

REPUBLIC OF KENYA



Paper laid by the
Hon. Montava Mbayemi
CDS, MP, Chairperson
Budget & Appropriation
Committee on
23/3/2017
[Signature]

KENYA NATIONAL ASSEMBLY

REPORT ON

CONSULTATIVE MEETING ON THE PRIORITIES FOR 2017/2018 BUDGET
AND THE MEDIUM TERM

HELD ON 13TH MARCH 2017

IN KIAMBU, MACHAKOS, KAJIADO, NAKURU COUNTIES

1.0 Introduction

The Budget and Appropriations Committee was conducting public hearings on budget estimates for the seventh time. The BAC carried out the hearings Pursuant to Article 201 (a) and 221 (4) & (5) of the Constitution in order to seek the views of the public in regard to the Budget estimates before making final recommendations to the House as well as to use the information when reviewing the Budget Review and Outlook Paper (BRPOP) which is submitted to Parliament by 30th September each year, and the Budget Policy Statement (BPS) - submitted by 15th February each year. However, for the period under review the Documents were submitted on earlier dates in order to pave way for smooth General elections to be held in August.

These policy documents serve as a guide in the prioritization and allocation of funds, inform the committee when consulting on the estimates of the Financial Year 2017/2018 and establishing better ways to implement the budget and carry out monitoring and evaluation. The Committee will as well use the information gathered to inform strategic interventions and resource envelop for 2017/2018 and the medium term, come up with strategic priorities for 2017/2018 and use the information to decide on the vertical division of revenue.

The Conduct of the Public Hearings

The Parliament of Kenya planned consultative meetings of the Public hearings in four (4) counties namely; Kiambu, Kajiado, Nakuru and Machakos.

The objectives of the public hearings were to:

- i. Inform the Committee on areas of concern on the allocation of resources in the 2017/18 budget and the medium term.
- ii. Establish better ways to implement the budget and carry out monitoring and evaluation.
- iii. Provide policy options that will guide the prioritization and allocations of funds in the upcoming budgets.

Achievement of previous public hearings

Previous budget hearings have led to critical interventions made in projects such as the Gotu bridge which was allocated funds as a result of 2013/14 public hearings and supply for sunscreen cream for the persons living with Albinism from 2011/12 public hearings which has become an item to be annually budgeted by the government.

In the current financial year, there is a programme on strategic interventions in the National Treasury budget which will be used for financing the intervention

measures for the needs to be identified in the on-going public hearings among others.

The thematic areas for the consultative meetings included:

- a) Agriculture- Food security
- b) Infrastructure- Transport
- c) Energy and Electricity Connections- Energy Sector
- d) Security
- e) Social Sector- Health Sector and Education Sector
- f) Equity, Poverty Reduction and Social Protection

1.3 General Issues Raised/ Issues of concern

- There is need for a civic education to educate the public on the different roles and responsibilities of the two levels of Government
- There is need for timely disbursement of funds to counties by the National Treasury in order to avoid delay in completion of projects by various contractors.
- There is need for civic education to the members of the Public in regard to relevance of the Public hearings.
- The details are as indicated in Anne

2.0 THEMATIC ISSUES RAISED DURING THE PUBLIC HEARINGS

2.1 HEALTH

- The Government was requested to allocate more funds to establish rehabilitation centres to curb street children and to as well as to contain drug abuse that is on the rise across the country.
- The members requested the government to set aside funds for the construction of more health facilities in the counties due to the ever increasing population
- That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals
- The participants requested for upgrading and equipping of Oloyankalani dispensary which is serving people from Kajiado Central and Kajiado west
- There was need for allocation of funds to be utilized in the completion of the Naivasha Kenya Medical Training College (KMTC). The college has not been completed because of lack of funds.
- Since completion of the Kayole dispensary in Nakuru County in 2014, the dispensary has not become fully-operational as it is poorly funded and it lacks the required personnel to attend to the patients

2.2 EDUCATION.

- Among the issues raised to do with education is the improvement of Bursary funds to mitigate the school drop outs, equipping of the newly constructed secondary schools and primary schools. There was need to have a separate bursary fund for the disabled.
- The public proposed the construction of technical schools in every ward to absorb students who do not proceed to colleges or universities. The public requested funds for the purchase of land for construction of the Laikipia University- Naivasha Campus
- The members requested for the implementation of the feeding programme in primary schools across all counties.
- There was need for the Government to allocate funds for the refurbishment of buildings and structures of most schools and technical institutions.
- Members of Kajiado County requested the Government to establish a university within the county.
- There was need for the Government to set aside funds to establish more technical institutions for the people with disabilities.

2.3 AGRICULTURE- FOOD SECURITY

- The Public requested that the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
- That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the counties to improve on food production
- Members of the public requested the establishment of a research institute of agriculture In Naivasha, Nakuru County so as to train and improve on agricultural skills.
- Members suggested that the government should to equally come up with policies that will protect employees working in the floriculture industry.
- Dairy farming in was not well performing in most Counties due to the accumulated debts owed to banks by farmers. There was need for the government to introduce subsidies and incentives that would increase the production of Dairy products.
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the county to improve on food production in the affected counties.

2.4 INFRASTRUCTURE

- Most Roads in Nakuru County were not in good conditions, members of the public requested the government to improve the condition of the roads among them;
- Construction of the road linking Naivasha- Kongoni- Maela- and Nairagia Enkare.
- Construction of the road linking Kongoni and Kasarani,
- Construction of the road linking Maela and Kambani
- The members of the public also proposed the expansion of Nakura- Naivasha road to a dual carriage road
- That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
- The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
- That the government should also prioritize the construction of the Githunguri – Kibicho road which is an important road for the farmers of Kiambu County;
- The government should construct an over-pass for the school going children of Kasarini primary along Kiambu road.
- That despite the growth of Kiambu town, the sewerage system remains the colonial one and therefore overstretched. That funds need to be set aside to overhaul the entire sewerage system of the town;
- That the drainage system in Limuru Sub County is in poor state and hence the need to set aside funds to establish an integrated drainage system.
- There was a concern that most roads in the County had stalled and were in poor conditions especially during rainy seasons.
- There was need for the Government to allocate funds to improve the condition of various roads such as
 - Ndunyu Sambu- Kapiti Road,
 - Machakos- Kitui Road,
 - Machakos- makueni Road,
 - Nairobi- Mombasa Road.
- Construction of an overpass or expand the Namanga road to dual carriage in Kitengela to ease traffic jam in the said town.
- Tarmacking of Ngong-Ewuaso-suswa road 65 Km to connect with Ngong-Isiya-Isara road that is on-going.
- Grading and murraming of Isinya-Konza road that was reported to be completely impassable during the rainy season.
- Building of Oloisuyian- Oloyiankalani bridge to connect Kajiado Central and Kajiado West and prevent loss of life
- Construct a road from Nkole-Olobelbel-Mashuru o connect to oloitoktok road.
- Murraming of KMQ-Magadi

- The State department of infrastructure through KENHA had earmarked the dualling of Bomasa-ongata Rongai-Kiserian road under annuity programme, the same is requested for funding.
- Under the Roads 10,000KM programme; low volume seal roads to be done to include; Ngong-kahara-kiserian 14Km, Ngong-Ololuua 6 Km, Matasia-Meijo - Kandisi 6.2 Km, Meijoo-Gataka 2 Km
- The participants also requested that for the repair, expansion and upgrading of Kajiado airstrip so that it can be used to hasten movement of people and good in the county

3.4 ENERGY AND ELECTRICITY CONNECTIONS

- There was a concern that the power black outs were numerous in most Counties. The members of the public suggested that the Government needs to invest in alternate sources of power. This is to curb the monopoly of KPLC that currently exists.

3.6 NATIONAL SECURITY

- The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
- The members of the public were concerned that insecurity was on the rise in the county, Most of it was attributed to the high rates of unemployment.
- There was need for the Government to create employment either directly or indirectly especially to the youth.
- There is need for the government to increase the incentives and funds to town administrators and village elders who act as watchdogs for the Government.
- There was a concern that the national Police Service is underfunded. There is need for the Government to allocate more funds to the Service to cater for their allowances as well as proper housing.

3.7 SOCIAL PROTECTION, CULTURE AND RECREATION SECTOR

- The public submitted that considering the large number of youth groups in the county interested in the Uwezo fund, the fund need to be enhanced by allocating additional resources to this kitty to ensure a wider target group benefits from it.
- There was a concern that the NCPWD needs to be decentralized to regional hubs as well as all the sub- counties in order to mainstream and provide proper services to PWDs.
- There was need to increase the allocation made to the Council in order to have a wide base of the beneficiaries.

- There was need for the government to exempt the equipment and materials for the persons with disabilities from taxes, for instance wheelchairs, walking canes e.t.c to make them more affordable.
- The Government to engage ICT providers to enable the integration of ICT programmes for PWDs for instance in learning institutions, banking sector, public offices, public websites etc.
- The Government should steer up more effort through its agencies to ensure implementation of constitutional provision like Article 54 and others.
- There is need for the Government through the Ministry of Education to allocate more funds to i) current Technical Training Institutes for PWDs ii) Consider establishing more technical training institutes towards aged PWDs at the grassroots.
- There should be enough budgetary allocation to the National council persons with Disabilities to facilitate Disability mainstreaming at the grassroots. There should be more funds allocated towards the aged PWDs at the grassroots.
- It was proposed that the allocation to the fund should be increased to cater for more bursary funds since poverty level is high with low income earned from flower farms and other industries.
- There was need for proper social accountability in terms of the cash transfers that are made to older persons. There is need for proper documentation and equitable distribution across all counties.

4.0 Other issues:

The following are the Submission of memoranda from institutions such as parliamentary initiatives network, Machakos technical institute for the blind, International Institute for legislative affairs and other individuals

- ✓ There is need for the Budget Committee to incorporate the input of the submissions of the members of the public in the decision making process.
- ✓ There is need for the Government to curb the debt that is on the rise.
- ✓ There is need for the Government to curb the wage bill that is on the rise.
- ✓ The national Government need to factor in the audit queries in relation to procurement at IEBC that have not been solved from the last election
- ✓ The Government needs to make reasonable allocations to Drought management Authority (DMA) so as to mitigate drought related catastrophes through apt planning both on short and long term basis.
- ✓ The Government needs to allocate reasonable amounts of funds to cater for primary health care. This is in order to facilitate the creation of awareness on cancer.

- ✓ The Public notes that multiple taxes on same products, unrelenting tax increases are antagonistic to development. The national treasury should embrace friendlier and a progressive tax regime that will stimulate growth. The government should incentivize the market to attract creativity and more investments in the publishing industry so as to net more taxes.
- ✓ There is need to involve citizens not only in the budget making process but also in the policy level where they will be able to influence policies at sector levels to enhance monitoring.
- ✓ The Government needs to make reasonable allocations to Drought management Authority (DMA) so as to mitigate drought related catastrophes through apt planning both on short and long term basis.
- ✓ The Government needs to allocate reasonable amounts of funds to cater for primary health care. This is in order to facilitate the creation of awareness on cancer.

Annexure1-

Reports from the various Centres (4 Counties) (Attached)

Annexure2

Submissions from other stakeholders (Attached)

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FOURTH SESSION

REPORT OF

PRE- BUDGET PUBLIC HEARING

HELD AT FURAHA WORSHIP CENTRE IN KIAMBU TOWN,
KIAMBU COUNTY

ON

WEDNESDAY, 13TH MARCH, 2017

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1.0: INTRODUCTION

The Constitution establishes a participatory process through which Citizens contribute to decision making in management of public resources. Participatory budgeting is also envisaged to provide a platform for engaging and empowering Citizens and strengthening demand for good Governance.

In this regard, Budget public hearings were organized by the Budget and Appropriations Committee and were carried out in different Counties spread in the Country to seek views from the Public.

The Kenya National Assembly Budget and Appropriations Committee identified four (4) counties spread across the Country. In identifying these Counties, the Committee took into account diversity and the principle of wider participation.

The identified Counties in which the public hearing took place were as follows;

1. Nakuru
2. Kiambu
3. Kajiado
4. Machakos

1.1: OBJECTIVES OF THE PUBLIC HEARING

The core objective of the public hearings is to mobilize and facilitate participation by public in the budget process and more so, to institutionalize public participation as an integral part of good governance.

1.2: THE DELEGATION

The Kiambu County National Assembly Budget and Appropriations Committee delegation comprised of the following Honorable Members:

1. Hon. Mutava Musyimi, M.P - **Leader of the Delegation**
2. Hon. Kigo Njenga, M.P.
3. Hon. Ng'ang'a Alice, MP
4. Hon. Richard Tongi, M.P
5. Hon. Mohamed Shidiye, M.P
6. Hon. Peter Weru, M.P

In addition, the following Member of Parliament who was the host of the function also attended the hearings

1. Hon. Jude Jomo, MP

The Secretariat comprised of the following staff from Parliamentary Service Commission.

1. Joseph Ndirangu - Fiscal Analyst, Kenya National Assembly
2. Omar Abdirahim - Fiscal Analyst, Kenya National Assembly
3. Richard Sang - Sergeant at Arms, Kenya National Assembly
4. Christine Maeri - Audio Officer, Kenya National Assembly

1.3: ACKNOWLEDGEMENTS

The Kiambu team wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of this assignment.

The team extends gratitude to honorable members for finding time within their busy engagements to attend the public hearing and their exemplary leadership during the hearings.

The efforts made by the office of the county commissioner and offices in the county government of Kiambu in making sure everything runs smoothly cannot go unnoticed.

Most importantly the team passes its appreciation to Members of the public who turned up for the hearings.

It is now my pleasant duty as the leader of the Kiambu County National Assembly Budget and Appropriations Committee delegation to present our report to the Budget and Appropriations Committee.

SIGNED.....

(HON. MUTAVA MUSYIMI, MP, LEADER OF THE KIAMBU DELEGATION)

DATE.....

2.0: PRE BUDGET PUBLIC HEARINGS IN KIAMBU COUNTY

The Kiambu County budget Public Hearing was held on Monday, 13th March, 2017 at Furaha Worship Centre Hall in Kiambu town in Kiambu County.

The hearing had a total of forty seven (47) participants (see appendix 1) drawn from Kiambu and all sub counties were well represented. The participants were diverse and composed of men, women and the youth.

The public hearing was conducted entirely as an open forum where the participants were given an opportunity to give their views and make their submissions orally. The public were also given an opportunity to submit memoranda.

Notably in attendance were the County official government and a number of Members of the County Assembly of Kiambu.

2.1: OPENING REMARKS

The public hearing was called to order at 11.00 am and in his opening remarks, the Chair thanked the Kenya National Assembly for having selected Kiambu as one of the Counties for the budget public hearing.

The Chairperson on behalf of Members of Parliament thanked the members of the public for turning up for the function and welcomed them to the budget public hearings, informing them that the budget process is important for implementation of public policies.

Participants were informed that the Kenya Constitution allows for Public participation in issues affecting them and the Budget making process was not an exemption.

The Chair emphasized on the need for public involvement and participation to be enhanced at all levels of Governance. Specifically, it was mentioned that Public participation is important to ensure the views of the citizens are incorporated in the budget.

This was also mentioned as a big breakthrough for the public as envisaged in the constitution since the public will be able to influence the development process directly through the national budget.

Members of Parliament were introduced to the public and in their remarks, they urged the public to identify crucial projects and more so prioritize on those that cater for the needs of the general county.

2.2: GENERAL ISSUES REGARDING THE BUDGET PROCESS

Regarding the overall National budget process, the public made the following submissions the Committee:

- i. That National and county functions ought to be clearly defined to avoid duplication and wastage of the scarce resources between the two levels of government but more importantly the public felt there is need for a board at the county level which harmonizes and plans the development needs of the county;
- ii. That the notice inviting the public to the hearing was short and requested that in future the invitation be done possibly one month earlier to allow ample preparation;
- iii. That corruption was affecting the overall budget implementation due to pilferage of resources and urged the government to take stern action to stem it out;
- iv. That there is need for civic education for the public particularly at the county level to create awareness amongst the public with view to inform them about their rights and responsibilities in the management of both national and county governments affairs;
- v. That Exchequer releases by treasury are usually delayed and hence affecting county governments development agenda.

2.3: THEMATIC AREAS ADDRESSED

2.3.1: Agriculture/Food security

The public made the following submissions regarding the Agriculture sector in the county;

- That the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
- That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector.

- That the government should review its policy of double taxation on products such as fresh fruit juice since that policy is jeopardizing the fortunes of the farmers along the value chain as well as causing liquidity crisis in the supermarkets.
- That the dairy sector in the county is not performing well as a result of many debts owed to banks. The public proposed that the government steps in to assist farmers in settling the debts to ensure the sector returns to profitability. Similar intervention was also proposed to assist tea and coffee farmers in the county;
- That real estate sector in the county is alarmingly decreasing arable land meant for agriculture and that a clear land use policy needs to be put in place;
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the county to improve on food production in the county;

2.3.2: Roads and Infrastructure

Generally, it was observed that even though major parts of the county are urban in nature, residents lamented on the poor state of roads. The following were the public submissions regarding infrastructure and specifically the roads sector in the county:

- That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
- The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
- That the government should also prioritize the construction of the Githunguri – Kibichoi road which is an important road for the farmers of Kiambu County;
- The government should construct an over-pass for the school going children of Kasarini primary along Kiambu road.
- That despite the growth of Kiambu town, the sewerage system remains the colonial one and therefore overstretched. That funds need to be set aside to overhaul the entire sewerage system of the town;
- That the drainage system in Limuru Sub County is in poor state and hence the need to set aside funds to establish an integrated drainage system.

2.3.3: Education

The public made the following submissions regarding the Education sector in the county;

- That the government should review its taxation policy especially on text books since the policy is hurting the already struggling reading culture of the Kenyans and therefore should develop incentives for the sector to attract creativity and more investments in the publishing industry.
- That funds need to be set aside for civic education (especially on budget matters and the economy) for wananchi to fully understand their civic roles in order for them to effectively hold their leaders accountable;
- That the government should upgrade the Kiambu Institute of Technology (KIST) into a fully-fledged university college so that it can benefit from the funds meant for universities since it currently attracts students from diverse regions across the country.
- The government should develop proper structures for nurturing and developing talents at the county level with a view to exploit the unique abilities of the youths and to engage them in gainful employment at the county.
- That to absorb the large number of pupils who graduate from primary school as a result of free primary education, funds need to be set aside to ensure that all public primary schools have a secondary school component;

2.3.4: Industrialization

The public made the following submissions regarding industries and industrialization within the County

- That the government should review downward the fuel levy of Kshs 6 for every litter of fuel since the levy is hurting growth in the manufacturing sector since such a measure increases the cost of doing of business;
- That the government should develop concrete strategies to assist small businesses and entrepreneurs in the county through the provision of loans and also easing the requirements for obtaining the loans under the existing facilities such as Uwezo fund.
- That the government should Fast-track the construction of the Kiambu market since it has taken too long for the market to be completed but more importantly the distribution of the market stalls should be done in a free and fair manner

- That most cooperative societies are in their death bed and that the government needs to step in and assist the cooperatives to clear their debts by allocating funds to clear up this debts;

2.3.5: Water

The public made the following submissions regarding water provision in the County;

- That due to the ever growing population of the county and being the preferred residential suburb of the Nairobi working populace there is need to expand the sewerage system of the County.
- That governments set aside funds to improve water distribution networks (piping) within the county and especially Limuru ,Kikuyu and Kabete Sub Counties which often face water shortages;
- That funds need to be allocated for the compensation of the farmers affected by the construction Ruiru 2 Dam that is meant to serve the residents of Ruiru and its environs. The public submitted that funds be allocated for purposes of paying the land owners where the proposed dam stands for construction of the dam to begin.

2.3.6: Security

The public made the following submissions regarding security in the County;

- The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
- The public also noted that most police officers are not motivated because of poor terms of service and the that the government should set aside funds to look in to the welfare of the security officers to boost their morale;

2.3.7: Social Services

The following submissions regarding the social sector in the County;

- That more community social halls need to be established and community empowerment centres to serve residents of the county and hence requested the government to set aside funds for this purpose;

- That the government should distribute the funds meant for the vulnerable groups in the society in transparent and accountable manner so that the needy ones in the society can benefit ;
- The public submitted that considering the large number of youth groups in the county interested in the Uwezo fund, the fund need to be enhanced by allocating additional resources to this kitty to ensure a wider target group benefits from it.

2.3.8: Health

The following submissions were made regarding the health sector in the County;

- That the government should set aside funds for the construction of more health facilities in the county due to the ever increasing population in the county;
- That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals;
- Given that the county is faced with the many social problems as a result of drug abuse. the public proposed the allocation of funds to establish rehabilitation centers to contain the situation;
- The public proposed that the government needs to develop a policy where manufacturers of alcohol and cigarettes are compelled to insure the users of their products to ease the burden associated with seeking medical attention as a result of using this substances;

2.3.9: Others

The participants also proposed that the issue of taxation among small businesses need to re looked to ensure that small business owners are burdened through taxation at the national and county level.

3.0: CONCLUSION

In their closing remarks, the Chairperson and members of the Committee thanked the residents for their informed contributions and assured them that their views have been captured in totality.

The Chairperson also gave the public an assurance that their views will be taken into consideration when the Committee writes its report.

List of priority projects

1. That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
2. The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
3. That the government should also prioritize the construction of the Githunguri – Kibichoi road which is an important road for the farmers of Kiambu County;
4. That the government should set aside funds for the construction of more health facilities in the county due to the ever increasing population in the county;
5. That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals;
6. The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
7. That the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
8. That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector.

APPENDIX ONE: LIST OF PARTICIPANTS (PUBLIC)

1.Douglas Kamunya	31.Susan Githinji
2.Samuel Nginga	32.Regina Wanjiru
3.Njuguna Mwaniki	33.Mary Gachathi
4.John Chege	34.Geofry Gachara
5.Beth Kinyanju	35.Njoroge Waweru
6.James Gacheru	36.Lawrence Mwaura
7.Desmond Matata	37.Kennedy Njenga
8.George Chege	38.Miriam Ndungu
9.Margaret Waithaka	39.Winnie Njeri
10.Mary Wairimu	40.Caroline Wanjeri
11.George Gacheru	41.Lucy Muthoni
12.Paul Kiarie	42.Lucia Njeri
13.Patrick Kingangi	43.Jane Wanjiku
14.Dominic Nyakwara	44.Jane Mugure
15.Josphat Ojali	45.Peter Maingi
16.Moses Nganga	46.Henry Ituika
17.Paul Njamba	47.Anna Wambui
18.James Macharia	
19.Leah Wangui	
20.Irene Ngina	
21.Peter Ndungu	
22.Rhoda Wangari	
23.Thomas Kimani	
24.George Kariuki	
25.Raphael Waweru	
26.Esther Ngure	
27.Lina Muthoni	
28.Esther wangeci	
29.Jenipher Mburu	
30.Lucy Wanjiku	

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

REPORT ON

**CONSULTATIVE MEETING ON THE PRIORITIES FOR 2017/2018
BUDGET AND THE MEDIUM TERM**

HELD IN MACHAKOS COUNTY AT COUNTY SOCIAL HALL

ON

13TH MARCH 2017

1. Introduction

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- iii. Provide policy options that will guide the prioritization and allocations of funds in the upcoming budgets.

Machakos County is one of the eight counties in the eastern region. The County borders Embu, Murang'a and Kiambu counties to the north Nairobi and Kajiado counties to the west; Makueni county to the South; and Kitui county to the east. The county has a total area of 6,208.2 square kilometers with most of it being semi- arid. Administratively the county is comprised of eight (8) constituencies and 40 county assembly wards.

Machakos County is estimated to have a population of approximately 1,289,200. The County receives a bimodal rainfall with short rains coming in October to December and long rains in March and May. There is a variety of food crops grown in the region for example maize, beans, pigeon peas and cassava which are normally grown in small scale. The main cash crops grown in the area are coffee; french beans, pineapples and sorghum.

The County is the home of Masinga dam which is one of the seven dams which produce hydroelectricity for the National Electricity Grid. The main sources of energy in the county are wood, paraffin, charcoal, solar, gas and electricity. The County is served with a road network with majority of areas been accessible especially during dry season.

The Machakos County Public hearing was held in County Social Hall on Monday March 13th, 2017 from 9 am. The members of the public that were present were given opportunity to raise their concerns and views regarding

the budget which were recorded by Parliamentary Staff for submission to Budget and Appropriations Committee for inclusion in the final report of the committee.

Members of Parliament who conducted and attended the Public Hearings:

1. Hon. Makali Mulu, M.P. Chairperson of Delegation
2. Hon. Marcus Muluvi, M.P.

Members were accompanied by:

1. Mr. Fredrick Muthengi Principal Fiscal Analyst
2. Ms Catherine Gati Fiscal Analyst
3. Mr. Steven Nyakuti Audio Recorder
4. Ms. Rose Njuki Sergeant-at-Arms

3. Opening session

The meeting started at 10:00 a.m. with a word of prayer. The Chairperson of the delegation, Hon Mutava Musymi, M.P then welcomed the members of public and hence informed the public the purposes of the consultations.

The Chairperson introduced the Members of Parliament and Parliamentary staff present. The Chairperson then gave a brief overview of the priorities for 2016/2017 and the medium term. He then highlighted that the thematic areas identified for submissions are; Food security, infrastructure, security, social safety nets, Electricity and Electricity connections and the social sector.

4. Members of the public gave the following submissions:

a) Social Protection- Persons with Disabilities

- The members of the public were concerned with the rising levels of disability in the area and countrywide.
- The members of the public explained that there were different forms/ natures of disabilities for example handicapped, vision impaired, physically impaired, hearing problems etc.
- The members suggested that there is need to more funds to facilitate poor parents with PWD children to access basic needs and education.
- There should be enough budgetary allocation to the National council persons with Disabilities to facilitate Disability mainstreaming at the grassroots. There should be more funds allocated towards the aged PWDs at the grassroots.
- There was a concern that the equipment i.e. walking canes and wheelchairs that are needed by the PWDs are very costly hence limiting the accessibility by the persons in need. There is need to allocate extra cost of learning / teaching materials and equipment for PWD children.
- There is need to exempt the equipment and materials from taxation to make them affordable.
- The Government should engage the private sector to find ways of locally manufacturing equipment/materials and other assertive devices for use by PWDs to make them more affordable.

- The Government should steer up more effort through its agencies to ensure implementation of constitutional provision like Article 54 and others.
- There is need for the Government through the Ministry of Education to allocate more funds to i) current Technical Training Institutes for PWDs ii) Consider establishing more technical training institutes towards aged PWDs at the grassroots.
- The Government to engage ICT providers to enable the integration of ICT programmes for PWDs for instance in learning institutions, banking sector, public offices, public websites etc.

b) Water and environment

- There are serious problems of water in the County. The Government need to partner with other development partners like church in order to install major projects to provide water to the residents of the county.

c) Security

- The members of the public were concerned that insecurity was on the rise in the county, Most of it was attributed to the high rates of unemployment.
- There was need for the Government to create employment either directly or indirectly especially to the youth.
- There is need for the government to increase the incentives and funds to town administrators and village elders who act as watchdogs for the Government.

- There was a concern that the national Police Service is underfunded. There is need for the Government to allocate more funds to the Service to cater for their allowances as well as proper housing

d) Education

- There was need for the Government to increase the allocation to the Schools and all technical institutions in order to refurbish the existing buildings and structures.

e) Transport and infrastructure

- There was a concern that most roads in the County had stalled and were in poor conditions especially during rainy seasons. There was need for the Government to allocate funds to improve various roads such as Ndunyu Sambu- Kapiti Road , Machakos- Kitui Road, Machakos- makueni Road, Nairobi-Mombasa Road.

f) Electricity and Electricity connections

- There was a concern that the power black outs were numerous in the County. The members of the public suggested that the Government needs to invest in alternate sources of power. This is to curb the monopoly of KPLC that currently exists.

e) Other issues raised by the public on the Public hearings.

- The Public was concerned that
- The cash transfers by the National Government should be increased; this should be done to include all other persons who qualify to be in the age-bracket.

- There is need for the National Government to construct facilities to cater for the children with special needs i.e. rehabilitation centres.
- There was need to distinguish the roles of the county government and the national government via civic education.
- There was need for timely disbursement of funds to Counties. This was to avoid the immature lapsing or stalling of major projects in the County.
- The public proposed that there was need to dismantle the bureaucracy of projects in order to fasten the time taken for implementation.
- There was need for the Salaries and remuneration Commission to harmonize the civil service salaries.
- There was need for social accountability by all members of the public who have been entrusted with the management of public funds. A monitoring and evaluation exercise was recommended for both levels of governments (National and County) as well as the managers of NGOs' funds.
- There was need for civic education to members of the public so as they can know the roles and duties of the different representatives. For instance the MCAs, M.ps, Senators, Women representatives e.t.c

5. Concluding remarks, Hon. Makali Mulu, M.P

The Chair of the session thanked everyone who created time to attend the important occasion and assured them that their views would be used in the formulation of the 2017/2018budget.

The Chair also asked the members of public who had written submissions but didn't get an opportunity to make verbal submissions to leave it with the secretariat for consideration.

6. The following areas were identified as priorities by the people of Machakos County in order of ranking;

1. **First Priority:** PWDs- Need to increase funds allocated to the National Council of Persons with Disabilities, (NCPWD). There is need for separate bursaries, need to establish a bursary fund that targets the people who are disabled.
2. **Second Priority:** Construction and renovation of all major roads in the County.
3. **Third Priority:** Construction of more Technical Institutions targeting the disabled.
4. **Fourth Priority:** Civic Education in regard to the roles of the National Government and County Government, as well as various representatives
5. **Fifth Priority:** More funds to be allocated to the police service for construction of their households.

Annex 1: List of Participants

1. Sabina Wacera
2. Patrick Loki Paul
3. Lucy Ndinda
4. Cosmas Maithhya
5. Vekinah Mueni
6. Luke Muthama
7. Ndunga Ndunye
8. Jacob Ngumi
9. Ken Siocha
10. Ann muloki
11. Mohamed Salat Osman
12. Abdalla Ndalukaria
13. Carlos Ndeto
14. Daniel Mumo
15. Stella Miriti
16. Martin Koome
17. Francis Kyalo
18. Joshua Narangwi
19. Anne Nthenya Iluka
20. Kinyua Thabu
21. Augustine Mwakio
22. Fred Lau
23. Julius Gituma
24. Juster Kirigo
25. John Methi
26. Stephen Maingi
27. Gitunde Chebe
28. Enos Chemorei
29. Francis Wanjiku
30. George Githinji
31. Damaris Mwirigi
32. Fred Ibiiri
33. Joseph Mwendwa
34. Janerosa Gacheri
35. J.M Waikiungah

36. Charles Mwongera

37.



REPUBLIC OF KENYA
KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT- FIFTH SESSION

THE BUDGET AND APPROPRIATION COMMITTEE

REPORT OF NAKURU PUBLIC HEARINGS ON PROPOSED BUDGET ESTIMATES FOR
2017/18 FINANCIAL YEAR

MONDAY, 13th MARCH 2017

NAIVASHA, KENYA

PARLIAMENTARY BUDGET OFFICE
PARLIAMENT BUILDINGS
NAIROBI

MARCH, 2017

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Chapter One

Introduction

1.1 Background Information

Pursuant to Article 221 (1), 127 (6) (c) and 173 (3) of the Constitution, the 2017/18 financial year Budget Estimates for the National Government, Judiciary and Parliamentary Service Commission were submitted to Parliament on 15th February 2017. Specifically, Article 221 (4) and (5) of the Constitution states that a Committee of the National Assembly, in this case the Budget & Appropriation Committee (BAC), shall seek representation from the public in the process of discussing and reviewing the Budget Estimates before making recommendation to the National Assembly.

1.2 Legal Basis for the Public Hearings

The public hearings on estimates of revenue and expenditure is conducted in accordance with the public finance principle of openness and accountability including public participation in financial matters as enshrined in article 201 (1) of the Constitution of Kenya, the Budget and Appropriation Committee is required to conduct a public hearing on the budget estimates for 2017/2018. This exercise is anchored in Article 221(5) of the Constitution and further provided for in Section 39 (2) of the Public Finance Management Act, 2012 which mandates the relevant committee of the National Assembly to discuss and review the estimates and make recommendations to the National Assembly, taking into account the views of the Cabinet Secretary responsible for Finance and the public on the proposed recommendations to “seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations.

Accordingly, the Budget and Appropriation Committee organized for the 2017/18 financial year budget public hearings in the following nine (4) counties: **Kiambu, Kajaido, Machakos and Nakuru.**

The Nakuru public hearings took place at ACK, Church Hall, Naivasha Town, Nakuru County on Monday 13th March 2017. The hearings were conducted through open forum

where members of the public were invited to give their views. The list of the people who attended the forum is attached as annex to this report.

1.3 Naivasha Constituency

Naivasha Constituency is one of the constituencies in Nakuru County. The main industry is agriculture, especially floriculture. According to the housing & population census report of 2009, the estimated population is 181,966. The wards under Nakuru constituency are Biashara, Gilgil, Hells Gate, Kiambogo, Lake View, Longonot, Maiella, Malewa East, Malewa West, Maraigishu, Miti Mingi, Murindati, Mwiciringiri, Naivasha East, Ndabibi, Olkaria and Viwanda.

1.4 Objective of the Public Hearings

This is the seven year of public hearings on the budget estimates by Parliament since the promulgation of the Constitution in 2010. In the previous year's consultations, Parliament was able to take in account the views of the public in finalizing its reports on the estimates of Revenue and Expenditure. These important concerns were incorporated in all the Committees reports on the Budget Estimates tabled in the House and also incorporated in the respected approved Budget.

This year's public hearing exercise is expected to provide an opportunity for the National Assembly to collect seek views from members of the public that will inform the finalization of the 2017/2018 budget estimates and in particular obtain views on:

- Areas where more resources are required to enable creation of more job opportunities.
- Identify areas of wastages and possible areas for rationalization

1.5. Achievement of previous public hearings

Previous budget hearings have led to critical interventions made in projects such as the Gotu bridge which was allocated funds as a result of 2013/14 public hearings and

supply for sunscreen cream for the persons living with Albinism from 2011/12 public hearings which has become an item to be annually budgeted by the government.

In the current financial year, there is a programme on strategic interventions in the National Treasury budget which will be used for financing the intervention measures for the needs to be identified in the on-going public hearings among others.

1.6. Composition of the Delegation

The delegation to Nakuru Public hearings was led by **Hon. Mary Emaase, M.P** as the leader of the delegation. The following Members of Parliament who were also part of the team attended the Public Hearing:

1. Hon. Mosses Lessonet, M.P.
2. Hon. Christopher Omulele, M.P.
3. Hon. (Dr.) Reginalda Wanyonyi, M.P.
4. Hon. Samuel Gichigi, M.P
5. Hon. Muruiki Njagagua, M.P

The Members of Parliament were accompanied by the following Parliamentary staff:

- | | |
|------------------------|-----------------------------|
| 1. Mr. Martin Masinde | Senior Deputy Director, PBO |
| 2. Mr. Robert Ngetich | Fiscal Analyst |
| 3. Mr. Danson Kachumbo | Fiscal Analyst |
| 4. Ms. Farida Nagsura | Audio Officer |
| 5. Mr. Staley Lagat | Sergeant- At- Arms |

Chapter Two

Courtesy Call to the County Commissioner

The delegation made a courtesy call to the Office of the Deputy Commissioner at 10.00 am. After a brief introduction, the assistant deputy commissioner enumerated the various concerns and challenges that need intervention within the Naivasha and Nakuru County at large. After the courtesy call, the delegation proceeded to the venue of the public hearing.

Among the issues raised by the Office falls in the areas of water, agriculture, health, land planning and surveying, youth employment and women empowerment, security, roads, fishing industry, justice, and IDP's. Details on the areas of concern are provided under the thematic areas.

Chapter Three

Public Hearings at ACK Church Hall, Naivasha

3.1 Opening of the Meeting

The session was opened by the leader of the delegation and vice-chairperson of Budget and Appropriation in the National Assembly with a word of prayer. She then introduced the members of the delegation and made her welcoming remarks. The Chair informed the public on the purpose of the public consultations, and that the committee expected to collect public views to inform the budget committee when reviewing the Budget Estimates on prioritization and allocation of funds. She called on the public to give their views and welcomed any written submissions.

3.2 Submissions by the Public

The members of the public made submissions on the following thematic areas:

(a) Health

Among the projects raised by the public is the completion of the Naivasha Kenya Medical Training College (KMTC). The college has not been completed because of lack of funds. Since completion of the Kayole dispensary in 2014, the dispensary is not fully functional as it is poorly funded and lacked the required personnel to attend to the sick. The hospitals and dispensaries within the area are not fully equipped with ARVs and Antibiotics.

(b) Security

Insecurity is a major challenge affecting the people of Naivasha and Nakuru County at Large. The office of the Commissioner and the police in general have insufficient vehicles to move around or to ensure instant response to security calls. Most chiefs in the area do not have offices and the police housings needs to be upgraded. The public therefore requested the funding for: - the addition of police motor vehicles, construction of Chiefs' office and police housings.

Another concern regards the peace initiatives which the Peace committees and NCIC are spearheading. According to the participants, Peace Committees should be provided with adequate funds to enable them conduct peace initiatives effectively.

(c) Roads Infrastructure

The public raised concerns on some of the roads. One of the roads that most participants raised is the road linking South Lake and North Lake (approximately 13 km). The public argued that the road is critical and can improve the movement and working conditions of the residents. Equally important is the road linking Naivasha- Kongoni- Maela- and Nairagia Enkare. The road linking Kongoni and Kasarani, Maela and Kambani needs to be constructed. The members of the public also proposed the expansion of Nakura- Naivasha road to a dual carriage road.

(d) Agriculture

Agriculture is an important economic activity in Naivasha and Nakuru County at large. The public requested the establishment of a research institute of agriculture so as to train and improve on agricultural skills. The participants requested the re-opening of the closed Karuturi Flowers which was an important source of employment to the residents. The government to equally come up with policies that will protect employees working in the floriculture industry. Equally raised is the reviving of the Pan-African Vegetables which is critical in improving the agricultural productivity

(e) Constituency Development Fund (CDF) Allocation

The public appreciated the work that the Constituency Development Fund (CDF) has done since its inception. It was proposed that the allocation to the fund should be increased to cater for more bursary funds since poverty level is high with low income earned from flower farms and other industries.

(f) Education

Among the issues raised to do with education is the improvement of Bursary funds to mitigate the school drop outs, equipping of the newly constructed secondary schools and primary schools. The public proposed the construction of technical schools in every ward to absorb students who do not proceed to colleges or universities. The public requested funds for the purchase of land for construction of the Laikipia University- Naivasha Campus.

3.3 Summary of Other Emerging issues

The following is a summary of other emerging issues raised by the members of the public.

- (i.) High unemployment levels among the youths should be addressed
- (ii.) There was need for the government to consider the squatters either by resettling or funding.
- (iii.) Construction of rehabilitation centres to rehabilitate drug and alcohol addicts.
- (iv.) The members of the public raised concerns over the erratic and unreliable power supply in the region which greatly affects business activities. They also proposed establishment of learning institution on geothermal. The need to provide additional transformers in Karakita and Mawingu.
- (v.) Increased funding of the fishing industry as well as establishing fishing industry hatcheries.
- (vi.) Draught situation is a major challenge in the County and especially in Naivasha sub-County. Funds for intervention should be factored in.
- (vii.) Land planning and surveying to be relooked at.
- (viii.) Naivasha is classified in one category with Nairobi and Mombasa in terms of cost of living but is not considered in terms of remuneration and house allowance. There is need to be relooked at.
- (ix.) More funds should be allocated for orphans, vulnerable and elderly persons.
- (x.) Proposed the construction of a dam in Nyandarua County to help solve the water problem in the Nakurur County.
- (xi.) Proposed funds for the resettlement of integrated IDP's.
- (xii.) The public requested the construction of the Naivasha stadium on the 28.8 acres of land (Dalamare Land). The land risk being grabbed.

- (xiii.) Provision of enough funds to Judiciary to enable employment of judges and magistrates. The public faces the challenge of slow case disposal due to limited judges and magistrates.
- (xiv.) The government should provide title deeds to the residents of Naivasha.
- (xv.) The government should find ways of how to reduce the spiral wage bill
- (xvi.) The health sector should be allocated a bigger percentage that what was allocated for in the proposed estimates. This will enable the provision of drugs to hospitals.
- (xvii.) Need for the roads to be tarmacked for easy access of various wards in the constituencies.
- (xviii.) The government should increase funding to the security sector so that Nakuru County gets more policemen and cars for patrol.

Chapter Four

Summary and Conclusion

4.1 Summary

After the public submissions, the leader of the delegation and Members thanked members of the public for attending in large numbers and articulating their issues. The chair assured the public that their submissions will be considered in when preparing the final budget estimates.



REPUBLIC OF KENYA

**KENYA NATIONAL ASSEMBLY
11th PARLIAMENT – FIFTH SESSION**

**REPORT OF
PUBLIC HEARINGS ON BUDGET ESTIMATES 2017/18
HELD IN KAJIADO COUNTY**

13th MARCH, 2017

1 INTRODUCTION

The budget estimates for the financial year 2017/18 for the National Government and Judiciary were tabled in the House on 15th February, 2017 while the one of Parliamentary Service Commission was tabled on 2nd March, 2017.

The Budget and Appropriation Committee is currently discussing and reviewing the estimates for 2017/18 financial year. As per the Constitution Article 221(5) it is required that the committee seeks the views from the public on the budget and incorporates the views in their recommendation before finalization of the budget. In this regard, the National Assembly planned and undertakes public hearings for the 2017/18 budget in the following centers: Kajiado, Kiambu, Machakos and Naivasha

Objectives of the Public Hearings

This year's public hearings were expected to collect public views to; Inform the National Assembly when reviewing the Budget Estimates on prioritization and allocation of funds; Inform the strategic interventions and resource envelop for 2017/18 and the medium term; Come up with strategic priorities for 2017/18; Establish better way to implement the budget and carry out Monitoring and Evaluation

In Kajiado, the public hearings were conducted on 13th March, 2017 at the Masai Technical Institute Hall. Individuals made oral and written submissions to the Budget and Appropriations Committee delegation present on key issues which included interventions in the following areas among others:-

- Water
- Infrastructure and Energy
- Education
- Security
- Sanitation

Budget and Appropriations Committee Members present during the Hearing

Hon. Members

1. Hon. Moses Ole Sakuda MP
2. Hon Abdulaziz Ali Farah MP

Secretariat

1. Lucy Makara Chief Fiscal Analyst
2. Jonathan Lemurt Fiscal Analyst II
3. Fatuma Abdi Audio Recorder
4. Onesmus Kiragu Sergeant at arms

In attendance

1. Hon. Paul Ntiati Deputy Governor Kajiado County

The team paid courtesy calls to the County Commissioner and Governor who made the remarks as follows;

Remarks by the County Commissioner Kajiado

The County Commissioner Mr Kello Harsama welcomed the team to Kajiado County, he informed them that mobilization had been done in the previous day by informing the members of the public through the District Officers, the chiefs and village elders as well as through the radio. He reminded the members that the public had requested to be informed of the progress made from previous public hearings that were conducted in the county.

The commissioner further informed the team that the major challenge facing the county was the current drought that had affected a large population; He however said the county was receiving famine relief food from the government and was being distributed to the deceiving people.

Remarks by the Governor for Kajiado County

The Governor Hon.Dr.David ole Nkediennyne welcomed the team to the county and informed them that there have been many meetings held on the budget since the County Government also holds public hearings every year for the budget. He however stated that the same was necessary to comply with the constitution and involve the people in deciding the intervention measures that should be funded to address the most pressing needs as the resources are limited. He appreciated the Budget and Appropriation Committee for choosing to visit the county and seek views of the public on the budget of 2017/18 since the resources given to County Governments are limited to address all the pressing needs.

The Governor informed the team that the public expectations on the government are too high and mentioned that the key areas that the national government should address include issues of Security, Education, Water and key roads. On key roads the governor emphasized the need for KERRA and KURA to carry out tarmacking of roads in urban areas for example in Rongai, Kitengella and Ng'ong since the two SAGAS are still under the county governments and the activity would require a lot of money that the county government might not have.

2 Opening Remarks in the meeting in Masai Technical institute

The meeting started at 11.00pm with a word of prayer from Hon.Ablaziz Ah Farah, followed by self introductions by participants. The deputy governor welcomed visitors and participants to the event and he encouraged participants to contribute and participate actively in the budget process. He then welcomed Hon. Moses Ole Sakuda who was the chairman of the meeting to welcome the other guests.

Hon Moses Ole Sakuda reminded the participants that public hearings had been held in the county before, where issues of water and roads had been raised. He confirmed to the meeting that there were projects on-going in the county that include Oloitotok sewerage water project, Kajiado rural water supply and Kiserian sewerage system that had been identified by the public

because of the challenges they were facing and emphasized on the need to contribute in the meeting so that the county most pressing needs can be addressed.

The highlights for 2017/18 budget were distributed to the participants and the chairman opened the floor for participants to make their contributions.

3 Issues raised at the public hearing

Road Infrastructure

Participants lamented about the poor state of roads in the county and proposed the following;

- To construct an overpass or expand the Namanga road to dual carriage in Kitengela to ease traffic jam in the said town.
- Tarmacking of Ngong-Ewuaso-suswa road 65 Km to connect with Ngong-Isiya-Isara road that is on-going.
- Grading and murraming of Isinya-Konza road that was reported to be completely impassable during the rainy season.
- Building of Oloisuyian- Oloyiankalani bridge to connect Kajiado Central and Kajiado West and prevent loss of life
- Construct a road from Nkole-Olobelbel-Mashuru o connect to oloitoktok road.
- Murraming of KMQ-Magadi
- The State department of infrastructure through KENHA had earmarked the dualling of Bomas-ongata Rongai-Kiserian road under annuity pogramme, the same is requested for funding.
- Roads 10,000 programme; low volume seal roads to be done to include; Ngong-kahara-kiserain 14Km, Ngong-Oloolua 6 Km, Matasia-Meijo -Kandisi 6.2 Km, Meijoo-Gataka 2 Km

Security

The participants noted with great concern insecurity in the county especially in the area bordering the Air strip, whereby they proposed that the airstrip should be manned to avoid situations where planes can land and depart without control from anybody monitoring the same.

Participants further requested for installation of security high-mast lights especially in town where there is high population to reduce insecurity threats as well as establishing police posts in some areas such as Saina Annex.

Water and Livestock

Members of public proposed construction of;

- A mega dam in the county at Olkajiado river near Oloyiankalani to act as water reservoir and source of water for livestock and domestic use particularly supply water to Kajiado town, Isinya and ilbisil.
- Abattoirs in Kajiado similar to Kenya Meat Commission buildings

They also proposed that livestock farmers should be compensated for the loss of livestock attacked by wild animals.

Health

The participants requested for upgrading and equipping of Oloyankalani dispensary which is serving people from Kajiado Central and Kajiado west

Education

Under education participants requested for;

- A university within the county
- Introduction of a feeding programme for primary school children.

- A teachers training college and a medical training college to be established in the county.

Electricity provision

Participants also requested that electricity was distributed to all rural areas of the county and asked for the rural electrification programme to be expanded to reach more people especially in rural area as well as the schools, dispensary and boreholes that are yet to be connected. Some of the public facilities named include; Oleharau dispensary, oleharau community borehole, enyonyom primary school in one of the locations.

Kajiado Airstrip

Participants noted that Kajiado airstrip is in need of repair and expansion so that it can be used to hasten movement of people and good in the county

Financial Support to the village elders

The meeting was informed that the village elders are very de-motivated because of lack of support either of salaries or allowances from the government. The participants noted that the village elders do a lot of work that include handling some security issues, community disputes and domestic cases as well as support to chief and sub-chief. The village elders has remained vital in implementation of government policies and plans even within the devolved structure. The elders should therefore be considered for payment of salary or motivational packages to enhance their welfare and offer better services to the public.

Other Issues

- Cash transfers to the vulnerable groups that include the old, orphans, persons living with disability was reported to be inadequate. The situation was reported to be more acute to the urban poor for example in township and Manjengo location in Kajiado central who are many as compared to those in rural area but have to depend on the allocation given to their locality.

- Putting up of industries such as cement production with the locally available materials
- The meeting noted that there are motorcycles that have been issued to each chief in the county but the same has not been provided to the sub-chiefs. The participants requested that sub-chiefs should also be provided with motor cycles due to the vastness of the sub-locations to promote service delivery.
- The Ewaso Ngiro South River Basin Development Authority (ENSDA) requests Kshs.143 million for equping, drilling, and rehabilitation of boreholes as shown in the annex.

4. Concluding Remarks and Prioritization of key issues

Hon. Moses ole Sakuda thanked participants for actively participating in the exercise and informed them that the requests will be considered when the Budget and Appropriation Committee will be finalizing the budget.

He highlighted the issues raised and asked the members for their most pressing issues in order of priority. participants agreed as follows;

1. Tarmaking of Ngong-Suswa 65 Km Road
2. Water issues especially the construction of the mega dam at **Oloyiankalani**
3. Public university in the county
4. The overpass (interchange) at Kitengella to reduce on traffic jam and congestion.
5. Electricity connection.
6. Payment of salaries for village elders.
7. Marraming of the Kajiado-KMQ-Magadi road
8. Tarmacking of the Corner-Baridi-Kajiado road

The Chairperson thanked the participants for their active participation and assured them that their proposals would be considered in when preparing the final budget especially the first 3 as listed in order of priority.

Members of Public Present (ANNEX 1)

Written Submissions (ANNEX 2)

Key Messages

Efforts to contain expenditure

- Enforcement of austerity measures and reduction of spending in non priority areas is paramount given the expected size of mandatory expenditure for 2017/18 owing to increase in CFS budget share by 33% from previous year and the size of MDAs budget going towards compensation of employees. This should however be done cautiously by focusing on curtailing “inflation pricing”.
- Prudent debt management is key to addressing growing debt payment and parliament should keenly interrogate debt management strategy and plans by keeping the executive on toes to ensure we keep within debt sustainability levels.
- Parliamentarians need to put pressure on the executive to provide a plan of implementation of a contributory pension scheme based on the Public Service Superannuation Act 2012 for overall management and control of pension liabilities in the medium term.
- Efforts to curb public wage bill:
 - ✓ In rationalization of public sector, the Government needs to adopt and implement the Capacity Assessment and Rationalisation of Public Service (CARPs) and rationalization of parastatals reports.
 - ✓ Other efforts should go into a deliberate plan and strategy to wean, especially commercially viable parastatals off transfers and freeze creation of new ones.
 - ✓ There is need to streamline allowances by instituting caps, consolidating and phasing out where possible in order to reduce risk to overall public wage sustainability through the SRC.

Efficiency in spending

- Parliament should cautiously cut budgets for MDAs that consistently underspend but at the same time ensure that the executive integrates procurement into planning processes in order to improve uptake of development budget for better results and service delivery.

Revenue

- For overall improved revenue performance and also given that subdued economic activity will affect tax collection, there is need for more efforts towards increased compliance, efficiency in tax collection and sealing tax leakage.
- There is need for better transparency on deficit financing

Introduction

This analysis of Budget 2017/18 notes that the country has been pursuing expansionary fiscal policy driven largely by government ambitions to address infrastructure and human resource development. It also seeks to answer, though not directly the extent to which the budget is driven by elections in terms of the expected goodies that come with election years. The focus is largely on the big ticket expenditure items and their implications on the budget vis a vis the financing aspect.

In terms of organization, this analysis first presents an overview of the entire budget, then proceeds with expenditure analysis that looks at issues of mandatory spending and what this means to budget flexibility, public wage bill and a brief on what is expected in terms of sectoral priorities. The final part looks at how this budget will be financed. In this analysis we point out policy concerns and issues that parliamentarians may consider in their scrutiny and interrogation of the budget.

Overview of Budget 2017/18

The table below captures an overview of government of Kenya budget for 2017/18. Overall expenditure for 2017/18 is estimated to go up by 5.7% in relative terms, from revised expenditure estimates of Ksh 2,500.9 billion in 2016/17 to Ksh 2,643.5 billion. This amount may seem a bit over or underestimated given that county government expenditure is not known in the absence of Division of Revenue Act 2017.

The government anticipates collecting revenue and grants amounting to Ksh 1,763 billion to finance this budget with the deficit of Ksh 880.4 billion. It is not clear how this will be financed because the information from various budget documents including the Budget summary only cite a deficit of Ksh 524 billion.

	Revised 2016/17	Estimates 2017/18	% change
Revenue			
Total Revenue	1,515	1,705	12%
Ordinary Revenue (incl. RDL)	1,372	1,549.40	13%
Grants	51	59	14%
Total Revenue & Grants	1,567	1,763	13%

Expenditure			
Total Discretionary expenditure			
National Executive	1,646	1,578	-4%
Parliamentary Service Commission	15	40	177%
Judiciary	18	18.0	1%
County Governments	285	295	4%
Equalization Fund	6	8	29%
Contingency Fund	5	5	0%
Non Discretionary expenditure			
Consolidated Fund Service (CFS)	527	699	33%

Total GoK Budget	2,500.91	2,643.49	5.7%
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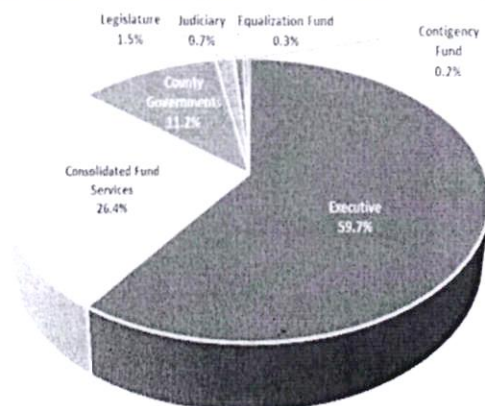
Deficit after grants			
Commercial financing	154	150	-2%
Project Loans	265	204	-23%

Programme support	7	0.9	-88%
Foreign Payments	-44	-149	242%
Domestic Financing other than Borrowing	3	-11	-526%
Domestic Borrowing	280	329	17%
Others		??	
Total Financing	665	880.4	-32.4%

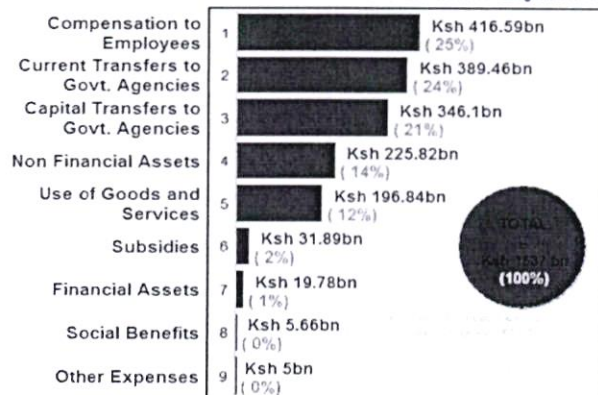
The pie chart shows distribution of the total anticipated budget for the government of Kenya of Ksh 2.64 trillion with the largest share of 60% going to the National Executive. In fact the bulk of the estimated budget (88.5%) remains with the national government which constitutes the national executive, the Consolidated Fund Services-CFS (26.4%), the Judiciary and Parliament which both of which account for 2.2%. The significant size of the CFS implies that about 26.4% of the entire GoK budget is tied and compulsory leaving with flexibility to use only about 62.1% for salaries and public service provision.

Despite remaining largely similar to the 2016/17 distribution, notably the share to CFS went up substantially by 33% and that of parliament by 177%. This is largely attributed to huge debt payment as a result of increased borrowing by the national government and remuneration and allowance for MDAs. The sectoral analysis of allocation to ministries, department and agencies within the national executive later in this brief will reveal changes in priority and focus by the national government in 2015/16.

Distribution of GOK Budget 2017/18 (Ksh 2.64 Trillion)



Economic classification of the national budget.2017/18



Source: PBB 2017/18

Of the total Gok budget, the remaining share of 11.2% goes to the county government with an additional 0.3% Equalization Fund targeted to 14 county governments identified as marginalized.

In addition to understanding distribution of the budget/expenditure from an administrative perspective, the figure alongside the pie chart shows breakdown of national budget by economic classification. This type of classification explains the type of expenditure to be incurred. For example, it shows expenditure on salaries, procurement of goods and services, transfer payment and so on which is crucial for resource and accountability budget management.

Out of a total national government budget of Ksh 1,634 billion which is inclusive of the legislature and judiciary, a quarter is expected for payment of salaries and allowances to public officers. With the addition of current transfers to government agencies/state corporations it is safe to conclude that almost 45% of the total budget will go to payment of salaries at the national government level. This already puts to questions government's effort to contain growth of the public wage bill. For operations and maintenance (use of goods and services) which is critical for service delivery accounts for 12% of the budget

The other substantial spending, 21% of national government budget is expected to go infrastructure related state corporations for development of roads, energy, transport, water and communication projects.

Expenditure Analysis

Expenditure for the country has been on the rise especially in the post devolution owing to spending in public wage bill at the two levels of government, debt payment, and social sector spending and infrastructure development especially the project on the SGR. Government budget to GDP ratio in 2015/16 was 32.9%, reduced to 31% in 2016/17 but expected to go up marginally to 31.9%.

Although there was a slight hint of government effort to contain expenditure in 2016/17 this seems to be negated in 2017/18 a common phenomenon in election year. Notably, recent supplementary budgets have ended up increasing overall spending again countering any efforts to contain expenditure growth.

The following section looks at the big ticket spending areas and their implication on Budget 2017/18, starting with CFS as mandatory expenditure, public wage bill which is implied as a non discretionary expenditure. Furthermore it will briefly analysis the other component of discretionary spending, that is for MDAs classified under MTEF sectors in order to understand the shift and focus of spending in 2017/18 and whether in line with the BPS.

Consolidated Fund Services (CFS) Implications of Budget 2017/18

Consolidated Fund Services constitutes a first charge on the Consolidated Fund meaning that it's a mandatory expenditure item that has to be dealt with before any other appropriation happen. The table shows that CFS has been growing in absolute terms from Ksh 364.4 billion in 2013/14 to Ksh 699.2 billion in 2017/18 estimates. In fact, it is estimated to grow by 32.6% in 2017/16 from the previous financial year and to account for 26.5% of the entire budget. Public debt payments and pensions are the drivers of CFS taking up almost 100% of total estimated amount.

Trends in Consolidated Fund Services (CFS)- Ksh Bn

Item	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	% age
Public Debt	331.17	324.92	417.20	466.51	621.76	33.3
Pensions	28.15	32.36	43.00	55.69	71.90	29.1
Salaries & Allowances	3.72	4.07	4.44	4.00	4.15	3.8

Miscellaneous Service	0.13	0.13	0.13	0.13	0.13	0.0
Subscriptions to Int'l Orgs	0.00	0.00	0.00	0.00	0.00	
Guaranteed Debt	1.18	1.01	0.94	1.02	1.29	26.5
Total	364.35	362.49	465.71	527.35	699.23	32.6
% Total Public Spending	23.20	24.64	19.81	21.09	26.45	

In order to meet budgetary requirements evident by increasing deficits from about 6% in 2013/14 to 8.1% of GDP in 2015/16, government borrowing has been rising. The huge increase in deficit is in part on account of the Standard Gauge Railway project, being financed to the tune of Ksh 398.1 billion (equivalent to 6.1% of GDP)¹ currently nearing completion of the first phase.

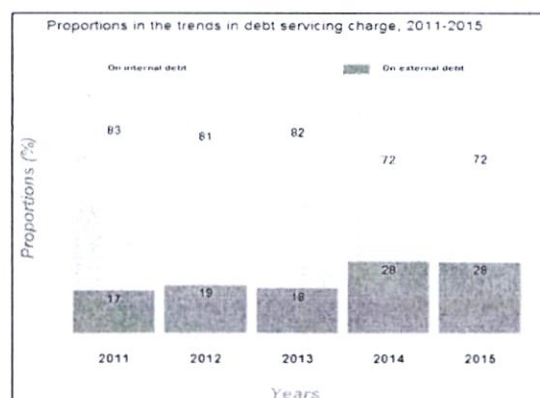
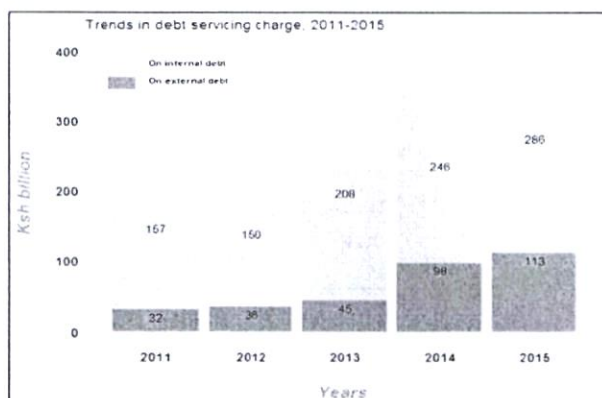
As a result the stock of public debt has been rising, for example, reports from the Central Bank of Kenya show that debt to GDP ratio increased from 36.6% in 2006/07 to 46.5% in 2015/16 with the only drop in 2011/12. This trend is increasingly dominating public and media debate on the budget due to policy concerns it raises regarding not only the intergenerational burden posed but also questions of whether this debt is sustainable.

Already the gravity of the situation is evidenced by the quantum of debt service payment. In 2016/17 interest to be paid was actually higher than principal redemption. What is proposed to be paid in 2017/18 as interest of Ksh 280.7 billion is 45% of total debt payment, lower than in the previous year on relative terms.

The figures below show an increasing trend of domestic interest payment where short term commercial debt is becoming a regular source of deficit financing but whose consequences including destabilizing interest rates may affect the country's financial stability.

There are further policy concerns that parliament should note including danger of not complying with fiscal responsibility principle. Overall, the medium term debt strategy reports show that our debt is still within sustainability thresholds. This notwithstanding, there are further concerns that members of parliament should heed the fact that if government's appetite for borrowing is not curbed as a country we will soon reach a point where we are unable to repay our debt. This may in turn lead to an adverse impact on the economy.

¹ Republic of Kenya, Budget Statement for the FY 2016/2017 by Henry K. Rotich, Cabinet Secretary for the National Treasury.



The other key driver, though at a relatively smaller proportion, but very critical is pension expenditure which is expected to grow by 29% in 2017/18 from the previous year. As pension liabilities mature, this expenditure has been growing calling for better management. Of importance to note for parliamentarians to put pressure to the executive to provide a plan of when implementation of a contributory pension scheme based on the Public Service Superannuation Act 2012 will start and overall integration of Pension MIS and IFMIS to for better control in the medium term.

Public wage Bill and implications on the economy

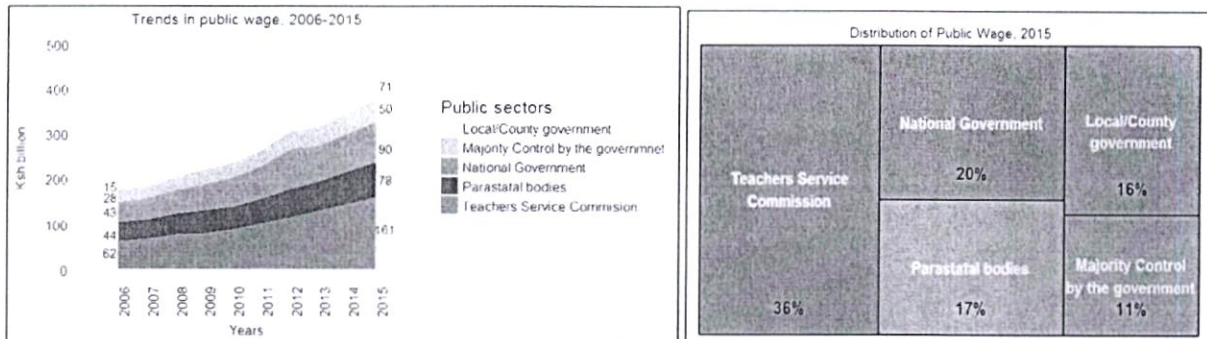
Studies show that increasing wage bill pressures often arise ahead of elections. For example, the country has in the recent months been hit by incessant strikes and demand for increased wages from public officers. Doctors strikes that was resolved only in the recent days lasted for three months while that for lecturers for a month. Furthermore expansion of social services is often linked to rising wage bills.

The above scenario demands better management and control of public wage which if left to grow has implications on the budget and ultimately to macroeconomic stability of the country. Already the growth of the public wage bill in Kenya is an issue that is gaining currency in public debate and a cause for concern on two front, affordability and sustainability.

The graph below shows that public wage bill has been on an upward trend between 2006 and 2015. Its average annual growth for example in the post devolution period (2013-2015) was 12% (from Ksh 375 billion to Ksh 450 billion) compared to a nominal GDP growth of 5.5% and population growth of 2.7%².

As the largest employer in Kenya, the right hand figure shows the composition of wage bill in the public sector with the national government and its agencies/parastatals taking the largest share of 37% followed very closely by teachers smaller only by one percentage point in 2015.

² Computed using figures from Economic Survey 2016



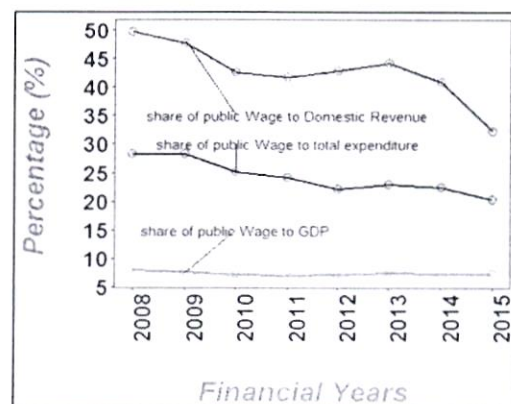
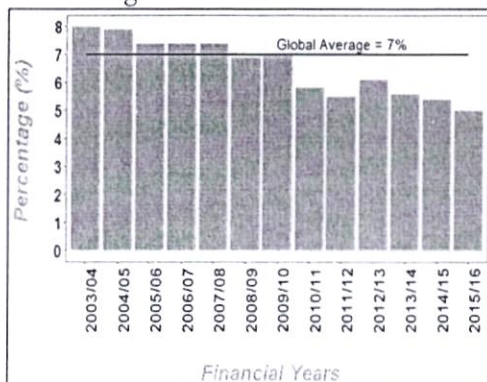
Source: Various issues of Economic Survey

Of note is that growth in public sector wages is in part due to the increase in recruitment of public officers from 662,100 in 2012 to 718,400 in 2015 representing 8.5% growth. In addition to this, the average wage earnings per public sector workers has been on the rise albeit skewed concentration of higher wages in the top job groups.

Despite an upward trend, as a share of GDP, public wage bill for Kenya especially from 2012/13 to 2015/16 has been on a decline and generally below the global average of 7%. Equally public wage bill to expenditure and to domestic revenues ratios exhibit downward trends. As far as the fiscal principle rule of ensuring that governments expenditure on wages and benefits for its employees does not exceed 35% of the national revenue, this is met as show in the graph below.

It is important to however note that recently agreed collective bargaining agreement between the government and doctors, as well as the new pay structure (pay rise and also harmonized salary grades across public sector) for public sector officers as recommended by the the Salaries and Remuneration Commission (SRC) will put extra pressure on the wage bill. It is expected as mentioned by SRC that this structure will be effected from July 2017 and thus in part the reason for huge Budget 2017/18.

Public Wage Bill Ratios



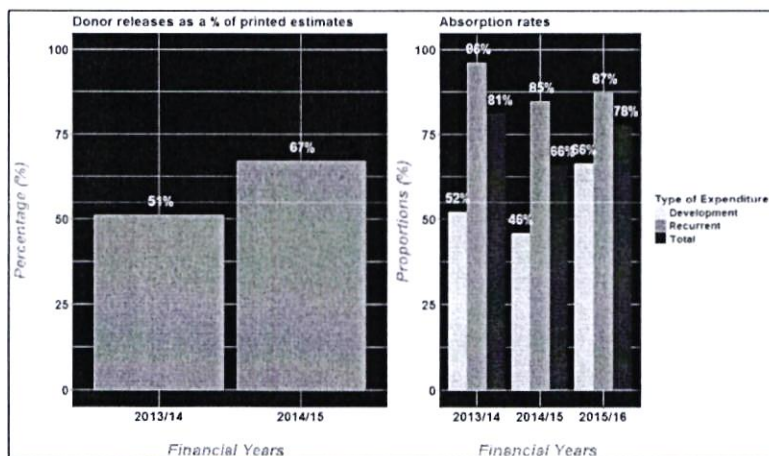
The implication of this budgetary pressure calls for the need to among other things to adopt and implement two reports intended to inform audit and rationalization of Capacity Assessment and Rationalisation of Public Service CARPs and rationalization of parastatals. Given the substantial size (24% of current transfers to national government), freezing creation of parastatals is critical and weaning commercially viable parastatals off transfers. Besides, the extent of this process succeeding is dependent on political will.

As a non wage benefit, allowances are often abused to avoid controls in basic pay. They should be streamlined properly with guidance from SRC through consolidation or phasing out where possible or even through caps in order to reduce risk to overall public wage sustainability. The SRC, for example has instituted that members of parliament will only be eligible for allowances for a four meetings per week.

Efficiency in Spending

As one of the key public expenditure management issues, how to improve efficiency of public spending and reduce wastages is pertinent to the government. Challenges in absorption of especially development budget are a recurring one despite measures put in place to mitigate this (see below).

Against a performance benchmark of at least 80%, development budget for the period 2013/14 to 2015/16, albeit improvement has been consistently below 66%.



As a result of this, we point out the following policy issues that need to be considered by parliament towards enhancing results and better results and value for money in spending:

- The national government should address ambitious or overoptimistic estimation of donor component of development budget
- Budget cuts for culprit MDAs that have consistently been under spending

- There is need to strengthen spending units' capacity and incentive to integrate procurement into planning processes.
- Improve institutional frameworks and streamline use of financial performance information in order to address delays in release of funds

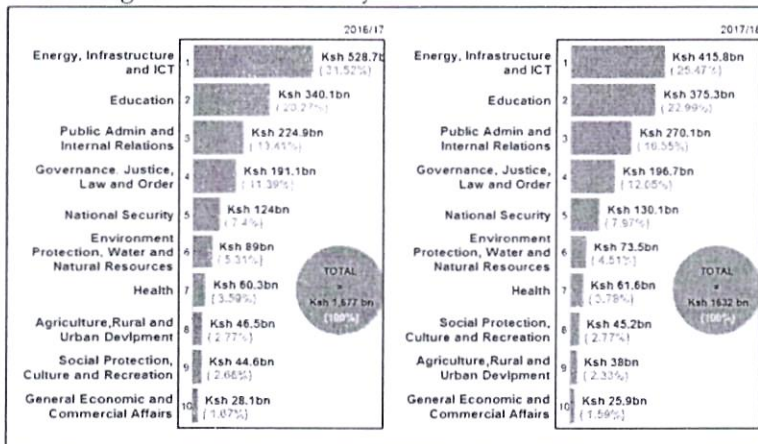
Sector priorities

The total MDAs budget including judiciary and the legislature reduced from Ksh 1,667 billion in 2016/17 to Ksh 1,632 billion in 2017/18. Comparatively the top seven sectors in terms of budget share starting with the energy, infrastructure and ICT, education all the way to health sector has not changed for the two financial years.

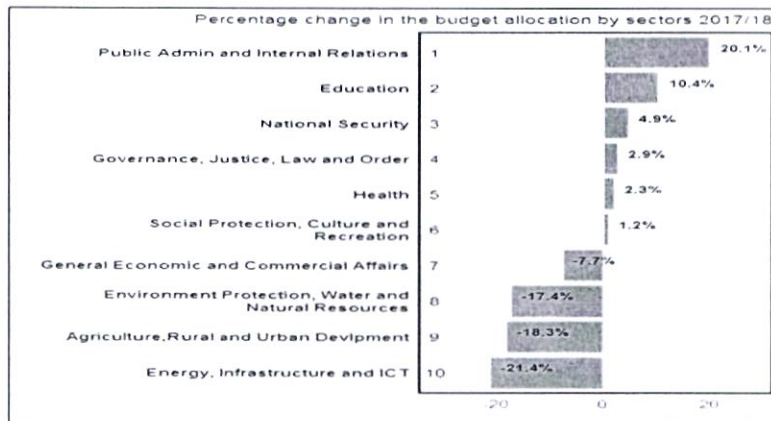
Equally the top three sectors take up 65% of the total Ministries, Departments and Agencies (MDAs) budget in the two financial years. Overall the sectoral budget shares are in line with the Second medium term plan 2013-2017.

The figure below shows change and shift in sector priorities, giving an indication what the government will focus on in 2017/18 as captured in the budget. It is evident that although the lion share of the budget is going to the energy, infrastructure and ICT sector, a more significant shift in focus will be on public administration and internal relations, education and national security.

Total budget share allocation by Sectors



One of the reasons why the Public Admin and Internal Relations (PAIR) sector tops in shift in expenditure focus for 2017 is because a significant amount has been set aside for compensation of employees including those new recruited staff to fill vacancies in the National Treasury in departments like Debt Management Office, Financial Services Dept, Macro department and so on. In addition, the new pay structure as recommended by SRC to take effect from July 2017 is also factored in budget 2017/18. This is thus the reason why National Treasury whose budget is expected to increase by 50% (Ksh 82.3 billion to Ksh 122.8 billion).



Given this significant shift that will go up by 9 percentage points in sector budget share one will expect that it will translate to promoting better fiscal management.

The other agency with PAIR sector that is driving the considerable expected increase in the sector's budget for 2017/18 is Parliament Service Commission. A closer look shows significant expenditure is anticipated in salaries and wages as well as domestic travel for members of parliament.

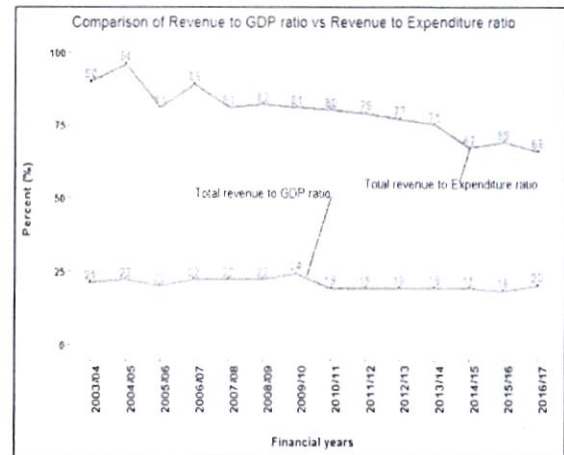
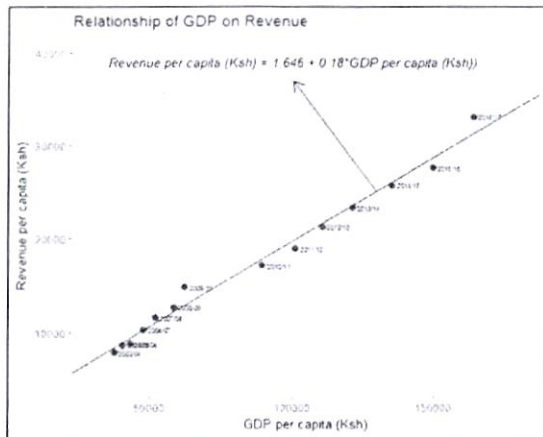
Revenue Analysis

According to the BPS 2017 medium term fiscal policy aims at supporting rapid and inclusive economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of government for effective delivery of services.

Total revenue (including AiA) collected by the end of December 2016 was Ksh 674.2 billion missing the target of Ksh 701.7 billion by Ksh 27.5 billion. This translates to a performance of 96% better than 88.5% for the same period in 2015. Underperformance in revenue in half year of 2016/17 was occasioned notable shortfalls in both PAYE and VAT imports which account for almost 40% of total revenue collected. By the end of December 2015, PAYE and VAT imports missed the target by 11% and 13% respectively compared to 10% and 11.2% underperformance in the same period of 2016. Performance of AiA , which is often under reported has continued to be dismal over the years

Although revenue performance is predicated on economic growth and on-going tax reforms, it is clear that expenditure growth has outpaced that of revenue. One of the fears is whether citizens should be expected to pay more taxes in order to finance Budget 2017/18. Given revenue performance and projection for 2017/18 we draw the following issues for consideration by parliament.

- First, with an average economic growth rate of about 5.3% in the last three years, it is evident that the country's economic growth rate during election period has tended to be subdued. It therefore means that revenue projections pegged on economic activity during an election year may be affected. As shown below there is a strong relationship between revenue collection and economic growth.



- Furthermore, domestic resource mobilization through taxation may be reaching its limits, with ordinary revenue to GDP ratio of about 20%. This implies a comparatively high tax effort but low collection capacity. As such, the option of raising tax, especially in an election year may be no go zone areas for government save for other friendly alternatives, including improving tax collection system, sealing leakages and increasing compliance.
- Deficit financing: Our calculation shows that the financing gap in 2017/18 is about Ksh 880 billion but what is captured in the Budget Summary is Ksh 524 leaving an unexplained difference of Ksh 356 billion. Of course without clear information on for instance county government expenditure and others may have over or underestimated the deficit and in turn how it will be plugged. Our appetite as a country to borrow is a growing concern, yet information provided on our loans is not open for citizen scrutiny and analysis, something that parliament should pressurize the government to uphold.

Policy is set to gradually reduce fiscal deficits with a focus on higher revenues to protect growth enhancing public investments and social spending.

Memorandum on the Budget Estimates 2017/18

To: The Clerk to the National Assembly
Parliament of Kenya

March 15, 2017

RE: CIVIL SOCIETY VIEWS ON THE 2017/18 BUDGET ESTIMATES

During the week of Feb 21, 2017, civil society organizations and citizens convened to discuss the 2017/18 Budget Estimates and to prepare this memorandum for Parliament's Budget and Appropriations Committee.

This Memorandum was prepared by:

1. Parliamentary Initiatives Network (PIN) members:
 - a. International Budget Partnership (IBP) Kenya
 - b. The Institute for Social Accountability
 - c. Article 19
 - d. Transparency International Kenya
 - e. Africa Youth Trust
 - f. African Institute for Health and Development
2. Institute for Public Finance Kenya
3. Development Initiatives
4. Economic and Social Rights Centre - HakiiJamii

Key Highlights

- The cabinet approved a Ksh 100 billion increase in staff remuneration for the civil service in 2017/18. However, it is not possible to identify this increase in the publicly available budget documents, indicating continued lack of transparency in management of the wage bill.
- Kenya's debt service obligations are rising by a significant margin going into 2017/18 and 2018/19. Parliament must begin to ask hard questions about whether the cost of debt is reducing fiscal space to fund ongoing services and county governments.
- Parliament should ensure that the distribution criteria for all national government funds are transparent and equitable, as many current funds are either opaque or focus on equality rather than equity.
- As IEBC prepares for elections, there is a need for closer scrutiny of its budget to close loopholes in procurement that have been identified by the Auditor General in the past.

Total Expenditure

The total budget for 2017/18 for all government Ministries, Departments and Agencies (including Parliament and the Judiciary) is Ksh 1.63 trillion; this is 3 percent lower than the total budget approved for the year 2016/17.



Spending on development will decline by 22 percent in 2017/18 compared to the original approved budget in 2016/17. This is mainly driven by a significant reduction in the development budget for the energy, infrastructure and ICT sector whose budget is reducing by Ksh 138.76 billion or 28 percent of its 2016/17 budget as captured in the Budget Policy Statement 2017. This overall decline in capital spending seems to contradict the government's position that investments in infrastructure will be sustained and expanded. What impact will this have on on-going projects and priority development areas such as rural electrification and irrigation projects?

A Ksh 40 billion increase in wages in the National Treasury is the main reason for a significant increase in the allocation to the public administration and international relations sector. The sector, which also includes the Presidency and Parliament, will see its share of the total budget increase by 3 percentage points. However, none of the publicly available budget documents explains what the increased wages are for. The National Assembly should ensure that there is clarity in areas where there are spikes in wage allocation in terms of who is getting paid.

Interest on debt and pension payments is rising at a faster rate than revenues. The largest proportion of the allocation for these items will go toward interest payments (Ksh 280.72 billion) while pensions make up about 20 percent of the allocation (Ksh 71.90 billion). According to the budget, the interest payments and pensions will increase by 15 percent between 2016/17 and 2017/18 while the total revenue will only grow by 14 percent (ordinary revenue, mainly local taxes, is projected to grow by 13 percent). The growth is based on the approved budget for 2016/17.

The share of the budget going to interest payment and pensions is growing between 2016/17 and 2017/18. About 15.6 percent of the overall budget is committed to interest payment and pensions, compared to 13.7 percent in 2016/17.

Wage Bill

What is the national government's wage bill? The budget summary and the Program Based Budget give varying figures of the wage bill. The information provided on staff pay in the two documents point to a transparency issue with respect to how much the national government is allocating to wages for 2017/18. In the budget summary, the total wages and salaries are given as Ksh 365 billion. The PBB does not have a summary that shows the total wages, but each MDA has a line on compensation for staff and the total for all MDAs is Ksh 390 billion. In addition, the PBB does not give wage details on state corporations. Their total allocations are included within block grants to government agencies. The Judiciary and Parliaments budgets are also not included in the PBB so we cannot tell the size of their wages. Transparency on wage details remain a challenge in 2017/18 and we cannot establish the total wage bill from available documents.

As a result, while the cabinet approved a significant increase of Ksh 100 billion for salaries and wages, it is hard to find this increase in the budget.¹ The budget summary shows an increase of Ksh 4.2 billion in wages and salaries between 2016/17 (see below.) Even using the salaries in the PBB (Ksh 390 billion) the increase is just Ksh 30 billion, far short of the Ksh 100 billion we are looking for. However, as shown in Table 1 below there is an allocation of Ksh 19.95 billion for civil service pension that was not in the 2016/17 budget and this could be part of the Ksh 100 billion. The allocation for

¹ http://www.the-star.co.ke/news/2017/02/10/cabinet-approves-sh100bn-pay-hike-for-civil-servants-in-2017-18-budget_c1503837

salaries for constitutional offices and commissions that are allocated separately under the Consolidated Fund Services (CFS) also have an increase of Ksh 193 million. Taken together, these increases still do not add up to anything like Ksh 100 billion.

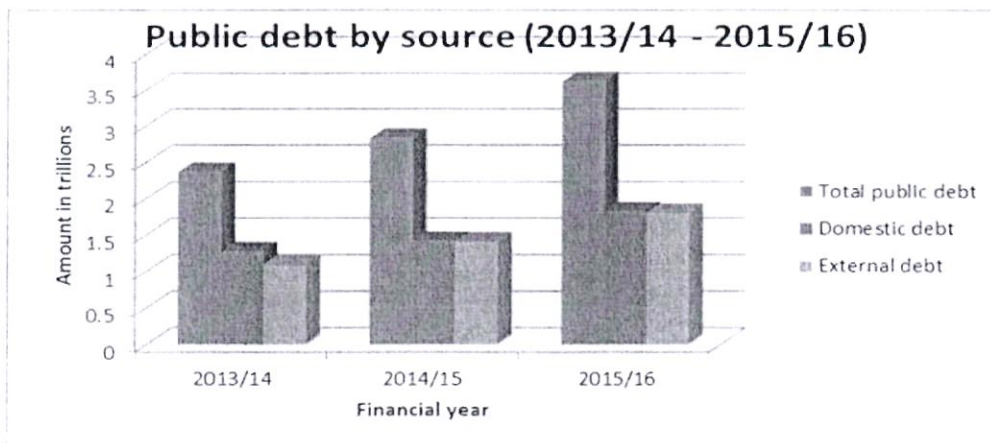
Table 1: Medium Term Fiscal Framework

FY	2016/17		2017/18		2018/19	2019/20
	Printed Estimates	Rev. Estimates	BPS'2017	Budget	Proj.	Proj.
Ksh million						
1.0 TOTAL EXPENDITURE AND NET LENDING	2,275,556	2,232,338	2,288,690	2,286,974	2,458,729	2,676,627
1.1 Ministerial Recurrent Expenditure	857,526	918,861	977,853	988,968	1,055,024	1,135,072
o/w Wages & Salaries (civil Service and TSC)	360,776	360,776	398,815	365,021	434,708	456,444
Gov'ts Contribution to Civil Service Pensions	-	-	17,947	17,947	22,822	23,963
1.2 Interest Payments and Pensions	310,957	293,880	361,219	356,832	381,984	425,477
1.3 Development Expenditure	815,161	727,685	634,795	638,379	685,826	754,603
o/w Domestically Financed	395,549	412,418	368,591	373,842	391,265	412,100
Foreign Financed	413,613	309,267	258,457	256,821	285,814	332,537
1.4 Net Lending	2,127	2,127	5,586	2,398	2,383	1,600
1.5 Contingency Fund	5,000	5,000	5,000	5,000	5,000	5,000

There is a 1,525 percent increase in salaries under the National Treasury and there is no explanation for that. The allocation for compensation for staff in the Ministry is increasing by Ksh 40.2 billion from an allocation of Ksh 2.6 billion in 2016/17. No information provided in the PBB or the budget summary give any details of which cadre of staff this covers.

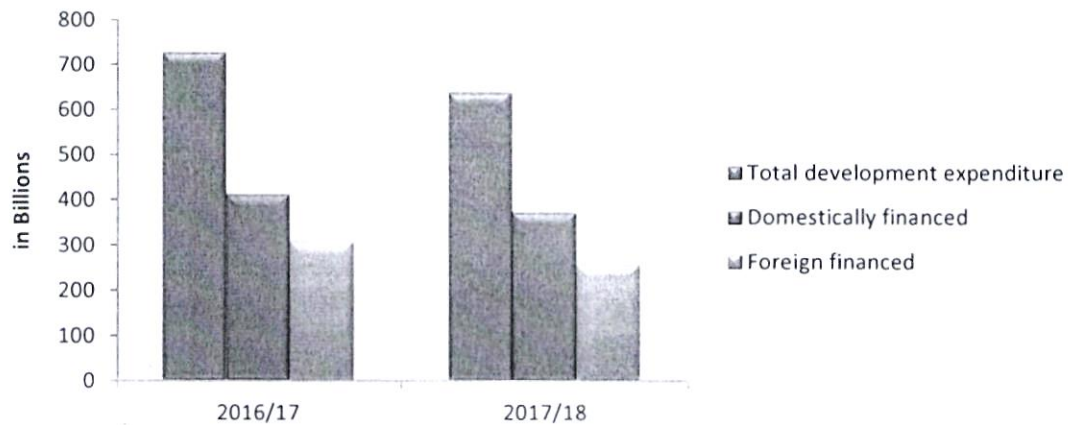
Public Debt

Domestic debt continues to account for just over half of Kenya's total debt. Kenya's public debt has been growing at an average rate of 18 percent between FYs 2013/14 and 2015/16. The share of domestic debt has been declining in this period and the ratio of domestic to external debt is now nearly 50:50 in 2017/18.



Source: Calculated from Central Bank of Kenya's monthly public debt publication

Going forward, the share of domestic debt may rise again, as the government plans to continue financing development expenditure more through domestic resources (59 percent) than externally (41 percent). This is an increase in projected domestic debt from the 2016/17 budget, where domestic financing of development expenditure accounts for 57 percent of the total.



There is a considerable increase in debt redemption in 2017/18. The IMF had earlier warned that commercial borrowing needed to be managed carefully to minimise the impact of repayment spikes.² The 2017/18 budget proposes an increase in foreign debt redemption of 242 percent. This will rise by another 56 percent in 2018/19. There are two big drivers of the significant increase in external debt redemption. First, in October 2015, the country contracted a two-year syndicated loan of USD 75 million from a number of banks led by Standard Chartered which matures in 2017/18.³ However, the budget summary shows that there will still be a payment against this loan in 2018/19, which could be an indication that the government plans to roll over that debt. Secondly, the country will also fully repay a loan from African Export-Import (Afrexim) Bank of Ksh 21 billion, which was borrowed in 2016 to bail out Kenya Airways.

In terms of interest payment to external lenders, the country will pay the highest amount to international investors in its debut international sovereign bond (Ksh 19 billion); Exim Bank of China (Ksh 16 billion); and to Standard Chartered for the syndicated loan (Ksh 11 billion).

Public debt received an adverse audit opinion in 2014/15 and in 2013/14, raising questions about the ability of the government to manage the rise in debt in recent years. For example, the latest Auditor General's report available (2014/15), shows that Treasury is not preparing statements on debt in line with International Public Sector Accounting Standards.⁴ Another example from the audit report reveals un-explained differences in bank balances for debt payments as shown in the table below.

² <https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr1685.pdf>

³ http://www.the-star.co.ke/news/2015/10/30/kenya-gets-fresh-sh76bn-syndicated-loan-at-57_c1233514

⁴ http://www.oagkenya.go.ke/index.php/reports/doc_download/676-report-2014-2015 Page 15

Item	Financial Statement Balance Kshs.	Ledger Balance Kshs.	Difference Kshs.
External Debt Interest	33,330,189,096.35	26,810,026,639.70	6,520,162,456.65
External Debt Redemption	80,213,525,854.00	75,540,232,323.60	4,673,293,530.40
Internal Debt Interest	139,363,010,320.00	136,789,092,079.70	2,573,918,240.00
Internal Debt Redemption	165,249,803,076.80	139,748,617,500.00	25,501,185,576.80

Drought Emergency

Kenya is currently in the middle of a drought. On February 10, the government declared a national drought emergency, with 23 of 47 counties affected.⁵ The number of food insecure people has more than doubled – from 1.3 million to 2.7 million between October 2016 and February 2017.⁶

Most of the government's drought intervention programs are under the State Department for Special Programs. The largest portion of that MDA's Ksh 6.5 billion budget (86 percent) in 2016/17 is allocated to drought management. Looking at the 2016/17 line-item budget (below), the Kenya Hunger Safety Net Program is the main budget item under the drought management program.

HEAD/ PROJECT	Estimates 2016/2017			Projected Estimates	
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Estimates 2017/2018	Estimates 2018/2019
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
1033100100 Kenya Hunger Safety Net Programme	4,496,000,000	2,000,000,000	2,496,000,000	916,000,000	916,000,000
1033100200 KRDP ASAL Drought Contingency Fund Project	355,345,330	323,345,330	32,000,000	-	-
1033100300 Protracted Relief and Recovery	165,000,000	110,000,000	55,000,000	171,700,000	-

KHSNP is a program that is only run in four poor ASAL counties Turkana, Mandera, Wajir and Marsabit. In addition, the target number of household in the 2016/17 budget is about 100,000 households, while the current number of people affected by the drought is 2.7 million people. The target in 2017/18 remains 100,000 households. Therefore, the amount allocated in the 2016/17 approved budget does not seem be sufficient for all these counties. If the drought control measures extend into 2017/18, then the current allocation in the tabled budget does not seem adequate either. However, based on media reports the government has submitted a supplementary budget to the National Assembly which allocates more resources to drought relief measures in the affected counties.

The Contingency Fund is also available to deal with disasters such as droughts. The fund was allocated Ksh 5 billion in 2016/17, as it has been each year in recent years. The half year Quarterly Economic and

⁵ <http://www.president.go.ke/2017/02/10/government-declares-drought-a-national-disaster/>

⁶ <http://reliefweb.int/disaster/dr-2014-000131-ken>



Budget Review for 2016/17 seems to indicate that no cash was disbursed to the Contingency Fund in the first half of the year against a target of Ksh 2.5 billion. In general, there is a profound lack of transparency around public funds, for which financial reports should be published each year to explain how previous allocations were used or if they remain as a balance in the fund.

Equity, Poverty Reduction and Social Protection for Vulnerable Groups

The budget summary has a list of 12 funds that are part of the government's program to promote equity and fight poverty.

The distribution criteria used in the disbursement of some of these equity funds is not given. For example, neither the budget guiding policies for National Fund for the Disabled of Kenya (NFDK) nor the National Development Fund for Persons with Disabilities do not provide information on how the beneficiaries will be identified. It is not clear under what policy the NFDK which is under the Presidency was formed. Parliament should ensure that reports on the formation and distribution of funds are also made public.

Highly equal distribution of those funds for which we do have criteria suggest they do very little to address inequality. Funds such as National Government Constituency Development Fund (NGCDF) and the Affirmative Action are distributed using formulas that give very equal shares to each of the 290 constituencies. For example, 75 percent of NGCDF is shared equally among the constituencies, and the rest is shared based on each constituency's share of the total poor people in the country. In fact, looking at allocations for 2016/17, the distribution is equal among all the 290 constituencies.⁷ The National Assembly should evaluate the distribution models of all allocations and ensure they are addressing inequality and not exacerbating it.

To illustrate this, let us use Kinango and Embakasi West constituencies as an example. The poverty rate in Kinango stands at 84 percent and there are almost 175,000 people living below the poverty line. Compare this to just over 16,000 poor people living in Embakasi West. It is unfair that these two constituencies receive an equal allocation from a fund that is meant to fight poverty.

Elections

The Independent Electoral and Boundaries Commission's budget is vague and does not connect the allocations to actual targets and indicators provided. The economic classification of spending in the budget is not connected in any way to the performance side. This vague presentation of the budget is not limited to IEBC and makes it difficult to follow up on implementation of all MDA budgets. For example, from the 2016/17 and 2017/18 budgets, it is not possible to know if there is an allocation for a possible presidential election run-off. Is the funding for that is part of the allocation to the program for voter registration and electoral operations? The same can be asked of any back up system that IEBC needs to have in place after the amendment to the Elections Act. Parliament should ensure that further details about the IEBC budget are made available.

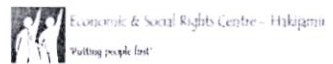
There are a range of audit queries in relation to procurement at IEBC that have not been solved from the last election cycle in 2012/13. The audit report from the Auditor General raises issues around procurement of election support devices and the logistical services used in distribution of electoral materials. In the first case, the invoice presented after the procurement of 4,600 Electronic Voter

⁷ <http://www.ngcdf.go.ke/index.php/disbursement/58-disbursement-status-financial-year-2016-2017-as-at-15-07-2017>



Identification Devices (EVIDs) was queried because the amount presented in the invoice was later rejected by IEBC's management. In the second issue, irregular payments for transportation of election materials came up in the 2014/15 reports.

The National Assembly should do proper scrutiny of budget lines for IEBC to ensure that issues raised by the Auditor General do not come up again in 2017 before approving the budget. These are issues mainly under procurement of election materials and logistics for the election period.





INTERNATIONAL INSTITUTE FOR LEGISLATIVE AFFAIRS

INCREASE EXCISE TAX RATES FOR TOBACCO PRODUCTS IN KENYA: PROMOTING
PUBLIC HEALTH AND INCREASE GOVERNMENT REVENUE

PROPOSALS ON ESTIMATES OF REVENUE AD EXPENDITURE FOR FINANCIAL YEAR
2017/2018

SUBMITTED TO THE BUDGET AND APPROPRIATION COMMITTEE, THE NATIONAL
ASSEMBLY

ABOUT IILA

The International Institute for Legislative Affairs is a not-for-profit Civil Society Organization formed in 2004 in Nairobi, Kenya. IILA works with policy makers; including government departments and agencies, Members of Parliament, County Governments and other stakeholders to advocate for pro- people policies and legislation. Our mission is to "enhance legislative process by providing technical support to law making institutions and other stakeholders"

IILA has worked on tobacco control for over 10 years, first on advocacy for the enactment of the tobacco control Act, 2007 and more recently on effective implementation of the legislation. Worked on tobacco control for over 10 years. Over the last 5 years IILA has been involved in tobacco tax advocacy in Kenya.

BACKGROUND

The right to the highest attainable standard of health is enshrined in the Constitution of Kenya as well as other national policy documents such as Vision 2030; the blue print for Economic, Social and Political development; as well as Regional and Global Treaties and Conventions that the country is signatory to such as the United Nations Sustainable Development Goals (UN-SDGs) and the World Health Organization Framework Convention on Tobacco Control (WHO- FCTC). Ds.

Tobacco has been established as a major risk factor for Non- Communicable Diseases (NCDs) which currently account for 50-70% of all hospital admissions, half of inpatient mortality and 55% total mortality in Kenya. Tobacco Use is a leading causes of preventable deaths globally and killed about 5million people in 2002 with 50% from developing countries. It is estimated that by the year 2020, the tobacco death toll will reach 10 million with more than 70% of deaths from the countries (WHO, 2003). Accordingly, the smoking prevalence in developing countries has been rising considerably which has been attributed to an aggressive investment and marketing strategies by the Tobacco Industry

PUBLIC HEALTH AND TOBACCO TAXATION

Tax and price measures have been found to be one of the most effective tobacco control strategies due to their potential to discourage initiation and encourage quitting of tobacco use. They also have the potential of generating much needed revenue for governments.

Article 6 of the FCTC acknowledges that price and tax measures are an effective and important means of reducing tobacco consumption by various segments of the population, in particular young persons and individuals with low incomes and purchasing power. Parties to the FCTC are required to implement tax policies and, where appropriate, price measures on tobacco products so as to contribute to the health objectives by reducing tobacco consumption. In Kenya, section 12 of the Tobacco Control Act of 2007 requires the minister of Finance to implement tax and price policies on Tobacco and tobacco products so as to contribute to the objectives of the Act.

Kenya has made tremendous progress in strengthening the excise tax structure and rates for tobacco products; including the indexation of tobacco taxes, simplification of the structure by reducing the bands from four (4) to one 9(1) and raising the tax rate to Ksh. 2,500 per mille for ALL cigarette products; as contained in the Excise Duty Act, 2015 and is in line with global best practice. This is commendable.

HOW MUCH IMPACT CAN TOBACCO TAX INCREASES HAVE?

According to WHO, If tax increases result in a 10% increase in cigarette prices, the number of smokers worldwide would decline by 42 million, 38 million (6%) in low and middle income countries and 4% in high income countries. Saving 10 million lives. A 70% increase in the price of tobacco could prevent up to a quarter of all deaths caused by smoking worldwide.

Tax increases are one of the few tobacco control measures that cause an almost immediate and measurable drop in tobacco consumption and in prevalence rates. They reach all users and potential users at the same time. However, benefits of tax increases are also spread out over many years. For example, a large tax increase today will decrease the likelihood that a child who is 10 years old will take up smoking during his or her teenage years. Tax increases also have a particularly strong impact on two important segments of the population: young people (who are generally less addicted to tobacco than adult users) and the poor (who are more likely to quit in the face of a price increase). This makes increases a good complement to many education measures, which are more likely to change the behaviour of older, more educated and richer tobacco users.

Further, Tobacco tax increases directly benefits the government. A nation with an efficient tax system that has significantly increased its cigarette taxes has enjoyed substantial increases in revenue, even while reducing smoking.

TOBACCO TAX POLICY SIMULATION FOR KENYA

There are various models that can predict the effect of increasing tobacco tax rates on consumption and revenue. The predicted outcomes depends on two interlinked factors: 1) how the industry adjusts the retail price, 2) how the industry adjusts the net-of-tax price. The net-of-tax price is defined as the portion of the retail price excluding excise tax and VAT. An increase in the net-of-tax price means the industry is over shifting the tax increase, meaning that the retail price will increase by more than the increase in excise tax. A decline in the net-of-tax price means that the industry is under shifting the tax increase, meaning that the industry increase the retail price by less than the tax increase. An over shifting of the tax increase is more likely as evidence in other countries shows that the industry is likely to compensate for lower volumes with higher prices. This is particularly likely under a specific tax regime.

By simulating an increase of excise tax rate from 2,500 Kshs to 3,025 Kshs per mille, we found that it will result in an increase in the weighted average excise tax per pack of 16.4% and an increase in the average retail price per pack of 6.9%. The excise tax burden will rise from 42.9 % to 47.0%. This will result in a decline in aggregated consumption of 3.4% and a decline in adult smoking prevalence of 0.3 percentage points, from 19.7% to 19.3%. This will avert the deaths of 30,472 smokers. While the health benefits of this are undisputed the tax increase will also have a positive impact of fiscal revenues. Revenue will rise by 12.4% from 10.3 billion Kshs to 11.6 billion Kshs. The effect on the industry would be small, with a decline in the total revenue due to the entire supply chain (manufacturing, wholesale and retail) declining by 3%.

RECOMMENDATIONS:

- ✓ The current tax structure which was reviewed in 2015 should be enhanced by increasing the amount of specific tax. We recommend that it be increased to Kshs 3,025 per mille. This will protect and increase government revenue while contributing to tobacco control objectives. The structure should be tightened to ensure:
 - cigarette taxes are kept specific and simple

- All tobacco products are taxed equally to prevent tobacco users from switching tobacco brands and types due to price differences
- Inflation does not erode the real value of the excise tax by indexing taxes
- Tax policy does not create opportunities for the tobacco industry to reduce their prices in order to avoid/ evade paying excise taxes.
- ✓ The National Treasury should shift cigarette taxation towards internationally accepted norms. Such practices include increasing tax rates for tobacco products to be at least 70 per cent of retail prices and ensure that they are adjusted periodically to keep pace with inflation and rise faster than consumer purchasing power. The National Treasury should have a clear indexing principle in place upon which the excise tax (and other taxes) is regularly adjusted for changes in inflation.
- ✓ The National Treasury should implement the Guidelines on effective implementation of Article 6 of the WHO FCTC that we adopted during the Conference of Parties (COP5) held in 2012.

REFERENCES

Kenya Health Situational Analysis (KHSA) 2010

Global Youth Tobacco Survey (GYTS), 2013

Global Adult Tobacco Survey (GATS), 2014

WHO technical manual on tobacco tax administration, WHO 2010

For More Details On This Proposal And On The Simulation Model, Please Contact:

Chief Executive Officer,
 International Institute for Legislative Affairs,
 House No. 5, Mariposa Apartments,
 No. 23 Ngong Road (Opp Jamhuri Telephone
 Exchange - Posta)
 P.O Box 1542-00200, Nairobi
 Tel: + 254796409984
 Email: info@ilakenya.org

Memorandum for the National Assembly, Eleventh Parliament, Fifth Session

08th March 2016

**Submission: National Government of Revenue and Expenditure for Fiscal Year
2017/2018**

I, Shama Abuhassabu, a Kenyan resident and student at USIU Africa, hereby submit this memorandum to the Parliamentary Committee on the National Government of Revenue and Expenditure for the fiscal year of 2017/2018.

The Kenyan Constitution and the Budget

The Constitution is the set of rules that make provisions on how a government can exercise its power and authority over citizens. It is the basis from which laws and policies including the budget of a country are developed. For this memorandum, the following parts of the constitution are considered:

Budget estimates and annual Appropriation Bill. 221. (1) At least two months before the end of each financial year, the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly.

221. (4) before the National Assembly considers the estimates of revenue and expenditure, a committee of the Assembly shall discuss and review the estimates and make recommendations to the Assembly

221. (5) in discussing and reviewing the estimates, the committee shall seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations to the National Assembly

Judiciary Fund. 173. (3) each financial year, the Chief Registrar shall prepare estimates of expenditure for the following year, and submit them to the National Assembly for approval.

Parliamentary Service Commission. 127. (6) The Commission is responsible for— (c) preparing annual estimates of expenditure of the parliamentary service and submitting them to the National Assembly for approval, and exercising budgetary control over the service.

Although the policies are clear, it is only fair to say that implementation is not as easy as is written. Prior to the 2010 Constitution, such recommendations were not given much consideration by implementing ministries and agencies. Luckily, the current situation allows citizens the right and the mandate to monitor how funds are utilized, in particular, budget monitoring.

Citizen participation in the budget process and expenditure planned for in the national and county budgets is adhered to as far as possible during the financial year, thereby enhancing transparency and accountability and effective and efficient delivery of services by the government.

Recommendations for effective citizen participation in the budget process

1. Although article 221 of the constitution of Kenya requires representation and recommendations from the public, there are still a few officials that are skeptical of the process of involving citizens in decision-making. Therefore, grassroots sensitization on the importance of citizen participation should be enhanced, especially for government officials who are not yet embracing the concept. Community leaders also play a crucial role in encouraging citizen participation at both community level and at influencing policy level.
2. Citizen participation is founded upon the principles of legitimacy, accountability & transparency, inclusivity and fairness. Through accountability and inclusivity, efficacy and public trust in government authorities are increased and voices will no longer be marginalized. Through fairness, citizens are involved in the decision making process that not only affects them, but also revolves round the taxes that they pay, hence giving them the right to take part in allocation of resources. Therefore, it is recommended that the committee when noting citizen representation and inputs exercise these principles.
3. Following the MTEF approach (medium term expenditure frameworks) process since 2000, citizens should be involved not only in the budget preparation process, but also at policy level where they are able to influence policies at sector levels where they are able to put in place a policy that allows for monitoring the spending. This may be done through citizen accountability forums.
4. Reviews of the budget of the previous fiscal year should be allocated some time within the public hearing sessions. This will provide both newly joining and previous participating citizens with a solid background on which they can make new recommendations upon.
5. Based on point number 4, reports on lessons learnt or best practices should be shared with the participating citizens on a yearly basis.
6. There is a need for stability and predictability in revenue allocations. The national assembly should consider this point as part of their yearly revenue and expenditure estimate generation. This report should include information on: how the government expects the economy to perform over the next 3 years; how much revenue the government expects in the next 3 years; and how much the government wants to spend in the next 3 years.

REPUBLIC OF KENYA



*Paper laid by the
Hon. Montava Mbayemi
CDS, MP, Chairperson
Budget & Appropriation
Committee on
23/3/2017
Mbayemi*

KENYA NATIONAL ASSEMBLY

REPORT ON
CONSULTATIVE MEETING ON THE PRIORITIES FOR 2017/2018 BUDGET
AND THE MEDIUM TERM

HELD ON 13TH MARCH 2017
IN KIAMBU, MACHAKOS, KAJIADO, NAKURU COUNTIES

1.0 Introduction

The Budget and Appropriations Committee was conducting public hearings on budget estimates for the seventh time. The BAC carried out the hearings Pursuant to Article 201 (a) and 221 (4) & (5) of the Constitution in order to seek the views of the public in regard to the Budget estimates before making final recommendations to the House as well as to use the information when reviewing the Budget Review and Outlook Paper (BRPOP) which is submitted to Parliament by 30th September each year, and the Budget Policy Statement (BPS) - submitted by 15th February each year. However, for the period under review the Documents were submitted on earlier dates in order to pave way for smooth General elections to be held in August.

These policy documents serve as a guide in the prioritization and allocation of funds, inform the committee when consulting on the estimates of the Financial Year 2017/2018 and establishing better ways to implement the budget and carry out monitoring and evaluation. The Committee will as well use the information gathered to inform strategic interventions and resource envelop for 2017/2018 and the medium term, come up with strategic priorities for 2017/2018 and use the information to decide on the vertical division of revenue.

The Conduct of the Public Hearings

The Parliament of Kenya planned consultative meetings of the Public hearings in four (4) counties namely; Kiambu, Kajiado, Nakuru and Machakos.

The objectives of the public hearings were to:

- i. Inform the Committee on areas of concern on the allocation of resources in the 2017/18 budget and the medium term.
- ii. Establish better ways to implement the budget and carry out monitoring and evaluation.
- iii. Provide policy options that will guide the prioritization and allocations of funds in the upcoming budgets.

Achievement of previous public hearings

Previous budget hearings have led to critical interventions made in projects such as the Gotu bridge which was allocated funds as a result of 2013/14 public hearings and supply for sunscreen cream for the persons living with Albinism from 2011/12 public hearings which has become an item to be annually budgeted by the government.

In the current financial year, there is a programme on strategic interventions in the National Treasury budget which will be used for financing the intervention

measures for the needs to be identified in the on-going public hearings among others.

The thematic areas for the consultative meetings included:

- a) Agriculture- Food security
- b) Infrastructure- Transport
- c) Energy and Electricity Connections- Energy Sector
- d) Security
- e) Social Sector- Health Sector and Education Sector
- f) Equity, Poverty Reduction and Social Protection

1.3 General Issues Raised/ Issues of concern

- There is need for a civic education to educate the public on the different roles and responsibilities of the two levels of Government
- There is need for timely disbursement of funds to counties by the National Treasury in order to avoid delay in completion of projects by various contractors.
- There is need for civic education to the members of the Public in regard to relevance of the Public hearings.
- The details are as indicated in Anne

2.0 THEMATIC ISSUES RAISED DURING THE PUBLIC HEARINGS

2.1 HEALTH

- The Government was requested to allocate more funds to establish rehabilitation centres to curb street children and to as well as to contain drug abuse that is on the rise across the country.
- The members requested the government to set aside funds for the construction of more health facilities in the counties due to the ever increasing population
- That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals
- The participants requested for upgrading and equipping of Oloyankalani dispensary which is serving people from Kajiado Central and Kajiado west
- There was need for allocation of funds to be utilized in the completion of the Naivasha Kenya Medical Training College (KMTC). The college has not been completed because of lack of funds.
- Since completion of the Kayole dispensary in Nakuru County in 2014, the dispensary has not become fully-operational as it is poorly funded and it lacks the required personnel to attend to the patients

2.2 EDUCATION.

- Among the issues raised to do with education is the improvement of Bursary funds to mitigate the school drop outs, equipping of the newly constructed secondary schools and primary schools. There was need to have a separate bursary fund for the disabled.
- The public proposed the construction of technical schools in every ward to absorb students who do not proceed to colleges or universities. The public requested funds for the purchase of land for construction of the Laikipia University- Naivasha Campus
- The members requested for the implementation of the feeding programme in primary schools across all counties.
- There was need for the Government to allocate funds for the refurbishment of buildings and structures of most schools and technical institutions.
- Members of Kajiado County requested the Government to establish a university within the county.
- There was need for the Government to set aside funds to establish more technical institutions for the people with disabilities.

2.3 AGRICULTURE- FOOD SECURITY

- The Public requested that the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
- That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the counties to improve on food production
- Members of the public requested the establishment of a research institute of agriculture In Naivasha, Nakuru County so as to train and improve on agricultural skills.
- Members suggested that the government should to equally come up with policies that will protect employees working in the floriculture industry.
- Dairy farming in was not well performing in most Counties due to the accumulated debts owed to banks by farmers. There was need for the government to introduce subsidies and incentives that would increase the production of Dairy products.
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the county to improve on food production in the affected counties.

2.4 INFRASTRUCTURE

- Most Roads in Nakuru County were not in good conditions, members of the public requested the government to improve the condition of the roads among them;
- Construction of the road linking Naivasha- Kongoni- Maela- and Nairagia Enkare.
- Construction of the road linking Kongoni and Kasarani,
- Construction of the road linking Maela and Kambani
- The members of the public also proposed the expansion of Nakura- Naivasha road to a dual carriage road
- That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
- The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
- That the government should also prioritize the construction of the Githunguri – Kibicho road which is an important road for the farmers of Kiambu County;
- The government should construct an over-pass for the school going children of Kasarini primary along Kiambu road.
- That despite the growth of Kiambu town, the sewerage system remains the colonial one and therefore overstretched. That funds need to be set aside to overhaul the entire sewerage system of the town;
- That the drainage system in Limuru Sub County is in poor state and hence the need to set aside funds to establish an integrated drainage system.
- There was a concern that most roads in the County had stalled and were in poor conditions especially during rainy seasons.
- There was need for the Government to allocate funds to improve the condition of various roads such as
 - Ndunyu Sambu- Kapiti Road,
 - Machakos- Kitui Road,
 - Machakos- makueni Road,
 - Nairobi- Mombasa Road.
- Construction of an overpass or expand the Namanga road to dual carriage in Kitengela to ease traffic jam in the said town.
- Tarmacking of Ngong-Ewuaso-suswa road 65 Km to connect with Ngong-Isiya-Isara road that is on-going.
- Grading and murraming of Isinya-Konza road that was reported to be completely impassable during the rainy season.
- Building of Oloisuyian- Oloyiankalani bridge to connect Kajiado Central and Kajiado West and prevent loss of life
- Construct a road from Nkole-Olobelbel-Mashuru o connect to oloitoktok road.
- Murraming of KMQ-Magadi

- The State department of infrastructure through KENHA had earmarked the dualling of Bomasa-ongata Rongai-Kiserian road under annuity programme, the same is requested for funding.
- Under the Roads 10,000KM programme; low volume seal roads to be done to include; Ngong-kahara-kiserian 14Km, Ngong-Oloulua 6 Km, Matasia-Meijo - Kandisi 6.2 Km, Meijoo-Gataka 2 Km
- The participants also requested that for the repair, expansion and upgrading of Kajiado airstrip so that it can be used to hasten movement of people and goods in the county

3.4 ENERGY AND ELECTRICITY CONNECTIONS

- There was a concern that the power black outs were numerous in most Counties. The members of the public suggested that the Government needs to invest in alternate sources of power. This is to curb the monopoly of KPLC that currently exists.

3.6 NATIONAL SECURITY

- The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
- The members of the public were concerned that insecurity was on the rise in the county, Most of it was attributed to the high rates of unemployment.
- There was need for the Government to create employment either directly or indirectly especially to the youth.
- There is need for the government to increase the incentives and funds to town administrators and village elders who act as watchdogs for the Government.
- There was a concern that the national Police Service is underfunded. There is need for the Government to allocate more funds to the Service to cater for their allowances as well as proper housing.

3.7 SOCIAL PROTECTION, CULTURE AND RECREATION SECTOR

- The public submitted that considering the large number of youth groups in the county interested in the Uwezo fund, the fund need to be enhanced by allocating additional resources to this kitty to ensure a wider target group benefits from it.
- There was a concern that the NCPWD needs to be decentralized to regional hubs as well as all the sub- counties in order to mainstream and provide proper services to PWDs.
- There was need to increase the allocation made to the Council in order to have a wide base of the beneficiaries.

- There was need for the government to exempt the equipment and materials for the persons with disabilities from taxes, for instance wheelchairs, walking canes e.t.c to make them more affordable.
- The Government to engage ICT providers to enable the integration of ICT programmes for PWDs for instance in learning institutions, banking sector, public offices, public websites etc.
- The Government should steer up more effort through its agencies to ensure implementation of constitutional provision like Article 54 and others.
- There is need for the Government through the Ministry of Education to allocate more funds to i) current Technical Training Institutes for PWDs ii) Consider establishing more technical training institutes towards aged PWDs at the grassroots.
- There should be enough budgetary allocation to the National council persons with Disabilities to facilitate Disability mainstreaming at the grassroots. There should be more funds allocated towards the aged PWDs at the grassroots.
- It was proposed that the allocation to the fund should be increased to cater for more bursary funds since poverty level is high with low income earned from flower farms and other industries.
- There was need for proper social accountability in terms of the cash transfers that are made to older persons. There is need for proper documentation and equitable distribution across all counties.

4.0 Other issues:

The following are the Submission of memoranda from institutions such as parliamentary initiatives network, Machakos technical institute for the blind, International Institute for legislative affairs and other individuals

- ✓ There is need for the Budget Committee to incorporate the input of the submissions of the members of the public in the decision making process.
- ✓ There is need for the Government to curb the debt that is on the rise.
- ✓ There is need for the Government to curb the wage bill that is on the rise.
- ✓ The national Government need to factor in the audit queries in relation to procurement at IEBC that have not been solved from the last election
- ✓ The Government needs to make reasonable allocations to Drought management Authority (DMA) so as to mitigate drought related catastrophes through apt planning both on short and long term basis.
- ✓ The Government needs to allocate reasonable amounts of funds to cater for primary health care. This is in order to facilitate the creation of awareness on cancer.

- ✓ The Public notes that multiple taxes on same products, unrelenting tax increases are antagonistic to development. The national treasury should embrace friendlier and a progressive tax regime that will stimulate growth. The government should incentivize the market to attract creativity and more investments in the publishing industry so as to net more taxes.
- ✓ There is need to involve citizens not only in the budget making process but also in the policy level where they will be able to influence policies at sector levels to enhance monitoring.
- ✓ The Government needs to make reasonable allocations to Drought management Authority (DMA) so as to mitigate drought related catastrophes through apt planning both on short and long term basis.
- ✓ The Government needs to allocate reasonable amounts of funds to cater for primary health care. This is in order to facilitate the creation of awareness on cancer.

Annexure1-

Reports from the various Centres (4 Counties) (Attached)

Annexure2

Submissions from other stakeholders (Attached)

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FOURTH SESSION

REPORT OF

PRE- BUDGET PUBLIC HEARING

HELD AT FURAHA WORSHIP CENTRE IN KIAMBU TOWN,
KIAMBU COUNTY

ON

WEDNESDAY, 13TH MARCH, 2017

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1.0: INTRODUCTION

The Constitution establishes a participatory process through which Citizens contribute to decision making in management of public resources. Participatory budgeting is also envisaged to provide a platform for engaging and empowering Citizens and strengthening demand for good Governance.

In this regard, Budget public hearings were organized by the Budget and Appropriations Committee and were carried out in different Counties spread in the Country to seek views from the Public.

The Kenya National Assembly Budget and Appropriations Committee identified four (4) counties spread across the Country. In identifying these Counties, the Committee took into account diversity and the principle of wider participation.

The identified Counties in which the public hearing took place were as follows;

1. Nakuru
2. Kiambu
3. Kajiado
4. Machakos

1.1: OBJECTIVES OF THE PUBLIC HEARING

The core objective of the public hearings is to mobilize and facilitate participation by public in the budget process and more so, to institutionalize public participation as an integral part of good governance.

1.2: THE DELEGATION

The Kiambu County National Assembly Budget and Appropriations Committee delegation comprised of the following Honorable Members:

1. Hon. Mutava Musyimi, M.P - **Leader of the Delegation**
2. Hon. Kigo Njenga, M.P.
3. Hon. Ng'ang'a Alice, MP
4. Hon. Richard Tongi, M.P
5. Hon. Mohamed Shidiye, M.P
6. Hon. Peter Weru, M.P

In addition, the following Member of Parliament who was the host of the function also attended the hearings

1. Hon. Jude Jomo, MP

The Secretariat comprised of the following staff from Parliamentary Service Commission.

1. Joseph Ndirangu - Fiscal Analyst, Kenya National Assembly
2. Omar Abdirahim - Fiscal Analyst, Kenya National Assembly
3. Richard Sang - Sergeant at Arms, Kenya National Assembly
4. Christine Maeri - Audio Officer, Kenya National Assembly

1.3: ACKNOWLEDGEMENTS

The Kiambu team wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of this assignment.

The team extends gratitude to honorable members for finding time within their busy engagements to attend the public hearing and their exemplary leadership during the hearings.

The efforts made by the office of the county commissioner and offices in the county government of Kiambu in making sure everything runs smoothly cannot go unnoticed.

Most importantly the team passes its appreciation to Members of the public who turned up for the hearings.

It is now my pleasant duty as the leader of the Kiambu County National Assembly Budget and Appropriations Committee delegation to present our report to the Budget and Appropriations Committee.

SIGNED.....

(HON. MUTAVA MUSYIMI, MP, LEADER OF THE KIAMBU DELEGATION)

DATE.....

2.0: PRE BUDGET PUBLIC HEARINGS IN KIAMBU COUNTY

The Kiambu County budget Public Hearing was held on Monday, 13th March, 2017 at Furaha Worship Centre Hall in Kiambu town in Kiambu County.

The hearing had a total of forty seven (47) participants (see appendix 1) drawn from Kiambu and all sub counties were well represented. The participants were diverse and composed of men, women and the youth.

The public hearing was conducted entirely as an open forum where the participants were given an opportunity to give their views and make their submissions orally. The public were also given an opportunity to submit memoranda.

Notably in attendance were the County official government and a number of Members of the County Assembly of Kiambu.

2.1: OPENING REMARKS

The public hearing was called to order at 11.00 am and in his opening remarks, the Chair thanked the Kenya National Assembly for having selected Kiambu as one of the Counties for the budget public hearing.

The Chairperson on behalf of Members of Parliament thanked the members of the public for turning up for the function and welcomed them to the budget public hearings, informing them that the budget process is important for implementation of public policies.

Participants were informed that the Kenya Constitution allows for Public participation in issues affecting them and the Budget making process was not an exemption.

The Chair emphasized on the need for public involvement and participation to be enhanced at all levels of Governance. Specifically, it was mentioned that Public participation is important to ensure the views of the citizens are incorporated in the budget.

This was also mentioned as a big breakthrough for the public as envisaged in the constitution since the public will be able to influence the development process directly through the national budget.

Members of Parliament were introduced to the public and in their remarks, they urged the public to identify crucial projects and more so prioritize on those that cater for the needs of the general county.

2.2: GENERAL ISSUES REGARDING THE BUDGET PROCESS

Regarding the overall National budget process, the public made the following submissions the Committee:

- i. That National and county functions ought to be clearly defined to avoid duplication and wastage of the scarce resources between the two levels of government but more importantly the public felt there is need for a board at the county level which harmonizes and plans the development needs of the county;
- ii. That the notice inviting the public to the hearing was short and requested that in future the invitation be done possibly one month earlier to allow ample preparation;
- iii. That corruption was affecting the overall budget implementation due to pilferage of resources and urged the government to take stern action to stem it out;
- iv. That there is need for civic education for the public particularly at the county level to create awareness amongst the public with view to inform them about their rights and responsibilities in the management of both national and county governments affairs;
- v. That Exchequer releases by treasury are usually delayed and hence affecting county governments development agenda.

2.3: THEMATIC AREAS ADDRESSED

2.3.1: Agriculture/Food security

The public made the following submissions regarding the Agriculture sector in the county;

- That the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
- That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector.

- That the government should review its policy of double taxation on products such as fresh fruit juice since that policy is jeopardizing the fortunes of the farmers along the value chain as well as causing liquidity crisis in the supermarkets.
- That the dairy sector in the county is not performing well as a result of many debts owed to banks. The public proposed that the government steps in to assist farmers in settling the debts to ensure the sector returns to profitability. Similar intervention was also proposed to assist tea and coffee farmers in the county;
- That real estate sector in the county is alarmingly decreasing arable land meant for agriculture and that a clear land use policy needs to be put in place;
- The public also requested that funds be set aside to establish irrigation projects in arid areas of the county to improve on food production in the county;

2.3.2: Roads and Infrastructure

Generally, it was observed that even though major parts of the county are urban in nature, residents lamented on the poor state of roads. The following were the public submissions regarding infrastructure and specifically the roads sector in the county:

- That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
- The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
- That the government should also prioritize the construction of the Githunguri – Kibichoi road which is an important road for the farmers of Kiambu County;
- The government should construct an over-pass for the school going children of Kasarini primary along Kiambu road.
- That despite the growth of Kiambu town, the sewerage system remains the colonial one and therefore overstretched. That funds need to be set aside to overhaul the entire sewerage system of the town;
- That the drainage system in Limuru Sub County is in poor state and hence the need to set aside funds to establish an integrated drainage system.

2.3.3: Education

The public made the following submissions regarding the Education sector in the county;

- That the government should review its taxation policy especially on text books since the policy is hurting the already struggling reading culture of the Kenyans and therefore should develop incentives for the sector to attract creativity and more investments in the publishing industry.
- That funds need to be set aside for civic education (especially on budget matters and the economy) for wananchi to fully understand their civic roles in order for them to effectively hold their leaders accountable;
- That the government should upgrade the Kiambu Institute of Technology (KIST) into a fully-fledged university college so that it can benefit from the funds meant for universities since it currently attracts students from diverse regions across the country.
- The government should develop proper structures for nurturing and developing talents at the county level with a view to exploit the unique abilities of the youths and to engage them in gainful employment at the county.
- That to absorb the large number of pupils who graduate from primary school as a result of free primary education, funds need to be set aside to ensure that all public primary schools have a secondary school component;

2.3.4: Industrialization

The public made the following submissions regarding industries and industrialization within the County

- That the government should review downward the fuel levy of Kshs 6 for every litter of fuel since the levy is hurting growth in the manufacturing sector since such a measure increases the cost of doing of business;
- That the government should develop concrete strategies to assist small businesses and entrepreneurs in the county through the provision of loans and also easing the requirements for obtaining the loans under the existing facilities such as Uwezo fund.
- That the government should Fast-track the construction of the Kiambu market since it has taken too long for the market to be completed but more importantly the distribution of the market stalls should be done in a free and fair manner

- That most cooperative societies are in their death bed and that the government needs to step in and assist the cooperatives to clear their debts by allocating funds to clear up this debts;

2.3.5: Water

The public made the following submissions regarding water provision in the County;

- That due to the ever growing population of the county and being the preferred residential suburb of the Nairobi working populace there is need to expand the sewerage system of the County.
- That governments set aside funds to improve water distribution networks (piping) within the county and especially Limuru, Kikuyu and Kabete Sub Counties which often face water shortages;
- That funds need to be allocated for the compensation of the farmers affected by the construction Ruiru 2 Dam that is meant to serve the residents of Ruiru and its environs. The public submitted that funds be allocated for purposes of paying the land owners where the proposed dam stands for construction of the dam to begin.

2.3.6: Security

The public made the following submissions regarding security in the County;

- The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
- The public also noted that most police officers are not motivated because of poor terms of service and that the government should set aside funds to look in to the welfare of the security officers to boost their morale;

2.3.7: Social Services

The following submissions regarding the social sector in the County;

- That more community social halls need to be established and community empowerment centres to serve residents of the county and hence requested the government to set aside funds for this purpose;

- That the government should distribute the funds meant for the vulnerable groups in the society in transparent and accountable manner so that the needy ones in the society can benefit ;
- The public submitted that considering the large number of youth groups in the county interested in the Uwezo fund, the fund need to be enhanced by allocating additional resources to this kitty to ensure a wider target group benefits from it.

2.3.8: Health

The following submissions were made regarding the health sector in the County;

- That the government should set aside funds for the construction of more health facilities in the county due to the ever increasing population in the county;
- That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals;
- Given that the county is faced with the many social problems as a result of drug abuse. the public proposed the allocation of funds to establish rehabilitation centers to contain the situation;
- The public proposed that the government needs to develop a policy where manufacturers of alcohol and cigarettes are compelled to insure the users of their products to ease the burden associated with seeking medical attention as a result of using this substances;

2.3.9: Others

The participants also proposed that the issue of taxation among small businesses need to re looked to ensure that small business owners are burdened through taxation at the national and county level.

3.0: CONCLUSION

In their closing remarks, the Chairperson and members of the Committee thanked the residents for their informed contributions and assured them that their views have been captured in totality.

The Chairperson also gave the public an assurance that their views will be taken into consideration when the Committee writes its report.

List of priority projects

1. That the government should set aside Kshs 1 billion for the dueling of Ndumberi – Muthaiga road to ease congestion and traffic on that road due to the development of residential apartments in the area.
2. The government should also set aside funds for the construction of Mau Mau road which connects Gatundu North to the Nairobi – Nakuru highway;
3. That the government should also prioritize the construction of the Githunguri – Kibichoi road which is an important road for the farmers of Kiambu County;
4. That the government should set aside funds for the construction of more health facilities in the county due to the ever increasing population in the county;
5. That the government should upgrade the Kiambu hospital into level 5 so that the county can benefit from the conditional grant meant for the level 5 hospitals;
6. The public lamented on the poor state of security in the county and proposed that funds be allocated to construct and expand existing police stations to enhance security and more importantly enhance police patrols by giving the officers adequate vehicles;
7. That the government should set aside funds for the coffee sub-sector in particular a subsidy programme for the sector in order to revive the sector given that it is the only gold in Kiambu County.
8. That the government should also set aside funds for the implementation of the recommendations of the presidential taskforce on the revival of the fortunes of the coffee sub-sector.

APPENDIX ONE: LIST OF PARTICIPANTS (PUBLIC)

1.Douglas Kamunya	31.Susan Githinji
2.Samuel Nginga	32.Regina Wanjiru
3.Njuguna Mwaniki	33.Mary Gachathi
4.John Chege	34.Geofry Gachara
5.Beth Kinyanju	35.Njoroge Waweru
6.James Gacheru	36.Lawrence Mwaura
7.Desmond Matata	37.Kennedy Njenga
8.George Chege	38.Miriam Ndungu
9.Margaret Waithaka	39.Winnie Njeri
10.Mary Wairimu	40.Caroline Wanjeri
11.George Gacheru	41.Lucy Muthoni
12.Paul Kiarie	42.Lucia Njeri
13.Patrick Kingangi	43.Jane Wanjiku
14.Dominic Nyakwara	44.Jane Mugure
15.Josphat Ojali	45.Peter Maingi
16.Moses Nganga	46.Henry Ituika
17.Paul Njamba	47.Anna Wambui
18.James Macharia	
19.Leah Wangui	
20.Irene Ngina	
21.Peter Ndungu	
22.Rhoda Wangari	
23.Thomas Kimani	
24.George Kariuki	
25.Raphael Waweru	
26.Esther Ngure	
27.Lina Muthoni	
28.Esther wangeci	
29.Jenipher Mburu	
30.Lucy Wanjiku	

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

REPORT ON

**CONSULTATIVE MEETING ON THE PRIORITIES FOR 2017/2018
BUDGET AND THE MEDIUM TERM**

HELD IN MACHAKOS COUNTY AT COUNTY SOCIAL HALL

ON

13TH MARCH 2017

1. Introduction

The Budget and Appropriations Committee was conducting public hearings on budget estimates for the seventh time. The BAC carried out the hearings Pursuant to Article 201 (a) and 221 (4) & (5) of the Constitution in order to seek the views of the public in regard to the Budget estimates before making final recommendations to the House as well as to use the information when reviewing the Budget Review and Outlook Paper (BROP) which is submitted to Parliament by 30th September each year, and the Budget Policy Statement (BPS) - submitted by 15th February each year. However, for the period under review the Documents were submitted on earlier dates in order to pave way for smooth General elections to be held in August.

These policy documents serve as a guide in the prioritization and allocation of funds, inform the committee when consulting on the estimates of the Financial Year 2017/2018 and establishing better ways to implement the budget and carry out monitoring and evaluation. The Committee will as well use the information gathered to inform strategic interventions and resource envelop for 2017/2018 and the medium term, come up with strategic priorities for 2017/2018 and use the information to decide on the vertical division of revenue.

2. The Conduct of the Public Hearings

The Parliament of Kenya planned consultative meetings of the Public hearings in four (4) counties namely; Kiambu, Kajiado, Nakuru and Machakos.

The objectives of the public hearings were to:

- i. Inform the Committee on areas of concern on the allocation of resources in the 2017/18 budget and the medium term.
- ii. Establish better ways to implement the budget and carry out monitoring and evaluation.
- iii. Provide policy options that will guide the prioritization and allocations of funds in the upcoming budgets.

Machakos County is one of the eight counties in the eastern region. The County borders Embu, Murang'a and Kiambu counties to the north Nairobi and Kajiado counties to the west; Makueni county to the South; and Kitui county to the east. The county has a total area of 6,208.2 square kilometers with most of it being semi- arid. Administratively the county is comprised of eight (8) constituencies and 40 county assembly wards.

Machakos County is estimated to have a population of approximately 1,289,200. The County receives a bimodal rainfall with short rains coming in October to December and long rains in March and May. There is a variety of food crops grown in the region for example maize, beans, pigeon peas and cassava which are normally grown in small scale. The main cash crops grown in the area are coffee; french beans, pineapples and sorghum.

The County is the home of Masinga dam which is one of the seven dams which produce hydroelectricity for the National Electricity Grid. The main sources of energy in the county are wood, paraffin, charcoal, solar, gas and electricity. The County is served with a road network with majority of areas been accessible especially during dry season.

The Machakos County Public hearing was held in County Social Hall on Monday March 13th, 2017 from 9 am. The members of the public that were present were given opportunity to raise their concerns and views regarding

the budget which were recorded by Parliamentary Staff for submission to Budget and Appropriations Committee for inclusion in the final report of the committee.

Members of Parliament who conducted and attended the Public Hearings:

1. Hon. Makali Mulu, M.P. Chairperson of Delegation
2. Hon. Marcus Muluvi, M.P.

Members were accompanied by:

1. Mr. Fredrick Muthengi Principal Fiscal Analyst
2. Ms Catherine Gati Fiscal Analyst
3. Mr. Steven Nyakuti Audio Recorder
4. Ms. Rose Njuki Sergeant-at-Arms

3. Opening session

The meeting started at 10:00 a.m. with a word of prayer. The Chairperson of the delegation, Hon Mutava Musymi, M.P then welcomed the members of public and hence informed the public the purposes of the consultations.

The Chairperson introduced the Members of Parliament and Parliamentary staff present. The Chairperson then gave a brief overview of the priorities for 2016/2017 and the medium term. He then highlighted that the thematic areas identified for submissions are; Food security, infrastructure, security, social safety nets, Electricity and Electricity connections and the social sector.

4. Members of the public gave the following submissions:

a) Social Protection- Persons with Disabilities

- The members of the public were concerned with the rising levels of disability in the area and countrywide.
- The members of the public explained that there were different forms/ natures of disabilities for example handicapped, vision impaired, physically impaired, hearing problems etc.
- The members suggested that there is need to more funds to facilitate poor parents with PWD children to access basic needs and education.
- There should be enough budgetary allocation to the National council persons with Disabilities to facilitate Disability mainstreaming at the grassroots. There should be more funds allocated towards the aged PWDs at the grassroots.
- There was a concern that the equipment i.e. walking canes and wheelchairs that are needed by the PWDs are very costly hence limiting the accessibility by the persons in need. There is need to allocate extra cost of learning / teaching materials and equipment for PWD children.
- There is need to exempt the equipment and materials from taxation to make them affordable.
- The Government should engage the private sector to find ways of locally manufacturing equipment/materials and other assertive devices for use by PWDs to make them more affordable.

- The Government should steer up more effort through its agencies to ensure implementation of constitutional provision like Article 54 and others.
- There is need for the Government through the Ministry of Education to allocate more funds to i) current Technical Training Institutes for PWDs ii) Consider establishing more technical training institutes towards aged PWDs at the grassroots.
- The Government to engage ICT providers to enable the integration of ICT programmes for PWDs for instance in learning institutions, banking sector, public offices, public websites etc.

b) Water and environment

- There are serious problems of water in the County. The Government need to partner with other development partners like church in order to install major projects to provide water to the residents of the county.

c) Security

- The members of the public were concerned that insecurity was on the rise in the county, Most of it was attributed to the high rates of unemployment.
- There was need for the Government to create employment either directly or indirectly especially to the youth.
- There is need for the government to increase the incentives and funds to town administrators and village elders who act as watchdogs for the Government.

- There was a concern that the national Police Service is underfunded. There is need for the Government to allocate more funds to the Service to cater for their allowances as well as proper housing

d) Education

- There was need for the Government to increase the allocation to the Schools and all technical institutions in order to refurbish the existing buildings and structures.

e) Transport and infrastructure

- There was a concern that most roads in the County had stalled and were in poor conditions especially during rainy seasons. There was need for the Government to allocate funds to improve various roads such as Ndunyu Sambu- Kapiti Road , Machakos- Kitui Road, Machakos- makueni Road, Nairobi- Mombasa Road.

f) Electricity and Electricity connections

- There was a concern that the power black outs were numerous in the County. The members of the public suggested that the Government needs to invest in alternate sources of power. This is to curb the monopoly of KPLC that currently exists.

e) Other issues raised by the public on the Public hearings.

- The Public was concerned that
- The cash transfers by the National Government should be increased; this should be done to include all other persons who qualify to be in the age-bracket.

- There is need for the National Government to construct facilities to cater for the children with special needs i.e. rehabilitation centres.
- There was need to distinguish the roles of the county government and the national government via civic education.
- There was need for timely disbursement of funds to Counties. This was to avoid the immature lapsing or stalling of major projects in the County.
- The public proposed that there was need to dismantle the bureaucracy of projects in order to fasten the time taken for implementation.
- There was need for the Salaries and remuneration Commission to harmonize the civil service salaries.
- There was need for social accountability by all members of the public who have been entrusted with the management of public funds. A monitoring and evaluation exercise was recommended for both levels of governments (National and County) as well as the managers of NGOs' funds.
- There was need for civic education to members of the public so as they can know the roles and duties of the different representatives. For instance the MCAs, M.ps, Senators, Women representatives e.t.c

5. Concluding remarks, Hon. Makali Mulu, M.P

The Chair of the session thanked everyone who created time to attend the important occasion and assured them that their views would be used in the formulation of the 2017/2018budget.

The Chair also asked the members of public who had written submissions but didn't get an opportunity to make verbal submissions to leave it with the secretariat for consideration.

6. The following areas were identified as priorities by the people of Machakos County in order of ranking;

1. **First Priority:** PWDs- Need to increase funds allocated to the National Council of Persons with Disabilities, (NCPWD). There is need for separate bursaries, need to establish a bursary fund that targets the people who are disabled.
2. **Second Priority:** Construction and renovation of all major roads in the County.
3. **Third Priority:** Construction of more Technical Institutions targeting the disabled.
4. **Fourth Priority:** Civic Education in regard to the roles of the National Government and County Government, as well as various representatives
5. **Fifth Priority:** More funds to be allocated to the police service for construction of their households.

Annex 1: List of Participants

1. Sabina Wacera
2. Patrick Loki Paul
3. Lucy Ndinda
4. Cosmas Maithhya
5. Vekinah Mueni
6. Luke Muthama
7. Ndunga Ndunye
8. Jacob Ngumi
9. Ken Siocha
10. Ann muloki
11. Mohamed Salat Osman
12. Abdalla Ndalukaria
13. Carlos Ndeto
14. Daniel Mumo
15. Stella Miriti
16. Martin Koome
17. Francis Kyalo
18. Joshua Narangwi
19. Anne Nthenya Iluka
20. Kinyua Thabu
21. Augustine Mwakio
22. Fred Lau
23. Julius Gituma
24. Juster Kirigo
25. John Methi
26. Stephen Maingi
27. Gitunde Chebe
28. Enos Chemorei
29. Francis Wanjiku
30. George Githinji
31. Damaris Mwirigi
32. Fred Ibiiri
33. Joseph Mwendwa
34. Janerosa Gacheri
35. J.M Waikiungah

36. Charles Mwongera
37.



REPUBLIC OF KENYA
KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT– FIFTH SESSION

THE BUDGET AND APPROPRIATION COMMITTEE

REPORT OF NAKURU PUBLIC HEARINGS ON PROPOSED BUDGET ESTIMATES FOR
2017/18 FINANCIAL YEAR

MONDAY, 13th MARCH 2017

NAIVASHA, KENYA

PARLIAMENTARY BUDGET OFFICE
PARLIAMENT BUILDINGS
NAIROBI

MARCH, 2017

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Chapter One

Introduction

1.1 Background Information

Pursuant to Article 221 (1), 127 (6) (c) and 173 (3) of the Constitution, the 2017/18 financial year Budget Estimates for the National Government, Judiciary and Parliamentary Service Commission were submitted to Parliament on 15th February 2017. Specifically, Article 221 (4) and (5) of the Constitution states that a Committee of the National Assembly, in this case the Budget & Appropriation Committee (BAC), shall seek representation from the public in the process of discussing and reviewing the Budget Estimates before making recommendation to the National Assembly.

1.2 Legal Basis for the Public Hearings

The public hearings on estimates of revenue and expenditure is conducted in accordance with the public finance principle of openness and accountability including public participation in financial matters as enshrined in article 201 (1) of the Constitution of Kenya, the Budget and Appropriation Committee is required to conduct a public hearing on the budget estimates for 2017/2018. This exercise is anchored in Article 221(5) of the Constitution and further provided for in Section 39 (2) of the Public Finance Management Act, 2012 which mandates the relevant committee of the National Assembly to discuss and review the estimates and make recommendations to the National Assembly, taking into account the views of the Cabinet Secretary responsible for Finance and the public on the proposed recommendations to “seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations.

Accordingly, the Budget and Appropriation Committee organized for the 2017/18 financial year budget public hearings in the following nine (4) counties: **Kiambu, Kajaiido, Machakos and Nakuru.**

The Nakuru public hearings took place at ACK, Church Hall, Naivasha Town, Nakuru County on Monday 13th March 2017. The hearings were conducted through open forum

where members of the public were invited to give their views. The list of the people who attended the forum is attached as annex to this report.

1.3 Naivasha Constituency

Naivasha Constituency is one of the constituencies in Nakuru County. The main industry is agriculture, especially floriculture. According to the housing & population census report of 2009, the estimated population is 181,966. The wards under Nakuru constituency are Biashara, Gilgil, Hells Gate, Kiambogo, Lake View, Longonot, Maiella, Malewa East, Malewa West, Maraigishu, Miti Mingi, Murindati, Mwiciringiri, Naivasha East, Ndabibi, Olkaria and Viwanda.

1.4 Objective of the Public Hearings

This is the seven year of public hearings on the budget estimates by Parliament since the promulgation of the Constitution in 2010. In the previous year's consultations, Parliament was able to take in account the views of the public in finalizing its reports on the estimates of Revenue and Expenditure. These important concerns were incorporated in all the Committees reports on the Budget Estimates tabled in the House and also incorporated in the respected approved Budget.

This year's public hearing exercise is expected to provide an opportunity for the National Assembly to collect seek views from members of the public that will inform the finalization of the 2017/2018 budget estimates and in particular obtain views on:

- Areas where more resources are required to enable creation of more job opportunities.
- Identify areas of wastages and possible areas for rationalization

1.5. Achievement of previous public hearings

Previous budget hearings have led to critical interventions made in projects such as the Gotu bridge which was allocated funds as a result of 2013/14 public hearings and

supply for sunscreen cream for the persons living with Albinism from 2011/12 public hearings which has become an item to be annually budgeted by the government.

In the current financial year, there is a programme on strategic interventions in the National Treasury budget which will be used for financing the intervention measures for the needs to be identified in the on-going public hearings among others.

1.6. Composition of the Delegation

The delegation to Nakuru Public hearings was led by **Hon. Mary Emaase, M.P** as the leader of the delegation. The following Members of Parliament who were also part of the team attended the Public Hearing:

1. Hon. Mosses Lessonet, M.P.
2. Hon. Christopher Omulele, M.P.
3. Hon. (Dr.) Reginalda Wanyonyi, M.P.
4. Hon. Samuel Gichigi, M.P
5. Hon. Muruiki Njagagua, M.P

The Members of Parliament were accompanied by the following Parliamentary staff:

- | | |
|------------------------|-----------------------------|
| 1. Mr. Martin Masinde | Senior Deputy Director, PBO |
| 2. Mr. Robert Ngetich | Fiscal Analyst |
| 3. Mr. Danson Kachumbo | Fiscal Analyst |
| 4. Ms. Farida Nagsura | Audio Officer |
| 5. Mr. Staley Lagat | Sergeant- At- Arms |

Chapter Two

Courtesy Call to the County Commissioner

The delegation made a courtesy call to the Office of the Deputy Commissioner at 10.00 am. After a brief introduction, the assistant deputy commissioner enumerated the various concerns and challenges that need intervention within the Naivasha and Nakuru County at large. After the courtesy call, the delegation proceeded to the venue of the public hearing.

Among the issues raised by the Office falls in the areas of water, agriculture, health, land planning and surveying, youth employment and women empowerment, security, roads, fishing industry, justice, and IDP's. Details on the areas of concern are provided under the thematic areas.

Chapter Three

Public Hearings at ACK Church Hall, Naivasha

3.1 Opening of the Meeting

The session was opened by the leader of the delegation and vice-chairperson of Budget and Appropriation in the National Assembly with a word of prayer. She then introduced the members of the delegation and made her welcoming remarks. The Chair informed the public on the purpose of the public consultations, and that the committee expected to collect public views to inform the budget committee when reviewing the Budget Estimates on prioritization and allocation of funds. She called on the public to give their views and welcomed any written submissions.

3.2 Submissions by the Public

The members of the public made submissions on the following thematic areas:

(a) Health

Among the projects raised by the public is the completion of the Naivasha Kenya Medical Training College (KMTC). The college has not been completed because of lack of funds. Since completion of the Kayole dispensary in 2014, the dispensary is not fully functional as it is poorly funded and lacked the required personnel to attend to the sick. The hospitals and dispensaries within the area are not fully equipped with ARVs and Antibiotics.

(b) Security

Insecurity is a major challenge affecting the people of Naivasha and Nakuru County at Large. The office of the Commissioner and the police in general have insufficient vehicles to move around or to ensure instant response to security calls. Most chiefs in the area do not have offices and the police housings needs to be upgraded. The public therefore requested the funding for: - the addition of police motor vehicles, construction of Chiefs' office and police housings.

Another concern regards the peace initiatives which the Peace committees and NCIC are spearheading. According to the participants, Peace Committees should be provided with adequate funds to enable them conduct peace initiatives effectively.

(c) Roads Infrastructure

The public raised concerns on some of the roads. One of the roads that most participants raised is the road linking South Lake and North Lake (approximately 13 km). The public argued that the road is critical and can improve the movement and working conditions of the residents. Equally important is the road linking Naivasha- Kongoni- Maela- and Nairagia Enkare. The road linking Kongoni and Kasarani, Maela and Kambani needs to be constructed. The members of the public also proposed the expansion of Nakura- Naivasha road to a dual carriage road.

(d) Agriculture

Agriculture is an important economic activity in Naivasha and Nakuru County at large. The public requested the establishment of a research institute of agriculture so as to train and improve on agricultural skills. The participants requested the re-opening of the closed Karuturi Flowers which was an important source of employment to the residents. The government to equally come up with policies that will protect employees working in the floriculture industry. Equally raised is the reviving of the Pan-African Vegetables which is critical in improving the agricultural productivity

(e) Constituency Development Fund (CDF) Allocation

The public appreciated the work that the Constituency Development Fund (CDF) has done since its inception. It was proposed that the allocation to the fund should be increased to cater for more bursary funds since poverty level is high with low income earned from flower farms and other industries.

(f) Education

Among the issues raised to do with education is the improvement of Bursary funds to mitigate the school drop outs, equipping of the newly constructed secondary schools and primary schools. The public proposed the construction of technical schools in every ward to absorb students who do not proceed to colleges or universities. The public requested funds for the purchase of land for construction of the Laikipia University- Naivasha Campus.

3.3 Summary of Other Emerging issues

The following is a summary of other emerging issues raised by the members of the public.

- (i.) High unemployment levels among the youths should be addressed
- (ii.) There was need for the government to consider the squatters either by resettling or funding.
- (iii.) Construction of rehabilitation centres to rehabilitate drug and alcohol addicts.
- (iv.) The members of the public raised concerns over the erratic and unreliable power supply in the region which greatly affects business activities. They also proposed establishment of learning institution on geothermal. The need to provide additional transformers in Karakita and Mawingu.
- (v.) Increased funding of the fishing industry as well as establishing fishing industry hatcheries.
- (vi.) Draught situation is a major challenge in the County and especially in Naivasha sub-County. Funds for intervention should be factored in.
- (vii.) Land planning and surveying to be relooked at.
- (viii.) Naivasha is classified in one category with Nairobi and Mombasa in terms of cost of living but is not considered in terms of remuneration and house allowance. There is need to be relooked at.
- (ix.) More funds should be allocated for orphans, vulnerable and elderly persons.
- (x.) Proposed the construction of a dam in Nyandarua County to help solve the water problem in the Nakurur County.
- (xi.) Proposed funds for the resettlement of integrated IDP's.
- (xii.) The public requested the construction of the Naivasha stadium on the 28.8 acres of land (Dalamare Land). The land risk being grabbed.

- (xiii.) Provision of enough funds to Judiciary to enable employment of judges and magistrates. The public faces the challenge of slow case disposal due to limited judges and magistrates.
- (xiv.) The government should provide title deeds to the residents of Naivasha.
- (xv.) The government should find ways of how to reduce the spiral wage bill
- (xvi.) The health sector should be allocated a bigger percentage that what was allocated for in the proposed estimates. This will enable the provision of drugs to hospitals.
- (xvii.) Need for the roads to be tarmacked for easy access of various wards in the constituencies.
- (xviii.) The government should increase funding to the security sector so that Nakuru County gets more policemen and cars for patrol.

Chapter Four

Summary and Conclusion

4.1 Summary

After the public submissions, the leader of the delegation and Members thanked members of the public for attending in large numbers and articulating their issues. The chair assured the public that their submissions will be considered in when preparing the final budget estimates.



REPUBLIC OF KENYA

**KENYA NATIONAL ASSEMBLY
11th PARLIAMENT – FIFTH SESSION**

**REPORT OF
PUBLIC HEARINGS ON BUDGET ESTIMATES 2017/18
HELD IN KAJIADO COUNTY**

13th MARCH, 2017

1 INTRODUCTION

The budget estimates for the financial year 2017/18 for the National Government and Judiciary were tabled in the House on 15th February, 2017 while the one of Parliamentary Service Commission was tabled on 2nd March, 2017.

The Budget and Appropriation Committee is currently discussing and reviewing the estimates for 2017/18 financial year. As per the Constitution Article 221(5) it is required that the committee seeks the views from the public on the budget and incorporates the views in their recommendation before finalization of the budget. In this regard, the National Assembly planned and undertakes public hearings for the 2017/18 budget in the following centers: Kajiado, Kiambu, Machakos and Naivasha

Objectives of the Public Hearings

This year's public hearings were expected to collect public views to; Inform the National Assembly when reviewing the Budget Estimates on prioritization and allocation of funds; Inform the strategic interventions and resource envelop for 2017/18 and the medium term; Come up with strategic priorities for 2017/18; Establish better way to implement the budget and carry out Monitoring and Evaluation

In Kajiado, the public hearings were conducted on 13th March, 2017 at the Masai Technical Institute Hall. Individuals made oral and written submissions to the Budget and Appropriations Committee delegation present on key issues which included interventions in the following areas among others:-

- Water
- Infrastructure and Energy
- Education
- Security
- Sanitation

Budget and Appropriations Committee Members present during the Hearing

Hon. Members

1. Hon. Moses Ole Sakuda MP
2. Hon Abdulaziz Ali Farah MP

Secretariat

1. Lucy Makara Chief Fiscal Analyst
2. Jonathan Lemurt Fiscal Analyst II
3. Fatuma Abdi Audio Recorder
4. Onesmus Kiragu Sergeant at arms

In attendance

1. Hon. Paul Ntiati Deputy Governor Kajiado County

The team paid courtesy calls to the County Commissioner and Governor who made the remarks as follows;

Remarks by the County Commissioner Kajiado

The County Commissioner Mr Kello Harsama welcomed the team to Kajiado County, he informed them that mobilization had been done in the previous day by informing the members of the public through the District Officers, the chiefs and village elders as well as through the radio. He reminded the members that the public had requested to be informed of the progress made from previous public hearings that were conducted in the county.

The commissioner further informed the team that the major challenge facing the county was the current drought that had affected a large population; He however said the county was receiving famine relief food from the government and was being distributed to the deceiving people.

Remarks by the Governor for Kajiado County

The Governor Hon.Dr.David ole Nkediennyne welcomed the team to the county and informed them that there have been many meetings held on the budget since the County Government also holds public hearings every year for the budget. He however stated that the same was necessary to comply with the constitution and involve the people in deciding the intervention measures that should be funded to address the most pressing needs as the resources are limited. He appreciated the Budget and Appropriation Committee for choosing to visit the county and seek views of the public on the budget of 2017/18 since the resources given to County Governments are limited to address all the pressing needs.

The Governor informed the team that the public expectations on the government are too high and mentioned that the key areas that the national government should address include issues of Security, Education, Water and key roads. On key roads the governor emphasized the need for KERRA and KURA to carry out tarmacking of roads in urban areas for example in Rongai, Kitengella and Ng'ong since the two SAGAS are still under the county governments and the activity would require a lot of money that the county government might not have.

2 Opening Remarks in the meeting in Masaai Technical institute

The meeting started at 11.00pm with a word of prayer from Hon.Ablaziz Ah Farah, followed by self introductions by participants. The deputy governor welcomed visitors and participants to the event and he encouraged participants to contribute and participate actively in the budget process. He then welcomed Hon. Moses Ole Sakuda who was the chairman of the meeting to welcome the other guests.

Hon Moses Ole Sakuda reminded the participants that public hearings had been held in the county before, where issues of water and roads had been raised. He confirmed to the meeting that there were projects on-going in the county that include Oloitotok sewerage water project, Kajiado rural water supply and Kiserian sewerage system that had been identified by the public

because of the challenges they were facing and emphasized on the need to contribute in the meeting so that the county most pressing needs can be addressed.

The highlights for 2017/18 budget were distributed to the participants and the chairman opened the floor for participants to make their contributions.

3 Issues raised at the public hearing

Road Infrastructure

Participants lamented about the poor state of roads in the county and proposed the following;

- To construct an overpass or expand the Namanga road to dual carriage in Kitengela to ease traffic jam in the said town.
- Tarmacking of Ngong-Ewuaso-suswa road 65 Km to connect with Ngong-Isiya-Isara road that is on-going.
- Grading and murraming of Isinya-Konza road that was reported to be completely impassable during the rainy season.
- Building of Oloisuyian- Oloyiankalani bridge to connect Kajiado Central and Kajiado West and prevent loss of life
- Construct a road from Nkole-Olobelbel-Mashuru o connect to oloitoktok road.
- Murraming of KMQ-Magadi
- The State department of infrastructure through KENHA had earmarked the dualling of Bomas-ongata Rongai-Kiserian road under annuity pogramme, the same is requested for funding.
- Roads 10,000 programme;low volume seal roads to be done to include; Ngong-kahara-kiserain 14Km, Ngong-Oloolua 6 Km, Matasia-Meijo -Kandisi 6.2 Km, Meijoo-Gataka 2 Km

Security

The participants noted with great concern insecurity in the county especially in the area bordering the Air strip, whereby they proposed that the airstrip should be manned to avoid situations where planes can land and depart without control from anybody monitoring the same.

Participants further requested for installation of security high-mast lights especially in town where there is high population to reduce insecurity threats as well as establishing police posts in some areas such as Saina Annex.

Water and Livestock

Members of public proposed construction of;

- A mega dam in the county at Olkajiado river near Oloyiankalani to act as water reservoir and source of water for livestock and domestic use particularly supply water to Kajiado town, Isinya and ilbisil.
- Abattoirs in Kajiado similar to Kenya Meat Commission buildings

They also proposed that livestock farmers should be compensated for the loss of livestock attacked by wild animals.

Health

The participants requested for upgrading and equipping of Oloyankalani dispensary which is serving people from Kajiado Central and Kajiado west

Education

Under education participants requested for;

- A university within the county
- Introduction of a feeding programme for primary school children.

- A teachers training college and a medical training college to be established in the county.

Electricity provision

Participants also requested that electricity was distributed to all rural areas of the county and asked for the rural electrification programme to be expanded to reach more people especially in rural area as well as the schools, dispensary and boreholes that are yet to be connected. Some of the public facilities named include; Oleharau dispensary, oleharau community borehole, enyonyom primary school in one of the locations.

Kajiado Airstrip

Participants noted that Kajiado airstrip is in need of repair and expansion so that it can be used to hasten movement of people and good in the county

Financial Support to the village elders

The meeting was informed that the village elders are very de-motivated because of lack of support either of salaries or allowances from the government. The participants noted that the village elders do a lot of work that include handling some security issues, community disputes and domestic cases as well as support to chief and sub-chief. The village elders has remained vital in implementation of government policies and plans even within the devolved structure. The elders should therefore be considered for payment of salary or motivational packages to enhance their welfare and offer better services to the public.

Other Issues

- Cash transfers to the vulnerable groups that include the old, orphans, persons living with disability was reported to be inadequate. The situation was reported to be more acute to the urban poor for example in township and Manjengo location in Kajiado central who are many as compared to those in rural area but have to depend on the allocation given to their locality.

- Putting up of industries such as cement production with the locally available materials
- The meeting noted that there are motorcycles that have been issued to each chief in the county but the same has not been provided to the sub-chiefs. The participants requested that sub-chiefs should also be provided with motor cycles due to the vastness of the sub-locations to promote service delivery.
- The Ewaso Ngiro South River Basin Development Authority (ENSDA) requests Kshs.143 million for equping, drilling, and rehabilitation of boreholes as shown in the annex.

4. Concluding Remarks and Prioritization of key issues

Hon. Moses ole Sakuda thanked participants for actively participating in the exercise and informed them that the requests will be considered when the Budget and Appropriation Committee will be finalizing the budget.

He highlighted the issues raised and asked the members for their most pressing issues in order of priority. participants agreed as follows;

1. Tarmaking of Ngong-Suswa 65 Km Road
2. Water issues especially the construction of the mega dam at **Oloyiankalani**
3. Public university in the county
4. The overpass (interchange) at Kitengella to reduce on traffic jam and congestion.
5. Electricity connection.
6. Payment of salaries for village elders.
7. Marraming of the Kajiado-KMQ-Magadi road
8. Tarmacking of the Corner-Baridi-Kajiado road

The Chairperson thanked the participants for their active participation and assured them that their proposals would be considered in when preparing the final budget especially the first 3 as listed in order of priority.

Members of Public Present (ANNEX 1)

Written Submissions (ANNEX 2)



Key Messages

Efforts to contain expenditure

- Enforcement of austerity measures and reduction of spending in non priority areas is paramount given the expected size of mandatory expenditure for 2017/18 owing to increase in CFS budget share by 33% from previous year and the size of MDAs budget going towards compensation of employees. This should however be done cautiously by focusing on curtailing “inflation pricing”.
- Prudent debt management is key to addressing growing debt payment and parliament should keenly interrogate debt management strategy and plans by keeping the executive on toes to ensure we keep within debt sustainability levels.
- Parliamentarians need to put pressure on the executive to provide a plan of implementation of a contributory pension scheme based on the Public Service Superannuation Act 2012 for overall management and control of pension liabilities in the medium term.
- Efforts to curb public wage bill:
 - ✓ In rationalization of public sector, the Government needs to adopt and implement the Capacity Assessment and Rationalisation of Public Service (CARPs) and rationalization of parastatals reports.
 - ✓ Other efforts should go into a deliberate plan and strategy to wean, especially commercially viable parastatals off transfers and freeze creation of new ones.
 - ✓ There is need to streamline allowances by instituting caps, consolidating and phasing out where possible in order to to reduce risk to overall public wage sustainability through the SRC.

Efficiency in spending

- Parliament should cautiously cut budgets for MDAs that consistently underspend but at the same time ensure that the executive integrates procurement into planning processes in order to improve uptake of development budget for better results and service delivery.

Revenue

- For overall improved revenue performance and also given that subdued economic activity will affect tax collection, there is need for more efforts towards increased compliance, efficiency in tax collection and sealing tax leakage.
- There is need for better transparency on deficit financing

Introduction

This analysis of Budget 2017/18 notes that the country has been pursuing expansionary fiscal policy driven largely by government ambitions to address infrastructure and human resource development. It also seeks to answer, though not directly the extent to which the budget is driven by elections in terms of the expected goodies that come with election years. The focus is largely on the big ticket expenditure items and their implications on the budget vis a vis the financing aspect.

In terms of organization, this analysis first presents an overview of the entire budget, then proceeds with expenditure analysis that looks at issues of mandatory spending and what this means to budget flexibility, public wage bill and a brief on what is expected in terms of sectoral priorities. The final part looks at how this budget will be financed. In this analysis we point out policy concerns and issues that parliamentarians may consider in their scrutiny and interrogation of the budget.

Overview of Budget 2017/18

The table below captures an overview of government of Kenya budget for 2017/18. Overall expenditure for 2017/18 is estimated to go up by 5.7% in relative terms, from revised expenditure estimates of Ksh 2,500.9 billion in 2016/17 to Ksh 2,643.5 billion. This amount may seem a bit over or underestimated given that county government expenditure is not known in the absence of Division of Revenue Act 2017.

The government anticipates collecting revenue and grants amounting to Ksh 1,763 billion to finance this budget with the deficit of Ksh 880.4 billion. It is not clear how this will be financed because the information from various budget documents including the Budget summary only cite a deficit of Ksh 524 billion.

	Revised 2016/17	Estimates 2017/18	% change
Revenue			
Total Revenue	1,515	1,705	12%
Ordinary Revenue (incl. RDL)	1,372	1,549.40	13%
Grants	51	59	14%
Total Revenue & Grants	1,567	1,763	13%

Expenditure			
Total Discretionary expenditure			
National Executive	1,646	1,578	-4%
Parliamentary Service Commission	15	40	177%
Judiciary	18	18.0	1%
County Governments	285	295	4%
Equalization Fund	6	8	29%
Contingency Fund	5	5	0%
Non Discretionary expenditure			
Consolidated Fund Service (CFS)	527	699	33%

Total GoK Budget	2,500.91	2,643.49	5.7%
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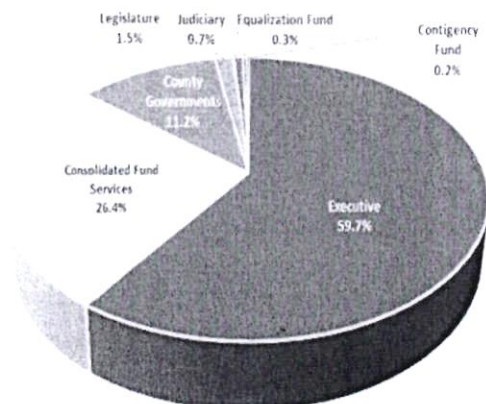
Deficit after grants			
Commercial financing	154	150	-2%
Project Loans	265	204	-23%

Programme support	7	0.9	-88%
Foreign Payments	-44	-149	242%
Domestic Financing other than Borrowing	3	-11	-526%
Domestic Borrowing	280	329	17%
Others		??	
Total Financing	665	880.4	-32.4%

The pie chart shows distribution of the total anticipated budget for the government of Kenya of Ksh 2.64 trillion with the largest share of 60% going to the National Executive. In fact the bulk of the estimated budget (88.5%) remains with the national government which constitutes the national executive, the Consolidated Fund Services-CFS (26.4%), the Judiciary and Parliament which both of which account for 2.2%. The significant size of the CFS implies that about 26.4% of the entire GoK budget is tied and compulsory leaving with flexibility to use only about 62.1% for salaries and public service provision.

Despite remaining largely similar to the 2016/17 distribution, notably the share to CFS went up substantially by 33% and that of parliament by 177%. This is largely attributed to huge debt payment as a result of increased borrowing by the national government and remuneration and allowance for MDAs. The sectoral analysis of allocation to ministries, department and agencies within the national executive later in this brief will reveal changes in priority and focus by the national government in 2015/16.

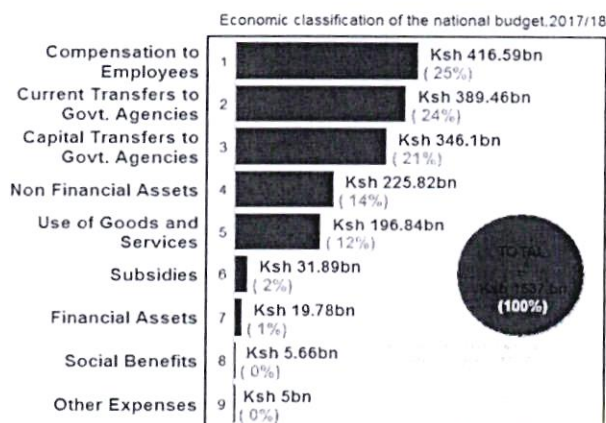
Distribution of GOK Budget 2017/18 (Ksh 2.64 Trillion)



Source: PBB 2017/18

Of the total Gok budget, the remaining share of 11.2% goes to the county government with an additional 0.3% Equalization Fund targeted to 14 county governments identified as marginalized.

In addition to understanding distribution of the budget/expenditure from an administrative perspective, the figure alongside the pie chart shows breakdown of national budget by economic classification. This type of classification explains the type of expenditure to be incurred. For example, it shows expenditure on salaries, procurement of goods and services, transfer payment and so on which is crucial for resource and accountability budget management.



Out of a total national government budget of Ksh 1,634 billion which is inclusive of the legislature and judiciary, a quarter is expected for payment of salaries and allowances to public officers. With the addition of current transfers to government agencies/state corporations it is safe to conclude that almost 45% of the total budget will go to payment of salaries at the national government level. This already puts to questions government's effort to contain growth of the public wage bill. For operations and maintenance (use of goods and services) which is critical for service delivery accounts for 12% of the budget

The other substantial spending, 21% of national government budget is expected to go infrastructure related state corporations for development of roads, energy, transport, water and communication projects.

Expenditure Analysis

Expenditure for the country has been on the rise especially in the post devolution owing to spending in public wage bill at the two levels of government, debt payment, and social sector spending and infrastructure development especially the project on the SGR. Government budget to GDP ratio in 2015/16 was 32.9%, reduced to 31% in 2016/17 but expected to go up marginally to 31.9%.

Although there was a slight hint of government effort to contain expenditure in 2016/17 this seems to be negated in 2017/18 a common phenomenon in election year. Notably, recent supplementary budgets have ended up increasing overall spending again countering any efforts to contain expenditure growth.

The following section looks at the big ticket spending areas and their implication on Budget 2017/18, starting with CFS as mandatory expenditure, public wage bill which is implied as a non discretionary expenditure. Furthermore it will briefly analysis the other component of discretionary spending, that is for MDAs classified under MTEF sectors in order to understand the shift and focus of spending in 2017/18 and whether in line with the BPS.

Consolidated Fund Services (CFS) Implications of Budget 2017/18

Consolidated Fund Services constitutes a first charge on the Consolidated Fund meaning that it's a mandatory expenditure item that has to be dealt with before any other appropriation happen. The table shows that CFS has been growing in absolute terms from Ksh 364.4 billion in 2013/14 to Ksh 699.2 billion in 2017/18 estimates. In fact, it is estimated to grow by 32.6% in 2017/16 from the previous financial year and to account for 26.5% of the entire budget. Public debt payments and pensions are the drivers of CFS taking up almost 100% of total estimated amount.

Trends in Consolidated Fund Services (CFS)- Ksh Bn

Item	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	% age
Public Debt	331.17	324.92	417.20	466.51	621.76	33.3
Pensions	28.15	32.36	43.00	55.69	71.90	29.1
Salaries & Allowances	3.72	4.07	4.44	4.00	4.15	3.8



Miscellaneous Service	0.13	0.13	0.13	0.13	0.13	0.0
Subscriptions to Int'l Orgs	0.00	0.00	0.00	0.00	0.00	
Guaranteed Debt	1.18	1.01	0.94	1.02	1.29	26.5
Total	364.35	362.49	465.71	527.35	699.23	32.6
% Total Public Spending	23.20	24.64	19.81	21.09	26.45	

In order to meet budgetary requirements evident by increasing deficits from about 6% in 2013/14 to 8.1% of GDP in 2015/16, government borrowing has been rising. The huge increase in deficit is in part on account of the Standard Gauge Railway project, being financed to the tune of Ksh 398.1 billion (equivalent to 6.1% of GDP)¹ currently nearing completion of the first phase.

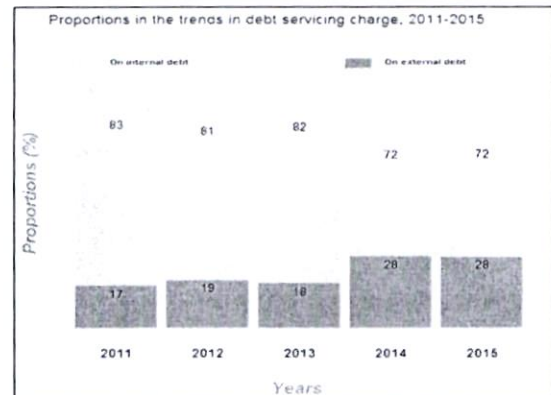
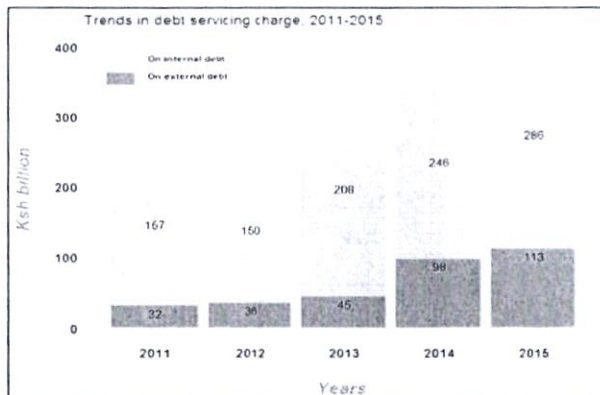
As a result the stock of public debt has been rising, for example, reports from the Central Bank of Kenya show that debt to GDP ratio increased from 36.6% in 2006/07 to 46.5% in 2015/16 with the only drop in 2011/12. This trend is increasingly dominating public and media debate on the budget due to policy concerns it raises regarding not only the intergenerational burden posed but also questions of whether this debt is sustainable.

Already the gravity of the situation is evidenced by the quantum of debt service payment. In 2016/17 interest to be paid was actually higher than principal redemption. What is proposed to be paid in 2017/18 as interest of Ksh 280.7 billion is 45% of total debt payment, lower than in the previous year on relative terms.

The figures below show an increasing trend of domestic interest payment where short term commercial debt is becoming a regular source of deficit financing but whose consequences including destabilizing interest rates may affect the country's financial stability.

There are further policy concerns that parliament should note including danger of not complying with fiscal responsibility principle. Overall, the medium term debt strategy reports show that our debt is still within sustainability thresholds. This notwithstanding, there are further concerns that members of parliament should heed the fact that if government's appetite for borrowing is not curbed as a country we will soon reach a point where we are unable to repay our debt. This may in turn lead to an adverse impact on the economy.

¹ Republic of Kenya, Budget Statement for the FY 2016/2017 by Henry K. Rotich, Cabinet Secretary for the National Treasury.



The other key driver, though at a relatively smaller proportion, but very critical is pension expenditure which is expected to grow by 29% in 2017/18 from the previous year. As pension liabilities mature, this expenditure has been growing calling for better management. Of importance to note for parliamentarians to put pressure to the executive to provide a plan of when implementation of a contributory pension scheme based on the Public Service Superannuation Act 2012 will start and overall integration of Pension MIS and IFMIS to for better control in the medium term.

Public wage Bill and implications on the economy

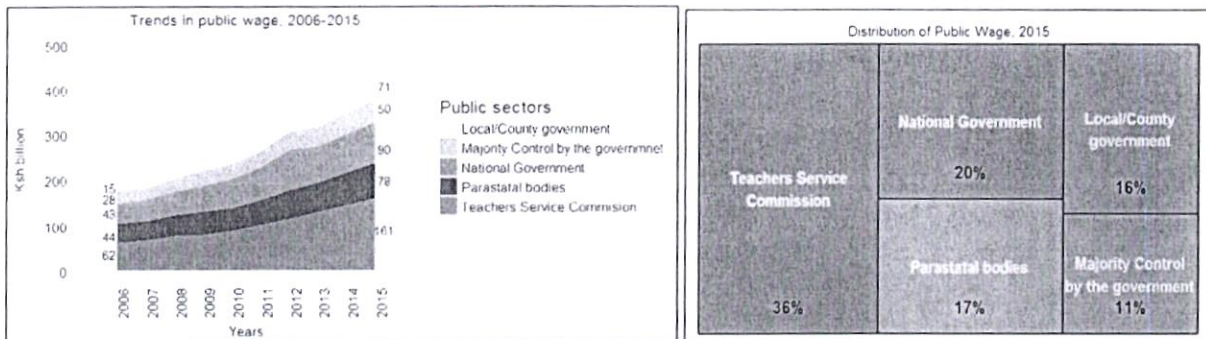
Studies show that increasing wage bill pressures often arise ahead of elections. For example, the country has in the recent months been hit by incessant strikes and demand for increased wages from public officers. Doctors strikes that was resolved only in the recent days lasted for three months while that for lecturers for a month. Furthermore expansion of social services is often linked to rising wage bills.

The above scenario demands better management and control of public wage which if left to grow has implications on the budget and ultimately to macroeconomic stability of the country. Already the growth of the public wage bill in Kenya is an issue that is gaining currency in public debate and a cause for concern on two front, affordability and sustainability.

The graph below shows that public wage bill has been on an upward trend between 2006 and 2015. Its average annual growth for example in the post devolution period (2013-2015) was 12% (from Ksh 375 billion to Ksh 450 billion) compared to a nominal GDP growth of 5.5% and population growth of 2.7%².

As the largest employer in Kenya, the right hand figure shows the composition of wage bill in the public sector with the national government and its agencies/parastatals taking the largest share of 37% followed very closely by teachers smaller only by one percentage point in 2015.

² Computed using figures from Economic Survey 2016



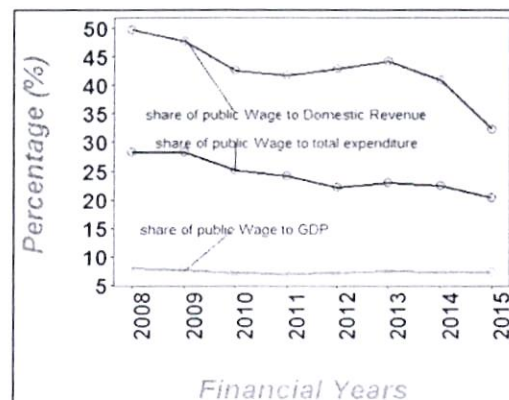
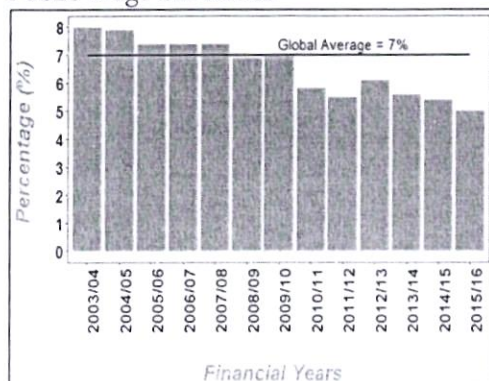
Source: Various issues of Economic Survey

Of note is that growth in public sector wages is in part due to the increase in recruitment of public officers from 662,100 in 2012 to 718,400 in 2015 representing 8.5% growth. In addition to this, the average wage earnings per public sector workers has been on the rise albeit skewed concentration of higher wages in the top job groups.

Despite an upward trend, as a share of GDP, public wage bill for Kenya especially from 2012/13 to 2015/16 has been on a decline and generally below the global average of 7%. Equally public wage bill to expenditure and to domestic revenues ratios exhibit downward trends. As far as the fiscal principle rule of ensuring that governments expenditure on wages and benefits for its employees does not exceed 35% of the national revenue, this is met as show in the graph below.

It is important to however note that recently agreed collective bargaining agreement between the government and doctors, as well as the new pay structure (pay rise and also harmonized salary grades across public sector) for public sector officers as recommended by the the Salaries and Remuneration Commission (SRC) will put extra pressure on the wage bill. It is expected as mentioned by SRC that this structure will be effected from July 2017 and thus in part the reason for huge Budget 2017/18.

Public Wage Bill Ratios



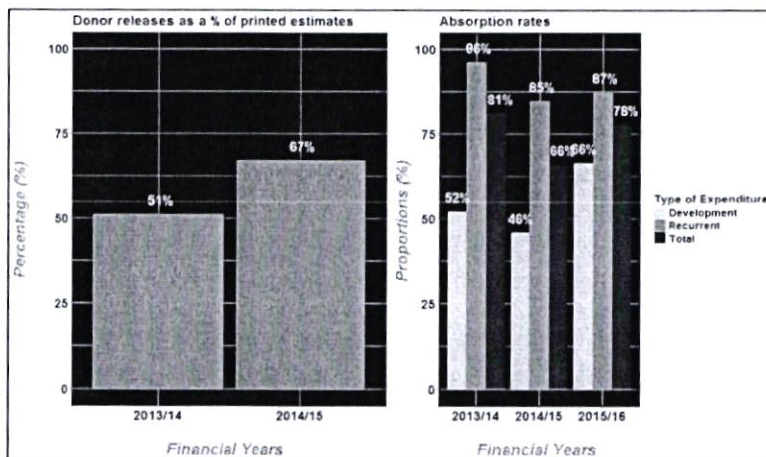
The implication of this budgetary pressure calls for the need to among other things to adopt and implement two reports intended to inform audit and rationalization of Capacity Assessment and Rationalisation of Public Service CARPs and rationalization of parastatals. Given the substantial size (24% of current transfers to national government), freezing creation of parastatals is critical and weaning commercially viable parastatals off transfers. Besides, the extent of this process succeeding is dependent on political will.

As a non wage benefit, allowances are often abused to avoid controls in basic pay. They should be streamlined properly with guidance from SRC through consolidation or phasing out where possible or even through caps in order to reduce risk to overall public wage sustainability. The SRC, for example has instituted that members of parliament will only be eligible for allowances for a four meetings per week.

Efficiency in Spending

As one of the key public expenditure management issues, how to improve efficiency of public spending and reduce wastages is pertinent to the government. Challenges in absorption of especially development budget are a recurring one despite measures put in place to mitigate this (see below).

Against a performance benchmark of at least 80%, development budget for the period 2013/14 to 2015/16, albeit improvement has been consistently below 66%.



As a result of this, we point out the following policy issues that need to be considered by parliament towards enhancing results and better results and value for money in spending:

- The national government should address ambitious or overoptimistic estimation of donor component of development budget
- Budget cuts for culprit MDAs that have consistently been under spending

- There is need to strengthen spending units' capacity and incentive to integrate procurement into planning processes.
- Improve institutional frameworks and streamline use of financial performance information in order to address delays in release of funds

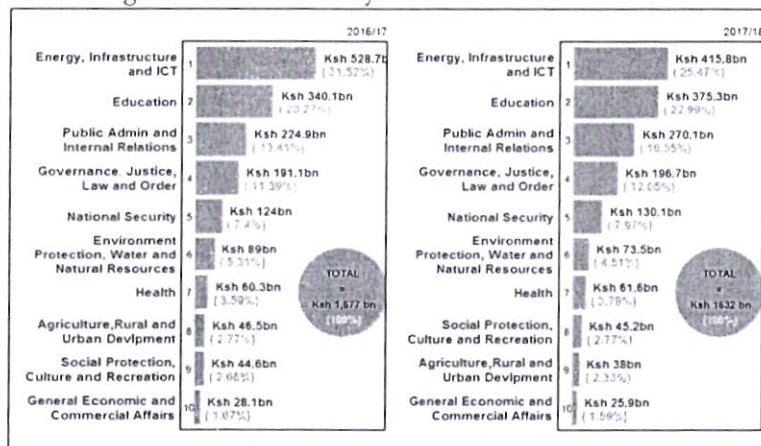
Sector priorities

The total MDAs budget including judiciary and the legislature reduced from Ksh 1,667 billion in 2016/17 to Ksh 1,632 billion in 2017/18. Comparatively the top seven sectors in terms of budget share starting with the energy, infrastructure and ICT, education all the way to health sector has not changed for the two financial years.

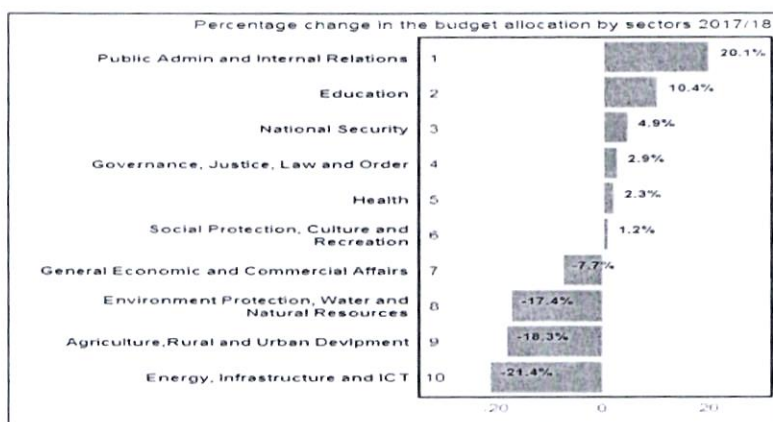
Equally the top three sectors take up 65% of the total Ministries, Departments and Agencies (MDAs) budget in the two financial years. Overall the sectoral budget shares are in line with the Second medium term plan 2013-2017.

The figure below shows change and shift in sector priorities, giving an indication what the government will focus on in 2017/18 as captured in the budget. It is evident that although the lion share of the budget is going to the energy, infrastructure and ICT sector, a more significant shift in focus will be on public administration and internal relations, education and national security.

Total budget share allocation by Sectors



One of the reasons why the Public Admin and Internal Relations (PAIR) sector tops in shift in expenditure focus for 2017 is because a significant amount has been set aside for compensation of employees including those new recruited staff to fill vacancies in the National Treasury in departments like Debt Management Office, Financial Services Dept, Macro department and so on. In addition, the new pay structure as recommended by SRC to take effect from July 2017 is also factored in budget 2017/18. This is thus the reason why National Treasury whose budget is expected to increase by 50% (Ksh 82.3 billion to Ksh 122.8 billion).



Given this significant shift that will go up by 9 percentage points in sector budget share one will expect that it will translate to promoting better fiscal management.

The other agency with PAIR sector that is driving the considerable expected increase in the sector's budget for 2017/18 is Parliament Service Commission. A closer look shows significant expenditure is anticipated in salaries and wages as well as domestic travel for members of parliament.

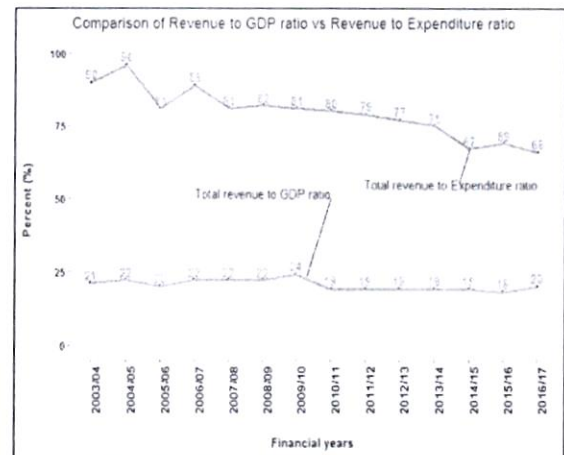
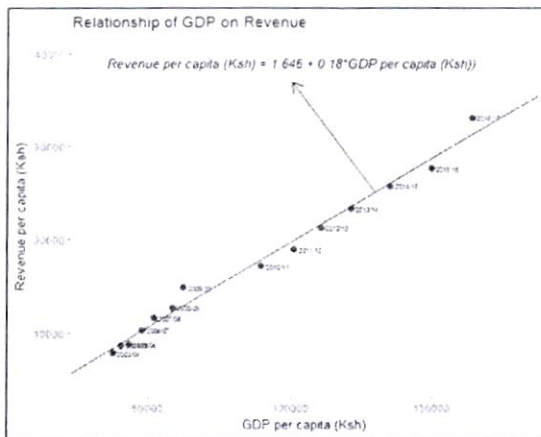
Revenue Analysis

According to the BPS 2017 medium term fiscal policy aims at supporting rapid and inclusive economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of government for effective delivery of services.

Total revenue (including AiA) collected by the end of December 2016 was Ksh 674.2 billion missing the target of Ksh 701.7 billion by Ksh 27.5 billion. This translates to a performance of 96% better than 88.5% for the same period in 2015. Underperformance in revenue in half year of 2016/17 was occasioned notable shortfalls in both PAYE and VAT imports which account for almost 40% of total revenue collected. By the end of December 2015, PAYE and VAT imports missed the target by 11% and 13% respectively compared to 10% and 11.2% underperformance in the same period of 2016. Performance of AiA, which is often under reported has continued to be dismal over the years

Although revenue performance is predicated on economic growth and on-going tax reforms, it is clear that expenditure growth has outpaced that of revenue. One of the fears is whether citizens should be expected to pay more taxes in order to finance Budget 2017/18. Given revenue performance and projection for 2017/18 we draw the following issues for consideration by parliament.

- First, with an average economic growth rate of about 5.3% in the last three years, it is evident that the country's economic growth rate during election period has tended to be subdued. It therefore means that revenue projections pegged on economic activity during an election year may be affected. As shown below there is a strong relationship between revenue collection and economic growth.



- Furthermore, domestic resource mobilization through taxation may be reaching its limits, with ordinary revenue to GDP ratio of about 20%. This implies a comparatively high tax effort but low collection capacity. As such, the option of raising tax, especially in an election year may be no go zone areas for government save for other friendly alternatives, including improving tax collection system, sealing leakages and increasing compliance.
- Deficit financing: Our calculation shows that the financing gap in 2017/18 is about Ksh 880 billion but what is captured in the Budget Summary is Ksh 524 leaving an unexplained difference of Ksh 356 billion. Of course without clear information on for instance county government expenditure and others may have over or underestimated the deficit and in turn how it will be plugged. Our appetite as a country to borrow is a growing concern, yet information provided on our loans is not open for citizen scrutiny and analysis, something that parliament should pressurize the government to uphold.

Policy is set to gradually reduce fiscal deficits with a focus on higher revenues to protect growth enhancing public investments and social spending.



Memorandum on the Budget Estimates 2017/18

To: The Clerk to the National Assembly
Parliament of Kenya

March 15, 2017

RE: CIVIL SOCIETY VIEWS ON THE 2017/18 BUDGET ESTIMATES

During the week of Feb 21, 2017, civil society organizations and citizens convened to discuss the 2017/18 Budget Estimates and to prepare this memorandum for Parliament's Budget and Appropriations Committee.

This Memorandum was prepared by:

1. Parliamentary Initiatives Network (PIN) members:
 - a. International Budget Partnership (IBP) Kenya
 - b. The Institute for Social Accountability
 - c. Article 19
 - d. Transparency International Kenya
 - e. Africa Youth Trust
 - f. African Institute for Health and Development
2. Institute for Public Finance Kenya
3. Development Initiatives
4. Economic and Social Rights Centre - Hakijamii

Key Highlights

- The cabinet approved a Ksh 100 billion increase in staff remuneration for the civil service in 2017/18. However, it is not possible to identify this increase in the publicly available budget documents, indicating continued lack of transparency in management of the wage bill.
- Kenya's debt service obligations are rising by a significant margin going into 2017/18 and 2018/19. Parliament must begin to ask hard questions about whether the cost of debt is reducing fiscal space to fund ongoing services and county governments.
- Parliament should ensure that the distribution criteria for all national government funds are transparent and equitable, as many current funds are either opaque or focus on equality rather than equity.
- As IEBC prepares for elections, there is a need for closer scrutiny of its budget to close loopholes in procurement that have been identified by the Auditor General in the past.

Total Expenditure

The total budget for 2017/18 for all government Ministries, Departments and Agencies (including Parliament and the Judiciary) is Ksh 1.63 trillion; this is 3 percent lower than the total budget approved for the year 2016/17.



Spending on development will decline by 22 percent in 2017/18 compared to the original approved budget in 2016/17. This is mainly driven by a significant reduction in the development budget for the energy, infrastructure and ICT sector whose budget is reducing by Ksh 138.76 billion or 28 percent of its 2016/17 budget as captured in the Budget Policy Statement 2017. This overall decline in capital spending seems to contradict the government's position that investments in infrastructure will be sustained and expanded. What impact will this have on on-going projects and priority development areas such as rural electrification and irrigation projects?

A Ksh 40 billion increase in wages in the National Treasury is the main reason for a significant increase in the allocation to the public administration and international relations sector. The sector, which also includes the Presidency and Parliament, will see its share of the total budget increase by 3 percentage points. However, none of the publicly available budget documents explains what the increased wages are for. The National Assembly should ensure that there is clarity in areas where there are spikes in wage allocation in terms of who is getting paid.

Interest on debt and pension payments is rising at a faster rate than revenues. The largest proportion of the allocation for these items will go toward interest payments (Ksh 280.72 billion) while pensions make up about 20 percent of the allocation (Ksh 71.90 billion). According to the budget, the interest payments and pensions will increase by 15 percent between 2016/17 and 2017/18 while the total revenue will only grow by 14 percent (ordinary revenue, mainly local taxes, is projected to grow by 13 percent). The growth is based on the approved budget for 2016/17.

The share of the budget going to interest payment and pensions is growing between 2016/17 and 2017/18. About 15.6 percent of the overall budget is committed to interest payment and pensions, compared to 13.7 percent in 2016/17.

Wage Bill

What is the national government's wage bill? The budget summary and the Program Based Budget give varying figures of the wage bill. The information provided on staff pay in the two documents point to a transparency issue with respect to how much the national government is allocating to wages for 2017/18. In the budget summary, the total wages and salaries are given as Ksh 365 billion. The PBB does not have a summary that shows the total wages, but each MDA has a line on compensation for staff and the total for all MDAs is Ksh 390 billion. In addition, the PBB does not give wage details on state corporations. Their total allocations are included within block grants to government agencies. The Judiciary and Parliaments budgets are also not included in the PBB so we cannot tell the size of their wages. Transparency on wage details remain a challenge in 2017/18 and we cannot establish the total wage bill from available documents.

As a result, while the cabinet approved a significant increase of Ksh 100 billion for salaries and wages, it is hard to find this increase in the budget.¹ The budget summary shows an increase of Ksh 4.2 billion in wages and salaries between 2016/17 (see below.) Even using the salaries in the PBB (Ksh 390 billion) the increase is just Ksh 30 billion, far short of the Ksh 100 billion we are looking for. However, as shown in Table 1 below there is an allocation of Ksh 19.95 billion for civil service pension that was not in the 2016/17 budget and this could be part of the Ksh 100 billion. The allocation for

¹ http://www.the-star.co.ke/news/2017/02/10/cabinet-approves-sh100bn-pay-hike-for-civil-servants-in-2017-18-budget_c1503837

salaries for constitutional offices and commissions that are allocated separately under the Consolidated Fund Services (CFS) also have an increase of Ksh 193 million. Taken together, these increases still do not add up to anything like Ksh 100 billion.

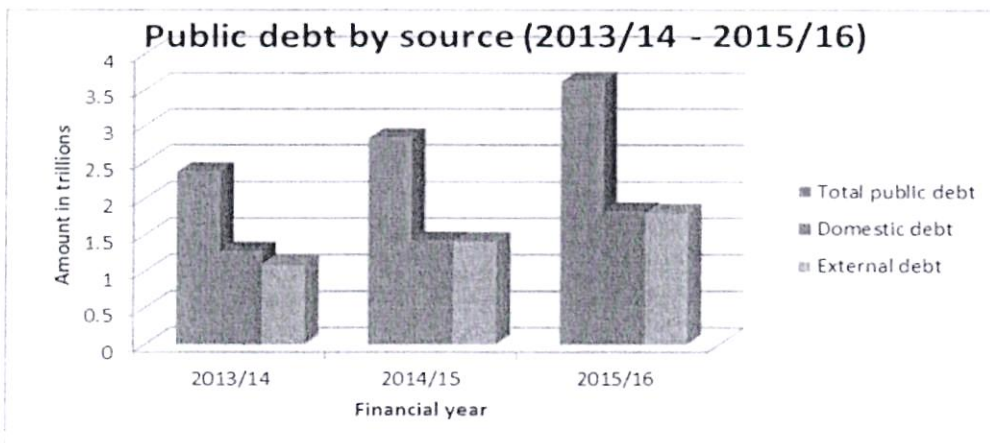
Table 1: Medium Term Fiscal Framework

FY	2016/17		2017/18		2018/19	2019/20
	Printed Estimates	Rev. Estimates	BPS'2017	Budget	Proj.	Proj.
Ksh million						
1.0 TOTAL EXPENDITURE AND NET LENDING	2,275,556	2,232,338	2,288,690	2,286,974	2,458,729	2,676,627
1.1 Ministerial Recurrent Expenditure	857,526	918,861	977,853	988,968	1,055,024	1,135,072
o/w Wages & Salaries (civil Service and TSC)	360,776	360,776	398,815	365,021	434,708	456,444
Gov't Contribution to Civil Service Pensions	-	-	17,947	17,947	22,822	23,963
1.2 Interest Payments and Pensions	310,957	293,880	361,219	356,892	381,984	425,477
1.3 Development Expenditure	815,161	727,685	634,795	638,379	685,826	754,603
o/w Domestically Financed	395,549	412,418	368,591	373,842	391,265	412,100
Foreign Financed	413,613	309,267	258,457	256,821	285,814	332,537
1.4 Net Lending	2,127	2,127	5,586	2,398	2,383	1,600
1.5 Contingency Fund	5,000	5,000	5,000	5,000	5,000	5,000

There is a 1,525 percent increase in salaries under the National Treasury and there is no explanation for that. The allocation for compensation for staff in the Ministry is increasing by Ksh 40.2 billion from an allocation of Ksh 2.6 billion in 2016/17. No information provided in the PBB or the budget summary give any details of which cadre of staff this covers.

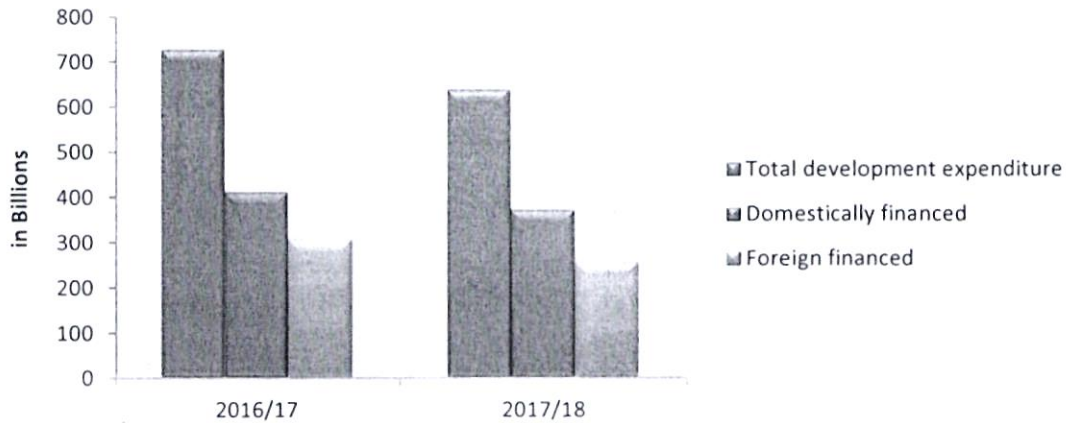
Public Debt

Domestic debt continues to account for just over half of Kenya's total debt. Kenya's public debt has been growing at an average rate of 18 percent between FYs 2013/14 and 2015/16. The share of domestic debt has been declining in this period and the ratio of domestic to external debt is now nearly 50:50 in 2017/18.



Source: Calculated from Central Bank of Kenya's monthly public debt publication

Going forward, the share of domestic debt may rise again, as the government plans to continue financing development expenditure more through domestic resources (59 percent) than externally (41 percent). This is an increase in projected domestic debt from the 2016/17 budget, where domestic financing of development expenditure accounts for 57 percent of the total.



There is a considerable increase in debt redemption in 2017/18. The IMF had earlier warned that commercial borrowing needed to be managed carefully to minimise the impact of repayment spikes.² The 2017/18 budget proposes an increase in foreign debt redemption of 242 percent. This will rise by another 56 percent in 2018/19. There are two big drivers of the significant increase in external debt redemption. First, in October 2015, the country contracted a two-year syndicated loan of USD 75 million from a number of banks led by Standard Chartered which matures in 2017/18.³ However, the budget summary shows that there will still be a payment against this loan in 2018/19, which could be an indication that the government plans to roll over that debt. Secondly, the country will also fully repay a loan from African Export-Import (Afrexim) Bank of Ksh 21 billion, which was borrowed in 2016 to bail out Kenya Airways.

In terms of interest payment to external lenders, the country will pay the highest amount to international investors in its debut international sovereign bond (Ksh 19 billion); Exim Bank of China (Ksh 16 billion); and to Standard Chartered for the syndicated loan (Ksh 11 billion).

Public debt received an adverse audit opinion in 2014/15 and in 2013/14, raising questions about the ability of the government to manage the rise in debt in recent years. For example, the latest Auditor General's report available (2014/15), shows that Treasury is not preparing statements on debt in line with International Public Sector Accounting Standards.⁴ Another example from the audit report reveals un-explained differences in bank balances for debt payments as shown in the table below.

² <https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr1685.pdf>

³ http://www.the-star.co.ke/news/2015/10/30/kenya-gets-fresh-sh76bn-syndicated-loan-at-57_c1233514

⁴ http://www.oagkenya.go.ke/index.php/reports/doc_download/676-report-2014-2015 Page 15

Item	Financial Statement Balance Kshs.	Ledger Balance Kshs.	Difference Kshs.
External Debt Interest	33,330,189,096.35	26,810,026,639.70	6,520,162,456.65
External Debt Redemption	80,213,525,854.00	75,540,232,323.60	4,673,293,530.40
Internal Debt Interest	139,363,010,320.00	136,789,092,079.70	2,573,918,240.00
Internal Debt Redemption	165,249,803,076.80	139,748,617,500.00	25,501,185,576.80

Drought Emergency

Kenya is currently in the middle of a drought. On February 10, the government declared a national drought emergency, with 23 of 47 counties affected.⁵ The number of food insecure people has more than doubled – from 1.3 million to 2.7 million between October 2016 and February 2017.⁶

Most of the government's drought intervention programs are under the State Department for Special Programs. The largest portion of that MDA's Ksh 6.5 billion budget (86 percent) in 2016/17 is allocated to drought management. Looking at the 2016/17 line-item budget (below), the Kenya Hunger Safety Net Program is the main budget item under the drought management program.

HEAD/ PROJECT	Estimates 2016/2017			Projected Estimates	
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Estimates 2017/2018	Estimates 2018/2019
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
1033100100 Kenya Hunger Safety Net Programme	4,496,000,000	2,000,000,000	2,496,000,000	916,000,000	916,000,000
1033100200 KRDP ASAL Drought Contingency Fund Project	355,345,330	323,345,330	32,000,000	-	-
1033100300 Protracted Relief and Recovery	165,000,000	110,000,000	55,000,000	171,700,000	-

KHSNP is a program that is only run in four poor ASAL counties Turkana, Mandera, Wajir and Marsabit. In addition, the target number of household in the 2016/17 budget is about 100,000 households, while the current number of people affected by the drought is 2.7 million people. The target in 2017/18 remains 100,000 households. Therefore, the amount allocated in the 2016/17 approved budget does not seem be sufficient for all these counties. If the drought control measures extend into 2017/18, then the current allocation in the tabled budget does not seem adequate either. However, based on media reports the government has submitted a supplementary budget to the National Assembly which allocates more resources to drought relief measures in the affected counties.

The Contingency Fund is also available to deal with disasters such as droughts. The fund was allocated Ksh 5 billion in 2016/17, as it has been each year in recent years. The half year Quarterly Economic and

⁵ <http://www.president.go.ke/2017/02/10/government-declares-drought-a-national-disaster/>

⁶ <http://reliefweb.int/disaster/dr-2014-000131-ken>

Budget Review for 2016/17 seems to indicate that no cash was disbursed to the Contingency Fund in the first half of the year against a target of Ksh 2.5 billion. In general, there is a profound lack of transparency around public funds, for which financial reports should be published each year to explain how previous allocations were used or if they remain as a balance in the fund.

Equity, Poverty Reduction and Social Protection for Vulnerable Groups

The budget summary has a list of 12 funds that are part of the government's program to promote equity and fight poverty.

The distribution criteria used in the disbursement of some of these equity funds is not given. For example, neither the budget guiding policies for National Fund for the Disabled of Kenya (NFDK) nor the National Development Fund for Persons with Disabilities do not provide information on how the beneficiaries will be identified. It is not clear under what policy the NFDK which is under the Presidency was formed. Parliament should ensure that reports on the formation and distribution of funds are also made public.

Highly equal distribution of those funds for which we do have criteria suggest they do very little to address inequality. Funds such as National Government Constituency Development Fund (NGCDF) and the Affirmative Action are distributed using formulas that give very equal shares to each of the 290 constituencies. For example, 75 percent of NGCDF is shared equally among the constituencies, and the rest is shared based on each constituency's share of the total poor people in the country. In fact, looking at allocations for 2016/17, the distribution is equal among all the 290 constituencies.⁷ The National Assembly should evaluate the distribution models of all allocations and ensure they are addressing inequality and not exacerbating it.

To illustrate this, let us use Kinango and Embakasi West constituencies as an example. The poverty rate in Kinango stands at 84 percent and there are almost 175,000 people living below the poverty line. Compare this to just over 16,000 poor people living in Embakasi West. It is unfair that these two constituencies receive an equal allocation from a fund that is meant to fight poverty.

Elections

The Independent Electoral and Boundaries Commission's budget is vague and does not connect the allocations to actual targets and indicators provided. The economic classification of spending in the budget is not connected in any way to the performance side. This vague presentation of the budget is not limited to IEBC and makes it difficult to follow up on implementation of all MDA budgets. For example, from the 2016/17 and 2017/18 budgets, it is not possible to know if there is an allocation for a possible presidential election run-off. Is the funding for that is part of the allocation to the program for voter registration and electoral operations? The same can be asked of any back up system that IEBC needs to have in place after the amendment to the Elections Act. Parliament should ensure that further details about the IEBC budget are made available.

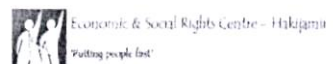
There are a range of audit queries in relation to procurement at IEBC that have not been solved from the last election cycle in 2012/13. The audit report from the Auditor General raises issues around procurement of election support devices and the logistical services used in distribution of electoral materials. In the first case, the invoice presented after the procurement of 4,600 Electronic Voter

⁷ <http://www.ngcdf.go.ke/index.php/disbursement/58-disbursement-status-financial-year-2016-2017-as-at-15-07-2017>



Identification Devices (EVIDs) was queried because the amount presented in the invoice was later rejected by IEBC's management. In the second issue, irregular payments for transportation of election materials came up in the 2014/15 reports.

The National Assembly should do proper scrutiny of budget lines for IEBC to ensure that issues raised by the Auditor General do not come up again in 2017 before approving the budget. These are issues mainly under procurement of election materials and logistics for the election period.





INTERNATIONAL INSTITUTE FOR LEGISLATIVE AFFAIRS

INCREASE EXCISE TAX RATES FOR TOBACCO PRODUCTS IN KENYA: PROMOTING
PUBLIC HEALTH AND INCREASE GOVERNMENT REVENUE

PROPOSALS ON ESTIMATES OF REVENUE AND EXPENDITURE FOR FINANCIAL YEAR
2017/2018

SUBMITTED TO THE BUDGET AND APPROPRIATION COMMITTEE, THE NATIONAL
ASSEMBLY

ABOUT IILA

The International Institute for Legislative Affairs is a not-for-profit Civil Society Organization formed in 2004 in Nairobi, Kenya. IILA works with policy makers; including government departments and agencies, Members of Parliament, County Governments and other stakeholders to advocate for pro- people policies and legislation. Our mission is to "enhance legislative process by providing technical support to law making institutions and other stakeholders"

IILA has worked on tobacco control for over 10 years, first on advocacy for the enactment of the tobacco control Act, 2007 and more recently on effective implementation of the legislation. Worked on tobacco control for over 10 years. Over the last 5 years IILA has been involved in tobacco tax advocacy in Kenya.

BACKGROUND

The right to the highest attainable standard of health is enshrined in the Constitution of Kenya as well as other national policy documents such as Vision 2030; the blue print for Economic, Social and Political development; as well as Regional and Global Treaties and Conventions that the country is signatory to such as the United Nations Sustainable Development Goals (UN-SDGs) and the World Health Organization Framework Convention on Tobacco Control (WHO- FCTC). Ds.

Tobacco has been established as a major risk factor for Non- Communicable Diseases (NCDs) which currently account for 50-70% of all hospital admissions, half of inpatient mortality and 55% total mortality in Kenya. Tobacco Use is a leading causes of preventable deaths globally and killed about 5million people in 2002 with 50% from developing countries. It is estimated that by the year 2020, the tobacco death toll will reach 10 million with more than 70% of deaths from the countries (WHO, 2003). Accordingly, the smoking prevalence in developing countries has been rising considerably which has been attributed to an aggressive investment and marketing strategies by the Tobacco Industry

PUBLIC HEALTH AND TOBACCO TAXATION

Tax and price measures have been found to be one of the most effective tobacco control strategies due to their potential to discourage initiation and encourage quitting of tobacco use. They also have the potential of generating much needed revenue for governments.

Article 6 of the FCTC acknowledges that price and tax measures are an effective and important means of reducing tobacco consumption by various segments of the population, in particular young persons and individuals with low incomes and purchasing power. Parties to the FCTC are required to implement tax policies and, where appropriate, price measures on tobacco products so as to contribute to the health objectives by reducing tobacco consumption. In Kenya, section 12 of the Tobacco Control Act of 2007 requires the minister of Finance to implement tax and price policies on Tobacco and tobacco products so as to contribute to the objectives of the Act.

Kenya has made tremendous progress in strengthening the excise tax structure and rates for tobacco products; including the indexation of tobacco taxes, simplification of the structure by reducing the bands from four (4) to one (1) and raising the tax rate to Ksh. 2,500 per mille for ALL cigarette products; as contained in the Excise Duty Act, 2015 and is in line with global best practice. This is commendable.

HOW MUCH IMPACT CAN TOBACCO TAX INCREASES HAVE?

According to WHO, If tax increases result in a 10% increase in cigarette prices, the number of smokers worldwide would decline by 42 million, 38 million (6%) in low and middle income countries and 4% in high income countries. Saving 10 million lives. A 70% increase in the price of tobacco could prevent up to a quarter of all deaths caused by smoking worldwide.

Tax increases are one of the few tobacco control measures that cause an almost immediate and measurable drop in tobacco consumption and in prevalence rates. They reach all users and potential users at the same time. However, benefits of tax increases are also spread out over many years. For example, a large tax increase today will decrease the likelihood that a child who is 10 years old will take up smoking during his or her teenage years. Tax increases also have a particularly strong impact on two important segments of the population: young people (who are generally less addicted to tobacco than adult users) and the poor (who are more likely to quit in the face of a price increase). This makes increases a good complement to many education measures, which are more likely to change the behaviour of older, more educated and richer tobacco users.

Further, Tobacco tax increases directly benefits the government. A nation with an efficient tax system that has significantly increased its cigarette taxes has enjoyed substantial increases in revenue, even while reducing smoking.

TOBACCO TAX POLICY SIMULATION FOR KENYA

There are various models that can predict the effect of increasing tobacco tax rates on consumption and revenue. The predicted outcomes depends on two interlinked factors: 1) how the industry adjusts the retail price, 2) how the industry adjusts the net-of-tax price. The net-of-tax price is defined as the portion of the retail price excluding excise tax and VAT. An increase in the net-of-tax price means the industry is over shifting the tax increase, meaning that the retail price will increase by more than the increase in excise tax. A decline in the net-of-tax price means that the industry is under shifting the tax increase, meaning that the industry increase the retail price by less than the tax increase. An over shifting of the tax increase is more likely as evidence in other countries shows that the industry is likely to compensate for lower volumes with higher prices. This is particularly likely under a specific tax regime.

By simulating an increase of excise tax rate from 2,500 Kshs to 3,025 Kshs per mille, we found that it will result in an increase in the weighted average excise tax per pack of 16.4% and an increase in the average retail price per pack of 6.9%. The excise tax burden will rise from 42.9 % to 47.0%. This will result in a decline in aggregated consumption of 3.4% and a decline in adult smoking prevalence of 0.3 percentage points, from 19.7% to 19.3%. This will avert the deaths of 30,472 smokers. While the health benefits of this are undisputed the tax increase will also have a positive impact of fiscal revenues. Revenue will rise by 12.4% from 10.3 billion Kshs to 11.6 billion Kshs. The effect on the industry would be small, with a decline in the total revenue due to the entire supply chain (manufacturing, wholesale and retail) declining by 3%.

RECOMMENDATIONS:

- ✓ The current tax structure which was reviewed in 2015 should be enhanced by increasing the amount of specific tax. We recommend that it be increased to Kshs 3,025 per mille. This will protect and increase government revenue while contributing to tobacco control objectives. The structure should be tightened to ensure:
- cigarette taxes are kept specific and simple

- All tobacco products are taxed equally to prevent tobacco users from switching tobacco brands and types due to price differences
- Inflation does not erode the real value of the excise tax by indexing taxes
- Tax policy does not create opportunities for the tobacco industry to reduce their prices in order to avoid/ evade paying excise taxes.
- ✓ The National Treasury should shift cigarette taxation towards internationally accepted norms. Such practices include increasing tax rates for tobacco products to be at least 70 per cent of retail prices and ensure that they are adjusted periodically to keep pace with inflation and rise faster than consumer purchasing power. The National Treasury should have a clear indexing principle in place upon which the excise tax (and other taxes) is regularly adjusted for changes in inflation.
- ✓ The National Treasury should implement the Guidelines on effective implementation of Article 6 of the WHO FCTC that we adopted during the Conference of Parties (COP5) held in 2012.

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Kenya Health Situational Analysis (KHSA) 2010

Global Youth Tobacco Survey (GYTS), 2013

Global Adult Tobacco Survey (GATS), 2014

WHO technical manual on tobacco tax administration, WHO 2010

For More Details On This Proposal And On The Simulation Model, Please Contact:

Chief Executive Officer,
International Institute for Legislative Affairs,
House No. 5, Mariposa Apartments,
No. 23 Ngong Road (Opp Jamhuri Telephone
Exchange - Posta)
P.O Box 1542-00200, Nairobi
Tel: + 254796409984
Email: info@ilakenya.org

Memorandum for the National Assembly, Eleventh Parliament, Fifth Session

08th March 2016

**Submission: National Government of Revenue and Expenditure for Fiscal Year
2017/2018**

I, Shama Abuhassabu, a Kenyan resident and student at USIU Africa, hereby submit this memorandum to the Parliamentary Committee on the National Government of Revenue and Expenditure for the fiscal year of 2017/2018.

The Kenyan Constitution and the Budget

The Constitution is the set of rules that make provisions on how a government can exercise its power and authority over citizens. It is the basis from which laws and policies including the budget of a country are developed. For this memorandum, the following parts of the constitution are considered:

Budget estimates and annual Appropriation Bill. 221. (1) At least two months before the end of each financial year, the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly.

221. (4) before the National Assembly considers the estimates of revenue and expenditure, a committee of the Assembly shall discuss and review the estimates and make recommendations to the Assembly

221. (5) in discussing and reviewing the estimates, the committee shall seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations to the National Assembly

Judiciary Fund. 173. (3) each financial year, the Chief Registrar shall prepare estimates of expenditure for the following year, and submit them to the National Assembly for approval.

Parliamentary Service Commission. 127. (6) The Commission is responsible for— (c) preparing annual estimates of expenditure of the parliamentary service and submitting them to the National Assembly for approval, and exercising budgetary control over the service.

Although the policies are clear, it is only fair to say that implementation is not as easy as is written. Prior to the 2010 Constitution, such recommendations were not given much consideration by implementing ministries and agencies. Luckily, the current situation allows citizens the right and the mandate to monitor how funds are utilized, in particular, budget monitoring.

Citizen participation in the budget process and expenditure planned for in the national and county budgets is adhered to as far as possible during the financial year, thereby enhancing transparency and accountability and effective and efficient delivery of services by the government.

Recommendations for effective citizen participation in the budget process

1. Although article 221 of the constitution of Kenya requires representation and recommendations from the public, there are still a few officials that are skeptical of the process of involving citizens in decision-making. Therefore, grassroots sensitization on the importance of citizen participation should be enhanced, especially for government officials who are not yet embracing the concept. Community leaders also play a crucial role in encouraging citizen participation at both community level and at influencing policy level.
2. Citizen participation is founded upon the principles of legitimacy, accountability & transparency, inclusivity and fairness. Through accountability and inclusivity, efficacy and public trust in government authorities are increased and voices will no longer be marginalized. Through fairness, citizens are involved in the decision making process that not only affects them, but also revolves round the taxes that they pay, hence giving them the right to take part in allocation of resources. Therefore, it is recommended that the committee when noting citizen representation and inputs exercise these principles.
3. Following the MTEF approach (medium term expenditure frameworks) process since 2000, citizens should be involved not only in the budget preparation process, but also at policy level where they are able to influence policies at sector levels where they are able to put in place a policy that allows for monitoring the spending. This may be done through citizen accountability forums.
4. Reviews of the budget of the previous fiscal year should be allocated some time within the public hearing sessions. This will provide both newly joining and previous participating citizens with a solid background on which they can make new recommendations upon.
5. Based on point number 4, reports on lessons learnt or best practices should be shared with the participating citizens on a yearly basis.
6. There is a need for stability and predictability in revenue allocations. The national assembly should consider this point as part of their yearly revenue and expenditure estimate generation. This report should include information on: how the government expects the economy to perform over the next 3 years; how much revenue the government expects in the next 3 years; and how much the government wants to spend in the next 3 years.

7. Due to various levels of citizen inadequacy when it comes to the technical terms and sufficient knowledge required, it is advised that a simple citizen guidebook should be prepared to provide clear and effective guidelines to facilitate participation as well as clear frameworks for explaining the terminologies, the technical language and the process of participation and its outcomes. In that guideline, the county and national treasury can also include a section that explains in simple terms what is contained in the budget estimates.
8. Not only should the budget hearings be publicized in popular and effective media channels, but also the reports (budget policy statements, sector reports, etc.) following those hearings. The language of the reports should be easy to understand.
9. There is a need to expanding the channels used for publicizing the hearings. Newspapers are popular, however the online forum must also be considered, as there is a rather significant shift from print to online.
10. Under the county government act, the National Budget and Appropriations Committee should hold its public hearings on the budget in every county to give all citizens a chance to participate in the budget process.
11. In line with the public hearings, investments should be made in conducting regular capacity building and training and development of popular publications in easy-to-understand and accessible language. The media also has an important role to play in this by giving adequate airtime to issues relating to the budget.
12. Citizens should be aware of the roles of each constitutional body that is involved in the budget process. Information on such roles and responsibilities should be explicitly defined and shared so that expectations and outcomes are clear. The procedures and process of budgeting should also be clear to citizen. Kindly refer to appendices 1 & 2 as an example.
13. It is advised that the public should intensify pressure on the legislature to perform its constitutional legislative and oversight roles with regard to the budget process. The fact that members of the national assembly continue to ignore citizen concerns translates that the enforcement of the policy is not strong enough.

Appendices

Appendix 1: example of roles and responsibilities of constitutional bodies involved in the budget process

<u>Institution</u>	<u>Roles and Responsibilities</u>
Senate	1. Determine revenue allocation among the counties 2. Provide oversight over county revenues
National Assembly	1. Determine the allocation of revenue among the three arms of government; Judiciary, Parliament and the Executive 2. Review and approve with or without the budget estimates, the budget for the three arms of government 3. Approve the revenue raising measures of the government (Finance Bill) 4. Provide oversight over the implementation of the budget 5. Enact into law the Appropriation Bill
Parliament and Judiciary	1. Prepare and submit their budget estimates to the National Assembly not later than 30th April

Appendix 2: example of stages of the budget process

<u>Stage</u>	<u>Process</u>
<u>1</u>	Estimating revenue and setting maximum expenditure
<u>2</u>	Issue of budget guidelines by Treasury and preparation of initial three-year budget estimates for sectors and line ministries
<u>3</u>	Determination of the vertical and horizontal division of revenue
<u>4</u>	National Treasury reviews sector budget estimates, sector dialogue and preparation of a draft National Budget
<u>5</u>	Preparation of the Medium Term Budget Policy Statement and drafting of the Division of Revenue Act and County Allocation of Revenue Act
<u>6</u>	Submission of the Budget Policy Statement and Revenue Sharing Bills to Parliament for consideration and approval
<u>7</u>	Submission of budget estimates to Parliament
<u>8</u>	Budget and Appropriation Committee of the National Assembly holds hearings on the budget estimates and reports to the National Assembly
<u>9</u>	Enactment of the Appropriation Bill into law
<u>10</u>	Budget execution
<u>11</u>	Audit and reporting

More than a billion people live with disabilities, the vast majority in low-income and middle-income groups. A significant proportion of disabilities are caused by injuries including those which results from traffic crashes, falls, burns, equipment and acts of all source of violence such as child abuse, youth violence, domestic violence, war and conflicts.

after an injury and the initial treatment, the next point of call is usually to a physiotherapist who normally recommend an appliance or a device to support and or assist the injured individual to continue functioning even though marginally.

Where physiotherapy goods and devices must be paid for, VAT becomes another cost, according to taxation laws which, though well intentioned, are uninformed and unreasonable in its results.

What this means is that, people with disabilities continue to face considerable additional expenses as compared to normal individuals in participating fully in society.

Easing the VAT liability on all physiotherapy products can be a practical way of reducing the burden on disabled people and one in which the government can contribute to the overall policy objective for people with disabilities who are the main consumers of physiotherapy appliances and devices.

For example, at the European level, the Sixth Directive provided a framework within which VAT barriers to people with disabilities were lifted. The UK thereafter used that framework to support both people with disabilities and the organisations that work for them to overcome these barriers by zero rating VAT.

Those with who take care for this group of individuals recognise this issue I have raised, very well and the potential to improve by zero rating the current taxation legislation on all physiotherapy appliances and devices in this year's budget.

I hope therefore that this will open an important debate in a lesser known area of tax law, and will eventually benefit those who struggle financially with the costs of disability. Your decision to zero rate VAT on all physiotherapy appliances and devices will be a vital part of this year's budget planning and will be most welcome.

Thank you.

Nyagah J.N, M.Sc. P.T (UWC)SA
Chairman
Private Physiotherapy Practitioners Association Of Kenya
P.O Box 6246-00300; Tel: +254722700949
Nairobi

Email: jnnyagah@yahoo.com
3rd MARCH 2017

SUBMISSION OF MEMORANDA

14th March, 2017

National Government Estimates of Revenue and Expenditure for FY-2017/2018, Articles 127 (6) (c), 173 (3) and 221 (1) of the constitution of Kenya.

The Cancer Prevention & Control (Amendment) Bill, 2016

Forwarded to: The Clerk to The National Assembly. Email: clerk@parliament.go.ke,
pbo@parliament.go.ke

From: William O.Ogonda Kenya citizen, ID NO. 6284372

Articles 127 (6) (c): Preparing annual estimates of expenditure of the parliamentary service and submitting them to the National Assembly for approval, and exercising budgetary control over the service

In view of the fact that the Leader of Majority in the National Assembly Hon. Aden Duale stood on the floor of the National Assembly in January, this year, 2017 and assured Members of Parliament that they will be paid for two months (slightly over Ksh.1 million each) for Parliament closing early because of the General elections, I wish to present the following:

- (a) Admissibly, the constitution of Kenya 2010, unlike the previous one, holds that parliament ought to have the calendar running to the end, in this case August 2017. It is not possible given that this is a general election year in Kenya. This year comes with heavy allocation to the electoral body-IEBC. It is therefore prudent that the MPs don't get the amount of money totaling Ksh.4.8 billion, including the Ksh.11,011,200 for gratuity for each MP. In the case that we have to be fair for the time the honourable Kenyans have served us, it may be considerate to pay them gratuity less the Ksh. 456.1 million that ought to be paid to MPs and Senators for closing parliament early because of general elections.
- (b) The wage bill for public servants is already overstretched with the public university lecturers having been awarded a total of Ksh. 6 billion, a few months to the 2017-18 national budget being presented. Medics under KPMDU have just concluded an agreement with the ministry of health and the Council of Governors. Primary and secondary school teachers have been assured by their employer – Teachers Service Commission that their package as per the Collective Bargaining Agreement signed late last year, 2017 will be kept to, without any alterations.

It is therefore important that the Parliamentary Service Commission is not allocated money for payment to MPs and Senators because of the two houses closing early because of the 2017 General Elections. The

members ought to embrace the spirit of servant hood, in which there is sacrifice and humility and therefore not be paid the Ksh. 456.1 million.

Article 173 (3) Each financial year, the Chief Registrar shall prepare estimates of expenditure for the following year and submit them to parliament for approval

(a) Members of Parliament have taken advantage of their power to approval expenditure to the Judicial Service Commission (JSC) to almost bring the judiciary to its knees. The year 2014 had an incident which we ought not to forget. On the 20th February, the members National Assembly and the Senate held a joint press conference at parliament buildings in which the judiciary was accused of assisting impunity, theft, corruption including irresponsible use of public resources. This arose from the incident in both Parliament and Senate, the members arbitrarily wanted their salaries and allowances increased. The citizenry had just come from the general elections of the year 2013, the economy was wobbling with the next direction not clear because a new government had just come into place. The dissatisfaction from politicians over the judiciary was because the latter had kept to the supremacy of the constitution in *Okia Omutata Okoit vs. Attorney General & Others*, High Court Petition No. 227 of 2013 consolidated with High Court Petition No. 281 of 2013 that it is only the Salaries Review Commission which has power to determine the remuneration of holders of public officers including Members of Parliament. The Court merely upheld what Kenyans stated in Article 230 (4) of the Constitution.

This was unfortunate because members of parliament and the senate were out to undermine the constitution. In March 2014, when the legislature continued to show efforts of denying the judiciary the funds needed, the then Chief Justice Willy Mutunga reminded members of the two houses that the allocations to the judiciary were meant for effective running of the systems that include plans to construct new courts and not for misappropriation as the politicians intended to imply.

The National Assembly, the senate and the judiciary ought to exist because the bodies are dependent upon each other. The budget meant for the judiciary ought to be discussed and approved with the sobriety it calls for without power politics being drawn in.

Article 221 (1): At least two months before the end of the financial year, the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly

This year 2017 is a general election year and all chances are that the National budget and the subsequent county budgets will not be presented in June as is the tradition. The National Assembly and subsequently the senate will have a tight schedule in debating the budget after its presentation. Given that the constitution provides for two months for debate and that both houses ought to close on 5th June for General elections, it calls for the Cabinet Secretary in charge of

finance to present to the house, the national budget next month- April. Coincidentally this is also the month for party primaries, thus nominations in preparation for the general elections slated for August 8th. The Parliamentary Service Commission therefore ought to put in place a smooth calendar of events that will allow for key issues being discussed. Some of the deliberations ought to discuss the following:

- (a) Gender responsive budget. This is a key pointer to successful adaptation of the National budget that will have a trickle effect to the counties. The Public Participation Act, which allows members of the public to respond to county debates, is silent on matters of gender representation. The Members of Parliament, given that they have already thrown out of the window the bill on the two thirds majority rule, they ought to introduce a provision that allows for more women to attend budget forums at the county level. This is so because the allocations to the county level have to support Small and Medium scale Enterprises, where women are a majority. The Members of the National Assembly and the Senate ought to bend to the clarion call by the governors to have the allocation to the counties increased so as to oil the economies at the county level- a major predictor to the stability of the national economy.
- (b) The NHIF ACT ought to be discussed along the deliberations on the national budget. Currently, married women are placed by the NHIF premium under the custody of the husband and that has made women get challenged when it comes to accessing health services after divorce from their spouse or demise of the same. The budgetary allocation to NHIF ought to be increased so as to have provision where widows, including those living with HIV and AIDS can gain access to medical care in the absence of their husbands.
- (c) Coming from the curtain call of the devastating drought in most parts of Northern Kenya and parts of the pastoralists dominated regions of Rift Valley that include Baringo and Laikipia counties, the deliberations around the national budget need to have room for Livestock insurance, which good premiums being offered not only by the government but in partnership with other players in the insurance industry.
- (d) The government through the treasury should allocate more money to the Drought Management Authority (DMA) so as to mitigate drought related catastrophes through apt planning both on short and long term basis.
- (e) Under allocations for primary health care, there is need to allocate reasonable amount of funds that will facilitate the creation of awareness on cancer. The cancer grants need not be the way the national treasury has categorized them- to complement existing medical leasing grant to counties, but instead be a non- conditional grant for counties to invest in diagnostic equipment for cancer. Till to date National Treasury argues that this type of proposal should emerge from the Ministry of Health's planning and policy process and not from the division of revenue process. A clear policy framework has to be established on this.

It is my hope as a citizen of Kenya, that this memoranda, along others on the specified acts will inform a more citizen driven approach to national budgetary allocation.

William O. Ogonda

NJOROGE WAWERU

EMAIL: njwasa@yahoo.com

13th March 2017

**THE CHAIRMAN
BUDGET COMMITTEE**

**RE: MULTIPLE TAXES ON SAME PRODUCTS, UNRELENTING TAX
INCREASES ARE ANTAGONISTIC TO DEVELOPMENT**

First, I acknowledge the hair splitting argument that has hitherto been advanced by various Honourable members of this esteemed Budget committee during the previous public hearings at different places, that matters tax are foreign to budget committee since they are domiciled in the province of the committee on finance, Trade and Planning. But since the subject of Budget Committee is basically public money, and there exists not a thread of difference between public money and taxes, I humbly seek the indulgence of the budget committee to submit how persistent tax increases since 2013 has adversely affected the supply and allocation of public resources. I am made to understand the role of Budget Committee is to allocate public money to various public needs and developments.

His Excellency, the President Uhuru Kenyatta during a special address to the nation on 23rd November 2015, made a promise that in the course of the fiscal Year 2016 – 2017 there would be no tax increases. Apparently the Treasury forgot to factor the promise of His Excellency the President during last year's budget speech. The gist of my argument here is that even the Head of State himself seems to have noticed that unrelenting tax hikes is an affront to economic growth and grotesquely unhelpful to the cause of development for him to have promised a freeze on tax increases.

Today, the major indicators of consumer spending, a robust billing of an economy's state of health- the supermarkets; they are unable to pay their suppliers who are the manufacturers. This is not an idle observation especially when the supermarkets

concerned have a high network across the country. Some have branded themselves as shopping hubs for high end shoppers – the Kenyan middle class which is supposedly expanding exponentially. These supermarkets have not paid suppliers for bills running to two years ago. This is a consequence of emasculated purchasing power through persistent tax increases and imposition of multiple taxes on same products. A case in point is VAT imposed on bottled drinking water and fruit juice, then in 2015, exercise duty was slapped against them.

Cabinet Secretary for the National Treasury has reasoned that imposing multiple taxes on these products is justified, ostensibly because it is only the rich who use them. Implying you can impose as many taxes on goods, provided it is the rich who use those goods. This is an insular policy, processed products pass through a long value chain, and when the end product does not sell because of being expensive, many people on the end of the value chain suffer. In the case of fruit juice, people doing farming in an era of climate change, are already working in hostile circumstances and loosing market for their fruits or being forced to sell at throw away prices to secure markets is just the aftermath of the supermarket liquidity crisis. If consumer spending is afflicted, the supermarkets employ 230,000 people whose jobs could be on the line. Already Nakumatt the biggest supermarket in Kenya and a shopping place of choice for high end shoppers is experiencing serious stocking challenges after suppliers stopped providing goods. With no stocks, workers will be redundant.

Punishing consumption cannot be the most prudent move to expand the revenue base or to finance the governments' development agenda. Punishing consumption, erodes demand and kills production. This cannot be the way to industrialize and job creation prospects appear glim indeed.

The supermarket crisis is replicated in other sectors like roads, built with tax payers money, there is a road fuel levy of KShs.6 for every litter of fuel and on top of that the governments intends to imposes toll on some highways, asking people who cannot pay toll to use other roads. The dilemma here is that in some places, there is only one road

leading to a destination and people who will have been forced out of those roads are tax payers. This essentially increases cost of doing business, which mega infrastructure seek to lower in the first place. This blights Kenya's competitiveness as an attractive investment destination.

On the raging crisis in the education sector, the government levies VAT on textbooks, journals and periodicals- the primary tools for knowledge transfer, yet we are transiting to a knowledge economy where growth is dependent on the quantity, quality and accessibility of information available in contradistinction to means of production. Books published in Kenya are cheaper in Uganda and Rwanda, because they are not taxed there. Kenya taxes VAT, the paper used to print the book, import duty is charged for the paper to enter Kenya, and then the final product, the book is charged VAT. Even old textbooks entering the country are charged Vat, yet like in higher education, Kenyan scholars never publish, because they are not well motivated and therefore all books used in universities are imported. It is instructive that many universities in Kenya have no libraries and the few that have, have out-dated and very few books. The capitation grant provided by the government to buy textbooks for primary and secondary schools is not enough to buy heavily taxed books. Subsequently a textbook is shared by up to five pupils in primary schools and Chemistry, biology and physics text books are not available in many secondary schools. The Cabinet Secretary for National Treasury says shortage of books in schools is an administrative problem at the Ministry of Education. The Cabinet Secretary for education blames this on market based distribution of books, in private, he blames taxes. The publishers and parents complain of VAT on text books.

The Government has waived examination fees for KCPE and KCSE candidates for both public and private schools – this money is more than it collects in VAT from text books. The priority would have been to make knowledge freely accessible by removing all inhibitions like VAT on text books. Kenyans have no reading culture and the only books in the market are text books for primary and secondary schools the rest are less than 3% of all books traded in Kenya and this 3% can only be found in a few bookshops in Nairobi. The issue here is you cannot tax what you don't have, the government should

incentivize the market to attract creativity and more investments in the publishing industry so as to net more taxes.

High taxes are not an antidote to under development, even if taxes are increased every year up to 2030 – the government's development agenda would still be like today, a few good roads here and there, a world class railway but with many people dying of hunger. Kenya has since entered a permanent high food price regime, because food security is still not a priority for the government. You cannot fix food security with high taxes, tax incentives are inevitable.

Granted, we all must pay taxes but Kenyans need friendlier and a progressive tax regime that will stimulate growth. Currently there are more small business collapsing than those that are succeeding, yet the government is promoting entrepreneurship with many non-tariff barriers in the counties and an iron-fisted tax regime – entrepreneurship taking root remains a mirage.

It is worthy of notice, that Kenya has zero transition rate from informal to the formal sector, yet the government is taking comfort that an expanding informal sector means more business and an opportunity to expand the revenue base. The expansion of the informal sector is more informed by frustrations with skyrocketing unemployment rather than being more lucrative than the formal sector.

The Government can have a low tax regime and maximize on volumes and this will be an incentive on compliance and help KRA meet its revenue targets the more the government has increased taxes, as experience of last 4 years has shown the more KRA misses its revenue targets and budget deficit widens, forcing the government to borrow heavily from the domestic market.

MEMORANDA

TO: The Clerk National Assembly,

FROM: Catriona Mumuli

DATE: 14th March 2017

SUBJECT: Submission to National Assembly on the National Government Estimates of Revenue and Expenditure for the Financial Year 2017/18

As part of the budget process engagement at the national level and the call for public hearings/submission of memoranda to the national assembly in the March 3rd 2017 Daily Nation Newspaper, I Catriona Mumuli of ID number 25752973 resident of Kenya, would like to present this memorandum for discussions at the national assembly for input to the Estimates of Revenue and Expenditure for the Financial Year 2017/18.

This memorandum reflects the observations on the Analysis of the 2017/18 Budget Policy Statement and the Analysis of the 2016/17 National Budget Estimates.

As a matter of fact, I appreciate efforts made by both the Assembly and the Executive to live up to the expectation of citizen engagement as stipulated by the Kenyan Constitution 2010 and the Public Finance Management Act, 2012.

Generally this process is a great step in ensuring the provisions of Article 221(4) and (5) of the constitution are adhered to. Though, I feel that few recommendations as highlighted below would capture the thinking and aspirations of Kenyan residents better.

I hope that these recommendations provided will enrich the budget making process for the financial year 2017/18 and increase the quality of oversight on the budget by the National Assembly.

The discussions highlighted herein are purely my deliberations based on the 2017/18 Budget Policy Statement and the Analysis of the 2016/17 National Budget Estimates.

1. Key Observation

Budgets for ministries, departments and agencies in the Budget Estimates should match the ceilings set in the 2017/18 Budget Policy Statement (BPS) The approved BPS by the National Assembly, is supposed to set the sector and ministry limits; while the Budget Estimates are meant to set the limits for programs and subprograms within these sectors and ministries. In the 2016/17 budget estimates, the figures throughout the budget document availed by treasury were contradictory to this policy requirement. Parliament approved total ministries, departments and agencies (MDAs) budget of 1.498 trillion through the BPS. However, the Treasury increased the budget by nearly 170 billion to Ksh 1.667 trillion (using the ministry figures in the Program Based Budget (PBB)). Hence development expenditure made up to 94 percent of the increase from the BPS.

It is my recommendation that in this financial year, the Budget estimates of 2017/18 to match the ceilings set in the 2017/18 Budget Policy Statement for ease in transparency and accountability

2. Priority Sectors

In the BPS 2017/18, the budget will focus on Capital investments in Energy, Infrastructure, ICT sector and other development expenditure in general and Social Protection, Health, Education, security, governance, justice, and agriculture. Sectors and ministries growing faster than average are being prioritized, while those growing slower than average are not. Those growing faster than average are taking a higher share of the overall budget in the Medium Term Sector Ceilings, 2017/18 - 2019/20; those growing slower are taking a smaller share of the ceilings in the BPS 2017/18.

It is my recommendation that when setting ceilings, priority sectors that are growing at a slow rate get a higher percentage of the budget ceilings as compared to those growing at a fast rate so as to ensure underperforming sectors are improved.

3. Realistic and Usefulness of program indicators and targets

The 2016/17 Program Based Budget (PBB) made some improvements that are important to highlight. For example, indicators were broken down to the individual project level in some ministries, with specific targets for each as was seen in the Road Transport program. This was an improvement from the 2015/16, where all road construction projects were lumped together and measured through a gross target of kilometres (km) constructed. However some of the indicators proposed were not realistic

It is my recommendation that the 2017/18 budget estimates shall also employ the Program Based Budget approach and have realistic and achievable indicators for each individual project. These indicators are to be used for transparency and accountability and ensuring they are realistic helps the government achieve its goals

4. Budget Absorption

Modern financial management demands that we review past performance when allocating new funds and the budget should speak to how performance has been taken into account in a proposed budget.

It is my recommendation that the Estimates of Revenue and Expenditure for the Financial Year 2017/18 shall capture a review of past performance (the performance of the 2016/17 budget) and that the budget estimates would speak to how performance will be taken into account in 2017/18

5. Healthcare

The government strategy is to implement programs and projects aimed at promoting health promotion and prevention; addressing the health needs of children, mothers and adolescents; improving the health infrastructure; enhancing social health protection and achievement of universal health coverage and the strengthening of adherence to normal and standards as well as health regulation.

My recommendation is that in the budget estimates for FY 2017/18, funding shall be put to promote health promotion and prevention; addressing the health needs of children, mothers and adolescents; improving the health infrastructure; enhancing social health protection and achievement of universal health coverage.

I highly appreciate your consideration and commend you on your continued commitment to meaningful public participation.

