

NATIONAL DEBT & DEVOLUTION

Presentation by:

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PRESENTATION OUTLINE



1. Introduction
2. Kenya's Fiscal Framework
3. Kenya's Debt
4. Financing Devolution

INTRODUCTION



- 1. Devolution:** transferring of expenditure responsibilities along with substantive decision-making authority to county governments, who are primarily accountable to local constituencies/people
- 2. Article 6,** establishes the two levels of government
- 3. The fourth Schedule,** assigns functions to both levels of governments

INTRODUCTION...

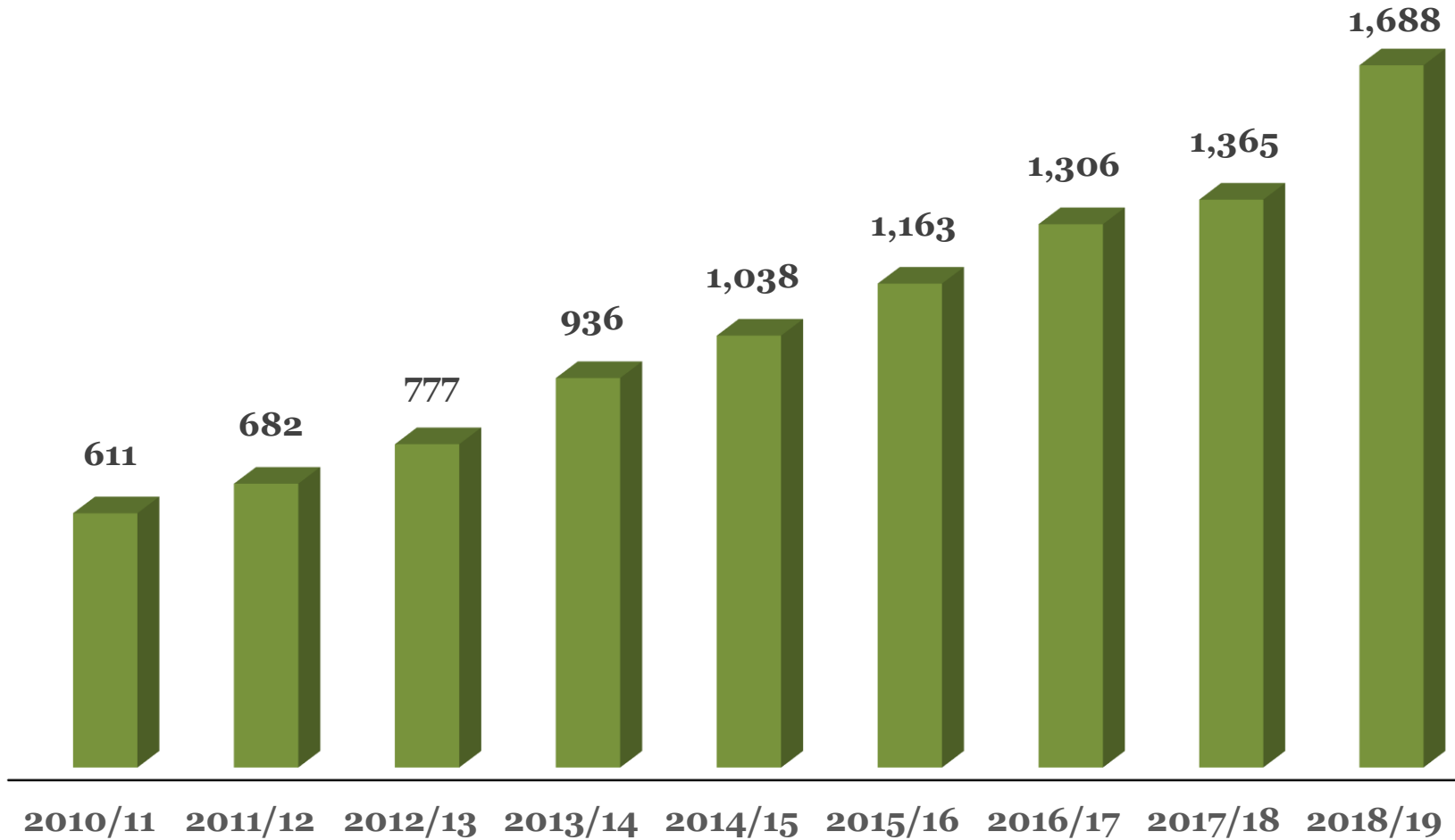


4. Shareable Revenue: Defined in the Constitution and Section 2 of the Commission on Revenue Allocation Act, 2011 as:

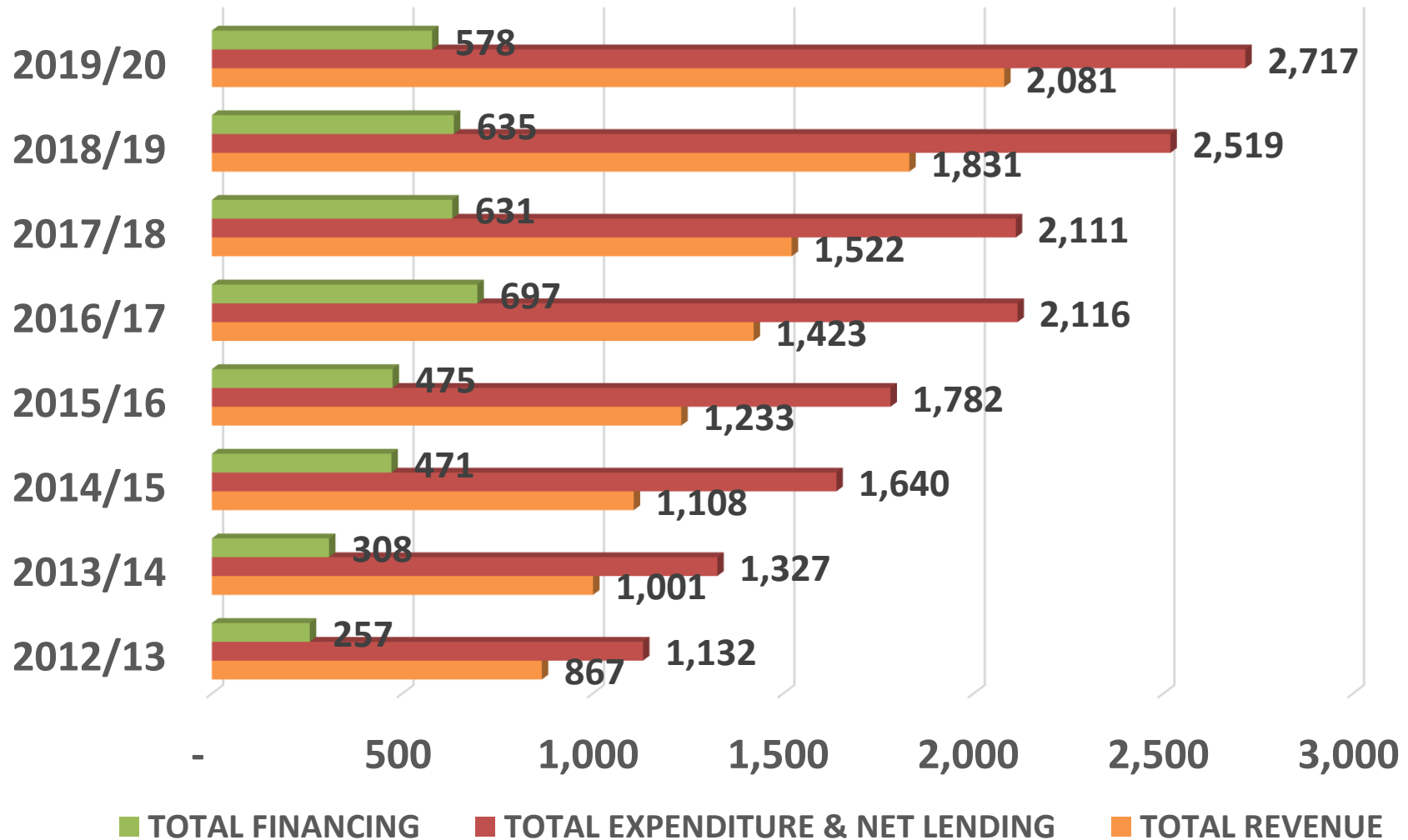
“all taxes imposed by the national government under Article 209 of the constitution and any other revenue (including investment income) that may be authorized by an Act of Parliament, but excludes revenues referred to under Articles 209 (4) and 206(1)(a)(b) of the Constitution”.

5. Art 187: provides that funds must follow functions

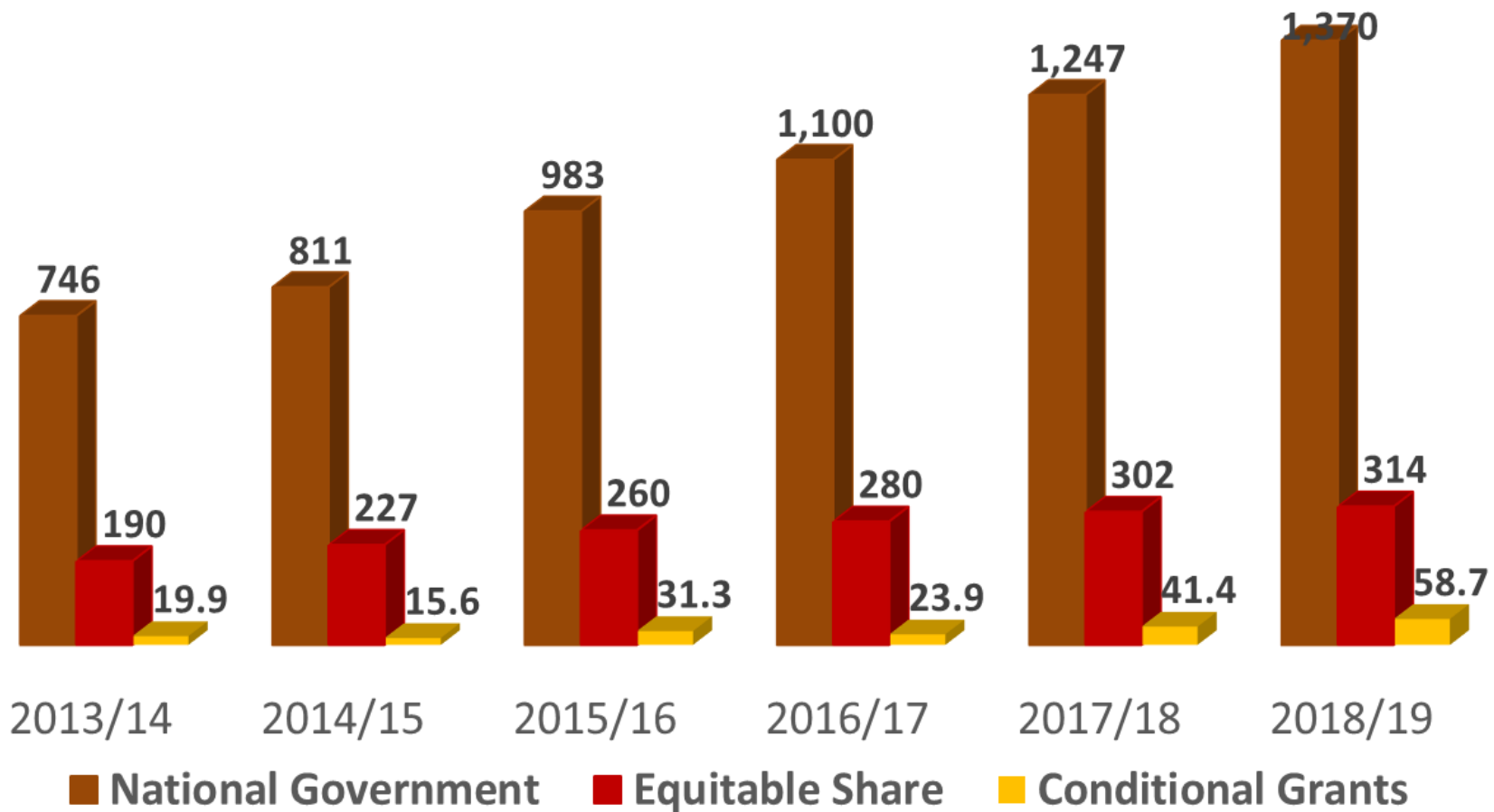
FISCAL FRAMEWORK



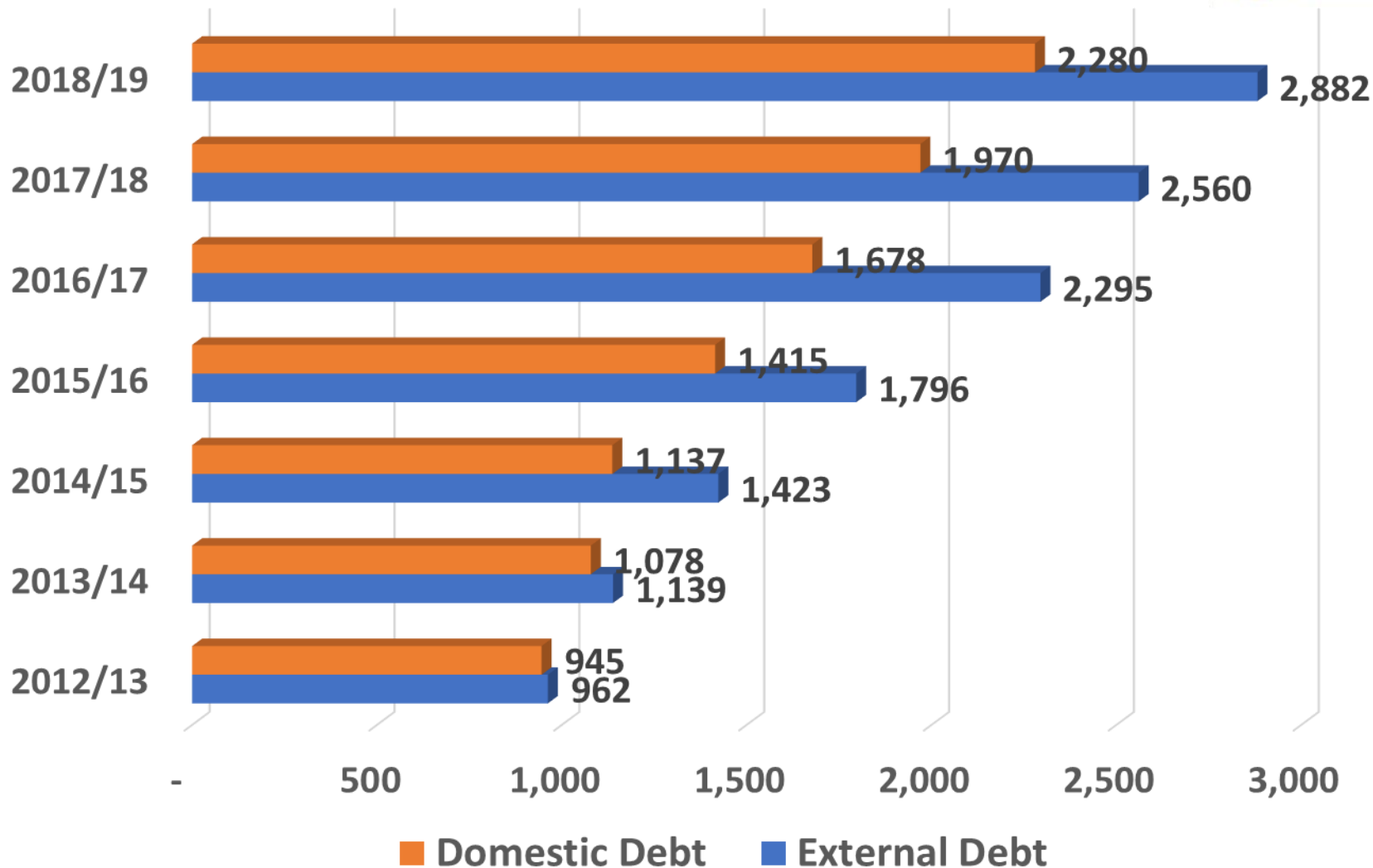
THE FISCAL FRAMEWORK: BNS



ORDINARY REVENUES: FINANCING DEVOLUTION

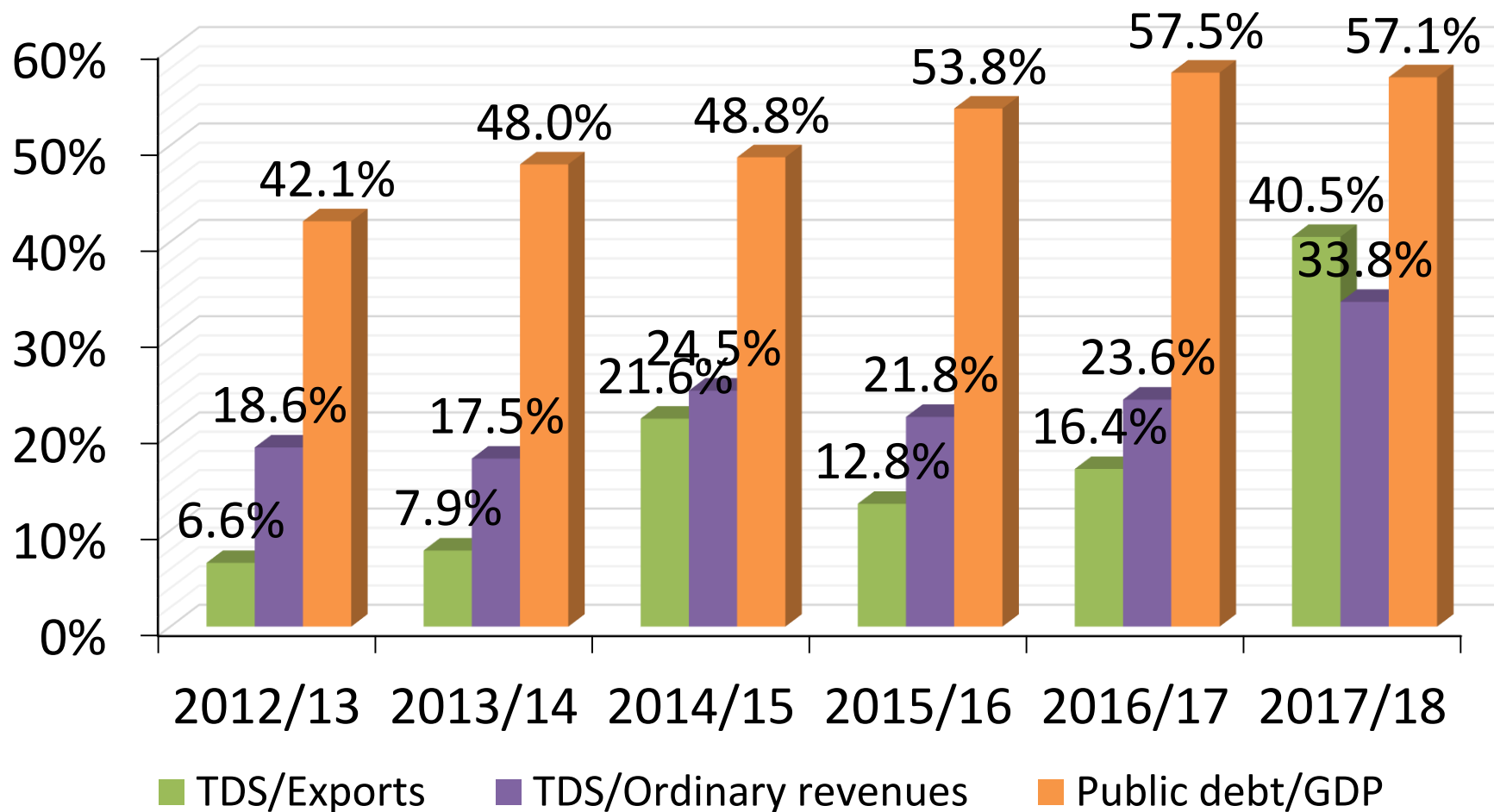


PUBLIC DEBT: BNS

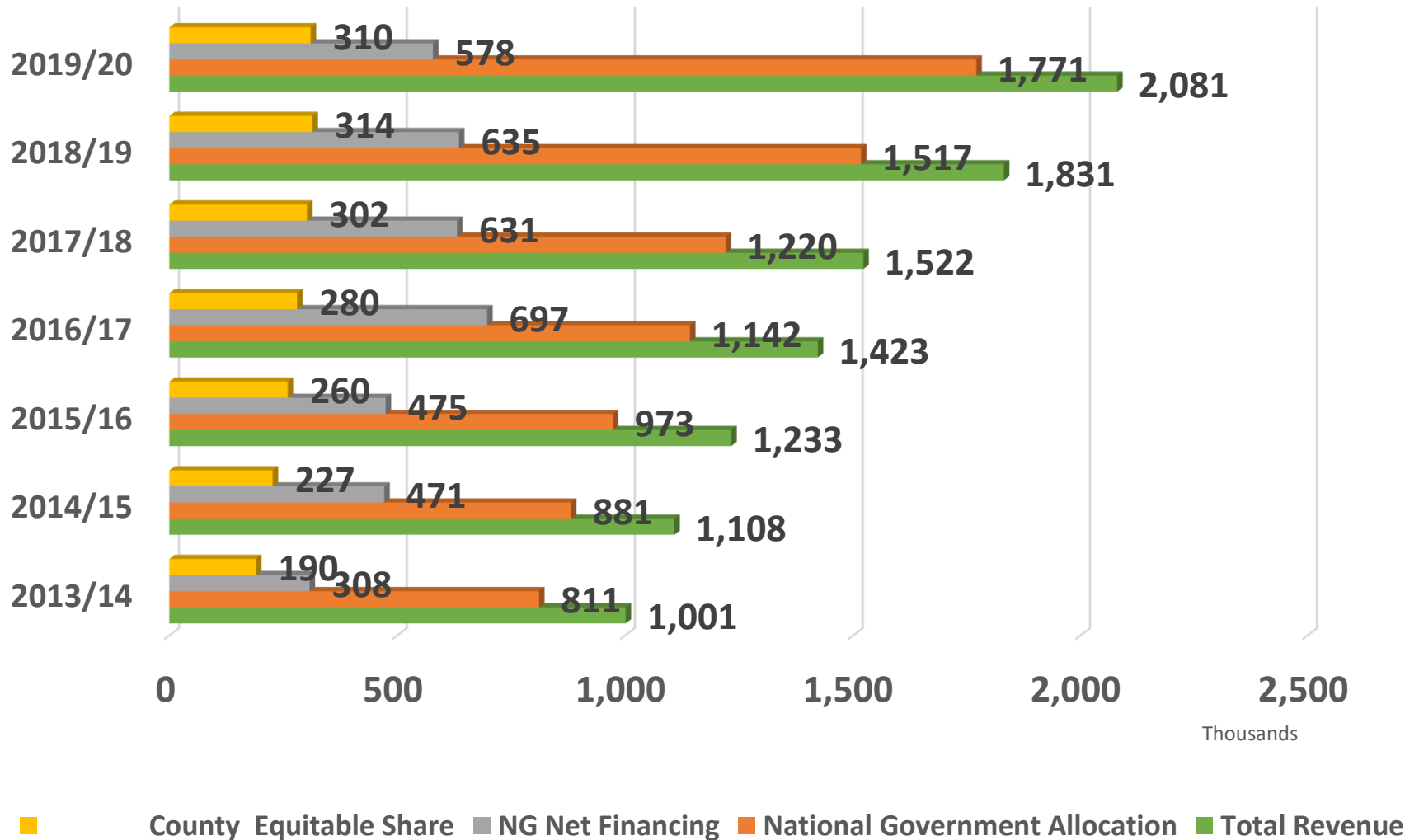


KENYA'S PUBLIC DEBT:

Threshold: 70%: PV of Debt/GDP



FINANCING DEVOLUTION (BNS)



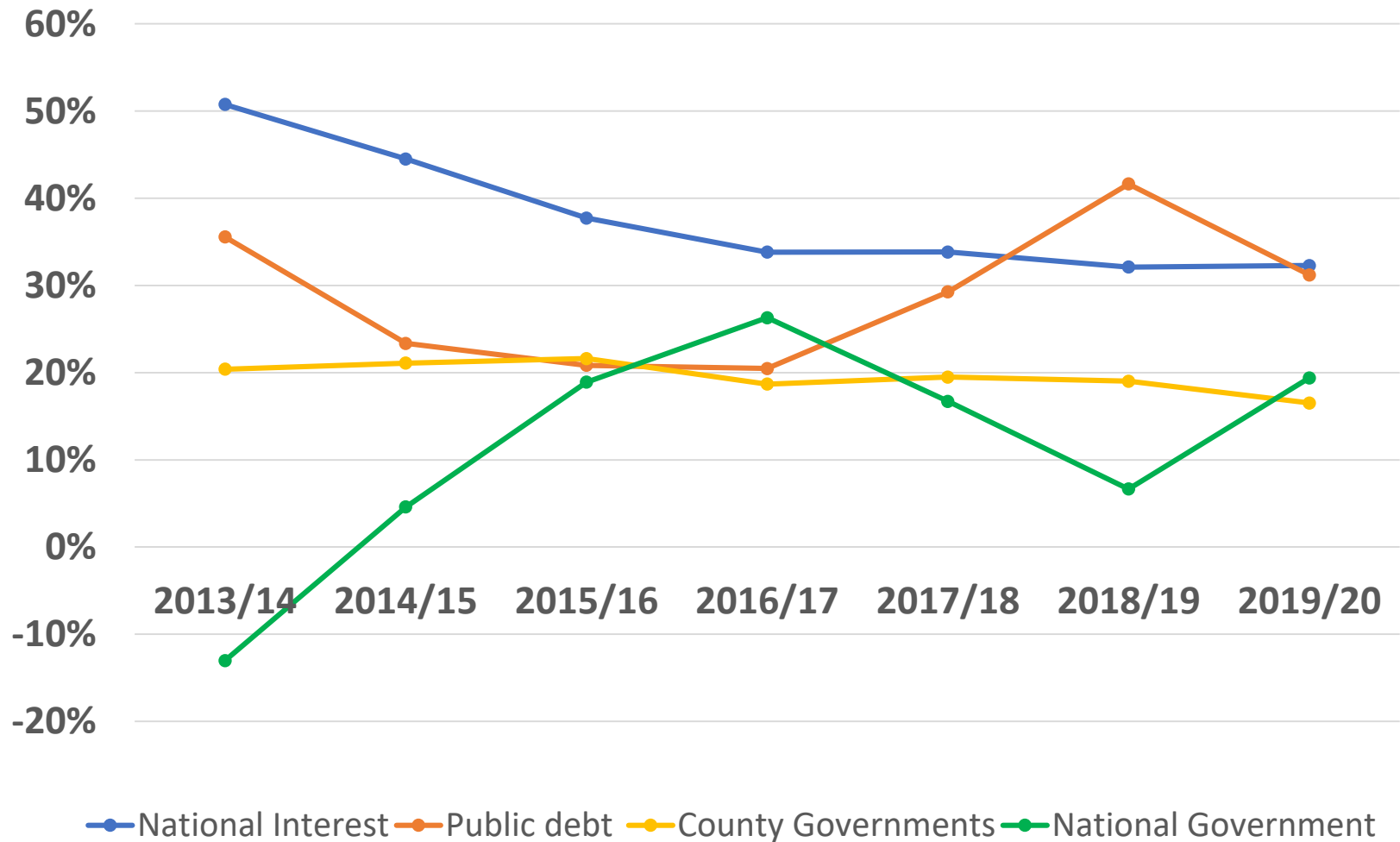
DEBT SUSTAINABILITY:

Kenya's External Debt (moderate risk distress)

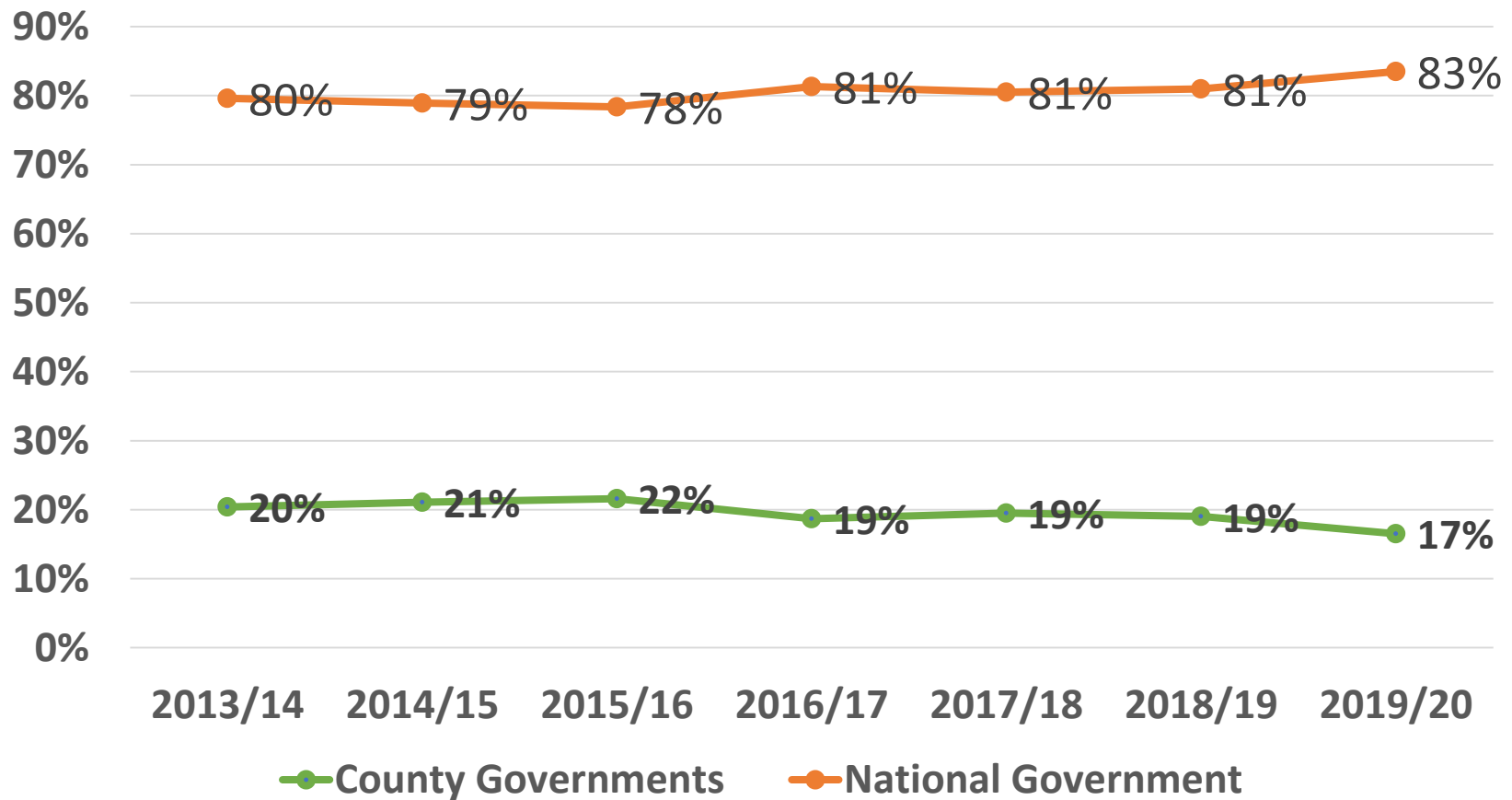


Indicators	Thresholds	2017	2018	2019	2020	2021
PV of debt-to-GDP ratio	55	25.9	31.4	32.3	29.1	25.6
PV of debt-to-exports ratio	240	165.4	191.1	191.4	168.5	146.9
PPG Debt service-to-exports ratio	21	16.5	19.9	26.2	25.6	24.9
PPG Debt service-to-revenue ratio	23	13.3	16.2	21.6	22.0	21.6

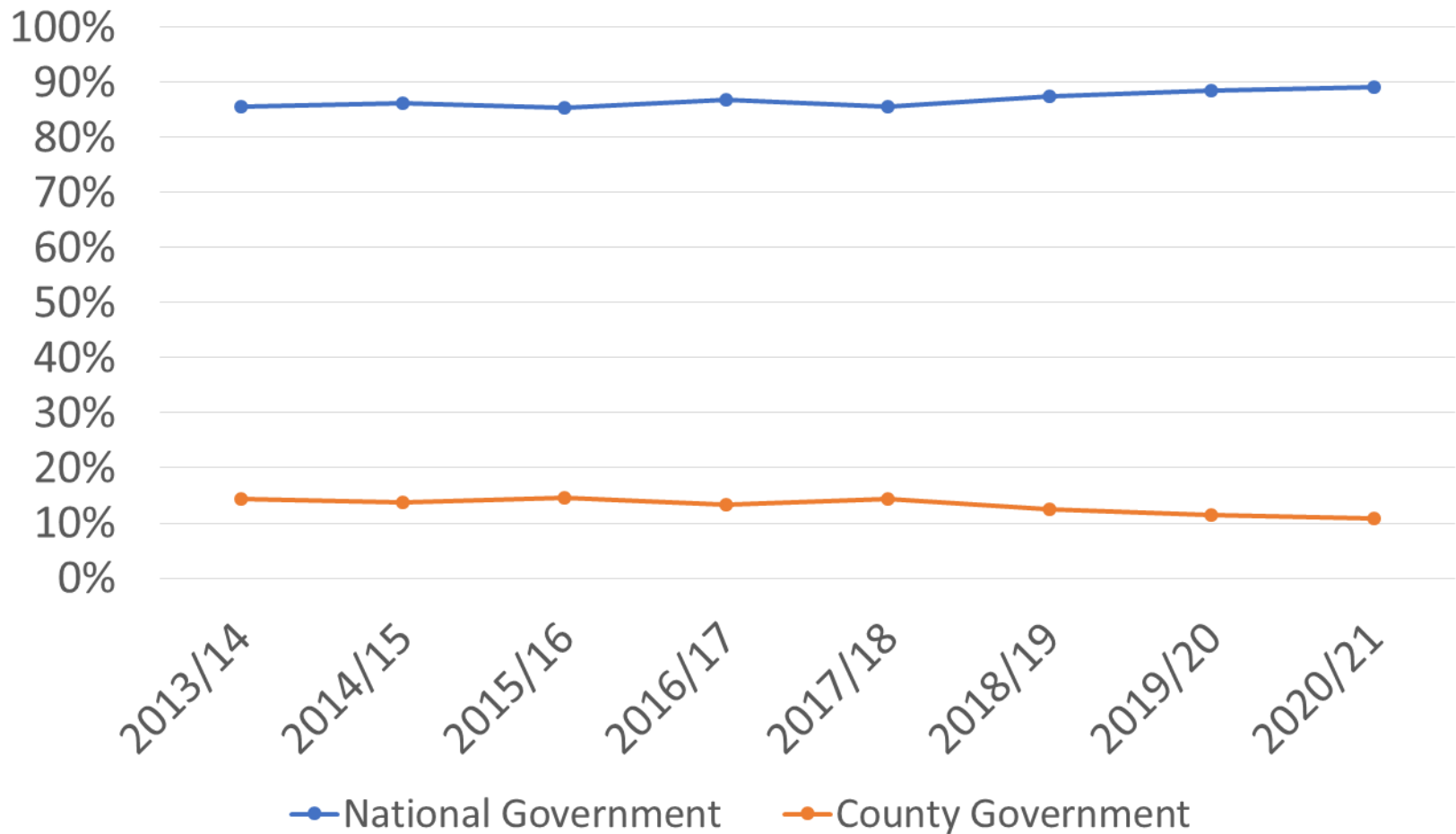
FINANCING DEVOLUTION: CRITERIA: ARTICLE 203



FINANCING DEVOLUTION: NATIONAL & COUNTY: % Total Ordinary Revenues



FINANCING DEVOLUTION: NATIONAL & COUNTY :%/Total Expenditure



Objectives of Devolution: Article 174

(f) to promote social and economic development and the provision of proximate, easily accessible services throughout Kenya;

(g) to ensure equitable sharing of national and local resources throughout Kenya;

Why has Kenya borrowed?

1. Investment, especially Infrastructure?
 2. Consumption???
- Problematic**

THANK YOU