


ANNEX II: SUBMISSIONS FROM THE PUBLIC

PARLIAMENT
OF KENYA
LIBRARY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	DAY. Tuesday
TABLED BY:	Hon. Gladys Bass (Chairperson, Liaison Committee)
CLERK-AT THE-TABLE:	Getrude Chebet

Kachumbi
TNA
25/2/2025
DPBO

World Vision

DPBO
Please deal.
25/02/25

P.O. Box 50816-00200, Nairobi, Kenya
Telephone: (+254) 732 126 100 or (+254) 711 086 000
Email address: wv_kenya@wvi.org

24/02/2025

Hon. FCPA John Mbadi, EGH

Cabinet Secretary

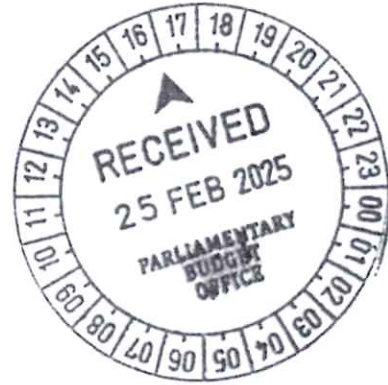
The National Treasury and Economic Planning

Harambee Avenue, Treasury Building,

P. O Box 30007-00100

NAIROBI.

Dear Sir,



RE: SUBMISSIONS ON THE 2025 DRAFT BUDGET POLICY STATEMENT

Greetings from the World Vision International Kenya (WVI-Kenya).

World Vision International Kenya (WVI-Kenya) was founded in 1974, with efforts encompassing diverse developmental projects, emergency relief initiatives, and advocacy work to social inclusion in Kenya. World Vision is an international partnership of Christians, whose mission is to follow our Lord and Saviour Jesus Christ, in working with the poor and oppressed to promote human transformation, seek justice and bear witness to the good news of the Kingdom of God.

Following the call by your esteemed office to make submissions on the 2025 Budget Policy Statement for the MTEF FY 2025/26 - 2027/28 Budget, WVI is pleased to submit its comments and recommendations on the 2025 Budget Policy Statement for your consideration. Our submissions highlight the necessity for an effective and robust Budget Policy Statement that upholds the standards as encapsulated in Section 25 of the Public Finance Management (PFM) Act, 2012.

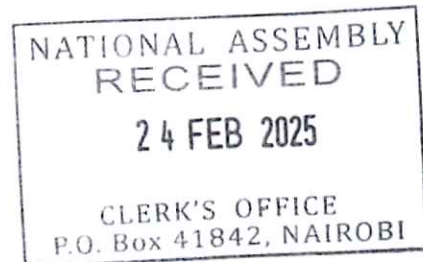
We strongly believe WVI's contributions will contribute to the development of a robust, inclusive, and efficient budget policy framework for the 2025 fiscal year.

Yours sincerely,

Mr. Tobias Maroa

Program Manager- World Vision International Kenya

WORLD VISION
25 FEB 2025
T. MAROA



BUDGET POLICY STATEMENT 2025 MEMORANDUM

COMMENTS ON THE DRAFT 2025 BUDGET POLICY STATEMENT FOR THE FY 2025-26 TO 2027-28 BUDGET Introduction

The 2025 Budget Policy Statement (BPS) serves as a pivotal framework for advancing Kenya's socio-economic transformation under the Kenya Kwanza Administration, with a strong focus on the Bottom-Up Economic Transformation Agenda (BETA), aligned with the Fourth Medium-Term Plan of Vision 2030. BETA prioritizes inclusive green growth through strategic investments in smallholder agriculture, micro, small, and medium enterprises (MSMEs), and the informal sector, aiming to empower those at the base of the economic pyramid. BETA has special focus on the following six (6) objectives: *bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and fostering inclusive growth*. The government's efforts have focused on stabilizing the economy, driving agricultural recovery, and implementing fiscal consolidation measures to reduce public debt vulnerabilities. Key strategies for the medium-term include enhancing tax revenue through reforms, improving public spending efficiency, rationalizing expenditures, and promoting public-private partnerships (PPPs) for infrastructure projects. The government seeks to ensure efficient resource allocation, with emphasis on high-priority areas like job creation, economic recovery, and poverty alleviation, while leveraging a value-chain approach to enhance production, value addition, and market access, stimulating sustainable growth.

This document outlines the comments and recommendations for the 2025 Draft Budget policy statement with special focus on the Environment Protection, Water and Natural Resources sector.



Section of BPS 2025	BPS Statement	Comment	World Vision International-Kenya Recommendation
BSP Paragraph 38 & 100 Enablers for actualization of BETA including environment and climate change	The BPS states that Government's Bottom – Up Economic Transformation Agenda (BETA) for inclusive green growth will be underpinned by sound and innovative policy and structural reforms targeted at all socio-economic sectors such as building efficient infrastructure; harnessing the manufacturing sector; climate-change mitigation and adaptation mechanisms; building human capital; social protection among others	The adverse effects on climate change affects various sectors of the economy. This has led to unpredictable weathers patterns occasioned by floods and drought leading to loss of lives, food insecurity and loss of livelihoods, deforestation, degradation of landscapes, destruction of catchment areas and loss of biodiversity due to natural and human made triggered disasters	The government intervention should focus on implementing National Climate Change Action Plan 2023-2027. Additionally, there is need to enhance transparency and accountability in the administration and management of the FloCCA Fund at the county level to ensure trickle down of resources to ward levels through funding of Ward Climate Change Planning Committees proposals and action plans
BSP Paragraphs 9 Interventions for agricultural sector transformation	The BPS outlines that the government has embarked on implementation of interventions and boost investments intended to transform the agriculture sector by raising productivity of key value chains in the sector that includes fisheries and aquaculture, horticulture, food crops like maize, rice, edible oils, livestock, beekeeping, and rangeland development.	The focus on these key value chains is significant. However, overreliance on a few value chains, a limited diversification may increase vulnerability to climate change variability and market shocks. While some interventions like rangeland development and water supply improvements are mentioned, there's limited emphasis on sustainable agricultural practices, soil health, or ecosystem preservation. Lack of explicit focus on climate-smart agriculture may undermine long-term	The government should invest more resources in non-extractive value-chains such as beekeeping/ apiary, milk production, Agro-forestry including fodder crops, horticulture, while divesting in extractive sectors such as mining that have far reaching consequences such as land degradation and greenhouse gas emissions (GHGs). Small holder farmers should be organized into cooperatives, supported to add value to their produce and linkage to markets to cut-off middlemen and brokers from exploiting such farmers

		agricultural productivity, ecosystems balance, and public health.	
BSP Paragraph 100 National Tree Growing Programme and paragraph 101 to fulfil the commitments to reduce emissions by 32 percent by 2030 as contained in Kenya's Nationally Determined Contribution (NDC)	BPS outlines the Programme aims to grow 15 billion trees across the country by 2030 to promote and support more resilient livelihoods. The project adopts Whole-of-Government and Whole-of-Society approaches which involve: <i>supporting production of 7.9 billion seedlings, the expansion of the existing 300 Kenya Forestry Service tree nurseries to produce 300 million seedlings annually; the refurbishing existing 300 and establishment of 50 new tree nurseries, drilling and equipping of 300 boreholes in all tree nurseries; equipping the 11 constructed seed centres, and constructing and equipping of seven (7) new seed centres. It also covers procurement and growing of 1.75 billion tree seedlings from private tree nurseries; and rehabilitation and restoration of 175,000 Ha of degraded public natural forest areas.</i> As part of climate change mitigation and adaptation efforts, the Government has strengthened actions to prevent deforestation, halt and reverse biodiversity loss, combat desertification and restore degraded landscapes as part of a broader programme to fulfil the commitments to reduce emissions by 32 percent by 2030 as contained in Kenya's Nationally Determined Contribution (NDC) and in line with the National Climate Change Action Plan (NCCAP) III 2023-2027. In addition, the Government has adopted a Bottom-Up 3P solutions with greater focus on the People, Planet and Profit through prioritizations of biomass energy (wood fuel), agro-forestry and solid waste management value chains. To facilitate attainment of these goals, the Government has developed and is	The focus on tree seeds and seedlings production, tree planting and management programmes aimed at promoting resilient livelihoods with whole government and whole society approach in climate change mitigation is a novel idea. Similarly drilling of boreholes and interventions to prevent deforestation, combat degradation are timely interventions that has an impact in contributing towards reduction in greenhouse gas emission for Kenya's Nationally Determined Contribution (NDC)	The National Government should work closely with the county governments in establishing and strengthening Community Forest Associations. More emphasis should be on promoting agro-forestry to enhance food security and increase tree cover nationally. The national and county governments should embark on aggressive awareness and sensitization campaigns targeting communities for better understanding of climate change adaptation and mitigation efforts and the emerging discourse around climate change financing.

	<p>implementing policies and strategies to tap into the global <i>carbon market opportunities, green and climate financing mechanisms such as Green Climate Fund, promote green bonds and debt for climate swaps among others.</i></p>		
<p>BSP Paragraph 40 water access and irrigation & paragraph 41 water harvesting for domestic use and recharge of ground water in 23 ASAL counties</p>	<p>Government has increased access to improved water services by connecting an additional 5,843,258 people; improved access to sanitation services by connecting an additional 280,000 households; reclaimed, rehabilitated and restored 3,183 acres of degraded land; and equipped 25 public schools with boreholes, greenhouses and irrigation kits.</p> <p>To address the issue of land degradation, the Government is finalizing the development of the Land Reclamation Policy 2024 in order to enhance reclamation of degraded lands, marginal lands, wastelands, and wastewater; establish a new legal and institutional framework to support land reclamation; and secure land neutrality.</p> <p>Over the medium term, the Government will build on the progress made in order to provide reliable safe and clean water through water harvesting for domestic use and recharge of ground water in 23 ASAL counties, 100 small towns and 300 schools. This will entail supporting 1,150 water harvesting projects for irrigation to provide 517.5 million cubic metres of water in ASALs; construction of small dams and water pans, and drilling of boreholes; water harvesting from "laggahs" and exploitation of ground water for irrigation in arid counties; and building capacity on uptake of irrigation in schools by drilling and equipping 465 boreholes and installing 510 greenhouses.</p>	<p>The BPS focus on water access to the ASAL counties is timely, even with the worsening of the effects of climate change due to prolonged periods of drought and devastating effects of flooding leading to loss of lives, livelihoods and infrastructure. The focus in provision of water services in schools should translate into improved learning outcomes.</p> <p>The strategy of water harvesting, construction of small dams, water pans and drilling of ground water should improve access</p>	<p>The national government should enforce the implementation of Water Act,2016 and support counties to develop Water Master Plans to support in mapping out available water sources, devise managements and strategies for efficient utilizations of the sources. Focus should be on construction of small dams, water pans and spring water protection and rehabilitation in ASAL counties to mitigate the effects of drought. This is attributed to the fact that major water dam projects in the country have stalled due to mismanagement and misappropriation of resources.</p>

Subject Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

From Ng'ang'a Rachael <rachaelnganga91@gmail.com>

To cna@parliament.go.ke <cna@parliament.go.ke>

Date Monday February 24, 2025 10:48:20 AM

① DPBO
Please deal.
25/02/25

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

② Kachumbo
TNA
25/2/25
DPBO

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
- 2. Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
- 3. Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Rachael Ng'ang'a

NATIONAL ASSEMBLY
RECEIVED
24 FEB 2025
CLERK'S OFFICE
P.O. Box 41842, NAIROBI

NATIONAL ASSEMBLY
RECEIVED
24 FEB 2025
DEPUTY CLERK, J. M. MURUGU
P.O. Box 41842-00100, NAIROBI

RECEIVED
25 FEB 2025
PARLIAMENTARY
BUDGET
OFFICE



From: Mabuti <butiengugi@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Wednesday, 26 February 2025 11:55 AM EAT
Subject: Strong Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally and vehemently object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026 and it's soon to follow years

In these extremely tough economic times, our state officers do not need a pay rise as their citizens suffer and remain jobless...

My objection is based on the following grounds:

1. **Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantially exorbitant. This comes at a time when the country needs to focus on debt management and essential public services.
2. **Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify any further increases, for a long time to come.
3. **Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
4. **Public Interest:** With the majority of Kenyans facing economic hardships, joblessness and living in poverty, increasing benefits for State officers would be inappropriate, gross, insensitive and counterproductive to national development goals.
5. **Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026 and the next three years.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Mabuti N.



Reply





From: IRENE <mulimimatua@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 3:35 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Irene Mutua

Regards,



Reply



MEMORANDUM

ON THE 2025/2026 BUDGET POLICY STATEMENT

SUBMITTED TO THE NATIONAL ASSEMBLY

SUBMITTED BY UNICEF KENYA OFFICE (Child Protection Section)

ON 24TH FEBRUARY 2025

#	Issue	Recommendations	Justification
1.	<p>No adequate budget allocated to Directorate of Children Services, the and the Directorate of Social Services to enable them implement the November 2024 Government of Kenya's Bogota (Colombia) on ending violence against children on</p> <p>To Support parents and Caregivers, below were the GoK pledges.</p> <p>i) Invest Ksh.2.6 billion to strengthen the capacity of families to foster healthy and</p>	<p>a) In the budget of State Department for Social Protection, under Children Services have a sub-programme known as <i>Prevention and Response Services violence against Children.</i></p> <p>b) Increase the budget under Directorate of Social Development by 250 million National Parenting programme to fast-track the training on positive parenting</p> <p>c) Increase the amount in the budgetline of alternative care for children by Kshs. 200 million, this will be a bridge</p>	<p>1. For effective implementation of the:</p> <p>a) Article 53(e) of the Constitution;</p> <p>b) Children Act 2022;</p> <p>c) The National Care Reform Strategy (2022-2032)</p> <p>d) The Government's Commitment of ending Violence Against Children (VAC) (Bogota Pledge).¹</p> <p>e) In compliance with the Budget preparation guidelines for financial year 2025/26 and MTB paragraph 53 and 54.</p>

¹ <https://endviolenceagainstchildrenconference.org/wp-content/uploads/2024/11/Kenya-pledge.pdf>

#	Issue	Recommendations	Justification
	<p>equitable family relationships by rolling out the National Positive Parenting Programme (NPPP) to reach 2 million families by 2027.</p> <p>ii) Invest Ksh.600 millions for the implementation of the Child Care Reform Strategy countrywide, transitioning 70% of children in residential institutions of care to safe, loving and supported families by 2027.</p> <p>iii) Invest Ksh.16 billion for the establishment and operationalization of the Child Welfare Fund by 2027 to support 4.2million families to safeguard the right to social security.</p>	<p>fund before the child welfare fund is established</p>	<p>f) High numbers of children experiencing violence.</p> <p><i>Children in Kenya continue to experience various forms of violence, abuse, neglect and exploitation. The 2019 Study on Violence Against Children(KNBS & UNICEF 2019) in Kenya found that 52.2% of boys and 41.1% of girls experienced some form of violence prior to the age of 18 years. It is estimated that VAC costs the Kenyan economy about 4.89% of its GDP each year (UNICEF 2024-unpublished)</i></p>

#	Issue	Recommendations	Justification
2.	<p>Underfunding of National Council of Children Services (NCCS), who has the function on meeting one of the critical pledges of Bogota (Colombia) which states;</p> <p>i) Operationalize the coordination structures (Children Advisory Committees) at 336 sub counties and all 47 counties through capacity building and resourcing by 2027</p>	<p>Increase by budget allocation to NCCS by Kshs. 200 million to enable them establish, train, supervise and monitor the 47 county and 336 sub-county Children Advisory Committees.</p>	<ul style="list-style-type: none"> • Children Act 2022 • Bogota Pledges • These committees are the gatekeeping structures for supporting prevention and response to violence against children
3.	<p>Inadequate number of children officers to respond to the cases of abuse and violence against children</p>	<p>Increase budget to Directorate of children services to enable recruitment of at least 1,184 officers, which is the gap between authorized officers (2,280) against the filled posts (1,094) , hence a deficit of 52%</p>	<ul style="list-style-type: none"> ▪ 52 per cent of authorized posts in Directorate of Children Officers have NOT been filled (2024 UNICEF Study on Social Service Workforce-2024 unpublished) ▪ Only 11% of children who experience sexual violence are provided with the services they require (KNBS & UNICEF) Study on Violence against Children 2019.. ▪ Hence government not meeting their legal obligation in providing child protection services to children
5.			



Email: cna@parliament.go.ke
website: www.parliament.go.ke/the-national-assembly

X: @NASsemblyKE
Facebook: Parliament of Kenya

—Original Message—

From: Njambi <njambiwawarui@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 6:07 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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5. Historical Precedent: Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Njambi Warui

Sent from my iPhone



Reply





From: Claudio <claudiowangu@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 7:02 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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Thank you for your attention to this matter.

Yours faithfully,
Claudio

Ready.



Reply





X:@NAssemblyKE
Facebook: Parliament of Kenya

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Yours faithfully,
Njambi Warui

Sent from my iPhone

Regards,



Reply

Ready.





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To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 7:02 PM EAT
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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Claudio



Reply

Ready.



99+





MEMORANDUM

**SUBMISSION OF INPUTS ON THE NATIONAL
BUDGET POLICY STATEMENT 2025**

**TO
THE BUDGET AND APPROPRIATIONS
COMMITTEE, AND THE PUBLIC DEBT AND
PRIVATIZATION COMMITTEE.**

**FROM
HENNET, IN COLLABORATION WITH BAJETI
HUB, CSOS IN THE HEALTHCARE SECTOR,
COMMUNITY, AND DRM CHAMPIONS**



Introduction

We, the undersigned of Hennet Members, submit this memorandum in response to the Public Notice dated 15th February 2025 calling for public participation in the 2025 Budget Policy Statement (BPS). This submission is made following Article 118(1)(b) of the Constitution of Kenya, which mandates Parliament to facilitate public participation in legislative and budgetary processes, and Section 25 of the Public Finance Management Act, 2012, which requires the National Treasury to ensure transparency, accountability, and inclusivity in budget planning and implementation.

Background and context

The health sector is a critical pillar in Kenya's socio-economic development, contributing to the well-being and productivity of the population. The 2025 Budget Policy Statement (BPS) outlines the government's fiscal priorities and resource allocation for healthcare in alignment with the country's Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA). The sector has witnessed both progress and challenges, necessitating strategic investments and policy interventions to ensure accessible and quality healthcare for all Kenyans. The Constitution of Kenya (2010) under Article 43(1)(a) guarantees the right to the highest attainable standard of health, including reproductive healthcare. Further, Article 53(1)(c) and Article 56 emphasize the need for special provisions for children and marginalized communities. The Health Act of 2017 operationalizes these rights by establishing a framework for Universal Health Coverage (UHC) and healthcare service delivery.

Our submission aims to ensure that the 2025 Budget Policy Statement prioritizes key health sector needs. We advocate for policies that guarantee accessible, affordable, and high-quality healthcare for all while addressing critical gaps in universal health coverage funding, healthcare system management, limited access to essential primary healthcare, healthcare worker shortages, and the need for a facility improvement fund, among other pressing issues.



We therefore recommend,

1. Fast-Track Medical Bill Processing and Payment Clearance by strengthening claim reimbursement mechanisms under SHIF, ensuring funds are disbursed promptly to prevent service delays and debt accumulation.
2. Increase budgetary allocations for critical health priorities, including chronic disease management, emergency medical services, and community health programs. This aligns with Kenya's commitments under the Abuja Declaration (2001), which calls for allocating at least 15% of the national budget to the health sector.
3. Develop Sustainable Domestic Healthcare Financing Models to reduce reliance on donor funding and promote long-term sustainability, in line with the Kenya Health Financing Strategy (2020-2030).
4. Invest in Healthcare Workforce Development by increasing recruitment, offering competitive remuneration, and institutionalizing community health workers, as outlined in Section 27 of the Health Act, 2017.
5. Ensure Proper Utilization of Facility Improvement Financing (FIF) by enhancing transparency in fund management, upgrading medical equipment, and ensuring all level 2-4 hospitals have adequate and functional medical tools.
6. Strengthen Healthcare Access for Persons with Disabilities (PWDs) by ensuring hospitals have disability-friendly infrastructure, training healthcare workers in disability-sensitive service delivery, and automatically enrolling PWDs into SHIF with a dedicated fund for specialized services.
7. Enhance Governance and Accountability by promoting transparency in procurement, strengthening oversight mechanisms, and enforcing anti-corruption measures, as stipulated in the Public Procurement and Asset Disposal Act, 2015.
8. We Appreciate the 5% RMNCAH budget increase in FY 2025/26 but are cautious of the 8% projected cuts in FY26/27. Kenya's maternal mortality stands at 355/100,000 live births. Progressive decrease in the projected allocations will water down the efforts made in the upcoming FY 205/26. Additionally, we anticipate that the 5% will reflect in sustained procurement of Family Planning commodities and high impact MNCH HPTS.



9. Increase Domestic Funding for HIV Programs: To mitigate the impact of the stop order on donor-funded HIV programs, the government should allocate additional resources to ensure uninterrupted access to treatment, procurement of essential commodities, and strengthened health systems for effective HIV prevention and care.

10. Increase immunization financing in Kenya as Gavi, the vaccine alliance, plans to transition out of Kenya by 2029. Kenya needs to be self-sufficient in financing its immunization needs.

Section No./Provision	Sector Highlighted	Gaps Identified	Proposed Amendments	Rationale
3.3 Budgetary Allocations for FY 2025/26	Overall, Health Budget	The increase is not proportionate to the growing healthcare needs, population growth, and inflation rates The allocation remains insufficient at Ksh 127 billion.	Increase health sector allocation to 15% of the national budget.	The government should conduct an expenditure analysis to ensure optimal utilization of funds and allocate additional resources based on sector priorities.
1.2.4 Healthcare	Universal Health Coverage (UHC)	SHIF under Taifa Care is not fully funded.	Allocate additional resources to SHIF with progressive taxation mechanisms.	Ensures financial sustainability for universal coverage.
3.5 Public Participation and Stakeholder Involvement	Public-Private Partnerships (PPPs)	Lack of incentives for private sector investment in healthcare.	Establish a structured PPP framework for healthcare infrastructure.	Enhance healthcare access through shared resources.
2.4.2 Expenditure Reforms	HIV Response & Donor Dependency	HIV programs are heavily donor-funded.	Allocate a portion of tax revenue specifically for HIV response.	Reduces donor dependency and ensures sustainability.
5.3.5 Other Fiscal Risks	Corruption and Resource Wastage	Public funds are mismanaged due to corruption.	Strengthen financial oversight and implement digital tracking systems.	Ensures resources are used effectively for service delivery.
	The US stop Work order on HIV Programs	Donor dependency has led to critical health programs staggering with significant budget/funding gaps as shown below <ul style="list-style-type: none"> i. Blood and products Ksh. 2.7 B ii. Family planning. Ksh 598M iii. Nutrition. ksh. 2.8B iv. Immunization ksh. 585M gap (refer to Appendix I) 	Increase health sector allocation to 15% of the national budget and avoid supplementary budgets in the health sector to cover this substantial financing gap. More allocation to honor the country's co-financing obligations.	Reduce the number of mortality rates; Reduce routine vaccine stockouts due to late honoring of the Gavi co-financing obligations. Reduce the number of zero-dose children; Reduce deaths from blood deficiency and related products. Increase access to family planning services.

4.7.2 Integrated County Revenue Management Systems	County Health Budgets	Counties experience delays in receiving funds.	Implement timely disbursement policies and increase conditional grants.	Guarantees uninterrupted healthcare services at the county level.
4.3.2 Division of Revenue for FY 2025/26	Treaty Commitments	Kenya has not met the commitment of 15% of the health budget.	Enforce legal provisions to achieve compliance.	Aligns with global health funding standards.
5.3.1 Fiscal Risks Associated with Public Debt	Healthcare Financing	Public debt servicing reduces the health budget.	Prioritize health in budget allocations and explore health bonds.	Ensures long-term financing of healthcare services.
4.7 Emerging Issues and Policy Interventions	Health-Related Levies	Fines and levies are not reinvested into health.	Mandate revenue from health-related fines is allocated to health.	Provides additional financial resources for healthcare.

Conclusion and Recommendation:

By adopting these recommendations, the government will improve healthcare delivery, ensure financial sustainability, and uphold its commitments to global health standards.

Signed by:



Dr. Margaret Lubaale

Executive Director

Health NGOs Network (**HENNET**)



List of Contributing Organizations:

- HENNET
- Bajeti Hub
- World Vision Kenya
- KELIN
- NAYA
- Ministry of Health-Kenya
- Lamu Rural Women for Social Justice Initiative
- WRUA
- YAPBEC
- KESHO KENYA
- Kibauni CBO
- Young Professionals for Development
- Rural Action Development Program CBO
- Machakos county Health CSOs Network
- Safe Water and AIDS Project (SWAP)
- KP Consortium
- Community-Led Solutions CBO
- BACSOFF
- Wote Youth Development Projects CBO
- Swop ambassadors
- Youth and Women Advocacy Network
- Grassroots Poverty Alleviation Program
- Lean On Me Foundation
- Global Initiative for Economic Social and Cultural Rights (GI-ESCR)
- GIGI
- NTBC-K
- PRB



- KETAM
- Manee Kenya
- Community Change Advocates
- Inuka Bidii Youth Organization
- VICOIH
- Kenya Sign Language Interpreter
- Make Me Smile Kenya

Reach Us at: programs@hennet.or.ke

The Clerk,
Main Parliament Building
Nairobi

Submission of Draft Budget Policy Statement (BPS) 2025

Page | 1

1.0 Introduction

Section 25 of the Public Finance Management Act, 2012, requires the National Treasury to prepare and submit to the cabinet a Budget Policy Statement (BPS) for approval. The BPS sets out broad strategic priorities and policy goals to guide the National Government and the County Governments in preparing their budgets for the subsequent fiscal year and over the medium term.

Following the call for public comments, The Coast Regional Budget Hub is Pleased to submit, their views on the draft BPS 2025. The Coast Regional Budget Hub is a platform for Public Finance Management (PFM) practitioners that brings together regional voices for collective efforts and synergy to enhance public budgets and services across the Coast Region of Kenya. The Hub operates in six Coastal counties: Mombasa, Kwale, Kilifi, Lamu, Taita-Taveta, and Tana River Counties. The Hub comprises budget coordinators, facilitators, and champions from various organizations/ institutions, informal groups, academia, and individuals across the Coast.

The submission focuses on financing the 2025/26 budget, revenue and expenditure, public debt, financing devolution and sector-based analysis of water and health sectors.

2.0 Financing 2025/26 Budget

2.1. Revenue and expenditure

The Kenya Kwanza government's fiscal consolidation plan aims to contain expenditures and increase revenue collection to curb public debt without compromising service delivery. The government banks on the ongoing tax policy and revenue administration reforms to raise an additional Kshs.387.4 billion in FY 2025/26.

According to the Draft Budget Policy Statement 2025, the government targets raising Kshs. 3,018.8 billion (15.7% of GDP) in FY 2025/26, compared with Kshs.2,631.4 billion (14.6%) from ordinary revenue. The total revenue, including appropriation-in-aid, is projected at Kshs.3,516.6 billion (18.2% of GDP), compared with Kshs. 3,060.0 billion (16.9% of GDP) projected in FY 2024/25.

Figure 1: Snippet of Government Revenue projections in FY 2025/26 and medium Term

Annex Table 2: Government Fiscal Operations, Ksh Billion

	2022/23	2023/24	2024/25		2025/26		2026/27		2027/28		2028/29	
	Act.	Act.	Budget Estimates	Suppl. 1 Budget	BROP 2024	BPS 2025	BROP 2024	BPS 2025	BROP 2024	BPS 2025	BROP 2024	BPS 2025
TOTAL REVENUE	2,355.1	2,702.7	3,343.2	3,060.0	3,516.6	3,516.6	3,968.1	3,968.1	4,470.4	4,470.4	5,090.9	5,090.9
Ordinary Revenue	2,041.1	2,288.9	2,917.2	2,631.4	3,018.8	3,018.8	3,424.7	3,424.7	3,876.4	3,876.4	4,441.7	4,441.7
Income Tax	941.6	1,042.8	1,230.2	1,180.3	1,320.7	1,320.7	1,473.3	1,473.3	1,643.4	1,643.4	1,845.2	1,845.2
Import duty (net)	130.1	133.9	187.4	160.0	201.3	201.3	222.5	222.5	253.3	253.3	279.9	279.9
Excise duty	264.5	276.7	429.6	324.8	389.6	389.6	454.4	454.4	516.5	516.5	564.7	564.7
Value Added Tax	550.4	645.5	812.2	723.8	820.3	820.3	941.2	941.2	1,049.0	1,049.0	1,182.6	1,182.6
Investment income	41.3	47.8	65.0	72.3	81.2	81.2	88.1	88.1	101.0	101.0	114.0	114.0
Other	113.2	142.2	192.8	170.2	205.7	205.7	245.3	245.3	313.2	313.2	455.3	455.3
Ministerial Appropriation in Aid	313.9	413.7	426.0	428.6	497.8	497.8	543.4	543.4	594.0	594.0	649.2	649.2

Source: Draft BPS 2025

The total expenditure and net lending are projected at Ksh 4,329.3 billion (22.5 per cent of GDP) in FY 2025/26 from the projection of Ksh 3,880.8 billion (21.5 per cent of GDP) in FY 2024/25. The total budget deficit in 2025/26 is estimated at Kshs.t Ksh 759.4 billion (3.9 per cent of GDP), compared to the Ksh 768.6 billion (4.3 per cent of GDP) in FY 2024/25. The fiscal deficit in FY 2025/26 will be financed by a net external financing of Ksh 213.7 billion (1.1 per cent of GDP) and a net domestic financing of Ksh 545.8 billion (2.8 per cent of GDP).

Concerns: Although the Kenya Kwanza government is relying on the success of the fiscal consolidation plan, the projected revenue targets are overly ambitious due to the persistent historical revenue shortfall and risk increasing the budget deficit that results to increased borrowing. Further, implementing the tax policy and revenue administration reform may take time to materialize, leaving uncertainty in achieving the projected revenue targets and increasing the tax burden to the citizens. Finally, The Draft BPS 2025 has failed to give departmental expenditure performance for the half year. This becomes difficult to track departmental absorption and to ascertain if the ceilings provided are realistic.

Key recommendation: *The national treasury should strictly cut expenditure on non-core spending as per the fiscal consolidation plan while ensuring alignment of revenue projections with historical performance and realistic economic growth assumptions to avoid creating a funding gap that may require excessive borrowing. The government should have a clear and transparent communication strategy on how the additional revenue is effectively used to improve public service.*

2.2. Public debt servicing

The total gross debt stock in 2025/26 is estimated at Ksh.12,089.1 billion, representing 62.7% of the GDP. The external debt stock is at Ksh.5,720.0 billion and domestic debt is at Kshs.6,369.1 billion representing 29.7% and 30.0% of GDP, respectively. The total debt servicing in 2025/26 is expected to be Kshs.1081.2 billion, out of which Kshs.817.5 for domestic and Kshs.263.8 billion for servicing external debt interests. (See the snippet below).

Figure 2: Snippet of Public Debt Stock and deficit financing in FY 2025/26 and medium Term

TOTAL FINANCING	770.3	818.3	597.0	768.6	759.4	759.4	750.3	750.3	771.9	771.9	753.3	753.3
Net Foreign Financing	310.8	322.7	333.8	355.5	213.7	213.7	174.9	174.9	152.0	152.0	202.4	202.4
Disbursements	548.2	760.5	664.5	686.2	713.9	713.9	662.3	662.3	779.7	779.7	739.3	739.3
Commercial Financing	102.2	286.9	168.8	168.8	221.2	221.2	145.6	145.6	224.1	224.1	140.0	140.0
Sovereign Bond & Other Commercial Financing	102.2	286.9	168.75	168.75	221.2	221.2	145.6	145.6	224.1	224.1	140.0	140.0
Total Project loans (AIA - Revenue)	136.2	155.8	226.0	225.0	300.9	300.9	324.9	324.9	363.8	363.8	407.5	407.5
o/w: Project loans (ALA)	74.2	68.3	113.8	113.8	157.9	157.9	163.6	163.6	183.3	183.3	205.3	205.3
Project Loans Revenue	62.0	87.4	112.1	111.2	143.0	143.0	161.2	161.2	180.6	180.6	202.2	202.2
Programme Loans	266.9	317.8	269.8	292.4	191.8	191.8	191.8	191.8	191.8	191.8	191.8	191.8
Debt repayment - Principal	-237.4	-537.8	-330.7	-330.7	-500.2	-500.2	-487.4	-487.4	-627.8	-627.8	-536.9	-536.9
Net Domestic Financing	459.5	595.6	263.2	413.1	545.8	545.8	575.4	575.4	619.9	619.9	550.9	550.9
Memo Items												
Gross Debt (Stock)	10,278.9	10,561.1	11,158.1	11,329.7	12,089.1	12,089.1	12,839.4	12,839.4	13,611.3	13,611.3	14,364.6	14,364.6
External Debt	5,446.6	5,150.8	5,484.7	5,506.3	5,720.0	5,720.0	5,894.9	5,894.9	6,046.9	6,046.9	6,249.3	6,249.3
Domestic Debt (gross)	4,832.3	5,410.3	5,673.5	5,823.4	6,369.1	6,369.1	6,944.5	6,944.5	7,564.4	7,564.4	8,115.4	8,115.4
Domestic Debt (net)	4,347.7	4,884.1	5,147.2	5,297.2	5,842.9	5,842.9	6,418.3	6,418.3	7,038.2	7,038.2	7,589.1	7,589.1
Financing gap	-72.6	-62.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP	14,299.2	15,826.4	18,054.3	18,053.7	19,971.6	19,272.8	22,051.5	21,285.6	24,399.5	23,529.5	27,021.5	26,018.8

Source: Draft BPS 2025

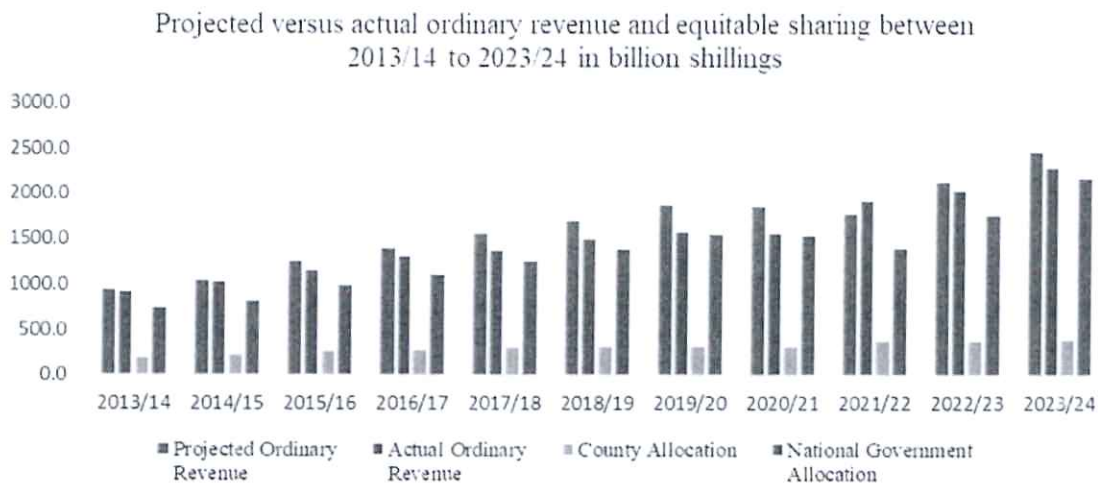
Concern: The high level of public debt stock and the associated servicing costs present a significant challenge to fiscal sustainability. The growing allocation of resources to debt servicing has constantly reduced the fiscal space for essential public services such as health, education, and social security among others, hence risking underfunding the most needed development priorities, and in turn, affecting service access and the well-being of Kenyans. Further, the increased government domestic borrowing risks crowding out small businesses and the private sector, which also relies on loans for business, hence a retrogressive move.

Key ask: The national treasury should strengthen debt management strategies to reduce the reliance on expensive domestic borrowing, focusing instead on concessional external financing with favorable terms to lower overall debt servicing costs.

3.0 Financing devolution

The BPS draft 2025/26 proposes the counties receive Kshs.442.7 billion, Kshs.405.1 billion as equitable share, Kshs.37.7 billion as conditional grants and Kshs.5.0 billion as equalization fund. The National Treasury indicates in the BPS 2025 that the Kshs.405.1 billion represents 25.79% of the audited and approved actual revenue for FY 2020/2021. According to the [CRA Recommendation on Revenue Sharing 2025/26](#), the Commission on Revenue Allocation recommended counties be allocated Kshs. 417.4 billion as an equitable share, in FY 2025/26.

Figure 3: Projected Versus Actual Ordinary revenue and equitable sharing between 2013/14 and 2023/24 in billion shillings.



Source: National Treasury.

Concern: Over the years, we have noted the differences in recommendation of county allocation between what is proposed by the CRA against what is proposed by the national treasury. It is noted that the proposed allocation to the counties amounting to Kshs.405.1 billion is 25.79% of the latest audited and approved actual revenues raised nationally amounting to Ksh 1,570,563 in FY 2020/21, this is unfair to the counties. Going per the Kshs.405.1 billion allocations as equitable share, several counties risk receiving less amount of what they received in FY 2024/25 if the 4th Criteria of revenue sharing is to be applied, further disadvantaging some counties and disrupting services. In addition, the 405.1 billion represents 9% of the total shareable revenue. Article 203 (2) sets out that the equitable share revenue raised nationally that is allocated to counties shall not be less than fifteen per cent.

Key Asks: Secondly, the National Assembly should expedite the approval of the latest audited accounts of national raised revenue to reflect the clear actual Governments collection and to avoid being unfair to counties by relying on FY 2020/21 accounts.

Thirdly, the National Treasury should adhere to the constitution as far as the allocation of equitable shares is concerned.

3.1 Equalization Fund

The Equalization Fund in Kenya is a fund that receives 0.5% of the national government's yearly revenue. The fund is used to improve basic services in marginalized areas. This funding aims to bridge development gaps and improve access to essential services such as water, healthcare, and infrastructure

Key Ask

The National Treasury's proposed allocation of Ksh 7.85 billion to the Equalization Fund, along with an additional Ksh 2.74 billion for arrears in FY 2025/26, this signals an effort to enhance service delivery in marginalized areas.

The failure to timely and transparently disburse funds could further widen the gap between marginalized areas and more developed regions, defeating the fund's core objective. To maximize impact, it is crucial for the government to ensure timely, transparent, and accountable disbursement of Equalization Fund resources, with clear reporting on their utilization and effectiveness.

4.0 Sector ceilings and priorities

Over the medium term, the Government will consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives: bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and inclusive growth. Emphasis will be placed on promoting investment in BETA core pillars and enablers and harnessing implementation of the targeted interventions through a value chain approach. The five core pillars are: **Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy.**

4.1. HealthCare

The Government has prioritized healthcare delivery as one of the core pillars according to the Draft 2025 BPS.

4.1.1. Concern: Health Insurance Scheme

The Draft BPS 2024 indicates significant milestones have been realized and in accelerating the implementation of Universal Health Coverage, the Government enacted the Social Health

Insurance Act, 2023; ii) Primary Health Care Act, 2023; iii) Facility Improvement Financing Act, 2023; and iv) Digital Health Act, 2023. The Social Health Insurance Act replaced the National Health Insurance Fund and established the Social Health Authority (SHA), which administers three essential funds primary healthcare funds in a way that ensures every Kenyan, especially the most vulnerable, can access quality healthcare services when they need them most.

The shift from the National Health Insurance Fund model to Taifa Care is fundamental

and radical in both scale and character. NHIF served a few salaried Kenyans and those who could pay, but Taifa Care covers every Kenyan regardless of their employment status. Secondly, despite serving a limited class of citizens, NHIF nevertheless accumulated billions of shillings of debt because of misalignment between contributions and the actual cost of healthcare. Taifa Care has undertaken an accurate costing of all healthcare-related goods and services, to provide timely, effective and efficient service to everyone. Page | 5

Additionally, the NHIF had a waiting period, lasting between registration and eligibility for services. Under Taifa Care, citizens are eligible for all services upon registration.

The main concern is the hitches that have come with the implementation of health insurance after the replacement of the NHIF. Though the insurance cover alludes to covering every Kenyan regardless of employment status, the insurance the Means Testing Algorithm to determine monthly premiums which can be manipulated. The insurance scheme is mostly faced with system downtime that affects service delivery to the beneficiaries that depend on it.

The Government in the Budget 2024/2025 failed to allocate enough money to cater for the Primary Healthcare Fund, the Emergency and Chronic Disease Fund. How is the Government planning to fund the gap? The money owed by NHIF to health facilities amounts to the tune of 30 billion.

Key Recommendation: *We acknowledge the efforts of the Government in producing progressive contribution models that are based on income to target low-income earners. The Rural and Urban Private hospital Association of Kenya (RUPHA) recently revealed alarming gaps over SHA payments with only 46% of healthcare facilities receiving SHA payments. As a result, patients are bearing an increasing financial burden through out-of-pocket expenses.*

If these issues are unaddressed, the consequence could be dire thus there is a need to ensure a seamless operation of the health insurance scheme to enhance reliability and eliminate service delivery gaps.

Concern: Allocation of Health Care

The Draft BPS 2025 has only indicated the cumulative allocation for the sector of Kshs. 204. and has failed to break it down into recurrent and development expenditure. In the Draft BPS from the National Treasury there was a significant increase in the recurrent expenditure from Kshs. 86,828.3 billion (2024/2025) to Kshs. 170,448.0 billion. Draft BPS 2025 has not given any justification for the increase of Kshs. 83,619.7 billion.

The National Government should also look into constructing and equipping a level six facility in the Coastal Region as they consider the request to fund the level five Facility in Mombasa County as it serves the six coastal counties of the coastal region and thus burdens Mombasa County in terms of resource allocation and service delivery.

Key Ask: *Delivery of Health Care is a devolved function. Draft BPS has indicated that the Government is committed to enhancing devolution by ensuring the transfer of functions earmarked for counties thus there should be a notable change in decrease of allocation by the National Government to fully devolved functions.*

4.1.2. Community Health Promoters

The Draft BPS 2025 has mentioned that the Government will continue to implement programmes like Afya Bora Mashinani which has engaged over 100,000 community health promoters who provide direct care in households across the country to increase the availability of human capital in the public.

Concern: While the National Government is striving to meet its promise by sending monthly stipends, some County Governments are not meeting their share of their bargain leaving

unremitted stipends to the Community health workers. Some Counties have subjected the stipends to some unexplained deductions.

Key Ask: *The National Government through the Ministry of Health must ensure that all County Governments remit the stipends promptly and ensure that they are not subjected to any deductions. The National Treasury and the Office of the Controller of Budget should ensure Counties allocate enough resources for the Community health promoters and monitor its disbursement to the right beneficiaries.*

4.1.3 Benefits Package and Tariffs Advisory Panel

The Ministry of Health established the Benefits Package and Tariffs Advisory Panel (BPTAP) on February 12th 2025 which has been tasked with ensuring Kenyans receive quality healthcare through fair and financially sustainable systems.

Concern: *We are hopeful that this panel will address the cracks in our health system especially the Health Insurance that is really struggling.*

4.2. Environment Protection, Water and Natural Resources

The Environment Protection, Water, and Natural Resources (EPWNR) Sector is essential to the country's sustainable development, playing a vital role in conserving natural resources, enhancing economic growth, and addressing climate change.

4.2.1 The Water Amendment Bill of 2023

Page 11 of the Draft Budget Policy Statement 2025, indicates that the Government will expedite the enactment of the Water (Amendment) Bill of 2023.

Key Concern: The Bill was enacted and accented on December 4th, 2024 by the president aimed at improving water services by allowing the National Water Agencies to enter into Bulk water agreement through Public Private Partnership (PPP). This may have financial implications for consumers, depending on the terms of the agreements and potential cost-sharing measures.

4.2.2 Sector Allocation

The Department has been allocated 103.8 Billion. The Draft Budget Policy Statement has failed to disintegrate the amount into recurrent and development allocation.

Key Concern : This lack of disaggregation makes it challenging to assess how much funding will go toward operational costs versus long-term infrastructure and service improvements, potentially affecting transparency and effective budget planning.

- a. **Inclusion of PWDs** -Draft BPS 2025 does not provide information relating to PWDs concerning access to Water and Sanitation. There is a need to have a policy that will look into the needs of the PWDs relating to access to water and Sanitation
- b. **Over-Reliance of Donor Funds- Notably**, 70% of the development budget is Financed by donors. The Government needs to allocate more taxpayer money to the development of
- c. water and sanitation projects
- d. **Mzima 2 and Mwache Dam Water Projects-** The Coastal region has been expecting that the two water projects will be implemented and would bridge the water needs of the people of the coastal counties. Notably in the Draft BPS 2025, there is no mention of the Mzima 2 water project. The Mwache Dam water project has been stagnant for some time.
- e. **Additional Area for Irrigation-** The Draft BPS 2025 has mentioned that it seeks to achieve 7% additional area for irrigation by the coming financial year. This is unachievable as it has indicated that the Government has only managed to achieve only 3% in the last three years.
- f. **Private Public Partnerships** -The Draft BPS 2025 lacks comprehensive information on how the government intends to undertake PPP.

For more information, please Contact

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Lead Budget Coordinator

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Website: www.crbhhub.org



From: Jerry <ambarhenry@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 6:07 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
- 2. Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
- 3. Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Jerry Ombar



Reply





From: Dylan <kibetdylan@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 9:52 AM EAT
Subject: RE: PROPOSED INCREASE IN STATE OFFICERS' REMUNERATION

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

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- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for any planned increase without reasonable justification for the same.

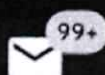
I urge the relevant authorities to consider these objections and maintain current remuneration levels as they are.

Thank you for your attention to this matter.

Yours faithfully,
Dylan Kibet



Reply





NAIROBI.

Tel: +254202848000 ext 3300 / +254790494055

Email: cna@parliament.go.ke

website: www.parliament.go.ke/the-national-assembly

X: @NAssemblyKE

Facebook: Parliament of Kenya

—Original Message—

From: samuel <arofat86@yahoo.com>

To: cna@parliament.go.ke

Date: Tuesday, 25 February 2025 8:54 AM EAT

Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

1. Fiscal Impact: Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
2. Economic Disparity: State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
3. Constitutional Violations: The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
4. Public Interest: With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
5. Historical Precedent: Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,

arofat86@yahoo.com



Reply





From: JOnes <jonesmwashumbe20@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 10:15 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

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- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Mwashumbe Mkenya Dalma Mzalendo Mulipa Ushuru



Reply





Our Ref: IPF/CEO/09/02-2025

24th February 2025,

Mr. Samuel Njoroge CBS,
Clerk of the National Assembly
Parliament Building
P.O Box 41842-00200
Nairobi, Kenya

Dear Sir/ Madam,

RE: JOINT MEMORANDUM BY THE INSTITUTE OF PUBLIC FINANCE AND KENYA WOMEN PARLIAMENTARY ASSOCIATION ON THE 2025 BUDGET POLICY STATEMENT.

This submission is jointly prepared by IPF and KEWOPA. The Institute of Public Finance (IPF) is an independent non-profit think tank that furthers the principles of public finance management through the generation of Credible Evidence, Advocacy, and Technical Assistance.

The Kenya Women Parliamentary Association (KEWOPA) is a cross-party caucus for all women Parliamentarians that works to promote and protect democracy and advance women's participation in leadership. KEWOPA envisions a society where women and men are equitably represented in Parliament and decision-making in public and private spheres to promote sustainable development.

We laud the Parliament of Kenya for creating a window for public participation in the 2025 Budget Policy Statement (BPS). This aligns with the spirit and intention of the Constitution of Kenya 2010 to uphold participation in public finance management, as well as enables the Parliament to leverage insights from stakeholders such as IPF to inform the 2025 BPS. Ultimately, this enhances transparency, accountability, effectiveness, and efficiency in the utilization of public resources.

The 2025 Budget Policy Statement (BPS) sets out government priorities aimed at repositioning the economy on a growth trajectory for improved welfare and achievement of the Bottom-up Economic Transformation Agenda.



IPF Recommendations that have been considered by the National Treasury.

We at the Institute of Public Finance (IPF) and the Kenya Women Parliamentary Association (KEWOPA) extend our sincere appreciation to the National Treasury for the consideration given to our earlier submission in the 2025/26 Budget Policy Statement (BPS).

We take note of the National Treasury's steps in addressing or committing to the following key proposals:

- The adjustment of the ordinary revenue target from Ksh 3 trillion to Ksh 2.8 trillion is expected to address historical challenges in achieving target deficits. However, with this year's budget increment, targeted fiscal deficits are only achievable without in-year adjustments to expenditure.
- Treasury's commitment to the full disclosure of pending bills by sector and for each state corporation which is a demonstration of adherence to fiscal transparency and accountability. Additionally, pending bills must be treated as the first charge as is required by the PFM Act 2012.
- Raising the education sector allocation to Ksh 723.9 billion for FY 2025/26 from Ksh 681.7 billion in the previous fiscal which is expected to ensure enough classes and teachers for learners in the junior secondary schools.
- The recognition that county transfers should be treated as the first charge which will address disruptions in county operations due to delayed disbursements.
- Treasury noted that while the IGTRC report was received, the report on the costing of functions is yet to be submitted for consideration, and we hereby recommend that the parliament expedites this, consequently ensuring that the full transfer is performed.

We recommend that the Parliament of Kenya continues to exercise its constitutional oversight role in ensuring that the commitments made by the National Treasury are fully implemented.

However, we note that the following key concerns were ignored, and we recommend that parliament considers our recommendations in the following areas:

- Proposed Fiscal Deficit and GDP growth
- Safeguarding Critical sectors: (Agriculture Rural and Urban Development (ARUD) and Health)
- Enforcing transfer of equitable share as a first charge

1. Proposed Fiscal Deficit and GDP growth

The 2025/26 BPS projects fiscal deficit inclusive of grants at 831.0 billion (4.3 per cent of GDP), compared to the projected fiscal deficit of Ksh 862.7 billion (4.9 percent of GDP) in FY 2024/25. This is to be financed with a net external financing of Ksh 146.8 billion (0.8 percent of GDP) and a net domestic financing of Ksh



684.2 billion (3.6 percent of GDP). Additionally, the projected economic growth by the National Treasury is at an overambitious 5.3 percent.

This is despite a slowdown in economic growth i.e. 4.6 percent experienced in 2024 due to sustained resistance to government policies especially after the Finance Bill 2024, depressed demand stemming from increased taxation, and the decline in credit to the private sector. These factors would make a growth of 5.3 percent very unlikely.

Recommendation: We recommend that the Parliament of Kenya demands a reduction in fiscal deficit including grants to Ksh 715.3 billion as the required level to achieve a 3.9% fiscal deficit to GDP ratio set in the MTDS when the economy grows at 5% instead of 5.3%. Notably, this will greatly reduce the need for more borrowing and slow down growth in public debt. Additionally, the fiscal deficit projections in BPS and MTDS must be aligned.

It is also clear that the fiscal deficit exceeds the allocations toward development expenditure by approximately 100 billion which implies that debt is being used to finance recurrent expenditure, which is against the principles of fiscal responsibility. To this end, IPF recommends that parliament address this by cutting down the fiscal deficits and monitoring the procurement and use of public debt.

2. Safeguarding critical sectors:

- Agriculture Rural and Urban Development (ARUD) Sector

ARUD is key to the Kenya Kwanza bottom-up transformation agenda (BETA) as a source of job creation, and food production and an earner of foreign exchange. The sector also accounts for 20% of GDP and is projected to achieve a 10% growth by 2030 in Vision 2030 and MTP IV.

In the financial year 2025/26, the sector plans to digitalize land records, offer technical capacity building to fishermen, support farmers with seedlings and subsidized fertilizer, and offer credit to farmers to improve productivity hence more contribution to the GDP.

Despite this, the sector has only received a 5 percent budget allocation increment to 77.6 billion in FY2025/26 from 73.9 billion in FY 2024/25 consequently accounting for 3.0 percent of the total ministerial expenditure.

Recommendation: To achieve food security, boost the livelihood of more than 5 million Kenyans and a livelihood to about 650,000 farmers, and sufficiently fund both development and current expenditure plans, we



recommend that ARUD allocation be retained at 3.2% as a share of total ministerial expenditure that translates into Ksh. 88 billion.

- The health sector

Universal Health Coverage (UHC) is a key priority under BETA and a major driver of this initiative is the Social Health Insurance (SHI). However, while the 2025/26 BPS has mentioned that it has allocated 4.1 billion to Primary Health Care (PHC), it has not provided allocations for the Emergency, Chronic, and Critical Illness fund to which the government is the funder. For transparency and accountability, it is necessary that the BPS explicitly includes allocations for both funds.

Additionally, the PHC has been allocated only Ksh 4.1 billion, which accounts for just 2 percent of the total health budget of Ksh 204.494 billion. Given the critical role of PHC in preventive and community-based healthcare, this allocation is insufficient to achieve significant progress in healthcare access and service delivery.

Recommendation: We recommend that Parliament ensure comprehensive allocation details for all SHI funds are included in the BPS. Furthermore, to enhance healthcare delivery at the grassroots level, the PHC budget should be reviewed upwards to ensure sufficient funding for essential services.

3. Enforcing transfer of equitable share as a first charge

We appreciate that the 2025 BPS has made a remarkable recognition that county transfers should be treated as the first charge. The importance of timely transfer of funds cannot be overemphasized because it will address disruptions in county operations and delivery of critical services in the health sector.

Recommendation: IPF and KEWOPA appeal that Parliament in its oversight and legislative role actualize the treatment of transfer to the county governments as a first charge. This calls for an expedited process of passing any legislation that would be required.

Sincerely,

James Muraguri
Chief Executive Officer
Institute of Public Finance
jmuraguri@ipfglobal.or.ke

Mercy Mwangi
Executive Director
Kenya Women Parliamentary Association – KEWOPA
mercy.mwangi@kewopa.org



4th Floor, Rosami Court, Muringa Road,
Off Elgeyo Marakwet Road.
P.O. Box 21753-00100, Nairobi Kenya
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke | www.ipfglobal.or.ke

Our Ref: IPF/CEO/10/02-2025

24th February 2025,

Mr. Samuel Njoroge CBS,
Clerk of the National Assembly
Parliament Building
P.O Box 41842-00200
Nairobi, Kenya

Dear Sir/ Madam,

RE: MEMORANDUM ON THE 2025 MEDIUM-TERM DEBT STRATEGY

Greetings from The Institute of Public Finance.

The Institute of Public Finance (IPF) is an independent non-profit think tank that furthers the principles of public finance management through the generation of Credible Evidence, Advocacy, and Technical Assistance. IPF lauds the Public Debt and Privatization Committee of the National Assembly for creating a window for public participation in the 2025 Medium-Term Debt Management Strategy (MTDS).

This aligns with the spirit and intention of the Constitution of Kenya 2010 to uphold participation in public finance management, as well as enables Parliament to leverage insights from stakeholders such as IPF to inform the 2025 MTDS. Ultimately, this enhances transparency, accountability, effectiveness, and efficiency in the utilization of public resources.

Before we move to specific issues, the laid-out strategy uses June numbers which may not include debt dynamics between July and December 2024.

Our submission focuses on the following areas:

1. Debt Period Provided in MTDS

We note that the cut-off period for public debt data analyzed in the 2025 MTDS is June 2024.

IPF recommends the Committee requires the National Treasury to provide updated records up to December 2024 on public debt contracts. This will give a true picture of the debt status and will lead to more informed debt decisions.

2. Report on State Owned Enterprises (SOEs) guaranteed Debt

There is progressive improvement in debt reporting with the 2025 MTDS including loan guarantees for three State Owned Enterprises namely Kenya Airways, Kenya Ports Authority, and Kenya Power and Lighting Company, where Projects under each SOE and amount guaranteed have been included in (pg. 8 of MTDS). In the spirit of Sec 58 of the PFM Act 2012¹ and to enable Parliament to decide whether to approve draft loan guarantee documents or not, **IPF recommends that the reported guarantees should also include the duration of the guarantee, the nature of the guarantee, and a risk assessment.**

3. Transparency and Accountability of the Annual Borrowing Plan

As prescribed under Section 63 (d) of the PFM Act, 2012, and Section 186 of PFM (National Government) Regulations, 2015, the MTDS requires the Public Debt Management Office (PDMO) to prepare domestic and external borrowing plans. MTDS further requires these plans to indicate the expected disbursements by creditors, the disbursement period, and the currency of disbursement. However, there is no requirement to provide information as to the purpose of borrowing, more so for short-term debts. Additionally, MTDS requires that the debt management reports be prepared and published regularly, but there have been notable delays and failures in publishing these reports. Whereas MTDS has defined the scope of the borrowing plans as per the legislation, it would be progressive to provide detailed information to enhance accountability.

IPF recommends the MTDS include a requirement that the annual borrowing plans indicate the investment to be funded by the borrowed funds. Specifically, any infrastructure bond procured should be able to identify infrastructure to be funded by the proceeds.

4. Debt Swaps and ESG Debt Instruments

The 2024 MTDS proposes debt swaps, and environmental, social, and governance (ESG) debt instruments to fund the budget deficit for FY2025/26. While these swaps and instruments have been successful in other countries, it is not a bullet solution.

IPF recommends that full disclosure of this type of financing is made including but not limited to community displacements and risks associated with them.

5. Incoherence between BPS and MTDS

MTDS 2025 proposes a net borrowing mix of 35:65, external to domestic borrowing, to finance a fiscal deficit of Ksh 831 billion as highlighted in the BPS. However, the BPS 2025 proposes the same net borrowing ratio to be 18:82, external to domestic. The two documents do not speak to each other, and this would be a problem when it comes to fiscal deficit financing. The misalignment in the fiscal deficit strategy could create uncertainty in debt planning and market expectations.

Additionally, as part of the risk assessment, it is worth considering that missed macroeconomic projections such as GDP growth and revenue projections could further exacerbate fiscal stress, affecting revenue performance and increasing borrowing needs. The PDMO should integrate these risks into the MTDS to enhance fiscal sustainability.

IPF therefore recommends that the two documents (BPS and MTDS) should have a similar proposal to ensure coherence and prudence in borrowing.

The Medium-Term Debt Strategy (MTDS) is designed to provide an optimal framework for borrowing, aiming to ensure the sustainability of national debt. However, this strategy is often not adequately reflected in the Budget Policy Statement (BPS), which results in increased borrowing and deviations from the intended debt management plan. Consequently, the government increasingly relies on domestic borrowing, which comes with higher interest rates and contributes to the crowding out of private-sector investment.

Furthermore, the frequent implementation of supplementary budgets worsens the situation by introducing additional expenditures without sufficient public consultation or ensuring that matching revenue sources are identified. This leads to further borrowing covering the resulting financing gaps and further escalating the overall debt burden.

To address these issues, the MTDS must be fully integrated into the BPS to guide borrowing decisions more effectively. The government should also aim to reduce the frequency of supplementary budgets by ensuring more thorough planning and forecasting in the primary budget.



4th Floor, Rosami Court, Muringa Road,
Off Elgeyo Marakwet Road.
P.O. Box 21753-00100, Nairobi Kenya
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke | www.ipfglobal.or.ke

Yours sincerely,

James Muraguri
Chief Executive Officer
Institute of Public Finance
jmuraguri@ipfglobal.or.ke



From: KISAH <kisan254@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 7:34 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

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In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

1. **Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
2. **Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
3. **Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
4. **Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
5. **Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

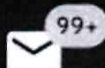
I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Not important



← ▾ Reply





From: kosgeyerick <kosgeyerick@yahoo.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 7:45 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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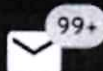
I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Erick Kosgey



Reply





website: www.parliament.go.ke/the-national-assembly

X: @NAssemblyKE

Facebook: Parliament of Kenya

---Original Message---

From: LYNN <lcherotich79@gmail.com>

To: cna <cna@parliament.go.ke>

Date: Tuesday, 25 February 2025 3:59 PM EAT

Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

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2. Economic Disparity: State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.

3. Constitutional Violations: The proposed increases would violate several constitutional provisions, including:

- Article 10(2) on national values and principles of governance
- Article 201 on principles of public finance
- Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission

4. Public Interest: With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.

5. Historical Precedent: Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Lyne Cherotich

Sent from my iPhone



Reply





From: Michael <mikeradol97@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 12:10 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Michael okoth



Reply





From: Nyote <wnyote@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 12:09 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Nyote



Reply





From: Ingrid <ingridbery4@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 12:01 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Ingrid Beryl



Reply





From: uz <uziule@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 11:57 AM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Peter Njenga

Regards.



Reply





From: Gibson <gibson@moore.co.ke>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 11:14 AM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
- 2. Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
- 3. Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Gibson@moore.co.ke



Reply





From: Nashon <nashonmusa94@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 11:17 AM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

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- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Nashon Musa



Reply





P. O. Box 41842-UU100
NAIROBI.
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-----Original Message-----

From: Peter <peter_mburu@icloud.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 10:37 AM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

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In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Peter Kamau Mburu



Reply





TO: THE NATIONAL ASSEMBLY,
FROM: LAKE REGION BUDGET HUB
P.O.BOX 905-50400
BUSIA KENYA
Email: lakebudgethub@gmail.com

DATE: 24th February 2025

SUBJECT: SUBMISSIONS TO THE NATIONAL ASSEMBLY ON THE BUDGET POLICY STATEMENT 2025 AND MTEF FY 2025/26 - 2027/28 IN ACCORDANCE WITH ARTICLE 118 (1) (B), 201 (A) OF THE CONSTITUTION OF KENYA, 2010 AND SECTION 25 (5) (F) OF THE PUBLIC FINANCE MANAGEMENT ACT, 2012

The Lake Region Budget Hub is a platform that brings together civil society organizations consisting of highly trained budget facilitators and budget champions actively participating in budget advocacy work in counties within the Lake Region Economic Block (LREB). The Lake Region Economic Bloc (LREB) was established in 2014 out of the understanding that strategic connections between counties with shared interests seated in a desire for mutual benefit can be a plausible and effective means of creating remarkable development impact across the member counties. The regional hub idea was mainly to bring together resource persons in the civil society group with the capacity and passion for the Public Finance Management (PFM) process to cross-learn and share innovative ideas important in improving our PFM status and enhancing service delivery. The budget facilitators and champions are drawn from Busia, Bungoma, Kakamega, Trans Nzoia, Siaya, Kisumu, Migori, Homa Bay, Kisii and Nyamira counties

Background

Health is one of the fundamental rights of every person. Article 43 (1) (a) of the constitution of Kenya 2010 aspires to provide the highest standards of health to all citizens which also includes reproductive healthcare. The constitution of Kenya 2010 further gave birth to devolution which gave birth to 47 county governments. This places health services among the highly devolved services as per schedule four of the constitution of Kenya, 2010. Executive Orders No. 1/2023 and No. 2/2023 reorganized the Health Sector into two State Departments, streamlining functions and institutions to enhance efficiency and policy implementation. The Kenyan Government is committed to providing Equitable, Accessible, Affordable, and High-Quality Healthcare, essential under the social pillar.

The Budget Policy Statement is prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the strategic priorities of the Government, highlights the current state of the economy, and provides a macro-fiscal outlook over the medium term together with a summary of Government spending plans as a basis for the FY 2025/26. The BPS highlights the progress made in the implementation of the strategic interventions articulated in the Bottom-Up Economic Transformation Agenda (BETA) and anchored on the Fourth Medium Term Plan of the Vision 2030



Key Sector-Specific Proposals and Priorities

Health Sector Recommendations

1. Universal Health Coverage (UHC): Leaving No One Behind

Expanding Health Insurance Coverage

- Expand health insurance coverage for poor and vulnerable groups from 1.5 million to 5.2 million households during the Medium-Term Plan IV (MTP IV) period.
- Enrol at least 10 million informal workers into social health insurance schemes to enhance healthcare access and financial protection.
- Strengthen government-funded insurance subsidies for marginalized populations, including persons with disabilities, the elderly, and those in extreme poverty.

2. Strengthening Primary Health Care (PHC)

Reducing Premature Mortality from Communicable & Non-Communicable Diseases (NCD)

- Equip primary healthcare facilities with essential medical supplies and technologies for managing NCD like diabetes, hypertension, and cancer.
- Strengthen disease surveillance, early diagnosis, and treatment programs at the community level.
- Enhance public health campaigns on preventive measures for communicable diseases, including tuberculosis, malaria, and HIV/AIDS.

Comprehensive Rehabilitation Services & Assistive Technology

- Improve access to rehabilitative services, including orthopedic technology, physiotherapy, and occupational therapy.
- Increase availability of assistive devices such as prosthetics, wheelchairs, and hearing aids for persons with disabilities.
- Strengthen rehabilitation centres and integrate them into primary healthcare networks.

Ensuring Security for Family Health & Strategic Health Programs

- Expand comprehensive family planning services, ensuring the availability of contraceptives and reproductive health education.
- Strengthen HIV/AIDS programs by ensuring sustainable funding and expanding access to Antiretroviral Therapy (ART).
- Improve maternal and child healthcare services, including safe delivery programs and nationwide immunization campaigns.

Addressing Neglected Tropical Diseases (NTD)

- Implement mass drug administration (MDA) programs to combat NTD such as bilharzia (schistosomiasis) through the distribution of essential drugs like praziquantel.



- Allocate government resources to reach endemic areas, reducing the burden of NTD and enhancing public health outcomes.
- Strengthen efforts to control venomous snake bites by ensuring the availability of antivenom drugs.

3. Promoting Local Manufacture of Life-Saving Drugs & Essential Health Products

- Encourage investment in local pharmaceutical manufacturing to reduce reliance on imported drugs and ensure a steady supply of essential medication.
- Expand production of critical health commodities such as vaccines, antibiotics, and medical equipment through public-private partnerships.
- Provide incentives like tax breaks and subsidies to manufacturers of essential medicines and medical supplies.
- Strengthen quality control and regulatory frameworks to ensure the production of safe, effective, and affordable medical products.

4. Digitization of Healthcare Services & Health Information Systems

Operationalizing a Comprehensive & Integrated Health Information System

- Implement a national electronic health records (EHR) system to streamline patient data management and improve service efficiency.
- Expand telemedicine and e-health services, especially in rural and underserved areas, to improve access to specialist care.
- Enhance interoperability between county and national health information systems to improve data-driven decision-making.

Ensuring Health Data Security & System Resilience

- Strengthen cybersecurity measures to protect personal health data and prevent unauthorized access.
- Establish regulatory frameworks ensuring data privacy, confidentiality, and ethical use of health information.
- Foster a culture of innovation and research to improve digital health solutions.

Investing in Digital Health Infrastructure

- Secure sustainable funding for digital health initiatives, ensuring continuous system upgrades and technological advancements.
- Enhance the National Health Data Centre (NHDC) to support real-time data analytics and health system monitoring.
- Modernize hospital management systems, integrating AI-driven diagnostics and digital platforms for remote consultations.

5. Healthcare Sector Reforms

Reforming the Kenya Medical Supplies Authority (KEMSA)



- Restructure KEMSA to improve operational efficiency, transparency, and accountability in medical supply chain management.
- Implement procurement and distribution reforms to eliminate corruption, reduce delays, and prevent wastage of medical supplies.
- Introduce performance-based contracts to enhance service delivery and cost-effectiveness.

Transition to the Social Health Authority (SHA) for UHC Implementation

- Align health financing policies with the newly established Social Health Authority (SHA) to streamline Universal Health Coverage (UHC) delivery.
- Strengthen collaboration between government, private insurers, and community health schemes to increase access to affordable healthcare.
- Develop sustainable revenue streams for UHC, including employer contributions, public-private partnerships, and donor funding.

Health Sector Funding Gaps

- The health sector faces a funding shortfall of **KES 254.2 billion** for the **2025-2026 financial year**. The total required budget stands at **KES 426.8 billion**, while the **2025 Budget Policy Statement (BPS)** has only allocated **KES 172.6 billion**.
- To bridge this gap, there is a need to increase the budgetary allocation to the health sector to comply with the Abuja Declaration (Abuja Declaration (2001), a pledge by African Union countries to increase government health funding, by committing to allocate 15% of their government budgets to health. **15% of Kshs.4.2 trillion** is equivalent to **Kshs.630 billion** allocations to the Health Sector.
- Prioritize domestic resource mobilization to address donor transition and enhance sustainability, especially in TB, HIV, Malaria, and Reproductive Maternal Neonatal Child Adolescent Health (RMNCAH)
- The establishment of a **Social Security Fund** should be prioritized to provide financial cushioning for healthcare services and promote universal health coverage.

Education Sector Priorities

1. Increasing Enrolment and Strengthening Higher Education

- Expand access to tertiary education by increasing student enrolment in universities, technical and vocational education training (TVET) institutions.
- Provide increased funding for research projects in priority sectors such as technology, healthcare, and industrial development.
- Enhance teacher preparedness through professional development programs to improve learning outcomes.
- Invest in modern institutional infrastructure, including ICT integration in learning to align with the **Kenya Industry Skills Agenda**.

2. Support for the School Feeding Program



- Strengthen school feeding programs, particularly in marginalized and food-insecure areas, to improve school attendance and retention rates.
- Complement county government efforts in expanding the program, ensuring that every child receives at least one nutritious meal daily.

3. Integrating Nutrition with Health Services in Schools

- Replicate Nairobi County's successful model of integrating school nutrition programs with healthcare services across all counties.
- Ensure regular health screenings and deworming programs are conducted within schools.

4. Addressing Teacher Shortages

- Urgently deploy additional teachers to understaffed schools, particularly in **Shinyalu Sub-County**, where only **three teachers** are handling **25 pupils in Grade Nine**.
- Implement incentive schemes for teachers willing to serve in remote and underserved areas.

Social Justice and Public Administration

- The **Budget Policy Statement (BPS)** highlights priorities such as **employment creation, youth empowerment, and talent development in arts, culture, and sports**.
- The **Lake Region Budget Hub** emphasizes the need to **increase funding for civic education and peace-building initiatives**, ensuring stronger community engagement in governance.

Agriculture Sector Proposals

1. Strengthening Agricultural Extension Services

- Expand access to **agricultural extension officers** to provide farmers with critical training on modern farming techniques, pest control, and climate adaptation strategies.
- Enhance partnerships between county governments, research institutions, and private agribusinesses to disseminate improved seeds, fertilizers, and innovative farming technologies.
- Develop targeted funding mechanisms to support smallholder farmers and promote sustainable agribusiness practices.

CONCLUSION

It is our view that the above matter as raised through our memorandum will be addressed to enhance budget transparency and comprehensiveness in our budget documents. Should there be a need for clarification, kindly reach the undersigned for further information.

List of Contributors

N O	NAME	EMAIL	PHONE NO.	ORGANIZATION	DESIGNATION	COUNTY
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7	Domonic Shinaka	dominicshinaka27@gmail.com	0114939797	Network For Research & Governance	Budget Champion	Kakamega
8	Ignatius Fwamba	ignatiusfwamba59@gmail.com	729298008	REDO K	Budget Champion	Bungoma
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13	Ombati Kerubo	ombatieunike6@gmail.com	724035091	TEAM	Budget Facilitator	Nyamira



MEMORANDUM ON THE 2025 BUDGET POLICY STATEMENT

SUBMITTED TO THE NATIONAL ASSEMBLY BY THE JOINING FORCES ALLIANCE FOR ALL CHILDREN IN KENYA (JFA-K)

ON 21ST FEBRUARY 2025

#	Issue	Recommendations	Justification
1.	<p>Prioritization of Children Agenda Whereas Children constitute 46 percent of the population of Kenya, Whereas Kenya's 4th Medium Term Plan of Vision 2030 prioritize the Implementation of the Children Act, 2022, Whereas the National Treasury, through it's Circular on the preparation of the FY2025/2026 Budget guided all Ministries, Departments and Agencies (MDAs) to adopt child sensitive budgeting, by ensuring that allocation of resources prioritizes the needs and rights of children, The 2025 Budget Policy Statement (BPS) has not adequately prioritized the needs and rights of children in Kenya</p>	<p>The BPS should include a substantive distinct section that outlines budget priorities for all children in Kenya. That section should be titled Children Agenda</p> <p>This should be done in the same manner that the BPS on page 24, section 1.3.7 has Women Agenda and in the same manner that the BPS on page 28, section 1.3.10 has Youth Agenda,</p> <p>The Section on Children Agenda should demonstrate the Government of Kenya's commitment to progressively allocate resources for the full implementation of article 53 of the Constitution of Kenya and the Children Act, 2022 .</p> <p>When issuing the final guidelines for the preparation of the 2025/2026 MTEF Budget (to be issued by 5th March 2025, after the approval of the BPS), the National treasury should provide more detailed guidelines on how MDAs are to ensure that their budgets respond to the priority needs of children.</p>	<p>Furtherance and implementation of the Constitution is among the criteria for prioritization and allocation of resources.</p> <p>The National Treasury circular No 11/2024 provided guidance that all MDAs are to adopt child sensitive budgeting and therefore this needs to be reflected in the 2025 BPS.</p>
2.	<p>No Specific Vote and Programme for Child Protection Whereas there is a clarity in article 53(1d) that every child has the right to be protected from abuse, neglect, harmful cultural practices, all forms of violence, inhuman treatment and punishment, and hazardous or exploitative labour, Where as the Children Act 2022 has various provisions on</p>	<p>The National Assembly to consider advising the National Treasury and the State Department for Social Protection to establish a specific Budget Vote and Programme to be known as "Child Protection" with the following Sub-Programmes:</p> <ul style="list-style-type: none"> a) Child Protection Prevention and Response Services b) Child Rehabilitation and Custody Services c) Child Community Supports Services d) Child Protection Oversight 	<p>For effective implementation of</p> <ul style="list-style-type: none"> a) Article 53(e) of the Constitution; b) Children Act 2022; <p>To enable progressive implementation of the Government's Commitment of ending Violence Against Children.</p> <p>To ensure compliance with the Budget preparation guidelines for financial year 2025/26 - paragraph 53 and 54.</p>

#	Issue	Recommendations	Justification
	<p>Child Protection Prevention a Response Services</p> <p>Whereas there exists a specific Government of Kenya's Department responsible for Child Protection,</p> <p>There is no specific Vote and Programme in Kenya's Budget books that is dedicated to Child Protection.</p>		
3.	<p>Under-funding of the child protection services by 50%,</p> <p>Of the 50%, Personnel Emoluments (PE) takes 67% (only 33% is for Operations).</p> <p>Based on the Zero-Based Budgeting Approach, the requirement for Child Protection Services is Kshs. 3.2 billion.</p>	<p>The FY 2025/2026 Budget Ceiling for Child Protection should be set at Kshs.3.2 billion.</p> <hr/> <p>Increase the FY2025/2026 Budget Ceiling for Vote No. 0908000 – Social Development and Children Services from 3.6732 billion to Kshs. 6.8732 billion.</p>	<p>To ensure adequate resources for critical and essential child protection prevention and response services.</p> <p>To align with international child protection standards and Kenya's commitment to Ending Violence Against Children.</p>
4.	<p>Under-funding of the National Council for Children Services (NCCS)</p>	<p>Increase the FY2025/2026 Budget Ceiling for NCCS from Kshs. 108.13 million Kshs. 388 million.</p>	<p>To enable full implementation of all the functions of NCCS.</p> <p>NCCS is established under Section 41 of the Children Act 2022 with among its functions being to regulate, advice, coordinate and provide oversight on all matters relating to children in Kenya.</p>
5.	<p>Child Participation in the budget process.</p> <p>Whereas Section 28 of the Children Act 2022 provides for Child Participation in all matters concerning children,</p> <p>Whereas as the Government Budget process is a matter concerning children,</p> <p>It is noted that both the Executive and the National Assembly has not provided for</p>	<p>The National Assembly to prepare specific guidelines, including approaches and avenues for participation of children in the National Assembly's decision making process, such as the process of consideration of the Budget Policy Statement and the expected Budget Estimates.</p>	<p>There is clarity and emphasis in Section 28(3) of the Children Act, 2022 that every child shall have the right to express their views in all matters affecting them, and have those views heard and given due weight in accordance with the child's age and maturity.</p> <p>Children have the same right as adults to participate in the Budget process.</p>

#	Issue	Recommendations	Justification
	specific guidelines and avenues for which children in Kenya can meaningfully participate in the Government Budget process	The National Assembly to advise the National Treasury to include specific guidelines and avenues for participation of children in the budget process, when issuing the final guidelines for the preparation of the 2025/2026 MTEF Budget.	

Memorandum submitted on behalf of JFA-K by:



George Otim,
Country Director, Plan International Kenya,
 Head of Secretariat for the Joining Forces Alliance for Children in Kenya
 Email: George.Otim@plan-international.org

The Joining Forces for All Children is an alliance bringing together ChildFund International, Plan International, Save the Children International, SOS Children's Villages International, Terre des Hommes International Federation, and World Vision International who are working together globally and in various countries, including Kenya to secure children's rights and end violence against them.

Memorandum on the Budget Policy Statement, 2025 to the National Assembly’s Budget and Appropriations Committee (BAC)

Submitted on Monday, February 24, 2025

Contact Person:

Dr Abraham Rugo Muriu
Executive Director, Bajeti Hub
Email: arugo@bajetihub.org
Mobile: +254721431083

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Introduction

Bajeti Hub (formerly International Budget Partnership Kenya - IBP Kenya) is a Kenyan non-profit organization working to advance transparency, accountability, participation, and equity in national and county budgeting processes. Bajeti Hub's work is focused on strengthening the impact of civil society advocacy and citizens on budget policies and outcomes at both levels of governance in Kenya. Through deep and sustained engagement, Bajeti Hub provides support to build expertise and skills of civil society actors and citizens involved in budget advocacy. Citizen advocacy, generation of evidence, technical assistance, learning, and networking are all integral components of Bajeti Hub's work.

The Budget Policy Statement (BPS) is arguably one of the most important budget documents released by the national government each financial year. The BPS contains a broad exposition of the national government's policy priorities over the medium term and defines its fiscal and monetary stance in relation to these priorities. The BPS also begins to define the budget for the coming financial year, particularly with regards to what the government expects to allocate in expenditure to different sectors and how it expects to finance this expenditure.

Furthermore, the BPS speaks about how devolution as a system of functioning or software for government will play out over the medium term. In this respect, the BPS is a crucial precursor to the successful and equitable delivery of public services at the national and county level, particularly to the extent that it sets out the overall revenue sharing framework between both levels of government. The submissions contained in this memorandum seek to provide considerations to the Budget and Appropriations Committee (BAC) to make in deliberation of the Budget Policy Statement of 2025.

General Submissions

Macro-Fiscal Framework

- 1. In the face of under-performance in revenue collection in FY 2024/25, the National Treasury should clarify the basis for a Ksh. 320 billion projected increase in revenue collection in the coming FY 2025/26.** The credibility of revenue projections is critical to the credibility of Kenya's fiscal framework. By the end of December 2024, tax revenue collected was Ksh. 1.33 trillion, falling short of the intended target by Ksh. 110 Billion, or 7%. This was on

account of a Ksh. 90 billion under collection in all major tax categories as shown in Table 1. The biggest underperformance was seen in Valued Added Tax which fell short of the target by 11% or Ksh. 40 billion as of December 31, 2024. Worryingly, the amount collected by December 2024 was 4% lower than the amount collected in the same period in the previous financial year. The Budget and Appropriations Committee should compel the National Treasury to clarify the measures it intends to take to realize the anticipated increase in revenue.

Table 1: Revenue Performance as of 31st December 2024

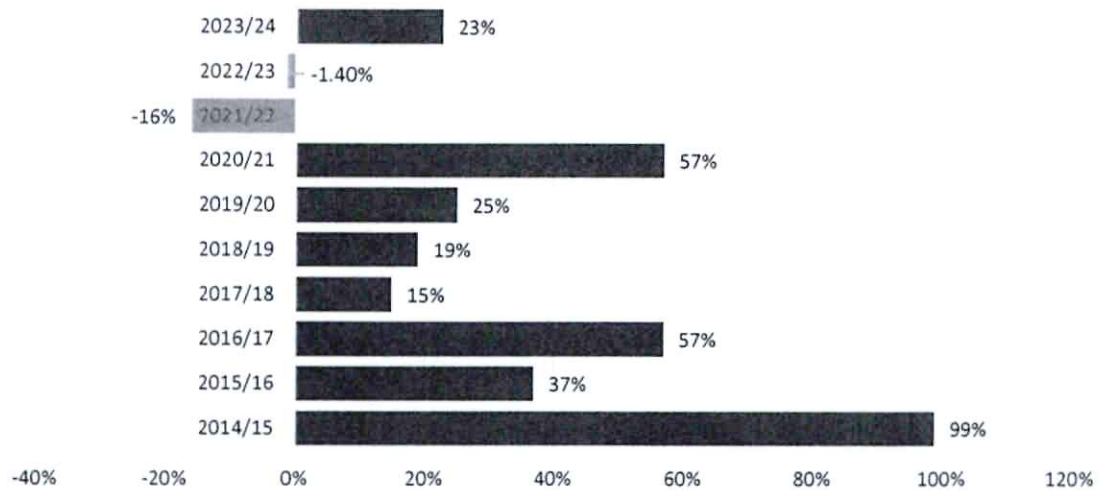
	As of Dec-23		As of Dec-24		Performance
	Prel. Act. (Ksh. Trillion)	Target (Ksh. Trillion)	Prel. Act.	Deviation	
Total Revenues (1+2)	1.31	1.44	1.33	-0.11	93%
1. Ordinary Revenue	1.09	1.25	1.16	-0.09	93%
Import duty	0.07	0.08	0.07	-0.01	92%
Excise duty	0.14	0.16	0.14	-0.01	91%
Income tax	0.49	0.56	0.53	-0.03	95%
VAT	0.32	0.34	0.30	-0.04	89%
Other Revenue	0.07	0.12	0.11	-0.01	93%
2. Ministerial Appropriation in Aid	0.22	0.19	0.18	-0.01	92%
3. External Grants	0.01	0.0140	0.0075	-0.01	54%

Source: BPS 2025

- 2. The BAC should compel the National Treasury to justify a 24% increase in allocation to development expenditure in FY 2025/26 especially in the face of low absorption of both domestic and foreign financed development projects, and recent shifts in aid commitments.** With the exception of County Transfers, all expenditure heads are expected to increase in FY 2025/26 amidst expenditure rationalization efforts to bring down the budget deficit. Development expenditure is expected to increase by 24% or Ksh. 138 billion, while recurrent expenditure is expected to grow by 5% or Ksh. 150 billion. This is despite the underperformance of development expenditure and external grants as a revenue source so far in FY 2024/25.
- 3. Kenya should institute a legislative ceiling on the annual fiscal deficit to ensure sustainability in public debt management.** While we recognize the projection reduction the fiscal deficit by 4% in FY 2025/26 to Ksh. 831 billion, we contend that to provide a behavioral incentive for continued fiscal consolidation and budget deficit reduction over the medium term, the Public Debt and Privatisation Committee and the National Treasury should develop regulations introducing an annual budget deficit limit (net borrowing) limit. This could be

absolute or, to manage the need for adequate infrastructural development for Kenya as a developing country, could be pegged as a percentage of GDP. This is in recognition of the historically proclivity of the national government to increase the budget deficit in-year through supplementary adjustments, precipitating higher than planned to borrow each year. A trends analysis of this across the past 9 financial years is shown below.

Figure 1: Increase in Budget Deficit between BPS and End of the Financial Year (2014-2023)



Source: National Treasury

Division of Revenue Framework

4. **The BAC should request the National Treasury to provide the criteria used in defining the expenditures and priorities that fall under national interest within the division of revenue framework.** BPS 2025 projects a 10% increase of Ksh. 8.8 billion to national interest expenditures such as defense, irrigation and safety net programmes bringing its total allocation to Ksh. 130 billion. Whereas the basis for this allocation has been historically anchored on Article 203 1(a) of the Constitution of Kenya 2010, the exact definition of national interest should be outlined and well-articulated in the BPS of 2025.
5. **Moreover, the Ksh. 12.4 billion increase in the allocation to 'Other National Obligations' between the Draft BPS 2025 and the BPS 2025 tabled in parliament should be justified.** This is in recognition that the

primary goal of the DOR is to provide a framework for the fair and equitable distributions of resources between national and county governments to fulfil the obligations and service delivery expectations on either level of government.

ITEM DESCRIPTION	FY 2025/26 (Ksh Millions)
Ordinary Revenue (Excluding AIA)	3,018,796
National Interest (Article 203 (1)(a)) (FY 2024/25 Supp. 1 Estimates)	103,867
Public debt (Art. 203 (1)(b))	1,581,423
Pensions, Constitutional Services and Other	219,908
Other National obligations (Article 203 (1)(b))	806,296
Emergencies (Art. 203 (1)(k))	5,000
Equalization Fund (Art. 203 (1)(g) and (h))	10,590
Of which: a) Allocation in FY 2024/25	7,853
b) Arrears	2,737
Balance to be Shared by the 2 Levels of Government	561,797
County Government allocation from revenue raised nationally-	417,964
Of which: a) Equitable Share of Revenue	405,069
b) Unconditional Allocations from National Government's Share	2,948
c) Conditional Allocations from National Government's Share	9,948
Balance left for the National Government	143,744

Source of Data: National Treasury, Medium Term Fiscal Framework and FY 2024/25 Supp. 1 Estimates

Item Description	FY 2025/26 (Ksh Million)
Ordinary Revenue (Excluding AIA)	2,835,041
National Interest (Article 203 (1)(a)) (FY 2024/25 Supp. 1 Estimates)	101,252
Public debt (Art. 203 (1)(b))	1,606,419
Pensions, Constitutional Services and Other	239,621
Other National obligations (Article 203 (1)(b))	518,746
Emergencies (Art. 203 (1)(k))	5,000
Equalization Fund (Art. 203 (1)(g) and (h))	10,590
Of which: a) Allocation in FY 2024/25	7,853
b) Arrears	2,737
Balance to be Shared by the 2 Levels of Government	353,412
County Government allocation from revenue raised nationally-	417,964
Of which: a) Equitable Share of Revenue	405,069
b) Unconditional Allocations from National Government's Share	2,948
c) Conditional Allocations from National Government's Share	9,948
Balance left for the National Government	(64,522)

Source of Data: The National Treasury

Source: Draft BPS 2025 (left), tabled BPS 2025 (right)

- 6. Finally, we recommend an increased allocation to counties within the DOR framework, especially in the face of recent national level legislation across sectors that places greater administrative, or service delivery demands on county governments, and the recent gazette notice from the IGTRC delineating functions of county governments.** Paragraph 125 & 126 of the BPS 2025 emphasizes the government's priority to complete the transfer of all functions constitutionally assigned to counties and ensure that the principle of "funding follows functions" is upheld for all devolved responsibilities. However, the fiscal framework for FY 2025/26 and the Medium-Term Government indicates a projected decline in the proportion of expenditure allocated to counties, dropping from 10.4% to 9.3% of the total projected expenditure. The BAC needs to compel the National Treasury to provide an explanation of how this fiscal framework aligns with and supports the enhanced devolution of functions, particularly in light of the IGTRC notice delineating the roles of county and national governments.¹

Recent reforms in the health sector include the Social Health Insurance Act, the Digital Health Act, Facility Improvement Financing Act and the Primary Health Care Act, which all assign counties new administrative roles e.g. the establishment of data banks, hiring of accountants at facilities among other roles.

The Process of Public Participation on the Budget Policy Statement

- 7. We recommend that the National Assembly considers giving at least a 14-day period for public participation, including the sharing of**

¹ GAZETTE NOTICE NO. 16472 <https://iqtrc.go.ke/Downloads>

documents and information under deliberation. The period given for submission was quite limited and that affected the time available to convene and analyze the BPS 2025 in good detail. We believe this will help improve the reach of such notices and the ability of citizens across the country to know, engage and provide quality feedback on key decision points like the BPS.

- 8. In addition, the National Assembly should expand the platforms through which the notice for participation is shared with the public as well as the mode of citizens presenting their input to the process.** The option given of sending emails locks out majority of Kenyans from making their submissions. According to the latest reports from the Communication Authority of Kenya², only 7.3% of Kenyans that have access to the internet use laptops and desktops. That means more than 90% of Kenyan's do not have the means to provide their views and feedback on budget decisions through digitally sending in their memorandums. **Further, the notice going out by the newspaper is only able to reach 18% of Kenyans who indicated they read newspapers based on the CAK report.** This is a good case of why the **National Assembly** should explore other modes of communication that has mass access such as radio, wide social media platforms etc. This will help improve the diversity of the feedback received.
- 9. The BPS 2025 continues a good practice of presenting Annex 6 which gives responses to key issues raised through public participation.** However, it would be helpful if the National Treasury clearly indicated if this is the public input received during the sector hearings that were held in late November 2024 or a summary of the views submitted by the public during the input given on the Draft Budget Policy Statement.

Gender Responsive Budgeting

- 10. While we welcome the commitment to incorporating Gender Responsive Budgeting, the National Assembly should follow up and ask that the National Treasury publish a separate statement on the gender responsiveness of the policy and financial proposals in the 2025 Budget Policy Statement or by introducing gender related budget codes to facilitate ease of tracking, analysis and transparency.** The Gender

²

<https://www.ca.go.ke/sites/default/files/2024-12/Audience%20Measurement%20and%20Industry%20Trends%20Report%20Q1%202024-2025.pdf>

Statement, borrowing from international best practices, should speak to all the proposals and go beyond highlighting only the specific allocations to women empowerment programmes. This is a good practice that has been adopted by countries such as Rwanda³ and Canada.⁴

18 To improve the gender responsiveness of government policies, before finalization of the 2025 Budget Policy Statement, the National Treasury to incorporate a section on the gender responsiveness of the various policy proposals in line with international best practices	The Government is committed to embracing Gender Responsive Budgeting (GRB) to ensure achievement of equity between genders. We also recognize that Gender responsiveness is critical in boosting economic growth and for sustainability. In this regard, the National Treasury is committed to adhere to this resolution of the National Assembly.
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- 11. We also recommend the development of gender management database that is regularly updated with disaggregated data on women initiatives to track the initiatives, budget allocations, impact and implementation gaps.**

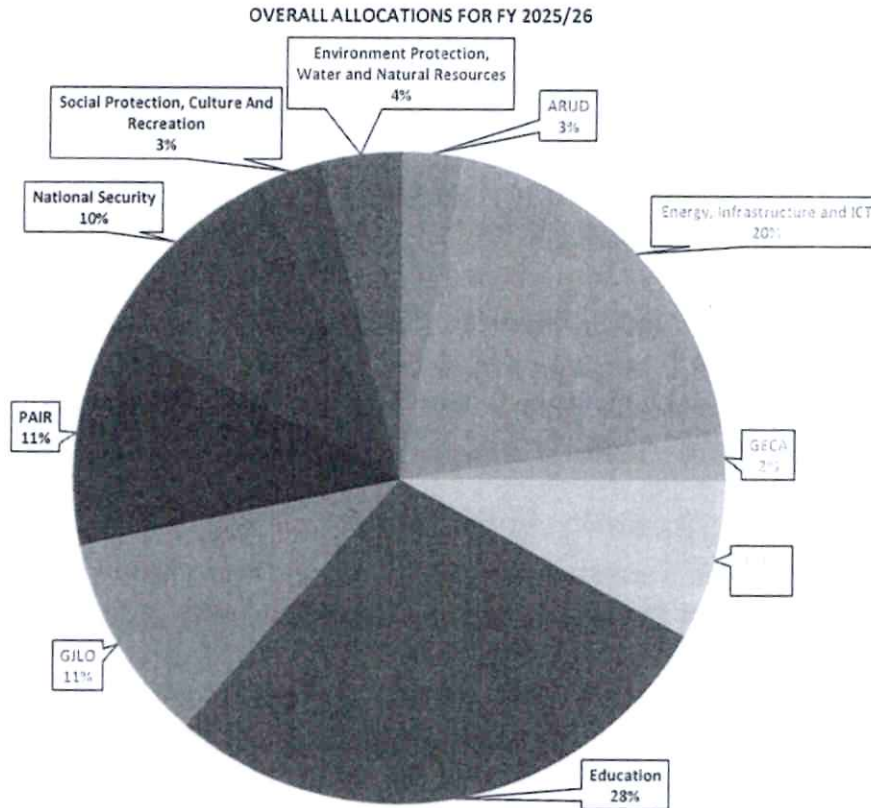
Detailed Sector Specific Submissions

BPS 2025 proposes an increase in the maximum budget cap for ministerial expenditure from Ksh. 2.3 trillion in FY 2024/25 to Ksh. 2.56 trillion in FY 2025/26, on account of a 5% increase in the recurrent budget of Ksh. 192 billion and an 11% increase in the development budget of Ksh. 69.1 billion. Notably, the Education and Energy, Infrastructure and ICT sectors received the highest budget allocation of Ksh. 723.9 billion and Ksh. 504.6 billion respectively, while the Social Protection, Culture and Recreation and General Economic and Commercial Affairs sectors received the lowest allocations of Ksh. 78.8 billion and Ksh. 59.1 billion respectively.

Figure 2: Overall Allocations for FY 2025/26

³ <https://rcsprwanda.org/wp-content/uploads/2023/06/CSOs-Analysis-of-Gender-Responsive-Budgeting-2019PDF.pdf>

⁴ [Statement and Impacts Report on Gender, Diversity, and Quality of Life | Budget 2023 \(canada.ca\)](#)



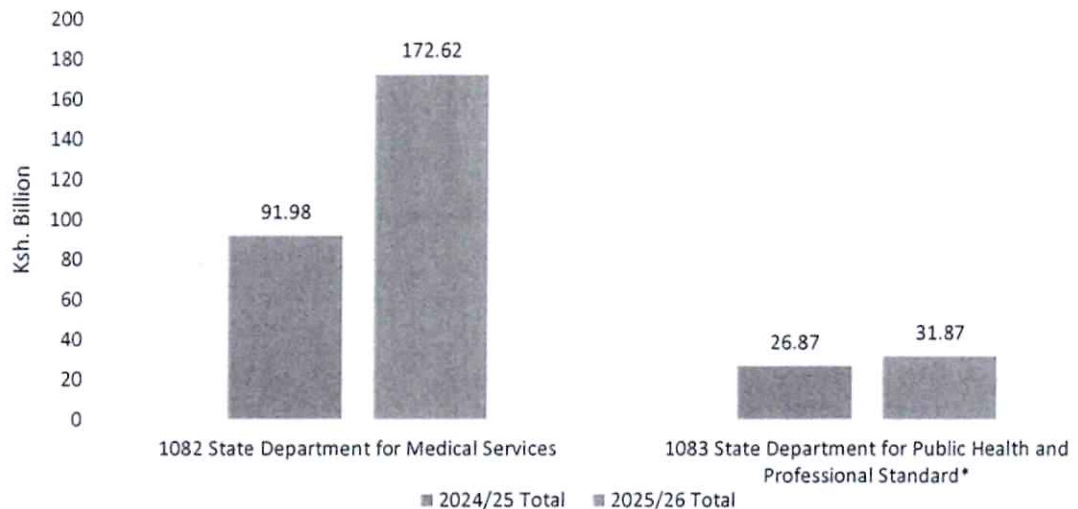
As a share of the total ministerial budget – a proxy indication of prioritization – four sectors (ARUD, PAIR, EPWNR, Education) are proposed to see their allocations fall relative to the total budget, while the remaining six (SPRC, Health, GECA, EIICT, National Security, GJLO) are expected to receive an increase.

Health Sector

12. **The BAC should seek clarity on the responsiveness of the BPS 2025 Health Sector ceilings to the recent cut in foreign aid to the health sector - estimated to cause a gap of Ksh. 30.9 billion.** The withdrawal of funding from USAID is anticipated to have a cross-cutting effect in the sector, adversely affecting allocations to TB, HIV and AIDS medication. The BPS 2025 should provide mitigation measures to be taken in preventing shortages to such crucial medications.
13. **The health sector ceiling in FY 2025/26 is Ksh. 204.5 billion - a Ksh. 85.6 billion increase from the previous Ksh. 118.9 billion allocation in the FY 2024/25. However, there is no narration on the BPS on the**

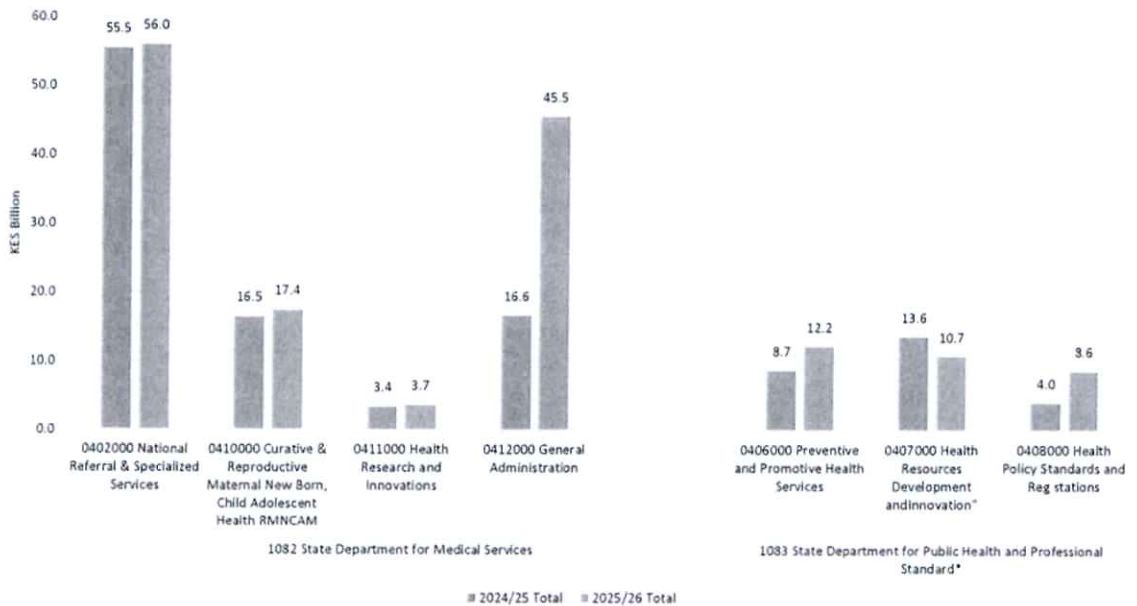
specific reason behind this significant increase in the budget. The increase in the allocation for FY 2025/26 is on account of a Ksh. 80.6 billion increase to the State Department for Medical Services and Ksh. 5 billion increase to the State Department for Public Health and Professional Standards.

Figure 3: Changes in allocations to the Health Sector



At the programme level, the majority of the increase in allocation is to the General Administration programme within the State Dept. for Medical Services, which is expected to see its budget rise by a significant 174% or Ksh. 28.9 billion.

Figure 4: Changes in allocations to programmes within the Health Sector



However, the priorities highlighted in the sector are not specific and in depth in their description calling for a more detailed narration to ensure effective allocations and implementation. For example, the Social Health Authority still faces numerous challenges in its resourcing and implementation, with many patients affected by delays in its operation. The government should prioritize its smooth implementation and onboarding of all health providers on its operation.

251. In the FY 2025/26 and Medium Term, the sector aims at expanding UHC and strengthen the health system's resilience. UHC priorities over this period include expanding primary healthcare infrastructure, focusing on maternal and child health, and improving supply chains for essential health products. This includes digital health investments in infrastructure to connect healthcare facilities with the National Optic Fibre Backbone Infrastructure (NOFBI), targeting expanded coverage to over 6,000 health facilities by 2028. Emphasis on evidence-based and data-driven decision-making the digital health superhighways will include the full implementation of the Electronic Community Health Information System (eCHIS) and integration of UHC tracking in real-time through the Kenya Health Situation Room.

Source: BPS 2025

- 14. According to the report by the Taskforce on Mental Health 2020, there is no evidence that the allocation to mental health has changed from 15 cents per capita to the proposed 250 shillings per capita.** With issues of mental illnesses making up to 13% of the disease burden in Kenya according to the Mental Health Taskforce, there is a need for the government to

prioritize mental health in line with the existing policies such as the Mental Health Action Plan through increased allocation and focused implementation.

- Only 0.01% of the national health budget is allocated to mental health.
- Kenyans have been forced into poverty due to payment for mental healthcare through out-of-pocket.
- The recommended amount of money that ought to be spent on mental health is KES 250 per capita but Kenya is spending 15 cents.

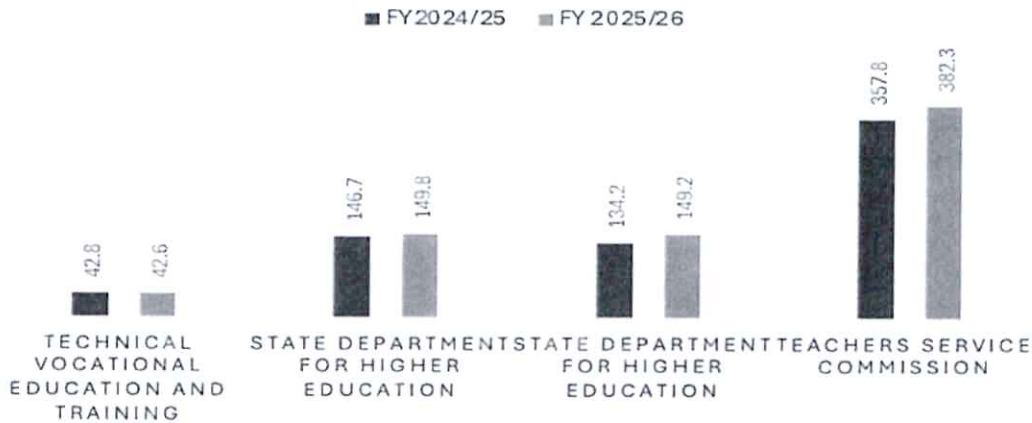
Source: Kenya Taskforce on Mental Health Report, 2020

Education Sector

The education sector ceiling proposed in the BPS for FY 2025/26 is Ksh. 723.9 billion from the previous FY 2024/25 allocation of Ksh. 681.8 billion, indicating a Ksh. 42.2 billion increases in allocation. The education sector continues to receive a large share of the total budget allocation making up 28.3% of the total budget, although a slight decrease from 29.6% in the previous financial year. The increased allocation is distributed among the sector programmes with Teachers Service Commission, Basic Education and State Department of Higher Education receiving the highest shares as shown in figure 5. However, TVETs are getting a Ksh. 200 million cut.

Figure 5: Changes in allocations to the Education Sector

ALLOCATIONS AT MDA LEVEL



Source: BPS 2025

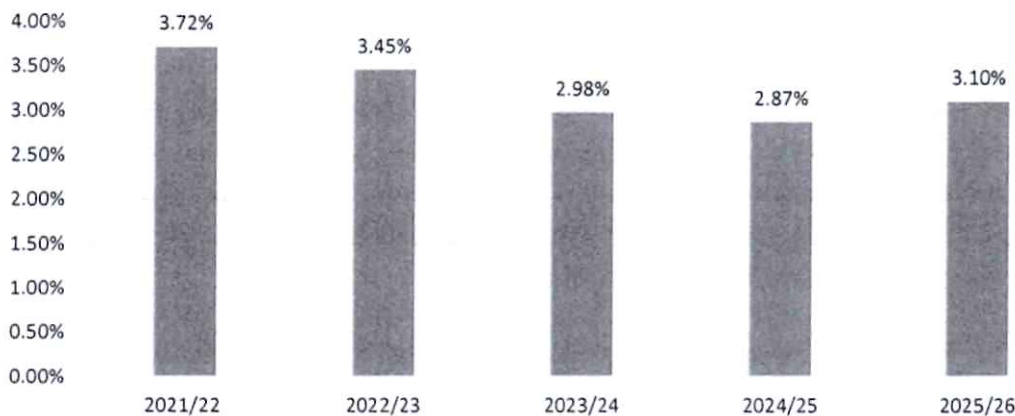
Recommendations

15. There is now a complete transfer of both Low-Cost Boarding Schools and the School feeding programme to NACONEK. However, **it is important for consideration to learners in counties outside ASAL regions that are still in need of these services due to factors such as climate change and inflation.**
16. **There is need for a streamlined policy that ensures ECDE learners are not sidelined in the programme due to the split in functions.** There remain disparities in the school feeding programme especially at the ECDE level that lies within county functions. According to an audit of the National School Feeding Programme by the OAG (2023), the enrollment data used to enforce the school feeding programme did not include ECDE learners.
17. The BPS has mentioned Special Needs Education (SNE) as a priority in the upcoming financial year specific to infrastructural developments and capacity building of teachers. However, **there is still need for the operationalization of the Differentiated Unit Cost (DUC) approach to ensure that the execution of these priorities serves the diverse nature of special needs learners.**

Social Protection Culture and Recreation (SPCR) Sector

The SPCR sector is expected to account for 3.1% of the budget in the FY 2025/26, an increase of 0.1% from the current FY 2024/25. This would reverse a trend of a decreasing share of the SPCR sector in the total national budget, which has been observed since FY 2021/22 as shown by Table 2 below. The sector is expected to receive an additional Ksh. 9.84 Billion to its annual allocation, bring the total allocation to Ksh. 78.79 Billion. Of this increase, Ksh. 4.91 billion is expected to go the State Department for Social Protection and Senior Citizen Affairs, which implements three programmes: Social Development & Children Services, National Social Safety Net, and Policy, Planning and General Administrative Services.

Table 2: SPCR Share of National Budget



- 18. The BPS 2025 needs to be clearer on the sector priorities that inform the provisional allocation of finances to the SPCR sector.** The BPS 2025 shows that priority has been allocated to 'vulnerable groups programmes while also taking into consideration programmes that will regulate the labor sector, promote employment, promote Kenya's diverse culture and heritage, and develop creative arts and sports talent.' However, this remains a vague description of the sector priorities that inform the provisional allocation of finances to the sector. The Sector's report of FY 2025/26 offers more insight, speaking mainly to the objectives of the 19 programmes implemented with the sector.

In the FY 2025/26 and the Medium Term Budget, the Sector will continue to prioritise investment in programmes and projects aimed at promoting: women and youth empowerment; vibrant arts and creative industry; social protection; safe guarding the rights and welfare of vulnerable groups in the community; gender mainstreaming; conservation of heritage and culture; sports development and participation; coordination of labour migration; employment creation; harmonious labour relations, and industrial training among others.

Source: SPCR Sector Report FY 2025/26

- 19. We welcome the additional allocation of Ksh. 5.86 billion to the National Safety Net programme within the State Department for Social Protection** which implements three of the four main social assistance programs namely the Cash Transfer for Orphans and Vulnerable Children (CT-OVC), Old Persons Cash Transfer (OPCT), the Persons with Severe Disabilities Cash Transfer (PwSD-CT). In addition, many PWDs face challenges in accessing healthcare, including difficulties in making SHIF payments due to financial constraints, if the process of identifying the beneficiaries is not well provided, then many PWDs and those vulnerable are left despite their need to access these services. It is not enough just to identify these PWDs and those that are vulnerable, there is need for better empowerment programs that need more funding to uplift the living standards of PWDs, with a focus on providing skills training, soft loans, and sustainable income-generating opportunities.
- 20. The National Assembly should increase its allocation to the Social Development & Children Services programme from Ksh. 3.7 billion to Ksh. 6.9 billion.** To highlight, Education for children with special needs remains a major challenge, as public schools lack functional special units at the basic and advanced levels, including ECD and TVET (although county functions) or Universities. Unfortunately, the BPS 2025 proposes a reduction in the programme's allocation of Ksh. 0.9 billion or 21% in FY 2025/26. This allocation places at risk the programmes' role in supporting children welfare including rehabilitation and custody through programs like the Presidential Secondary School Bursary Fund (PSSB) for OVCs and the Nutrition Improvement for Children through Cash and Health Education (NICHE). To address this, the government must prioritize the construction of special needs education facilities in every constituency, considering the current education system, this will require a different angle of looking at the vulnerabilities. The institutions should be well equipped with qualified teachers and designed to accommodate all types of disabilities to ensure the inequalities will be addressed in the long run. Furthermore, the education sector must improve access

to scholarships for PWDs and ensure vocational training centers provide relevant skills and soft loans to empower PWDs and street families economically

- 21. We recommend a shift from a charity-based model to an empowerment-focused approach is essential to address the issues of PWDs and those vulnerable.** The government (especially observable at the county level) has made progress in streamlining cash transfers for Persons with Disabilities (PWDs), but significant gaps remain in particular the outcomes. For example, in Baringo and Kiambu counties, PWDs have been mapped, and some are enrolled as beneficiaries in the cash transfer programs, there is need for the BPS to capture this issue and how the government intends to ensure there is accurate mapping and increased enrolment efforts.
- 22. We commend effort by the National government to enhance the availability and use of data within social protection programme planning.** Currently, it seems the government is relying on the outdated data, particularly post-COVID coupled with recent climate-related challenges – floods, people in the ASALs losing live hoods could also include those of vulnerable PWDs. Updating and maintaining accurate databases for PWDs and other vulnerable groups is critical to ensure resources are allocated efficiently and reach those in need.

Agriculture Rural and Urban Development (ARUD) Sector

The total budget for the ARUD sector is set at Ksh. 77.8 billion, which is 3.03% of the total National budget. Of the 5 state departments in the sector, the state department of Agriculture has the largest share of the budget, which stands at Ksh. 45 billion and is 57.99% of the entire ARUD sector budget. The breakdown of the departmental ceiling is as shown in table 2:

Table 2: Changes in allocations to the ARUD Sector

	Total Amount in Ksh. Billion		% of total ARUD budget		Change in %
	FY 2024/25	FY 2025/26	FY 2024/25	FY 2025/26	
ARUD MDAs					
Land and Physical Planning	6.5	8.85	9%	11%	36%
Livestock Development	13.2	11.1	18%	14%	-16%
Blue Economy and Fisheries	10.3	9.6	14%	12%	-7%

Agriculture	42	45	57%	58%	7%
National Land Commission	1.8	3	2%	4%	67%
Total ARUD Sector	74	78	100%	100%	5%

Source: BPS 2025

Of these, the State Department of Livestock Development will experience heavy cuts in their budgets, from Ksh. 13.2 billion to Ksh. 11.1 billion, which is a 16 percent decrease in its budget. This reduction will significantly affect the activities and programmes in the Department and may lead to the complete removal of some activities, or a little uptake of new projects or activities.

Recommendations

- 23. There needs to be more clarity on the priorities within the sector, and a reduction of statements that repeat similar goals year after year without demonstrating significant progress.** For instance, in previous 2024 Budget Policy Statement (BPS), the government outlines an intervention aimed at producing and distributing 135 million doses of various livestock vaccines over the medium term. However, the details of this initiative are unclear in the budget.
- 24. The government should also highlight the progress made in previous interventions and address the reasons or significance of these interventions, because some initiatives end without meaningful outcomes.**

WASH – Environment Protection, Water and Natural Resources Sector

- 25. Fast track implementation of mega projects for instance Kimwarer and Aror dams whose progress has been slow or stalled.** This will improve access to water in the targeted regions aligning to the government’s commitment to improve access to water from 73% to 80%.
- 26. The government should promote timely and adequate disbursement of funds to the sector to accelerate development and access to water.** Over the years, budgetary allocations to social sectors, including water, have been declining which has resulted to focus in a few areas. Additionally, budget cuts and delayed disbursements of funds are a major hinderance on successful implementation of projects in the sector.

27. Moreover, the 2024 BPS had proposed that the sector will explore PPPs as a model of funding the sector which are slowly being implemented. Given the budget cuts and delayed disbursements, **leveraging on Public-Private Partnerships (PPPs) is a strategic move to ensure sustainable financing for the water sector.**
28. **The government should factor in restoring degraded landscapes especially in ASAL areas within its priorities in planting trees in the FY 2025/26.** This will help in restoring tree cover and agroforestry to increase food security. These measures will ensure sustainable land management, improved climate resilience, and enhanced livelihoods for communities.
29. **Additionally, interventions that are farmer managed should be encouraged to ensure long term success in tree planting and land restoration.** This will empower the local farmers and promote ownership of climate related initiatives.
30. **Lastly, allocations towards water catchment areas should be increased.** This will promote of these areas which will enhance water availability and reduce degradation.



X: @NAssemblyKE

Facebook: Parliament of Kenya



From: Kevin <Chirchir12@outlook.com>

To: clerk <clerk_senate@parliament.go.ke>; cna <cna@parliament.go.ke>

Date: Monday, 24 February 2025 4:03 PM EAT

Subject: Rejection of Salary Increments For State Officials

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly, I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026. In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds: 1. Fiscal Impact: Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services. 2. Economic Disparity: State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases. 3. Constitutional Violations: The proposed increases would violate several constitutional provisions, including: - Article 10(2) on national values and principles of governance - Article 201 on principles of public finance - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission 4. Public Interest: With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals. 5. Historical Precedent: Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026. I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers. Thank you for your attention to this matter. Yours faithfully, Kevin Kibet



Reply





From: Mathews <mathews.bylo@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 4:00 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

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In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
- 2. Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
- 3. Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Ndubi Mathews Kevin Junior



Reply



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**Shippers
Council of
Eastern
Africa**



SUBMISSION ON THE 2025 BUDGET POLICY STATEMENT (BPS)

ABOUT SCEA

The Shippers Council of Eastern Africa is the premier advocacy organization of cargo owners in Eastern Africa. SCEA was established in 2006 to advocate for a stronger business environment through better policies and regulations that would result in efficient and cost-effective transport and logistics systems. SCEA was formed by five (5) founding members including the Kenya Association of Manufacturers (KAM), Fresh Produce Exporters Association of Kenya (FPEAK), East African Tea Trade Association (EATTA), East Africa Cement Producers Association (EACPA), Kenya Coffee Traders Association (KCTA) and the Petroleum Institute of East Africa (PIEA). SCEA is established under the laws of the Republic of Kenya with the following purpose:

- Provide a platform for cargo owners to articulate their concerns to government and logistics service providers in a unified voice.
- Provide timely interventions in operational issues that face members.
- To influence development of policies, legislation, and regulatory frameworks to support greater logistics efficiency and an enabling business environment through evidence-based research.
- Promote and disseminate best practices in transport, logistics and trade facilitation.
- Empower members by sharing industry information that will grow their businesses.

Following The notice for public participation on the 2025 Budget Policy Statement (BPS), we wish to submit our recommendations on key areas that impact the imports and exports sector, particularly in enhancing trade facilitation, reducing costs, and improving the competitiveness of Kenyan exports.

***Vision: An efficient logistics chain that enhances the competitiveness of cargo owners in Eastern Africa
Mission: To offer proficient, research based advocacy and valued add services to cargo owners***

		Issue:	Recommendations:
1.	Reducing the Cost of Trade Through Tax and Tariff Reforms	The high cost of importing and exporting goods remains a significant barrier to trade competitiveness. The 2025 BPS proposes reviewing tax incentives, increasing excise duties, and revising import duty structures, which could negatively impact trade volumes.	<ul style="list-style-type: none"> • Ensure predictable tariff structures aligned with the East African Community Common External Tariff (EAC-CET). • Engage stakeholders in the review of the East Africa Customs Management Act, 2004, ensuring competitiveness in trade as indicated in the resolution from 2024 BPS • Reconsideration of VAT on Trade-Related Services to promote trade especially VAT on logistics services and freight cost. Air Freight services be Zero rated. • Reduction of Import Declaration Fees (IDF) and Railway Development Levy (RDL). IDF and RDL increase import costs, negatively affecting competitiveness and increasing costs of doing business. Reducing these levies would boost manufacturing, trade, distribution etc. Resulting to business growth and employment creation.
2.	Enhancing Port and Rail Connectivity	Transport connectivity remains significant challenges In the BPS, The Energy, Infrastructure, and ICT (EII) Sector will implement programmes on the Rail Infrastructure.	<ul style="list-style-type: none"> • Prioritize the completion of the Mombasa Standard Gauge Railway (SGR) connection to MGR, facilitating seamless cargo movement • Expand Nairobi Railway City Project Phase I to improve freight transport efficiency.
3.	Promoting Export Competitiveness and Regional Trade	Kenyan exports face significant challenges due to non-tariff barriers (NTBs) and overlapping regulatory requirements from multiple government agencies. These hurdles increase compliance costs, reduce Kenya's competitiveness in regional and global markets.	<ul style="list-style-type: none"> • Strengthen engagements within EAC, COMESA, and AfCFTA to remove unnecessary trade barriers. • The government's initiative to increase exports to EAC from Ksh 226 billion to Ksh 305 billion should be expanded to other regions • Provide tax rebates and incentives for exporters under the Integrated National Export Development and Promotion Strategy

		<p>The BPS acknowledges that, the Government will continue to promote bilateral cooperation in trade and investment and that Kenya is a member of the multilateral trading system such as the World Trade Organization (WTO)</p>	<ul style="list-style-type: none"> • Streamline regulatory approvals and harmonizing trade facilitation processes across agencies • Enhance standards compliance support for Kenyan agricultural and industrial products in global markets. • Reduce fees and Charges levied on exports by different government agencies making our exports uncompetitive in the market. • Exemption of exports entries from KENTRADE charges for use of the Single Window system
4.	<p>Improving Logistics and Transport Infrastructure for Trade Competitiveness</p>	<p>Trade efficiency is heavily dependent on reliable transport networks and seamless logistics. Current bottlenecks in rail freight, road connectivity, and border clearance need urgent attention</p>	<ul style="list-style-type: none"> • Prioritize road maintenance and construction projects to improve cargo movement. • Improve freight service efficiency and cost structures to make SGR an attractive option for traders. • Integrate road, rail, and inland waterway transport for seamless trade logistics. • Strengthen Lake Victoria transport infrastructure to support cross-border trade with Uganda, Tanzania, and Rwanda.
5.	<p>Addressing Emerging Trade Challenges</p>	<p>Kenya must align with global trends in green logistics and digital trade to remain competitive</p>	<ul style="list-style-type: none"> • Support for Small and Medium Enterprises (SMEs) in Export Trade – Provide export financing schemes and training programs for SMEs to increase Kenya’s export diversification. • Introduce incentives for businesses investing in electric vehicles (EVs), solar-powered warehouses, and eco-friendly packaging. • Any future carbon taxes should balance environmental goals with trade competitiveness. • Promote rail transport as a sustainable and eco-friendly alternative to road transport, reducing carbon emissions,

			fuel consumption, and road congestion.
6.	iCMS	The BPS indicates that The Government is strengthening tax administration by the KRA through increased use of technology to enhance the efficiency of the tax system. We have previously experienced iCMS system downtimes	<ul style="list-style-type: none"> • Development of redundancy plans for the system downtimes • Stakeholders engagements for any changes to the systems to advise on their experience and the changes to improve on the systems reliability
7.	Aviation Sector	A number of freighters withdrew from operating at JKIA and the resultant loss to cargo capacity by between 300mt – 800mt weekly and increase in Air Cargo freight costs from average of USD 2.8 per Kg to highs of USD 3.9 per Kg. As a result of the withdrawals, exporters, especially of fresh produce are finding difficulties securing space in the available space and thus faced with roll-overs.	<p>We propose as follows;</p> <ul style="list-style-type: none"> • Land ferry flights and which are essentially planes flying over Kenya airspace be allowed to land in Kenya to pick the perishables especially under the current circumstances (even temporarily) • Temporary concessions be initiated to attract freighters to Kenya • Encourage wet leasing by local operators

The Shippers Council of Eastern Africa (SCEA) appreciates the opportunity to contribute to the 2025 Budget Policy Statement. We urge the government to prioritize efficiency, cost reduction, and trade facilitation measures to ensure that Kenya remains a competitive regional and global trade hub.

We look forward to continued engagement with The National Treasury and Economic Planning on policy matters affecting the trade, transport, and logistics sector.

Yours Faithfully

Agayo Ogambi,
Chief Executive Officer
Shippers Council of Eastern Africa.



24th February 2025

Mr. Samuel Njoroge
Clerk of National Assembly,
P. O. Box 41482-00100
NAIROBI.

Dear Sir,

RE: SUBMISSIONS ON THE 2025 BUDGET POLICY STATEMENT

Greetings from the Institute for Social Accountability (TISA).

The Okoa Uchumi Campaign is a civil society platform working with stakeholders to redress Kenya's public debt crisis. The coalition seeks to push for political accountability, and bolster constitutional safeguards in public debt management, for debt sustainability through a balanced and equitable budget.

Following the call by your esteemed office to make submissions on the 2025 Budget Policy Statement for the FY 2025/26 - 2027/28 Budget, Okoa Uchumi is pleased to submit its comments and recommendations for your consideration. Our submissions underscore the necessity for an effective and robust Budget policy statement that upholds the standards set in Section 25 of the Public Finance Management (PFM) Act, 2012.

We believe our Okoa Uchumi's contributions will support the development of a robust, inclusive, and efficient budget policy framework for the 2025 fiscal year. We are available to shed more light on our submission through an oral presentation.

Yours sincerely,



Diana Gichengo,
Executive Director,
The Institute for Social Accountability (TISA)
Convenor, Okoa Uchumi Campaign
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Okoa Uchumi BPS submissions to National Assembly

Introduction

Pursuant to the call for public participation and submissions by the National Assembly, the following are submissions by Okoa Uchumi Campaign towards the 2025 Budget Policy Statement. The 2025 Budget Policy Statement (BPS) serves as a critical framework guiding Kenya's fiscal policies and economic priorities for the Medium-Term Expenditure Framework (MTEF) period 2025/26 - 2027/28. Developed under the Kenya Kwanza Administration, the BPS aligns with the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030's Fourth Medium-Term Plan. It aims to foster inclusive growth through strategic investments in key sectors such as agriculture, micro, small, and medium enterprises (MSMEs), and infrastructure development.

This document presents Okoa Uchumi's comments and recommendations on the 2025 BPS. Our analysis highlights the strengths, gaps, and areas requiring policy refinement to enhance fiscal sustainability, social equity, and economic resilience. We emphasize the need for transparent public participation, equitable resource allocation, and accountability in implementing the proposed measures.

Okoa Uchumi remains committed to advocating for sound public finance management, ensuring that Kenya's budget policies reflect the constitutional principles of inclusivity, sustainability, and good governance. OUC seeks to provide general recommendations for improvement of the BPS around the following areas:

Fiscal Deficit

We note with concern that the deficit provided in the draft BPS that the National Treasury released for public participation was Ksh 759.4 billion (3.9% of GDP). However, the BPS submitted to the National Assembly indicates that the deficit has

grown to 831.0 billion (4.3% of GDP). Further, our calculation indicates that the real deficit will be even higher for the following reasons:

- i) The nominal GDP used in computing deficit is KSh. 19,272.8 billion for FY 2025/26. However, we note that the projected nominal GDP by the end of FY2024/25 is KSh. 17,434.5. With a projected GDP growth rate of 5.3%, the possible nominal GDP for FY2025/26 should not exceed KSh. 18,358.5 billion. This analysis, therefore, indicates that the denominator (nominal GDP) used to compute the deficit is overestimated. In this regard, the fiscal deficit of 4.3% presented in the BPS is underestimated.
- ii) The actual ordinary revenue as at the end of FY 2023/24 was KSh. 2,288.9 billion. Given the slowdown in economic growth from 4.9% in 2023 to 4.6% in 2024, we project that revenue growth by the end of FY 2024/25 will slow down from 11.5% to a maximum of 8.5%, given the reported shortfalls in meeting the revenue targets by KRA. As a result, the projected ordinary revenue by the end of FY 2024/25 should not exceed KSh. 2,483.5 billion. Assuming an optimistic year 2025/26 where revenue growth goes to 10%, the possible ordinary revenue may not exceed KSh. 2,731.8 billion by end of FY 2025/26. In this regard, we are of the view that the projected ordinary revenue of KSh. 2,835.0 billion is overly optimistic. There will be a possible revenue shortfall of not less than KSh. 103.2 billion.
- iii) Given (i) and (ii) above, the nominal deficit including grants will not be less than KSh. 934.2 billion (831.0 billion + 103.2 billion). In this regard, the fiscal deficit including grants will not be less than 5.1% of GDP, higher than the National Treasury's 4.3% projection provided in the BPS 2025, assuming that the grants will flow as projected.
- iv) The nominal deficit excluding grants will amount to KSh. 980.5 billion (KSh. 877.3+103.2). Given the recent challenges with US Government based grants and a possible adoption of similar policies by other governments the deficit may exceed 5.4% of GDP.

In view of the above, if the BPS is approved as is, it will lead to two possible outcomes for the budget to be balanced. The first option would be additional taxation measures, which is more likely to be resisted by the citizens who already feel heavily overtaxed. The second option would be increased borrowing for a Country with already limited space for external borrowing. At the same time, domestic borrowing has led to

crowding out of the private sector, leading to a slowdown in economic activities as highlighted in the BPS 2025.

In this regard, we recommend that the National Assembly, through a direct resolution to the National Treasury, should do the following:

1. Revise the nominal GDP numbers to not more than KSh. 18, 358.5 billion.
2. Revise the revenue projections and capture realistic ordinary revenues that do not exceed 2,731.8 billion.
3. Rationalize expenditure to ensure that the fiscal deficit does not exceed 3.5% of GDP in line with the fiscal consolidation policy.
4. Ensure consistency in the fiscal figures presented for public participation vis a vis those submitted to the National Assembly. Further, we note that the nominal GDP numbers used in table 2.6 are much lower than our projections and those used to compute the deficit in Annex Table 2. In addition, the expenditure numbers in Section 3.3 have a higher number of KSh. 4.336 trillion against a figure of KSh. 4.263 Trillion used across the document. This presents a discrepancy of approximately KSh. 73 billion that is unaccounted for.

Projected revenue

Revenue projections for FY 2025/26 indicate total revenue, including Appropriations-in-Aid (A-i-A), of Ksh.3.38 trillion, representing an increase of Ksh.325.6 billion from the FY 2024/25 estimate of Ksh. 3.1 trillion. Ordinary revenue is expected to rise from Ksh. 2.57 trillion in FY 2024/25 to Ksh 2.83 trillion in FY 2025/26, an increase of Ksh. 259.1 billion. The anticipated growth in revenue is expected to be driven by changes in tax rates, exemptions, and the introduction of new levies as part of tax policy reforms. Additionally, enhancements in revenue administration, such as improved collection efficiency, automation, and stricter enforcement of tax compliance, are likely to contribute to the same. Historical trends, however, show revenue underperformance due to tax evasion, non-compliance, slow economic growth affecting tax receipts and public resistance to new tax measures, especially in the informal sector. In previous years, KRA has consistently missed revenue targets, necessitating supplementary budgets and increased borrowing. When these unrealistic revenue targets are missed, the government will eventually resort to more borrowing, further increasing the debt burden for the country.

The government should focus on strengthening revenue mobilization without overburdening the already overtaxed citizens by enhancing tax compliance and efficiency rather than introducing new tax hikes. It should also leverage digital tax collection systems like e-TIMS and iTax to improve compliance.

Planned expenditure

BPS 2025 projects total expenditure of Ksh. 4.26 trillion against the total revenue of Ksh. 3.38 trillion, resulting in a fiscal deficit of Ksh. 831.0 billion which is 4.3% of GDP. Over-ambitious expenditure beyond revenue only creates room for more borrowing to finance the deficit that most of the time, ends up only financing recurrent expenditure and not development expenditure due to wasteful spending and inadequate oversight in budget implementation.

To curb the growing fiscal deficit, the government needs to prioritize expenditure efficiency by reducing non-essential spending and focusing on productive investments that drive economic growth. The government should also implement stricter expenditure controls, enhance accountability in public spending, and adopt zero-based budgeting to ensure resources are allocated to high-priority programs effectively. In the past, incremental budgeting led to unnecessary spending which Zero Based Budgeting aims to fix, by ensuring every shilling spent is justified and supports the country's development goals. While Kenya's shift to Zero-based budgeting seeks to improve fiscal responsibility by requiring detailed justification for all spending, reducing waste, and focusing on priority areas, the government needs to provide a detailed outline of the non-essential expenses that will be cut.

Domestic Revenue Mobilization

The BPS focuses on expanding the tax base through administrative and policy reforms, reducing tax expenditures, and leveraging technology to enhance compliance. The government should implement tax policies that balance revenue mobilization with affordability for citizens, particularly low-income groups and consider reducing taxes on essential goods while enhancing tax collection efficiency. Additionally, enhanced revenue mobilization may lead to higher taxes and increased compliance costs raising the cost of doing business and potentially straining Small and Medium Enterprises under stricter tax enforcement. Proposals for new tax measures, especially those with an employer contribution component continue to burden employees and businesses by

increasing labor costs and discouraging investment. The Kenyan government has introduced a housing Levy, increased NSSF rates, and Social Health Insurance Fund stifling businesses and pay slips that are already struggling under high costs and inflation. Despite public resistance, these tax measures have been imposed without consultation or public participation. Instead of overtaxing employers, the government should focus on reducing inefficiencies, curbing corruption, and creating business-friendly policies.

Budget Allocations and Priorities

The BPS prioritizes MSMEs, agriculture, housing, and digital infrastructure under the BETA agenda. The government should ensure a balanced allocation between economic enablers and social welfare programs as well as increased transparency in budget justification. There is a need for robust mechanisms to monitor and evaluate development projects to guarantee that allocated funds translate into tangible benefits for the populace. There is also a need to strengthen budget monitoring mechanisms and ensure timely reporting on expenditure efficiency. Reduced budget allocation could slow economic growth, especially in sectors reliant on government contracts and subsidies, such as infrastructure and agriculture. Expenditure rationalization could also impact social services, leading to cuts in education subsidies, healthcare programs, and social protection funds, disproportionately affecting vulnerable populations. Additionally, if revenue targets are not met due to factors like economic slowdown or tax evasion, the government may resort to further borrowing, undermining deficit reduction efforts. Resistance from public sector workers and county governments over budget cuts could also pose significant implementation challenges, delaying the intended fiscal reforms.

Fiscal Consolidation

The government plans to reduce total expenditure from 22.8% of GDP in FY 2024/25 to 22.1% in FY 2025/26 and recurrent expenditure from 16.9% to 16.1% over the same period, aiming at fiscal consolidation. Such reductions need to be carefully managed to avoid undermining essential public services since such indiscriminate cuts in recurrent spending could adversely affect essential sectors like healthcare, education, and social protection, which are vital for the well-being of citizens. Ksh.725.1 billion is allocated

for development expenditure in FY 2025/26, representing 3.8% of GDP which is an increase from Ksh 589.8 billion in FY 2024/25.

The government should maintain transparency and accountability in the budgeting process, especially in preparation for Supplementary Budgets to prevent misallocation of resources and to build public trust in fiscal policies. Clarity on and actualization of the fiscal consolidation plan need to be provided to minimize the constant revision of budgets within the year and rampant misuse of approvals under Article 223 of the Constitution of Kenya by the National Treasury. Previous supplementary budgets have resulted in budget cuts for particularly the social sectors such as health; service delivery in these sectors heavily impacts the wellbeing of especially women and children and people with Disability

Devolution and Shareable Revenue

The government through the BPS 2025 commits to to fully transfer all the devolved functions and enhance Own-Source Revenue collection efforts by counties to ensure the "funding follows functions" principle is implemented to reduce dependency on national transfers. It also outlines the division of revenue between the national government and county governments, ensuring that counties receive their fair share of funding to support devolved functions as guided by Article 203(1) of the Constitution.

The government should expedite the transfer of devolved functions and ensure timely disbursement of funds to counties to enhance service delivery. The BPS 2025 has not outlined plans to address the various financial challenges faced by counties, including delayed disbursements that disrupt service delivery and a persistent pending bills crisis that hampers economic activity. Additionally, the proportion of county revenue is expected to decline from 10.4% to 9.0% of GDP, raising concerns about the effectiveness of devolution. Furthermore, revenue allocations are still based on outdated FY 2020/21 audited revenues, despite calls for an update to reflect current economic realities.

Anti-Corruption

The BPS highlights progress in anti-corruption efforts, reporting on complete investigations and asset recoveries. It contains government commitment to strengthening legal and institutional frameworks by proposing amendments to the Evidence Act and Criminal Procedure Code to fast-track corruption cases within six months and enhancing whistleblower protection through changes to the Witness

Protection Act. It states that 377 corruption investigations were completed, 681 economic crime cases processed, Ksh 10.9 billion in losses averted, and Ksh 17.7 billion in stolen public funds recovered. Plans are underway to introduce a financial surcharge policy to hold public officers personally liable for lost funds. Additionally, 37.77 million Kenyans have been sensitized on ethics and corruption, and asset declarations for public officials are being automated for real-time monitoring and public access.

There is a need to strengthen the independence of anti-corruption agencies and ensure that individuals with pending corruption cases are not appointed to public offices. There has been selective prosecution of corruption cases and political interference, especially in dropping charges against high-profile individuals. Key challenges remain in implementation, enforcement, and legal bottlenecks requiring the government to accelerate institutional reforms, enforce stricter penalties, and enhance public accountability to ensure effective governance and a corruption-free public sector.

Consolidated Fund Services

The consolidated fund services account for a significant portion of the national budget, primarily for debt servicing, pensions, and salaries for constitutional officeholders. Notably, the allocation for public debt service increased to Ksh. 1.6 trillion up in FY 2025/26 from Ksh. 1.34 trillion in FY 2024/25. This means that public debt servicing will account for 67.5% of the total Consolidated Fund Services allocation against 10.1% (Ksh. 239.6 billion) allocated for pensions & constitutional services. The public debt allocation increased by Ksh. 265.8 billion due to rising external and domestic debt repayments.

Public Debt

The government in the BPS commits to reducing public debt vulnerabilities through fiscal consolidation and improved revenue collection. External debt stock accounts for 26.7% of GDP, while domestic debt stands at 34.1% of GDP. Kenya's public debt is becoming unsustainable, with a large portion of revenue going towards debt service with the government having no clear plan to reduce this debt, raising long-term affordability concerns. The growing debt burden is a concern, and Kenyans need full disclosure of debt agreements and their impact on development. The National

Assembly should seek a progress update on the Forensic Public Debt Audit being undertaken by the Office of the Auditor General and the National Treasury, including the expected date of publishing. There should be an established transparent debt management framework with clear reporting on debt servicing obligations and future borrowing strategies. We also recommend the establishment of an independent public debt management office without being perceived as a subordinate office within the Ministry of National Treasury and Economic Planning. Further, parliament should amend section 62 (3) to make PDMO a fully autonomous office.

Public Participation

The 2025 BPS underscores public participation as a legal requirement, using hearings, online consultations, and stakeholder engagements to gather input. It states that extensive public consultations were conducted in sector hearings and other forums. Key concerns included accessibility, consultation timelines, awareness, and inclusivity, with the government committing to improvements. Future enhancements focus on stronger oversight, transparency, and expanded digital engagement.

The government needs to strengthen the legal framework for public participation to ensure citizens' voices influence final budget decisions and ensure the implementation of binding mechanisms for government responsiveness. This aims to address the frequent disregard of public input, as seen in the recent Finance Bill 2024 discussions, where public opinion was outrightly overlooked. Additionally, the Public Finance Management Act can be amended to include provisions mandating the publication of all public debt engagements prior to contraction for a period of at least 30 days and a cost-benefit analysis for all public debt engagements setting out the short, medium and long-term benefits and costs of each loan.

Governance

The BPS outlines how the government is implementing key reforms to strengthen public sector governance, enhance accountability, and improve service delivery. This includes a Unified Personal Identification System that aims to eliminate ghost workers and payroll fraud, while open governance measures mandate public disclosure of contracts and asset declarations. Legal and institutional reforms include strengthening

oversight bodies and reviewing the Conflict-of-Interest Bill to prevent officials from conducting business with the government. Public service reforms will focus on continuous vetting of officials and improving devolution for better fiscal discipline. Additionally, digital transformation efforts, such as expanding e-government services and online procurement systems are being implemented to boost transparency and efficiency.

Governance faces a myriad of challenges including slow implementation of reforms, weak enforcement of integrity laws, and poor coordination between national and county governments, leading to inefficiencies and unethical leadership. There is a need to fast-track Bills in Parliament like the Conflict-of-Interest Bill for transparency, enhance intergovernmental coordination to prevent resource conflicts, as well as expand digital governance tools to boost efficiency and reduce human interference in procurement.

Implementation of TSA

The implementation of the Treasury Single Account will be spread over three years. County governments will transition in FY 2025/26, and then the remaining national government entities in FY 2026/27.

We welcome this plan and reiterate our support for the efficient adoption of TSA across all government entities to enhance transparency and accountability in public cash management. The government needs to expedite the implementation of TSA as outlined and ensure severe consequences for directorates or state agencies that may fail to conform with the guidelines as required.

Transition from cash to accrual accounting.

The BPS highlights the transition to accrual accounting as a key reform for better cash management, transparency, and long-term planning. The roadmap is guided by IPSAS 33, in a three-year phased rollout which seeks to have all financial assets including bank accounts recognized in the first year of transition. All other assets including natural resources will be recognized in the second and third year of transition, meaning this is not a complete abandonment of cash accounting. Institutional readiness measures

include revising the Standard Chart of Accounts and publishing asset measurement guidelines.

The BPS does not outline a risk mitigation plan for asset valuation and capacity building for officers. There is need for implementation of a phased capacity-building strategy for seamless adoption across government agencies.

Borrowing only for financing development expenditure.

The 2025 BPS reaffirms the government's commitment to ensuring that borrowed funds are strictly allocated to development projects rather than recurrent costs, as mandated by Section 15(2)(c) of the PFM Act, 2012. Borrowing projections stand at Ksh 831.0 billion for FY 2025/26, and Ksh 692.9 billion over the medium term. Additionally, development expenditure is expected to rise to 30.5% of ministerial expenditures in FY 2025/26, aligning with the legal threshold. However, the National Treasury has indicated in the Budget Review and Outlook Paper that only 46% of borrowed funds in the FY 2023/24 were actually used on development spending.

c. Over the medium term, the national government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

In FY 2023/24, Ksh 350.7 billion (46.0 percent) out of total borrowing (Ksh 766.4 billion) were used for development expenditure purposes. The Government continues to maintain public debt at sustainable level consistent with the debt threshold which pegs public debt as a percentage of Gross Domestic Product (GDP) in net present value approved by Parliament.

Despite public debt vulnerabilities and high risk of debt distress, the Government is committed to continuous implementation of fiscal consolidation as outlined in the 2024 Budget Policy Statement (BPS) and Medium-Term Debt Management Strategy aimed at slowing the pace of public debt accumulation without compromising service delivery to citizens as it supports economic recovery.

Source: BRPOP 2024

The National Treasury should publicize the quarterly borrowing reports submitted to parliament as anticipated in PFM Act (National Government) Regulations 2015 220, 2

(c), detailing development allocations, including both external borrowing and domestic borrowing through T-Bills and Bonds and personalize non-compliance through legal reforms.

Deficit Financing Policy

The government plans to mobilize resources from both domestic and external sources to meet its borrowing needs, focusing on concessional loans, and limiting non-concessional borrowing to specific projects. It also seeks to prioritize domestic borrowing including revamping the M-Akiba bond process to promote financial inclusion and to reduce exposure to foreign exchange risks.

Government prioritization of domestic borrowing to reduce foreign exchange risks could have negative economic consequences. This may crowd out the private sector, leading to limited credit availability and higher interest rates, which can slow economic growth. Additionally, domestic debt often comes with higher servicing costs, increasing the burden on taxpayers and reducing funds available for social services. Heavy domestic borrowing could also contribute to inflationary pressures and hinder long-term economic stability. Additionally, Kenya needs clear policies on how to mobilize and allocate funds for climate-related projects.

Agriculture & Food Security

The document highlights agriculture as key to Kenya's economic transformation under BETA, with a special focus on increased food production, particularly in maize. It details government efforts to help smallholder farmers move from food deficit to surplus by providing subsidized inputs like fertilizer and seeds. It outlines the use of digital platforms to streamline input delivery and payments, doubling maize production from 30 million bags in 2022 to 61 million in 2023, with a projection of 74 million bags.

There is however a more urgent need to address economic access to food which has been hampered by the high cost of living, increased taxes on basic incomes, and the removal of food and fuel subsidies, which have reduced household purchasing power and made essential foods unaffordable for low-income families.

Additionally, the BPS shows 3% allocation of the public expenditure on Agriculture, Rural and Urban Development (ARUD). This low allocation indicates lack of commitment on the side of the Kenyan Government to improve budget allocation as per the Malabo declaration of 10% allocation to the Agricultural sector¹, which Africa's head of States subscribed to. Agriculture as an integral sector, contributed 21.8 percent of GDP in 2023², hence there is a need to enhance the percentage of the budget allocation to transform agrifood systems, improve food security and ensure that citizens' Right to Food is upheld and met.

Support for Micro, Small & Medium Enterprises

The BPS emphasizes the importance of the MSME sector in driving Kenya's BETA agenda by creating jobs and opportunities for the youth and marginalized groups. It highlights several challenges including limited access to finance, inadequate infrastructure, and regulatory constraints which the government is addressing by enhancing the Hustler Fund with Ksh. 60 billion for MSMEs and introducing a new SME-focused product. MSMEs are also being integrated into key value chains such as housing and construction, with expanded digital skills training and e-commerce access. The government has also embarked on the review of the Micro, Small Enterprise (MSE) 2020 Policy. The review is aimed at pulling down the barriers in the MSME sector that stifle business growth and development.

The government should provide clear timelines, the stakeholders who will be engaged, and the implementation approaches to ensure that the MSMEs benefit sustainably.

Health Sector.

Increase the budgetary allocation to the health sector to comply with Abuja Declaration (Abuja Declaration (2001), a pledge by African Union countries to increase government health funding, by committing to allocate 15% of their government budgets to health. 15% of Kshs.4.2 Trillion is equivalent to Kshs.630 billion allocations to the Health Sector.

Prioritize domestic resource mobilization to address donor transition and enhance sustainability especially in TB, HIV, Malaria and Reproductive Maternal Neonatal Child Adolescent Health (RMNCAH).

¹ [31247-doc-malabo_declaration_2014_11_26.pdf](#)

² [National-Agriculture-Production-Report-2024.pdf](#)

Submitted by the undersigned members of the Okoa Uchumi Campaign;

1. The Institute for Social Accountability (TISA)
2. The East African Tax and Governance Network (EATGN)
3. Amnesty International Kenya
4. Centre for Fiscal Affairs(CFA)
5. Kenya Human Rights Commission (KHRC)
6. Bajeti Hub
7. Amil Africa
8. Good Health Community Programmes
9. Kadibo Community Social Justice Center



A MEMORANDUM SUBMITTED BY CHILDREN RIGHTS ADVANCEMENT NETWORK ON BUDGET POLICY STATEMENT 2025

TO: THE CLERK

THE NATIONAL ASSEMBLY OF KENYA.

ATTENTION: CHAIRPERSON-BUDGET AND APPROPRIATION COMMITTEE.

Introduction

The Children Rights Advancement Network (CRAN) is a national union of County networks & groups that support and act on behalf of children's rights. International, regional, local- NGOs, CBO, FBO and Charitable Children Institutions (CCIs) working in Kenya's children's sector are brought together by CRAN to support the Counties and National Governments' efforts as duty bearers. This children's rights organization collaborates with the governments to support those efforts in defending children's rights. Additionally, it works to promote laws, regulations, and governance concerns that will enhance the wellbeing of children.

As a network, we have consulted widely with education stakeholders and we are of the realization of the fact that thriving in today's fast changing global labour market and economic environment requires skills rooted in a breadth of competencies in addition to literacy, numeracy and science. Development of skills including creativity, imagination, collaboration, critical thinking, communication, citizenship and emotional is no longer an option but a necessity for enhancing employability, labour productivity and helping countries become more competitive.

Background

Attainment of quality early and basic education in Kenya is multi-dimensional. This implies that it is affected by numerous factors ranging from harmful cultural practices, child neglect and abuse, poverty, insecurity, climate change effects and cross border child trafficking. Therefore, a number of issues militate against the realization of the right to quality basic education. In the course of interacting with several education stakeholders in the country, CRAN has noted the following issues:

The Country is facing various challenges in Education sector which include:

A. Inadequate financing for Competency Based Curriculum Delivery.

i. Free Primary Education, Free Day School Secondary & Subsidized Boarding Secondary

Our engagement with education stakeholders has revealed the importance Education Budgets making provisions for teaching and learning aids which are important in enhancing learner and teacher interactions that promote transfer of competencies/skills in line with CBC to the learners and increases learning achievements. Current Free Primary Education, Free Day School Secondary Education & Subsidized Boarding Secondary School Education per capita grants of Ksh. 1420 and Ksh 22,244 respectively have not taken into account the cost of implementing CBC.

ii. Special Needs Education

The recently enacted Children Act 2022 expressly requires children with disabilities and those with special needs to acquire education and health services free of charge. There is therefore need for the requisite budgetary allocations to be made to actualise the legislative expectation. We take note that **special needs education learners have different disability categorizations that requires government to embrace differentiated unit cost, as opposed to a flat rate capitation for SNE learners.** A learner having a hearing impairment will require learning materials that are very different from those used by a learner with physical disability as the latter may only require adjustments to the learning environment to make it friendly for them. Our analysis of the current financing for SNE show that it does not take into account enrolment rates, inflation and different needs of learners in the different disability categories.

PWPER Recommended Capitation for Basic Education (Ksh)

Item/Description	Pre- Primary	Primary	Junior School	Senior School
Capitation per regular learner	1,170	2,238	15,043	22,527
Special Needs (additional capitation Pre-Primary 604, Primary 3,624, JS 10,000 and SS 35,000)	1,774	5,862	25,043	57,527

Minimum Essential Package (MEP) (Ksh) Per Year for Basic Education

Level of Education	Classes	Streams	Enrolment per class	Capitation (Ksh)	MEP (Ksh)
Pre-Primary	2	1	30	1,170	70,200
Primary	6	1	40	2,238	537,120
Junior School	3	1	45	15,043	2,030,805
Senior School	3	1	45	22,527	3,041,145

B. In adequate teacher preparedness to deliver CBC.

For effective curriculum implementation, the teachers must have the capacity to interpret the curriculum through instructional strategies and techniques. Although there is evidence of some of the teachers being trained on CBC, stakeholder engagements shows that the training was inadequate. **There is scientific evidence that teachers' scope of knowledge about subject matter should be deep and more than the curriculum they teach.** The teachers should be equipped with more subject content for effective implementation of the competency-based curriculum. **Engagements with teachers and other education stakeholders on the roll out of CBC revealed a lack of information, communication and technology (ICT) skills among the majority of teachers.** This is one of the main challenges facing the implementation of the Competency-Based Curriculum and most of the teachers are not able to integrate information, communication and technology (ICT) in the learning and teaching within the competency-based curriculum. **Additionally, the introduction of the 21st Century skills and the competence-based curriculum means that instructional methods must change to more learner centred approaches from the traditional approaches of teacher centred learning.**

Our analysis of the BPS 2025 as highlighted on performance indicates the government has made efforts to address the challenges facing basic education. The achievements outlined are far from guaranteeing quality & inclusive basic education to children. A lot needs to be done as rightly outlined in the priorities for basic education as captured in the BPS 2025.

The following are key areas that require resources under the basic education sub sector and thus gives justification for basic education budget increase.

Recommendation	Rationale	Parliament should Issue Policy Directions to:
<p>1. Recommendations on Dealing with the high Cost of Implementation of CBC:</p> <p>a) There is a need to revise capitation for instructional materials and projects based on an informed analysis.</p> <p>b) Timely disbursement of funds, preferably a week before schools open, should be implemented.</p> <p>c) Streamlining procurement of learning teaching materials as per the needs of respective schools.</p> <p>d) There is need to assess the needs of each school including staffing and utilities among others and provide commensurate support for the same.</p> <p>e) Increase funding to CBC due to the fact that the demand for implementing the CBC system is high</p> <p>f) There is need to compute what it takes to educate a child through the CBC system so that capitation would reflect those considerations.</p>	<ul style="list-style-type: none"> ● To facilitate proper planning and seamless running of schools in general and the sustainability of varied diversities of schools within the country e.g ASAL areas. ● To relevantly meet the specific needs of specific schools in specific environments. ● Utilities and support staff are the same across all schools. 	<p>National Treasury</p> <p>Ministry of Education</p> <p>County governments</p>
<p>2. Revamping Special Needs Schools</p> <p>1. Equip workshops-prevocational and vocational workshops, for SNE institutions.</p> <p>2. Provide SNE'S with assistive devices, play facilities and play materials for learning therapy, psychical relations.</p> <p>3. Recruit and equitably deploy SNE teachers</p> <p>4. Improve SNE schools infrastructure including classrooms and WASH facilities.</p>	<p>To relevantly meet the specific needs of specific schools in specific environments.</p>	<p>National Treasury</p> <p>Ministry of Education</p>

Recommendation	Rationale	Parliament should Issue Policy Directions to:
3. Increase per capita allocation and capitation grants towards education sector as per the Presidential Working Party on Education Reforms recommendations.	<ul style="list-style-type: none"> ● To align with the international thresholds. ● Enhance provision of quality education. ● To keep up with the current inflation realities. ● For proper implementation of Competency Based Curriculum 	National Treasury Ministry of Education County governments
4. Invest in construction of more primary and secondary schools in the regions with a high average school size such as Turkana, Bungoma among others	<ul style="list-style-type: none"> ● It is to ensure provision of quality education. ● To ensure a low average school size in the county. 	Ministry of Education National Treasury TSC
5. Set aside funds for recruitment and posting of teachers to Refugee Schools per the Vision 2030 and National Education Sector Strategic Plan 2021-2027.		Ministry of Education
6. Recruit more teachers in the ASAL and high average school size Counties such as Turkana, Wajir, Garissa, Bungoma, Kakamega among others.	To reduce the Pupil Teacher Ratio and ensure provision of quality education	Ministry of Education
7. There is need to provide for stand-alone budget for ECDE per capita allocation in the County budget documents	<p>To easily identify the challenges that need to be addressed in the ECDE Programme.</p> <p>To establish total allocation on ECD at the county level.</p>	County Governments
8.		

Recommendation	Rationale	Parliament should Issue Policy Directions to:
9. Increase per capita allocation for the pre-primary, primary, secondary education and Special needs education.	<ul style="list-style-type: none"> ● To align with other African governments. ● To enhance provision of quality education ● To align with the provisions of 2010 Constitution. ● To keep up with the inflationary rates 	National Treasury Ministry of Education County Governments
10. Increase per capita allocation to cater for co-curricular activities and amenities that promote learning through play.	To promote holistic development in schools.	National Treasury Ministry of Education County Governments
11. Need to increase per capita allocation to school feeding programme.	To minimize cases of malnutrition amongst school going children	National Treasury Ministry of Education County Governments
12. Harmonize the various laws governing education and training in National and County governments.	<ul style="list-style-type: none"> ● To avoid duplication of roles in National and County government. ● To ensure effective management of resources. 	Parliament Ministry of Education County Governments
13. Periodically update, publish and publicize the enrolment, teachers, pupils, and Pupil Teacher Ratio data annually.	To identify gaps that need to be addressed in the education sector	Ministry of Education
14. Invest in learning materials at both pre-primary and	● To improve learning	Ministry of Education

Recommendation**Rationale**

Parliament should
Issue Policy
Directions to:

primary levels of education.

outcomes.

County Governments

- To ensure low pupil-textbook ratio.

Ministry of Education

15.

16.

17.

18.

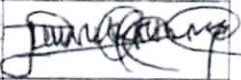

Rethink and refocus the funding model for basic education for optimal results:

Ministry of Education

- Sensitization of parents on importance of paying school fees
- Expedite remittance: Delayed remittance of funds has crippled schools' operations.
- Develop a policy on collection of outstanding balances from parents-withholding of certificates, Include a High School Clearance Certificate as part of Chapter 6 requirements.
- Efficiency in budgetary processes- need to track expenditure to the last coin and enforce accountability.
- Need to engage with PSASB, National Treasury and Ministry of Education on disbursement of funds and actual utilization/accountability of the same.
- Ministry of Education and Treasury should allow for virement and re-allocation of funds to pressing needs

National Treasury

Signatories.**Name**

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MEMORANDUM TO THE NATIONAL ASSEMBLY ON THE BUDGET POLICY STATEMENT 2025

Submitted on 24th, February 2025

Contact Details

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Introduction

The Chapter Six Group is a community-based organization (CBO) based in Nyeri County, established in 2021 to address critical gaps in public finance management (PFM) within the county. As a trusted advocate for fiscal accountability and citizen engagement, the organization is committed to promoting transparency, equitable resource allocation and effective service delivery through budget advocacy. Since its inception, The Chapter Six Group has actively engaged with county government officials, civil society organizations and the public to enhance participation in budget processes and foster informed decision-making.

As a member of the Nairobi-Eastern-Central NEC Regional Budget Hub, the organization collaborates with like-minded stakeholders to amplify advocacy efforts across the region, ensuring that grassroots priorities are reflected in county and national budget policies.

The Chapter Six Group appreciates the opportunity to review and comment on the Budget Policy Statement (BPS) 2025. Below are our key concerns and recommendations:



Summary of key findings and recommendations

1. Impact of an increasing budget

- **Finding:** The national budget is projected to increase by Ksh 285 billion (6.6%) from Ksh 3.978 trillion in 2024/25 to Kshs 4.263 trillion (a reduction from the Draft BPS which was at Ksh 4.485 trillion) in 2025/26, financed by higher taxes and escalating debt levels, burdening citizens and straining fiscal sustainability.
- **Recommendation:**
 - Freeze non-critical expenditure at 2024/25 Supplementary Budget 1 levels at Ksh 3.88 trillion.
 - Conduct audits to curb wastage in MDAs and eliminate inefficiencies.

2. Crowding out effect through increasing net domestic financing

	Approved Budget for 2024/25	Supp Budget 1 2024/25	Projected Budget as at June 30 2025	Target as at Dec 31st 2024	Prel. Actual as at Dec 31st 2024	BPS 2025 Target for 2025/26
Amount	263.2Bn	413.1Bn	582.7Bn	54.9Bn	411.2Bn	684.2Bn

- **Finding:** Net domestic financing has been increasing so rapidly that by Dec 2024, half year, the actual spent was almost double the amount approved for the entire year. The 2025/26 target is two and half times the approved budget figure for 2024/25. This shall lead to a crowding out effect where the government is competing with private businesses in accessing loans from financial institutions and players.
 - **Recommendation:**
 - Reduce expenditure in 2025/26 to 2024/25 actual revenue levels. Live within our means principle
- ### 3. State corporations/Government-Owned Enterprises (GOEs) and pending bills
- **Finding:** The stock of Government guaranteed debt as at end June 2024 was at Ksh 100.165 Billion, which was a decrease from Ksh 170.229 Billion as at end June 2023 due to novation of Kenya Airways debt amounting to Ksh 58.647 Billion and repayment of other guaranteed debt. Twenty-two State Corporations reported non-guaranteed debt amounting to Ksh 78.207 Billion.
 - The cumulative stock of on-lent loans amounted to Ksh 1.072 Trillion. This included loans to Kenya Railways Corporation amounting to Ksh 737.537 Billion which accounted for 68 percent of the total on-lent loans.



- Pending bills among the state corporations remain high, with records showing Ksh 379.816 billion as at 30th June, 2024. The major pending bills include; Unpaid contractors' fees for capital projects, undischarged tax obligations and unremitted employer pension
- **Recommendation:**
 - Hasten the reforming and restructuring of state corporations, the ongoing process.
 - Prioritize completion of ongoing viable projects and publish project details under PPP Act 2021.
 - Implement Public Investment Management (PIM) regulations to improve project management.
 - Expedite settlement of verified pending bills using accrual accounting to track obligations.
 - Enhance the capacity of the High-Level Fiscal Risk Committee to assess and mitigate risks.
- 4. 92% of the increase in the Health budget is in General Administration
 - **Finding:** The Ministry of Health has seen an increase of Kshs 85.638 Billion in 2025/26 as compared to 2024/25. However, a closer analysis shows that Kshs 78.93 Billion of this increase is in the General Administration vote of the State Department for Medical Services. This is 92% of the increase in the MOH budget.

Annex Table 4: Summary of Expenditure by Programmes (Ksh Million) ... Cont'd

Sector Code	Sector/Vote/Programme	Supplementary Estimates No.1					
		2024/25			2025/26		
		Current	Capital	Total	Current	Capital	Total
040	HEALTH	86,828.3	32,028.0	118,856.3	171,948.1	32,546.8	204,494.9
	1082 State Department for Medical Services	64,242.4	27,739.0	91,981.4	145,127.4	27,495.0	172,622.4
	0402000 National Referral & Specialized Services	44,994.6	10,505.2	55,499.8	46,793.0	9,216.0	56,009.0
	0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	1,573.0	14,904.9	16,477.8	1,630.0	15,800.0	17,430.0
	0411000 Health Research and Innovations	3,125.5	280.0	3,405.5	3,224.5	430.0	3,654.5
	0412000 General Administration	14,549.3	2,049.0	16,598.3	93,479.9	2,049.0	95,528.9

Recommendation:

- As General Administration is mainly salaries negotiated during the 2024 medic strikes, fully devolve constitutionally mandated functions and corresponding funds.
- Increase county allocations and earmark additional health funds as conditional grants.



5. Devolution of functions and funds
 - **Finding:** Counties face inadequate funding (10% of the national budget), delays in disbursements, high pending bills (Ksh 181.98 billion) and insufficient health sector allocations despite health being a devolved function.
 - **Recommendation:**
 - Fully devolve constitutionally mandated functions and corresponding funds.
 - Increase county allocations and earmark additional health funds as conditional grants.
 - Establish a structured plan to clear pending bills, including pension arrears and KEMSA obligations.
 - Strengthen county financial systems and ensure timely budget disbursements.
6. Salaries and wages increasing by Kshs 68.9 billion (and Kshs 32 billion from Draft BPS 2025)
 - **Finding:** Public sector wages consume a huge percentage of domestic revenues, with salaries and wages projected to increase from Ksh 613.6 billion in the Approved Budget 2024/25 to Ksh 682.5 billion in FY 2025/26, an increase of Kshs 68.9 billion (11%).
 - However, in the BPS 2025 approved by cabinet and submitted to Parliament, the figure has increased to Kshs 682.5 Billion as compared to Kshs 650.9 billion in the Draft BPS 2025. No explanation has been given for the Kshs 32 billion increase.
 - **Recommendation:**
 - Cut non-essential expenditures and review wage policies to align with fiscal realities.
7. Focus on social public goods
 - **Finding:** Demand for social protection in health and other public goods has surged, with expenditures in this area exceeding allocations by 116% in FY 2023/24.
 - **Recommendation:**
 - Increase funding for health, social protection and education to address growing needs.
 - Strengthen oversight systems for efficient utilization of funds.
 - Target resources toward impactful social intervention programs and revise sectoral budgets based on emerging demands.
8. Social development and children services lose 25% of their budget
 - **Finding:** The program had an Approved recurrent budget of Kshs 4.665 billion in 2024/25, however, the BPS 2025 submitted in parliament has slashed this budget by



Kshs 1.175 billion or 25% of its budget. This will adversely affect programs targeting vulnerable children.

- **Recommendation:**
 - Part of the Kshs 6 billion increase in the National Social Safety Net program should go to reinstate funding at the children program.

Detailed analysis to support the above key findings and recommendations

1. Impact of an increasing Budget

The steady increase in the national budget has been financed through higher taxes and escalating debt levels. This trajectory has significantly burdened citizens and raised the public debt stock, straining fiscal sustainability. For instance, in the BPS 2025, the budget is increasing from Kshs 3.978 Trillion (projected) in 2024/25 to Kshs 4.263 Trillion in 2025/26. This is an increase of Kshs 285 Billion in absolute terms or a 6.6% increase in the budget.

What is notable is that the total expenditure has reduced as compared to the Draft BPS at Kshs 4.485 trillion. However, the approved expenditure 2024/25 was Kshs 3.992 trillion which dropped to Kshs 3.880 trillion in supplementary budget 1 and then projected to increase to Kshs 3.978 trillion by end of year.

This shows that the country is struggling to keep up expenditure in such harsh economic times and an increasing debt burden. It is worrying thus to see that the cabinet has approved an even higher expenditure target for 2025/26 at Kshs 4.263 trillion.



Table 2.5 b: Fiscal Framework

	FY 2022/23	FY 2023/24	FY 2024/25			FY 2025/26
	<i>Actual</i>	<i>Actual</i>	<i>Budget Estimates</i>	<i>Suppl. 1 Budget</i>	<i>Proj.</i>	
	<i>Amount in Ksh Billion</i>					
TOTAL REVENUE	2,355.1	2,702.7	3,343.2	3,060.0	3,065.2	3,385.8
Ordinary revenue	2,041.1	2,288.9	2,917.2	2,631.4	2,580.9	2,835.0
Ministerial Appropriation in Aid	313.9	413.7	426.0	428.6	484.3	550.7
TOTAL EXPENDITURE AND NET LENDING	3,221.0	3,605.2	3,992.0	3,880.8	3,978.3	4,263.1
Recurrent	2,311.6	2,678.1	2,811.9	2,826.2	2,946.3	3,096.3
Development	493.7	546.4	701.5	599.5	586.3	725.1
Country Transfer	415.8	380.4	444.5	451.1	445.6	436.7
Contingency Fund	-	-	4.0	4.0	-	5.0
BALANCE EXCLUDING GRANTS	(865.9)	(902.5)	(648.8)	(820.9)	(913.1)	(877.3)
Grants	23.1	22.0	51.8	52.3	50.3	46.2
BALANCE INCLUSIVE OF GRANTS	(842.9)	(880.5)	(597.0)	(768.6)	(862.7)	(831.0)
Adjustment to cash basis	37.0	45.1	-	-	-	-
BALANCE INCLUSIVE OF GRANTS(cash basis)	(805.8)	(835.1)	(597.0)	(768.6)	(862.7)	(831.0)
<i>Discrepancy</i>	<i>(35.5)</i>	<i>(16.3)</i>	-	-	-	-
TOTAL FINANCING	770.3	818.3	597.0	768.6	862.7	831.0
Net Foreign Financing	310.8	222.7	333.8	355.4	280.1	146.8
Net Domestic Financing	459.5	595.6	263.2	413.1	582.7	684.2
Nominal GDP (Fiscal year)	14,299.2	15,826.4	18,054.3	18,053.7	17,434.5	19,272.8

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We recommend:

- **Holding expenditure at 2024/25 Suppl 1 levels:** The government should freeze any non-critical expenditure and maintain budgetary allocations at the Supplementary Budget 1 levels of 2024/25. This approach will limit further borrowing and reduce pressure on taxpayers.
- **Curbing wastage at Ministries, Departments and Agencies (MDAs):** Conduct a comprehensive audit to identify and eliminate inefficiencies, redundancies and non-essential spending within MDAs. For example, expenditure on luxury items, unnecessary travel and duplicative programs should be curtailed as stated below from the BPS 2025;



1.3.11 Governance

127. Corruption including wastage of public resources remain serious threats to the realization of the aspirations of the Bottom-Up Economic Transformation Agenda. To strengthen the framework for governance and anti-corruption including improving accountability and transparency, the Government has implemented a number of reforms that include:

- i) Published the Kenya's Access to Information (General) Regulations in 2023 that guides on the procedure for proactive disclosure of information by public entities and private bodies; and the procedure for requesting access to information thereby improving access to information by the public;
- ii) Developed the Conflict-of-Interest Bill in line with best practices, to ensure responsible use of public funds would help elevate trust in government and public financial management. The Governance shall fast track enactment of the Bill that is currently being reviewed by a

BPS 2025 pg 36

- **Enhancing fiscal discipline and accountability:** Strengthen monitoring and evaluation frameworks to ensure that public funds are utilized effectively and that value for money is achieved. Tools like the Integrated Financial Management Information System (IFMIS) should be leveraged to track spending in real-time.

- The Sector report has included all Stakeholders in the Education Sector including the Parents. The report has been posted in the National Treasury website for access by the Public and every stakeholder
- The Ministry of Education has been carrying out monitoring of its programmes though not to the expected levels due to resource constraints. The Ministry appreciates the need to strengthen monitoring. In the FY 2025/26, The State Department for Basic Education has been allocated Ksh 600 million under Quality Assurance and audit services at the County level to ensure follow up on utilization of funds and also ensure quality delivery of education

BPS 2025 pg 147

- **Prioritizing essential services:** Redirect resources toward critical areas such as health, education and social protection, which have direct and immediate impacts on citizens' well-being.



The National Treasury committed to ensure that MDAs prioritized projects for completion by consolidating thinly spread allocations to high impact priority projects. The details of the projects to be completed in the FY 2023/24 were to be submitted alongside the FY 2023/24 Budget Estimates but not available to the public.

2. Crowding out effect through increasing net domestic financing

	Approved Budget for 2024/25	Supp Budget 1 2024/25	Projected Budget as at June 30 2025	Target as at Dec 31st 2024	Prel. Actual as at Dec 31st 2024	BPS 2025 Target for 2025/26
Amount	263.2Bn	413.1Bn	582.7Bn	54.9Bn	411.2Bn	684.2Bn

The above shows that net domestic financing has been increasing so rapidly that by Dec 2024, half year, the actual spent was almost double the amount approved for the entire year. The 2025/26 target is two and half times the approved budget figure for 2024/25. This shall lead to a crowding out effect where the government is competing with private businesses in accessing loans from financial institutions and players.

We recommend:

- **Holding target at 2024/25 Approved Budget levels:** The government should freeze any non-critical expenditure and maintain budgetary allocations at the Approved Budget levels of 2024/25. This approach will limit further borrowing and reduce the crowding out effect.

3. State corporations/ Government Owned Enterprises (GOEs) and pending bills

The stock of Government guaranteed debt as at end June 2024 was at Ksh 100.165 Billion, which was a decrease from Ksh 170.229 Billion as at end June 2023 due to novation of Kenya Airways debt amounting to Ksh 58.647 Billion and repayment of other guaranteed debt. Twenty-two State Corporations reported non-guaranteed debt amounting to Ksh 78.207 Billion.

The cumulative stock of on-lent loans amounted to Ksh 1.072 Trillion. This included loans to Kenya Railways Corporation amounting to Ksh 737.537 Billion which accounted for 68 percent of the total on-lent loans.

Pending bills among the state corporations remain high, with records showing Ksh 379.816 billion as at 30th June, 2024. The major pending bills include; Unpaid contractors' fees for capital projects, undischarged tax obligations and unremitted employer pension



We recommend:



- **Hasten the process of reform and restructure of SCs:** This is aimed at increasing the Country's fiscal space by reducing Corporations' overreliance on the National Exchequer therefore, creating room for the Government to undertake priority projects and programmes; merger of forty-two SCs to form twenty SCs; nine SCs identified for dissolution and transfer of mandate back to Ministries/other SCs; sixteen SCs with outdated mandates or the good/service can be supplied by the private sector are proposed for Government divestiture/dissolution; four public funds categorized as SCs need to be declassified and reverted back to the Ministry with a strengthened/more focused governance structure that will apply to all public funds; and all professional bodies and welfare societies categorized as SCs need to be declassified and recognized as private entities with no national exchequer support;
- **Completion of ongoing and viable projects:** Prioritize completion of ongoing and viable stalled projects to avoid escalating costs and unutilized infrastructure.

Contracting Authorities shall also be required to publish all intended and ongoing projects in line with Section 43 and 69 of the PPP Act of 2021.

69. (1) A contracting authority shall, on the execution of a project agreement, publish in at least two newspapers of national circulation and electronic media the results of the tender and the following information—

Publishing information on execution of project agreements.

- (a) the nature of the project and key terms of the project agreement;
- (b) the works to be developed or public services to be performed under the project;
- (c) the successful bidder;
- (d) the amount of any public funds committed to the project;
- (e) the project tariff, if applicable;
- (f) any government support measures provided to the project;
- (g) the social and economic benefits of the project;
- (h) the duration of the project;



The Government should continue to implement the Public Investment Management (PIM) Regulations. Government Ministries, Departments and Agencies (MDAs) will be required to complete ongoing projects before starting new ones, thereby minimizing the Government's exposure to stalled initiatives and reducing fiscal risks.

The National Government should begin to roll out the PIM Regulations to County Governments and enhance the capacity of the Public Investment Management Information System (PIMIS) across all Ministries, Counties, Departments and Agencies (MCDAs) to improve the management of development projects in all sectors. All State Departments, Semi-Autonomous Government Agencies (SAGAs) and State-Owned Enterprises (SOEs) will be required to provide a comprehensive list of all their projects.

- **Accrual basis and the settlement of verified pending bills:** Expedite payment of verified pending bills to contractors, service providers, and other creditors to enhance liquidity in the economy and restore trust in government processes.

Currently, the National Government MDAs and County Governments do not recognize pending bills as payables in their balance sheet since they are on cash basis of accounting. Accrual Accounting will enhance the management of pending bills as it will require pending bills at each reporting period to be recognized in the balance sheet. This will facilitate subsequent tracking of payments against the bills by the Accounting Officers and facilitate decisions on long outstanding bills. It will also make it possible to apply the law on the first charge of the budget to pending bills. In addition, information on pending bills will also be easily available at any given point in time.

- **Strengthening the high-level fiscal risk committee:** Enhance the capacity of the committee to regularly assess fiscal risks, including those posed by state corporations, and implement risk mitigation strategies. The National Treasury spearheads a review of the State Corporations and Semi-Autonomous Government Agencies (SAGAs) with a view of rationalization to remove overlaps, duplication and redundancies.

4. 92% of the increase in the Health budget is in General Administration

The Ministry of Health has seen an increase of Kshs 85.638 Billion in 2025/26 as compared to 2024/25. However, a closer analysis shows that Kshs 78.93 Billion of this increase is in the General Administration vote of the State Department for Medical Services. This is 92% of the increase in the MOH budget.

Recommendation:



- As General Administration is mainly salaries negotiated during the 2024 medic strikes, fully devolve constitutionally mandated functions and corresponding funds.
- Increase county allocations and earmark additional health funds as conditional grants.

Annex Table 4: Summary of Expenditure by Programmes (Ksh Million) ... Cont'd

Sector Code	Sector/Vote/Programme	Supplementary Estimates No. 1					
		2024/25			2025/26		
		Current	Capital	Total	Current	Capital	Total
040	HEALTH	86,828.3	32,028.0	118,856.3	171,948.1	32,546.8	204,494.9
	1082 State Department for Medical Services	64,242.4	27,739.0	91,981.4	145,127.4	27,495.0	172,622.4
	0402000 National Referral & Specialized Services	44,994.6	10,505.2	55,499.8	46,793.0	9,216.0	56,009.0
	0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	1,573.0	14,904.9	16,477.8	1,630.0	15,800.0	17,430.0
	0411000 Health Research and Innovations	3,125.5	280.0	3,405.5	3,224.5	430.0	3,654.5
	0412000 General Administration	14,549.3	2,049.0	16,598.3	93,479.9	2,049.0	95,528.9

5. Devolution of functions and funds

Devolution was designed to progressively transfer constitutionally mandated functions and funds to counties. However, counties currently receive only about 10% of the national budget, which undermines their capacity to deliver services at the grassroots level.

Findings:

- **Inadequate allocation:** Counties reported significant challenges in funding critical functions like health and agriculture due to delayed and insufficient disbursements according to the COB report 2023/24.
- **Health sector budgeting:** The BPS 2025 shows the national health recurrent budget doubling from Kshs 86 billion in 2024/25 to Kshs 171 billion in 2025/26. Health is a devolved function, yet this increase has not been earmarked as conditional grants for counties.

Table 3.2: Summary of Budget Allocations for the FY2025/26 – 2027/28 (Ksh Million)

Code Sector		Supplementary Estimates No.1	2025 BPS				Supplementary Estimates No.1	% Share in Total Ministerial Expenditure			
			2024/25	2025/26	2026/27	2027/28		2024/25	2025/26	2026/27	2027/28
			040	HEALTH	Sub_Total	118,856.3		204,494.8	214,783.7	231,034.0	5.2
		Rec_Gross	86,828.3	171,948.0	176,241.7	184,864.0	5.2	9.3	9.0	8.4	
		Dev_Gross	32,028.0	32,546.8	38,542.0	46,170.0	5.0	4.6	4.3	4.7	



BPS 2025 pg 65



- **Pending bills:** By June 30, 2024, counties accumulated pending bills amounting to Ksh 181.98 billion, an increase of Ksh 17.22 billion from the previous period. Additionally, pension-related bills rose significantly, with counties owing over Ksh 91 billion to three pension schemes as of October 2024.
- **Supply chain challenges:** Counties' inability to clear outstanding bills with entities like KEMSA has hampered critical

5.2. Delay in Funding MDAs and County Governments

A review of MDA reports submitted to the Office of the Controller of Budget attributed low budget absorption to a delay in the release of funds and issuance of authority to spend appropriation-in-aid collected to implement planned activities. The delay in disbursing funds is attributed to the tight cash flow position occasioned by a shortfall in receipts into the Consolidated Fund, which was 89 per cent of the target of Kshs.4.26 trillion, indicating a shortfall of Kshs.466.71 billion.

service delivery, including access to essential medicines.

- **Office of the Controller of Budget:** Below is a snippet from the 2023/24 report

COB 2023/24 pg 148

Recommendations:

1. Full devolution of functions:

- Expedite the transfer of all constitutionally mandated functions to counties as committed in BPS 2025.
- Provide corresponding funds to ensure these functions are adequately supported.

Below is a snippet from the BPS 2025 on strengthening devolution where in the fourth line the government is committing to completion of the transfer of all functions constitutionally earmarked for counties. However, an analysis of the draft ceilings for certain devolved functions like Health shows a different direction taken as shown in the subsequent snippet;



127. Over the medium term, the National Government will continue disbursing funds to counties in a more efficient and timely way; and supporting counties to improve their capacity to generate their own source revenue reduce over-reliance on transfers from the National Government. Government will also complete transfer of all functions constitutionally earmarked to counties and develop a framework for ensuring that state-owned firms carrying out devolved or shared functions adhere to the principles of governance and ensure that the principle of funding-follows-functions is adhered to with respect to all devolved functions. Further, the Government will enhance intergovernmental cooperation and consultations through the intergovernmental sector forums, convening Intergovernmental Budget and Economic Council and Summit meetings that facilitate coordination of both levels of Government, and internally within counties and National Government institutions.

BPS 2025 pg 38

2. Increase budget allocation:

- Increase the share of funds allocated to counties, reflecting their expanded responsibilities.
- Ensure the additional funds in the health budget are disbursed as conditional grants to counties.

In support of increasing health allocation at county level, I draw attention to this MOH analysis http://guidelines.health.go.ke:8000/media/FY_2023-2024_Kenya_National_and_County_Budget_Analysis_Dec_2024.pdf that indicates that in FY2023/24 the MOH allocation was higher than the total 47 counties allocation to health. MOH allocation was Kshs 141 Billion while the combined allocation was Kshs 280Billion, which is 50.1%. The National government should either take up the human resource function, essential drugs supply and infrastructural development or fully release monies for devolved functions.

3. Clearing pending bills:

- Establish a structured plan for counties to clear verified pending bills, including pension arrears and payments to KEMSA.
- Link future disbursements to performance in addressing pending bills.

4. Improved budget disbursement:

- Address delays in fund disbursement to counties, as these hinder the effective delivery of essential services. The Controller of Budget recommends that the government enhance revenue mobilisation by widening the tax base through initiatives such as supporting economic production. This will create employment and thereby increase the number of taxpayers. Additionally, the National Treasury should streamline cash planning to ensure that funds to MDAs and County Governments



are released on time based on the approved work plans and the cash flow projections. The National Treasury should also grant authority to MDAs to spend collected A-I-A in time to enhance effective budget implementation.

5. Capacity building for counties:

- Strengthen county financial management systems to improve accountability and efficiency in resource utilization.
- Support the rollout of systems like the Comprehensive Integrated Health Information System to enhance transparency in health service delivery.

6. Salaries and wages increase by Kshs 68.9 Billion

The government must rationalize spending, especially during a period of economic difficulty. Increasing salaries and wages at this time exacerbates fiscal strain and reduces resources available for priority programs.

Below is a snippet from the Draft BPS 2025 showing that salaries and wages were projected to increase from Kshs 602.7 Billion to Kshs 650.9 Billion. However, in the BPS 2025 (next snippet) approved by cabinet and submitted to Parliament, the figure has increased to Kshs 682.5 Billion.

Annex Table 2: Government Fiscal Operations, Ksh Billion

	2022/23	2023/24	2024/25		2025/26	
	Act.	Act.	Budget Estimates	Suppl. 1 Budget	BROP 2024	BPS 2025
O/W: Wages & Salaries	539.6	575.3	613.6	602.7	650.9	650.9



Annex Table 2: Government Fiscal Operations, Ksh Billion

	2022/23	2023/24	2024/25			2025/26	
	Act	Act	Budget Estimates	Suppl. 1 Budget	Proj	BROP 2024	BPS 2025
O/W Wages & Salaries	539.6	575.3	613.6	602.7	650.0	650.9	682.5

BPS 2025 pg 122

We recommend:

- Implementing spending cuts in non-essential areas.
- Reviewing wage policies to align with fiscal realities.

7. Focus on social public goods

Amidst prevailing economic challenges, greater attention must be directed toward health, social protection, education, and other social public goods. These sectors are critical for supporting vulnerable Kenyans and fostering societal well-being.

The Office of the Controller of Budget (OCOB) Report 2023/24 highlights that the Social Protection in Health sub-program exceeded its allocated budget, with expenditures reaching 116% of both recurrent and development allocations, even after a budget revision. This reflects an increasing demand for social protection interventions from the citizenry.

Table 4.27: Health Sector's Performance by Programme

Programmes	Sub-Programmes	Revised Approved Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Absorption Rate (%)
		Recurrent	Development	Total	Recurrent	Development	Total	
State Department for Medical Services								
	Social Protection in Health	7,174.77	12,948.00	20,122.77	7,535.02	15,867.46	23,402.48	116

COB 2023/24 pg 121

Additionally, the report emphasizes that social protection in health is among the highest expenditure areas in the health sector, underscoring the need for enhanced resource allocation to sustain and expand social interventions.



Table 4.28: Health Sector Projects with the Highest Expenditure

Programme	Project Name (a)	Project Commencement Date (b)	Expected date of Completion of the Project (c)	Source of Funds (d)	Estimated Value of the Project (Kshs. Million) (e)	Total Funding FY 2023/24 (Kshs. Million) (f)*	Actual Expenditure FY 2023/24 (Kshs. Million) (g)*	Cumulative Expenditure as of 30th June 2024 (Kshs. Million) (h)*	Percentage (%) of Completion (i=h/e)
Social Protection in Health	Free Maternity Program (Strategic Intervention)	10/07/2013	10/07/2026	GoK	70,088.00	4,098.00	4,098.00	42,635.30	61

COB 2023/24 pg 121

Recommendations:

1. **Increase budgetary allocations:** Prioritize higher funding for health, social protection, and education sectors to address growing demand and improve service delivery.
2. **Strengthen financial oversight:** Implement robust monitoring and evaluation systems to ensure efficient and transparent utilization of funds in these sectors.
3. **Target social intervention programs:** Channel additional resources toward specific programs, such as social protection in health, which demonstrate significant impact and align with citizen needs.
4. **Enhance responsiveness:** Continuously assess and revise sectoral budgets to reflect emerging demands and ensure that allocations remain relevant and impactful.

8. Social development and children services lose 25% of their budget

The program had an Approved recurrent budget of Kshs 4.665 billion in 2024/25, however, the BPS 2025 submitted in parliament has slashed this budget by Kshs 1.175 billion or 25% of its budget. This will adversely affect programs targeting vulnerable children.

○ **Recommendation:**

- Part of the Kshs 6 billion increase in the National Social Safety Net program should go to reinstate funding at the children program.



Annex Table 4: Summary of Expenditure by Programmes (Ksh Million) ... Cont'd

Sector Code	Sector/Vote/Programme	Supplementary Estimates No. 1					
		2024/25			2025/26		
		Current	Capital	Total	Current	Capital	Total
090	SOCIAL PROTECTION, CULTURE AND RECREATION	45,280.7	23,661.5	68,942.2	52,142.8	26,643.0	78,785.8
	0908000 Social Development and Children Services	4,665.2	-	4,665.2	3,490.2	183.0	3,673.2

Conclusion

The BPS 2025 presents an opportunity to address key fiscal and governance challenges. Incorporating the above recommendations will ensure that the budget is equitable, sustainable and responsive to the needs of all Kenyans. **The Chapter Six Group** remains committed to supporting the National Assembly in achieving these objectives.

Signed,

Nelson Maina]

Founder, The Chapter Six Group

MEMORANDUM
ON THE 2025 BUDGET POLICY STATEMENT
ON THE MATTER OF SCHOOL MEALS
SUBMITTED TO THE NATIONAL ASSEMBLY
SUBMITTED BY WORLD VISION KENYA

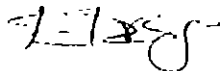
We recall that in 2024 the President of the Republic of Kenya made a commitment to the people of Kenya and the Global School Meals Coalition that the Government of Kenya is to triple budgetary allocation for school meals and set a clear goal: to expand the programme's coverage from 2.6 million to 10 million children by 2030. In this regard, the Government of Kenya already developed and launched **The Operational Plan (2024 - 2030) to scale up school meals.**

We therefore recommend that 2025 Budget Policy Statement should

1. Demonstrate the Government of Kenya's commitment on scaling up school meals programme to reach 10 million learners by 2030
2. Include a forecasted budget allocation for the implementation of the costed Government of Kenya's Operational Plan (2024 - 2030) to scale up school meals
3. Include a commitment on the timelines for the finalization of the Kenya School Meals Policy
4. Include an emphasis that County Governments should prioritize School Meals in their 2025 County Fiscal Strategy Papers (CFSP) as would be aligned to the 2025 Budget Policy Statement

Submitted on 24th February 2025

Contact person



Elijah Bonyo
Director, Policy and Advocacy
World Vision Kenya
E-mail: elijah_bonyo@wvi.org
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**TO: NATIONAL TREASURY,
THRO' THE CLERK, NATIONAL ASSEMBLY, KENYA.
FROM: CITIZEN VOICE AND ACTION, FUNYULA
P.O BOX 50406-311
FUNYULA-KENYA
DATE;22TH FEB 2025**

SUBJECT; SUBMISSION TO THE NATIONAL TREASURY ON BUDGET POLICY STATEMENT FY2025/2026 AND MEDIUM -TERM BUDGET ACCORDANCE TO ARTICLE201[A] OF THE CONSTITUTION OF KENYA,2010 AND SECTION36 OF THE PUBLICFINANCE MANAGEMENT ACT 2012 CONSTITUTION OF KENYA 2010.

Citizen voice and action is a platform that brings together community members of highly trained on matters pertaining budget advocacy and civic education within Funyula constituency with aim of enhancing budget transparency and community participation.

EDUCATION

1. EQUIPPING AND LEARNING MATERIALS FOR JUNIOR SECONDARY SCHOOLS

The constitution of Kenya 2010, article 53[b and c] states clearly that every child has the right to free and compulsory basic education, basic nutrition, shelter and health care. According our current evaluation we noted numerous challenges that includes, understaffing of teachers [2] per school, lack of enough learning materials inadequate classroom and re-introduction of feeding programme within public schools. Due to these challenges, we are recommending the ministry of education to be reallocated enough funds to enable it address above issues highlighted above

2. OPENING OF CROSS BOARDER POINT AT MULWANDA

These will create job opportunities; it will enhance easy transportation of goods and services across East Africa. We recommend the national treasury to allocate funds towards opening these boarder point.

3. IMPROVEMENT OF MULWANDA GENNERY

If the above ginnery can be improved and equipped with modern equipment these will create job opportunities among youths and availability of read market to cotton farmers. we therefore recommend the national treasury to adopt our request by allocating funds during *FY 2025 /26* budget.

CONCLUSION

It is our view that above matters as raised through our memorandum will be addressed to enhance budget transparency and comprehensiveness in our budget documents. Should there be a need for clarification, kindly reach the undersigned for further information.

Find the attached list of contributors

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From: Claire <clairenmbr@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 4:18 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

1. **Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
2. **Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
3. **Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
4. **Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
5. **Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

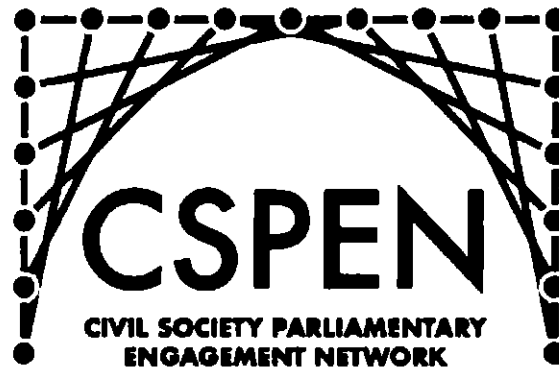
Thank you for your attention to this matter.

Yours faithfully,
Claire Mwangi



Reply





**Memorandum to the Budget and Appropriations
Committee on the Budget Policy Statement 2025**
Submitted on Monday, February 24, 2025

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Introduction

The Civil Society Parliamentary Engagement Network (CSPEN) is a forum for Non-state Actors, bringing together civil society organizations, professional associations, think tanks and research institutions whose programme areas involve working with the legislature. The network was established in 2019 as a joint initiative of the Westminster Foundation for Democracy and Mzalendo Trust to provide a coordinated engagement with the Kenyan legislature, its committees and members in their oversight, legislation, and representation roles. Broadly, CSPEN seeks to engage with the legislature to ensure that legislative output meets the constitutional requirements of leadership, accountability, and integrity and is reflective of and aligns with the broader public interest.

Currently, CSPEN has a Membership of Thirty-Four National Civil Society Organizations, and the priority areas are guided by the design and architectural framework of the parliamentary committees of the 13th Parliament ranging from, Public Finance Management (PFM) and Devolution; Inclusion and Representation; Leadership and Integrity; Human Rights and Access to Justice; Public Participation & Service Delivery; Climate Justice and Environmental democracy.

The Budget Policy Statement (BPS) is arguably one of the most important budget documents released by the national government each financial year. The BPS contains a broad exposition of the national government's policy priorities over the medium term and defines its fiscal and monetary stance in relation to these priorities. The BPS also begins to define the budget for the coming financial year, particularly with regards to what the government expects to allocate in expenditure to different sectors and how it expects to finance this expenditure.

Furthermore, the BPS speaks to how devolution as a system of functioning or software for government will play out over the medium term. In this respect, the BPS is a crucial precursor to the successful and equitable delivery of public services at the national and county level, particularly to the extent that it sets out the overall revenue sharing framework between both levels of government. The submissions contained in this memorandum seek to provide considerations for the Committee to make in deliberation of the Budget Policy Statement of 2025.

Submissions

General Submissions

1. **Fiscal Performance:** On revenue performance, the draft budget policy statement points revenue underperformance as the main challenge affecting OSR growth in 2024. Illustratively, Value Added Tax reported a shortfall of KES 71.6 billion while excise duty reported a revenue shortfall of Ksh 11.7 billion. This derails the implementation of The Medium-Term Plan IV of Vision 2030. Addressing these revenue gaps could go a long way in realization of revenue targets in realization of development agenda to spur economic development. Under the health sector for example, the government commitment to the right to the highest quality of health as enshrined under Article 43 (a) of the Constitution of Kenya can best be realized when it is able to generate adequate revenue. Also, under the Bottom-Up Economic Transformation Agenda, the government prioritizes provision of equitable, accessible, affordable and quality healthcare. Despite recent strong economic growth in the country, many Kenyans face financial barriers in accessing healthcare and only 20 percent of Kenya's population have health insurance, with most of them being employed in the formal sector. Deepening this problem is the proliferation of products that erode health budgets and this includes tobacco, nicotine and new generation products. These products are used by young children from age 7 and deepen the non-communicable disease burden (put a link for NTA's report on this). Kenya is also signatory to the WHO Framework Convention of Tobacco Control, that proposes tax to the retail selling price of these products to 70%. Kenya is currently at 35%. This means that Kenya has a range of 35% of excise tax on tobacco and nicotine products, that will greatly contribute to addressing the 11.7 Billion shortfall in excise taxes. Additionally, the British American Tobacco Company has recently been singled out to have fraudulently denied Kenya \$28 million in taxes based on a report by [The analysis](#), written by [The Investigative Desk](#), published by the University of Bath's [Tobacco Control Research Group](#) (TCRG), in collaboration with [Tax Justice Network Africa](#). The current tax rates of these products based on the tax Amendments Law,

2024 is as highlighted below, which is grossly lower than the internationally accepted standards:

2. **2.4.2 Expenditure Reforms:** The implementation of austerity measures poses a negative long-term effect on citizens' universal access to social services such as healthcare and education which will further predispose the marginalized and the vulnerable communities. While austerity measures broadly instrument a cut in public expenditure with apparent return in addressing budget deficits; the removal of fundings to these critical public sectors will instead worsen the situation in the long run. The lack of access to services will result in adverse realities of privatization of basic social services. Therefore, expenditure reform needs to be conscious of the pressing needs and realities affecting citizens. Therefore, such measures should reflect expenditure cuts in expenditures without direct benefit to the citizens such as fundings to offices of salaried state officers, travel allowances and per diems and not affect pro-poor access to social services.
3. **2.5.3 Compliance with the Requirement to use National Government's Borrowings only for Financing Development Expenditure:** In accordance with section 15 (c) of the PFM Act, 2012 on fiscal responsibility principles, the national treasury must ensure that ALL borrowings are channelled to development expenditure to ensure sustainable use of the borrowed funds.
4. **338 Integrated County Revenue Management Systems:** Pursuant to Article 190 and Article 201 of the constitution of Kenya and in line with Section 12 of the PFM Act, 2012; the National treasury should ensure effective domestic revenue mobilization and promotion of accountability and transparency in regard to public finances among the county governments. Therefore, there is a need for technical support to county governments to promote open revenue reporting through the use of technology as part of the general responsibilities of the National Treasury on effective OSR reporting. This will establish a taxpayer-friendly interface on revenue monitoring and act as a bridge towards promotion of transparency/open revenue reporting, accountability, strengthening taxpayer confidence, enhancing taxpayer compliance, and improved county OSR capacities.

Sector Specific submissions

Education Sector

1. The BAC should ensure that the triple threat campaign to eradicate the (HIV and AIDS infections, early teenage pregnancies and Sexual and

Gender-based Violence) against adolescents by 2027 remains a priority for the government to ensure its operationalization through upcoming allocations and implementation. An action plan on this campaign was launched by the Ministry of Health in 2024.

2. There needs to be more specificity on the education sector's priorities on Special Needs Education (SNE) and the school feeding programme within the BPS 2025. The Presidential Working Party submitted an Education Reforms Report that highlighted Special Needs Education (SNE) and the school feeding programme as strategic priorities for the sector. Although mentioned in the BPS 2025, there is need for more specificity on what exactly the sector aims to prioritize within these issues. According to the report there is a need to adopt the Differentiated Unit Cost approach when it comes to the allocations in SNE.

SNE is funded using a weighted single, flat model where students with disabilities generate the same amount of funding. This approach has been criticised for not considering the diversity of needs arising from different disabilities, hence a uniform allocation that is unfair and hinders access, quality and retention. The Sector Policy for Learners and Trainees with Disabilities (MoE, 2018) proposed a Differentiated Unit Cost (DUC) approach for funding Special Needs Education, although this is yet to be operationalised.

Source: Report of the Presidential Working Party on Education Reforms 2023

With the complete transfer of the national school feeding programme to NACONEK, the government should still rethink and consider learners outside ASAL areas that are in need of the programme due to different factors such as climate change and poverty.

3. **The BPS 2025 should provide clarity on how bursaries and scholarships will be streamlined in the education sector.** Bursaries and scholarships remain a key driver in the financing of education, especially among the underprivileged learners. However, there remains a lot of misalignment and fragmentation in their issuance at both national and county level, causing them to be offered to those that do not qualify or multiple offers to an individual student. The streamlining of these financing channels needs to be a priority in the education sector yet not highlighted in the BPS 2025. There is a need for a crosscutting policy that guides the issuance of bursaries and scholarships to ensure transparency and accountability.
4. **Despite the hurdles within the implementation of the new university funding model, it is not highlighted as a priority in the BPS.** Its proper

and streamlined implementation, especially the band placement of students, should be a focus to ensure that deserving students are not locked out of the model or wrongfully placed within the bands.

5. **BPS 2025 contains a wide range of priorities for the education sector, most of which do not contain the depth required for stakeholders to understand and assess. There** is a need to rethink some of the priorities such as the introduction of coding in schools. Although great additions to the sector, other challenges such as the implementation and operationalization of CBC in all public schools should be prioritized and addressed.

Competency Based Education. The Government will also prioritise the teaching and learning of digital skills, including coding, from the primary school to tertiary education, including TVET institutions; as well as developing and operationalizing the National Skills Management Information System; and Integrated Higher Education Information Management System.

Source: BPS 2025, EDUCATION SECTOR

Health Sector

1. **The BAC should seek clarity on the responsiveness of the BPS 2025 Health Sector ceilings to the recent cut in foreign aid to the health sector - estimated to cause a gap of Ksh 30.9 billion.** The withdrawal of funding from USAID is anticipated to have a cross-cutting effect in the sector, adversely affecting allocations to TB, HIV and AIDS medication. The BPS 20205 should provide mitigation measures to be taken in preventing shortages to such crucial medications.
2. **The health sector ceiling in FY 2025/26 is Ksh 204.5 billion an Ksh 85.6 billion increase from the previous 118.9 billion allocation in the previous financial year. However, there is no narration on the BPS on the specific reason behind this significant increase in the budget.** The priorities highlighted in the sector are not specific and in depth in their description calling for a more detailed delivery to ensure effective allocations and implementation. An example is the new insurance fund (SHA), which still faces numerous challenges in its implementation, with much patient diversity affected by its delays in operation. The government should prioritize its smooth implementation and onboarding of all health providers on its operation.
3. **According to the report by the Taskforce on Mental Health 2020, there is no evidence that the allocation to mental health has changed from 15**

cents per capita to the proposed 250 shillings per capita. With issues of mental illnesses making up to 13% of the disease burden in Kenya according to the Mental Health Taskforce, there is a need for the government to prioritize mental health in line with the existing policies such as the Mental Health Action Plan through increased allocation and focused implementation.

- **Only 0.01% of the national health budget is allocated to mental health.**
- **Kenyans have been forced into poverty due to payment for mental healthcare through out-of-pocket.**
- **The recommended amount of money that ought to be spent on mental health is KES 250 per capita but Kenya is spending 15 cents.**

Source: Kenya Taskforce on Mental Health Report, 2020

Governance, Justice, Law and Order

1. **There is an existing gap in the effective prosecution of money laundering cases due to the lack of capacity in the court system.** With this, most money laundering cases are often dropped unless in the few cases where the money is retrieved, leading to inefficiency within the court system. The government should thus prioritize capacity building on the prosecution of money laundering cases within the system to uphold justice and proper prosecution of offenders.
2. **The BPS 2025 highlights the protection of whistleblowers but does not specify how this will be achieved as a priority.** There should be a mention on the specific amendments that the sector aims to carry out to ensure better protection of whistle-blowers. Additionally, the government should consider appointing an agency that can be a proper custodian of the act, to ensure its allocation, implementation and sustainability.

iii) To make it easier and safer for citizens and whistle-blowers to come forward and report corruption and economic crimes, the Government shall consider relevant amendments to the Witness Protection Act to enhance appropriate incentives; and

Source: BPS 2025

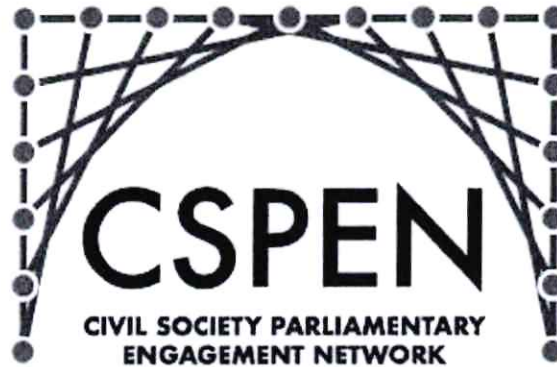
3. **Following the 2024 Gen-Z led protests, the government requested for a governance diagnostic by the IMF on issues of corruption and governance.** These assessments and reports should be prioritized with the sector to ensure that matters around corruption and wastage of public resources are addressed in the country.
4. **The National Taskforce on Police Reforms released a report that contained specific recommendations that the sector is yet to operationalize yet remain crucial in enabling the efficient running of the sector.** The report should be used to address the priorities in the upcoming financial year by making them more specific and focused on the direct issues that keep persisting in the sector.

the Taskforce recommends complete harmonisation of the remuneration within the sector while maintaining the pecking order. To this end, and to harmonise it with those of the other Disciplined and Security Services, the Taskforce has recommended that the basic salary of the members of the three Services be raised by 40 per cent at the lowest constable level with a decompression ratio, based on the current salary, achieving a 3 per cent increment in basic salary at the highest rank. The new remuneration structure should be implemented in three (3) phases from 1st July, 2024.

Source: National Taskforce on Police Reforms Report 2023

Social Protection Culture and Recreation Sector

1. There should be prioritization of the complete amendment and enactment of the Persons with Disabilities Bill (2023) that aims to amend the provisions of the PWDs Act 2003 to obligate the council to specify the type of disability when recognizing persons with disabilities within their system.



Memorandum to Public Debt and Privatization Committee on the Medium-Term Debt Management Strategy Paper 2025

Submitted on Monday, February 24, 2025

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Enhancing Debt Transparency and Accountability	4
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Introduction

The Civil Society Parliamentary Engagement Network (CSPEN) is a forum for Non-state Actors, bringing together civil society organizations, professional associations, think tanks and research institutions whose programme areas involve working with the legislature. The network was established in 2019 as a joint initiative of the Westminster Foundation for Democracy and Mzalendo Trust to provide a coordinated engagement with the Kenyan legislature, its committees and members in their oversight, legislation, and representation roles. Broadly, CSPEN seeks to engage with the legislature to ensure that legislative output meets the constitutional requirements of leadership, accountability, and integrity and is reflective of and aligns with the broader public interest. Currently, CSPEN has a Membership of Thirty-Four National Civil Society Organizations, and the priority areas are guided by the design and architectural framework of the parliamentary committees of the 13th Parliament ranging from, Public Finance Management (PFM) and Devolution; Inclusion and Representation; Leadership and Integrity; Human Rights and Access to Justice; Public Participation & Service Delivery; Climate Justice and Environmental democracy.

Article 20 (5) of the Constitution declares that it is the duty of the State to allocate sufficient resources to ensure the achievement of constitutional rights. The achievement of these rights and rising service delivery demands therefore require governments to constantly devise and take advantage of alternate sources of finance to fund public budgets. Kenya's growing appetite for borrowing as a means to facilitate expenditure has seen Kenya's public debt stock grow from Ksh. 2.45 trillion as of December 2014 to Ksh. 10.58 trillion as of September 2023 – an astonishing 335% increase. This significant growth in Kenya's public debt burden over a short period has generated a vicious cycle, necessitating more expenditure on debt servicing and repayment each year. This has and will continue to affect the state's ability to provide basic services over the medium term.

To the extent that the successful management of public debt will realize the promise of enabling efficient delivery of public services, we present the submissions contained in this memorandum to the committee.

Submissions

Legislative Framework for Public Debt Management

- 1. To the extent that the PDMO has a central role in public debt management, which continues to consume nearly half of all expenditure, its operational capability and autonomy should be strengthened.** The Public Debt Management Office (PDMO) is established within the National Treasury under Section 62 of the PFM Act with three main objectives: *to minimize the long-term cost of debt management and borrowing while considering risk, to promote the development of the market for government debt securities, and to ensure the sharing of the benefits and costs of public debt between current and future generations.* To strengthen the office, amendments to the PFM Act should be introduced to provide for its fiscal and operational autonomy, as well as the adequate staffing of its three technical departments in line with the recommendations from the Office of the Auditor General Public Debt Audit reports.
- 2. In line with best international practice, the National Assembly should assess the PFM Act of 2012 and the CBK Act to ensure clear definition and separation of responsibilities for monetary policy and debt management policy between the CBK and PDMO¹** This in part has to do with the potential for monetary and fiscal operations to conflict in the pursuit of different policy goals where the roles of agents in both are not clear and distinct. As of now, the National Treasury through the PDMO is responsible for the decisions on borrowing, including domestic deficit financing operations, while the CBK retains a central role in more granular decisions on domestic issuance of government securities. Where the policy goals of both are divergent, debt management operations can become subservient to monetary policy in the end nullifying the contextual factors that inform debt management decisions.
- 3. Kenya should institute a legislative ceiling on the annual fiscal deficit to ensure sustainability in public debt management.** While we recognize the projection reduction the fiscal deficit by 4% in FY 2025/26 to KES 831 billion, we contend that to provide a behavioral incentive for continued fiscal consolidation and budget deficit reduction over the medium term, the Public Debt and Privatisation Committee and the National Treasury should develop regulations introducing an annual budget deficit limit (net borrowing) limit. This could be absolute or, to manage the need for adequate infrastructural

¹ <https://www.elibrary.imf.org/display/book/9781557756947/ch007.xml?t>

development for Kenya as a developing country, could be pegged as a percentage of GDP. This is in recognition of the historically proclivity of the national government to increase the budget deficit in-year through supplementary adjustments, precipitating higher than planned to borrow each year. This also would be an adoption of the model of debt management taken on by Germany, in the form of its 'debt brake'²

- 4. Kenya's public finance architecture should provide for a stronger role of the Public Debt and Privatization Committee in the contracting and approval of loans.** This aligns with recommendations by the OAG in her 2022 Performance Audit Report On Public Debt Servicing Activities, which prescribe that the NT should involve key stakeholders during pre-loaning and approval process to sensitize on the conditions precedents to drawdowns. This is also in line with the recommendations of the PDPC in the MTDS of 2023, that demand that any deviation from the approved borrowing strategy and plan should require approval by the National Assembly.

b) Financial recommendations

- 1) **That**, the fiscal deficit target for the medium term is approved and set at no more than 4.4% of GDP for FY 2023/24; 3.9% of GDP for FY 2024/25, and 3.6% of GDP for FY 2025/26 in line with the fiscal consolidation path.
- 2) **That**, the country's borrowing strategy is approved at 50 percent net external borrowing and 50 percent net domestic borrowing as contained in the 2023 Medium Term Debt Management Strategy.
- 3) **That**, any deviation from the approved borrowing strategy will require the approval of the National Assembly.

Source: PDPC Report on the MTDS 2023.

Enhancing Debt Transparency and Accountability

- 1. The National Assembly should seek clarity from the National Treasury on the status of the announced forensic public debt audit being conducted by the Office of the Auditor General, and the expected date of completion.** While we recognize the recent effort made by the National Treasury to avail

² Germany's Federal Debt Rule (Debt Brake). Federal Ministry of finance Germany. https://www.bundesfinanzministerium.de/Content/EN/Downloads/Public-Finances/germanys-federal-debt-rule.pdf?__blob=publicationFile&v=1&t

more information on public debt, key gaps still remain in the nature, size and guarantees given on Kenya's debt historically.

2. **In response to the challenge (line 39) highlighted in the MTDS 2025, the National Treasury should begin by providing simplified versions of key public debt management documents for consumption by the public.** This is already done by national and county governments through the Citizens or 'Mwananchi' budget and can be replicated across the MTDS, debt register and the Annual borrowing strategy. Simplified debt documents will make debt information more digestible and accessible to the public, increasing the effectiveness and applicability of public input into budgeting financing decisions during public participation. To do this, the NT can leverage the technical capacity and experience of civil society actors in the public finance space.

Debt Management Operations

1. **Diversified sources of borrowing:** Whereas it is important to expand the sources of debt financing, diversification of borrowing attracts the risks attributed to high debt portfolio such as debt imbalance and high debt servicing. For sustainable debt management, there is a need to explore alternative financing options away from debt financing.
2. **106. Shift from a debt limit to a debt anchor:** Capping the debt anchor at 55 per cent of the GDP may be a positive approach, but not satisfactory in reducing debt accumulation due to its insensitivity to possible GDP underperformance scenarios. Debt anchoring can become problematic when the economy experiences recession or setbacks such as devalued currency and therefore not sustainable. The most desired progressive approach should be a focus on debt reduction by minimizing the accumulation of debts as much as possible. To prevent the occurrence of unsustainable debt situations, there is a need to rethink on how to improve DRM by leveraging on the currently untaxed revenue streams (e.g. wealth taxation) and also encouraging tax compliance, regularization of government spending, reduced tax expenditure, and improved taxation accountability and transparency. The most sustainable approach in management would be tapping on the revenue potential that Kenya can independently generate. For example, the taxation of wealth is such a potential revenue stream for Kenya. Based on the [Africa Wealth report, 2024](#), Kenya has approximately 7,200 High-Net-Worth Individuals and an underlying annual revenue potential of about \$ 781 million. This is evidenced as follows:

Wealth Bracket (Tiers)	Proposed Tax Rate	Estimated Number of Individuals	Assumed Average Wealth	Estimated Tax Revenue
\$1M - \$3M	1.5%	5,700	\$2M	\$171M
3M - \$100M	3%	1,500	\$10M	\$450M
>\$100M	5%	16	\$200M	\$160M
Total		7,216		\$781M



From: Michael <michael.k.mwai@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Monday, 24 February 2025 4:15 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

CAUTION: This Mail Originated from outside of the Organization. Do not click links or open attachments unless you can confirm the sender and know the content is safe.

Dear Clerk of the National Assembly,

I trust this email finds you well. I am writing to formally object to the proposed increase in remuneration and benefits for State officers for the Financial Year 2025/2026.

In these tough economic times, our state officers do not need a pay rise as their citizens suffer. My objection is based on the following grounds:

- 1. Fiscal Impact:** Any increase will negatively impact the total public wage bill, which is already substantial. This comes at a time when the country needs to focus on debt management and essential public services.
- 2. Economic Disparity:** State officers in Kenya are already among the highest-paid public servants, earning significantly more than other public officers and private sector employees. This disparity does not justify further increases.
- 3. Constitutional Violations:** The proposed increases would violate several constitutional provisions, including:
 - Article 10(2) on national values and principles of governance
 - Article 201 on principles of public finance
 - Article 230(5) on the role and responsibilities of the Salaries and Remuneration Commission
- 4. Public Interest:** With the majority of Kenyans facing economic hardships and living in poverty, increasing benefits for State officers would be insensitive and counterproductive to national development goals.
- 5. Historical Precedent:** Following the #RejectFinanceBill2024 protests and the COVID-19 pandemic, SRC demonstrated sound judgment by freezing and vacating planned increases. Similar prudence should be exercised for FY 2025/2026.

I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,

Michael Mwai.



Reply





FROM: Ann Gitungo <ann.gitungo@gmail.com>

To: cna <cna@parliament.go.ke>

Date: Monday, 24 February 2025 4:13 PM EAT

Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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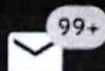
Thank you for your attention to this matter.

Yours faithfully,

Ann Gitungo.



Reply





From: Charles <charlesmucuha@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 6:33 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Charles Mucuha



← ▾ Reply





From: Anncarl <anncarl@wendwa0@gmail.com>
To: cna <cna@parliament.go.ke>
Date: Tuesday, 25 February 2025 5:15 PM EAT
Subject: Objection to Proposed Increase in State Officers' Remuneration and Benefits FY 2025/2026

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I urge the relevant authorities to consider these objections and maintain current remuneration levels for State officers.

Thank you for your attention to this matter.

Yours faithfully,
Mwendwa



Reply

