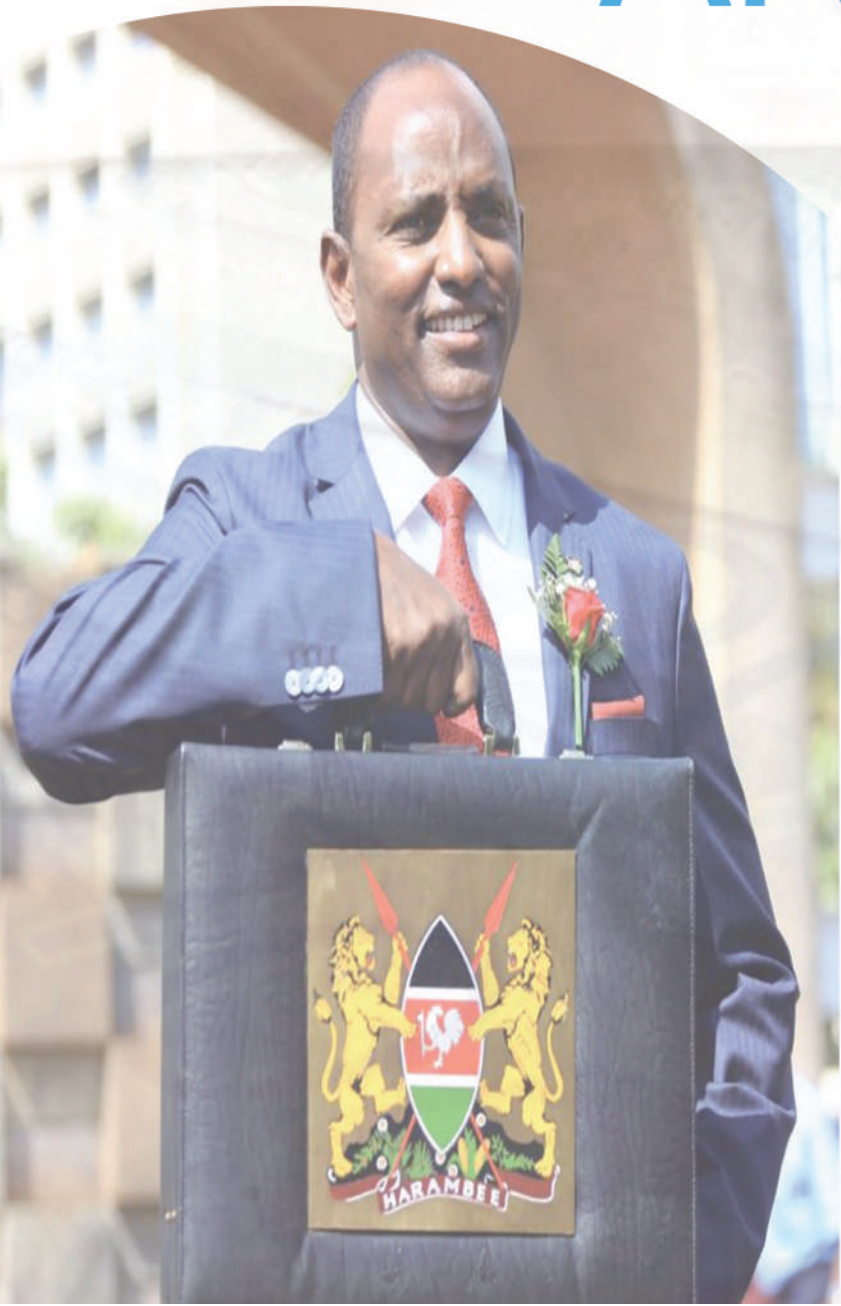


Its time to add a 5th
Agenda to make the
BIG FIVE

2021-2022 BUDGET ANALYSIS



STATEMENT BY THE UNIVERSITY OF NAIROBI WOMEN ECONOMIC EMPOWERMENT HUB AND PARTNERS.

“The Kenyan Budget 2021/2022 is good, but it is a drop in the sea for the most vulnerable and deserving Kenyans”

Kenya has historically underfunded sectors in the care economy compared to other sectors such as national security. A comparison of the security budget and the care economy budget shows that from 2018 to 2021, the national security budget allocations are 50% of the combined budgets allocated to education, health, social protection, water and sanitation.¹ Given the rising vulnerabilities caused by COVID-19 and a high cost of living attributed to a rise in taxation, it will be strategic for the country to build resilience and consumption capacity of its citizens through significant investment in early child education, health, social protection, water and sanitation.

From the findings of this 2021-2022 budget analysis, the University of Nairobi Women Economic Empowerment Hub a multi-disciplinary and multi-sectoral research and evidence hub, makes the following recommendations to ensure that Kenya's priorities on alleviation of poverty and gender equality are on track.

- Budget allocation to programs that target women and marginalized groups in the State Department for Gender should be increased and beneficiary targets raised. The department was allocated 3.66 billion shillings which is only 0.1% of the total government budget, this means that the department may only support 26,800 vulnerable students compared to an estimated population of 3.6 million vulnerable children below 18 in the country. The same applies to Affirmative action fund and Uwezo fund and Women Enterprise Fund whose target population outweighs allocated funds.
- Reduction of disparities in school infrastructure, the number of teachers, desks, class size, and teaching materials across the country by increasing the State Department for Early Learning and Basic Education budget. The department is allocated 103.86 billion shillings which is 2.9% of government expenditure. Given the government directives on 100% transition, higher allocations are needed to reduce learning disparities. It will also reduce the burden on Kenyan households currently funding 33% of expenses related to education
- A review of the current policy and practices related to Early Childhood Education at the national and county government level to develop budgeting guidelines for ECDE. The current practice of the national government sending lumpsum funding to county governments does not guarantee steady resources for ECDE and is open to re-direction of funds to other county government functions.
- Improve access to affordable and quality health services by resourcing the Ministry of Health as requested by the Health Sector Working Group. The Health Sector Working Group requested Ksh 195 billion but the Ministry was allocated Ksh 121 billion resulting in a deficit of Ksh 74.59 billion.

Consequently, Programs such as the Preventive, Promotive and Reproductive health, and National Referral and Specialized services that directly affect service provision especially for women and children suffered a deficit of 15% and 41% respectively, after being allocated Ksh 25.52 billion – Ksh 4.53 billion less than the Ksh.30.05 billion requested and Ksh 47.76 billion instead of Ksh 81.48 billion requested.

Reducing disparities in access to healthcare and out of pocket payment especially for women in rural areas requires commitment in initiating, scaling up and resourcing county based universal healthcare access programs such as the MakeniCare Universal Health care program run by the county government.

- Enhance food security and nutrition by initiating legislative mechanisms to operationalize the right to food to enhance food and nutrition security for citizens especially those living in rural areas and urban slums, this will include a formation of a council comprising representation from line ministries as the implementing organ of the Food Security Bill 2017, subsidizing water harvesting and storage and irrigation equipment.
- Water scarcity continues to be a huge problem to women expected to provide domestic water as part of their gender roles-facilitating provision of reliable domestic water would greatly improve food security by among others saving women time and money that is used to search for the scarce resource in both rural and urban communities. with almost half of the Kenyan population lacking access to basic sanitation services.
- The national and county government should also institutionalize the use of gender disaggregated data budgeting, reporting and impact analysis for effective targeting and impact analysis of government policies and projects on different groups in the population including on women, men, boys and girls and persons living with disability and the elderly. Kenya through the National Gender and Equality Commission (NGEC) has developed GRB guidelines that are largely not implemented or adhered to by the national and county governments.
- Phase-out the 16% VAT on Liquefied Petroleum Gas to ease tax burden on women in particular and boosts environment conservation.

1. United Nations Human Rights Office of the High Commissioner (2021) Human Rights Based Analysis of Kenya's Budget 2021/2022 <https://www.ohchr.org/Documents/Countries/KE/Human%20Rights-Based-Analysis-Kenya-Budget-2021-2022.pdf>

Introduction

This analysis focuses on the 2021-2022 Budget-direct spending and taxation measures by the Kenyan government and how these affect women's ability to undertake child care. It zeroes in on allocations made to sectors such as water, health, food security, Early Child Development and Education (ECDE) affirmative action funds and social protection as well as other special programs.

The budget is being implemented when the country's debt is high which could mean a reduction of spending in national and county services. High debt also means that a huge amount of the revenue raised through taxes is also used in debt repayment leaving very little funds for development. Kenya is also still grappling with the negative health and socio-economic effects of the COVID-19 pandemic. Investment in the care economy sectors (health, social protection, water, sanitation, education) has been shown to stimulate employment, reduce the gender employment gap and for Kenya it would also counter a possible economic recession which is currently signaled by a rising debt to GDP ratio.

Similarly by generating more jobs, the government would be able to derive gains that will help mitigate the economic slowdown caused by the COVID-19 pandemic.

Background of the Budget

The budget theme is "Building Back Better: Strategy for Resilient and Sustainable Economic Recover and Inclusive Growth" The total allocations for discretionary and non-discretionary expenditure in 2021/2022 is 3.463 trillion.

Discretionary expenditure is driven by the government's priorities in providing national and county services and can be changed depending on the fiscal space available. Non-discretionary expenditure includes commitments for which the government has to allocate funds each year such as debt repayment. This year's recurrent expenditure is 72%, with development expenditure having a share of 18% of the budget. The largest allocations in the budget were made to the National Executive (54%) and the Consolidated Fund Services (38%). The latter is used primarily for expenditures relating to public debt, subscriptions to international organizations, and paying for salaries and wages of constitutional officeholders. County Governments take up 370 billion Kenyan shillings which is 11% of the budget.

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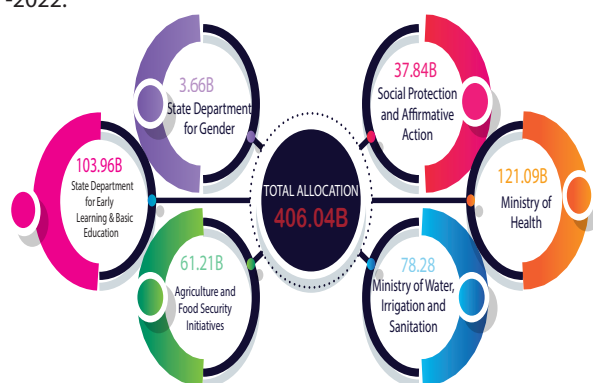
This year's recurrent expenditure is 72%, with development expenditure having a share of 18% of the budget. County Governments take up 370 billion Kenyan shillings which is 10% of the budget. The 2021/2022 budget will be financed through revenues and grants while the remainder of that will be covered through borrowing.

Government borrowing practices have been an issue of concern as debt servicing is expected to consume up to 70% of the total revenue collected. This means that for every 100 shillings collected 70 shillings will be spent on debt servicing while only 37 shillings is available for internal use.

The Care Economy Expenditure

Care work refers to activities done in the home or outside the home setting and which contribute to the wellbeing and productivity of other people, these activities include nurturing of children, taking care of the sick and elderly, cooking and cleaning etc. Despite care work being an important service, a huge chunk of it is shouldered by women and in most times without recognition, support or compensation. Kenya is making positive strides towards addressing the care work and especially childcare through efforts such as: implementation of fully paid leave for care givers who adopt children, drafting of the children's bill 2021 (yet to be enacted) and signing into law of the breast milk substitute regulations. Several counties have also come up with initiatives to improve childcare such as the Kakamega County home based early learning programme and Tharakanithi County crèche within the Chuka market- a day care centre for babies of market women. These examples shows that the government can increase or decrease care work and its economic, physical and mental effects, through revenue raising measures and spending in sectors such as early childhood education, health, water and sanitation, social protection and agriculture. Investment in these sectors is critical in reducing, redistributing, and compensating carework. Furthermore, emerging evidence ² shows that government spending targeted at the care economy would generate more jobs compared to large infrastructural development projects.

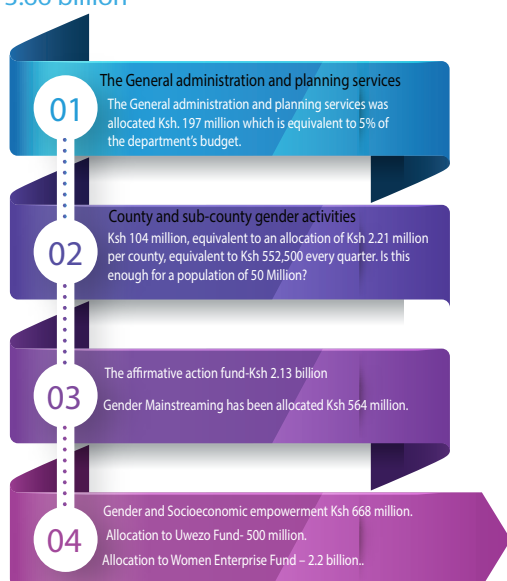
Despite this, the Kenya budget 2021-2022 paints a bleak picture for women and the most marginalized populations given that the total budget allocated to sectors that have an impact on women's work is 406 billion shillings, which is 11% of the total government spending for the year 2021-2022.



Allocations made to the care economy

Analysis of Key Expenditure

Allocation to the State Department for Gender (SDfG)- Ksh 3.66 billion



Source: National Treasury Program Based Budget 2021/2022

Key issues

- The State Department for Gender (SDfG) is underfunded and a reduction in allocated funds for the last three years, in this year's budget the department is allocated 3.66 billion shillings which is equivalent to 0.1% of the total government spending. In the previous years, the department was allocated 4.5 billion and 4.2 billion in the year 2017/18 and 2018/19 respectively. Under funding and reducing budget allocations the points to lack of prioritization of the department considering its responsibilities to vulnerable and marginalized members of the society including orphans, persons living with disability and the elderly. For example, in this year's budget, County and sub-county gender activities have been allocated Ksh 104 million which is equivalent to an allocation of Ksh 2.21 million per county and 552,500 in a quarter. This amount is not adequate to support gender activities in a country of 50 million citizens.
- Similarly, the State Department for Gender may only support 26,800 vulnerable students compared to an estimated population of 3.6 million vulnerable children below 18. The same applies to Affirmative action fund and Uwezo fund and Women Enterprise Fund whose target population outweighs allocated funds.

Allocations to State Department for Early Learning & Basic Education - Ksh. 103.96 billion

| Program | Recurrent Expenditure | Capital Expenditure | Total Allocations |
|---|-----------------------|---------------------|-------------------|
| Primary Education | 16.91 | 2.34 | 19.25 |
| Secondary Education | 66.36 | 9.25 | 75.60 |
| Quality Assurance and Standards | 4.15 | 0.15 | 4.30 |
| General Administration, Planning and Support Services | 4.73 | 0.08 | 4.80 |
| Total Budget | 92.15 | 11.81 | 103.96 |

Source: National Treasury Program Based Budget 2021/2022

Key issues

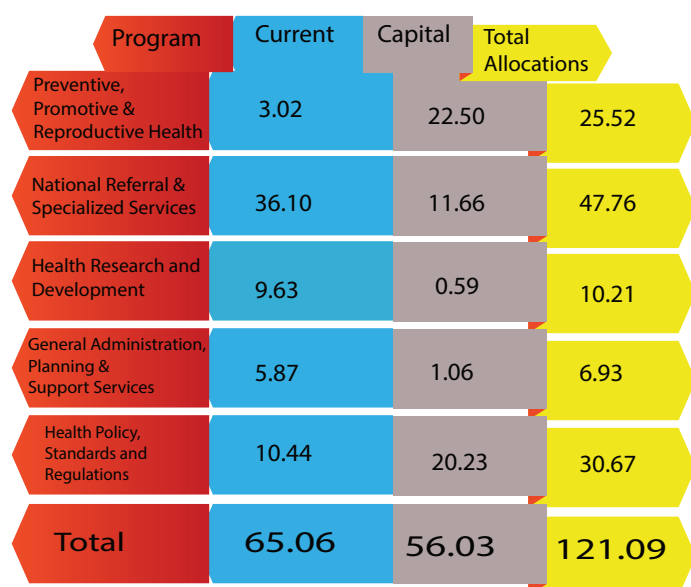
- The State Department for Early Learning and Basic Education share is 103.96 billion which equates to 2.9% of the total government spending. This allocation is inadequate to reduce the burden of Kenyan households currently funding 33% of expenses related to education and to increase the transition of children from primary to secondary. Notably, the government funds 53%³ of education expenditure with private entities and donors chipping in to plug the deficit.
- Higher allocations are also needed to reduce disparities in school infrastructure, the number of teachers, desks, class size, and teaching materials across the country amongst other issues.
- Allocations to Early Childhood Development and Education, a function that has been devolved to the counties lack clear budgeting guidelines since counties receive lump sum funding from the national government. The lack of guidelines may contribute to under resourcing of the ECDE with possible diversion of funds being made to bursaries in secondary and tertiary institutions⁴.

³ Page 47. Ministry of Education (MoE) Basic Education Statistical Booklet 2019

⁴ Child Sensitive Planning and Budgeting: Nairobi County Brief

Analysis of Key Expenditure

Allocations to the Ministry of Health Total allocation: 121.09 billion



Source: National Treasury Program Based Budget 2021/2022

Key issues

- The Ministry of Health is allocated 121.09 billion shillings which corresponds to 3.3% of the total government spending. There is a deficit of Ksh 74.59 billion (38%) from what the Ksh 195 billion the Health Sector working group requested against an allocation of 121.09- meaning supplies and services will be compromised.
- When resources needed to combat COVID-19 are considered with the knowledge that the increase from the previous budget 19 billion (2020/21) is only 2 billion the deficit is even more glaring. Programs such as the Preventive, Promotive and Reproductive health, and National Referral and Specialized services that directly affect service provision especially for women and children suffered a deficit of 15% and 41% respectively, after being allocated Ksh 25.52 billion – Ksh 4.53 billion less than the Ksh.30.05 billion requested and Ksh 47.76 billion instead of Ksh 81.48 billion requested.
- The deficit may result in scaling down of the number of national reference laboratories and county reference laboratories that are able to conduct testing of at least 5 priority diseases from 5 to 3⁵.
- Apart from the expected increase in spending in the health docket resulting from COVID-19 containment, Kenya's combined national and county health budget allocations in the past years have been below 10% of the total budget. This is below the recommended 15 % spending in health envisaged in the Abuja Declaration which Kenya is signatory.
- Kenyan government underspending in health has been singled out as one of the factors pushing more people into poverty through out-of-pocket payments⁶. This is because half of the population is not listed on any health insurance.

Ministry of Water, Irrigation and Sanitation: Total Allocation: Ksh 78.28 billion

| Program | Recurrent | Capital | Total Allocations |
|---|-----------|---------|-------------------|
| General Administration, Planning and Support Services | 0.761 | 0.150 | 0.911 |
| Water Resources Management | 1.664 | 14.757 | 16.421 |
| Water and Sewerage Infrastructure Development | 3.227 | 34.784 | 38.011 |
| Irrigation and Land Reclamation | 0.713 | 9.769 | 10.482 |
| Water Storage and Flood Control | | 10.813 | 10.813 |
| Water Harvesting and Storage for Irrigation | 0.030 | 1.610 | 1.640 |

Key issues

- The total allocation made to the Ministry of Water, Irrigation and Sanitation is 78.28 billion shillings which is 2.1% of the total government spending. The allocation of Ksh 1.64 billion to water harvesting and storage for irrigation underfunds an area that would potentially impact greatly to the lives of women in marginal areas who need irrigated water for agriculture that forms the basis of their livelihood pursuits.
- Water scarcity continues to be a huge problem in rural and urban communities with almost half of the Kenyan population lacking access to basic sanitation services.
- That the water for schools' project under the Education Services Program targets to connect only 100 schools nationally (roughly 2 schools per county) with water means girls in many needy schools will continue wasting their school time collecting water as is the practice.

⁵ Health Sector Report: Medium Term Expenditure Framework (MTEF) for The Period 2021/22-2023/24 Page 196

⁶ The catastrophic and impoverishing effects of out-of-pocket healthcare payments in Kenya, 2018

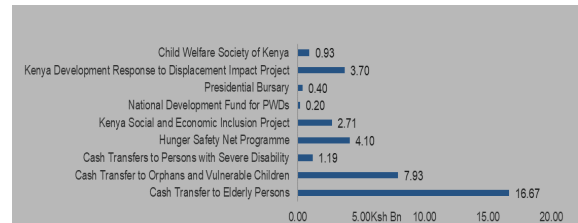
Analysis of Key Expenditure

Agriculture and Food Security Initiatives: Total Budget Allocation Ksh. 61.21 billion

| State Department | Program | Estimates 2021/2022 (Ksh Bn) |
|---|---|------------------------------|
| Fisheries, Aquaculture And the Blue Economy | Fisheries Development and Management | 9.39 |
| | General Administration, Planning and Support Services | 0.18 |
| | Development and Coordination of the Blue Economy | 0.65 |
| Crop Development and Agricultural Research | Agricultural Policy, Legal and Regulatory Frameworks | 6.68 |
| | Agricultural Planning and Financial Management | 0.07 |
| | Land and Crops Development | 20.22 |
| | Food Security Initiatives | 7.31 |
| | Quality Assurance and Monitoring of Outreach Services | 2.44 |
| | Agribusiness and Market Development | 1.55 |
| | Agricultural Information Management | 0.05 |
| | Crop Research and Development | 5.27 |
| Livestock | Livestock Research and Development | 1.25 |
| | Livestock Policy Development and Capacity Building | 1.99 |
| | Livestock Production and Management | 1.08 |
| | Livestock Products Value Addition and Marketing | 1.57 |
| | Food Safety and Animal Products Development | 0.34 |
| | Livestock Diseases Management and Control | 1.14 |
| | Total Budget | 61.21 |

- Adopt and implement agricultural policies that focus on the “demand side” and seek to increase incomes in particular of the poor. This is because food insecurity comes about largely because people do not have enough income to purchase food not because there is no food to buy.

Social Protection and Affirmative Action: Kshs. 37.84 billion



Source: National Treasury Budget Summary FY 2021/2022, Page 25.

Key issues

- The total allocations to the Social Protection and Affirmative Action is 37.84 billion shillings which is equivalent to 1.0% of total government spending.
- Whilst the Social Protection and Affirmative Action programs are in the right approach, the scope of such programs identified is very narrow and the fiscal policy employed here would not have broad effects anticipated. For instance, the orphans and vulnerable cash transfer targets 540,500 households with orphaned children while Kenya has an estimated 3.6 million orphans, The Persons With Disability (PWDs) targeted is 94,000 households while the number of PWDs in Kenya is 333,520 (Kenya Population and Housing Census, 2019). Also, the current amount of Cash transferred to a beneficiary is Ksh. 2000 per beneficiary per month which may not be sufficient to guarantee a decent living standard.

Key issues

Most Kenyans are worried about food. A survey conducted by the University of Nairobi and the Kenya National Bureau of Statistics in 2014 indicated 18 percent of the Kenyan population, which translates to 7.1 million are often or always hungry and that 70 percent of respondents in Turkana County, 59 percent of respondents in Kisii.

- The total budget for food and agriculture initiatives is 61.21% which is 1.7% of the total government spending.
- The budget allocations aim to increase productivity and do not translate easily into initiatives that will result in increasing household incomes which is where the critical need in particular for women is.
- Disease control for livestock diseases is a public good and the allocation of Ksh 1.14 billion is inadequate to run a countrywide program that can serve a livestock population of 18 million cattle, 18 million sheep, 28 million goats, 3 million camels, 34,689 pigs, 31 million poultry.
- While there are notable initiatives proposed by the government to assist SMEs and farmers directly by providing them with assistance and other subsidies, they are too small and narrow compared to Kenya's size of needy farmers, households and population in the labour market. There is therefore a need to widen the scope of such programs.
- In addition, the country needs to develop an institutional framework to implement the Food and Security Bill (2017) that will help tackle contemporary challenges in agriculture which include limited access to seeds and fertilizers; water harvesting technologies; modern farming methods and certification of food and beverage quality standards.

FUELS

Subjecting Liquefied Petroleum Gas to VAT

The National Treasury proposed reintroduction of Value Added Tax at 16% on Liquefied Petroleum Gas from the 1st July 2021. By levying the VAT on Liquefied Petroleum gas, 2.47 million households were affected in Urban areas while 413,240 households were affected in Rural areas. This may cause more households to resort to using unclean and traditional sources of fuel like paraffin, firewood and charcoal.

Use of fuels has gendered implications particularly to women who may bear a disproportionate burden of the tax, and whose health may be affected negatively when they resort to more environmentally harmful and unclean sources of energy such as paraffin, firewood, and charcoal. Women and girls are also exposed to gender-based violence when looking for fuels such as firewood commonly found in forests, they are also at risk of physical harm as a result of carrying firewood on their backs or heads.



16% VAT



POLICY AND PROGRAMME RECOMMENDATIONS

The Kenya budget 2021/2022 priorities seems not to “build back better” for women and the most vulnerable members of the society who have borne a disproportionate negative impact of the COVID-19 pandemic. By historically underresourcing sectors that build resilience and consumption capacity of citizens, Kenya has missed an opportunity to spur economic growth and has further exposed women, girls and vulnerable persons to the negative effects of socio-economic effects of COVID-19.

The government should pay attention to the care economy and implement gender responsive budgeting practices that may include:

State Department for Gender

- Increase the resources allocated to Women Enterprise Fund fivefold from Ksh 2.2 billion to Ksh 11 billion as a way of increasing the reach, impact of affirmative action and increasing the usefulness of the program.
- Increase the resources allocated to the Uwezo Fund by twenty-fold from Ksh 550 million to Ksh 11 billion to increase the scope of the affirmative action.

Ministry of Health

- Increase access to promotive, preventive, curative and rehabilitative health services for women especially those living in rural areas by initiating or upscaling county run health schemes such as the MakueniCare Universal Health Program which was launched in 2016 by the County Government of Makueni. Such initiatives will help to reduce out of pocket expenditure leaving more resources in the household.

Social Protection and Affirmative Action

- Scaling up support to orphans and vulnerable children to cover at least 1,500,000 school-going children given that the number of vulnerable children below the age of 18 is estimated at around 3.6 million.
- Improve targeting of social protection programs such as the Cash Transfer programs and the Hunger Safety Nets. Most government support is often given to Households rather than to individuals. Given that each beneficiary is given similar amounts, this practice disadvantages households with more members.
- Provide a coherent policy proposal of reintegrating all street persons back to the society through broader fiscal policy covering the 20,101 street persons.

Expand the scope of the program of persons with disabilities to cover at least 250,000-300,000 Persons with Disabilities

State Department for Early Learning and Basic Education

- Ensure there is free secondary education as part of fulfilling Article 53(1)b of the constitution by increasing allocations to the free day secondary day education. This will release more resources to the households by reducing household expenditure to education.
- Match capital expenditure in basic education with enrolment. This is especially important given that the government is insisting on 100% percent transition from primary to secondary.
- Solve the disparities in school infrastructure supply, the number of teachers, desks, class size, and teaching materials across the country amongst other issues. The teacher deficit in Kenya as at January 2021 was 104,000, there are also teacher/learner disparities especially in rural counties like Mandera and Turkana which have incidences of 80-90 learners per teacher.
- Increase allocations to Education Support Program (ESP) to increase schools benefiting from water supply.
- Review the existing early childhood development and education policies and practices and develop an action plan to resource ECDE education and child care centres.

Ministry of Agriculture, Livestock and Fisheries

- Initiate legislative and operating mechanisms to tackle food insecurity as envisaged in the Food Security Bill, 2017. This includes formation of a council comprising representation from line ministries as the implementing organ of the Bill and a monitoring and reporting system to capture information on food poor households, where they are located and proposed interventions to alleviate food insecurity.
- Enhance access to affordable credit to small scale farmers including women and those living in marginalized areas by increasing awareness and upscaling programs such as the Affirmative Action Window- a financial service provided to women farmers by the Agricultural Finance Corporation (AFC). Despite women accounting for only 25% of Sh8.7 billion AFC loan portfolio their loans are reported to be much productive than those of their male counter parts. It therefore makes “profit sense” to loan more women.
- Provide storage facilities and creation of strategic food reserves, feed and water reserves. These will include provision of storage facilities such as cold rooms/coolers to reduce wastage of horticultural produce such as fruits, milk and vegetables and construction of silos and cereals stores to store surplus grain.
- Provide and sustain timely access to affordable farm inputs like improved seeds, fertilizers and pesticides. This has been a commendable practice in the past though delays in providing this support have rendered them ineffective when provided after the rainy seasons.

- Match resources for water provision to Water and Sewerage Infrastructure Development (which has been allocated Ksh 38.01 billion). This will allow water companies across the country to scale up water provision.

Ministry of Water, Irrigation and Sanitation

- Increase access to water for domestic and domestic use through measures such as; subsidizing of equipment/materials for water harvesting (tanks, pipes, water pumps, borehole drilling machinery, gutters) to enable households to harvest and store rainwater. Apart from reducing the time spent by women looking for water, availability of water has implications on food security as cited by ninety-five per cent of opinion leaders from 20 counties in Kenya. The government also needs to fast track ongoing construction of dams and water pans and address concerns of procurement and misappropriation of funds related to these projects.
- Adopt and implement agricultural policies that focus on the “demand side” and seek to increase incomes in particular of the poor.
- Increase the allocation of money made to disease control to effectively respond to livestock disease concerns in the country.

Revenue Raising

- Phase-out the 16% VAT on Liquefied Petroleum Gas to ease tax burden on women in particular and boost environment conservation.
- Increase opportunities to women from the annual Government borrowing, by sensitizing them on M-Akiba government bond.
- Prioritize critical social sector services by adopting a more prudent fiscal policy that will cushion vulnerable population from the effects of public debt.

Employment Creation

- The government should increase the size and scope of assistance to SMEs in tandem with their population and gender specific needs. Initiatives on this area should also include ease of business registration, progressive taxation to small businesses, and access to affordable credit.
- The Affirmative Government Procurement Opportunity (AGPO) is a great initiative that can be improved by matching its growth with the increase in the country's budget, enabling vulnerable individuals to participate by phasing out registration fees such as those required by the National Construction Authority, and creation of peer learning and networking platforms
- The government should also initiative projects that ensure that at least one household member has access to an income generating activity. This can be achieved by implementing policies and action plans to guide public works programs like Kazi Mtaani.

In conclusion, Kenya through the National Gender and Equality Commission (NGEC) has developed Gender Responsive Budgeting (GRB) guidelines that provide a framework for mainstreaming gender considerations into planning and budget formulation processes, the guidelines are however largely not implemented or adhered to by the national and county governments. It is therefore important that the government institutionalizes GRB and the use of gender disaggregated data in the planning, budgeting, reporting and impact analysis of government budget and policies.

An aerial photograph of a city skyline, featuring numerous high-rise buildings and a mix of architectural styles. The image is overlaid with a semi-transparent blue filter. The text 'WOMEN ECONOMIC EMPOWERMENT' is positioned at the bottom of the image in a white, bold, serif font.

WOMEN ECONOMIC EMPOWERMENT