33%
2017-18	3745	2095	5,840	64%	36%
2018-19	5031	2186	7,217	70%	30%
2019-20	7271	2473	9,744	75%	25%
2020-21	7228	2699	9,928	73%	27%

Source: Health Sector Working Groups Reports

Table 1 above shows the allocation trends between the two sub-programmes. Progressively, allocation to research an innovation as a proportion of the total budget has been declining despite an increasing allocation to the programme. In the proposed budget estimates 2020-21, the program has a KES9.9 billion budget allocation, 73 percent of which will be used to fund capacity building and training. Of the KES7.2 billion under this programme, recurrent expenditure for KMTC is estimated to cost KES6.8 billon equivalent to 94% of the total sub-programme budget. On the other hand, Kes 3.8 billion will be drawn from the Appropriation in Aid while the KES3 billion balance must be funded through the exchequer.

2. **Inadequate financing to address programmes priorities.**

Table 3: Resource requirements against programmes allocation

Health Research and Development				
	Sector Requirement	Allocation	Deviations	Growth
2016-17	12,246	5,597	(6,649)	
2017-18	6,658	5,840	(818)	4%
2018-19	7,032	7,217	185	24%
2019-20	19,984	9,744	(10,240)	35%
2020-21	26,614	9,928	(16,686)	2%

Source: Health Sector Working Groups Reports

Increasingly, the financing gap between the resource requirements and the allocated budget is widening, limiting the extent to which programmes' objectives can be fulfilled. In spite of the overall Kes 1 billion decline in the budget, there is 2% growth in this programme to Kes 9.9 billion from Kes 9.7 billion. Conversely, with more sector priorities presented in the sector report, the financing gap has grown even wider revealing a Kes 16.7 billion deficit in financing. Evidently, research and development resource requirements have increased significantly, approximately 4 times higher from 2018-19. On the other hand, however, the allocation has only grown by 38 percent over the same period, with research, and innovation sub-programme growing by 23 percent while capacity building recording a 44 percent growth in that period.

3. Baseline, Targets, and Indicators

The table below shows indicators in the two sub-programmes as highlighted in the sector report and in the budget estimates 2020-21. It also includes baselines as per the sector report of 2019 which are missing in the budget estimates. This analysis reveals two concerns in these indicators.

a) In the capacity building and training sub-programme, the targets remain the same despite a Kes 7.4 billion financing gap in the budget.
b) Key outputs and key performance indicators under the research and innovation sub-programme have changed and are not coherent with the ones indicated in the sector report. Unlike in ,capacity building and training, this sub-programme has added indicators and outputs despite the Kes 9.2 billion financing gap.

Table 4: Sub-Programme Indicators

Delivery Unit	Key Outputs	Key Performance indicators	Baseline (2019-20)	Target (Sector Report)	Target (Budget Estimates)
Sub Programme: Capacity Building and Training					
	Training opportunities for health professionals availed	Number of health professionals enrolled	22,299	23,247	23,247
	Health professionals trained	Number of students graduated	17,692	19,461	19,461
	Community Health Workers Trained	Number of CHEWS trained	2,400	3,600	3600
	Customer satisfaction index	Bi-annual Customer satisfaction index			2
Sub-programme: Research & Innovations on Health					
Kenya Medical Research Institute	Evidence for policy making increased	Number of research projects conducted	12	14	14
Construction and upgrading of KEMRI Labs (Nairobi, Kwale, Busia	Research proposals on public health and health systems developed	Number of new research proposals in public health and health systems	40	44	44
Sample Storage	Specialized laboratory services conducted	Number of samples tested for Viral Loads			1,026,449

facility - KEMRI		Number of Polymerase Chain Reaction (PCR) in Early Infant HIV Diagnosis conducted			82,879
Research and Development - KEMRI	Research findings translated into products and practice	Number of medical products Developed Number of medical products sold			1 276,969

Source: Health Sector Working Groups Reports, Programme Based Budget 2020-21

4. Donor financing

Research for Health Policy Framework, 2019 points out that there is weak documentation of funds inflow from external actors in health research. There are wide disparities in research funding between different outputs. In the budget estimates 2020-21, the Ministry of Health indicates that, of the Kes 49. 6 billion overall ministry budget, approximately Kes 14.4 billion will be funded from on loans and grants. The sector report also points out that research is fragmented along donor interest lines since research agenda-setting is not linked to national priorities. There is limited accountability and impact analysis of research on the critical health needs. This has led to low impact levels on overall evidence-based decisions in policy making. The Health Act, 2017 provides that the Ministry of Health research fund shall be funded by the Exchequer and shall receive 30 percent of the National Research Fund budget. While budget estimates fail to provide for the Ministry of Health research fund, it has provided for Kes 823 million allocated to national research fund, a 51 percent a decline from Kes 1.6 billion allocated in 2019/2020. Notwithstanding, 30 percent of this, is equivalent to Kes 246.9 million, which is 61 percent more than Kes 151.6 million allocated for development expenditure in the health and innovation sub-programme.

5. Responsiveness to COVID-19

Economic classification on capital and current allocation for 2020/2021 reveals skewed allocation on current and development budgets. Of the Kes 2.6 billion allocated to research and innovation sub-programme, Kes 151 million allocated for development shall be spent on research feasibility studies, project design and preparation. While Kes 2.4 billion will be incurred on employees' compensation for salaries and allowances.

Table 5: Economic Classification in HRD sub-programmes

	Capacity Building and Training		**Research and innovation**	
	Rec. % of Total	**Dev. % Total**	**Rec. % of Total**	**Dev. % Total**
2016-17	95%	5%	98%	2%
2017-18	98%	2%	88%	12%
2018-19	90%	10%	90%	10%
2019-20	94%	6%	91%	9%

2020-21	95%	5%	92%	8%

Source: Health Sector Working Groups Reports, Programme Based Budget 2020-21

The table discloses increasing trends in allocation to current spending while the capital expenditure declines. In 2020/2021, under the research and innovation sub-programme, 92% of the Kes 2.7 billion allocated to the sub-programme is to be spent on recurrent expenses. The remaining 8% shall be used on development expenditure in upgrading KEMRI labs, in Nairobi, Kwale and Busia, fencing, and construction of sample facility. The programme fails to consider the changing priorities in response to COVID-19 pandemic. There are no changes in revamping the facilities which are massively hit by this pandemic. There are also no considerations for increasing the work-force by hiring more researchers as demand for developing a vaccine intensifies.

<u>Recommendations</u>

a. The National Assembly should consider redirecting the resources used in elementary training and capacity strengthening for KMTC to KEMRI for more increased financing. This would save up to 50% of the resources currently used to run KMTC as this 50 percent is funded through AIA. Like other learning institutions with medical related faculties, KMTC budget should also be considered under the Ministry of Education and focus the HRD budget to research and innovation within KEMRI.
b. The health committee should ensure that budget estimates presented are comprehensive and clear, estimates highlighting indicators consistent with the sector outputs and priorities. It should also provide a narrative explaining how the indicators will be affected following the financing gap in the HRD programme and present realistic indicators in line with the budget allocation.
c. The health committee should implore upon the Ministry of Health to align funding with the research priorities. The recurrent expenditure under the programme should indicate the funding and key outputs for the National Health Research Committee in Research for Health Priorities provided for in Schedule 4 of the Kenya Health Act, 2017. This is geared towards harmonizing the research priorities set nationally and by the international community. In addition, to build capacity for research and evidence-based policy decision making in the health system, it would be prudent to consider the health research financing policy and the regulations provided in the health policy framework.
d. The National Assembly should ensure that at least 30 percent of the national research fund is allocated to the health research fund. In the wake of emerging diseases globally, there is a progressive need to increase resources for research and development. The international community continues to prioritize initiatives directed to these new trends, and that has an implication in the Kenyan health system especially in the donor funded activities. development budget which should be increased to at least 30 percent of the national.

e. The National Assembly should ensure that the Ministry of Health provides incentives in development of new technologies and support for local manufacturers in pharmaceuticals. This will encourage more health researchers and innovators to develop locally made solutions to improve health outcomes and reduce the cost of importation of health products. This should also be considered against compliance to acceptable quality standards and enhancing the 7-years patenting policy on health innovations that protects entry of generic products and impedes innovation.

Conclusion

If the above recommended propositions are adopted,

a) There will be more resources to finance health research and innovation
b) It will make the oversight duty of the National Assembly more efficient to track budget expenditure against indicators and subsequent accountability and transparency in the ministry spending.
c) With the declining donor funding, adopting these recommendations will ensure that health research is not curtailed, because there are more incentives for local researchers and innovators.
d) In the wake of COVID-19, as KEMRI joins other African countries in search of a vaccine, research on other health aspects will not be halted with the expanded human and financial resources.

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Environment Protection, Water and Natural Resources Sector

Introduction

Access to clean and safe water as a basic human right is provided for in the Constitution of Kenya 2010 (Article 43). This right is, unfortunately, not a reality for quite many Kenyan citizens. For access to clean and safe water to be every citizen's reality, the starting point is budgetary allocation to programmes/projects that are geared towards provision of this essential service, that is, water supply and access to the same. However, budget allocations are only as good as the projects implemented on account of these allocations. Budget implementation for projects within the Ministry of Water, Sanitation and Irrigation, has continually been hampered by myriad challenges, budget financing and unjustified targets being among them. Slow implementation of the budget has thus resulted in incomplete projects which have either completely stalled or continue to run way beyond their expected completion timelines.

1. <u>Submission Summary</u>

- **Prioritization of Projects and Equity in Water Provision:** Almost all the projects and programmes are a continuation, some of them having been implemented without achieving the end results. The estimates are not clear on progression. The programme and project-specific non-financial targets are also not synchronized with the overall sector targets hence weak in justification. Despite a strong commitment to affirmative action in the sector reports and related blueprints, substantial investment under the water sector cover areas that already have better access to water, e.g*., Eldama Ravine, Kabarnet and Kabartonjo in Baringo County*. Lessons from emerging issues (e.g., COVID-19, Floods etc.) have not been applied in identifying priorities.
- **Budget Transparency:** Several projects and programmes, in the budget estimates, especially under WWDAs, lack sufficient details that are required of Program Based Budgets, i.e., *Nature of the project/program, expenditure, specific location, the scope of work/ number of units, number of target beneficiaries etc.*
- **Slow Budget Implementation:** According to the sector report, several projects were scheduled to end by June 2020, but they continue to be budgeted for in 2020/21 and beyond, consequently postponing the delivery of much-needed services in addition to not making way for new projects/programmes.
- **Over-reliance on loans and flow of funds:** The development budget of the water sector is heavily funded by loans. This prompts the question of whether access to water is a priority in Kenya. In 2020/2021, the Ministry of Water, Sanitation and Irrigation has estimated to get approximately half of its development budget funding from loans and grants. The proposed expenditure estimates for the sub-sector exceeds the sub-sector's expenditure ceiling set out in the 2020 Budget Policy Statement (BPS) by approximately Kes 6 billion.
- **No clear distinction between the national and county government functions in the water sector and mechanism for complementarity:** From the Budget Estimates 2020/21, there seems to be an overlap between County Governments' and National Government's functions.

2. Detailed facts

1. Notably, the proposed **expenditure estimates for the sector are not aligned** to the sector's expenditure ceiling set out in the 2020 Budget Policy Statement (BPS).

SECTOR/ VOTE/PROGRAMME DETAILS	2019/20 SUPPLEMENTARY ESTIMATES NO. 1			2020/21 CEILING			2021/22 PROJECTION			2022/23 PROJECTION		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	23,862.8	70,919.1	94,781.9	25,194.5	71,534.0	96,728.5	25,624.7	78,809.4	104,434.1	26,362.0	81,799.0	108,161.0
1107 Ministry of Water & Sanitation and Irrigation	5,480.3	61,723.9	67,204.2	6,292.0	64,655.0	70,947.0	6,420.2	72,284.4	78,704.5	6,579.0	74,441.0	81,020.0

Figure 1.1: Source: BPS 2020

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		2020/2021 - KSHS		
1109 Ministry of Water, Sanitation & Irrigation	**Total**	**6,232,606,765**	**69,777,834,883**	**76,010,441,648**

Figure 1.2: Source: PBB 2020/21

In light of decreasing revenue and rationalized donor funding (as was mentioned in the supplementary II budget estimates), we anticipate that the revenue available will be able to cover the proposed expenditure estimates which are already beyond the ceiling.

2. The targets set out for the Ministry of Water, Sanitation and Irrigation, concerning access to water services and improved sewerage connection in urban areas have no **justification** on the reality of their attainment in comparison to previous performance and allocation for the same. The Ministry, over the medium term, intends to have **75 percent of the population** have access to safe drinking water **from the current 62 percent**; and 30 percent, which is an additional one million people, with access to sewerage services. The current percentage of people with **access to sewerage services is 26 percent and moving that to 30 percent means an increase of 4 percen**t. Looking back at previous MTEF periods, the margin of increase, from the start of the period to the end, in the number of people with access to sewerage services has been declining. The decline is not to suggest that service provision is near completion, given that the percentage of the population with access to sewerage services is still below 50 percent.

Access to Sewerage Services			
MTEF Period	Start of Period	End of Period	Increase
2014/15 – 2016/17	10.2%	15%	4.8%
2015/16 – 2017/18	21.5%	25%	3.5%
2016/17 – 2018/19	24%	26%	2%
2020/21 – 2022/23 (Target)	26%	30%	4% (Anticipated increase)

Table 1: Source: PBBs 2018/19, 2019/20 and 2020/21

Further, there are no baselines provided for the financial and non-financial information contrary to the principles of program-based budgeting.

3. **Equity in water provision**: The criteria for allocation and selection of project/programme beneficiaries should adhere to the principles of equity. The projects below in the Ministry of Water, Sanitation and Irrigation have no justification or criteria by which beneficiaries have been/will be identified. There is also no clarity on how the total expenditure for these vote heads will further be disaggregated into individual projects. In the case of water for schools, how are the schools that are to benefit selected? In the case of support to equitable access to quality water, how are the benefitting areas identified despite just being known as rural areas?

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1109105100 Support to Equitable Access to quality water	Increased access to water and sanitation services in rural areas	Additional no. of people accessing water services	4,700	4,700	4,700
		Additional no. of people accessing sanitation services	3,200	3,200	3,200
1109115500 Water for Schools	Water services in public schools for domestic use improved	No. of schools connected/supplied with water	100	100	100

Figure 3.1: Source: PBB 2020/21

Since 2014, there has been a budget line for ***Support to equitable access to quality water***. However, it's not clear what criteria are used to identify locations to benefit from the funds. Also, the sector report shows that the project is donor-funded; however, from the development line-item budget, the project allocation is not composed of any external funding.

4. The issues raised in the above point regarding allocation and selection criteria also touch on budget transparency. Some notable budget lines lack these details (Nature of the project/program, expenditure, specific location, the scope of work/ number of units, number of target beneficiaries etc.) in addition to the details mentioned above include:

    - Water Services Trust Fund projects – Allocated Kesh. 40 Million. Which projects have been planned for? What are the allocation criteria?
    - Water in schools - Allocated Kesh. 350 million. The sector reports indicate that 300 million had been spent as of 2018/19. Which are these schools? How are they identified?
    - Ending drought emergency support to drought risk management
    - Drilling and equipping of boreholes (Tana Athi)- Allocated Kesh. 55 Million. The sector report shows that 22 boreholes have been drilled out of which 10 had been equipped as at the end of FY 2018/19. The question then is, where are these boreholes?
    - Floods control works
    - Water harvesting
    - Water Works Development Agencies

5. According to the sector report, several projects were scheduled to end by June 2020. However, they continue to be budgeted for in 2020-21, implying that they have and are still going beyond the planned implementation period. These include Kirandich Water Supply, Poi Community Water Supply Project, Chemususu Dam Water Supply, Itare Dam, Dongo Kundu Water Supply, just to mention but a few. Some of these projects have been implemented for extended periods without getting water to the intended beneficiaries. An instance is:

Project code &project title	Est Cost of the project (financing)			Timeline		Actual cumulative Expenditure up to 30th June 2016 (b)	Approved budget 2015/16 (c)	Expected Balance as at 30th June 2016 (a)-(b)	FY 2016/17				FY 2017/18				FY 2018/19				Remarks
	Total Est cost of project (a)	Foreign	GOK	Start date	Expected completion date				Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2017	Completion stage as at 30th June, 2017 (%)	Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2018	Completion stage as at 30th June, 2018 (%)	Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2019	Completion stage as at 30th June, 2019 (%)	
1103100600 Rehabilitation of Water and Sanitation - Kirandich Phase II	1,985	1,800	185	February-17	Dec. 2019	42	630	1,943	630	100	82	0%	100	25	136	7%	-	20	156	8.5 %	Earthworks for sewerage plant,2 No. 100m3 Tank

Figure 5.1: Source: Environment Protection, Water and Natural Resources Sector Report for MTEF Period 2020/21-2022/23

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1109100600 Rehabilitation of Water and Sanitation - Kirandich	Water supply and sewerage services	% completion of project	30	100	-

Figure 5.2: Source: PBB 2020/21

There are also projects affected by corruption, for example, Itare Dam: The Budget requirement is Kes 35 billion, while expenditure as of 2018/19 was 11.5 billion, that is, 27% complete. It was allocated Kes 100 million in 2019/20, but the dam does not have any allocation in 2020/2021 despite a projection of 2 billion. What mitigation measures has the sector put in place for such projects regarding continuing implementation? A recent site verification visit found that the quality of the initial works is fast deteriorating.

Evidently, there is also a tendency to spread resources thinly. Several projects have been allocated less than the projected/ required amounts, thus pushing the completion timelines further from the intended timeline.

6. **Funding:** The over-dependence on foreign funding poses the challenge of stalled projects or unrealized targets in the event of rationalized funding, which the Government of Kenya has no control over. This is one of the factors impeding the implementation of projects. For example, the Saimo-soi water supply project in Baringo County that was scheduled to start in Dec 2017 and end in June 2022, with a total budget of Kes 20 billion, had not received a cent from the expected foreign funding of Kes 18 Billion as at the end of 2018/19. The project is only at 3 percent completion, two years after its commencement. The same has affected the implementation of Kirandich Dam.

7. **Collaboration with County governments**: The national government seems to be implementing small scale projects within county governments. There are budget allocations for drilling and equipping of boreholes, water harvesting structures at household level, provision of water in schools and water connection to dispensaries, health centers and sub-county hospitals. These are within the water supply and services function mandated to county governments under the fourth schedule of the Constitution of Kenya, 2010.

8. **Emerging issues:** The 2020/21 proposed budget is not progressive in terms of programmes/projects and addressing emerging issues. Recently, parts of the country have been ravaged by destructive floods. Most of these areas have always been affected by floods, but still, newer areas have also been affected by the recent floods, for instance, parts of Nakuru and Baringo**.** If the flood control works have been progressive, then why is it that the same areas are constantly being hit by destructive floods?

Project code &project title	Est Cost of the project (financing)			Timeline		Actual cumulative Expenditure up to 30th June 2016 (b)	Approved budget 2015/16 (c)	Expected Balance as at 30th June 2016 (a)-(b)	FY 2016/17				FY 2017/18				FY 2018/19				Remarks
	Total Est cost of project (a)	Foreign	GOK	Start date	Expected completion date				Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2017	Completion stage as at 30th June, 2017 (%)	Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2018	Completion stage as at 30th June, 2018 (%)	Approved Foreign Budget	Approved GoK Budget	Cumulative expenditure as at 30th June, 2019	Completion stage as at 30th June, 2019 (%)	
1107108700 Flood Control Works Nyando, Narok, Budalangi, Migori & Homabay	1,845	-	1,845	July-05	December-23	264.6	84.6	1,580.40	-	92	356.6	19.3 %	-	161	517.0	28%	-	140	657	34%	65.5 KMs of dykes completed.

Figure 8.1: Source: Environment Protection, Water and Natural Resources Sector Report for MTEF Period 2020/21-2022/23

The 2020/21 budget estimates should be alive to the recent happenings as regards programmes/projects, budget allocations and identified priorities. Flood control works (construction of check dams and dykes) should be prioritized to avoid further destruction, loss of lives and property. The flood control works project, as shown above, is expected to be complete by December 2023. It is of utmost importance to fast-track completion but without compromising on quality. The newly affected areas should also be included in the budget.

On matters COVID-19, Ministry of Water, Sanitation and Irrigation does not speak to this issue. Access to water and proper sanitation has been and is still critical as a response mechanism to COVID-19. The pandemic amplifies existing gaps in access to water and proper sanitation, especially for the urban poor and, more specifically, those in informal settlements. We take cognizance that the pandemic in itself cannot be budgeted for in the long-term; however, there is a need to make short-term provisions in response to the pandemic. These provisions can then be modified or adjusted in supplementary budgets depending on the situation then.

9. Climate change is one of the greatest risks that Kenya is facing. In the Budget Policy Statement (BPS) 2020, there is mention of prioritizing climate change by implementing the National Climate Change Action Plan 2018-2022(NCCA). This is part of the steps towards adaptation of interventions which are in line with the National Climate Change Act, 2016 and the Paris Agreement, 2015 ratified by Kenya. However, in the PBB 2020, there is only mention of waste management, which is not sufficient. To this end, we propose prioritization of financial and technical support provision to counties with regards to enhancing the level of preparedness and capacity to design and implement climate change programmes.

3. <u>Proposition</u>

<u>Main Ask</u>

I. Project implementation and budget execution, in general, should be accelerated, and the underlying challenges hampering progress be effectively addressed. Addressing these challenges is equivalent to timely and adequate disbursement of funds to the Ministry and limiting the dependence on foreign funding for projects.

Other Asks

II. There is need to process, update and justify the priorities of projects and programmes within the sector regularly, informed by a comprehensive review of the outcomes of previous programmes and projects as well as the annual public deliberations.

III. The water sector is among sectors with high levels of inequalities, a deliberate mechanism to promote equity in access to water is urgent. The Water Act, 2016, mandates the Water Sector Trust Fund with approving conditional grants for water resource development in the underserved areas. The agency should develop a comprehensive allocation criterion. The Kenya Integrated Household Budget Survey 2015/16- (KIHBS) by KNBS provides a starting point. In the meantime, there is need to provide a list of counties that have benefited and those that are intended to benefit in 2020/2021.

IV. Regional water bodie**s** ought to make their budgets more transparent to necessitate oversight and enhance accountability. Bulk allocations to agencies for projects should be accompanied by lists of the projects, at least as annexes, detailing individual allocations, targets and completion timelines. Besides that, identification and prioritization of projects ought to be subjected to public participation.

V. There needs to be a clear distinction between the functions of the national government and those of the county governments in line with the fourth schedule of the Constitution of Kenya, 2010. We acknowledge that water-related functions are a shared responsibility between the national and county governments. With that in mind, we propose that for projects that the national government intends to implement in counties and are within the functions devolved to counties, in this case, water service provision, be delegated to county governments.

4. Conclusion

Adoption of the propositions made in this submission is critical for the Ministry and the Sector in general if there is to be progression toward attaining the vision 2030 target of 100 percent (universal) access to water and equitably doing so. Failure to take into consideration these propositions, either in their stated form or modified, will see the derailed implementation of projects continue. As a result, the targets set out for the Ministry of Water, Sanitation and Irrigation, will not be actualized within the intended period. What this means is that a certain percentage of the population will continue to experience challenges with access to water services for as long as project implementation is derailed and for as long as the projects being implemented are not equitably distributed.

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Social protection – the National Safety Net Programme

Introduction

The constitution of Kenya, 2010 contains a comprehensive bill of rights. Article 43(1e) assures every Kenyan of the right to social security and Article 43(2) binds the state/government to provide appropriate social security to persons who are unable to support themselves and their dependents. Accordingly, the National Safety Net programme, under the State Department for Social Protection, Pensions & Senior Citizens Affairs has been designed to provide assistance to vulnerable groups including households with orphans and vulnerable children, people with severe disabilities and older persons. The programme provides regular cash transfers to these groups to enable them meet their needs. Kenya, just like many other countries, is grappling with the health, social and economic impact of the Coronavirus pandemic, with number of cases and deaths continuing to rise, while more people continue to lose their livelihoods. Accordingly, more households are likely to become poor and vulnerable, with the situation being worse for vulnerable households with people with disabilities, orphan and vulnerable children and older persons who have not yet been enrolled in the National Safety Net programme.

Submission Summary

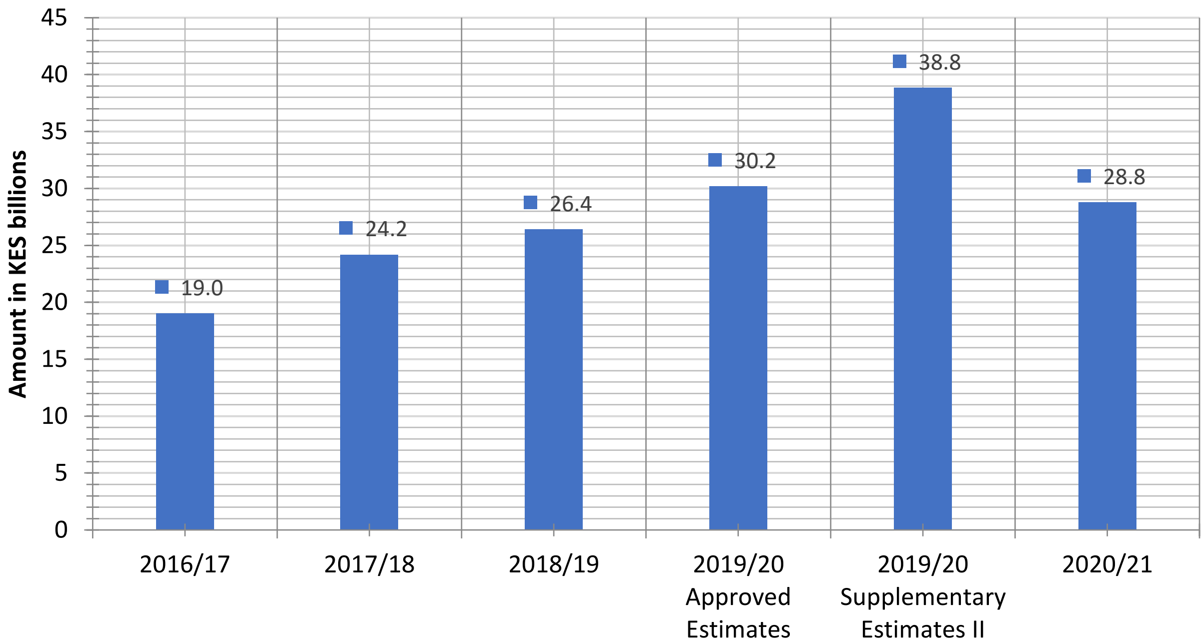
- We note that allocations to the National Safety Net programme was increased by 28.7% (Kes 8.7 billion more) to Kes 38.8 billion in the second supplementary budget in April 2020. However, allocations to the programme has reduced by 25.9% (Kes 10.1 billion less) to Kes 28.8 billion in the 2020/21 estimates compared with the 2019/20 second supplementary budget. The reduction in allocation may have negative implications on the number of vulnerable people reached through the programme as the effects of coronavirus pandemic may last for a better part of 2020/21.
- Of the Kes 28.8 billion allocated to the National Safety Net programme, Kes. 26.2 billion will be used for the cash transfer programmes. However, there is no breakdown in the line item budgets on how the allocation will be distributed among the three cash transfer programmes to ensure accountability and that each group of vulnerable people receives a fair share of the allocation.
- A comparison of the estimated resource requirements in the Medium-term Expenditure Framework/Social sector report for 2020/21-2022/23, and the allocations shows that the National Safety Net programme has a funding gap of KES 14.1 billion for 2020/21.
- The Budget Policy Statement 2020 set a ceiling for the National Safety Net programme at Kes 28.57 billion. The 2020/21 allocations to the programme, therefore, exceeds the ceiling marginally by Kes 0.23 billion, but no explanation or justification has been provided as required by the PFM Act.
- The expenditure of the social protection sector exceeded the exchequer issues between 2015/16 to 2018/19. It is not clear how the sector has been able to spend more than what it receives.

- According to the Medium-term Expenditure Framework (MTEF), the number of households with older persons and households with people with severe disabilities supported through the National Safety Net programme is expected to increase by 100,000 and 47,000 respectively.[16] However, the programme-based budget for 2020/21 shows that the number of beneficiaries will not increase compared to 2019/20. There is need for clarity in terms of the target number of households to be reached, as well as to provide for a scale up of the programme to accommodate more households that may become vulnerable as coronavirus affects more people.

Detailed facts

Allocations

Figure 1: Allocations to the National Safety Net programme, 2016/17 to 2020/2



Source: Programme-based budgets (2016/17 -2020/21)

Allocations to the National Safety Net programme increased by 28.7% (KES 8.7 billion more) in the second supplementary estimates for the 2019/20 fiscal year. However, the allocation has reduced by 25.9% (Kes 10.1 billion less) compared with 2019/20 second supplementary estimates and reduced by 4.7% (1.4 billion) compared with 2019/20 approved estimates. Of the KES 28.8 billion allocated to the National Safety Net programme, Kes 26.2 billion will be used for the cash transfer programmes. However, there is no breakdown in the line item budgets on how the allocation will be distributed among the three cash transfer programmes to ensure accountability and that each group of vulnerable people have a fair share of the allocation.

The increase in the second supplementary estimates for 2019/20 can be seen as a move by the government to increase the amount of resources available to support vulnerable groups during the Coronavirus pandemic.

[16] (Social sector report page 88 in 2020/21)

However, this seems to be a very short-term intervention since the increase was made in April and the 2019/20 fiscal year is coming to an end in the next one month (30th June). As the number of coronavirus cases continue to rise over the coming months, more households are likely to become vulnerable. Accordingly, the significant reduction in allocations to the National Safety Net programme for the 2020/21 fiscal year is likely to limit the scope of the programme in terms of the number of vulnerable people reached.

Funding gaps

The Medium-term Expenditure Framework/Social sector report for 2020/21-2022/23, (Social protection sector report page 104 and 132) indicate the National Safety Net programme requires KES 42.9 billion for its recurrent and development expenditure in 2020/21. This means that the programme has a funding gap of KES 14.1 billion. The huge funding gaps is likely to limit the number of vulnerable people/households who can be reached through the programme.

Budget ceilings

Annex Table 4a: Summary of Expenditure by Programmes, 2020/21 – 2022/23 (Ksh Million)...Contd

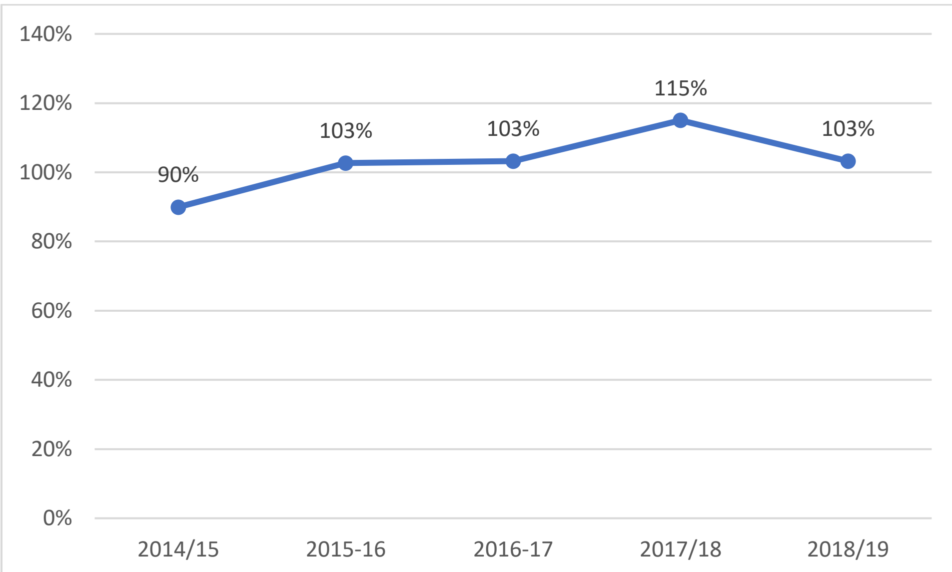
SECTOR/ VOTE/PROGRAMME DETAILS	2019/20 SUPPLEMENTARY ESTIMATES NO. 1			2020/21 CEILING			2021/22 PROJECTION			2022/23 PROJECTION		
	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL	CURRENT	CAPITAL	TOTAL
SOCIAL PROTECTION, CULTURE AND RECREATION	**28,648.9**	**42,705.5**	**71,354.4**	**39,462.3**	**29,920.3**	**69,382.6**	**39,917.9**	**29,651.1**	**69,569.0**	**40,443.9**	**32,593.5**	**73,037.5**
1035 State Department for Development of the ASAL	**973.6**	**6,677.4**	**7,651.0**	**987.3**	**7,889.6**	**8,876.9**	**1,019.0**	**8,780.2**	**9,799.3**	**1,046.2**	**10,794.2**	**11,840.4**
0733000 Accelerated ASAL Development	973.6	6,677.4	7,651.0	987.3	7,889.6	8,876.9	1,019.0	8,780.2	9,799.3	1,046.2	10,794.2	11,840.4
1132 State Department for Sports Development	**1,206.6**	**14,000.0**	**15,206.6**	**1,270.7**	**14,155.6**	**15,426.2**	**1,326.8**	**15,312.1**	**16,638.9**	**1,374.0**	**16,217.0**	**17,591.0**
0901000 P.1 Sports	1,206.6	14,000.0	15,206.6	1,270.7	14,155.6	15,426.2	1,326.8	15,312.1	16,638.9	1,374.0	16,217.0	17,591.0
1134 State Department for Heritage	**2,896.0**	**569.0**	**3,465.0**	**2,683.2**	**43.1**	**2,726.3**	**2,816.9**	**314.2**	**3,131.1**	**2,921.3**	**448.5**	**3,369.8**
0902000 P.2 Culture Development	1,785.7	105.6	1,891.3	1,627.7	43.1	1,670.8	1,702.3	195.3	1,897.6	1,769.4	243.5	2,012.9
0903000 P.3 The Arts	204.3	-	205.3	154.7	-	154.7	196.5	44.0	240.5	199.3	158.0	357.3
0904000 P.4 Library Services	764.3	463.4	1,227.7	752.4	-	752.4	766.5	74.9	841.4	799.9	47.0	846.9
0905000 P.5 General Administration, Planning and Support Services	140.7	-	140.7	148.5	-	148.5	151.7	-	151.7	152.7	-	152.7
1184 State Department for Labour	**2,685.8**	**3,190.1**	**5,875.9**	**2,790.2**	**2,954.7**	**5,744.9**	**2,902.8**	**1,117.5**	**4,020.4**	**2,984.3**	**325.2**	**3,309.5**
0906000 P 1: Promotion of the Best Labour Practice	625.1	93.3	718.5	664.2	45.0	709.2	692.2	104.0	796.1	711.4	144.1	855.5
0907000 P 2: Manpower Development, Employment and Productivity Management	1,587.7	3,096.8	4,684.5	1,680.3	2,909.7	4,590.0	1,740.3	1,013.6	2,753.9	1,791.0	181.1	1,972.1
0910000 P 5: General Administration Planning and Support Services	472.9	-	472.9	445.7	-	445.7	470.4	-	470.4	481.9	-	481.9
1185 State Department for Social Protection	**19,363.7**	**15,437.3**	**34,801.0**	**30,233.0**	**2,515.3**	**32,748.3**	**30,324.5**	**1,747.1**	**32,071.6**	**30,525.3**	**1,974.3**	**32,499.5**
0908000 P 3: Social Development and Children Services	3,298.2	1,091.9	4,390.0	3,708.9	225.7	3,934.6	3,730.4	308.0	4,038.4	3,847.1	308.0	4,155.1
0909000 P 4: National Social Safety Net	15,827.9	14,345.5	30,173.4	26,277.6	2,289.6	28,567.2	26,341.6	1,439.1	27,780.7	26,405.2	1,666.3	28,071.4
0910000 P 5: General Administration Planning and Support Services	237.6	-	237.6	246.4	-	246.4	252.5	-	252.5	273.0	-	273.0
1212 State Department for Gender	**1,523.2**	**2,831.7**	**4,354.8**	**1,498.0**	**2,362.0**	**3,860.0**	**1,527.8**	**2,380.0**	**3,907.8**	**1,592.9**	**2,834.3**	**4,427.2**
0911000 P 1: Community Development	-	2,130.0	2,130.0	-	2,130.0	2,130.0	-	2,130.0	2,130.0	-	2,130.0	2,130.0
0912000 P 2: Gender Empowerment	1,190.8	701.7	1,892.4	1,180.6	232.0	1,412.6	1,190.8	250.0	1,440.8	1,244.5	704.3	1,948.8
0913000 General Administration, Planning and Support Services	332.4	-	332.4	317.4	-	317.4	336.9	-	336.9	348.4	-	348.4

Source: Budget Policy Statement 2020

Table 1 above is a snippet from the Budget Policy Statement, 2020 and shows the ceiling for the National Safety Net programme to be Kes 28.57 billion. However, when compared to the allocations indicated in programme-based budget for 2020/21 the estimates exceed the ceiling by Kes 0.23 billion. There are no explanations provided on why the ceilings have been exceed as required by the PFM Act.

Budget execution issues

Figure 2: Expenditure as a percentage of exchequer issues



Source: based on budget data for 2014/15 to 2018/19

As figure 2 above shows, from 2015/16 to 2018/19 the expenditure of the social protection sector has exceeded the exchequer issues. It is not clear how the sector has been able to espend more than what it recieves. However, the asorption rate of the sector has been relatively high at above 90% except in 2014/15 and 2015/16, meaning that much of the allocated funds were used.

Targets for the National Safety Net programme

According to the MTEF (Social sector report page 88) in 2020/21, the number of households with older persons and households with people with severe disabilities supported through the National Safety Net programme is expected to increase by 100,000 and 47,000 respectively. However, the programme-based budget for 2020/21 shows that the number of beneficiaries will not increase compared to 2019/20. While this could be as a result of the proposed budget cut, it is important for the government to take into account the possible increase in the number of vulnerable households in 2020/21 due to coronavirus pandemic.

Proposition

Main ask

1. Increase allocations for the National Safety Net programme to address funding gaps and ensure the programme has adequate resources to support more households during the Coronavirus pandemic. The allocation should at least be maintained at the current second supplementary budget level of KES

38.8 billion. This will be an increase of KES 10.1 billion compared with 2020/21 estimates of 28.8 billion. To achieve this, funds should be reallocated within the Ministry of Labour and Social Protection in favour of the National Safety Net programme.

Other asks

2. Consistent targets for the number of vulnerable people to reached through the National Safety Net programme should be provided and targets should be matched with adequate allocations. Even if the targets are to be maintained at the level set for 2019/20 as indicated in the 2020/21 programme-based budget, it will still be challenging to meet the targets since the 2020/21 allocations are less by the 2019/20 approved estimates (before the second supplementary budget) by KES 1.4 billion.
3. Provide disaggregated data, showing how much of the Kes 26.2 billion earmarked for cash transfers will be used to support older persons, households with orphans and vulnerable children, and households with people with severe disabilities.
4. The National Treasury should provide an explanation/justification for exceeding the set ceiling for the National Safety Net programme for accountability purposes.

5. Conclusion

An increase in allocations to the National Safety Net programme will ensure availability of resources to support more households that have already become vulnerable but not yet support and those that are likely to become vulnerable in the coming months as effects of coronavirus pandemic increase. In the absence of adequate support, more households are likely to fall into poverty, leading to consequences such increased crime, poor health and poor school attendance among children from vulnerable households.

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Housing and Urban Development Sub-Sector

Introduction

This analysis focuses particularly on the State Department of Housing and Urban Development (HUrD) which is as a sub-sector of Energy, Infrastructure and ICT Sector. Affordable housing is one of the priority areas in the Big 4 agenda that seeks to provide affordable housing.[17] According to KNBS 2019, approximately 10 million Kenyans live in slums while 65 % live in rented informal settlements in urban areas.[18] Article 43 (b) guarantees right to accessible and adequate housing, and with reasonable standards of sanitation. Despite these provisions, allocation to social housing remains inadequate and/or negligible leading to proliferation of slum settlements to meet growing demand for housing by urban poor population.

Submission Summary

- **Financing the state department of housing and urban development-** The total allocation for State Department and Housing development in 2020/21 is Ksh.14.14 billion, Kes 1.06 billion and Kes13.08 billion for recurrent and development expenditure respectively. The total sub-sector allocation declined by Kes 17.36 billion or 55.1% from Kes 31.5 billion allocated in approved budget 2019/2020.
- **Department performance and implementation-**As at first half of 2019/20 year, the sector had an average absorption rate of 32.3% compared to 39.1% the same period in 2018/19, with housing development and human settlement with an implementation rate of 70.7%, urban metropolitan development 8.1% and general administration and support with 69.8%. The actual total performance of the department was Ksh.15.2 billion (95%) in 2016/17, Ksh.16.1 billion (85%) in 2017/18 and Ksh.32.2 billion (95%) in 2018/19.
- **Targets and indicators** - The target of delivering 20,000 social housing units under housing development delivery units is too ambitious based on the previous performance and there is no specific allocation for that in the line budget**.**
- **The measurement of performance of redevelopment** of 822 housing units and 245 stalls at Kibera Soweto East Village Zone as number of reports as opposed to number of housing units/ stalls redeveloped does not add up.
- **There lacks clarity on exact location on where the Kenya** Informal Settlement Project will be implemented. The information provided is too general.
- **Funding for Urban areas and Cities –** Urbanization has led to urbanization of poverty and services in urban areas especially in slums remain a challenge. In Nairobi, 36% of the population live in informal settlements.[19] Over 250,000 people move to urban areas annually and it is estimated that by

[17] https://vision2030.go.ke/towards-2030/
[18] 2019 Kenya Population and Housing Census
[19] https://www.knbs.or.ke/?wpdmpro=basic-report-well-kenya-based-201516-kenya-integrated-household-budget-survey-kihbs

2033, half of the Kenyan population will be living in urban areas.[20] We acknowledge government's efforts to finance cities through Urban Development Grant and NaMISP grants. However, this funding is insufficient and there is need for more innovative ways to strengthen urban financing and more coordination between the national and counties towards adequate and accessible housing.

Detailed facts

State Department of Housing and Urban Development sub-sector

This sub-sector is responsible for delivering affordable housing units and construction of social housing. The following table shows the allocation and performance of the sub-sector from 2016/17 to 2020/21. This is a major driver of the affordable housing under the big 4 agenda.

Table 1: State department of housing and urban development allocation and performance trend from 20/17 to 2020/21

FY	Total allocation (Billion Ksh.)	Total actual expenditure (Billion Ksh)	Absorption Rate
2016/17	15.88	15.2	95%
2017/18	18.86	16.1	85%
2018/19	33.7	37.5	95%
2019/20	31.5	10.16 (Half year 2019/20)	32.3% (half year)
2020/21	14.14	-	-

Source: Sector working Group report

The total sub-sector allocation in 2020/21 is estimated at Kes 14.14 billion, Kes 3.81 billion for housing development and human settlement programme, Kes 10.01 billion for Urban and metropolitan development programme and Kes 318 million for general administration. This allocation declined by Kes 17.36 billion from 2019/2020 fiscal year. The department registered an absorption rate of between 85% and 95% between 2016/17 and 2018/19 years. As at first half of 2019/20, the department's implementation rate was 32.3% indicating a slow implementation. Although there is no specific challenge highlighted, the Controller of Budgets noted failure by MDAs to report on programme and project achievements, failure to realign budget allocation to actual performance.[21]

[20] BPS 2020

[21] OCOB report available at https://cob.go.ke/reports/national-government-budget-implementation-review-reports/#1576562047524-a726b404-2514

In 2019/20 financial year, Kes 1 billion was allocated to cater for affordable housing and social housing units respectively.[22] In 2020/21, the sub-sector expects to finance through A-I-A an amount of Kes 1.01 billion and external loan of Kes 7.5 billion. According to BPS 2020, it was indicated that the government had signed an MoU with the United Nations Office of Project Services (UNOPS) to deliver 8,888 housing units at low Cost. *(See BPS, 2020, page 24-26)*. However, there is no specific breakdown towards financing the affordable housing projects as well as the KISIP projects and this puts the authenticity of affordable housing as a priority area at stake.

Targets and Indicators: Housing and Human Settlement

The following figure shows the expected performance indicators and targets for slum upgrading and housing development, housing department, Kenya National Slum Upgrading Project and National Slum upgrading project delivery units.

Programme: 0102000 Housing Development and Human Settlement

Outcome: Increased affordable and social housing delivery

Sub Programme: 0102010 Housing Development

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1094000100 Financial and Procurement Services	Prudent Financial Reports	Quarterly financial report ANNUAL financial report Monitoring and Evaluation Reports	4 1 3	4 1 3	4 1 3
1094000400 Slum Upgrading and Housing Development	Monitoring Redevelopment of 822 Housing units and 245 market stalls at Kibera Soweto East Village Zone.	No. of monitoring and Evaluation reports	4	4	4
1094000500 Housing Department	Housing Development reports reviewed from National Environment Management Authority	% of reports reviewed	100	100	100
1094100600 Kenya Informal Settlements Improvement Project	Improved physical infrastructure in informal settlement Secure Land Tenure	No. of KMs of roads tarmaked No. of KMs of Drainage No. of KMs of Sewer No. of Water connections Number of tittles issued	8 9 0.8 250 17000	5 - - 300 18000	6 - - 350 19000
1094100700 National Slum Upgrading Project	National Slum Upgrading and Prevention Bill	National Slum Upgrading and Prevention Bill 100% completion	40	72	100

- The State department of housing and urban development seeks to monitor the redevelopment of 822 housing units and 245 market stalls at Kibera, achieve security of tenure by issuing 17,000 title deeds in informal settlements and ensure improved physical infrastructure by tarmacking 8 km road, construction of 0.8km sewer line and connection of 9 km drainage in informal settlements under the Kenya Informal Settlements Improvement Project (KISIP). Further, under the national slum upgrading delivery unit, the department seeks to have the National slum Upgrading and Prevention Bill 40% complete in 2020/21. Although there is block allocation under the housing development and human settlement of KSh.3.81 billion, the unit cost of these interventions is not included.

[22] https://www.treasury.go.ke/component/jdownloads/send/201-2019-2020/1443-budget-highlights-19-20.html

- Best practice would be matching both financial and non-financial information for easy tracking of outputs and implementation, which translates to service delivery.

- Measurement of performance under slum upgrading and housing development- the delivery unit seeks to monitor redevelopment of 822 housing units and 245 stalls at Kibera Soweto East Village Zone, while the measure of performance is the number of reports as opposed to number of housing/ stalls redeveloped.

Delivery of 20,000 complete social housing units in 2020/21 is unrealistic based on previous performance of the targets.

FY	Targeted	Actual performance
2017/18	462	0
2018/19	1,370	228
2019/2020	30,000	-
2020/21	20,000	-

The department expects to deliver a total of 51,112 housing units in the medium term, 2020/21 to 2022/23. Specifically, in 2020/21, the department expects to deliver 20,000 complete housing units. This is too ambitious and unreasonable. Based on the previous performance, the department has failed to attain the target. For instance, in 2017/18 out of the 462 housing units targeted, there was nil (0) achievement. Further, in 2018/19 out of 1,370 targeted affordable housing units, only 228 housing units were realized. In light of the above facts, a target of 20,000 housing units is not realistic. Importantly, affordable housing as a driver of economic growth under the big, 4 agenda, it is not clear whether the projects are adequately funded.

Coordination and financing of cities and urban areas.

According to the 4th Schedule of the constitution, the national government is responsible for housing policies whereas the counties are responsible for planning and development of housing. Importantly, the Urban Areas and Cities Act 2012, conferred functions performed by Local and urban services to counties. These functions include, refuse removal, solid waste management, water and sanitation and informal settlements.

Since the adoption of UACA 2011, 5 cities have been recognized (Nairobi, Mombasa, Kisumu, Eldoret and Nakuru). Service delivery in these cities remains poor despite the tremendous urban growth, with over 250,000 people moving to urban areas annually. The growing concern is the urbanization of poverty and the rising number of informal settlements, with 36% and 24% of population living in slums, in Nairobi and Mombasa respectively. The contribution of these cities in global economic growth cannot be underrated. Nairobi alone accounts for 22% of national Gross Domestic Product (GDP) while the other 4 cities combined account for 39% of the national GDP.[23]

There is therefore need to ensure adequate financing and commitment towards delivering affordable and adequate housing. Since most of these projects are funded through loans and PPPs, there is need to ensure coordination and effective utilization of the limited resources.

Challenges affecting implementation

Constraints cited during budget implementation include: legal challenges on implementation of Housing Fund; the lengthy process of acquiring land ownership documents; non-availability of land for solid waste management and housing development. The sub-sector indicates that they have aligned the budget under the big 4 agenda to ensure a common implementation report. However, there is need to come up with an innovative way of financing the department and other infrastructural projects. Secondly, there is need to implement the National Treasury Public Investment Management Guidelines 2018, to ensure proper project implementation and build confidence with potential investors under public private partnerships.

Main Recommendation

- There is need to match financial and non-financial information in terms of indicators/targets for the department of housing and urban development. There is no specific funding for social housing units yet the PBB provides KPIs and targets, this being a priority area.
- Address the challenges facing effective implementation and follow to the core the Public Investment Management (PIM) guidelines in project prioritization and effective utilization of the available resources.

Participants.

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Creating Voice and Space for the Urban Poor

[23] https://ibp365-my.sharepoint.com/personal/jkinuthia_internationalbudget_org/Documents/Programs%20Team/National%20Budget%20Cafe/Additional%20Budget%20Documents/Budget%20Policy%20Statements%20(BPS)/2020%20Budget%20Policy%20Statement.pdf

Trade and Industry

Introduction

In the wake of COVID-19, the global supply chain of trade has been disrupted. Due to this, the world has witnessed a slowdown of businesses leading to loss of revenue for Government, decline in Foreign Direct Investment, and loss of employment. The government needs to have measures in place to ensure that businesses are operational despite the difficult circumstances we are in. Government needs to bolster business operations to prevent further losses during COVID-19 pandemic.

We acknowledge the work that the ministry responsible for trade and industry has done during the preparation of the draft estimates as tabled in the National Assembly. The draft estimates provide for the allocation of funds and the number of targets under different delivery units for the Micro and Small Medium Enterprises (SME), development of SME policy, and ease of doing business under which submission focusses on.

Key observations

- The draft estimates note that the State Department for Industrialization intends to provide credit facilities to Small and Medium Enterprises under the Standards and Incubation Program. However, the number of SMEs benefiting from this facility is not provided. Therefore, it would be difficult to hold the state department accountable for the funds allocated.
- We note that the development of the Small and Medium Enterprises policy is being developed and reviewed by the different sub-programmes within the State Department for Industrialization. The mandate to develop such vests with the Micro, Small and Enterprises Authority.
- We note that state department is spearheading improvement of ease of doing business in the country through the Presidential Round Table Meeting with the Private Sector Players. However, the how of representation of Small and Medium Enterprises in the PRT is not provided for in the estimates or the sector reports
- We note that the delivery units such as the Music Copyright Board and Kenya Film Classification Board under the Film Development Services Program have construction of roads as their major key performance indicators and outputs and which there is no nexus between the delivery services program for film and the construction of roads.

<u>Detailed Analysis</u>

State Department for Industrialization

The State Department for Industrialization has the mandate to provide an enabling environment for rapid and sustainable development and has been allocated Kes 9, 729,072,955 in the draft estimates for the FY 2020/21.

The department has three primary programs: namely Industrial Development and Investments, Standards and Business Incubation and General Administration, Planning, and Support Services.

The State for Industrialization has the following issues in it.

a) **Credit to SMEs:** The Kenya Industrial Estates has been allocated Kes 1.2 billion for onward disbursement to SMEs. However, the number of SMEs intended to be beneficiaries have not been identified in the document. Secondly, delivery unit (Development of various small and medium enterprises in Kenya) has been provided with an allocation of Ksh800 Million to be disbursed to SMEs as credit. The total available resources for disbursement to SMES under these two units is Ksh 2 billion. However, there is no clarity where on the beneficiaries.
b) **Development of Small and Medium Enterprises Policy**: The department intends to develop an SME policy. The objective of the policy is to help improve the business environment. The department proposes that the Policy be developed by different sub-programmes, namely, promotion of industrial development and investment, business financing and incubation of MSMEs. There is also the promotion of industrial products. In addition, the policy is being reviewed under the promotion of industrial products. The Micro and Small Enterprises Authority derives its mandate to develop an SME policy under Section 31(a) of the Micro and Small Enterprises Act, 2012. However, in this case, we observe that the authority's mandate is being delegated to other entities within The State Department for Industrialization.
c) **Ease of doing business.** The department intends to have one Presidential Round-Table Meeting with the Private Sector. The critical output in this program is to improve the business environment. There is no clear indicator of the participants during the round table meeting.
d) **Recovery of SMEs post COVID19.** According to the 2020 Economic Survey, 846,000 jobs were created in 2019 with 767,000 being created in the informal sector. In the wake of the COVID-19 pandemic, businesses especially those in the informal sector are greatly affected, most of them closing down. In the draft FY2020/21 Budget Estimates, we observe that the department makes no mention of the measures put in place to ensure that the SMEs recover from the impacts of COVID19.

State Department for Trade

The State Department for Trade has the mandate to ensure that Kenyan products perform competitively in the global market. The mandate of the department is to formulate and review trade-related policies, facilitate retail and wholesale trade, and ensure fair trade practices and consumer protection. The department has been allocated Ksh1, 687,424,227.

The department has two primary programs:

- The General Administration and Support Services
- Trade Development and Promotion.

The State for Trade has this issue in it:

Kenya Consumer Protection Advisory Committee: The Kenya Consumer Protection Advisory Committee is mandated to protect consumers from exploitative trade practices. The department intends to hold 10 awareness forums in the Financial Year 2020/2021. The key output is to protect consumers against exploitation and unfair trade. It is not clear where the forums will be held for accountability purposes.

We would like to appreciate the efforts of the department in creating the Kenya Trade Remedies Agency. The Kenya Trade Remedies Agency is a creation Section 3(1) of the Kenya Trade Remedies Act 2017. The purpose is to investigate and evaluate allegations of dumping and subsidization of imported products in Kenya. This would mean that employment opportunities have been created.

State Department for Information Communication Technology

The Mandate of this Ministry is to develop Information Communication Technology (ICT) infrastructure for the provision of universal access to ICT services in the country. The Ministry has been allocated Ksh15, 673,929,648.

The Ministry has 4 major programmes:

- Infrastructure development
- E-Government Services
- Film development Services Program
- General administration planning and support services.

The State for Information Communication and Technology has the following issue:

The Film Development Services Program. The programme's objective is to develop, regulate, promote, and market the film industry locally and internationally through the identification and facilitation of growth of the industry. The delivery units of the programme have kilometres of road constructed as the key performance indicators and key outputs. We would like to seek clarification on how the construction of kilometres of road is related to the implementation of the Film Development Services Program.

<u>Propositions</u>

We propose the following recommendations:

<u>State Department for Industrialization</u>

a) Credit to SMEs

In order to promote accountability and transparency in the disbursement of the credit to SMEs, the number of beneficiaries of the funds should be indicated. Further, the responsibility of the disbursement of funds should vest with the Kenya Industrial Estates.

b) Development of the SME policy

The department should delegate the responsibility of developing the SME policy to the Micro Small and Medium Enterprises Authority.

c) Ease of doing business

We implore upon the National Assembly to seek clarity on representation in the Presidential Round Table Meeting. This will ensure that there is inclusion of all players in private sector including those from the SME space.

d) **Recovery of SMEs post COVID-19**

We call upon the National Assembly to ensure that the department puts measures in place to support SMEs recovery from the effects of COVID19. This can be done by including a programme with the department to offer the necessary assistance to the SMEs.

<u>State Department for Trade</u>

a) Kenya Consumer Protection Advisory Committee

The awareness creation forums should be held both at the National and County levels and their intervals should be indicated. This would enable the sector players to organize the county level members to contribute to the national processes.

<u>Ministry of Information Communication Technology</u>

a) The Film Development Services Program

We implore upon the National Assembly to seek clarity from the State Department for Information Communication Technology on the key outputs as well as the key performance indicators in the Film Development Services Program. This will help to bring understanding on what the programme seeks to achieve in FY2020/21.

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Education Sector

Introduction

The proposed budget for the education sector is Kes 501.7 billion, a two percent increase from the previous year's budget. It comprises of Kes 480.8 billion in recurrent, which has always consumed about 90 percent of the Education sector's budget in the past years, while Kes 20.9 billion has been allocated for development. Additionally, the approved budget to this sector has been rising over the past three years. In some programmes, the sector exceeds the allocated expenditure but notable that its resource requirements are about KShs. 637 billion in 2020/21(2019 Education Sector Report). The sector seeks to transform the country into a globally competitive and prosperous nation by the year 2030 with a focus on early learning and basic education comprising of free primary education, Competency-Based Curriculum, a 100 percent transition to secondary school, School Feeding Program, Digital Literacy Program, and secondary education quality improvement, all of which need sufficient financing.

Submission Summary

We recognize the government's efforts towards supporting education for all. But we take note of:

i. **Addressing funding to the State Department for Early Learning and Basic Education**- Funds to this state department has increased by only one percent. The sector has been impacted by COVID-19 and needs more resources to ensure continuity in learning. The following programmes are underbudgeted: School health, Nutrition and Meals (School Feeding Program), ICT capacity development and Special Needs Education. This should take note of targets, indicators and their budgetary allocations which has not been consistent.

ii. **The Competency-Based Curriculum is a priority area in the sector**. The budget allocation towards human resource capacity has been reduced from Kes 105 million to Kes 50 million. This reduction will impact negatively on the preparation of teachers for the implementation of the programme to ensure effective rollout. Consequently, there is a need for enough funding to ensure 100 percent transition from primary to secondary school, with needs specifically on human resources and infrastructure.

iii. There is non-compliance to the Budget Policy Statement ceiling as the Programme-Based Budget (PBB) is more by Kes 3.9 billion.

Detailed Facts and Analysis.

1. **Addressing the budget needs in the School Feeding Programme**- In the State Department of Early Learning and Basic Education, the School Feeding Programme (SFP), which is under School Health, Nutrition, and Meals sub-programme, is not well financed. This is even as the number of children rises. In FY 2018/19 and 2019/20, the number of children in this programme was 1.41million and 1.647 million respectively. As shown in Figure 1, the sector plans for 1.68 million children in the coming year. Considering the current situation where more children than before could be in need of a school feeding programme due to the current challenges caused by COVID-19, locust invasion and devastating impact of floods prone to most regions that usually depend on this programme, the budget for this has reduced from Kes 1.983 billion in FY 2019/20 to Kes 1.981 billion in FY 2019/20, which is a reduction of about Kes 1.3 million. This implies that many children might drop out of school.

A proper budget to this program should be enhanced to cushion the dependents on this programme which has an average of 93 percent absorption rates in the last three fully implemented years.

Sub Programme: 0501070 School Health, Nutrition and Meals					
Delivery Unit	**Key Output (KO)**	**Key Performance Indicators (KPIs)**	**Targets 2020/2021**	**Targets 2021/2022**	**Targets 2022/2023**
1066001600 School Feeding Programme	Hot day meals for learners in target public primary schools provided	Number of learners in target public primary schools provided with Hot day meal	1,680,240	1,713,850	1,800,000
	Zonals School Level Meals Programme Management Committees trained on SMP Managements	Number of Zonals Schools Level Meals Programme Management Committee trained on SMP Management	250	300	350

Figure 1: Source: PBB 2020/21

2. **Special Needs Education requires more funding from what is currently proposed.** Even as Competency-Based Curriculum peaks, special education needs should be considered as well. The budget execution to both primary and secondary schools' special needs is an average of 96 and 97 percent respectively as shown in Figure 2.

Budget Absorption in Primary and Secondary (Part) Education Programme

Primary Education Programme	Absorption Rates			
	FY 2016/17	FY 2017/18	FY 2018/19	Three Year Average
SP 1:1: Free Primary Education	100%	95%	97%	97%
SP 1.2: Special Needs Education	100%	100%	89%	96%
SP 1.3: Early Child Development and Education	44%	31%	48%	41%
SP 1.4: Primary Teachers Training and In-Servicing	101%	77%	100%	93%
SP 1.5: Alternative Basic Adult & Continuing Education	97%	84%	72%	84%
SP 1.6: School Health, Nutrition and Meals	99%	87%	93%	93%
**SP 1.7: ICT Capacity Development	14%			14%
Total Primary Education Programme	99%	94%	97%	97%
Secondary Education Programme (part)				
SP 2.5: Special Needs Education	100%	92%	100%	97%

Figure 2: Source: MTEF Education Sector 2020/21-2022/23 and analysis.

The budget for Special Needs in Primary Education has declined in the past two years, and the proposed budget for the coming year is to decline further by 8 percent from the previous year's budget while the Secondary School's Special Needs remain unchanged in coming budget year, as shown in Figure 3 below. With the fact that Special Needs require special infrastructure, more attention is required. As in Figure 4, the sector clearly shows that it intends to renovate 130 secondary schools up from 20 in the previous year and equip 30 special secondary schools which were not there in previous year's budget with a similar budget and therefore budget requirements to fund this will not be sufficient and calls for more resources to be re-allocated.

Primary and Secondary Schools Special Needs.

	Approved	Approved	Proposed	Percentage change between:	
Special Needs (KShs. Billion)	FY 2018/19	FY 2019/20	FY 2020/21	2018/19 and 2019/20	2019/20 and 2020/21
Special Needs Primary School	0.98	0.95	0.87	-3%	-8%
Special Needs Secondary School	0.20	0.20	0.20	2%	0%

Figure 3: Source: PBB 2019/20 & 2020/21

Sub Programme: 0502050 Special Needs education

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1066001300 Special Secondary Schools	Capitation for SNE learners improved	Number of SNE learners provided with capitation in secondary schools	4,794	5,896	7,252
	SNE secondary schools renovated	Number of special secondary schools renovated	130	130	140
	SNE secondary schools equipped	Number of special secondary schools equipped	30	30	30

Figure 4: Source: PBB 2020/21

3. **ICT Capacity Development to support Digital Literacy Programme (DLP)-** This project is christened phase two of the digital literacy programme where the first phase involved the provision of computer tablets to primary school learners in lower primary. The Ministry plans to construct 8000 smart computer classrooms and, at the same time, procure, distribute and install 100,000 devices in public primary schools in the coming budget year. There is insufficient funding for this, amounting to Kes 800 million in the coming financial year. A similar allocation was approved in the current financial year which intended to construct 400 smart classrooms, and in FY 2016/17.

This project was allocated Kes 29 million but only utilized Kes 4 million. In Figure 5, the sector reports indicated that it had covered 91.3 percent of the national average. Yet, from Figure 2, the program was funded in 2016/17 and only utilized 14 percent of its funds, and in the current implementing year, it is funded to the tune of Kes 800 million. The question is, what is the sustainability of this programme as there are no comprehensive details availed?

reengineer the NI3C Website. In addition, the sector with other collaborators is implementing the Digital literacy program (DLP) to integrate the use of digital technologies in learning. By September 2019 the total number of schools installed was 19,832 which is 91.3 % national average. In total 1,148,160 digital devices (1,062,602 Learner Digital Devices, 42,462 Teacher Digital Devices, 21,232 Content Access Points and 21,232 Projectors) have been deployed.

Figure 5: Source: MTEF 2020/21-2022/23- Education Sector

4. **Competency-Based Curriculum and 100 percent transition-**As government continues to effect 100 percent transition from primary to secondary school, there is need for a rapid shift to focus on infrastructure development. This will top up on the existing facilities even as the number of enrollments rises. This should also consider infrastructure for special needs. There are no specific funds earmarked for Competency-Based Curriculum, but some funding is in the Secondary School Education Quality Improvement Project (SEQIP), estimated to cost Kes 4 billion in the coming budget year up from Kes 2.8 billion in the previous year. As at the end of the previous budget year 2018/19, this program had utilized Kes 5.2 billion of the Kes 20 billion it is expected to cost in 2023 when it is coming to an end. This project seems to be an all-round project as in Figure 6 and funds various interventions, including the rollout of Competency-Based Curriculum, capacity building, recruiting 289 teachers in 2018/19, procure and distribute books, infrastructure, etc.

The Secondary Education Quality Improvement Project (SEQIP) is a 6-year project (2017-2023) meant to improve the quality of secondary education and reduce wastage in upper primary caused by high dropout rates at grades 7 and 8 at an estimated cost of KSHS 20B. In 2016/17FY, KSHS.16.44M were used to develop key Project Documents. In 2017/18 FY, KSHS.138M was used to support training of teachers and subject panelists, develop scope, sequences and designs for the Competency-Based Curriculum and KSHS. 41.4M was utilized to support Competency-Based Assessment (CBA) for Early Years Education. KSHS. 61.43M was used to capacity build the Project Implementation Team (PIT) and initiate procurement of consultancies needed to implement the project components. In 2018/19 FY, KSHS. 184.7M was used to support Competency-Based Assessment (CBA) and KSHS. 370.6M to roll out Competency-Based

Figure 6: Source: MTEF 2020/21-2022/23 -Education Sector

5. There is a need to define the scope of this project clearly because in 2020/21, new delivery units have been introduced, leaving out the 2019/20 targets without justification, as in Figure 7.

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2019/2020	Targets 2020/2021	Targets 2021/2022	Targets 2022/2023
1066103900 Kenya Secondary Education Quality Improvement Project (Was not in PBB 2019/20)	Improved Student- textbook ratio in Science. Mathematics and English Subjects for Learners in targeted Secondary schools	Percentage of the targeted schools reporting a 1:1 student-textbook ratio in targeted secondary school		100	100	100
	Transitjon from primary to secondary schools for poor and vulnerable learners improved	Number of students provided with scholarships and other educational benefits in targeted secondary schools		17500	17500	8000
	Additional infrastructure established in secondary schools	Number of schools with additional infrastructure established		996	996	996
1066103900 Kenya Secondary Education Quality Improvement Project (As in PBB 2019/20)	Schools with improved textbooks in science, mathematics, and English in Form 1 classes	% of schools receiving books	60	N/A		
	Improved provision of curriculum support materials	Proportion of schools reporting Student Textbook ratio of 1:1	85%	N/A		
2091100200 Kenya Secondary Education Quality Improvement (Was not in PBB 2019/20)	Improve student learning in secondary education and transition from primary to secondary in targeted areas	10% of new teachers recruited posted to schools with high shortage.		500	500	500
		Establishing a school-based		Operationalized	Engage 30% of	Engage 50% of

Figure 7: Source: PBB 2019/20 & PBB 2020/21

Also, Human Capital Development on Capacity Building Teachers intends to train 11,196 teachers and stakeholders up from 10,646 in 2019/20, which has been reduced from Kes 105 million to Kes 50 million in the proposed budget. How will the sector meet its target, which is higher than the previous year's target with less than half the previous budget? Even as the CBC rollout continues, the demand of teachers trained on the new curriculum is expected to rise.

6. **ECDE a Devolved Function-** In Figure 8, the budget for Early Childhood Development Education (ECDE) has been reduced from Kes 4 million in 2019/20 to Kes 3.1 million in FY 2020/21 on recurrent while the development budget, which was Kes 5 million in the current budget year, was revised downwards from Kes 15 million now has nothing allocated in the proposed budget 2020/21. Though in the last three fully implemented years, this sub-programme has performed poorly by absorbing less than half of their budgets yearly, as in Figure 2. The question is what functions the national government provides in the ECD and how are they going to run its operations in the coming year if indeed there are functions. The sector still keeps enrollment targets, increasing to 81 percent from 79 percent in 2019/20, has dropped the targets in ECDE model centres and it is not known whether the sector constructed the 13 ECDE centres proposed in 2019/20 which had initial budget of Kes 15 million but reduced to Kes 5 million. The proposed allocations (Figure 8) and targets mean there will be no sensitization of pre-primary school teachers and stakeholders in the coming year.

0501040 Early Child Development and Education

Economic Classification	Baseline Estimates	Estimates	Projected Estimates	
	2019/2020	2020/2021	2021/2022	2022/2023
	KShs.	KShs.	KShs.	KShs.
Current Expenditure	**4,080,656**	**3,118,066**	**4,428,222**	**4,444,702**
2200000 Use of Goods and Services	4,080,656	3,118,066	4,428,222	4,444,702
Capital Expenditure	**15,000,000**	-	**15,000,000**	**15,000,000**
2200000 Use of Goods and Services	5,000,000	-	5,000,000	5,000,000
2600000 Capital Transfers to Govt. Agencies	10,000,000	-	10,000,000	10,000,000
Total Expenditure	**19,080,656**	**3,118,066**	**19,428,222**	**19,444,702**

Figure 8: Source: PBB 2020/21

7. **Compliance with the sector ceiling** -The Education Budget presented in the programme Based budget has not complied with the ceiling set in the Budget Policy Statement 2020 and has exceeded by 3.85 billion as in Figure 9.

2020/21 Budget (KShs. Billion)	Recurrent	Development	Total Budget
Programme-Based Budget	480.77	20.88	501.65
Ceiling Budget Policy Statement	479.10	18.70	497.80
Difference	1.67	2.18	3.85

Figure 9: Source: BPS 2020 & PBB 2020/21

Our Proposals

i. The parliament should review the budget for the Secondary School Education Quality Improvement Project (SEQIP) to Kes 2 billion from Kes 4 billion as the absorption rate since 2017 has been low and below Kes 2 billion.
ii. The government should allocate Kes 1 billion more to support the school feeding program. These funds should be sourced from Kes 2 billion from School Education Quality Improvement Project.
iii. More funds should be allocated to supporting infrastructure in schools to enhance the efficacy of the 100% transition and rollout of Competency-Based Curriculum and Special Needs in Secondary and Primary Education.
iv. The Ministry of Education should improve in its target setting based on the resource available. For instance, the targets in the Digital Literacy Programme are unrealistic and not practical as it intends to

construct 8000 digital labs and procure, distribute, and install 100,000 digital learning devices at the cost of KShs. 800 million.

v. There are so many stalled projects in the sector, and a good example is Mitihani house, which has taken more than three decades and is still incomplete. In the recent financial years, the funding has been on and off, with no allocation in the FY 2019/20 for this project, hence resulting into sinking of public funds intermittently to a never-ending project.

vi. Compliance to budget policy statement is paramount. The proposed programme based budget estimates should adhere to the budget ceiling set in the budget policy statement.

Conclusion

With the increasing number of children accessing Education due to 100 percent transition and Competency-Based Curriculum, the sector should consider adopting the provided recommendations giving priority to School Feeding Programme to avoid school dropouts. To enhance transparency the sector should provide review their targets based on resources available to avoid stalling of projects.

Participants.

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Social Protection (Persons with Disabilities)

Introduction
Persons with disabilities experience adverse socioeconomic outcomes than persons without disabilities. Some of these include but are not limited to - *less social protection, education, poorer health outcomes, lower levels of employment and higher poverty rates.*

Barriers to full social and economic inclusion of persons with disabilities include inaccessible physical environments and transportation, the unavailability of assistive devices and technologies, non-adapted means of communication, gaps in service delivery, and discriminatory prejudice and stigma in society.

According to the Census 2019, about 1 million Kenyans age 5 years and above are living with a disability. Planning and budgeting should not ignore these needs.

Action needed in the Department for Social Protection
The following are actions required:

a) An action plan for implementation of the UN Convention on the Rights of Persons with Disability (CRPD) and all key legislations in the country. This would involve adopting policy efforts with adequate human and financial resources
b) Adequate resources for the removal of barriers and inclusive information for enabling participation of persons with disabilities
c) Allocate financial resources to ensure inclusion in basic public services and support for all children with disabilities, including in early childhood, ensuring accessible early development centres for all children
d) To arrive at a de-institutionalization plan
e) Provision and enhancement of sign language interpreter services
f) Reaching out all services, accessibility of infrastructure in rural areas.
g) There is need to come up with a resource mobilization strategy to scale up coverage of cash transfer and health insurance to all PWDs

Submission Summary

a) Funding for PWDs with scholarships for all levels of education. The current allocation (2020/2021) is 2,500 slots and 3,500 slots in the 2022/2023 financial year. There is need to increase these slots to 7,000 in order to improve the education and poverty levels of people with disability.
b) The 2019 Census provides data on disability by domain. This data reveals that mobility is the most commonly reported difficulty, experienced by 0.4 million Kenyans and representing 42% of people with disabilities. The other domains of disability – seeing, hearing, cognition, self-care and communication – are experienced by between 36% and 12% of people with disabilities. Albinism is a condition experienced by 0.02% of Kenya's population. Based on this data, it is critical to proportionately distribute funds. This means there is need to re-consider the allocations to 4500 persons with Albinism, which is more than the allocation to the other categories of persons with disability that have higher numbers.
c) The 2020/21 plans to admit 780 persons with disabilities in the Vocational Rehabilitation Centers. This number is to increase to 800 in 2021/2022. The allocation for the 2020/2021 should be increased to 1,200 persons with disability as it would contribute to improving the living standards of people with disability and will be responding to the current census data.
d) Cash Transfer to Persons with Severe Disabilities: The programme is being implemented by the Department of Social Security and Services in collaboration with the National Council for Persons with

Disabilities (NCPWD). It was piloted in 2010 with 10 households per constituency and later up scaled to 70 households per constituency in 2012. Currently, the programme is targeting to provide Cash Transfers to 47,200 households (2020/2021) and this is to be increased to 74,000 households in 2021/2022. The government should **i**ncrease the slots to 100,000 households and in the allocation per households in order to capture the majority who are not recruited.

Detailed facts

The 2030 Agenda for Sustainable Development clearly states that disability cannot be a reason or criteria for lack of access to development programming and the realization of human rights. The Sustainable Development Goals (SDGs) framework includes seven targets, which explicitly refer to persons with disabilities, and six further targets on persons in vulnerable situations, which include persons with disabilities. The SDGs addresses essential development domains such as education, employment and decent work, social protection, resilience to and mitigation of disasters, sanitation, transport, and non-discrimination – all of which are important areas of work for the World Bank. The New Urban Agenda specifically commits to promoting measures to facilitate equal access to public spaces, facilities, technology, systems, and services for persons with disabilities in urban and rural areas

Proposition

a) Cash Transfer Programme & Health Insurance:

The PWDs cash transfer programme should be expanded into a universal disability benefit for all persons with severe disabilities (PWSD) who are not in receipt of the Inua Jamii Senior Citizens Scheme. It should increase the slots to 94,000 in 2020/2021 and as projected for 2022/2023.

Beneficiaries of the governments Cash Transfer Programme for PWSD are also entitled to Social Protection for Health. The National Hospital Insurance Fund (NHIF) offers the service and beneficiaries are eligible to access the National Health Scheme benefits package dubbed NHIF SUPACOVER which should be considered for adoption in the current financial year.

To address this challenge, there is need to come up with a resource mobilization strategy to scale up coverage of cash transfer and health insurance to all PWDs

Furthermore, there should be an effort to move beyond the cash transfers to a more comprehensive social protection system that enhances social and economic inclusion and shock responsiveness among poor and vulnerable households. The project will need to support three components: (i) Strengthening Social Protection Delivery Systems; (ii) Increasing Access to Social and Economic Inclusion Interventions; and (iii) Improving Shock Responsiveness of the Safety Net System.

b) Data Collection of persons with disability:

The World Health Organization estimates a global disability prevalence rate of 15%. The prevalence rate provided in the 2009 Kenyan census was much lower than this global figure, at 3.5%. This is despite the use of UN-recommended disability questions and efforts to ensure accurate application of methodology. According to the 2019 Census, 2.2% (0.9 million people) of Kenyans live with some form of disability. Direct comparison of disability prevalence in 2009 and 2019 is problematic due to differences in data collection methodologies, ages covered and size of administrative units.

The 2019 census appears to show a sharp drop in prevalence of disability. The 2009 census states 3.5%, but when looking at the same age threshold (i.e. adults and children above five years of age) the 2009 disability prevalence rate was 3.8%. There are a number of possible reasons for the low prevalence rate in the 2019 census:

a) Stigma associated with acknowledging disability might have prevented accurate reporting
b) Translation of disability questions into local languages may have caused inaccuracies. While conveying the contents of the census survey into Kenya's local languages, issues of contextualization, cultural nuances and variation of concepts may have arisen.
c) Inclusion of a question on albinism may have impacted the response. Although it is not a functional disability, a question on albinism was included within the section on 'information on persons with difficulties in doing activities in daily life' and may have impacted the findings. Albinism is a condition associated with significant stigma and superstition in Kenya, and so mentioning it alongside functional difficulties may have impaired the impartiality intended by the Washington Group Questions. The question was asked after the six questions on functional difficulty, so it may not have prejudiced the response to the same extent as it could have done if asked beforehand.
d) Exclusion of children under-five years of age in the 2019 census may have had some impact on the findings. It is unlikely, however, that this had a significant impact, as demonstrated when comparing 2019 rates with data on adults and children above five years of age extracted from the 2009 census. Diagnosing disability in a child is problematic as they experience continuous change in their ability to perform activities and development milestones are reached at different ages. The Washington Group Short Set of Questions are not intended for use with children.
e) The inclusion of 'Don't know' as a response within the functional difficulty questions may have had an impact. It is not clear how these respondents have been treated within KNBS' census volumes; however, it is possible that the inclusion of 'Don't know' as a choice could have lowered the reported disability prevalence rate.

Based on the above reasons, there should be provision for Data collection of PWDs across the 47 counties for purposes of national and county budget allocation and planning for PWDs. Social Protection Programs targeting people with disabilities currently lack accurate reliable data. The data currently available does not capture information on disability and households do not provide information on family members with disability due to stigma.

The disability-disaggregated data cannot be considered representative and therefore cannot be utilized for broader analysis and national policy making decisions. However, increased support could improve the consistency in data collection methodology across partners. This would increase an understanding of the prevalence and types of disability and enable local level comparison and analysis to improve advocacy for mainstream and targeted regulatory and budget support

<u>c) Disability mainstreaming committees</u>

Allocations should be set aside to enhance the establishment of Disability mainstreaming committees in all the 47 counties, to help curb the gap between the counties and persons with disability.

Conclusion

Persons with disability look forward to parliament's adoption of the above recommendation. This would be a start in addressing issues affecting PWDs, some of which include persistent poverty. These recommendations would go a long way in improving their living standards. It is important to note that while there are piecemeal measures that will have small benefit for some people with disabilities, the combined effect will be very small relative to the challenges that people with disabilities face. More still needs to be done.

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Agriculture Rural Urban Development (ARUD) Sector

Introduction

The overall goal of the Agriculture, Rural and Urban Development sector is to attain food and nutrition security; sustainable management and utilization of land and the blue economy. Notably, the sector is a key player in economic and social development of the country through food production, employment and wealth creation, foreign exchange earnings, security of land tenure and land management. The sector's contribution to GDP in 2016 was 31.3 percent (equivalent to Kes 2.209 trillion), in 2017 was 29.7 percent (equivalent to Kes 2.342 trillion), and in 2018 was 32.9 percent (equivalent to Kes 2.929 trillion) (Treasury, 2020).

The 2020/21 Budget Estimates have been prepared at a time when Kenya's economic performance, just like economies across the globe are weakening amid rising trade tensions, tighter global financial conditions and higher policy uncertainty, attributed to the COVID-19 pandemic. Global economic activity is expected to slow down with prospects across countries and regions remaining uneven. On the domestic scene, the challenging global environment and the COVID-19 pandemic will affect the fiscal performance of the FY 2019/20 and 2020/21 budget, on account of revenue collection shortfalls and rising unexpected expenditure pressures to mitigate the impact of the virus on the economy, in a bid to safeguard the wellbeing of Kenyans.

Furthermore, the agricultural sector has suffered a great blow due to natural calamities, such as; a drought period in the first half of 2019, which ensued deterring of the standard planting season in crucial agricultural zones, extremely high rainfall in the second half of 2019 which culminated in the reduction in production of crops and pasture for livestock, notwithstanding the desert locust infestation that severely infested the arid and semi-arid areas that occurred at the beginning of the year 2020 (KNBS, Economic survey 2020).

Key Observations

The following are the important factors that we considered when analyzing the PBB 2020/21:

1. Trend pattern of the allocation of funds for the sector over the last 4 years (2016-2020)
2. Kenya's real Gross Domestic Product (GDP) is estimated to have declined from 6.3 percent in 2018, to 5.4 percent in 2019. Although there was a growth across all sectors of the economy credited to service-oriented sectors, agriculture significantly contributed to the decrease in GDP growth rate in that period.
3. The inflation rate rose to 5.8 percent in January 2020 up from 4.7 percent in January 2019 due to the upward trend in both food and fuel inflation over the last quarter of 2019. With the locust invasion, floods and COVID-19 pandemic, the Kenyan economy will be subjected to further accelerate inflation.
4. The policy measures outlined in the 2020 Budget Policy Statement prioritize investments in the "Big Four" Agenda and are anchored on the Third Medium Term Plan (MTP III) (2018-2022) of the Kenya Vision 2030.
5. Distinction of the functions of government as per the fourth schedule of the Constitution of Kenya (COK) 2010.

Submission summary

Notably, the State Department for Crop Development and State Department for Agricultural merged to form the State Department for Crop Development and Agricultural Research. We endorse this move as previously, there was a duplication of activities. Also, we acknowledge the reorganization of government as some departments have been integrated into the Ministry of Water, Sanitation and Irrigation.

We conducted our analysis through consideration of other supportive documents, so as to get a holistic picture of the ARUD sector, in regards to allusion to national commitments and plans, previous sector performance, and trends in sector budget allocations over a period of four years.

Below is a summary of our concerns.

1. **Decreased development funds allocation:** There is a general decline throughout the sector, significantly for the development expenditure, despite the need to attain food security pillar of the Big Four agenda, hence disregards the sectors' significant contribution to the GDP as indicated in the BPS. Although the justification given for the decrease in the ARUD sector is that it is attributed to the integration of some ARUD activities into Water, Sanitation and irrigation sector, there are other challenges, posed by natural calamities and COVID-19 the sector needs to address.
2. **Unclear distinction of functions of government:** The national Govt. is assuming some roles that ideally ought to be for County Governments, discordant to the fourth schedule of the Constitution of Kenya (COK, 2010), which distinguishes the role of the two. This could result in double allocation of resources for the same activities within the sector.
3. **Inadequate budgetary allocation:** In the administrative section, fuel allocation is nil in consecutive years, which is suspicious because fuel provisions need be provided for operational activities to be carried out. Furthermore, recurrent expenditures have been funded through notes, which is against PFMA regulations.
4. **Prevalent donor funded capital expenditure:** the sector is heavily reliant on donor funding of its activities, which can be an impediment when donors retreat.
5. **Low absorption rate of allocated funds for the sector:** The sector intends to borrow more funds for its activities yet absorption rate remains below par.
6. **Focus on export strategies at the expense of growth of domestic food production**: Fiscal allocations are focused on an export strategy, other than on the growth of domestic production of food, yet the quantity of tea production, coffee sales at the Nairobi coffee exchange and cane delivery fell by 9 percent, 4 percent, and 11 percent respectively.
7. **Decline in export prices and strict restrictions by international buyers:** export prices of cash crops dropped, and international buyers are laying out strict quality control measures. This will negatively affect revenue from exports, and ultimately contribute to a decrease in the country's GDP if not reevaluated urgently.
8. **Delayed bill enactment and policy amendments** are affecting implementation of the sector's activities, as there are loopholes in the existing policy framework that deter efficiency and effectiveness of ARUD's ability to accomplish its objectives.

Detailed Facts

1. Decreased development funds allocation

Notably, the supplementary budget II (2019/2020) upwardly adjusted expenditure estimates for the State Department of Crop Development, a subsector under ARUD sector, from Kes 22.51 billion to Kes 35.25 billion, an increase of Kes 10.47 billion in current expenditure and Kes 2.27 billion in capital expenditure respectively.

However, the development fund allocation for ARUD has declined from 41.0 billion in 2019/20 to 30.7 billion in 2020/2021. Although the justification given for the reduction of funds allocation to the sector is the reorganization of government ensuing some of its departments being integrated into the Ministry of Water, Sanitation and Irrigation, some activities are still captured as scheduled for implementation in the PBB 2020/2021. For instance, a key performance indicator for State Department for Crop Development & Agricultural Research is the Area of irrigation infrastructure rehabilitated in hectares, (pg532 PBB 2020/21).

Furthermore, the target set for total acreage under irrigation for FY 2020/21 is 247,279 acres against 52,402 acres achieved in FY 2019/20 for irrigation land for increased agricultural productivity as out lined in the Budget Policy statement and the Big Four Agenda. How is it then that the achievement of the aforementioned is pegged in ARUD sector, yet it is the mandate of the Water, Sanitation and Irrigation sector?

Also, according to the MTEF implementation period of 2016/2017 – 2018/19, the sector experienced average sector performance that was attributed to inadequate funding.

Revenue Performance by sector (Kes in Millions)

Economic Sector	Revenue by Sector			Revenue Contribution			GDP Contribution		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19	2016	2017	2018
Agriculture	17,854	19,614	23,125	2.3%	2.3%	2.6%	31.1%	34.8%	34.2%

Table 1: ***Source: Budget Review and Outlook Paper 2019***

The sector's contribution to GDP experienced growth from 29.7% , equivalent to Kes 2.342 trillion in 2017, to 32.9% equivalent to Kes 2.929 trillion in 2018, but declined to 25% to Kes 2.225 trillion in 2019 as seen in the table below.

Year	Amount in Trillions (Kshs)	% Contribution to GDP
2016	2.209	31.3%
2017	2.342	29.7%
2018	2.929	32.9%
2019	2.225	25.0%

Table 2: ***ARUD sector contribution to the GDP (2016-2019)***

General sector performance against others in terms of growth deteriorated in 2019, compared to the year 2018 as seen in the table below. Moreover, the sector growth rate declined in the third quarter of 2019 to 3.3% from 4.3%, while sector contribution to the country's real GDP declined to 0.6% in the third quarter, from 1.0% in the second quarter, as seen below.

Sectors	Sector Growth									Sector Contribution to Real GDP Growth								
	2017			2018			2019			2017			2018			2019		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
Primary Industry	4.2	0.8	2.8	7.3	6.3	6.7	5.2	4.3	3.3	1.1	0.2	0.6	2.0	1.5	1.3	1.4	1.0	0.6
Agriculture, Forestry and Fishing	4.1	0.7	2.7	7.5	6.5	6.9	5.3	4.2	3.2	1.1	0.2	0.5	1.9	1.5	1.3	1.4	1.0	0.6

Table 3: ***Source: Budget Policy Statement 2020***

Sector ceilings for ARUD for FY 2020/21 have been projected to drop form 59.6 M in FY 2019/20, to 48.2 M in FY 2020/21 as seen in the table below.

Code	Sector Title		Approved Budget	BPS Projection			% Share in Total Ministerial Expenditure			
			2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
010	**Agriculture, Rural & Urban Development**	**Sub_Total**	**59,638**	**48,285**	**52,842**	**53,912**	**3.1%**	**2.6%**	**2.7%**	**2.7%**
		Rec._Gross	18,957	17,522	17,912	18,351	1.0%	0.9%	0.9%	0.9%
		Dev._Gross	40,682	30,763	34,930	35,561	2.1%	1.6%	1.8%	1.8%

Table 3: ***Source: Budget Review and Outlook Paper 2019***

Considering that the sector has been immensely affected by drought, followed by heavy destructive rainfall, locust invasion and the COVID-19 pandemic, the sector is set to be affected by the imminent negative impact on the economy. As a way to mitigate the impact of natural calamities, funding focus ought to be on food crops diversification, food productivity and crop insurance. Additionally, movement restrictions brought about by the pandemic has affected transport, storage, marketing and trade, among other factors that influence the growth and development of the ARUD sector.

Lastly, since COVID-19 pandemic demands that citizens observe social distancing, it is expected that administrative costs for the departments in the sector will reduce. We suggest that these funds are redirected to fill the funding gaps in the sector.

2. Unclear distinction of functions of government

According to the Constitution of Kenya (COK, 2010), the National Government, in accordance with Part 1 of section 29 of the Fourth Schedule, shall be responsible for agricultural policy and for assisting the county governments on agricultural matters. Functions of government are clearly distinguished in the fourth schedule of the Constitution of Kenya 2010. However, evidently, the non-financial data in the PBB 2020/21 suggests that the National Government is undertaking certain functions that are ideally should be the responsibility of County Governments, hence denying the needed liquidity at the grass root level. For instance, activities such as rice production, fish production, crop insurance cover, Pig enterprise development, commercialization of indigenous poultry, Sheep and Goats breeding farms, are prevalent outcomes in the ARUD sector.

The National government should focus on policy issues and allow the County Governments to exercise their mandate, so as to avoid the duplication of funds allocation towards the same activities. Nevertheless, both levels of government should accommodate each other on their quest to delivery services to Kenyans.

3. Low absorption rate of funds and an inconducive environment

Slow absorption rate has been an impediment to sector performance and has been predominantly attributed to untimely enactment of bills, slow policy adoption and delayed transmittals from the National treasury. Despite these inconveniences, the sector performance is still anticipated, failure to which results in a significant decrease in the country's GDP, considering that agriculture is among the top contributors. Low absorption rates risk attracting further allocation reductions, justified by the fact that the sector cannot effectively use up what is already readily available for expenditure, whereas, it could useful in another sector. Moreover, efforts in petitioning for the increase of funds allocation would be considered unnecessary.

It is a concern that the budget item on special material and supplied, as per the Budget Review and Outlook paper 2019/20(Pg. 378), previously managed to utilize only Kes 60 million out of Kes 120 million and yet for the FY 2020/21 the State Department for Crop Development & Agricultural Research intends to borrow a Kes 120 million loan, yet the absorption rate for the previous FY was low.

4. Inadequate funding decisions and prioritization, and unclear targets

It is a concern that despite some of the challenges that the sector has faced including; competing land use, inadequate markets and infrastructure, high cost of production, climate change, scrapping of tea, sugar and coffee levies which were a source of financing operations for research institutions, prioritization of the sector is predominantly focused on the development of the miraa sector. There are no clear justifications as to why miraa is receiving more funding, considering the pitfalls experienced by the coffee and tea sector, according to the BROP 2019/2020. Also, it is evident that fiscal allocations are focused on an export strategy, other than on the growth of domestic production of food. Considering the impact on the economy, and ultimately on the disposable income of Kenyans, effort ought to be redirected to empower and benefit the domestic market.

Another concern is the allocation of funds towards a drought resilient program in the horn of Africa. This brings a question as to why the Government would allocate funds towards areas in that region, instead of supporting drought resilient activities in Kenya. However, it could be assumed that this may be as a result of improper choice of words; nevertheless, it is quite misleading.

In the Administration section for the sector in the budget, we noted that in FY 2020/21 there is no allocation for fuel, which is inappropriate considering that in 2019, there was a purchase for specialized land, machinery (Pg. 401), which cost Kes 399 million. Does this mean that the machinery will not be operational in successive financial periods?

Page 530 of the PBB under the KCSAP project the indicators are not clear on the target crops for the proposed MT of early generation under the output of increased production of Climate smart agriculture inputs by seed and breed stock production. As an output, it is indicated that farmers will be provided with two mango seedlings. More information on the types of seedlings and the criteria of selection of the beneficiaries is necessary.

Proposition

Key Proposition

Budget consideration to mitigate the impact of natural calamities and impact of COVID-19

Funding gaps in the sector that have been presented by COVID-19, and the natural calamities; drought, heavy rainfall and locust invasion ought to be addressed to ensure that County Government receive adequate support to combat food insecurity.

Other propositions include;

- **Distinction of functions:** The national Government ought to adhere to executing its functions as provided for in the fourth schedule of the Constitution of Kenya, 2010, to avoid double of allocation of resources.
- **Uplift Small scale farmers:** Uplift small-scale farmers who contribute 70% of food in Kenya
  The number of new jobs created each year between 2014 and 2018 was below the Government's target of creating one million new jobs annually. Furthermore, farming has become an unattractive economic activity due to the challenges, for instance market accessibility, so farmers are abandoning it for formal well-paying sector jobs. Therefore, Government needs to
- **Consider alternative source of funds from loans:** Alternative funding for ARUD such as private partnerships, and to reduce borrowing and overdependence on donors, will reduce risks of negative impact on the sector, when donor funding reduces
- **Timely disbursement of funds:** A great impediment to total absorption of funds is the late disbursement of funds from the National treasure, which ultimately affects the economic growth of a country. Furthermore, budgets and plans are time bond, subject to the sitting government. A shift in leadership means a shift in strategy, which could potentially deter the actualization of projects and services and could result in abandonment of projects that are not priority to the incoming Government.
- **Realistic allocations:** To achieved set targets funding should correspond to set targets. An increase in targets should correspond with an increase in funding, and vice versa.
- **Indication of the physical location of projects and criteria of selection:** Budget items should indicate the location (County/sub-county, down to ward level) the allocation is being given for easy equity allocation analysis, and tracking of funds, to curb populist mechanisms of appeasing citizens in exchange for votes.
- **Disaggregation of Programs:** Under Crop management there is an increase in proposed development estimates for FY 2020/2021 however considering the challenges affecting food security such as disease and pests, there ought to be a sub-programme to address these recurring issues. Therefore, we propose the inclusion of a crop pest and disease management sub-programme to support management of the program.

Conclusion

There exist legal frameworks that endow the actualization of a food secure nation, which ought to be adhered to. In regards to Implementation of rights and fundamental freedoms, Article 21 (1) states that it is a fundamental duty of the State and every State organ to observe, respect, protect, promote and fulfill the rights and fundamental freedoms in the Bill of Rights. Therefore, adherence to the fiscal responsibility principles will demonstrate prudent and transparent management of public resources, hence pursuant to the Public Finance Management (PFM) Act, 2012, and Article 43(1) (c) states that every person has the right to be free from hunger, and to have adequate food of acceptable quality of the Constitution of Kenya, 2010.

The development of ARUD sector is integral for poverty reduction since most of the vulnerable groups like pastoralists, the landless, and subsistence farmers, solely depend on agriculture as their main source of livelihoods. Growth in the sector is thus expected to have a greater impact on a larger section of the population than any other sector.

Lastly, the Government needs to strengthen implementation of programmes and measures that ensure a more inclusive growth, foster macroeconomic stability, and avail liquidity to the sector players to mitigate against COVID-19 effects and curtail spending on county function activities, non-productive areas and ensure that public expenditures goes to the most impactful programmes with highest welfare benefits to Kenyans.

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Youth Empowerment

Introduction

According to the Kenya Household Census 2019, 75.1 percent of Kenyans are aged 35 years and below. Therefore, planning and budgeting is primary for a very young population and also a very dynamic one whose need vary greatly driven by fast changing technological environment. However, the youth also face very high level of unemployment. Youth component has not been earmarked as a key area of focus by the sector despite the level of unemployment noted by the Kenya Integrated Household Budget Survey 2016 which noted that the unemployment rate for the youth aged 15-34 years is 6.3 percent. The national unemployment rate was highlighted at 7.4 percent meaning that the youth unemployment rate of over the national rate is 85 percent. Therefore, the current COVID-19 pandemic has slowed down economic activity, and this will disproportionately affect the youth as they have no social cushion and many of them do not qualify for current social protection programs. Therefore, Parliament should ensure that the budget is prepared to support youth related programs in COVID-19 related measures.

Submission Summary

1. The Department of Youth is made up mostly of allocations to the National Youth Service. 88 percent of the MDAs budget is taken up by the service. However, this leaves out any programs that could help the large youth demography deal with economic downturn due to COVID-19.
2. The Youth Enterprise Development Fund allocation has been maintained at the same level as it was in FY 2019/20. This should be a priority area especially as a measure to spur business due to effect by COVID-19.

Detailed facts

1. The State Department for Youth recurrent budget has an allocation of KShs 10.6 billion a growth of 7 percent from KShs 9.9 billion in FY 2019/20. The National Youth Service takes 88 percent of the allocations among the nine programmes under the MDAs as shown in Figure 1 below.

Recurrent Expenditure Analysis: State Departments with Youth Allocations

State Department for Youth				
HEAD	Approved Estimates 2019/2020	Estimates 2020/2021 Gross Estimates	% Change	Share of the Budget
	Kshs.	Kshs.		
1214000100 Youth Field Services	539,095,912	476,726,903	-12%	5%
1214000200 N.Y.S. Headquarters Administrative Services	8,485,256,300	9,243,026,300	9%	88%
1214001200 Youth Development Services	187,457,199	214,378,631	14%	2%
1214001300 President Award Scheme Secretariat	20,000,000	20,000,000	0%	0%
1214001400 General Administrative Services	177,136,275	156,717,786	-12%	1%
1214001500 Youth enterprise Development Fund	299,290,000	299,490,000	0%	3%
1214001600 National Youth Council	98,000,000	98,000,000	0%	1%
1214001700 Financial Management Services	43,298,490	44,048,549	2%	0%
TOTAL FOR VOTE R1214 State Department for Youth	**9,849,534,176**	**10,552,388,169**	**7%**	

Figure 1: Source PBB 2020/2021

2. The MDA has a development allocation of Kes 3.3 billion which is a 45 percent reduction from the allocation of Kes 6 billion in FY 2019/20. In addition, the allocation in 2019 is fully funded by external loans and grants.
   i. State Department of Youth acquiring of a loan worth Kes 2.2 billion in the 2020/21 financial year.
   ii. United Nations Fund for Population Activities (UNFPA) is equally issuing a grant worth Kes 7 million to the State Department for youth in the 2020/21 financial year.
3. There are a number of other youth related programmes in the State Department for Gender and the State Department for Crop Development and Agriculture Research. The allocations to the two programmes are not that significant however, the Youth Employment and Enterprise Fund (Uwezo Fund) saw its budget reduce by 15 percent between FY 2019/20 as shown below. This seems to be the reverse of what would be expected in this COVID-19 period.

State Department for Crop Development & Agriculture Research			
Title	Approved Estimates 2019/20	Estimates 2020/21	
1169000112 Youth and Gender Mainstreaming	-	4,445,070	
State Department for Gender			
1212000400 Youth Employment and Enterprise (UWEZO FUND)	170,800,000	145,000,000	-15%

Figure 3.1 : Source PBB

Key issues can be highlighted from the budget estimates:

1. There is no information on the purpose of the Grant issued by the United Nations Fund for Population Activities (UNFPA) and neither is there any information of the projects for which the grant is to be implemented.
2. Additionally, there is a negotiated Loan with commitment already issued for Kshs. 2.2 billion. There is no justification or indication of the need for the Loan. The Social Protection Sector Report for which Youth Sub sector is identified is silent on this.
3. There are three State departments with recurrent Expenditures on the Youth Function: State Department for Crop Development & Agriculture Research, State Department for Gender and State Department for Youth.
   a) While this is the observation; there is an allocation towards the Youth and Gender Mainstreaming in the State Department for Crop Development worth Kshs 4.4 million earmarked just for salaries, allowances and subsistence allowance. There is no corresponding development allocation towards the same in the same State Department.
   b) It is also important to note that there was no such allocation under the State Department for Crop Development in the 2019/20 financial hence this is a new allocation directed towards recruitment.
4. Under the State Department for Gender, there is a proposed reduction in the UWEZO Fund allocation by Ksh. 25.8 million. There is no justification for this in the Sector report.
5. It is equally noted that under the State Department for Youth, NYS Headquarters administrative Services consumes the largest share of the State Department's recurrent expenditure at 86.6 percent of the total estimates. There is need for scrutiny of this huge allocation.

Key Issues from the Social Protection Sector Report

1. The projected key programmes for implementation include manpower development, employment and productivity management, sports promotion, promotion of best labour practices, social development, children services, community development, gender empowerment, performing arts, culture development, accelerated ASALs development, National Safety Net and library services. Youth component has not been earmarked as a key area of focus by the sector despite the level of unemployment noted by the Kenya Integrated Household Budget Survey 2016 which noted that the unemployment rate for the youth aged 15-34 years is 6.3 percent. The national unemployment rate was highlighted at 7.4 percent meaning that the youth unemployment rate of over the national rate is 85 percent.
2. Under the Uwezo Fund administered through the State Department for Gender, the targeted Amounts to be disbursed to Youth, Women and PWD Groups over a period of time does not correspond to the printed estimates. In 2018/19 the target disbursement was Kes 300 million however only Kes 152.4 million was disbursed barely 50 percent of the target. In 2019/20 the target baseline is Kes 300 million, and Kes 350 million in FY 2020/21 and Kshs. 450 million in FY 2021/22 and finally Kshs 1.0 billion in 2022/23.
3. It is therefore noted that there is a huge disparity from the allocation provided by the sector and that which is printed in the estimates by almost 50 percent.

Key Issues under the Supplementary two budget

There is an allocation in the State Department for vocational and Technical Training with capital estimates of Kshs. 2.0 billion and current Estimates of Kshs. 39.0 million. While there is no explanation on the vote, Vocational Training Colleges are devolved so it goes without saying that this should be a grant to the counties. If it is a grant, there has been a reduction of Kshs. 16.5 million from the total gross estimates. Any reduction in a grant in the middle of a financial year is risky and detrimental to the commitments already made.

If this is not a grant then this is a misplaced allocation which should be allocated to the County Governments.

6. Our proposition

What are your recommendations to Parliament based on your submission summary?

a. Parliament should increase the allocation to Youth Employment and Enterprise Fund as a response measure for COVID-19.
b. The department is heavily dependent on external funds for its capital budgets. This may be significantly affected as other economies try to recover from the COVID-19 pandemic. The government should start increasing funding to the sector with an aim of fully funding the sector in the next three years.

7. Conclusion

For sector that caters for a majority of the Kenyan population, the allocation to the sector is quite low and should be prioritized especially as a key response area for government in relation to COVID-19. The impact of the pandemic on businesses and jobs means that government support will be vital in the coming year. Therefore, Parliament should allocate more resources and set up guiding policies that will facilitate fast and effective distribution of funds to support small businesses run by the youth.

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