



Expenditure priorities FY18-19

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01

**The Budget
estimates**



Overview of the Budget estimates

Budget Theme: *Creating Jobs, Transforming Lives & Sharing Prosperity*

	Amount in KES Bn	Percentage of GDP
Budget estimate	2,556	26.3%
Recurrent expenditure	1,509	15.9%
Development expenditure	625	6.4%
Transfer to County Government	376	3.9%

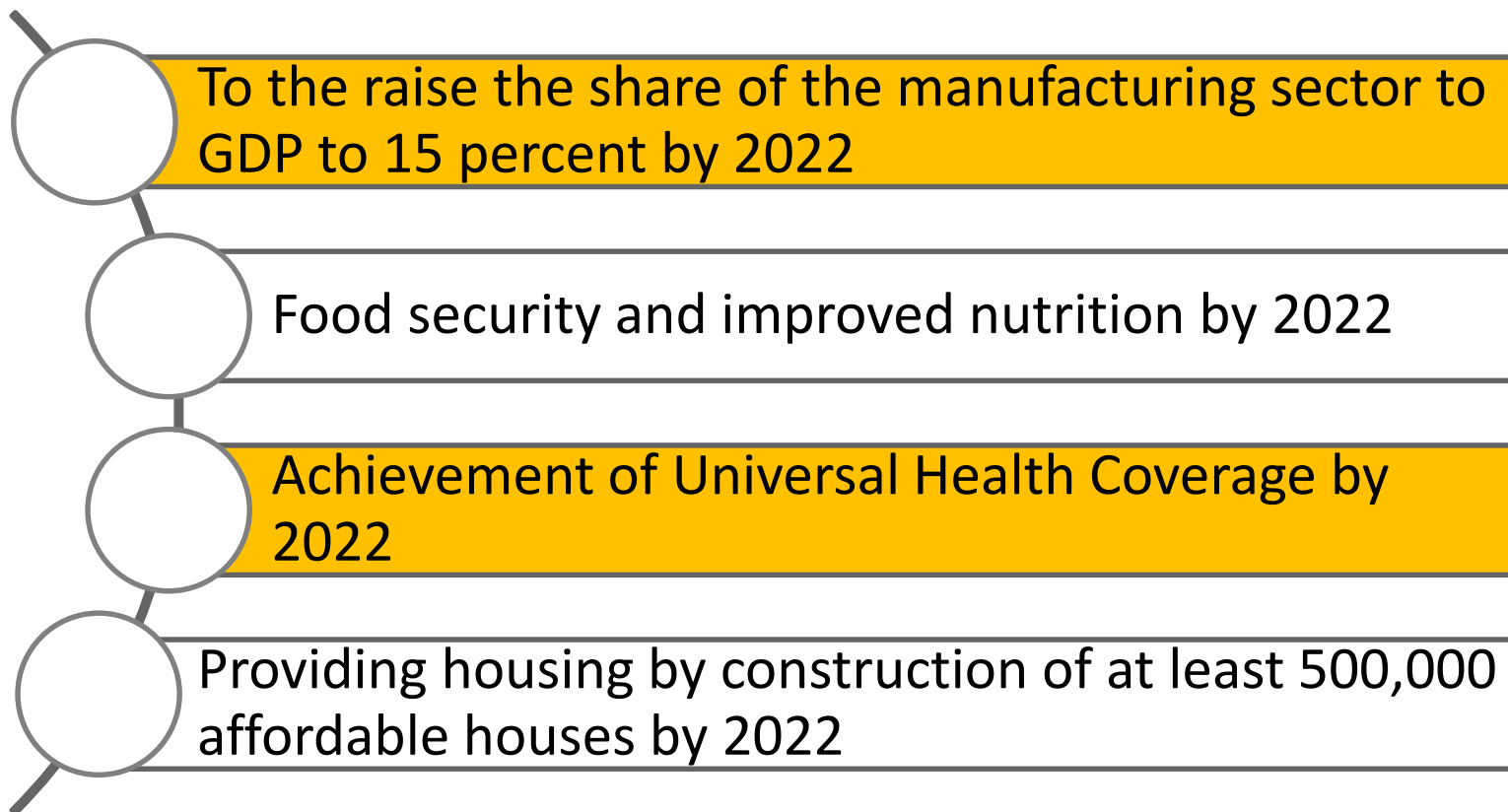


02

The Big 4 Agenda



The Big 4 Plan





The Big 4 Plan

Key enablers

- Enhanced security
- Continued macro-economic stability
- Targeted infrastructure
- Environmental management & protection, flood control & water harvesting
- Expanded technical training
- Dealing with corruption



03

The Big 4 Plan: Implementation



Manufacturing

Aim: 15% contribution to GDP and 800,000 employment creation by 2022

How will this be achieved?

- By establishing leather parks & textile industries in various parts of the country
- By reviving and transforming industries i.e manufacture of construction materials
- Re-establish automobile industry
- By providing incentives to investors in the manufacturing sector
- Expand infrastructure & land access targeting manufacturing zones



Manufacturing cont'd

How will this be achieved?

- Financing the development of Dongo Kundu SEZ in Mombasa
- Removing EAC trade barriers
- Review of common external tariffs



Manufacturing cont'd

Tax measures

- Increased rate of import duty on iron, steel, textile & footwear and timber products as well as vegetable oil
- Duty remission on inputs for manufacture of pesticides & clean energy
- VAT exemption on parts imported for assembly of computers
- Deduction of 30% of total electricity bill by manufacturers from corporate profit



Food security

Aim: To ensure food security and improved nutrition by 2022

Key focus areas by the Government in ensuring food security

Enhance large scale production:
Place additional 700,000 acres of land through PPP & promoting investments in post –harvest handling, expanding irrigation schemes

Enhance agricultural production among small holder farmers:
Upscaling crop and livestock insurance to cushion farmers against climate risks

Reduce the cost of food:
Providing affordable energy, enhance market distribution infrastructure & avail post incentives for post-harvest technologies



Food security

Tax incentive

- VAT exemption of materials used in the construction of grain storage facilities

Specific budget allocations

- 8.5B – ongoing irrigation projects
- 4.3B – Fertilizer subsidy
- 0.3B – crop insurance
- 1.4B – strategic food reserve
- 1.9B – Kenya Cereal enhancement
- 0.9B – crop diversification
- 0.3B – Army worm mitigation
- 0.5B – Mechanization of Agriculture



Affordable housing

Aim: Providing housing by construction of at least 500,000 affordable houses by 2022

How will this be achieved?

- Partnering with private sector to develop affordable homes
- Providing affordable financing – Kenya Mortgage Refinance Company (KMRC) incorporated in April 2018
- Adoption of new low-cost building technologies
- Establishment of the National Social Housing Development Fund (NSHDF) where every employer & employee will contribute 0.5% of gross salary
- Reforming the property registration process



Affordable housing

Tax incentive

- 15% Corporate income tax rate for developer who construct at least 100 units a year

Specific budget allocations

- 1B – construction of affordable housing
- 2B – construction of social housing units
- 2.5B – Kisumu urban program
- 4.3B – Nairobi Metropolitan services
- 11.7B – Kenya Urban Program



Universal Health Coverage

Aim: Achievement of Universal Health Coverage by 2022

How will this be achieved?

- Launch of comprehensive NHIF medical scheme for secondary school students
- Provision of specialized medical equipment in counties
- Increasing the number of health facilities at the community level
- Expansion of “Linda Mama” program to mission hospitals and private hospitals
- Enlisting Community Health Volunteers to help in health care provision at grassroots level
- Training more doctors & sourcing specialized skills from outside



Universal Health Coverage

Specific budget allocations

- Total allocation for health care – KES 90B
- To cater for: free maternity, leasing of medical equipment, CT scanners, roll out of universal health care to counties, doctors and clinical officers internships



03

The Big 4 plan enablers



The Big 4 plan enablers

Ensuring a conducive business environment for investment

Improving National Security

- ▶ Security is key in economic stability and attracting investments which in turn spurs growth and job creation, especially for the youth
- ▶ Budget allocation – KES 142.3B

Macro-economic stability

- ▶ Pursuing prudent fiscal and monetary policies that support strong economic growth, ensuring price stability and maintain debt at sustainable levels.
- ▶ Maintaining inflation at 2.5% on either side of 5%
- ▶ Maintaining stable interest rates



The Big 4 plan enablers

Infrastructure development – KES 418.8B

Road

Rail

Energy

ICT



The Big 4 plan enablers

Investment in social services for welfare of Kenyans

Education

- ▶ To promote learning & competencies ensuring quality & relevant skills for the market
- ▶ Budget allocation – KES 444.1B

Equity & poverty reduction

- ▶ Under the National Safety Net (Inua Jamii) Programme, Government committed to support the vulnerable groups in the society
- ▶ Budget allocation – KES 33B



The Big 4 plan enablers

Supporting the Counties for better service delivery – KES 376B

- ▶ Construction of level 5 hospitals
- ▶ Leasing of medical equipment
- ▶ Rehabilitation of youth polytechnics
- ▶ Road maintenance



Other expenditures

	Amount in KES Bn
Economic and commercial affairs	25.4
Public Administration & International Relations	270.1
Environmental protection, water & natural resources	77
Judiciary	15.2



Kenya Economic Outlook

Q & A



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