SPECIAL ISSUE NEWSLETTER

Kenya 2020/2021 Budget Analysis:

A Focus on Sustainable Development Goals (SDGs)

INTRODUCTION

Kenyans expressed mixed expectations for the 2020/2021 budget that Cabinet Secretary Treasury Ukur Yatani delivered to the public on Thursday, 9 June 2020, at a time when the country is combating the coronavirus pandemic. The pandemic has led to massive job losses, a slowdown in economic activities, increased expenditure in the health sector and reduced revenue collections.

A summary of Kenya's 2020/2021 budget is currently estimated at Sh.2.733 trillion for the total expenditure and net lending with recurrent expenditure accounting for Sh1.8 trillion while development spending accounts for the balance of Sh584.9 billion. Additionally, the counties are expected to receive Sh369.8 billion in the new budget, while Parliament and the Judiciary will get Sh37.7 billion and Sh18 billion, respectively.

The SDGs Kenya Forum releases its Special Issue Newsletter, an in depth analysis of the 2020/2021 budget proposal by the government and its impact particularly on the implementation of the SDGs amidst the global COVID 19 pandemic. Additionally, the Forum shares insights on the impact of COVID 19 on women's economic empowerment and the youth.

1. The FY 2019/2020

The 2019/2020 budget was referred to as a 'midterm' budget for the second term of the current administration. With 2 years left to deliver critical government promises, there were at least 30 key priority projects under food security, agriculture, affordable housing and manufacturing sectors as well as universal health coverage; the total number were 20,501 projects. Admittedly, government expenditure on development projects and activities for the 6 years prior increased. The 2019/2020 budget also indicated a commitment to fiscal consolidation through limiting government spending and enhancing revenue collection. However, expenditure pressures, particularly due to implementation of key government projects conflicted with the desire for lower spending. Consequently, it manifested as significant capital investments in mega projects particularly under infrastructure – with a view to stimulate economic growth. Unfortunately, due to poor implementation, it is estimated that at least 545 projects stalled; for which Ksh. 72.5 billion was already spent[1].

Admittedly, spending on development has been on the rise.[2] However, in 2019 the Parliamentary Budget Office noted that even though a deeper study might be necessary that considered other variables such as population growth; a quick glance at the share of real development spending to real GDP vis-à-vis the trend in Real GDP growth, showed no significant correlation[3].

In overall terms, the approved total ministerial capital investments for the FY 2019/20 amounted to KSh. 693.4 billion, comprising GoK funded projects amounting to KSh. 403.5 billion and donor funded investments amounting to KSh. 289.9 billion. Of these amounts, the Energy & Infrastructure and ICT sector accounts for 50 percent of the total capital expenditure (KSh.344.6 billion) for implementing 1,047 projects. Other sectors which had significant allocation for capital investments included Public Administration and International Relations with approved capital expenditures of KSh. 99.2 billion (14

percent of the total capital investments), Environmental Protection, Water and Natural Resources with approved expenditure of KSh.69.9 billion (10 percent of the total capital investments).

1 According to the parliamentary budget watch, as of 2019, the number of government projects were estimated to be more than 3000 - approximately 40% of them were completed; and the other 60% could be projects that have stalled.

2 The GDP of Kenya is estimated to have expanded by 5.4% in 2019 as compared to 6.3% in 2018. This is mainly attributable to reduced agricultural production due to disrupted long rains that affected the planting season and decline in manufacturing activities due to constrained supply of raw materials. However, the service activities recorded increased in performance and revenues fostered by accelerated growths in financial, insurance and real estate activities. (PKF, 2020)

3 Parliamentary Service Commission - Budget Watch for 2019/2020 and the Medium Term

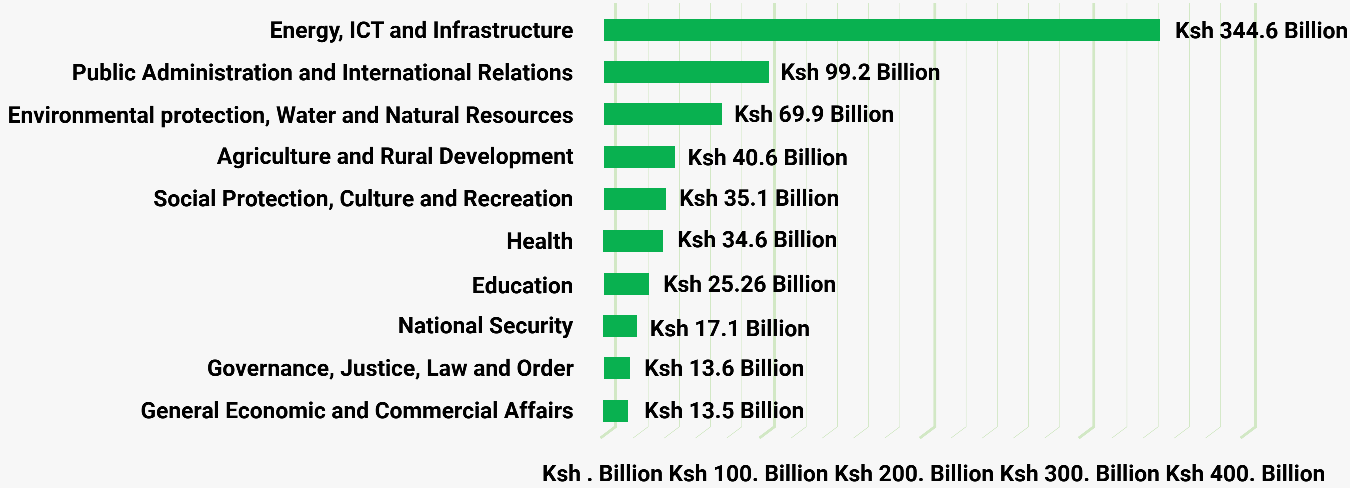
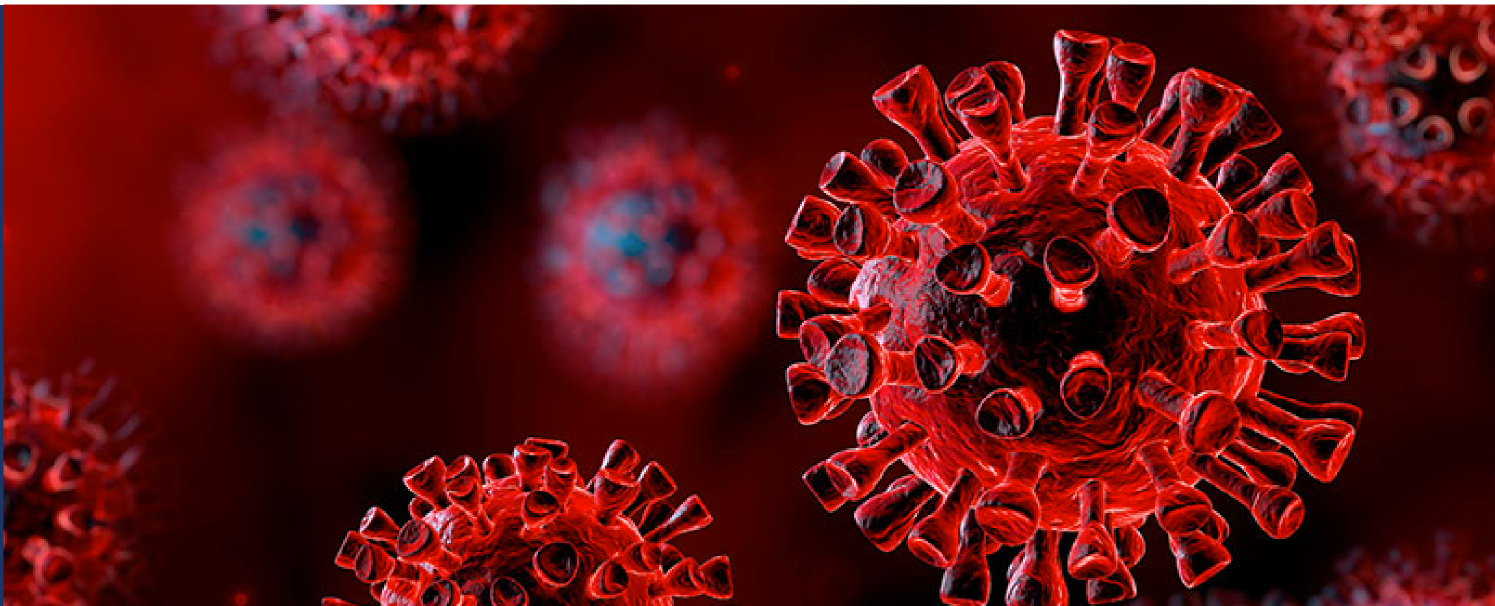


Figure: Summary of capital investments by Sector (Source: Appropriation Act, 2019)

The National Safety Net Programme (NSNP) covers a total of 1.2 million households through three cash transfer Programmes (Cash Transfer-Orphans and Vulnerable Children, Older Persons Cash Transfer[4] and People With Severe Disabilities-Cash Transfer). In the FY 2018/2019 the Programme had a budget of Kshs. 26.80 billion and in FY 2019/2020, it is estimated at Kshs. 29.58 billion.



2. COVID-19 Budget and Financing of SDG's for the FY 2020/2021

2.1 Where will the money come from?

In the FY 2020/2021 Budget Statement, the Cabinet Secretary has set out proposals to incur a total of KShs 2.8 trillion in expenditure and net lending for the 2020/2021 fiscal year. With tax revenues dipping (from 67% in 2019 to 60% in 2020 owing to reduction in tax rates) it is anticipated that domestic borrowing and aid by the government will increase in the FY 2020/2021.

4 The older persons cash transfer (OPCT) (targeting households with individual(s) aged over 65 years) and the Inua Jamii programme (targeting individuals aged 70 years and above)

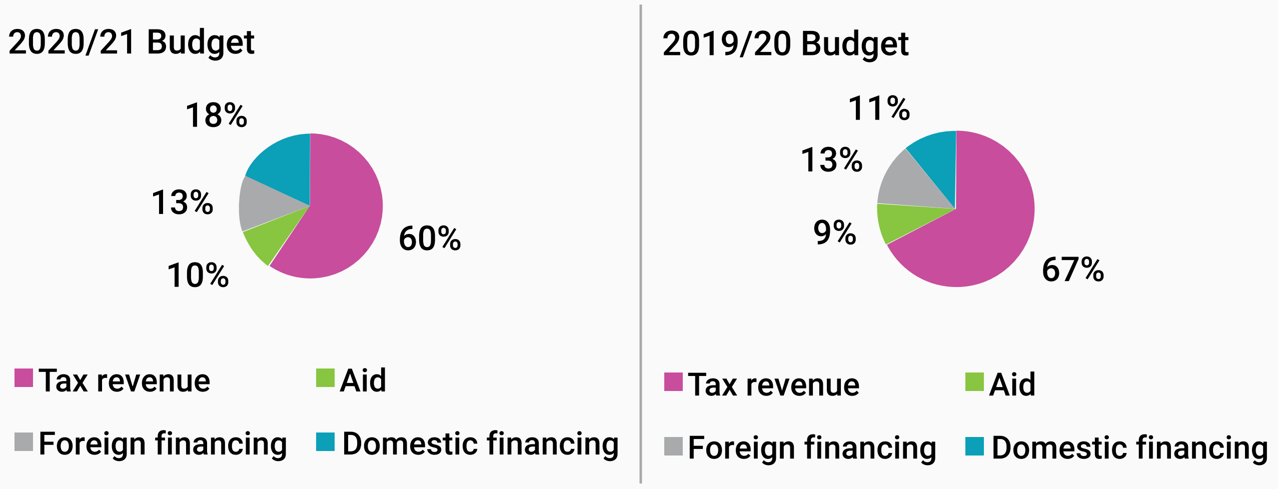


Figure: Comparison of FY 2019/2020 and 2020/2021 Budgets (Source: FY 2019/2020 and FY 2020/2021 Budget Statements.

2.2 Where is the money going?

Alongside COVID-19, Kenya is facing numerous development challenges, from the ongoing locust invasion[5] to floods that led to loss of lives and livelihoods. The COVID-19 global pandemic is expected to have a medium-term impact on the Kenyan economy. IMF estimates indicate that economic growth could slow to 1.0% in 2020 before rebounding to 6.1% in 2021. In fact, the budget statement delivered to the National Assembly mentions COVID-19 43 times, with mentions of a raft of measures which have been instituted to mitigate the effects of the pandemic. All in all, the crisis exposes the consistent underfunding of the social sectors and persistent marginalization of alienated groups that has led to larger shocks. Further, the COVID-19 pandemic undermines the country's prospects of achieving its long-term development aspirations, including the Sustainable Development Goals (SDGs). Still budget transparency and good governance at both national and subnational level remains a key issue.

Despite the foregoing challenges, Kenya remains committed towards the financing of the implementation of the SDGs. Though not explicitly mentioned in the FY 2020/21 budget statement, it is evident in the budget which highlights the proposed government spending on related programmatic areas[6].

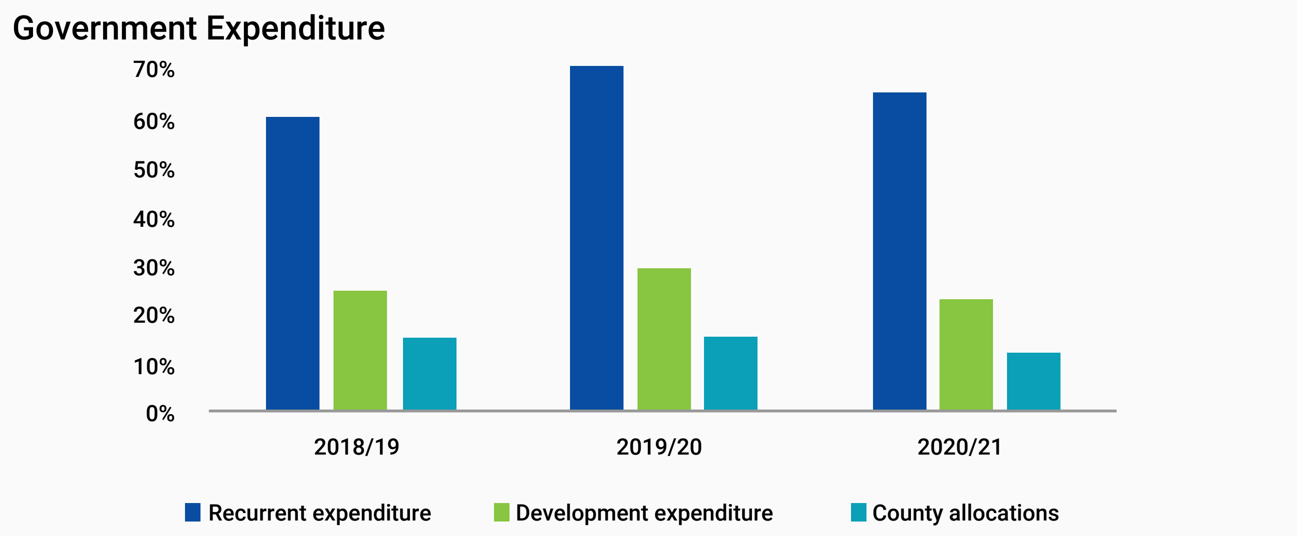


Figure: Government Expenditure (Source: FY 2020/2021 budget statement)

5 Desert locusts are among the most destructive migratory insects - they have infested 23 countries; the World Bank estimates the locust invasion may damages and loses of about USD 8.5 billion by 2020.

6 As per the budget statement delivered to the National Assembly by Hon (Amb) Ukur Yatani, Cabinet Secretary for the National Treasury and Planning; FY 2020/21 Themed: "Stimulating the Economy to Safeguard Livelihoods, Jobs, Businesses and Industrial Recovery"

The government has also moved to approve the use of over Kes 40 billion to cushion needy households in urban areas from economic shocks following reduced activity in the wake of the COVID-19 pandemic. Some county governments have moved forward to set up kitties that will be used as a safety nets during this tough period[7]. The difficulties in moving produce within counties, across borders, coupled with frenzied buying, has impacted the food market by affecting food security due to low labour availability and restrictions on the supply chains.

SDG 1: No Poverty, SDG 5: Gender Equality, SDG 8: Decent Work & Economic Growth & SDG 10: Reduced Inequalities

Notably **SDG 1, 5, 8 and 10** focusing on poverty, gender equality, decent work and economic growth and reduced inequalities are collectively key to the national government development agenda. In Kenya, the inclusion of youth, women, persons with disability (PWDs) and special interest groups is an essential component of the nation's development and a key driver in the realization of Kenya's Big Four Agenda, the Kenya Vision 2030, and Sustainable Development Goals (SDGs). In the previous financial year, it was recognized that unless economic growth is accompanied by structural transformation of the economy, low productivity (and the resultant low income jobs) would continue to persist. And though in the recent past (notably in 2018), higher economic growth was registered, this economic growth hasn't necessarily resulted in job creation that will improve livelihoods. A 2017 Study by Kwame et al established that out of necessity more jobs are being created in the informal sector to absorb more job seekers since the formal sector is not growing fast enough; and as a result, labour productivity is quite low and static; citing that of the 840.6 thousand new jobs reportedly created, 83.6 percent are in the informal sector.

Therefore, the Kenya government plans to spend **170.6 billion** to implement several programmes that respond to the four SDGS. These expenditures are expected to occur through decentralized national government programs, affirmative action funds and various social protection programs ultimately increasing the resources available to support the youth, women and persons with disability to enable them to actively contribute to the economic recovery. These expenditures are outlined as follows;

7 Lamu County Government has set aside Kes 10 million to assist families cope with adverse effects of COVID19. https://www.kenyanews.go.ke/lamu-county-sets-up-sh10-million-covid-19-fund-kitty-for-pandemic/

No.	AMOUNT	PROGRAMME/PROJECT ACTIVITY
1.	41.7 Billion	National Government Constituency Development Fund
2.	2.1 Billion	National Government Affirmative Action Fund.
3.	6.8 Billion	Equalization Fund.
4.	10.2 Billion	National Youth Service (NYS).
5.	2.1 Billion	Kenya Youth Empowerment Project.
6.	17.6 Billion	Cash transfers to the elderly persons.
7.	7.9 Billion	Orphans and vulnerable children
8.	1.1 Billion	Cash transfers to persons with severe disabilities.
9.	4.3 Billion	Kenya Hunger Safety Net Programme.
10.	2.5 Billion	Kenya Social and Economic Inclusion Project.
11.	3.5 Billion	Kenya Development Response to the Displacement Impact Project.
12.	400 Million	National Development Fund for Persons with Disabilities.
13.	10 Billion	Kazi Mtaani Programme

Nearly three-quarters of Kenya's urban population live in slums, amounting to over 7.5 million people. Whereas the above budgets targeting social programs for orphans, persons with disabilities are significant, social programs on the ground for the homeless remain very weak. Nairobi, Mombasa and Kisumu epitomize the challenge of homelessness in Kenya's urban areas. Pressure on land - largely from commercial interests – has led to a situation where 55 per cent of the city's total population is crammed onto a mere 1.5 percent of the total land area. Typically, the homeless have nowhere to seek shelter at night-time. With the curfew in place, the precarious situation of the homeless has taken a turn for the worse; the preventive defenses against COVID-19, hand-washing and social distancing, are not viable options for them. Under lockdown or curfew measures, millions of workers have become unemployed with no savings. These are workers who serve as day labourers, construction workers or domestic helps doing laundry or washing in homes. Those who lived in shelters and centres that offered education found themselves shut out and children forced either to the streets or to go back to abusive situations that they may have fled from.

The FY 2020/21 budget has also outlined public pension reforms aimed to give retirees a monthly pension rather than a monthly salary. Also, the government outlined plans to clear pension payment backlogs by the end of 2020 to pave way for a modernised pension management system, incorporating the formal and informal sectors.

On one hand to mitigate the effects of COVID19 on the Kenyan economy, the government has proposed various tax reduction measures[8] (effective from May 2020) including:

1. *Reduction of Personal Income Tax top rate (PAYE) from 30% to 25%*
2. *100 % Tax Relief on income, bonuses, overtime and retirement benefits for persons earning up to Ksh. 24,000 (the lowest tax band)*
3. *Reduction of Resident Corporate Income Tax rate from 30% to 25%*
4. *Reduction of Turnover Tax rate for SMEs from 3% to 1%*
5. *Immediate reduction of VAT rate from 16% to 14%*
6. *Further to this, the Government has implemented the following measures:*
7. *Suspension of all listing for all persons including companies at Credit Reference Bureau (CRB)*
8. *Lowering of Central Bank Rate (CBR) to 7.2%*
9. *Lowering of Cash Reserve Ratio (CRR) to 4.2%*
10. *Flexibility offered by the Central Bank of Kenya to banks on loans that were active as of March 2020 to maintain liquidity levels*
11. *Facilitating expedited payment of VAT Refunds by allocating an additional Ksh. 10B*
12. *Setting up a fund to which players in the Public and Private Sector contribute to in support of Government efforts*

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8 Deloitte Kenya Tax Alert (COVID-19) Government Measures. [viewed 7 April, 2020]
https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Deloitte_Kenya_COVID19_Government_Measures.pdf

Other proposals in the budget that will be favourable to various sectors under review include:

1. *Reclassification of maize/corn seeds from the standard VAT rate to VAT exempt. Cheaper inputs of seeds will result in increased maize production to address food security and nutrition.*
2. *Ambulance services are also VAT exempt – which will boost affordability of health services.*
3. *Proposal to introduce voluntary tax disclosure; where taxpayers can get relief from penalties and interest if they disclose liabilities for principal taxes during the past 5 years prior to July 2020. The programme will commence from 1 January 2021 and will be available for uptake for a period of three years.*

It is opined that the vulnerable seem to be an easy target for the tax net. One of the downsides is that a minimum tax rate of 1% is now proposed on annual gross turnover - whether one makes a profit or not. The Cabinet Secretary justified this citing that this change was targeted at perpetual loss-making companies. Unfortunately, this proposal then nets majority of youth, elderly, women and marginalized groups, who comprise farmers, artisanal miners, the mama mbogas, jua kali traders, plumbers, electricians, among others small and medium sized enterprises who as stated above do create close to 80% of all new jobs – but these are low productivity jobs. Further, these proposals are unrealistic as they go against the basic principles of taxation – that you only tax people when income has been earned. It is also not clear if there are intentions to allow taxpayers to recoup this tax against future tax once businesses generate incomes higher than the proposed minimum tax threshold[9]. Other negative proposals made in the Finance Bill of 2020 include:

1. *Scrapping of tax exemptions for NSSF contributions. This means that NSSF income will be subject to corporate income tax at the rate of 25%. This will have a negative impact on interest earned on employees' savings because NSSF might consider adjusting or reducing the interest accrued to members' accounts10.*
2. *Monthly pension for persons over age of 65 years will also be taxed - discouraging savings into pension plans. The long term effect will be to leave the elderly with little or no income.*
3. *Liquified Petroleum Gas (LPG) which is a renewable and green source of energy is now VAT-able. This will increase the cost of LPG to the end consumer – pushing up the use of unclean energy adversely impacting SDG 13.*
4. *Similarly, still under SDG 13, inputs/raw materials for electric accumulators and separators including lead battery separator rolls will be subject to VAT. These are normally critical for local manufacture of automotive parts and batteries. This therefore means that there will be an increase in the prices of solar systems.*
5. *Proposed taxation on savings on home ownership savings plans flies in contradiction of the government's agenda on housing. Housing, aside from being a basic need, is also one of the cornerstones of social security; taxing this will discourage savings towards home ownership.*

SDG 2: Zero Hunger & SDG 12: Responsible Consumption & Production

The government has also proposed an expenditure of almost **Ksh 45 billion** towards activities relating to **SDG 2 and 12** which target food security, adaptation and resilience. This expenditure items include;

9 PKF Kenya Budget Review 2020/2021
10 ibid

No.	AMOUNT	PROGRAMME/PROJECT ACTIVITY
1.	3.0 Billion	Subsidize the supply of farm inputs through the voucher system to reach 200,000 small-scale farmers.
2.	3.4 Billion	Expanded community household irrigation.
3.	10.6 Billion	Kenya Climate Smart Agriculture Project.
4.	5.5 Billion	National Agriculture and Rural Inclusivity Project.
5.	4.1 Billion	Kenya Cereal Enhancement Programme.
6.	730 Million	Food Security and Crop Diversification Project.
7.	10.0 Billion	Irrigation and land reclamation.
8.	1.8 Billion	Enhance aquaculture business development project.
9.	1.4 Billion	Support small-scale irrigation and value addition.
10.	1.3 Billion	Enhance resilience of pastoral communities.
11.	1.1 Billion	Enhance drought resilience and sustainable livelihood.
12.	1.6 Billion	Support processing and registration of title deeds.
13.	500 Million	advance agricultural loans through the Agricultural Finance Corporation

SDG 3: Good Health & Well Being

A regular government budget expenditure, health is generally covered under **SDG 3**. The government's proposal for the 2020/21 financial year is **86.09 billion** related expenditure on SDG related expenses. This consists of a number of actions to promote the well-being of society, reduce infant and maternal mortality and new HIV and AIDS infections. In this regard the government has prioritized the following public investment into the health sector;

No.	Amount	Programme/Project Activity
1.	50.3 Billion	Activities and programmes for the attainment of Universal Health Coverage.
2.	19.2 Billion	Address and lower cases of HIV, malaria and tuberculosis in the country.
3.	6.2 Billion	Managed equipment services.
4.	5.3 Billion	Transform the health care systems for Universal Health Coverage.
5.	4.1 Billion	Cater for free maternity health care.
6.	1.8 Billion	Provide medical cover for the elderly and severely disabled in our society.

SDG 4: Quality Education

In FY 2019/2020, the number of pre-primary schools increased by 10%[11]. This was as a result of a policy that requires every primary school to have an Early Childhood Development Education (ECDE) Centre – functions that currently reside with the county government. There was a sharp decline in enrollment in ECDE from 3.39 million to 2.738 million learners which translates to 19% drop under the new Competency Based Curriculum (CBC). This was attributed to the full adoption of the CBC which phased out the baby class level. Out of the 2.738 million learners, 1.393 million are boys and 1.344 million are girls.
In the same period, the number of primary and secondary schools reduced by 14.7% and 8.2% respectively due to the increased inspection by the Ministry of Education – who closed institutions that that did not meet the Ministry's requirements[12].

Additionally, the government effected the 100% transition rate from primary to secondary schools. Whereas this has put further strain on secondary school infrastructure that was ill prepared, the move has been welcomed because it ensures universal access to basic education as enshrined in SDG 4.

11 The number of ECDE Centres increased by 10% to 46,530 currently with 28,383 being public ECDE Centres.
12 ibid

The total number of Technical and Vocational Education and Training (TVET) institutions increased by 10.3% to 2,191. Total trainee enrolment in County Vocational Training Centres increased by 18% to 135,550 in 2019 up from 114,484 in 2018. The growth has been attributed to the uptake of vocational training programmes by the youth.

For the FY 2020/2021, to accelerate access to quality education in line with **SDG goal 4**, the Government has apportioned **206 billion** to support the provision of basic, secondary and tertiary education including both TVET and University[13]. This also includes 3 programmes and 5 sub-programmes to reduce youth unemployment by developing industry-linked skills among youth who graduate from all levels of education. This will be achieved through implementation of work-based training through apprenticeship and internship training. The planned expenditure is as follows;

13 The total number of candidates who sat for the Kenya Certificate of Primary Education in 2019 increased by 2.7% to 1,088,989 while those who sat for the Kenya Certificate of Secondary Education increased by 6.1% to 693,770.

No.	AMOUNT	PROGRAMME/PROJECT ACTIVITY
1.	2.4 Billion	Recruitment of 10,000 intern teachers to support the 100% transition in schools.
2.	2.1 Billion	Construction of additional classrooms in secondary schools.
3.	1.9 Billion	Provision of at least 250,000 locally fabricated desks for secondary and primary schools
4.	700 Million	Capitation and improvement of infrastructure in low-cost boarding schools in arid and semi-arid lands.
5.	300 Million	Recruitment of 1,000 ICT interns to support digital learning in public schools.
6.	59.4 Billion	Free Day Secondary Education Programme (including NHIF for students).
7.	12.4 Billion	Free Primary Education Programme.
8.	2.0 Billion	Recruitment of 5,000 teachers.
9.	1.8 Billion	School feeding programme
10.	6.3 Billion	Construction and equipping of technical institutions and vocational training centres
11.	4.0 Billion	Examinations fee waiver for all class eight and form four candidates.
12.	800 Million	Digital literacy programme and competency based curriculum.
13.	323 Million	National Research Fund.
14.	94.9 Billion	Support university education.
15.	16.8 Billion	Higher Education Loans Board.

For SDG 12, the FY 2020/21 budget proposes the development of a Special Economic Zone Textile Park, a Leather Park in Naivasha and the Athi River Textile Hub with an aim of creating employment and pushing the Buy Kenya, Build Kenya initiative.

Additionally, it is notable that Foreign Direct Investments (FDI) inflows to Kenya in FY 2019/2020 decreased by 22.3% to KShs 386.8 billion. The International Finance Corporation (IFC), has forecasted that there might be further decline in FDI by at least 40% in 2020 and 2021. This decline is likely to lead to massive job losses as private firms are unable to cope, especially now with the COVID-19 pandemic[14].

14 ibid

Ecosystem Management

The government has also proposed to spend Kshs **90 billion** on activities related to **SDG 6** (Clean Water and sanitation) and **SDG 15** (Life on Land).

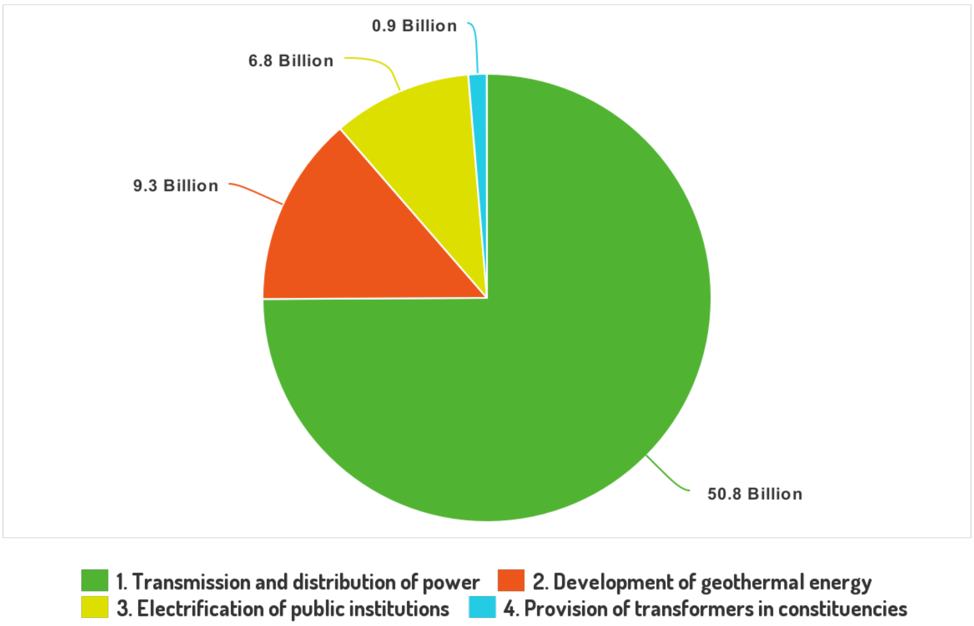
These are outlined as follows:

6 CLEAN WATER AND SANITATION

15 LIFE ON LAND

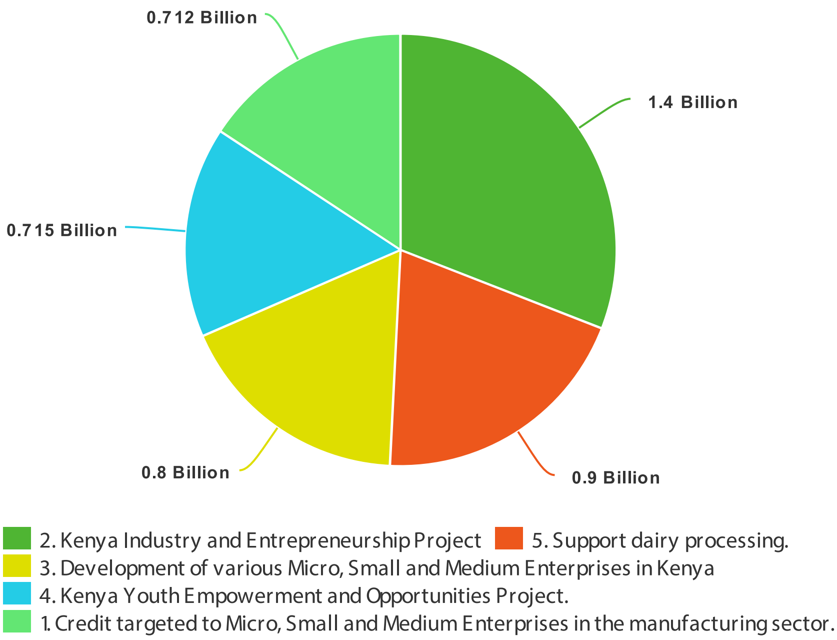
No.	AMOUNT	PROGRAMME/PROJECT ACTIVITY
1.	42.6 Billion	Development of water and sewerage infrastructure.
2.	10.9 Billion	Management of water resources.
3.	8.6 Billion	Water storage and flood control.
4.	1.3 Billion	Harvesting and storage for irrigation.
5.	10.9 Billion	Conservation of forests and water towers.
6.	10.8 Billion	Wildlife conservation, management and protection.
7.	2.7 Billion	Environmental management and protection.
8.	1.0 Billion	Flood control using local labour in the most affected areas
9.	850 Million	Rehabilitation of wells, water pans & underground tanks in ASAL areas using local labour.
10.	540 Million	Enhance tree planting programmes across the country using locally sourced seedlings

Geothermal energy was the biggest contributor to the total energy generation standing at 45% of the total generation in 2019 – as a result of Kenya Electricity Generating Company (KENGEN) adding the first unit of its new Olkaria V geothermal power plant at Olkaria.[15]. Consequently, the governments also plans to spend **67.8 billion** to deliver on **Goal 7** (Affordable and clean energy) as follows;



A note suffices here however, that imposing taxes on LPG will make many homes turn to unclean sources of energy.

As part of its core programmatic areas, the government under **Goal 9** (Industry innovation and infrastructure) plans to spend **Ksh. 3.4 billion** including proposing to tap into the Green Climate Financing by issuing the first "Sovereign Green Bond" to finance major infrastructure projects. Among the activities that it expects to fund include;

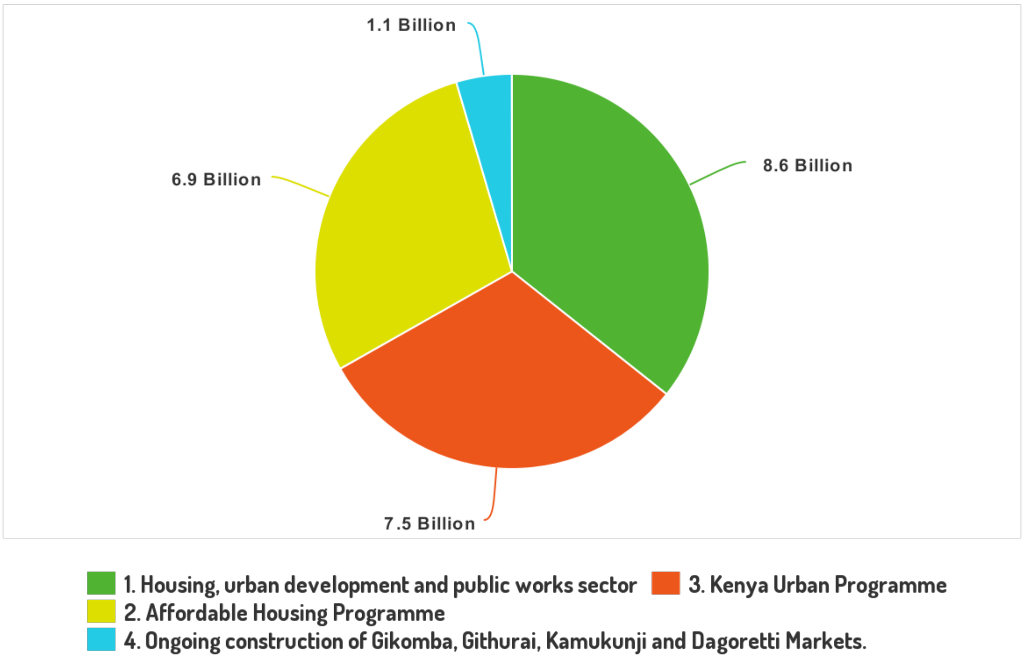


15 ibid

In relation to **Goal 14** (Life below Water**)** which focuses on sustainable human activities on seas and oceans, the government intends to spend **Ksh 2 billion** to develop Maritime Central Data and Information Centre; develop Maritime policies; create awareness on opportunities in maritime industry, Monitoring and Evaluation; enhance maritime safety and security in inland waterways; development of merchant marine operation centres; inspection of ships calling at Kenyan port; compliance with IMO conventions and other International legal instruments; enhance revenue and employment creation.

Big 4 Agenda: Medium Term Plan (MTP) III

A part of the National governments big four agenda includes aspects of **Goal 11** (Sustainable Cities and Communities). The Government has planned to spend **Ksh. 24.1 billion**. Alongside, the government has established the Kenya Mortgage Refinance Company (KMRC), which has raised capital of KShs. 2.0 billion while mobilizing an additional KShs. 35 billion from development partners to support the Company's operations. The government has outlined its key spending priorities as follows;



SDG 16: Peace, Justice & Strong Institutions

In attaining **Goal 16** (Peace, Justice and Strong Institutions**)** which seeks to promote peaceful and inclusive societies for sustainable developments, the government will spend **Ksh 1 billion** to implement two peace dividend projects in Turkana and West Pokot counties and four such projects for the Kenya-Ethiopia cross border programme. Together with independent institutions, the government will provide mechanisms that allow access to justice and building inclusive institutions at all levels in states to continually protect inherent human rights and personal dignity. In this regard, The Kenya National Human Rights Commission (KNHRC) plans to achieve resolution of public complaints alleging human rights violations; enhance public awareness on human rights; review policies and legislations on human rights; research and produce thematic reports on human rights; conduct institutional audits for improved protection of human rights; increase redress on human rights through Public Interest Litigation (PIL), amicus briefs and direct litigation and enhance resolution of human rights Alternative Dispute Resolution (ADR). With regards to the Big Four agenda, the Commission will enhance the capacity of State and non-State actors on programming and implementing Economic, Social and Cultural (ECOSOC) rights. The Commission will also monitor the manufacturing sector and advise state on the realization of labour rights and safe working environments.

National Gender and equality Commission (NGEC) will monitor state compliance with 6 international, regional treaties and conventions (Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Commission on the Status of Women (CSW), Convention on the Rights of Persons with Disabilities and its Optional Protocol (A/RES/61/106 (CRPD), the Convention on the Rights of the Child (CRC) and the Open ended Working Group on Ageing. In order to ensure compliance, uptake and participation in the Big Four government priority agenda by the special interest groups (SIGs); Women, youth, persons with disability and the older members of society, NGEC will create awareness on the projects and opportunities in Universal Health Care, Food and Nutrition, Manufacturing and Housing through 6 regional offices (Nairobi, Kisumu, Nakuru, Garissa, Kitui, and Malindi).

Further, NGEC will endeavor to respond to 90% of all cases received related to violation of the principles of equality and nondiscrimination within the set standard time of 3 days.

Office of the Director of Public Prosecutions (ODPP) shall provide, continued admission of witnesses and maintenance and management of witnesses, facilitate administration of justice through testimonies in courts of law, resettlement and re-integration of witnesses and enhancing institutional capacity to support the programme.

Public Service Commission will target the following major services/outputs to transform the public service through: appointment and promotions for public service that ensures representation of PWDs, gender, minority and marginalized groups in public service;

SDG 17: Partnerships for the Goals

17 PARTNERSHIPS FOR THE GOALS

Lastly, under **SDG 17** (Partnerships) the government commits to continued coordination of implementation of SDGs development agenda.

What does this mean?

This synopsis gives a broad overview of the key highlights derived from national government spending priorities for the financial year 2020/2021. Overall, there is the financing of 16 out of 17 SDGs by the National Government, which represents progress. Nonetheless, evidence is still required to corroborate and ascertain the impact of previous and current proposed investments. A more in-depth sectoral analysis and information is still required for purposes of ensuring programmatic tracking on specific SDG linked implementation and reporting. This is especially important since the budget is never cast on stone and is subject to adjustments, through supplementary plans, which consequently changes financing of activities midstream. Finally, as observed at the beginning and in the narrative, goal 12 is not programmatically linked to any specific government spending activity.

3. Budget processes at the county

County budgets are critical documents which present proposals on revenue and expenditure, as laid out in the Public Finance Management Act, 2012 and the Constitution of Kenya 2010. Public participation is enshrined both in the Constitution and the County Government Act of 2012; it bestows the citizens the right to publicly engage with budgets and be involved in decision making of public funds. However, URAIA reports that todate, less than 30% of Kenyans feel their opinions are addressed during the public budget process. Further, the FY2020/2021 budget process has been hard hit by the social distancing guidelines and banned gatherings including untidy party politics.

3.1 2019 Status of key sectors

Finance and planning: For County finances, the total projected revenue for budget implementation in the FY 2019/20 amounted to Ksh 432.49 billion which consists of equitable share allocation of Ksh 316.5 billion with total Conditional Grants from both the National Government and Development Partners being Ksh 61 billion and projected Own Source Revenue of Ksh 54 billion. Out of this allocation, a total of Ksh 286 billion has so far been disbursed to County Governments as Equitable share equivalent to 90%, Ksh 19 billion as Conditional Grants from loans and grants, Ksh 7.2 billion as Conditional Grants from National Government. County Governments have raised Ksh 21 billion total collections in own-source revenue equivalent to 38% of the total projection. Whereas **Ksh 36.7 billion**, representing **71.5%** of the total eligible bills verified by the Auditor General have been settled by County Governments as at May 2020; County Governments, especially those that have not completed paying verified pending bills to suppliers, have been urged to do so by the cabinet secretary in the FY2020/2021 budget statement.

Health: Currently, there are 4,318 doctors, 6,050 Clinical Officers, 26, 767 nurses, and 18, 789 of the other health officers in County facilities. Although the distribution of health care workers across the country has not attained global standards, the current status is an improvement from the previous year which had a total of 7,894 doctors and clinical officers and 26,561 nurses. This is expected to increase with the COVID-19 pandemic and the implementation of the Universal Healthcare Program.

Agriculture: In Budget implementation, Counties allocated an average of 7.3% to the Agriculture sector which is an increase of 0.6% from what was reported last year as they strive to reach the 10% recommended by the Malabo declaration.

3.2 FY 2020/2021 budget allocations

In the FY 2020/21, County Governments have been allocated Ksh 369.9 billion, which comprises of:

1. *Ksh 316.5 billion from the equitable share of revenue raised nationally;*
2. *Ksh 30.2 billion being external loans and grants;*
3. *Ksh 13.7 billion in the form of additional conditional allocations from the National Government's revenue share; and*
4. *Ksh 9.4 billion from the Roads Maintenance Levy Fund.*

Notably, to facilitate performance of the transferred functions from the county to the national government, the Nairobi Metropolitan Services (NMS) has been allocated **Ksh 26.4 billion** in the FY 2020/21, which includes:

1. ***Ksh 15.95 billion*** *from Nairobi City County's equitable revenue share for the FY 2020/21; and,*
2. ***Ksh 660 million*** *as additional conditional*

allocations related to the transferred functions.

3. *The balance of **Ksh 9.78 billion** will come from the County's own-source revenue. The NMS has also been allocated **Ksh 1.5 billion** from the National Government's equitable revenue share to finance the **Mukuru Renewal Project.***

However, the dust is yet to settle on revenue allocations to counties. The Senate made certain amendments (that have been deemed more about politics and less about data and evidence) to the CRA third basis recommendation[16] but equally retained the central principle that allocation must be about the population. As a compromise, the Senator for Nairobi, wants the 47 counties to receive the allocation made to them in the 2019/2020 financial year, with only the additional funds that were due to the devolved units subjected to the proposed formula as shown below.

16 The third basis is expected to be used for sharing of revenues for financial years 2019/20 to 2023/24. This recommendation seeks to address four primary objectives; to enhance service delivery, to promote balanced development, to incentivise counties to optimise capacity to raise revenue and to incentivise prudent use of public resources. These objectives are actualized through a framework that links revenue sharing to devolved functions using three components, namely; service delivery, balanced development and incentive. In aggregate, the framework allocates 65 per cent of the revenue for enhancing delivery of public services, 31 per cent for promotion of balanced development, and 4 percent to incentivise revenue collection and fiscal prudence.

Table: Proposed Basis of Revenue Sharing among the Counties for FY 2019/20, 2020/21, 2021/22, 2022/23, 2023/24

	PARAMETERS	PERCENTAGE WEIGHTS
1.	Health	17%
2.	Agriculture	10%
3.	Other County Services	18%
4.	Basic Minimum Share	20%
5.	Land Area	8%
6.	Roads	4%
7.	Poverty	14%
8.	Urban Services	5%
9.	Fiscal Effort	2%
10.	Fiscal Prudence	2%

COVID 19 Investment at County Level

On COVID-19, the Council of Governors established a COVID19 Secretariat to support Counties coordination of COVID-19 emergency response and management initiatives; document and share emerging knowledge and best practices. On County preparedness towards emergency response and management of COVID19, the State of Devolution Address (SODA) offered the following progress on 23/07/2020:

1. *A cumulative total of 11,934 isolation beds across all the 47 County Governments.*
2. *26 Counties have attained isolation facilities with 300 bed capacity.*
3. *20 Counties are working towards putting in place 300 beds by the end of the stipulated period of 30 days.*
4. *Cumulatively we have a total of 447 ICU beds. The remaining Counties are working towards ensuring availability of the ICU beds.*
5. *Cumulative total of 437 Ventilators.*
6. *28,661 staff have been trained to deal with COVID-19 in the 47 Counties. In addition, 77, 614 community health volunteers and assistants have also been trained.*
7. *6 Counties (Machakos, Wajir, Trans Nzoia, Mombasa, Kilifi and Busia) have certified laboratories to carry out COVID-19 testing. Additionally, 2 Counties Kajiado and Nakuru have mobile labs.*

But after the SODA, it emerged through a closer inspection ordered by the President that only five counties (Mombasa, Murang'a, Kiambu, Machakos and Kakamega), and not 26 as reported by the State of Devolution Address met the criteria[17]. Further, the cumulative figure of 11,934 beds has been discounted. The real count - a day after SODA – revealed for example that Nyeri has 188 beds only, Kilifi (271) Baringo (88), Turkana (30), Nakuru (184), Narok (56), Embu (187), Meru (106), Kajiado (25), Kwale (72), Bungoma (25), Busia (194) and Vihiga (105). This prompted the CoG Chairman, H.E. Wycliffe Oparanya, who relayed the misleading numbers on 23/07/2020 to announce that he will no longer speak on behalf of all counties in the above issue; that each county should address the President on progress and status of COVID-19 preparedness separately.

17 https://www.nation.co.ke/kenya/news/revealed-only-five-counties-ready-to-handle-covid-19-1906616

4. Women Economic Empowerment and COVID-19

Women's economic empowerment is central to realizing women's rights and gender equality. Empowering women in the economy and closing gender gaps in the world of work are key to achieving the Sustainable Development Goals. When more women work, economies grow and society prospers as a whole. However across the world women still bear the brunt of economic disenfranchisement. As a result, women's voices have missed out on key decisions and prioritization on resource allocation towards basic services. As if that was not enough, Women are now facing the threat of the double tragedy of both the economic and health consequences of COVID19.

The advent of COVID-19 will negatively impact women. A quick glance of well-intentioned COVID-19 response measures, shows that besides their noble intentions, they will hurt players in the informal economy, particularly Women. For instance, the closure of open air markets where most get food is expected to be felt more by women, who form the majority in such workplaces. Similarly, the advisory for mobile money transactions goes against known norms that it has never favored micro-enterprises. Women micro enterprises are cash dependent due to a number of reasons including forming part of their daily survival or is needed to purchase stock or settle debts and engage in savings. In this connection, women savings will be depressed with many expected to take long to repay or default on existing micro loans.

Also, for women with abusive partners, a total lockdown means captivity. Normally, victims of domestic abuse from partners can seek help outside the home or at work or even with friends and relatives. With curfew restrictions, many got stuck in the same space with their abusers with no way to escape.

Additionally, the symbiotic relationship between Micro sectors that depend on the macro sector for raw materials will equally hurt the informal players. The closing of supply chains from major industry sectors that employ many women will be particularly heavy. One such area is in horticulture which tends to have many women hired on a temporary basis. Another industry is the hospitality and domestic work, which is likely to shed jobs as a result of the slowdown. If the lockdown were to persist, there is the likelihood for gender based abuses to occur to a much greater extent and this affects the productivity of those undergoing abuse as well as survivors. The greatest impact will be on household budgets. Less income will likely mean diminished quality of life for households in terms of nutrition and food poverty as well as compromising education of young ones.

It can be said that women are among the most vulnerable groups in Kenya due to the social set up and patriarchal cultural norms. They are particularly vulnerable to poverty especially at the household and community. The government's assistance targeting women should take into account women's unique contribution in the micro sector more so the informal economy in Kenya. Already in Kenya, such measures have taken the form of placing a moratorium on all existing serviceable loans to protect Women and other vulnerable groups from defaulting. There is also the mainstreaming of women and other vulnerable groups in economic recovery efforts designed to respond to COVID. The Government has already incorporated

Women in activities geared towards the production of reusable face masks. This intervention has been possible through National Government Affirmative Action Funds. Connected to this, Civil Society Organizations have also leveraged on ongoing activities to respond to COVID-19. For instance, the SDG Kenya Forum and its partners (KEFEADO, FIDA Kenya, White Ribbon Alliance, CREAW and GROOTS Kenya) have continued to support women groups to produce soap, sanitizers and facial masks both as an economic empowerment strategy and response to COVID 19. The foregoing is testament that much more can be undertaken to cushion women folk from economic destitution.

5. IMPACT of COVID-19 on Youth

Prior to COVID-19, youth unemployment was one of the most urgent challenges for policymakers. In Africa an estimated 122 million young people were expected to join the labor force in the next decade, nearly three times more than the rate at which stable wage paying jobs were expected to be created. Millions more of young people were working in insecure low income and often unsafe informal sector jobs or in family farms with little or no pay. The effect of technological change on the quality and quantity of employment was only beginning to become known. Still youth unemployment challenges suggested that progress had been fragmented and slow.

The advent of COVID-19 has added another layer of challenges. In early efforts to curtail the spread of COVID-19, a number of health measures have been put in place. These included travel restrictions, wearing of face masks in public and population control measures such as curfews, economic lockdowns and quarantine. Additionally, social distancing has been advocated as a sure way of reducing chances of community infections. In all these measures, different population groups have been affected. However, the youth who were already against the wall are the hardest hit group. Notably, the indefinite closure of learning institutions with students sent home has been one of the main disruptions. As a result, established school routines have been disrupted and the separation from peers has caused a strain between friends. Whereas, in reaction into this new normal, schools have adopted digital learning systems, these have not been universally accessible.

Another major impact has been because of companies closing due to ongoing financial losses that led to the scaling down of employees. As such, many youths who had just begun enjoying and looking forward to long years of employment have been rendered redundant with organizations retaining experienced senior staff. Work programmes such as internships and apprenticeship have also been severely affected as organizations closed or require more workers to operate from home. Other youth intensive work opportunities such as academic writing and research are no longer available. Besides losing income, most youth who have been laid off are increasingly becoming homeless due to inability to pay rent and even afford food for themselves and their families. Many are increasingly depending on well wishers and other family members for support.

The COVID-19 crisis has particularly raptured social ties that many youths depend on for mentorship, coaching, affirmation, bonding and positive peer support. Most empowerment programs targeting the youth delivered by CSOs have stalled while some have seen funds diverted to handle emergencies created by Covid 19. In the absence of mentorship and coaching opportunities, youths that were in on the job training are likely to be deskilled. The lack of affirmation, bonding and positive peer relations has seen a spike in cases of alcohol and drug abuse and sexual molestation. This abrupt abrogation of social relations has also escalated suicidal cases due to depression.

In response to the crisis, the government has put in efforts to try and respond to the resulting youth unemployment through the Kazi Mtaani National Hygiene Program (NHP) Program estimated to have a budget allocation of Ksh 10 billion. The Phase 1 of the NHP program is expected to deliver wages amounting to more than 30,000 informal settlement youth for the next one month allowing them to meet their economic needs. Similarly, the government announced certain tax reliefs for persons earning below 24,ooo. Aware of the risk of increased consumer product prices, the government decreed against arbitrary price increments. The government also undertook to hire 5,000 extra health workers to support county level systems respond adequately to COVID-19. While the government efforts present an opportunity to cushion the youth from the effects of COVID, the entirety of economic relief measures will only become evident once the country goes back to pre-COVID normality.

CONCLUSION

"It is imperative that the Civil Society maintain a keen eye on budget implementation to ensure that all what the two levels of government have set out to achieve transforms the lives of both women and men, boys and girls at household and community level. To effectively do so efforts must be geared towards promotion of social accountability. Data must also be an integral part of both the budget and SDG implementation and reporting processes."

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