

African Women Studies, UON WEE Hub Views on the Nairobi City County Finance Bill, 2021

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 (e with view of providing alternative policy choices to policymakers (National Treasury, County Assemblies 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.

1. Section 4 of the Nairobi City County Finance Bill, 2021 will drive the Cost of Doing Business/Trading in Nairobi.

Issue

- Section 4 of the Nairobi City County Finance Bill, 2021 will significantly drive the cost of doing business within Nairobi County driven primarily by the increase in market services costs, and other licensing costs. The increases are being done as Kenya tries to make the recovery from the Covid-19 pandemic.
- The proposed charges on the formal sector and informal sector would harm entrepreneurship activities within Nairobi City County.

- Of Significant concern is the **new charges levied on the informal sector.**
The proposed Cost of Charges will drive the cost of doing business for the informal sector.

Table: Proposed Charges on the informal sector

	Annual Charges	Views on Proposed costs
1 Hawker with a motor vehicle in a designated area	15000	This cost is equivalent to annual GDP Per Capita (Constant Terms) 2021. The higher cost of doing this trade will phase out this kind of hawking
1 hawker without motor vehicle	7000	This is expensive relative to markup made by hawkers because the margins are too low for this kind of trade.
1 vendor at Uhuru Park	5000	This is expensive relative to markup made by hawkers because the margins are too low for this kind of trade. At present, the park is closed and it is difficult to justify that there will be sufficient traffic to justify this levy for the trade.
Small informal sector trader/service provider e.g. shoe shiner shoe repair, street vendor (newspapers, soda, sweet, cigarette etc.)	2500	For shoeshines, it is equivalent to a profit of 250 customers. This is an expensive
Semi-permanent informal sector trader;-up to 2 Persons in Veranda or temporary building	3500	This is expensive relative to markup made by hawkers because the margins are too low for this kind of trade.

Source: Nairobi City County Finance Bill, 2021 Page 6

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- The Honourable Committee should do away with these proposed charges until full economic recovery takes place.
- The charges are arbitrary and no explanation has been offered to justify the need to levy those specific taxes.

- iii. For the other charges in the formal sector, the honourable committee should consider the status quo until full recovery from the Covid-19 pandemic has taken place.

Justification for the African Women Studies, UON WEE hub Finance Bill Proposal to Finance, Budget and Appropriations Committee

- The informal sector was largely affected by the Covid-19 pandemic. The majority of Micro Small Enterprises in the informal sector are owned by women.
- A survey published by the Central Bank of Kenya, FSD Kenya and the National Bureau of Statistics elaborates the effect that the Covid-19 pandemic had on Kenyan firms and shows that by March 2021, about 20 percent of businesses had closed, of which 11 percent closed during the 2020 lockdown period, while 9 percent closed between November 2020 and March 2021, citing reduced sales and lack of operating capital. Only 27 percent of businesses, which closed during the lockdown in 2020, had reopened by March 2021.
- Additionally, the survey also shows that a large proportion of businesses depleted their savings during the lockdown period. By March 2021, only 37 percent of businesses reported having some savings compared to 60 percent during the pre-COVID-19 period, implying increased risks to business resilience¹. This shows there is no additional space by business to take up additional costs arising from Nairobi City County taxation measures. Tax measures have a compounding effect.

¹ Finaccess MSE Covid-19 Tracker Survey. <https://www.centralbank.go.ke/finaccess/>

2. Section 6 of the Nairobi Finance Bill, 2021 will increase the Cost of Healthcare and Public Health Services Provision in Nairobi City County

Issues

- Section 6 of the Nairobi City County Finance Bill, 2021 introduces new prices for tests including those that are useful for disease control.
 - It seeks to introduce **new charges** for tests ranging from the coliform test, E. coli test, Staphylococci test, Shigella test, salmonella, and allergens amongst others. Also tests that touch on food policy have been included like the Aflatoxin (Total) test, Aflatoxin (B1) test will reduce the testing rate of maize consumed in Nairobi. The median cost of tests is Ksh 1,000 and this would be largely unaffordable for most residents of Nairobi.
 - Tests that provide information that is used to prevent diseases are considered public goods and can only be provided by the Government of Kenya. Efforts to charge for provisions for those tests will affect public health provisions.
 - Another notable issue is the finance bill seeks to levy Ksh 3,000 for Covid-19 testing. This would be equivalent to \$27 and this would be among the most expensive Covid-19 tests in the world at present when the technology for testing is improved and becoming cheaper.
 - Introduction of charges on this wide variety of tests outlined is equivalent to taxation of persons who are seeking those specific services
- Most of the proposed charges are new, while others with existing charges have increased between 500% to 10,000%.
- Section 6 of the finance bill also introduce a new charge for a certificate giving Authority for Disinfection and cleaning services for Ksh 20,000 which automatically raises costs for cleaning and disinfection.
- Section 6 also proposes a **new charge** of Ksh 10,000 per vehicle to operate ambulance services and an annual inspection certificate of private hearse for Ksh 10,000. This would affect the cost of operating ambulances and curtail access to public services.

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- i. Health care services should not form the primary basis of revenue-raising measures. The Finance, budget and appropriations committee should do away with proposed charges for schedule under the title “Public Health Services”.
- ii. Where possible, the proposed charges should be nominal like Ksh 100.
- iii. The Charges proposed are arbitrary and there is no explanation for the proposed increase of charges.

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- Article 43 of the Constitution of Kenya makes it a right for persons within the territory of the Republic of Kenya to be provided with Healthcare and this includes Nairobi City County.
- The new charges will bring the cost of testing to the same level as charges in the private sector.
- The second-order effects of these proposed charges will increase the cost of public health service provision in Nairobi.
- The efficient provision of public health services has positive externalities which improve the standard of living and lengthen life expectancy.

3. Levying Ksh 5,500 for Anti-D injection will affect H.E President Kenyatta Free Maternity Program (Linda Mama Program)

Issue

The Pumwani Maternity Hospital Laboratory charges for the Nairobi City County Finance Bill, 2021 proposes a **new charge of Ksh 5,500 for the Anti-D injection.**

The Anti-D immunoglobulin given after birth is an injection that will **destroy any RhD positive blood cells** that may have crossed over into the mother's bloodstream during the delivery. This means blood won't have a chance to produce antibodies and will significantly decrease the risk of the next baby having rhesus disease².

The President signature program of Linda Mama was created out of the need that most women opted out of the hospital deliveries because of the cost of maternity which meant that most Kenyans couldn't afford it. Opting out of hospital deliveries meant higher child and mother mortality rates. Any effort to introduce any additional costs will force Mothers in Nairobi to opt out of the Anti-D injection which endangers the lives of future babies.

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- i. The Honourable Committee should ensure that fee that the finance bill seeks to impose on Anti-D injection because it will raise the cost of care after maternity for most Nairobi families.
- ii. If the city county was to consider charging for this service, a nominal charge of Ksh 500 should be approved by the honourable committee in place of the proposed Ksh 5,500.
- iii. This provision will hamper the efficient delivery of maternal care and maternity services. As a way of promoting the Linda Mama Program and safe affordable maternity care, the Honourable committee should remove these charges.

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² Prevention -Rhesus disease. <https://www.nhs.uk/conditions/rhesus-disease/prevention/>

- The Constitution dictates specifically that every Kenyan has the highest attainable standard of healthcare services and **specifically reproductive healthcare.**
- If the proposal passes as it, this would be a tax on women of Nairobi City County. The Nairobi City County will have committed implicit Gender Bias on women.

4. Increased Cost of Training - Pumwani College of Nursing and Midwifery

Issue

The proposed charges for several courses related to Nursing and Midwifery has been increased despite the growing need for more training around this area due to expanding population and inadequate manpower.

	New Charges per Year
Decentralized training centre - Reproductive health – 6 months course	50,000
Diploma in Nursing – Midwifery (basic) 3 years course	145,000
Diploma in Registered Midwifery- 1-year course	90,000
Certificate in Registered Midwifery – 1-year course	80,000

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- The cost of training would only allow training of students from backgrounds that can only afford these sharp increases in fees. The proposal is to quash the proposed fees charged and to retain the status quo in the fees charged by the Pumwani College of Nursing and Midwifery

- ii. The charges proposed are arbitrary and there is no explanation for the sudden increase in fees.
- iii. When compared to KMTCC Self Sponsored programme, the costs for Pumwani College of Nursing and Midwifery would be 16% higher. This shows how relatively expensive the courses would be.

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- The demand for this kind of manpower in Nairobi City County will continue to rise and requires proportional investments.
- This issue is also an equity and equality question because raising the cost of training will inhibit the entry of children from humble backgrounds to this profession.
- Education in the health sector should not be a revenue-raising measure because it shapes future health investments.

5. Levying Payroll Administrative Fees would raise the Cost of Employment and Access to Financial Services

Issue

Section 7 of the Nairobi City County Finance Bill, 2021 proposes payroll administrative fees on Saccos, commercial banks, hire purchase companies and insurance companies at Ksh 5, 20, 3% and 3% respectively as shown in the chart below.

Payroll Administrative Fee		
Item Description	Unit of Measure	New Charge
Saccos	Per Loan Account Per Month	5
Commercial Banks	Per Loan Account Per Month	20
Hire Purchase Companies	% Per Account Per Month	3%
Insurance Companies	% Per Account Per Month	3%

Source: Nairobi City County Finance Bill, 2021 page 15

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- i. These taxation measures amount to double taxation. The honourable committee should consider doing away with these proposals. Already, they are excise taxes collected by National Government on financial transactions. A fee, levy and a tax serve the same purpose.
- ii. There is no explanation in the memorandum of objects and reasons on why this payroll administrative fee is being levied on firms in Nairobi City County. In that light, this proposal will cause disruptions and it should be rejected in totality.

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- The revenue-raising measures that create disruption should not be done at the expense of the economy of Nairobi.
- The Nairobi County Assembly should discourage the use of double taxation measures.
- The proposed fee will hamper financial inclusion measures and will affect the efforts brought forward to improve financial inclusion for women.