



*Annual Budget review 2021-2022*

## *Budget priorities & implementation Gaps*

**CPA Jared Maranga**  
*jmaranga@gmail.com*

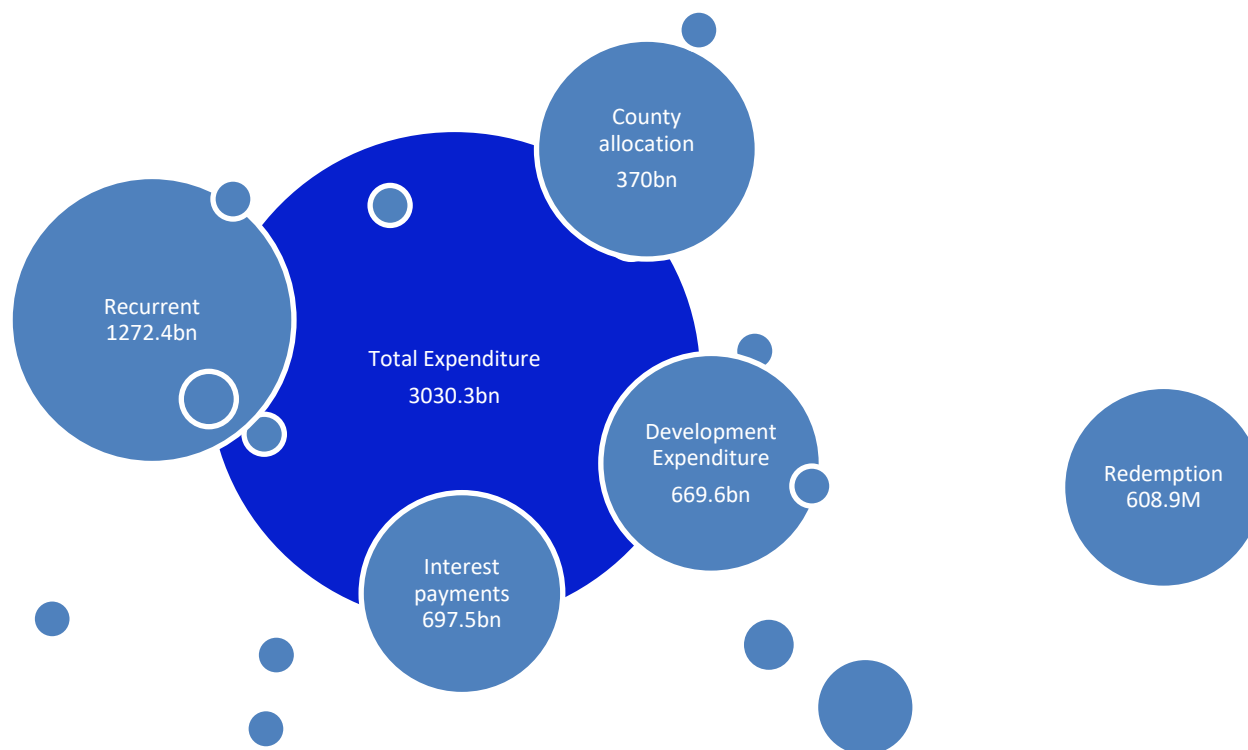
# Agenda



- Budget highlights
- Spending priorities
- Funding for the big 4 agenda
- Budget Implementation Gaps

**Vision:** A world class Professional Accountancy Institute.

# Budget expenditure allocation

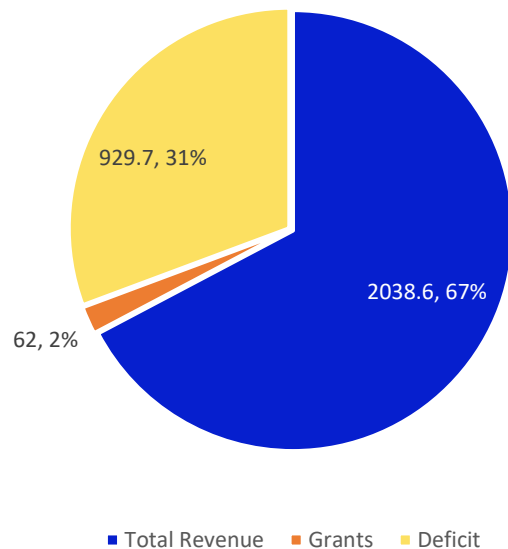


**Vision:** A world class Professional Accountancy Institute.

# Budget Financing



Financing options



Deficit will be financed through:

- Domestic borrowing 658.5bn
- Foreign borrowing 271.2bn

**Vision:** A world class Professional Accountancy Institute.

# Expenditure priorities



## Key considerations for the 2021/2022 budget

- ❖ Main objective - Impact on the well being of Kenyans and support economic recovery.
  - ❖ Addressing the impact of COVID 19 and its containment measures.
  - ❖ Food security , high cost of living and unemployment levels among the youth
  - ❖ Poverty and inequality levels
  - ❖ Public debt management – establishment of public debt management office
  - ❖ Access to credit by the private sector – How will this be done?

**Vision:** A world class Professional Accountancy Institute.

# Expenditure priorities



- ❖ Addressing the health and economic crisis arising from the covid-19 pandemic
- ❖ Support to the national COVID -19 vaccination program - **Allocation of 14.3bn**, is this sufficient?
- ❖ Implementation of the big four agenda – enhanced food and nutrition security; access to universal healthcare; affordable housing and growth of manufacturing.
- ❖ Enhance the on-going economic stimulus programs - Kazi mtaani and support of SMEs
- ❖ Improvement of education programs - recruitment of intern teachers – 4000 & 8000 teachers.

**Vision:** A world class Professional Accountancy Institute.

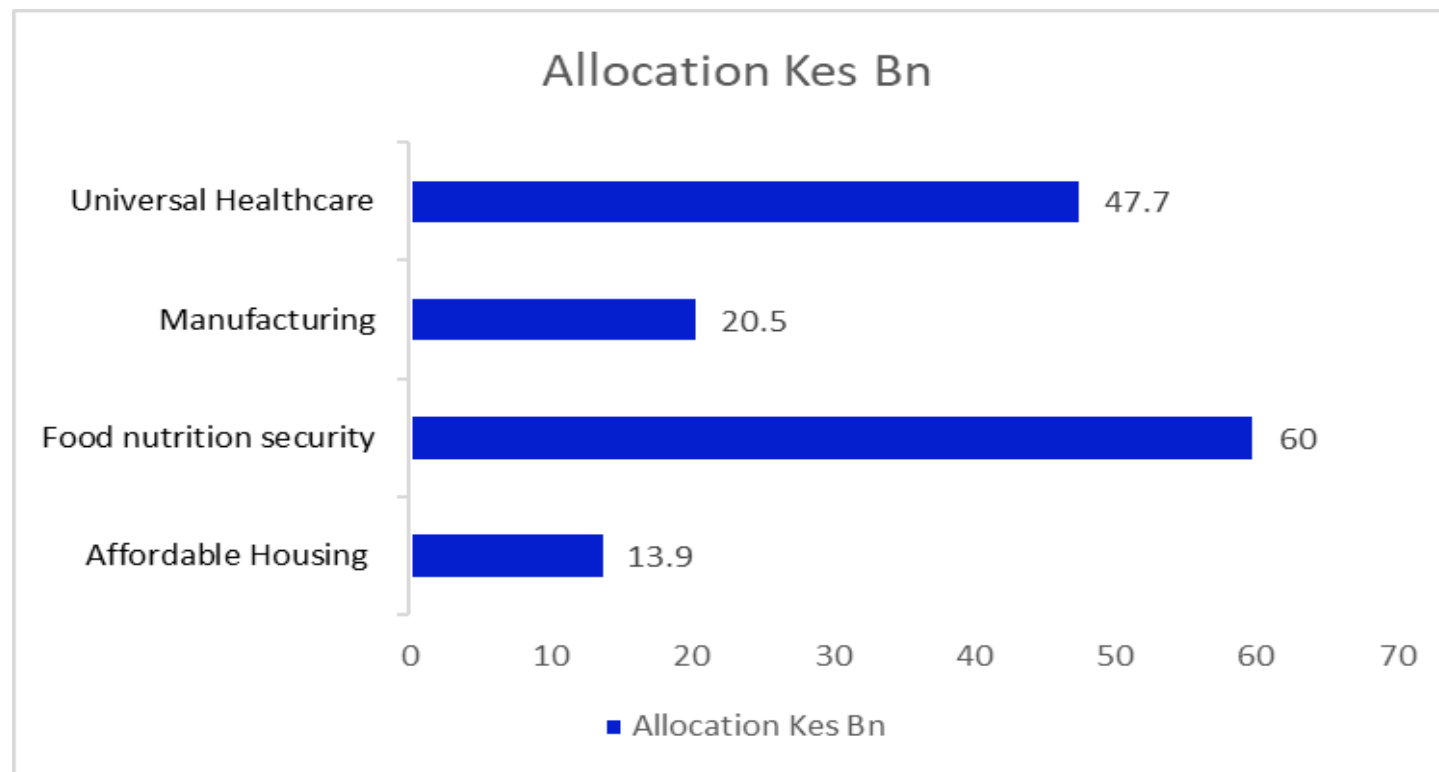
# Expenditure priorities



- ❖ Enhancement of health care system capacity – recruitment of health care workers.
- ❖ Enhancement of liquidity of business - facilitating VAT refunds estimated at 10 bn and clearance of pending bills estimated at Kes 13bn
- ❖ Enhancing access of funding by SMES - provision of Kes 3.0 billion to the Credit Guarantee Scheme as a seed capital
- ❖ Support of infrastructure - economic recovery
- ❖ Improving security - social welfare & economic
- ❖ Inua jamii - cash transfers for the elderly

**Vision:** A world class Professional Accountancy Institute.

# Big 4 agenda allocations



**Vision:** A world class Professional Accountancy Institute.



# Discussion - All



- ❖ What are the key main challenges facing the Big 4 Agenda?
- ❖ What could the best policy proposals ?
- ❖ Is the Kenyan economy headed to a crash?
- ❖ What is the influence of external bodies on our spending priorities?

**Vision:** A world class Professional Accountancy Institute.

# Big four agenda allocations



## Other Key Allocations

<b>Ksh 23.1 billion</b> Economic Recovery Strategy
<b>Ksh 302.1 billion</b> Enhanced security for stability, investment and growth.
<b>Ksh 310.7 billion</b> Investing in infrastructure to unlock growth potential.
<b>Ksh 202.9 billion</b> Enhancing access to quality education outcomes.
<b>Ksh 93.2 billion</b> Environment management and protection, flood control and water harvesting.
<b>Ksh 103.4 billion</b> Equity, poverty reduction & social protection for vulnerable groups.
<b>Ksh 23.0 billion</b> Leveraging on Information, Communication and Technology.
<b>Ksh 409.8 billion</b> Transfer to County Governments Including: Equitable Share <b>Ksh 370.0 billion</b> and Conditional Allocation <b>Ksh 39.8 billion</b>

**Vision:** A world class Professional Accountancy Institute.

# Implementation gaps



- ❖ Borrowing from the private sector - How will it be affected by government borrowing - crowding out effect
- ❖ Lag between the realisation of outcomes from proposed policies and their review.  
Investment allowance – reducing balance approach – straight line approach
- ❖ Efficiency in implementation government processes
- ❖ Challenges of corruptions / revenue leakages

**Vision:** A world class Professional Accountancy Institute.

# Implementation gaps



- ❖ Inconsistence in policies and various proposal / lack of clear policy frame works
- ❖ Widening budget deficits - about 1trn deficit budget
- ❖ Misplaced priorities – addition allocation to new infrastructure projects, whereas there are stalled projects.
- ❖ Increased levels of unemployment

**Vision:** A world class Professional Accountancy Institute.

# Recommendations



- ❖ Limitation to access of funds for local investors ( review of the contracting framework).
- ❖ Streamline procurement processes – to minimise delays in implementations
- ❖ Tax reforms - putting in place a National tax policy, tax incentive and reliefs
- ❖ Public Private Partnership Bill, 2021 to easy the PPP processes

**Vision:** A world class Professional Accountancy Institute.

Thank you

## Next steps

Should you have any questions please let us know

Jared Maranga: [jmaranga@gmail.com](mailto:jmaranga@gmail.com)

Mobile: +254 720 799 410