

## 2022 Budget Policy Statement views to Budget and Appropriations Committee

### Wins And Losses for The Women of Kenya at A Glance

#### Part 1: Wins

<b>WINS</b>	
1	The National Treasury indicated “ending female genital mutilation by 2022 and gender-based violence by 2030” as a fiscal policy priority (Concerns exist if this priority has been followed with a proportional fiscal policy response)
2	The Ministry of Health committed to Use Gender disaggregated targets in the programmes and challenges. (This needs to be scaled across all State Departments)
3	The restarting of the LPG Subsidy program for the 300,000 households (6 Kg)
4	Increased allocation of Ksh 6.46 billion for the Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent Health (RMNCAH) program

#### Part 2: Losses

<b>LOSSES</b>	
1	Reduced resource ceilings for State Department for Crop Development and Agricultural Research, and State Department for Livestock (The reductions are equivalent to Ksh 12.31 billion) and will affect the agricultural sector immensely
2	Inadequate drought situational analysis and response (current drought in 2021 and anticipated drought in 2022). The WEE hub proposes Ksh 45 billion to support 4 million households in drought-stricken areas for 6 months in 2022.
3	Reduced Resource ceilings for water resource management by 0.4% to Ksh 16.26 billion.
4	Reduced resource ceilings for irrigation and land reclamation were reduced by 8.6% to Ksh 9.47 billion.
5	Reduced resource ceilings for water storage and flood control were reduced by 8.4% to Ksh 9.87 billion.
6	Inadequate resource ceilings set for water distribution which includes piped water distribution and improving access for clean and safe drinking water for the households currently with no access.
7	Failure to provide resources required for the National Referral and Specialized services, and Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent Health (RMNCAH) programs amounting to Ksh 7.79 billion and Ksh 31.06 billion respectively.
8	Failure to meet the deficit in resource requirement for Primary Education which is Ksh 3.87 billion and the deficit for Secondary Education which is Ksh 64.31 billion. This would affect Special Needs Education, Early Childhood Education, School Health Nutrition and Meals, ICT Capacity and expanding access for the free primary school education.
9	Marginal resource increases to State Department for Social Protection, Pensions and Senior Citizens and State Department for Gender that is not above the inflation rate. The resources have not sufficiently increased to meet the gender issues arising from the Pandemic like Gender-Based Violence (GBV's).
10	Failure to fast-track operationalization of the Equalization Fund

## Introduction

The African Women Studies, UON WEE hub has been engaging on Kenya's Fiscal Policy to support women participation in Kenya's Economy. The African Women Studies, UON WEE hub has been focussing on the Kenya's fiscal policy with view of providing alternative policy choices to policymakers (National Treasury and Parliament) to improve food security, Women Economic Empowerment, childcare, financial inclusion, social protection amongst other issues. The focus of this issues is drawn from Article 43 and 53 of the Constitution which requires lists the rights of Kenyan Citizens to highest attainable level of healthcare services, be free from hunger, clean and safe water, social security and education. Article 53 further compels Government of Kenya to provide free and compulsory basic education.

This is a review of Kenya's 2022 Budget Policy Statement with the view of proposing budgetary measures with the view of informing the budget process that is ongoing in Parliament. The following issues are significant policy issues that show the inadequate fiscal policy responses as outlined in the Budget Policy Statement requires the urgent intervention of the Budget Appropriations committee.

### 1. Reduced Resources to Agricultural Sector.

The ceilings set out in the Budget Policy Statement for the State Department for Crop Development and Agricultural Research, Livestock, and Fisheries, Aquaculture and the Blue Economy reduced by 21%, 20% and 14% respectively as outlined in the table below.

**Table 1: Agriculture**

	2021/22 Printed Estimates Ksh Bn	2022/23 BPS Estimates Ksh Bn	Change Estimates (%)
State Department for Crop Development and Agricultural Research	44.93	35.71	-21%
State Department for Livestock	9.08	7.24	-20%
State Department of Cooperatives	1.75	2.34	34%
State Department of Fisheries, Aquaculture and the Blue Economy	13	11.16	-14%
Total Estimated Budget	68.76	56.45	-18%

Source: 2022 Budget Policy Statement (Page 119)

**The African Women Studies, UON WEE hub highlighted this issue when Treasury called for Comments for the Draft 2022 Budget Policy Statement and the National Treasury's response is on page 140 of the 2022 Budget Policy Statement (2<sup>nd</sup> row) attributes this reduction to the account of decline in donor financing (loans and grants).**

The reduction in ceilings would hamper the implementation of various programs aimed at increasing productivity and facilitating recovery of the agriculture sector from the effects of the pandemic.

### **African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- i. The African Women Studies, UON WEE hub Budget Proposal is for the Budget Committee to ringfence resources ceilings for the 2022/2023 financial year to prevent any reduction beyond the estimates for the current financial year 2021/2022.**
- ii. If the resources ceilings are being reduced on the account of the declining donor, the Budget and Appropriations committee must ensure those resources come directly from the exchequer.**

### **Justification for the African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- A significant share of Kenya's labour market work in the Agricultural Sector with the majority of them being women.
- In the decade, Kenya's Total Factor Productivity and Labour Productivity has been falling even though land being farmed has increased. When Total Factor Productivity falls, the Government of Kenya has to step in and help small scale farmers recapitalize by providing resources directly. The decline in Kenya's agricultural productivity has mainly been a result of a lack of information on good agricultural practices, limited access to high-quality inputs and effects of climate change.
- The operationalization of the e-voucher program which is the backbone of the National Agriculture Investment Plan (NAIP) 2019-2024 has faced serious operationalization issues due to underfunding issues as per the analysis of the Parliamentary Budget Office (Paragraph 69, Page 43 Of Budget Options For 2022/2023 and the Medium Term)
- The Parliamentary Budget Office lists allocation and ring-fencing resources to key programmes and projects in the agriculture sector as the leading Policy Choice in Budget Options For 2022/2023 And the Medium Term; notably provision of subsidized fertilizer, quality and certified seeds and mechanization

## **2. Inadequate Drought Response**

While drought has been declared a national disaster in September 2021 on the account of weather shock in the last two consecutive years and locusts, the Budget Policy Statement has not incorporated sufficient drought situation analysis and resource deficits thereof. To compound the problem in 2022 is that 2021 rainfall across larger parts of the country has been below average and would make worsen the food outlook and household resilience in the middle of an election season.

**African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- i. It's now evident based on previous data that a weather shock will immensely affect 30% of all Kenyan households across 25 counties. A comprehensive Drought Situational Analysis for 2022 must be provided for by the National Treasury and specific entities tasked with drought mitigation.
- ii. In the meantime allocated Ksh 45 billion for cash transfers to support 30% of all poor households (3.75 million households) in the country for at least 6 months with each household receiving at least Ksh 2,000. Parliament should direct that a database be built where this relief can be sent directly via mobile money. This database should be audited by Auditor General continuously.
- iii. Failure to respond to drought proportionally has implications for lives, health and general productivity for the economy. It also leads to further marginalization of communities.

**3. Fast-tracking the Operationalization of Equalization Fund**

Critical county functions that affect women and children such as healthcare, agriculture, county transport, pre-primary education, childcare activities amongst other functions are affected immensely by the failure to operationalize the equalization fund as per Article 204 of the Constitution of Kenya.

The National Treasury explains in the Budget Policy Statement (Page 144, last column, last paragraph) that everything else is already provided for, except for the nomination of Members of the Fund. The challenge remaining is to operationalize the fund to allow for it to run.

**African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- i. The National Assembly using its powers and functions outlined in Article 95(4)b require National Treasury to expedite those nominations to the fund and intervene where possible when there is a delay. A resolution in the Budget Policy Statement that all nominations should be complete by end of January 2022.

**4. Inadequate Resources to Specific Water Programs**

- The Budget Policy Estimates for the Ministry of Water and Sanitation is Ksh 87.72 billion. This is an increase of 13% from the approved budget of Ksh 77.61 billion in the financial year 2021/2022.
- However, while funding increased to specific programs, it reduced for the other programs which are listed as follows.
  - Resources for water resource management were reduced by 0.4% to Ksh 16.26 billion.
  - The resources for irrigation and land reclamation were reduced by 8.6% to Ksh 9.47 billion.
  - Resources for water storage and flood control were reduced by 8.4% to Ksh 9.87 billion.

**Table 2: Ministry of Water and Sanitation and Irrigation**

	2021/22 Printed Estimates Ksh Bn	2022/23 BPS Estimates Ksh Bn	Change (%)
General administration, Planning and Support Services	0.91	1.15	26.1%
Water Resources Management	16.33	16.26	-0.4%
Water and Sewerage Infrastructure Development	36.77	48.51	31.9%
Irrigation and Land Reclamation	10.36	9.47	-8.6%
Water Storage and Flood Control	10.78	9.87	-8.4%
Water Harvesting and Storage for Irrigation	2.46	2.46	0.0%
<b>Total Budget</b>	<b>77.61</b>	<b>87.72</b>	<b>13.0%</b>

Source: 2022 Budget Policy Statement (Page 127)

#### **African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- The Budget and Appropriations should allocate more resources to improve the overall efficiency of water distribution by dedicating additional resources for piped water distribution to improve the number of households with improved water sources. We estimate and propose that Parliament that a specific expenditure of Ksh 100 million per county for piping of water to households on an annual basis until 2030. This would be equivalent to Ksh 4.7 billion for providing piped water to households in the 2022/2023 financial year. This is a justifiable request given that less than 30% of all households have piped water in their homes.**
- Increase funding for clean and safe drinking water for the households that have no access especially in areas like slums.**

- iii. Ringfence resources allocated to Irrigation and Land Reclamation are set to reduce if the Budget Policy Statement is passed as it is. The National Water Master Plan (NWMP) recognizes that Kenya has not fully developed its irrigation potential estimated at 1.34 million hectares, with less than 20 percent of the potential currently having been equipped with irrigation and water storage infrastructure. The WEE Hub holds that National Government should work with counties to build directly the irrigation capability with small scale farmers

#### Justification for African Women Studies, UON WEE hub Proposal to Budget Appropriations Committee

- Part of building household resilience especially in ASAL areas is the provision of irrigation services and land reclamation which is expensive for households in those specific areas, and most of them cannot afford it.
- Water challenges have put significant constraints on growth because water supply and variability are key determinants of growth, agricultural productivity, and food security.
- Kenya is a water water-scarce country which implies that the biggest policy imperative for water at to increase the capacity of households and communities in increasing the ability to hold water. There is a noticeable lag in the rate of water access in rural versus urban areas, with water access.
- Kenya lags in access to improved drinking water sources. The most prevalent diseases in Kenya are tied to a lack of water and sanitation access. Solving the access problem in water and sanitation has positive externalities. Water challenges have put significant constraints on growth because water supply and variability are key determinants of growth, agricultural productivity, and food security.

#### 5. Unmet Resource Gap in Healthcare Sector

- The Budget Policy Statement proposes to increase allocation to the Ministry of Health from Ksh 121.09 billion to Ksh 126.35 billion.
- The sector working group requested Ksh 178.21 billion for the Ministry of Health in the 2022/2023 financial year. However, Ksh 126.35 billion has been set aside for the 2022/23 financial year leaving a deficit of Ksh 51.86 billion shillings as shown in the table below.

**Table 1: Ministry of Health**

	2021/22 Printed Estimates Ksh Bn	2022/23 BPS Estimates Ksh Bn	2022/2023 (Resource Requirement) Ksh Bn	Deficit (Ksh Bn)
Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent Health (RMNCAH)	25.52	31.98	63.04	-31.06
National Referral and Specialized services	47.70	49.65	57.44	-7.79

Health Research and Development	10.45	11.37	15.54	-4.17
General Administration, Planning and Support Services	7.00	6.55	6.89	-0.34
Health Policy, Standards and Regulations	30.42	26.81	35.30	-8.49
Total Budget	121.09	126.35	178.21	-51.86

Source: Draft 2022 Budget Policy Statement (Page 121), Data on Resource Requirement from Health Sector Budget Proposal.

### **African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- i. **The National Treasury should meet the resource requirement that has been requested for the National Referral and Specialized services, and Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent Health (RMNCAH) programs. They should provide Ksh 7.79 billion and Ksh 31.06 billion for the program respectively.**
- ii. **The National Assembly should pass a motion requiring the Auditor General to undertake performance audits for Major referral hospitals annually to track if increased resource allocation has improved the overall functionality of the hospitals and its efficiency in the provision of public services. The performance audits should serve as a yardstick for Governance reform and ensure the healthcare goals under UHC are met.**

### **Justification for the African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- The biggest part of the resource gap affects the Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent Health (RMNCAH) and the National Referral and Specialized services.
- The programs for the Preventive, Promotive and Reproductive Maternal, New-born, Child and Adolescent HEALTH (RMNCAH) includes tackling communicable diseases, non-communicable diseases, environmental health and disease surveillance. The programs affected by the resource constraint for the National Referral and Specialized services include the Referral hospitals directly, specialized medical equipment, and forensic and diagnostic services.
- The reduction in ceilings would hamper service delivery in the health care sector. National Referral Hospitals support a significant of walk-ins related to Reproductive health, paediatric health that affects women and children directly.

## **6. Resource Gaps for Early Learning and Basic Education**

- Overall, the estimates outlined in the Budget Policy Statement have improved from the previous year. The budget estimates approved for the financial year 2022/2023 is Ksh 106.34 billion which is an increase of Ksh 3.15 billion.
- The Education sector working group proposed an increase of Ksh 174.52 billion. By National Treasury setting the ceiling for the State Department of Early and Childhood Education at Ksh 106.34, the resource deficit created is Ksh 68.18 billion shillings.
- The deficit in resource requirement for Primary Education is Ksh 3.87 billion while the deficit for Secondary Education is Ksh 64.31 billion.

**Table 3: State Department for Early Learning and Basic Education**

	2021/22 Printed Estimates (Ksh Bn)	2022/23 BPS Estimates (Ksh Bn)	2022/2023 (Resource Requirement) (Ksh Bn)	Deficit (Ksh Bn)
Primary Education	19.04	19.96	23.83	-3.87
Secondary Education	75.12	77.16	141.47	-64.31
Quality Assurance and Standards	4.35	4.35	4.35	
General Administration, Planning and Support Services	4.68	4.87	4.87	
Total Estimated Budget	103.19	106.34	174.52	-68.18

Source: 2022 Budget Policy Statement (Page 122)

### **African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- The inadequate resource allocation would jeopardize the provision of public education to children.**
- The National Treasury should provide sufficient resources as requested by the Sector of Ksh 3.87 billion for Primary Education and Ksh 64.31 billion for Secondary Education to allow the efficient provision of public education to improve the attainment and achievement gap.**

### **Justification for the African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee**

- The planned resource requirement increase was to go primarily into the Special Needs Education, Early Childhood Education, School Health Nutrition and Meals, ICT Capacity and expanding access for the free primary school education. There are inadequate allocations for the Early childhood education program specifically the coordinated framework for equal access for the day-care services.



- Additionally, the resources were supposed to prepare secondary schools to cater for increased enrolment from 2022.
- The impact of the Covid-19 pandemic on Kenya’s education sector was immense especially on the children especially girls with many of them unable to return to school. Public school education in Kenya has serious problems in disparities in the type of classes they have, textbooks, teachers and other factors that determine the attainment and achievement gap of children especially the girls who are affected disproportionately.
- The Constitution under Article 53(1)b requires that all children receive free and compulsory basic education.

## 7. Reduced Buying Power for Social Protection, Pensions and Senior Citizens and Gender

- The overall budget for the Social Protection, Pensions and Senior Citizens is set to increase from Ksh 33.56 billion in 2021/2022 financial year to Ksh 34.61 billion in 2022/2023 which represents a 3.1% budget increase.
- The main area of priority spending includes the National Social Safety Net and the social development and children services as shown in the table below.

**Table 5: State Department for Social Protection, Pensions and Senior Citizens**

	2021/22 Printed Estimates Ksh Bn	2022/23 BPS Estimates Ksh Bn	Change Estimates (%)
Social Development and Children Services	4.13	4.56	10.4%
National Social Safety Net	29.21	29.82	2.1%
General Administration, Planning and Support Services	0.220	0.226	2.7%
Total Estimated Budget	33.56	34.606	3.1%

Source: 2022 Budget Policy Statement

- The resource allocation to the state department of gender is expected to go up by 8% from Ksh 3.98 billion in the 2022/2023 financial year

**Table 6: State Department for Gender**

	2021/22 Printed Estimates	2022/23 BPS Estimates	Change Estimates

			(%)
Community Development	2.13	2.13	0%
Gender Empowerment	1.232	1.52	23%
General Administration, Planning and Support Services	0.306	0.326	7%
Total Estimated Budget	3.668	3.976	8%

Source: 2022 Budget Policy Statement

### African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee

- i. One issue that stands out is the proposed resource for the Social Protection, Pensions and Senior Citizens and Gender have not increased significantly to meet the gender issues arising from the Pandemic like Gender-Based Violence (GBV's).
- ii. With an annual inflation rate of at least 5.2%, the proposed budgetary increase for Social Protection, Pensions and Senior Citizens Affairs are lower when the inflation rate is netted out. As for the State Department of Gender, the overall resource increase is small.
- iii. The National Treasury should increase proportionally the number of resources allocated to these important program areas. Of the two programs, it's clear that resources proposed for the 2022/2023 financial year would be smaller compared to the financial year 2021/2022.
- iv. For the State Department of Gender, we propose a budgetary increase of 30% which is an additional Ksh 1.2 billion to the proposed Ksh 3.98 billion which is a doable fiscal policy proposal.
- v. For the State Department for Social Protection, Pensions and Senior Citizens, we propose an additional increase of 15% which is an additional Ksh 5.19 billion to the proposed Ksh 34.61 billion. This will allow the department of social protection to expand assistance across all 47 counties.

### 8. LPG Gas Subsidy Program

The 2022 Budget Policy Statement proposes the distribution of 300,000 - 6kg LPG cylinders to low-income households.

However, the significant policy issue is to scale up the use of LPG Gas cylinders because it's safer compared to other cooking fuels. Cooking is part of the unpaid care work that is done by more women. When costs are increased, women from low-income household's substitute this with other unclean fuels. The LPG Gas Cylinder is used by 2.88 million households. 2.47 million households are in Urban areas while 413,240 households are in rural areas.

## African Women Studies, UON WEE hub BPS Proposal to Budget Appropriations Committee

- i. In addition to the 300,000 6kg LPG subsidy, there is an urgent need to intervene through tax policy.
- ii. The Budget and Appropriations Committee needs to provide a sustainable solution regarding this important issue of cooking fuel by referring the issue to Finance Committee as a tax proposal.
- iii. The efficient policy response would be to intervene through reducing taxes on LPG to allow for more uptake of LPG Gas by Kenyan families. The price for a 13kg LPG Gas is around \$5.2 (around Ksh 590) while the retail price is Ksh 2700. This shows that taxes and other inefficiencies (that could include price collusions by market players) have been responsible for driving gas prices upwards.

### Conclusions

- i. Parliament should ensure that Budget Policy Statement and all Fiscal Policy Documents are Genders Responsive in practice.
- ii. It is evident that Kenya is experiencing a fiscal crisis and the fiscal space to expand spending to new policy areas is dwindling. National Assembly should commit to ring-fence resources allocated to priority social spending and ensure that in the event of any shocks, the social spending areas will not be affected.
- iii. The majority of institutions that provide water and healthcare require performance audits to determine whether the resources allocated to them are translating to efficiency in public service delivery. Parliament should provide resources to the Office of Auditor-General to undertake performance Audits.