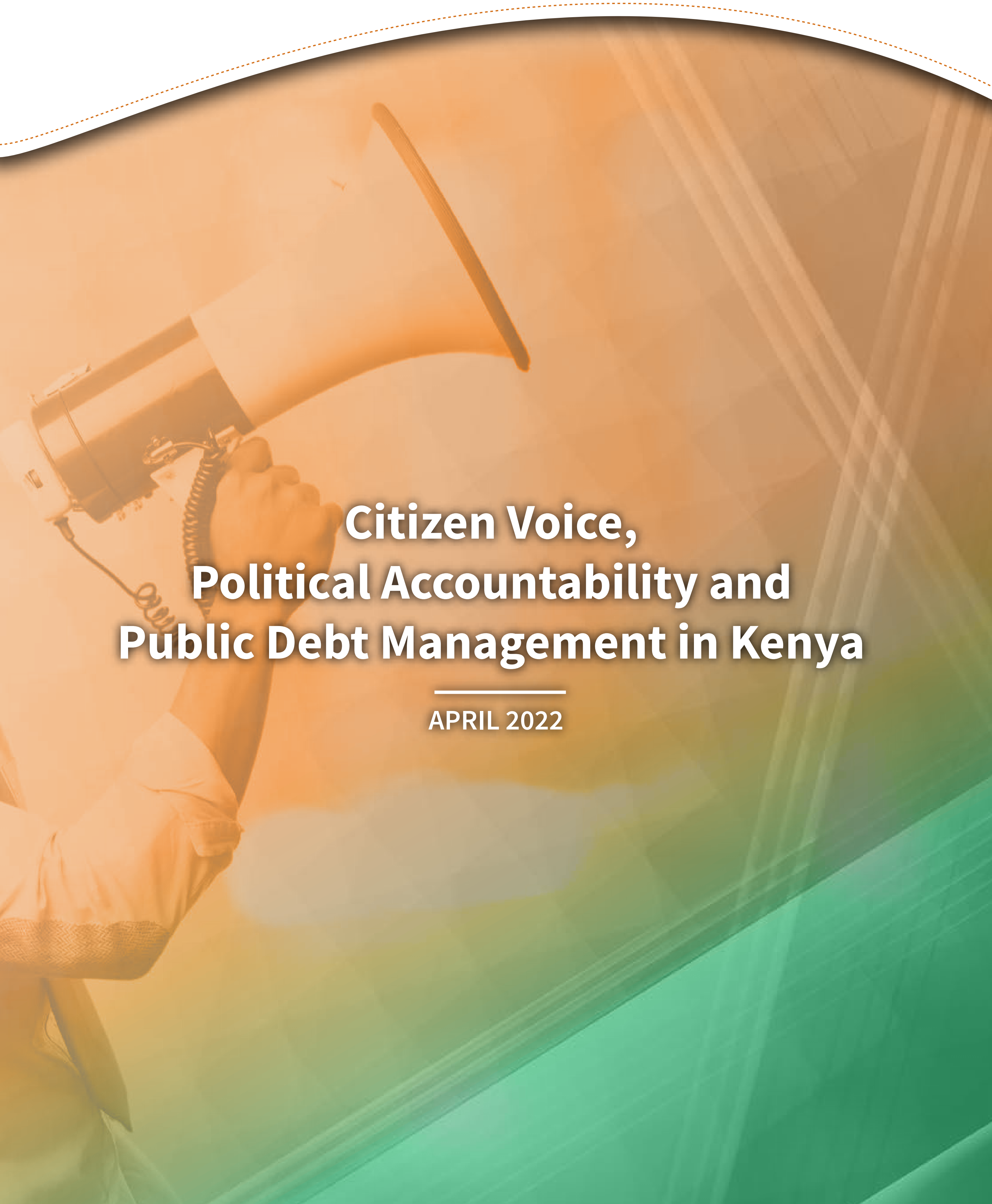
The Institute for Social Accountability



Citizen Voice, Political Accountability and Public Debt Management in Kenya

APRIL 2022

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LIST OF ACRONYMS

ADB:	**African Development Bank**
ADF:	**African Development Fund**
AFROSAI:	**African Organisation of Supreme Audit Institutions**
CBK:	**Central Bank of Kenya**
CBO:	**Community Based Organization**
CRAWN:	**Community Advocacy and Awareness**
CREAW:	**Centre for Rights, Education and Awareness**
GDP:	**Gross Domestic Product**
IBP:	**International Budget Partnership**
IDA:	**International Development Association**
IFIs:	**International Financial Institutions**
IGRTC:	**Intergovernmental Relations Technical Committee**
IMF:	**International Monetary Fund**
INTOSAI:	**International Organization of Supreme Audit Institutions**
ISB:	**International Sovereign Bond**
MCA:	**Member of County Assembly**
MDAs:	**Ministries, Departments and Agencies**
MP:	**Member of Parliament**
MSMEs:	**Micro, Small and Medium Enterprises**
OECD:	**Organization for Economic Cooperation and Development**
PDMO:	**Public Debt Management Office**
PFM:	**Public Finance Management**
SMEs:	**Small and Medium Enterprises**
UDA:	**United Democratic Alliance**
USAID:	**United States Agency for International Development**

EXECUTIVE SUMMARY

Background to the Study

There have been concerns about the government's decisions on acquisition and utility of debt. Oversight institutions have also failed to check the errant political leadership and have been ineffective in keeping the executive in check regarding decisions on public debt. Citizens, especially women and youth have thus been forced to bear an inordinate share of the burden through taxes, lack of jobs, denial of socio-economic rights such as health, water and housing, and the absence of social protection. Moreover, citizens remain on the fringes of the debt matters, without voice and agency to hold those responsible to account.

It is against this background that TISA, with support from Christian Aid, sought to implement a project aimed at promoting the engagement of youth and women in advocating for prudent and accountable public debt management and inclusive development in Kenya. The project entailed a research aimed at generating evidence through a baseline study on citizen perceptions of public debt and how it affects their lives and livelihoods as well as a Political Economy Analysis on structural, political, social, and economic issues around youth and women's engagement in public debt issues. The findings from the research would then inform advocacy initiatives of the project. The research adopted a mixed methods approach, relying on data from both secondary and primary sources. Secondary data was obtained through desk review while primary data was obtained through a quantitative survey administered to respondents sampled from Nairobi County, Key Informant Interviews and Focus Group Discussions. The data was cleaned and weighted using SPSS to enhance accuracy and adjust for imbalances in sample size. Findings from the analysis have been incorporated into the report as graphs and charts.

Public debt and Fiscal Justice in Kenya

Kenya's debt stock has grown exponentially over the past decade, increasing from Ksh. 2.8 trillion in June 2015 to Ksh. 7.7 trillion in June 2021. The debt-GDP ratio increased from 41% to 68% over the same period. External debt forms the largest portfolio of Kenya's debt stock, accounting for 52.5% of the country's total debt stock. The largest proportion of procured loans finance energy, infrastructure and ICT, while only a dismal proportion goes into key pro-poor sectors. The increased stock of public debt and associated debt service obligations have limited the fiscal space and ability of government to deliver critical public goods and services. The rising debt servicing obligations have increasingly limited government ability to expand investments in critical pro-poor sectors – health, education, water, agriculture and social protection despite the increased demands for critical goods and services delivered through such sectors. Further, increased stock of domestic debt has had a stifling effect on credit available for local businesses especially Micro, Small and Medium Enterprises (MSMEs). This has limited SMEs growth and negatively affected livelihoods, especially for many involved in the informal sector. In response to widening budget deficit occasioned by increased debt servicing costs, the government has been driven to implement a stringent tax regime that is arguably punitive and hard on both businesses and individuals.

Public Participation in Public Debt Management in Kenya

Kenya has a robust and progressive framework of policies and institutions providing for public participation in public finance management that can be leveraged for inclusive, effective and accountable public debt management. However, overall compliance with public participation provisions with regard to public finance and public debt management remains poor in Kenya. This impairs transparency, accountability and public voice in debt management. Further, there exist no laws or policies that specifically provide for public participation and inclusion of citizen's voice on matters pertaining to public debt. As such, management of public debt and policy decision making remains a preserve for a few. Oversight on public debt is also assigned to few state ministries, departments and agencies, excluding input from the citizens and other non-state actors. Limited access to information on public debt, insufficient knowledge on matters public debt continue to limit citizen involvement and participation in public debt discourse. To ensure effective citizen participation in matters regarding public debt, there is need for deliberate efforts to operationalize Public Participation Act at national and county levels, and to enhance the effectiveness of the process in informing government action. Other key actions to strengthen citizen's voice and improve their participation include improving access to information, evidence generation to demonstrate effect of public debt on various population segments and government functioning, and facilitating establishment of platforms for engagement and participation.

Collective Citizen Action for Accountable Public Debt Management

Kenya has an elaborate history of collective citizen action that can be leveraged to ignite a movement demanding accountable public debt management in the country. In many instances, people have organised, where formal institutions have been ineffective in addressing their needs/problems, aiming to champion for government action, and for transparency, accountability and citizen involvement in PDM. Effectiveness of collective citizen action is pegged on existence of strong leadership within the groups and drawing references to formal advocacy strategies for collective citizen action. These are critical for countering risks associated with limited influence of ideology, ethnic mobilisation, prominence of political party politics and patron-client relationships on functions and operations of such movements. Some of the best practices and lessons on effective movement building drawing from the overall existence and efficacy of social movements within Kenya's public debt management framework include formalizing movements with proper structure and working systems, building strategic partnerships, mobilizing people around a common agenda, increasing access to information on public debt through utilizing ICTs and new media, having concerted and deliberate efforts towards breaking down barriers to participation and having sufficient resources to sustain the movements. Formal strategies for collective citizen action in public finance management can take the form of Memorandums to MDAs; government officers, Letters to committees of parliament, Presentations to committees of parliament, Lobbying government officers/departments, research, investigative journalism, engagements through formal meetings, forums, symposiums, workshops and formal public participation forums, public interest litigation and training for government officials. Non-formal strategies include petitions, protests and demonstrations, media engagement (online and legacy), storytelling, social auditing, engagements through *Kamukunjis*, *Bunge la Wananchi* and online forums, litigation and civic education. Cognizance should be taken to address some key barriers that cripple collective action such as unfavorable political environment, resource limitations, fragmentation and disconnectedness, leadership challenges and overall internal capacity limitations.

Political accountability and prudent public public debt management in Kenya

Kenya has a strong framework for political accountability that can be further leveraged to increase accountability for prudent public finance management – including public debt management. However, political accountability remains weak, as demonstrated by significant disconnects between citizen demands and policy choices/decisions supported by politicians, especially on public finance issues.

Among the key limitations to successful citizen engagement and political accountability in prudent public debt management include knowledge limitations and information asymmetries, poor attitude of politicians regarding the role and place of citizens in public policymaking, limited capacity of politicians to engage in public finance and public debt issues, legislative capture, citizen apathy and burden of care work born by women. Lack of awareness of citizen rights and the perception that PFM is technical limits engagement of citizens in public debt issues. The forthcoming 2022 general elections present an opportunity for policy entrepreneurs and civil society to engage politicians who are making promises and crafting manifestos, to commit to addressing the country's debt problem.

Recommendations

Considering the emerging issues from the thematic areas of research, hereunder are some recommendations that TISA and partners can pursue towards organising youths and women, especially those in the informal sector to ignite and sustain movements demanding prudent and accountable public debt management in Kenya.

1. Map and analyse capacities and influence of selected existing social movements or collective citizen groupings and recruit accordingly for engagement and support towards building a movement of youths and women demanding accountability for prudent debt management;
2. Develop basic information packages or training toolkits for knowledge transfer on public debt and public finance within selected collective citizen groups;
3. Develop capacities of selected movements and collective citizen groupings to mobilise sufficient resources and explore less costly strategies in implementing their activities, like crowdfunding or seeking support from impartial donors;

4. Develop capacities of selected collective citizen groupings aimed at formalizing–with proper structures and working systems–to better coordinate their activities and assure sustained action in demanding prudent and accountable public debt management;
5. Target to exploit and leverage ICTs especially social media in communicating, sharing information on public debt and engaging youths and women;
6. Lobby National Treasury – Public Debt Management Office to regularly prepare and publish statistical bulletins on public debt to relay information on public debt published on social media to reach audiences such as the youth;
7. Build strategic partnerships with established CSOs, international organisations, development partners, activists and pro-democracy groups for support in form of resources and expertise for movement building;
8. Target political actors – particularly MPs and MCAs with technical capacity development to understand the intricacies of public debt management and its implications on the country's public finances;
9. Advocate for amendments in PFM ACT 2012 or other relevant legislation to require or provide guidance on public participation in public debt policy making, planning, management and accounting;
10. Advocate for enactment of a public participation act to buttress citizen rights to involvement in public finance management in the country.
11. Mount a digital campaign demanding prudent debt management targeting young people and exploiting and galvanising reach and support of selected citizen groupings;
12. Target political parties for engagement in encouraging political leaders to be more involved in oversight of public debt management;
13. Target to exploit the 2022 electioneering cycle to engage political leaders (especially presidential candidates), who are making promises and crafting manifestos, to commit to addressing the country's debt problem;
14. Conduct further diagnostic research on the disproportionate effects of imprudent public debt on women and youth and utilise evidence generated for civic education and advocacy for women and youth engagement in public debt issues; and
15. Capitalize on emerging pressure points (unemployment, declining purchasing power, high cost of living, debt-related corruption and heavy taxation) to craft powerful narratives and advocacy messages that resonate with youths and women to spur their interest in demanding accountability in public debt management.
16. Consider other areas for further study: i) Composition of Kenya' debt stock – comparing concessional and commercial components ii) Analysis of linkages between public debt and access to credit for local businesses – considering the crowing out effect of domestic borrowing iii) Analysis of capacity of legislative bodies and legislators on engagement in public finance iv) Effectiveness of movements in demanding accountability – especially for prudent public finance v) Analysis of the legislative/policy environment for public participation and how it impacts public finance management in Kenya

1

SECTION ONE:

INTRODUCTION

1.0 Background and Rationale for the Study

Kenya, like other developing economies, has been acquiring credit to offset revenue shortfalls and finance development projects. There has, however, been concerns about the decisions regarding acquisition and utility of the borrowed funds[1]. Whereas the national values and principles of public finance management entrenched in the constitution and underpinning the social contract should guide the conduct of state officers on public debt management, the public finance system is captured by "deep state" interests and in some instances mega presidential flagship projects placed in the budget as special purpose vehicles for corruption[2,3,4]. Former Auditor General characterised the budgeting process as a "highway" where monies are earmarked to be stolen through special projects which labelled as "exit lanes".[5] Some of the projects that are mired by controversy include[6] the Galana-Kulalu irrigation project, the JKIA greenfield terminal project that was eventually cancelled, the medical equipment leasing scheme, National Youth Service programs and several large dam projects. Expansionary budgets driven by such projects has widened the budget deficit and contributed to the country being in debt distress as some of the projects are financed through debt. Oversight institutions have also failed to check the errant political leadership and have been ineffective in keeping the executive in check regarding decisions on public debt[7]. Consequently, citizens, especially women and youth have been forced to bear an inordinate share of the burden through taxes that are arguably punitive to both taxpayers and the private sector, lack of jobs, denial of socio-economic rights such as health, water and housing, and absence of social protection. Moreover, citizens remain on the fringes of the debt matters, without voice and agency to hold those responsible to account [8].

It is against this background that TISA, with support from Christian Aid, sought to implement a project titled, "*Strengthening Citizen Voice in demanding for Prudent and Accountable Public Debt Management for Improved*

1 Carlos Mureithi, Quartz Africa, Kenyans are furious with the IMF over billions more in loans, 3rd May 2021 https://qz.com/africa/2001988/why-kenyans-are-refusing-the-imfs-billions/

2 Alexia van Rij, Corruption in Kenya: Understanding a Multifaceted Phenomenon, Notes de l'Ifri, Ifri, September 2021 https://www.ifri.org/sites/default/files/atoms/files/van_rij_corruption_kenya_septembre2021_okac_en.pdf

3 Paul Wafula, The Standard, Audit: Sh215b Eurobond cash unaccounted for, 8th September 2016 https://www.standardmedia.co.ke/kenya/article/2000215138/audit-sh215b-eurobond-cash-unaccounted-for

4 Mercy Asamba, The Standard, It didn't start with the dams: A journey through Jubilee's scandals, 7th March 2019 https://www.standardmedia.co.ke/counties/article/2001315620/damning-scandals-it-didnt-start-with-the-dams

5 Africa Centre for Open Governance, Highway robbery: "Budgeted Corruption" as State Capture, https://africog.org/highway-robbery-budgeted-corruption-as-state-capture-a-case-study-of-infrastructure-spending-under-the-jubilee-administration/

6 AFRICOG, Highway Robbery: Budgeting for State Capture, https://africog.org//wp-content/uploads/2020/11/Highway-Robbery-Final.pdf

7 Business Daily, Why Parliament has failed in public finance oversight role, 22nd March 2021 https://www.businessdailyafrica.com/bd/opinion-analysis/columnists/why-parliament-public-finance-oversight-role-3330694

8 EATGN, Economic Sustainability in East Africa: Framing the Linkages Between Public Debt and Tax Justice, 2021. https://www.eataxgovernance.net/economic-sustainability-in-east-africa-framing-the-linkages-between-public-debt-and-tax-justice/

Service Delivery; Case of Nairobi County." The project aimed to promote the engagement of youth and women in advocating for prudent and accountable public debt management and inclusive development in Kenya. This was through a research aimed at generating evidence through a baseline study on citizen perceptions of public debt and how it affects their lives and livelihoods as well as a Political Economy Analysis on structural, political, social, and economic issues around youth and women's engagement in public debt issues. The findings would inform advocacy initiatives using political education to spur civic action.

1.1 Objectives of the Study

Specifically, the study sought to:

I. Generate actionable information to support political education as a basis for spurring civic action

II. Aggregate citizen voice for the demand for accountability in public debt management

III. Inform advocacy initiatives on prudent and accountable public debt management

The study was guided by the following themes that emerged from the research questions:

- Socioeconomic effects of public debt on people's livelihoods
- Level of adherence to public participation principles in public debt management processes
- Framework for collective action in ensuring accountability in public debt management
- Political accountability in public debt management

1.2 Methodology

The study employed the Critical Participatory Action Research Approach. The approach entailed engaging the targeted communities to document opinions on the study focus areas. This was done bearing in mind the goals of the project being implemented by TISA that are related to addressing social injustice. A baseline study was utilized to gather citizen perceptions on the themes of the research questions. The research also adopted Political Economy Analysis to understand and document structural, political, social, and economic issues around youth and women's engagement in public debt affairs. The study utilized mixed methods approach, that is, employing both quantitative and qualitative data from both primary and secondary sources. The mixed methods approach facilitated triangulation and promoted robustness of the data relied upon, ensuring quality of analyses and conclusions arrived at.

1.2.1 Data Informing the Study

The study benefitted from both secondary and primary data. Secondary data informing the study was obtained through desk research. This included review and evaluation of existing literature such as reports, academic papers and publications on Kenya's public debt, economy, legal frameworks on public debt management and guidelines on public participation in public finance and public debt issues. Data informing desk research was both quantitative and qualitative in nature and was obtained from the National Treasury, Kenya Revenue Authority, World Bank, IMF, Kenya National Bureau of Statistics and various MDAs.

Primary data was obtained through a participatory survey, Key Informant Interviews and Focus Group Discussions. Data from KIIs and FGDs was largely qualitative. The participatory Survey entailed questions curated by the research team that were administered to sampled respondents. Using population data for Nairobi County, Probability Proportional to Size (PPS) sampling technique was applied to ensure proportional allocation of samples by gender and target location. As such, sub locations with higher populations had more respondent participate in the survey. Out of the total population of youth and women in Nairobi Sub counties i.e. 1,172,101 persons, 443 respondents were selected to participate in the survey. Random sampling was further applied to reduce bias and ensure a representative survey. The survey, beyond documenting the views and opinions of the respondents, provided statistics useful in quantifying these responses based on the research questions. The respondents–youth and women, were mainly from informal settlements, including those in MSMEs. This was appropriate as the respondents highly depend on public services and are more likely to be impacted by government's decisions on public finance. Table 1 below provides a further description of the surveyed respondents with regards to their location, gender, age, level of education and disability status.

Table 1: Demographics of sampled respondents consulted through the Participatory Survey

Distribution of Survey Participants by Location

Sub county	Dagoretti	Embakasi	Kamkunji	Kibra	Mathare	Total
Frequency	96	233	30	39	46	443
% Distribution	21.70%	52.50%	6.70%	8.80%	10.40%	100%

Distribution of Survey Participants by Gender

Male	227	51.20%
Female	116	48.80%
Total	443	100%

Distribution of Survey Participants by Age group

Age Group	18-24 yrs	25-29 yrs	30-34 yrs	35-39 yrs	40+ yrs	Total
Number of participants	160	88	89	67	40	443
% Distribution	36.0%	19.8%	20.0%	15.2%	9.1%	100%

Distribution of Survey Participants by Highest Level of Education

Education Level	None	Pre-school	Primary	Secondary	Vocational Training	College	University	Adult Education	Total
Number of participants	4	29	133	196	7	55	20	1	443
% Distribution	0.9%	6.5%	30.0%	44.1%	1.6%	12.4%	4.4%	0.1%	100%

Disability Status of Survey Participants

Disability Status	Yes	No	Total
Number of participants	14	430	443
% Distribution	3.10%	96.90%	100%

Beyond having the sampled respondents participate in questions curated into the participatory survey, the study had youth and women freely engage and contribute to discussions around public debt, governance, and public participation. These were through Focus Group Discussions, which were conducted in all the five Nairobi sub-counties, each FGD separately congregating 10 youth and 10 women. As such, 100 individuals were consulted through the Focus Group Discussions as shown in table 2. These participants were mobilized from the neighborhoods leveraging on existing groups of youths and women in enterprise or some form of social groupings. The FGDs served to tease out knowledge and perspectives of citizens on public debt management and their involvement in decisions regarding public debt.

Table 2: Respondents Consulted through Focus Group Discussions

Location	Kibra	Embakasi	Kamkunji	Mathare	Dagoretti	Total
Women FGDs	1 (10 pax)	1 (10 pax)	1 (10 pax)	1 (10 pax)	1 (10 pax)	50
Youth FGDs	1 (10 pax)	1 (10 pax)	1 (10 pax)	1 (10 pax)	1 (10 pax)	50
Total	20	20	20	20	20	100

1.2.2 Analysis of data collected during the Study

Data from the participatory survey was cleaned and weighted using SPSS to enhance accuracy of the responses and correct for sample size imbalances. Ms. Excel was utilized to analyze the findings which were then presented as tables, charts and graphs. The findings further illustrated the information obtained from secondary sources. Qualitative data from KIIs and FGDs was transcribed and the transcripts analysed through manual content analysis guided by the established research questions and the findings presented as verbatim quotes.

1.2.3 Mechanisms for data quality and verification

To ensure data quality the study tools were validated by both TISA and the study team to ensure they reflected on the key objectives of the study. Research assistants were adequately trained on efficient use of the survey tool and how to collect data to ensure relevance and completeness. Further, a preliminary assessment on the sampled data was conducted to ensure accuracy of the data collected. For data verification, triangulation was facilitated by use of different data sets from both primary and secondary sources to ensure credibility.

1.2.4 Limitations of the Study

While the study successfully obtained sufficient data for analysis and drawing conclusions, mobilization of some respondents proved to be a challenge. One limitation was the unavailability of respondents for Key Informant Interviews particularly government officials who were hard to reach. Nevertheless, the research team was able to consult some high ranking officials in Legislature and Executive to gain perspectives of the government. Additionally, reports and publications from government ministries and departments provided representation of government perspectives on some of the areas of research. As such, the study leveraged a compendium of data from which findings were drawn.

2

SECTION TWO:

PUBLIC DEBT AND FISCAL JUSTICE IN KENYA

2.0 Introduction

Across the world, states have utilised public debt for financing public investments and relied on it as an important instrument for macroeconomic policymaking. By the end of 2020, the IMF estimates that the stock of global public debt stood at $226 trillion representing about 256% of the total GDPs of all States.[9] Economists argue that pubic debt can foster economic development among States when prudently applied as it can provide needed financing to bridge public investment gaps. However, it can also remit negative effects, especially for developing countries that are vulnerable to shocks, when mismanaged. This can manifest in increased and unfair taxation, high cost of living, reduced investment in public goods and services and general slow economic growth.[10] Debt repayment pressures may incentivise policy makers to increase taxation and cut public spending on development priorities such as health, education and social protection. Also, high debt servicing obligations may push governments to increase taxes hence stifling private investment and domestic enterprise. In many countries in Sub-Saharan Africa, including Kenya, these negative effects are increasingly being reported raising concerns about debt sustainability. This section explores Kenya's public debt situation. It interrogates the country's debt stock, debt repayment obligations and their implications on livelihoods – individual/household incomes, public spending on essential services, taxation and on businesses.

2.1 Economy in context – an overview

Over the past decade, Kenya has implemented significant economic and political reforms that are argued to have facilitated economic development. The National Treasury estimates that the economy grew at an of avarage 4.7% between 2015 and 2019. The decline in 2017 is attributed to drought, limited access to credit for private sector (constricting economic activity), and 2017 election-related uncertainty that reduced private sector investment. Growth in 2018 is attributed to a rebound in tourism sector, strong public investment, and relatively low oil prices buoyed.[11] The recession in 2020 is attributed to the Covid-19 pandemic. However, the economy recorded a significant rebound in 2021, growing at a rate of 7.5%.[12] The strong performance is projected to be sustained through 2022, with a projected annual growth of 5.9%.[13]

9 Vitor Gaspar, Paulo Medas, and Roberto Perrelli. Global Debt Reaches a Record $226 Trillion. International Monetary Fund. https://blogs.imf.org/2021/12/15/global-debt-reaches-a-record-226-trillion/

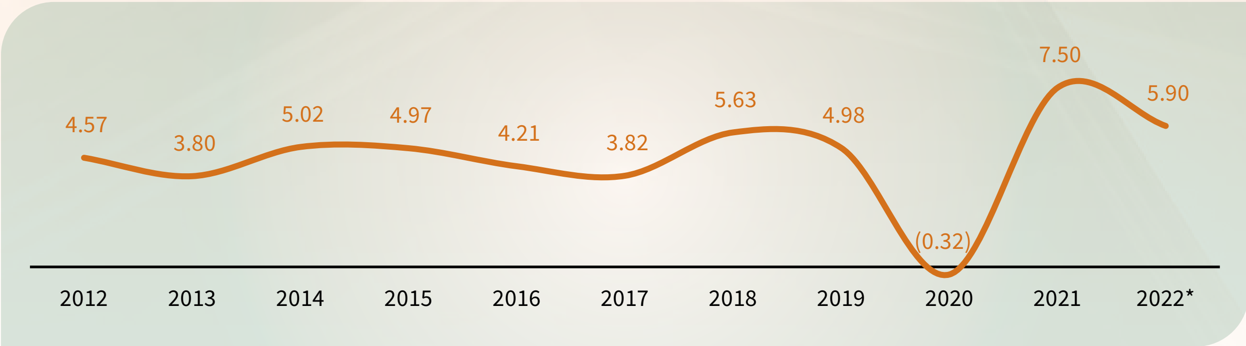
10 Africa Uncensored & The Elephant Collaboration. Where did the Money Go?- Part 1. https://www.youtube.com/watch?v=ktiYCJdSs-g

11 World Bank, Kenya's GDP Growth Slumps in 2017, but can Rebound over the Medium-Term, https://www.worldbank.org/en/news/press-release/2017/12/06/kenyas-gdp-growth-slumps-in-2017-but-can-rebound-over-the-medium-term#:~:text=NAIROBI%2C%20December%207%2C%202017%20%E2%80%94,earlier%20forecast%20of%205.5%25%20growth

12 Winfrey Owino. How Kenya's economy performed in 2021, survey shows. The Standard. May 5, 2022. https://www.standardmedia.co.ke/business/business/article/2001444723/how-kenyas-economy-performed-in-2021-survey-shows

13 African Economic Outlook 2021-From Debt Resolution to Growth: The Road Ahead for Africa, https://www.afdb.org/en/documents/afri-

Figure 1: Kenya's GDP growth (%) 2012-2022

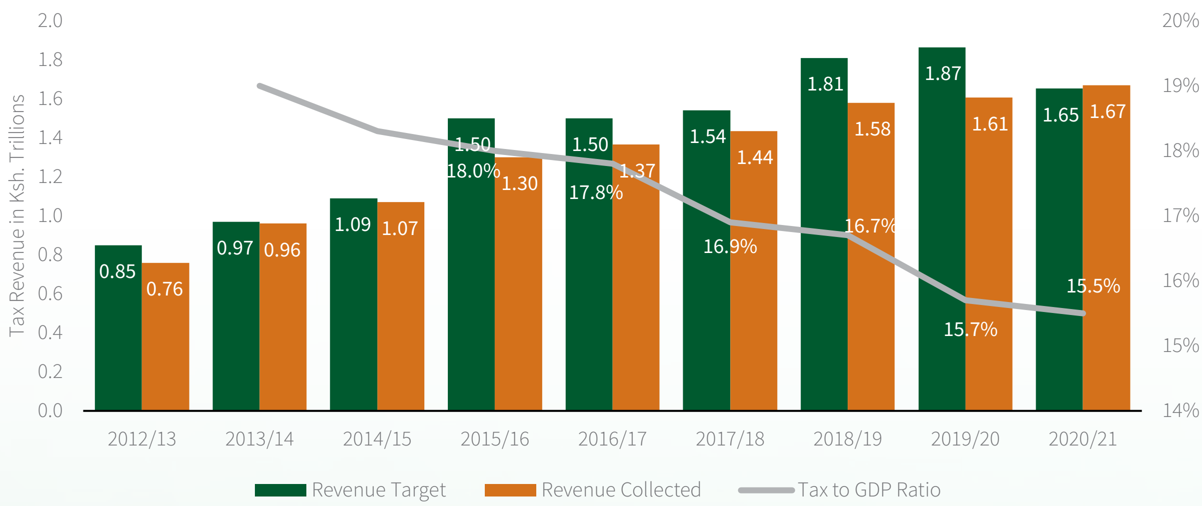


Source: Acepis Computation based on World Bank and KNBS Data

2.2 Government revenues, Fiscal deficits and implications on debt situation

Between the FY2012/13 and FY2020/21, revenues collected by government, mainly through taxes, have increased by 119.7%. Despite the growth in tax revenues, Kenya Revenue Authority (KRA) has consistently missed set revenue targets outlined in annual Budget Policy Statements (except for FY2020/21 when KRA surpassed the target by Ksh. 16.81 billion) as shown in figure 2 below. Also, the country's tax to GDP ratio has been declining despite the sustained increase in revenue collection, implying that the revenues do not match overall economic output. According to KRA, the decline in tax to GDP ratio is attributed to shrinking tax base due to a shift in Kenya's economic structure to non-taxable components of GDP, discretionary policy changes and sharp increase in tax exemptions and remissions.[14]

Figure 2: Tax Revenue vs Tax to GDP ratio



Source: Kenya Revenue Authority

The inability of KRA to meet revenue targets, coupled with increased government spending, have resulted in sustained fiscal deficits in the country.[15] Kenya has sustained fiscal deficits that averaged 7.4% between FY2013/14

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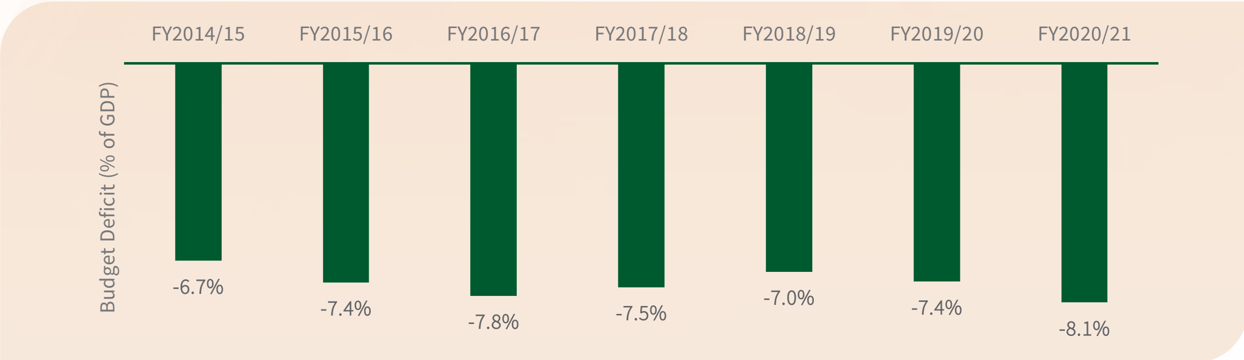
14 Kenya Revenue Authority, 2018/19 Annual Revenue Performance Report, https://www.kra.go.ke/images/publications/Revenue-Performance-Report-2018-19.pdf

15 Republic of Kenya, 2019. Upscaling Public Expenditure Oversight and Efficiency: Budget Watch for 2019/20 and the Medium Term. Parlia-

and FY2020/21. Essentially, fiscal deficits resulting from expansionary government spending contributes to increased acquisition of public debt. The National Treasury estimates that fiscal deficits shall persist but decline in the mid-term. The persistence in fiscal deficit is expected to result from projections in large infrastructure-related expenditure, debt servicing and critical expenditures such as implementation of the economic recovery strategy & national election-related expenditures (Parliamentary Budget Office, 2021). This has also been exacerbated by the annual increase in recurrent expenditure, that is, spending on salaries and wages, Consolidated Funds Services and the expenses for general maintenance and operations of the government.

Figure 3: Budget Deficits



Source: National Treasury

2.3 Kenya's Public Debt Situation

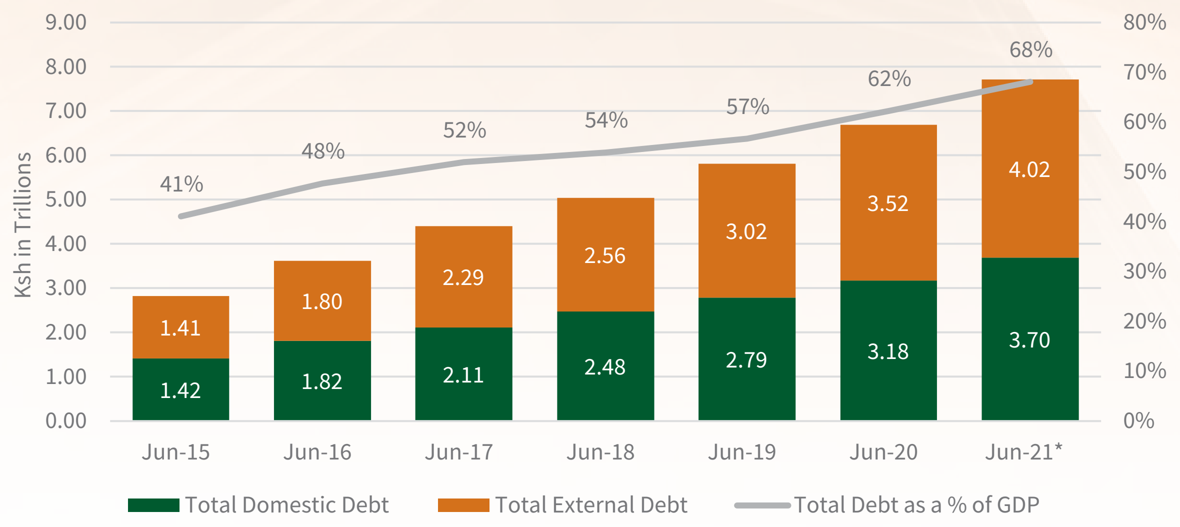
The country has seen exponential growth in stock of public debt over the past decade, which has raised questions about sustainability and its implications on fiscal justice. According to Central Bank of Kenya data, the country's public debt stock has sharply grown–rising from Ksh.2.8 trillion in June 2015 to 7.7 trillion in June 2021.[16] Public debt currently makes up 88.9% of the Ksh. 9 trillion debt ceiling established by Parliament. The debt stock is forecasted to range between Ksh. 8.6 trillion and Ksh. 8.8 trillion by June 2022, and is set to cross the Ksh. 10 trillion mark by the end of 2024. Between 2015 and 2020, the debt-to-GDP ratio increased from 48.8% to 65.6% and currently stands at 68%.[17] A joint debt sustainability analysis conducted in 2020 by the IMF and World Bank categorized Kenya at a high risk of debt defaulting following the shocks occasioned by the global COVID-19. Kenya's debt carrying capacity assessment was also revised from strong to medium (International Monetary Fund, 2021).

mentary Budget Office. http://parliament.go.ke/sites/default/files/2019-09/Budget%20Watch%202019%2017.9.2019%20Final%281%29.pdf

16 Central Bank of Kenya (2022) Weekly Bulletin: Recent Monetary and Financial Developments. Central Bank of Kenya https://www.centralbank.go.ke/uploads/weekly_bulletin/1355430068_Weekly%20CBK%20Bulletin%20January%207,%202022.pdf

17 Kenton, W (2021) Debt to GDP ratio https://www.investopedia.com/terms/d/debtgdpratio.asp#citation-2

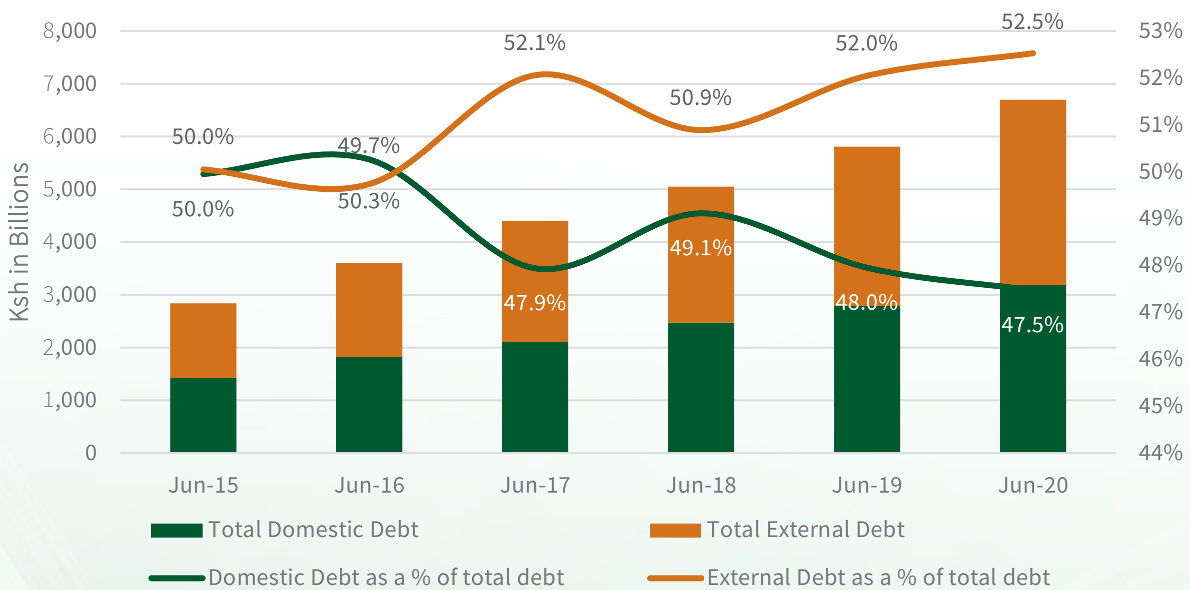
Figure 4: Kenya's Public Debt Stock



Source: National Treasury

Composition of Kenya's public debt stock. The country has sustained a near balance (between domestic and external debt) in terms of composition of the total debt stock over the past five years. As illustrated in Figure 5 below, domestic debt and external debt have averaged Ksh. 2.5 trillion and Ksh. 2.66 trillion respectively between June 2015 and June 2022. Whilst domestic debt stock has increased over the years by 160% from Ksh 1.42 trillion in 2015 to 3.7 trillion in 2021, it has been outpaced by growth in external debt. In 2015, domestic debt accounted for 50% of Kenya's debt. This declined to 47.5% in 2020 while external debt accounted for 52.5% of the country's total debt stock (in 2021) up from 49.8% in 2015. This is attributable to increased focus on external sources of debt, especially from 2013, largely obtained from China and commercial bond markets – like the Eurobond obtained in 2014. The increased holding of domestic debt by government is a source of susceptibility to crowding out of the private sector resulting in investment declines and consequently leading to financial market instability.[18]

Figure 5: Composition of Kenya's Public Debt Portfolio

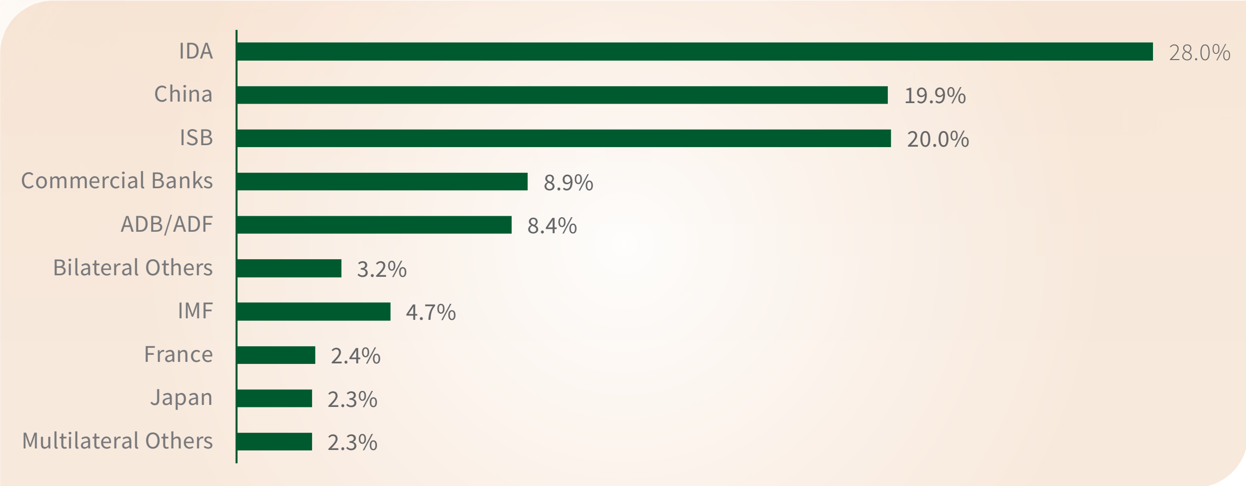


Source: Annual Public Debt Report FY2020/21, National Treasury

18 KIPPRA, (2021) Dynamics of Domestic Debt in Kenya: Composition, Risks, and Financial Market Stability. https://kippra.or.ke/dynamics-of-domestic-debt-in-kenya-composition-risks-and-financial-market-stability/

Composition of external lenders. The country's portfolio of external debt is largely obtained from multilateral lenders – mainly IDA, ISB and ADB/ADF which contributed (28%+20%+8.4%) of total debt stock in 2021. However, China, the single largest bilateral lender contributed 19.9% of total external debt in 2021 representing a significant contribution. Chinese debts have largely been used to finance infrastructure projects, particularly the Standard Gauge Railway.[19] External debt is categorised as credit from Bilateral lenders, Multilateral lenders, Commercial banks and Suppliers credits. The key multilateral creditor has been the International Development Association, the lending arm of the World Bank Group, whose debt stock accounts for 28% of the total external debt in 2021.

Figure 6: Classification of Kenya's Major External Creditors 2021



Source: National Treasury

Regarding holders of the existing domestic debt stock in Kenya, it is notable that it is composed of different instruments which include treasury bonds, treasury bills, pre-1997 government debt and government overdrafts at the Central Bank. Treasury bonds account for 77.1% and treasury bills 20.7% as of June 2021.[20] More than half of domestic debt, 54.1%, is held by commercial banks, followed by pension funds, 30.7%, and insurance companies, 6.7%.[21] The table below highlights the composition of domestic public debt by holder as provided by Central Bank of Kenya.

Table 3: Domestic Debt by Holder (Ksh. Billions)

Description		Jun-17	Jun-18	Jun-19	Jun-20	Jun-21*
1. Banks	**% of total**	**56.7%**	**55.6%**	**54.7%**	**55.1%**	**51.4%**
	Ksh.	**1,197.4**	**1,377.2**	**1,524.0**	**1,752.1**	**1,901.8**
Central Bank of Kenya	% of total	2.6%	4.5%	3.9%	3.1%	2.4%
	Ksh.	54.5	110.8	109.6	98.9	87.6
Commercial Banks	% of total	54.1%	51.1%	50.8%	52.0%	49.1%
	Ksh.	1,142.9	1,266.5	1,414.3	1,653.2	1,814.2

19 The National Treasury and Planning, (2021) Annual Public Debt Report. https://www.treasury.go.ke/wp-content/uploads/2021/12/ANNUAL-PUBLIC-DEBT-REPORT-2021-final-as-at-oct-21-2021.pdf

20 The National Treasury and Planning, (2021) Annual Public Debt Report. https://www.treasury.go.ke/wp-content/uploads/2021/12/ANNUAL-PUBLIC-DEBT-REPORT-2021-final-as-at-oct-21-2021.pdf

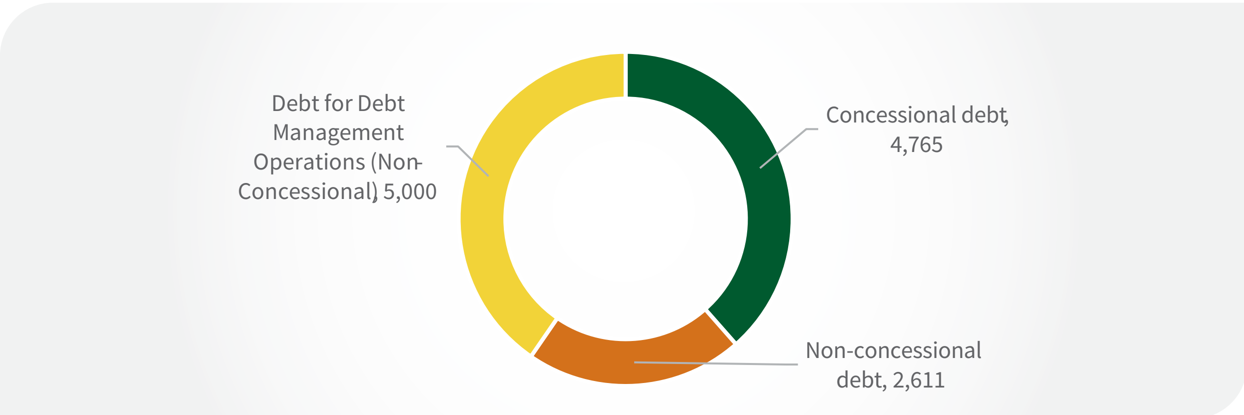
21 The National Treasury and Planning, (2021) Annual Public Debt Report. https://www.treasury.go.ke/wp-content/uploads/2021/12/ANNUAL-PUBLIC-DEBT-REPORT-2021-final-as-at-oct-21-2021.pdf

2. Non-Banks	**% of total**	**43.3%**	**44.4%**	**45.3%**	**44.9%**	**48.6%**
	Ksh.	**915.3**	**1,101.6**	**1,261.9**	**1,425.5**	**1,795.3**
Non-residents	% of total	1.0%	1.0%	1.0%	1.0%	0.8%
	Ksh.	22.1	25.3	28.0	33.2	31.1
Non-bank Financial Institutions	% of total	42.3%	43.4%	44.3%	43.8%	47.7%
	Ksh.	893.2	1,076.3	1,233.9	1,392.3	1,764.1
Total Domestic Debt	**Ksh.**	**2,112.7**	**2,478.8**	**2,785.9**	**3,177.5**	**3,697.1**

Source: Annual Public Debt Report FY2020/21, National Treasury

Balance between concessional and commercial loans. Whilst most of Kenya's external debt remains on concessional terms, there has been significant increase in the portfolio of commercial loans that have raised questions about the lack of transparency and inclusivity in process of their procurement, cost of credit and terms of repayment. Despite the National Treasury committing to rely on concessional financing to reduce debt-related vulnerabilities, there has been an increase in commercial debt uptake which in 2020 accounted for 30% of total external debt. In 2021, the largest share of external loans acquired were commercial, amounting to Ksh.138.2 billion, which further demonstrates government's appetite for commercial loans to meet its spending needs. The IMF projects that the external borrowing program through the financial year 2021/22 will continue to constitute more commercial loans as shown in the figure below.[22]

Figure 7: Projected External Borrowing Program for FY2021/22 in USD Millions



Source: IMF Kenya Debt Sustainability Report 2021

Nonetheless, there have been notable efforts by government to pursue more concessional loans with lower interest rates and longer repayment periods to ease the debt repayment burden. For instance, Kenya entered into a new loan arrangement with the IMF in 2021. The program targets to support Kenya's reform plans and help meet its financing needs, particularly in wake of the impact of Covid-19 on the economy.[23] Similarly, under The Kenya Inclusive Growth and Fiscal Management Development Policy Financing (DPF) program, the World Bank is supporting Kenya create fiscal buffers and attract private investment over the medium term.[24] Most recently, The World Bank, in support of Kenya's economic recovery efforts approved a $750 Million financing support aimed

22 IMF, (2021) Kenya: Debt Sustainability Analysis. https://www.imf.org/-/media/Files/DSA/external/pubs/ft/dsa/pdf/2021/dsacr2172.ashx

23 International Monetary Fund. IMF Loan to Support Economic Recovery in Kenya. March 18, 2021. https://www.imf.org/en/News/Articles/2021/03/17/na031721-imf-loan-to-support-economic-recovery-in-kenya

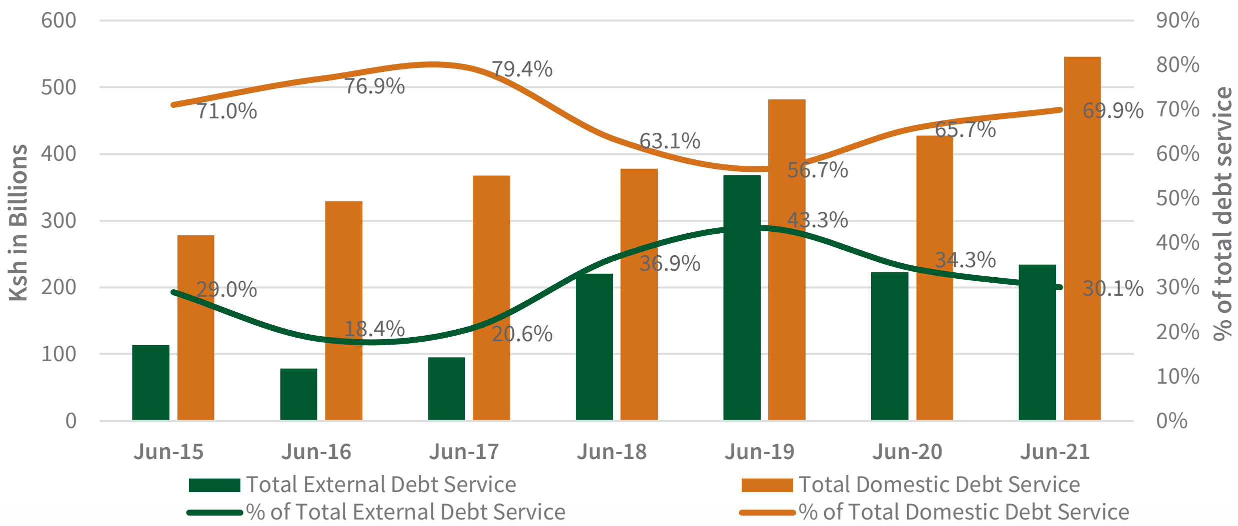
24 World Bank. World Bank Approves $1 Billion Financing for Kenya, to Address COVID-19 Financing Gap and Support Kenya's Economy. May 20, 2020. https://www.worldbank.org/en/news/press-release/2020/05/20/world-bank-approves-1-billion-financing-for-kenya-to-address-covid-19-financing-gap-and-support-kenyas-economy

at strengthening fiscal sustainability.[25] Further, in 2021, The National Treasury received $740 million in form of Special Drawing Rights (SDR) from the IMF as part of IMF's bailout programme aimed at easing debt repayment constraints.[26]

2.4 Increased Burden of Debt Servicing

Following the exponential growth in the country's public debt stock, there has been an equivalent sharp rise in the country's debt servicing obligations that threatens public expenditures on necessary social services and other investments crucial for investment and growth. The cost for servicing external debt portfolio increased from Ksh.113.5 billion to Ksh.234.6 billion between June 2015 and June 2021. Debt servicing costs for domestic debt increased from Ksh.278.6 billion to Ksh.546 billion between June 2015 and June 2021. According to the Kenya medium term debt management strategy, debt repayment costs are expected to increase to Ksh. 1.36 trillion, or 63% of total ordinary revenue for FY2022/23.[27] Being part of Consolidated Fund Services, debt is included among the items that the government is obligated to pay in the first charge of budget payments. The more resources spent on repaying debt, the smaller the amount remaining to provide basic services which include money that goes to government ministries, department agencies (MDAs) and also the allocation going to counties.[28] Overall, the debt servicing obligations have increased substantively over the duration under review.

Figure 8: Kenya Domestic and External Debt Service Cost



Source: Annual Public Debt Report FY2020/21, National Treasury

Increased debt servicing obligations have limited the fiscal space and ability of government to deliver critical goods and services, while pursing the country's development agenda. Total debt service as a proportion of revenue collected increased from 38% in 2015 to 56.7% in 2019 when Kenya paid Ksh.850.1 billion in debt repayment. Whilst the proportion declined to 41.4% in 2020, the decline may be attributable to debt service suspension occasioned by the pandemic, the proportion rose to 50% in the financial year ending June 2021. In

25 World Bank. Kenya Receives a $750 Million Boost to Support Economic Transformation Post-Pandemic. March 16, 2022. https://www.worldbank.org/en/news/press-release/2022/03/16/kenya-receives-a-750-million-boost-to-support-economic-transformation-post-pandemic

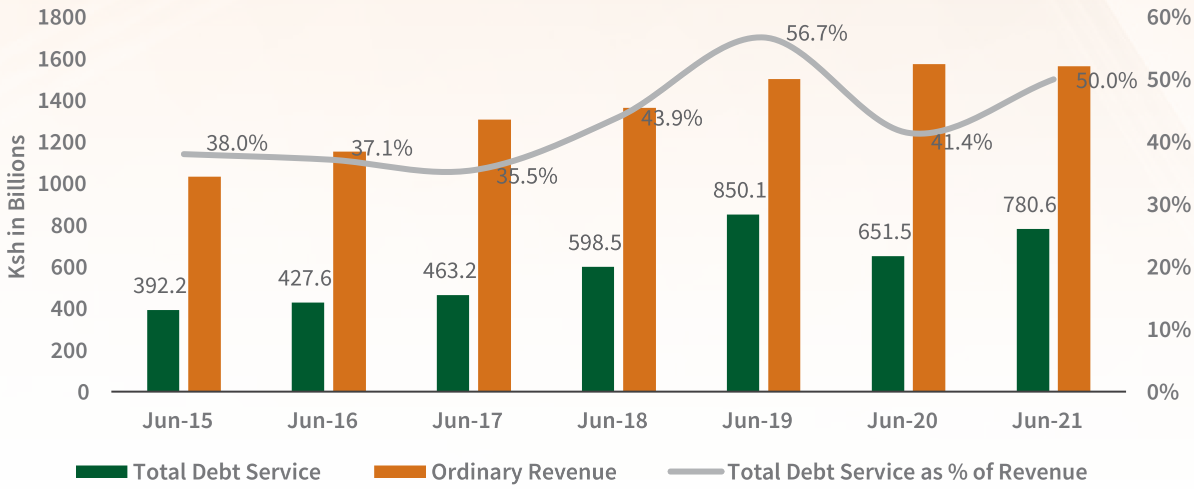
26 Otiato Guguyu. Treasury to tap Central Bank's IMF dollar Reserves for budget. Business Daily. December 31, 2021. https://www.businessdailyafrica.com/bd/markets/capital-markets/treasury-tap-central-bank-s-imf-dollar-reserves-for-budget-3667772

27 Parliament of Kenya, 2021. Unpacking of the 2022 Medium Term Debt Management Strategy. Parliamentary Budget office. http://www.parliament.go.ke/sites/default/files/2021-12/2022%20MTDS%20Unpacking.pdf

28 International Budget Partnership. The State of Public Debt in Kenya. (2020). https://www.internationalbudget.org/wp-content/uploads/state-of-public-debt-Kenya-october-2020.pdf

FY2020/21, external debt service amounted to Ksh.234.6 billion while domestic debt service was Ksh.546 billion. This is shown in the figure below:

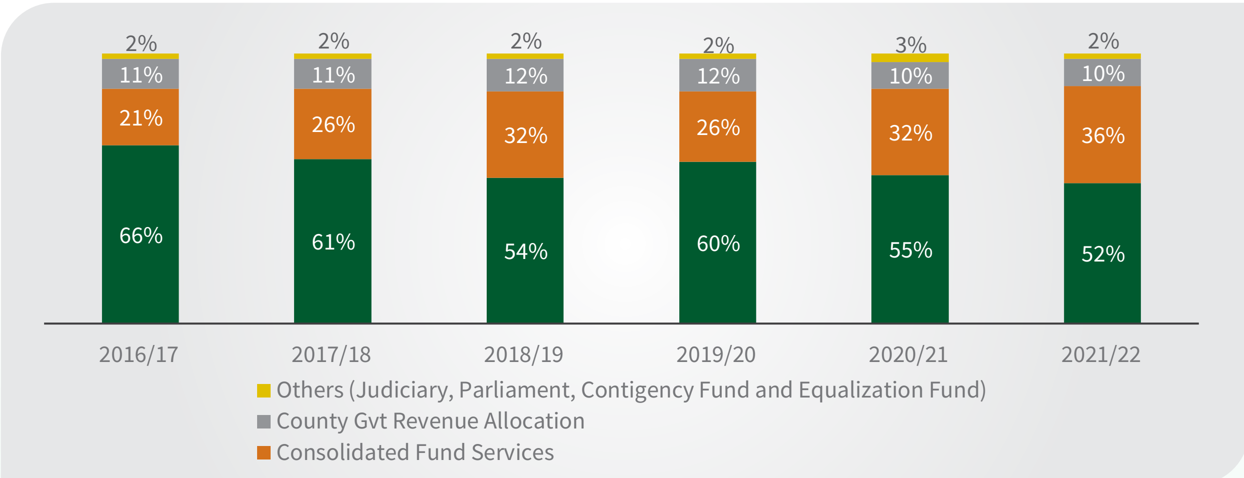
Figure 9: Kenya Debt Service Cost as a Proportion of Revenue



Source: The National Treasury

To further illustrate the impact of debt servicing on the fiscal space–budget allocations to the Consolidated Fund Services, which claims the second-largest budget allocation and within which debt servicing funds are earmarked have increased significantly over the past five years. Notably, budget allocations towards Consolidated Fund Services, increased from 21% in FY2016/17 to 36% in FY2021/2022 as shown in Figure 10 below. This has essentially stagnated allocations to county governments and other vote heads like judiciary, parliament and the equalisation fund.

Figure 10: Trends in Budget allocations for National and County Governments



Source: The National Treasury

Further, an analysis of the composition of allocations to the Consolidated Fund Services indicates that most of the funding goes to debt servicing costs. As illustrated in Table 4 and Figure 11, out of the 3.2 Trillion Budget for FY2021/22, allocations for Consolidated Fund Services (CFS) amounted to Ksh. 1,327.2 billion, representing 36% of the total budget. Even for allocations within Consolidated Fund Services, debt servicing appears to be eclipsing other equally essential investments like pensions,gratuities and risks. A significant component of the debt service cost are interest repayment accrued on acquired debt. Data from the National Treasury on external debt service costs shows that payment of interests has increased from Ksh.33.3 billion in June 2014 to Ksh.106.3 billion in June 2021, representing a 219.2% increase.

Table 4: External Debt Service Payments by Creditor (Ksh. Billions)

Creditor		Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21*
Multilateral	Principal	13.3	15.4	15.8	16.2	17.8	18.8	25.1
	Interest	4.9	5.6	5.8	6.0	7.4	9.8	15.3
	Sub Total	18.2	21.1	21.6	22.2	25.2	28.6	40.4
Bilateral	Principal	13.1	19.8	19.3	21.4	30.1	40.1	37.5
	Interest	10.6	15.3	22.6	30.3	33.4	34.3	18.5
	Sub Total	23.7	35.1	41.9	51.6	63.5	74.5	56.0
Commercial	Principal	53.8	0.8	0.8	100.1	217.2	42.7	65.6
	Interest	17.9	21.7	29.9	45.3	62.6	77.7	72.5
	Sub Total	71.6	22.5	30.7	145.4	279.8	120.4	138.2
Grand Total	Principal	80.2	36.0	35.9	137.6	265.1	101.6	128.3
	Interest	33.3	42.6	58.3	81.6	103.4	121.8	106.3
	Sub Total	113.5	78.6	94.2	219.2	368.5	223.4	234.6

Source: The National Treasury Annual Public Debt Report[29]

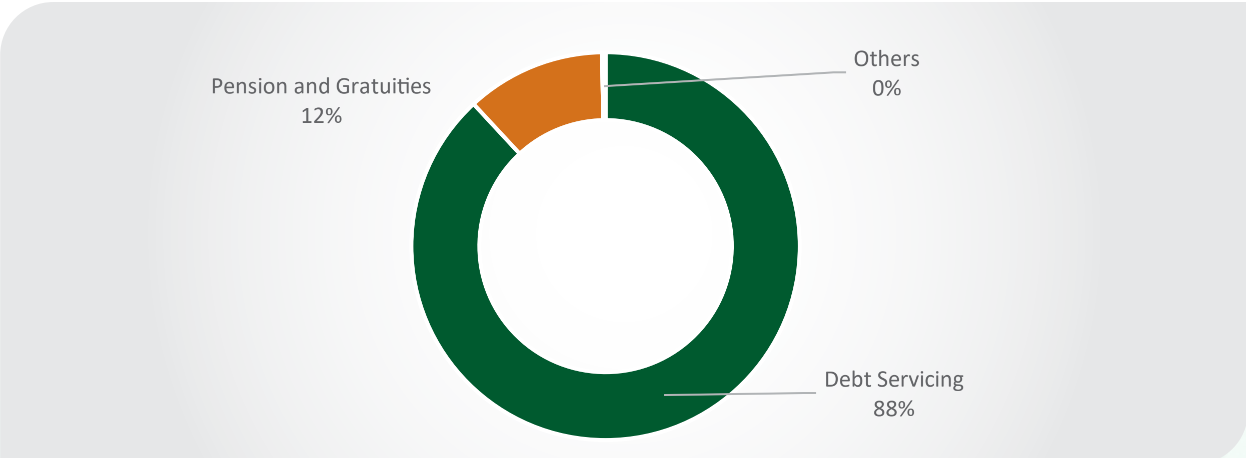
Overall, Kenya's CSF have increased substantively over the years, with the expansion largely attributed to increased debt repayment costs, and rising pensions and gratuities obligations occassioned by a fast-ageing public service.[30]

Table 5: Breakdown of Consolidated Fund Services for FY 2021/22

Consolidated Funds Services	Annual Gross Estimates (Ksh. Billion)	Quarterly Expen-diture (Ksh. Billion)	Expenditure as a % of Gross Estimates	% of Expenditure to Ordinary Revenue
Debt Servicing Costs	1169	204	17.4%	46%
Pension and Gratuities	154	36	23.7%	8%
Others	4.4	0.7	16.6%	0%
Total	**1327**	**241**	**18.2%**	**55%**

Source: Office of the Controller of Budget | Budget Implementation and Review Reports (BIRR)

Figure 11: Composition of Consolidated Fund Services for FY 2021/22



Source: Office of the Controller of Budget | Budget Implementation and Review Reports (BIRR)

29 Government of Kenya, 2021. Annual Public Debt Report. The National Treasury https://www.treasury.go.ke/wp-content/uploads/2021/12/ANNUAL-PUBLIC-DEBT-REPORT-2021-final-as-at-oct-21-2021.pdf

30 Constant Munda. Treasury cuts pension and gratuity cash by sh.42bn. Business Daily, April 15, 2022. https://www.businessdailyafrica.com/bd/economy/treasury-cuts-pensions-and-gratuity-cash-by-sh42bn-3782958

2.5 Sectors Financed using Acquired Loans

The general outlook is that whilst the portfolio of public debt in Kenya has increased substantively since FY2015/16, capital-heavy sectors such as Energy, Infrastructure and ICT have received the largest proportion of funding from debt when compared to pro-poor sectors like agriculture, health, education and social protection. On the flip side, the debt repayment obligations have also increased substantively over the same duration, limiting ability of the government to expand allocations and finance development to key pro-poor sectors. The public finance management (PFM) Act[31], 2012 provides that resources mobilized through borrowing can only be utilized for development spending and not recurrent spending. As such, capital-heavy sectors such as Energy, Infrastructure and ICT have been the main recipients of acquired loans from FY2015/16 through FY2019/20. Agriculture, Rural and Urban Development, Environment Protection, Water and Natural Resources and Health have also had a significant proportion of their budgets financed using loans. The table below presents proportions of loans as a share of total sector budgets.

Table 6: Sectors receiving the largest share of acquired loans

Sectors	Proportion of Loans to the Total Budget					
	2015/16	2016/17	2017/18	2018/19	2019/20	Average
Energy, Infrastructure and ICT	56%	52%	37%	36%	38%	44%
Environment Protection, Water & Natural Resources	31%	47%	36%	43%	36%	39%
Agriculture, Rural & Urban Development	28%	27%	8%	26%	26%	24%
Health	9%	11%	13%	17%	7%	11%
General Economic and Commercial Affairs	0%	1%	4%	33%	7%	11%
National Security	0%	0%	0%	8%	8%	4%
Social Protection, Culture and Recreation	2%	1%	2%	2%	7%	3%
Public Administration & International Relations	2%	2%	2%	1%	2%	2%
Education	1%	1%	1%	2%	2%	2%
Governance, Justice, Law & Order	2%	1%	1%	1%	1%	1%
Total Loans	**19%**	**21%**	**13%**	**14%**	**14%**	**16%**

Source: IBP Computations based on Approved Budget Estimates, National Treasury[32]

Between FY2015/16 and FY2019/20, the Energy, Infrastructure and ICT sectors accounted for more than 70% of Kenya's loan to MDAs as provided for in the budgets. This is attributable to the heavy investments undertaken in infrastructure, particularly the Standard Gauge Railway and roads. It is also notable that the proportion of loans to environment and water sector has increased, averaging 11% to total loans to MDAs between FY2015/16 and FY2019/20. Further, it is notable that the proportions of loans to pro-poor sectors have not been consistent over the years. This is presented in the table below.

31 Public Finance Management Act, 2012 http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2018%20of%202012

32 Kinuthia, J., and Rugo, A., 2020. The State of Kenya's Public Debt: the thin line between a rock and a hard place. International Budget Partnership https://www.internationalbudget.org/wp-content/uploads/state-of-public-debt-Kenya-october-2020.pdf

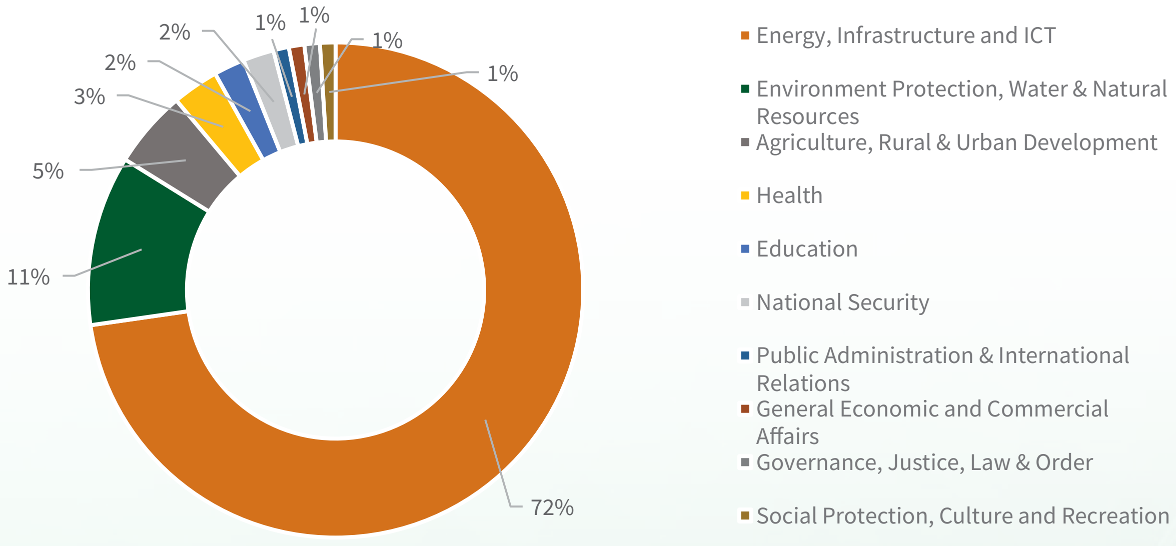
Table 7: Sector Share of Total Loans

Sectors	Sector Share of Total Loans					
	2015/16	2016/17	2017/18	2018/19	2019/20	Average
Energy, Infrastructure and ICT	80%	79%	75%	60%	65%	72%
Environment Protection, Water & Natural Resources	7%	12%	13%	13%	13%	11%
Agriculture, Rural & Urban Development	8%	4%	2%	6%	6%	5%
Health	2%	2%	4%	6%	3%	3%
Education	1%	1%	2%	4%	3%	2%
National Security	0%	0%	0%	4%	5%	2%
Public Administration & International Relations	1%	1%	2%	1%	2%	1%
General Economic and Commercial Affairs	0%	0%	0%	4%	1%	1%
Governance, Justice, Law & Order	1%	1%	1%	1%	1%	1%
Social Protection, Culture and Recreation	0%	0%	1%	0%	2%	1%

Source: IBP Computations based on Approved Budget Estimates, National Treasury[33]

Evidently, despite the proportion of loans channelled to pro-poor sectors increasing slightly across the years, the amounts remain dismal compared to funding from loans channelled to other sectors. Specifically, loans to Environment Protection, Water & Natural Resources, Health, Education, Agriculture, Rural and Urban Development, and Social Protection, Culture and Recreation account for just 22% of total loans acquired between FY2015/16 and FY2019/20. See Figure 12 below.

Figure 12: Proportion of Loans to key Sectors



Source: Approved Budget Estimates, National Treasury FY2015/16 – FY2019/20

33 Kinuthia, J., and Rugo, A., 2020. The State of Kenya's Public Debt: the thin line between a rock and a hard place. International Budget Partnership https://www.internationalbudget.org/wp-content/uploads/state-of-public-debt-Kenya-october-2020.pdf

2.6 Implications of Debt Repayment on Pro-Poor Spending in Kenya

Overall, whilst there has been an increase in pro-poor spending, the rise in debt service costs has limited the volume of investments in these sectors.[34] For instance, in assessing government's adherence to global commitments, the study established that, in the health sector, government expenditure between FY2016/19 and FY2020/21 averaged 7.2% of the total budget, against the Abuja target of 15%.[35] Similarly, in the education sector, despite government commitment to meet the global benchmark of spending at least 6% of GDP on education in line with the Global Partnership for Education commitment, education sector spending averaged 4.3% of the GDP between FY2018/19 and FY2020/21.[36] The overall challenge in aligning expenditures with global commitment across pro-poor sectors demonstrate that accessibility and affordability of key public goods and services that directly impact the quality of life and livelihoods of citizens have declined which further results in increased inequalities and worsened living conditions.

Studies have also shown that increasing debt levels increase the risk of crowding out development expenditure as revenues raised are dedicated to debt repayment. Cecchetti, et al. (2011) argue that moderate levels of debt improve the welfare of citizens and enhance growth but high and rising levels of debt can be damaging to a country and can impair governments' ability to deliver essential services to its citizens.[37] Kose, et al. (2020) further argue that high debt levels are likely to make countries more vulnerable to crises, limit the size and effectiveness of fiscal stimulus during cyclical downturns and weigh on investment and longer-term growth.[38]

It is estimated that debt servicing in Kenya will make up 65% of total revenues collected by the financial year 2023/2024.[39] The increasing debt servicing costs translate to reduced amounts of sharable revenue available for the provision of basic services. Moreover, with loans being taken to fund capital expenditure only, debt repayment and all basic service-related recurrent expenditures have to compete for domestically raised revenues. An overview of pro-poor sector spending between the FY2015-16 and FY2020/21, reveals that expenditure on key pro-poor sectors – health, education, water, agriculture and social protection – expanded from Ksh.431.9 billion to Ksh.782.2 billion. However, the rise in debt repayment obligations has limited ability of government to expand investments in such critical pro-poor sectors, despite the increased demands for critical goods and services delivered through such sectors.

As shown in the figure below, debt service obligations increased from Ksh.392.2 billion in FY2015/16 to Ksh.651.5 billion in FY2020/21. However, it is notable that in FY2019/20, debt service obligations exceeded expenditure on pro-poor sectors by Ksh.123.4 billion. The decline in debt service costs in FY2020/21 may be attributable to the Debt Service Suspension Initiative by the World Bank and the IMF aimed at supporting governments in their fight against Covid-19 pandemic.[40] However, the debt service cost picked up further, with government spending up to Ksh.1 trillion in financial year ending June 2021 on debt servicing.

34 KIPPRA, 2020. Kenya Economic Report: Creating an Enabling Environment for Inclusive Growth in Kenya. Kenya Institute for Public Policy Research and Analysis (KIPPRA) https://kippra.or.ke/wp-content/uploads/2021/02/Kenya-Economic-Report-2020-Popular-Version.pdf

35 Ministry of Health, 2020. Health Sector Report: Medium Term Expenditure Framework (MTEF) for the Period 2021/22-2023/24. https://www.treasury.go.ke/wp-content/uploads/2021/05/REVISED-HEALTH-SECTOR-REPORT.pdf

36 Based on Acepis computations with data from National Budgets and World Bank.

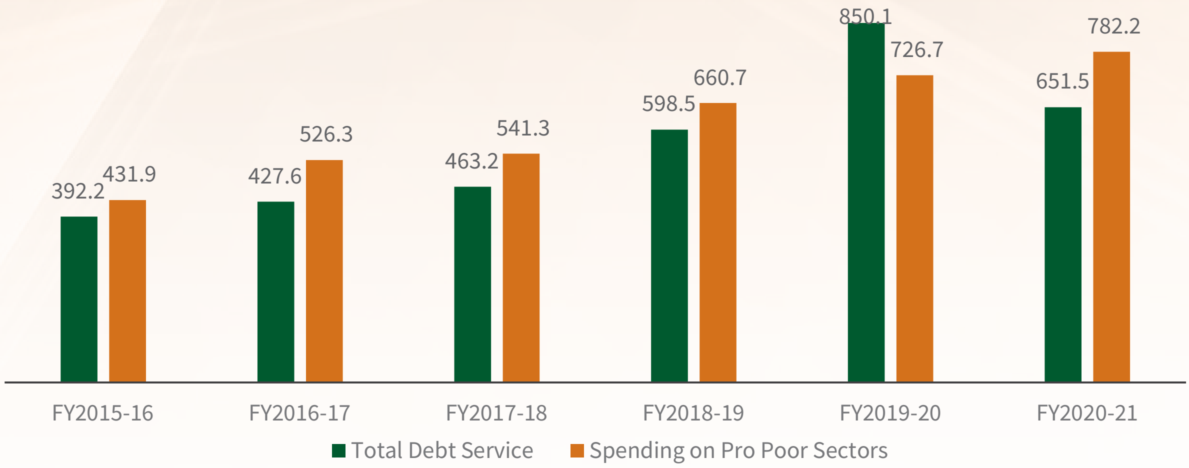
37 Cecchetti, S. Mohanty, M. and Zampolli, F. The Real Effects of Debt. 2011. https://www.bis.org/publ/othp16.pdf

38 Kose, A., Ohnsorge, F and Sugawara, N. Debt: The Dose Makes the Poison. (2020) https://www.brookings.edu/blog/future-development/2020/02/28/debt-the-dose-makes-the-poison/

39 Parliament of Kenya, 2021. Unpacking of the 2022 Medium Term Debt Management Strategy. Parliamentary Budget office. http://www.parliament.go.ke/sites/default/files/2021-12/2022%20MTDS%20Unpacking.pdf

40 The World Bank. Debt Service Suspension Initiative. March 10, 2022. https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative

Figure 13: Debt servicing cost vs pro-poor sector spending (Ksh. Billions)



Source: Annual Debt Management Report 2019/20 and 2020/21

2.7 Implications of Rising Public Debt on the Tax Regime

There is evidence indicating that rising public debt stock and increasing debt repayment obligations have driven the government to implement a stringent tax regime that is arguably punitive and hard on both businesses and individuals. Research has shown direct correlation between public debt and taxation. Alawneh (2017) while assessing the impact of public expenditure and public debt on taxes highlights that there is a positive and statistically significant relationship between public debt and taxes.[41] Kimtai (2014) also established similar findings, further highlighting that, in the long run, public debt responds to tax revenue and overall government expenditure. With its expanding debt portfolio over the last decade, the Kenyan government has instituted various amendments to tax policies aimed at widening the revenue base and increasing revenue collection to aid debt repayment. These amendments in the tax policies and introduction of new tax obligations have been argued to be punitive to both taxpayers and the private sector. This is best demonstrated by the increased incidence of tax disputes between KRA and local businesses, resulting in closure of some companies.[42] Overall, the tax regime has increasingly become more stifling for business rather than enabling and as such may be limiting growth. Table 6 below highlights key tax reforms introduced in Kenya between the FY2015/16 and FY2020/21 to widen the tax base and expand revenue collection.

41 Alawneh, A., 2017. The Impact of Public Expenditure and Public Debt on Taxes: A Case Study of Jordan. Accounting and Finance Research Vol 6 (3): 10. https://www.researchgate.net/publication/317412031_The_Impact_of_Public_Expenditure_and_Public_Debt_on_Taxes_A_Case_Study_of_Jordan

42 KRA shuts down Local Companies over tax arrears. https://www.standardmedia.co.ke/national/article/2001427987/stop-killing-local-companies-judge-tells-kra

Table 8: Various Tax Measures

Year	Changes in Tax Regimes aimed at Increasing the Revenue Base
2015[43]	– Introduction of Residential Rental Income Tax–Resident taxpayers owning residential properties in Kenya that generate income will be taxed at 10% of the gross rent received where the annual rental income is up to Ksh 10 million – Winnings from Bookmakers–For residents and non-residents of the Finance Act 2015, a 7.5% rate will apply for winnings from bookmakers.
2016[44]	– Withholding Tax on Rent Paid to Resident Persons–The Finance Act 2015 introduced withholding tax at the rate of 12% upon payment of rent, premium or similar consideration for the use or occupation of immovable property to a resident person
2017[45]	– Increase of Excise duty on Spirits–an increase of excise duty on spirits from KES 175 per litre to KES 200 per litre. – Inflationary adjustment on specific excise duty rates–Specific excise duty rates adjusted for inflation with the change aimed at increasing revenue.
2018[46]	– The Finance Act 2018 introduced withholding tax at the rate of 20% on demurrage charges paid to a non-resident ship operator. – Introduction of withholding tax on insurance premiums paid to non-resident persons – The measure is aimed at expanding the tax net and may be intended to promote the take up of insurance with local insurance companies. – Introduction of excise duty on Sugar confectionery and internet data services at 15% of the excisable value. – Increase in Excise duty on private passenger cars from 20% to 30%, money transfer services from 10% to 12%, illuminating kerosene from Ksh 7,205 per 1000ltrs to Ksh 10,305 per 1000ltrs, money transfer services from 10% to 20%, fees charged by financial institutions from 10% to 20% and telephone services from 10% to 20%. – VAT on petroleum products to introduced at 8% which were previously exempt
2019[47]	– Turnover tax rate re-introduced at a rate of 3% of the gross receipts per month. – Introduction of 20% excise duty on betting activities – Increase in excise duty on cigarettes, spirits and wines by approximately 14.35% – Increase in excise duty on motor vehicles; from 20% to 25% for imported motor vehicles of cylinder exceeding 2500cc and from 30% to 35% for motor vehicle of tariff no. 8703.24.90 and 8703.33.90 – Introduction of excise duty on importing gas cylinders at 35%
2020[48]	– Introduction of the minimum tax charged at 1% of the gross turnover to curb tax avoidance by companies that report losses as a strategy for tax avoidance. (This tax was however declared unconstitutional by the high court in September 2021) – Introduction of digital service tax at 1.5% of gross transaction value – this tax is applicable to persons deriving income from the digital marketplace. – Change of VAT status from zero-rated to standard rated for liquefied petroleum gas and inputs of electric accumulators and separators. – Revision of the tax bands for the maximum tax rate of 30% to include individuals earning Ksh. 32,333 and above which was previously charged on amounts above Ksh. 74,000[49].

Source: Deloitte, KPMG and National Treasury

43 Kenya Finance Act. 2015. https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Finance%20Act%202015%20Insight.pdf

44 Financial Insight. Kenya Finance Bill 2016. https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Financial%20Insight.pdf

45 Kenya Budget Insights 2017 https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Kenya%20Budget%20Insights%202017.pdf

46 Finance Act 2018 Analysis https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Finance%20Act%202018%20Analysis.pdf

47 Kenya Finance Act 2019 https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Kenya_Finance_Act_2019_Insights.pdf

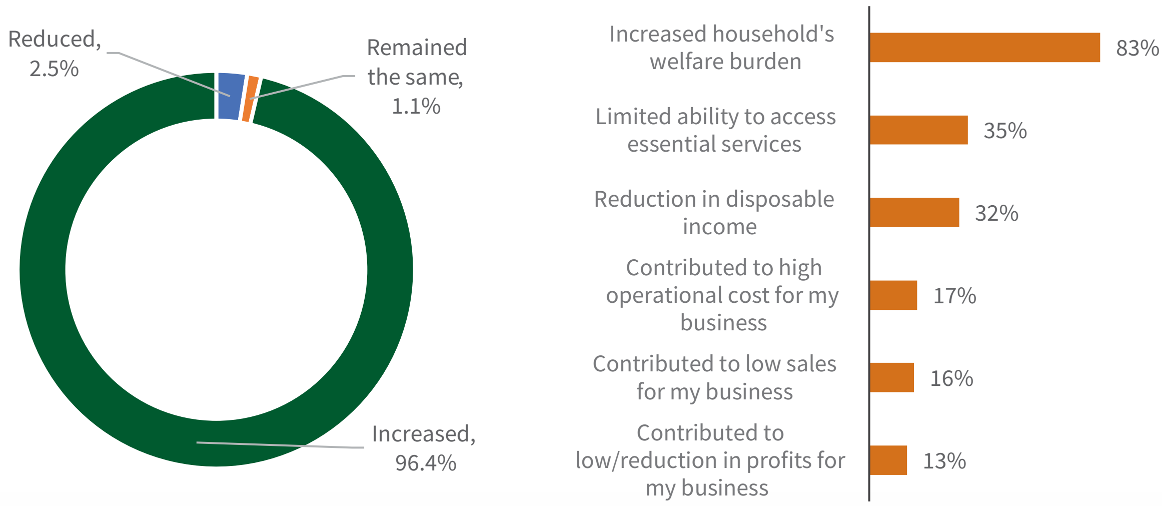
48 Finance Bill 2020. https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Kenya%20Finance%20Bill%202020.pdf

49 https://nation.africa/kenya/news/uhuru-salaried-workers-tax-increase-3243482?view=htmlamp

Whilst some of the tax amendments introduced as shown the table 6 are targeted to specific groups, either businesses or individuals, their overall impact trickled down to the household level, impacting household income negatively. For instance, introduction residential rental income tax imposed more tax obligations to landlords, who, in turn, may have raised household rent. In 2020, the reintroduction of turnover tax at a rate of 3% meant businesses had limited operating income to finance their operations. Consequently, this impacted incomes of individuals relying on the businesses. Similarly, the introduction of excise duty on importing gas cylinders at 35% in 2019 forced operators to transfer costs to consumers, further exerting pressure on household income. Overall, the imposed taxes on have a net effect on both businesses and households, with household income being impacted either directly or indirectly by all imposed taxes.

Regarding perceptions of citizens on the implications of instated tax amendments and introduction of new taxes to expand revenue collection, 96.4% of respondents consulted indicated that over the last four years, taxes have increased, with only 2.5% indicating they remained the same and 1.1% indicating that there was a reduction. In exploring how the increased taxes have affected their livelihoods and businesses, respondents indicated that the changes in the tax policies have increased the household's welfare burden (83%), limited access to essential services (35%) and reduced their disposable income (32%) respectively as shown in figure 14. These findings align with documented literature in demonstrating that the existing tax regime is harsh on both businesses and households.

Figure 14: Respondents perceptions on taxes and their implications



Source: Acepis based on TISA Survey conducted in Nairobi County

2.8 Impact of Public debt and Access to credit for MSMEs in Kenya

Increased government borrowing from local banks has had a stifling effect on credit available for local businesses especially Micro, Small and Medium Enterprises (MSMEs). This has limited SMEs growth and negatively affected livelihoods, especially for many involved in the informal sector. Studies on the effect of public debt on public and private investment reveal a negative relationship between the variables. Researchers have established that debt servicing costs can crowd out public investment expenditure by reducing total investment directly and complementary private expenditures indirectly thereby impeding economic performance. Others, like Akomolafe et. al. (2012)[50] and Hashibul Hassan (2015)[51], show that increasing levels of government borrowing

50 Akomolafe et al, Public Debt and Private Investment in Nigeria, American Journal of Economics 2015, 5(5): 501-507 https://www.researchgate.net/publication/320718899_Public_Debt_and_Private_Investment_in_Nigeria

51 Hashibul Hassan (2015), Impact of Public Debt Burden on Economic Growth Evidence from Bangladesh, https://www.researchgate.net/publication/255725380_Impact_of_Public_Debt_Burden_on_Economic_Growth_Evidence_from_Bangladesh

from local banks can contribute to the shrinking of credit available for Micro, Small and Medium Enterprises (MSMEs) hence crowding out the private sector and acutely disadvantaging MSMEs.

MSMEs play an important role in the Kenyan economy–in creating employment and supporting livelihoods. According to the 2016 MSME Basic report[52], there are about 7.5 million registered MSMEs in Kenya contributing 30% to the national value added and sustaining the highest proportion of employment accounting for 15 million people (81.1%). They are involved in various forms of businesses ranging from manufacturing to transportation, agribusiness, and service sector among many other sectors. Despite this, MSMEs in Kenya generally have limited access to external financing and as such depend on funding from local financial institutions, especially banks.

According to the Central Bank of Kenya, there has been a declining trend in access to credit for Micro, Small and medium-sized enterprises (MSMEs). The 2020 Access to Credit Business Survey revealed that the average loan size to MSMEs has reduced from Ksh. 6.03 million in 2017 to Ksh 3.56 million in 2020 from commercial banks and Ksh. 1.88 million in 2017 to Ksh. 1.64 million in 2020 from microfinance banks as shown in Table 7 below.[53] During the same period, there has been an increased domestic debt holding by government with debt levels in commercial banks standing at 54.1%.[54]

Most MSMEs attribute constrained access to finance mainly to financiers' widespread lack of clear information on their operations and collateral requirements before granting credit. Additionally, commercial banks prefer to lend to the government, which is viewed as a low-risk investor in terms of defaulting.[55] With shrinking revenues, businesses have realized low margins, and in worse instances, closed down thus translating to loss of jobs and livelihoods.

Table 9: Average MSME Loan Sizes in Ksh Millions 2017–2020

Category	Commercial Banks		Microfinance Banks	
	2017	2020	2017	2020
Micro	0.5	0.086	0.13	0.02
Small	3.2	2.9	1.25	0.4
Medium	14.4	7.7	4.27	4.5

Source: MSME Survey Data, 2020

52 Kenya National Bureau of Statistics. MSME Basic Report. 2016 https://www.knbs.or.ke/?wpdmpro=2016-msme-basic-report#

53 Central Bank of Kenya. 2020 MSME FinAccess Business Survey Report https://www.centralbank.go.ke/uploads/banking_sector_reports/1275966539_2020%20Survey%20Report%20on%20MSME%20Access%20to%20Bank%20Credit%20-%20Final%20-%2015%2007%2021.pdf

54 https://www.centralbank.go.ke/public-debt/

55 Institute of Public Finance Kenya. What Does It Mean when the Government Borrows from the Local Commercial Banks? (2020). http://ipfkenya.or.ke/wp-content/uploads/2020/08/WHAT-DOES-IT-MEAN-WHEN-THE-GOVERNMENT-BORROWS-FROM-THE-LOCAL-COMMERCIAL-BANKS.pdf

3

SECTION THREE:

PUBLIC PARTICIPATION IN PUBLIC DEBT MANAGEMENT IN KENYA

3.0 Introduction

Prudent public finance management requires that sufficient space is allowed for involvement and participation of as many stakeholders as possible. This functions to ensure that policy making, plans, expenditures and evaluations are not only transparent but also inclusive enough to assure responsiveness of public finances to the needs of everyone in the economy. Effective public participation depends on progressive laws and policies that buttress the rights to participation and require institutions of government to adhere to regulations. Public debt, just like other facets of public finance, requires scrutiny and elaborate involvement of various actors to ensure that what government borrows on behalf of citizens is prudently applied and accounted for. Considering the ensuing public debt problem in Kenya, with growing questions about its sustainability and impact on livelihoods and fiscal justice, several actors have expressed the urgent need for meaningful public participation. This section explores the framework for public debt management in Kenya – interrogating the policy, legal and institutional framework to determine the extent to which MDAs adhere to stipulated guidelines and promote public participation.

3.1 Policy & Institutional framework for Public Debt Management

There exists a considerably progressive and elaborate framework of formal policies and institutions governing public finance management in Kenya that can be leveraged for inclusive, effective and accountable public debt management (**See Table 8 below**). These frameworks provide a basis upon which fiscal consolidation may be achieved by ensuring prudent planning and budgeting, resources mobilisation and expenditures. They also provide frameworks for transparency and accountability in PFM by creating space for inclusion of citizen's voices through public participation. However, there are weaknesses in conformity to these frameworks that undermine public debt management. For instance, Parliament slacks in its responsibility to keep the executive (Treasury and Office of the President) to account for acquisition and management of public debt due to an overbearing executive, political influence over parliament and limitations in technical capacity on the part of parliamentarians to scrutinize and analyse financial data to inform fiscal decisions. The country also grapples with the cost of expensive loans from commercial banks locally and internationally while in essence, the Public Debt Management Office is to ensure borrowing is at least cost possible. Additionally, there are delays in publication of audit reports by the Office of the Auditor General on the use of borrowed funds.

Table 10: Policy Framework on Public Debt Management

Policy Framework
The Constitution of Kenya, 2010[56]: Chapter 12 of the Constitution of Kenya outlines the principles and framework of public finance in the country and makes provision for issues regarding public debt, revenue allocation, control of public money, budgeting process and financial institutions. **Article 211** states that Parliament, by legislation prescribes the terms by which the National Government may borrow and imposes reporting requirements. **Article 212 to 214** defines public debt and borrowing at the two levels of Government (National and County) and **Article 225** provides guidelines for the establishment, functions and responsibilities of the National Treasury. **Article 201(a)** provides for openness and accountability in the management of public finances by including public participation.
The Public Finance Management Act, 2012[57]: The PFM Act provides for the effective management of public finances by the national and county governments and oversight responsibility of Parliament and county assemblies. The Act also sets out strict guidelines and reporting obligations to ensure that Parliament and the public are well informed about the borrowing habits of the government. **Section 11** of the Act establishes the National Treasury and defines the roles of the Cabinet Secretary as 1) to borrow from domestic and external sources, 2) issue guarantees with approval from Parliament and 3) report to Parliament and the public on public debt. **Section 62** establishes the Public Debt Management Office (PDMO) within the National Treasury with the objective of minimizing the cost of external borrowing and reducing risks associated with public borrowing. Sections 117(5) and 125(2) also provide for public participation at both the national and county levels in the management of public finances.
Regulations on the Public Finance Management Act (No. 18 of 2012)[58]: Legal notice No. 34 of 2015 sets the overall debt limit at the present value of 50% of the GDP for the national government while the debt limit for the county government is set at 20% of the audited total county government revenue collected within a year and approved by the county assemblies.
Public Finance Management (Amendment) Bill, 2019[59]: The bill provides an amendment to the Public Finance Management Act to provide for a specific limit of the amount that the Government may borrow to reduce the country's external and internal debt. **Clause 2** of the Bill mandates the Cabinet Secretary in charge of the National Treasury to seek approval of Parliament before effecting any borrowing of funds. **Clause 3** of the Bill specifies the exact limit of funds that can be borrowed to six trillion shilling and provides for the need to ensure that the Cabinet Secretary submits the intended purpose for borrowing and the proposed repayment plans to the National Assembly.
The Debt and Borrowing Policy, 2020[60]: The Public Debt and Borrowing Policy provides guidance on raising resources through borrowing to finance the budget and managing the public debt portfolio at minimum cost and prudent level of risk while ensuring public debt remains within sustainable level over the long term. The policy also seeks to promote the development of the domestic market for Government debt securities.

56 The Constitution of Kenya (2010). Chapter 12 – Public Finance. https://www.klrc.go.ke/index.php/constitution-of-kenya/146-chapter-twelve-public-finance

57 The Public Finance Management Act, 2012. https://www.kara.or.ke/The%20Public%20Finance%20Management%20Act%202012.pdf

58 The Public Finance Management Act, 2012. http://www.parliament.go.ke/sites/default/files/2017-05/Legal_Notice_No._34_National_Govt_Regu.pdf

59 Kenya Gazette Supplement No. 98 (2019). National Assembly Bills No. 48. http://www.parliament.go.ke/sites/default/files/2019-07/Public%20Finance%20Management%20%28Amendment%29%20Bill%2C%202019-%202_compressed.pdf

60 The Republic of Kenya (2020). Public Debt and Borrowing Policy. https://www.treasury.go.ke/wp-content/uploads/2021/02/Debt-and-Borrowing-Policy-2020-Final-June-2020.pdf

Table 11: Institutional Framework on Public Debt Management

Institution	Roles
The National Treasury	- The National Treasury promotes transparency and effective management and accountability of public finances. - Mandated to manage the level and composition of national public debt and develop a framework for sustainable debt control, e.g. the medium-term debt management strategy.
The Public Debt Management Office (PDMO)	- The PDMO is mandated to prepare and implement the National government's borrowing plans including the plans on how to service outstanding debts. - PDMO also minimises the cost of public debt management and borrowing over the long-term taking account of risk and ensures the sharing of the benefits and costs of public debt between the current and future generations.
The Office of the Auditor General	- It is part of the global and regional public sector auditing community, subscribing to International Organisation of Supreme Audit Institutions (INTOSAI) and African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E). - Confirms whether public money has been applied lawfully in an effective way for improved service delivery for Kenyan citizens. - Audits and reports on various aspect of financial management at national and county levels, including public debt.
The Legislature-Parliament	- The role of the Legislature in public debt management is to develop and adopt a legislative framework that enhances transparency and accountability in debt management. - Parliament also ensures that National and county governments limit their borrowing to the public debt thresholds.
County Government: Finance and Economic Planning Department	- Is tasked with implementing financial and economic policies at county level. This includes managing the county government's public debt and other obligations and developing a county debt control framework.
The County Assembly	- Approves borrowing by the county government subject to guarantee by the national government.
Departmental Committee on Finance and National Planning	- The committee is mandated to oversee issues of public finance and public debt. It also oversees ministries such as National Treasury and Planning, and the office of Controller of Budget
The Central Bank of Kenya	- CBK advises the government on the debt ceiling and sustainability of new borrowings and manages public domestic debt on behalf of the government. - CBK also implements the monetary policy, manages foreign exchange reserves and domestic debt.
The Office of the Attorney General	- This is the principal legal adviser to the Government and has the responsibility of reviewing draft loan agreements to ensure conformity with the relevant legislation. Advises the National Treasury regarding negotiations, drafting and interpretations of local and international documents, agreements and treaties.
The Office of Controller of Budget	- Oversees the utilisation of the budgeted borrowed funds for the National and County governments by authorising withdrawal from public accounts. - Authorises debiting of the consolidated Fund Service account to settle government debts and is mandated to undertake periodic audits of public debt.
World Bank	- Helps countries manage public debt and fiscal risk through a set of toolkits. - Provides grants to IDA countries that are at high risk of debt distress

International Monetary Fund	- Fosters debt transparency through its analytical framework and supports member countries in strengthening their capacity to report and manage their public debt. - Provides technical support to member countries on formulating debt management strategies. - Provides loans, including emergency loans, to member countries in financial need

3.2 Public Participation in public debt management

Following the adoption of the 2010 Constitution of Kenya and the transition to devolved governance in 2013, the government has recognized that public participation plays a critical role in strengthening and legitimizing state decisions, actions and various development initiatives, and that it is an important element of good governance and economic management. There are several provisions in the constitution and other legislation that buttress citizens' rights to participate in public finance, including public debt. The following are some of policy frameworks guiding public participation:

- **The Constitution of Kenya, 2010.–**Places public participation at the center of promoting transparency, accountability, good governance and efficient service delivery in Kenya. Additionally, it encourages the participation of Kenyan citizens in the overall management of public funds and the prudent use of resources within the country's jurisdiction. Specific provisions within the Kenyan Constitution that provide for public participation in all national affairs, including public debt and public finance management are discussed below.

Box 1: Provisions for Public Participation under the 2010 Constitution of Kenya[61]

Chapter 2, Article 10(2)(a), recognizes participation of the people as one of the national values and principles of governance.

Chapter 11, Article 174 (c), identifies one of the principle objects of the devolution of government is to give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them**.**

Chapter 12, Article 201 (a), authorizes that one of the key principles that should guide all aspects of public finance in the Republic of Kenya should be openness and accountability, including public participation in all financial matters.

Chapter 13, Article 232 (d), re-affirms the involvement of the public in the process of policy making as a critical value and principle of public service within the country.

- **The Public Finance Management Act, 2012** – Provides an opportunity to enhance the role of citizen participation in public financial management process in Kenya and offers a more detailed directive on the process of public participation in public finance. The summary of the specific clauses/articles under the PFM Act that guide stakeholder/citizen/public participation in public finance in Kenya is highlighted below.

61 Republic of Kenya (2010). The New Constitution of Kenya. http://www.kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=Const2010#KE/CON/Const2010/chap_12

Box 2: Provisions for Public Participation under the Public Finance Management Act, 2012[62]

Section 25, requires that the National Treasury shall seek and take into account the views of the public and any other interested persons or groups in the preparation of the Budget Policy Statement

Section 36, mandates the Cabinet Secretary to manage budget processes at national level. Under his mandate, he shall by regulations determine how citizens/the public shall participate in the budget-making process at the national level

Section 137, stipulates that at the country level, a number of representatives should be drawn from the public to participate in budget making. In this case, the public should represent faith-based groups, business labor issues (including SMEs), women, persons with disabilities, and the elderly, among other key groups within Kenya

- **The County Governments Act of 2012-** Serves as a critical devolution law within Kenya's jurisdiction, and determines the standards and provides particular ways through which the 47 devolved governments can institutionalize public participation within the country. Further, it mandates county governments to engage citizens within their respective jurisdictions in the planning and making of policies, to carry out civic education and to facilitate public communication and access to information within their counties. The specific clauses under the County Governments Act that provide for Public Participation of Citizens in Public Finance Management and other affairs are discussed below.

Box 3: Provisions of Public Participation under County Governments Act of 2012[63]

Section 115, guides public participation in county planning. Further, it highlights that each county assembly, including Nairobi County shall develop laws and regulations giving effect to the requirement for effective citizen participation in development planning and performance management at the county level.

Section 87, outlines the principles upon which citizen participation at the county level is based.

Section 88 and 89, guarantee the rights of all Kenyan citizens to petition and challenge any matter under the county governments responsibility and identifies the duty of county governments to respond to any petitions and challenges raised by citizens.

Section 91, guides the establishment of various modalities and forums for citizen participation such as ICT-based forums, town hall meetings, budget preparation and validation fora, and development project sites, among several others.

Sections 94, 95, and 96, guide public communication and overall access to information by citizens on county affairs, including budgeting and public resource management.

3.3 Assessing adherence to Public Participation principles in Public Debt Management

Effective Public participation requires some basic ideals to be upheld. These include[64][65]: (i) Establishment of regulatory frameworks, structures and mechanisms to govern participation and the provision of spaces for all

62 Republic of Kenya, (2012). The Public Finance Management Act. https://www.kara.or.ke/The%20Public%20Finance%20Management%20Act%202012.pdf

63 Republic of Kenya (2012). County Governments Act. http://www.parliament.go.ke/sites/default/files/2017-05/CountyGovernmentsAct_No17of2012_1.pdf

64 County Governance Toolkit, Public Participation, https://countytoolkit.devolution.go.ke/public-participation

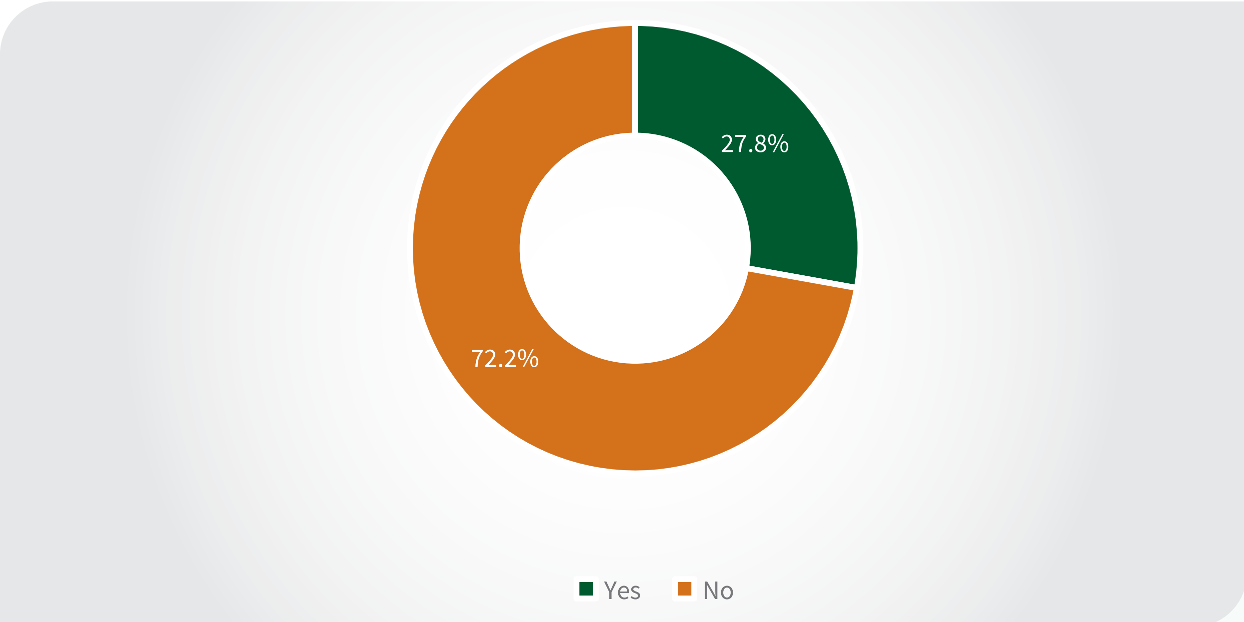
65 IGRTC, The Status of Public Participation in National and County Governments, https://countytoolkit.devolution.go.ke/sites/default/files/resources/27.%20The%20Status%20of%20Public%20Participation%20in%20National%20and%20County%20Governments%20.pdf

persons to participate; (ii) provision of timely and relevant information or data, accessible by all members of public; (iii) Provision of opportunities and access to the process of formulating and implementing policies; (iv) Provision of equal access and opportunities to spaces of participation- inclusion and equity to all groups: women and men of all ages, from marginalised communities, and persons with disabilities; (v) Effective mechanisms to capture and process input from citizens; (vi) sufficient Civic education; (vii) Reasonable balance in roles and obligations of governments and non-state actors in decision making processes; (viii) Protection and promotion of the interest and rights of minorities, marginalized groups and communities and their access to relevant information; and (ix) Continuity of the engagement of stakeholders in public participation process.

There is generally poor compliance with the existing public participation guidelines with regard to public debt management in Kenya. This limit meaningful participation of citizens in public debt management and impairs transparency, accountability and public voice in debt management. Public debt management in Kenya is largely exclusive and limited to the government through state institutions, departments and agencies. The following is evident in assessing the level of adherence to public participation principles in public debt management:

- **The existing policy framework governing citizen participation is broad and does not specify modalities for citizen engagement in public debt management:** The available legal provisions on public participation, including the Constitution of Kenya, Public Finance Management Act, 2012 and the County Governments Act of 2012, generally address participation in Public Finance management processes thus presenting a loophole further encouraging the exclusion of citizens in decisions on public debt. The absence of an elaborate framework and institutionalized mechanism that allows for citizen participation has left public debt processes largely a preserve for government ministries and institutions. As shown in Figure 15, most of the respondents have never participated in public debt forums.

Figure 15: Citizens' Participation in sessions discussing the county's public debt problem



Source: Acepis based on TISA Survey conducted in Nairobi county

- This has led to insensitivity and impairment of transparency, accountability and public voice in debt management. Additionally, there has been limited demonstrable effort on the side of government to include women and youth in public finance management processes, including the management of public debt. Efforts to open up spaces for youth and women have heavily relied on work by CSOs, whose programmes are heavily reliant on an enabling environment.
- **There is no reasonable balance in roles and obligations regarding public debt decisions**: Public participation requires reasonable balance in roles and obligations of governments and non-state actors in decision making processes. However, the role of raising loans and grants for the government is solely on the Cabinet Secretary for Finance as specified in the Debt and Borrowing Policy, 2020. Other major decisions

regarding debt acquisition are confined to Parliament and few officials within the Executive and the lenders, unlike the planning and budgeting processes where there are defined opportunities for citizens to participate. Citizens, especially women and youth, are thus excluded from adding their voice and input- through public participation or indirectly through representation by their representatives in parliament–in informing decisions regarding acquisition of debt and how the acquired debt is expended.

- **Oversight on public debt is assigned to few state ministries, departments and agencies, excluding input from the citizens and other non-state actors.** Whilst public participation guidelines spell out the need for recognition and promotion of non-state actors' participation (including Public-Private Partnerships, such as joint committees & technical teams) in decision-making processes and oversight as it provides complementary authority and reasonable balance in governance. Public-Private Partnerships are not involved in decisions on debt acquisition but are only involved in matters of public debt during contracting (where projects are financed through debt) and when reporting on Fiscal Commitments and Contingent Liabilities to the PDMO[66]. Oversight on debt acquisition and utility is thus solely vested on few government ministries and agencies –The National Treasury & Parliament, as outlined in the frameworks for debt management. Such institutions are highly susceptible to control and manipulation thus limiting the effectiveness in oversight of public debt. For example, the parliament has been accused of slacking in its mandate of ensuring the tax regime is fair and that government borrowing and spending of acquired debt is prudent. Despite being mandated to ensure that public debt and obligations are maintained at sustainable levels, it has over the years raised the debt ceiling, providing more room for acquisition and accumulation of debt.[67][68]
- **Access to information on public finance and public debt remains limited and closed limiting citizens' capacity to engage in conversations on public debt**. **This frustrates acquisition, analysis and utilization of up-to-date information on the country's public debt situation for advocacy.** Public participation is pegged on access to information as it grants citizens power to exercise their voice, inform public dialogue and keep the government accountable in delivery of its mandate.[69] Public participation guidelines require the provision of approved and authenticated official documents to the public for discussion. However, information on terms tied to the acquired loans remains scanty and largely inaccessible to citizens. Despite the existence of the Access to Information Act, 2016, information regarding acquisition and utilisation of public debt at both national and county levels remains largely inaccessible. Whilst there has been notable progress in some debt data on Central Bank website, information regarding contractual arrangements, particularly for huge infrastructure investments financed through debt, remains limited. The relevant duty bearers responsible for providing the information remain largely inaccessible, with the process of requesting and accessing public debt information, especially on details of contracts convoluted in secrecy. The opaqueness with regards to disclosing information regarding public debt could be construed as a deliberate effort by government to limit involvement and scrutiny of government actions concerning acquisitions and management of public debt. Further, delays in the publication of audit reports by the Office of the Auditor General limits the ability of citizens to scrutinize and demand accountability from relevant government institutions on a timely basis. Even when these reports are published, they are often too technical and complex for citizens with low literacy levels or limited understanding of how to interpret the technical issues. Despite efforts by multiple stakeholders to ensure full adherence to provisions of access to information, the culture of secrecy persists.[70]
- **There is insufficient civic education on matters regarding Public debt**: Civic education is necessary for public participation in debt management as it equips citizens with knowledge on public finance hence

66 Improving Transparency and Accountability in Public-Private Partnerships, http://portal.pppunit.go.ke/framework/DisclosureKenya_final.pdf

67 Chemutai Goin, Citizen Digital, 10th October 2019, MPs Approve Request to Raise Debt Ceiling to Ksh.9 Trillion https://www.citizen.digital/news/mps-approve-request-to-raise-debt-ceiling-to-ksh-9-trillion-285762

68 Business Daily, 24th February 2022, State pushes to raise debt ceiling to Sh13 trillion in chaotic session, https://www.businessdailyafrica.com/bd/economy/state-pushes-to-raise-debt-ceiling-to-sh13-trillion-3728702

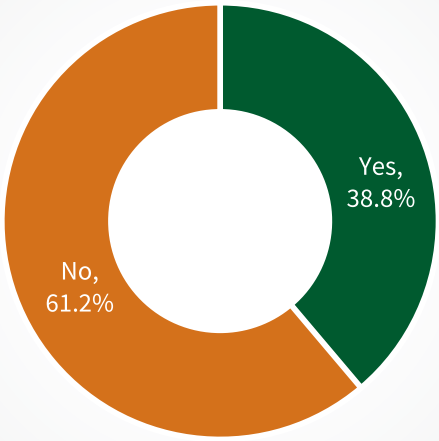
69 GSDRC (n.d.) Access to information – and its constraints, GSDRC. https://gsdrc.org/topic-guides/communication-and-governance/access-to-information-and-its-constraints/

70 Sarah Wesonga, Kenya Access to Information Regulations, Article 19. November 01, 2021. https://www.article19.org/resources/kenya-access-to-information-regulations/

enabling engagement in public finance and public debt discourse. However, there is no continual and systematic provision of information and learning experiences to the citizens regrading public debt. As such, there is limited meaningful engagement in public debt management due to the existing knowledge gaps on public debt. Additionally, there are no policy provisions for the allocation of resources to facilitate civic education on public debt.

In the survey conducted to gather perspectives of citizens on public participation, 61.2% of the respondents attested to having limited knowledge of existing spaces for engaging in conversations on public debt management. This is shown in Figure 16 below. This response illustrates the need for enhancing knowledge of citizens on public debt and especially on mechanisms for influencing public debt issues.

Figure 16: Awareness of Existing Public Debt Management Spaces



Source: Acepis based on TISA Survey conducted in Nairobi county

- **Limited Public participation in formulation of policies governing public debt management:** The process of formulating and implementing policies, laws, and regulations regarding public debt management is limited to the Parliament and the Public Debt Management Office. However, there is no consideration of the input from citizens regarding debt management- including the development of medium-term debt strategies and utility of debt. Moreover, the legislators who are responsible for formulation of sound policies on debt management are not effectively scrutinizing and implementing the existing policies in debt management[71]. For example, there have been concerns about the ineffectiveness of Parliament amidst the continued heavy reliance on expensive loans from commercial banks locally and internationally whereas the Public Debt Management Office is mandated by the PFM Act to minimize the cost of public debt management and borrowing over the long-term. The general outlook is that most of the guidelines for public participation are not adhered to owing to the decisions on debt acquisition and utility being made by few actors in the government. Citizens and non-state actors have limited say regarding public debt management and are not involved in the processes.

3.4 Barriers to meaningful citizen participation in public debt management

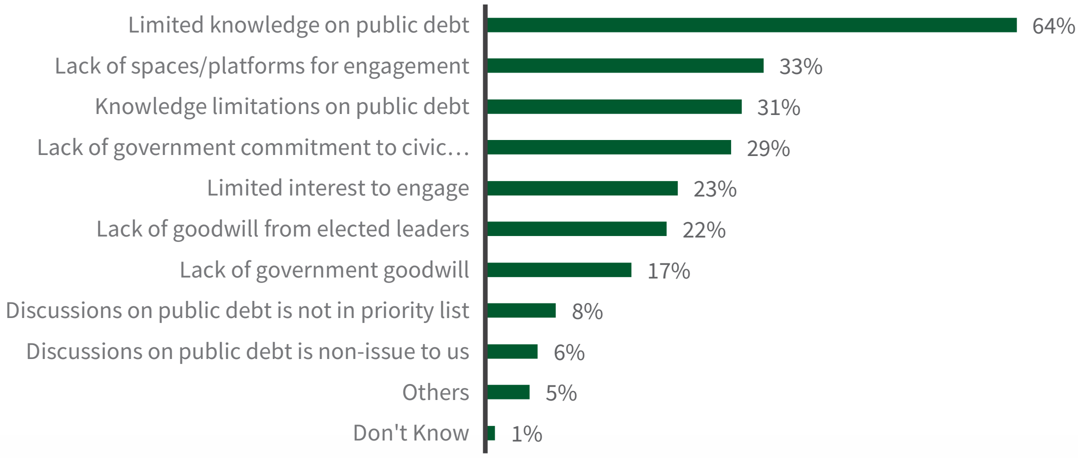
Beyond the existence of a broad framework on public participation that does not provide guidelines specifically for public participation in debt management, there exist other challenges which hinder the participation of various stakeholders in public debt management and make it difficult to advocate for prudent debt management as highlighted in figure 18. These include:

71 Ally Jamah, 18th November 2017. The Standard, Parliament has failed to check growing public debt, https://www.standardmedia.co.ke/opinion/article/2001260504/how-parliament-has-failed-to-check-growing-public-debt

- **Limited access to opportunities for engagement:** There still exist limited opportunities available to youth and women to insert themselves and engage in policy processes. The absence of an institutionalised mechanism that allows for their participation has left public debt processes to largely be a preserve for government ministries and institutions. Efforts to open up spaces for youth and women have heavily relied on work by CSOs, whose programmes are heavily reliant on an enabling environment. However, there has been limited demonstrable effort on the side of government to include women and youth in public finance management processes, including the management of public debt.
- **Limited Knowledge of PFM Issues:** Onyango L. A., et al. (2019) when analysing the factors affecting public participation in environmental impact assessment for selected projects in Nairobi established that the level of education has a significant influence on participation.[72] The knowledge of issues regarding public finance and public debt management is even lower. This is attributable to the fact that PFM issues are often regarded to be too technical/complex and 'boring' thus generating limited interest.

  In the survey conducted in Nairobi, 64% of the individuals surveyed also acknowledged that limited knowledge has been a major hindrance in participating in public debt management issues as illustrated in figure 17. The low literacy level on PFM and limited interest in PFM and debt management among women and youth in informal settlements limit their understanding of how the rising national public debt impacts their daily lives and small businesses. They, in turn, fail to actively contribute to the public debt discourse, including participating in forums for public participation organized by national and county governments, to demand accountability and advocate for prudent public debt management.

Figure 17: Factors hindering/ limiting people from Engaging in issues on Public Finance/ Public debt



Source: Acepis based on TISA Survey conducted in Nairobi county

- **Poor engagement between government and citizens, particularly youth and women:** Even with robust stand-alone youth and women initiatives and policies, government engagement remains unintentional. In some African states, forms of engagement that go beyond targeted involvement and information sharing are non-existent.[73] Over the years, policymakers have shown little to no enthusiasm to engage youth and women in policy processes. This low investment and interest in youth and women has resulted in a lack of trust in government (OECD, 2016) and has further undermined their willingness to participate[74].
- **Limited resources and tools necessary for meaningful policy engagement:** Youth and women need to be

72 Onyango, L. A., Mutui, F. N. $ Wabwire, E. 2019. An Analysis of the Factors Affecting Public Participation in Environmental Impact Assessment: Case Study of Selected Projects in Nairobi City County, Kenya. European Scientific Journal 15(9), pp. 284 – 303. https://doi.org/10.19044/esj.2019.v15n9p284

73 OECD, 2018. Youth Engagement and Empowerment, https://www.oecd.org/mena/governance/youth-engagement-and-empowerment-report.pdf

74 Well Told Story (2015) Young People Democracy and Governance in Africa: What they know and how they engage http://www.shujaazinc.com/wp-content/uploads/2020/01/Young-people-Democracy-and-Governance-in-Africa.pdf

equipped with knowledge and skills in critical thinking, decision-making, civic engagement as well advocacy to be able to exert their voice in decision-making spaces. However, the resources and tools to aid improve their capacities remain limited[75]. Thus, it is necessary to invest in the development of these resources for the advocacy efforts to bear lasting impact. With sufficient knowledge, they are able to contribute in conversations meaningfully. Sufficient resources for capacity building for youth and women is crucial and with the recent uptick in youth and women-focused CSO, who are at the centre of enhancing civic engagement, a more sustainable financing option is equally needed for them.

- **Resource challenges for movement building and sustaining advocacy**: Availability of sufficient and timely resources is a critical ingredient to the smooth functioning and successful outcomes of advocacy movements. Resources are also critical for the sustainability and enhanced impact of such advocacy movements. However, mobilisation of resources remains a challenge for organizations and movements championing for policy advocacy. Mobilisation of resources may particularly be a challenge for such an initiative on enhancing inclusivity, transparency and accountability in management of public debt in Kenya, granted the sensitive and secretive nature of how information on public debt is managed in Kenya.
- **Capacity limitations of policymakers and implementers**: Capacity limitations within the legislative structures at both national and county government levels have also been argued to be among the leading factors impairing the quality of legislation and the effectiveness of the institutions in playing their role of oversight and keeping the government accountable on public debt management. Experts have argued that legislative structures have become complacent in formulating and scrutinizing policies, and ensuring decisions regarding management of public debt. Despite the powers and responsibilities bestowed upon these institutions by the constitution, legislators have largely resorted to blame games, largely laying blame on the executive and national treasury.[76]

3.5 Potential opportunities for blistering citizen participation in public debt management

What changes are needed to increase citizen participation in public debt management processes? Beyond initiatives from citizens, there are several opportunities that stakeholders can pursue to increase and improve quality of citizen participation in public debt management processes. These include:

- **Advocating for operationalization of Public Participation Act at national and county levels**

  Whilst most counties have passed the Public Participation Act, the provisions are yet to be fully operationalised. As such, there is need for continued advocacy efforts targeting national and county governments to ensure that the enacted provisions of public participation prescribed in the constitution and associated laws are implemented and that citizens are regarded as partners and not clients in the governance process.[77] This could include enforcing the implementation of civic participation and representation among the youth as spelt out in the Kenya Youth Development Policy[78]. The legislators could also initiate periodical reviews of the county assembly laws and regulations that guide participation in development planning to ensure they address specific barriers to youth and women participation (The Cartrer Center, 2018). There is also need for ensuring officials facilitating public participation are trained through a partnership between the two levels of government, non-state actors and development partners (IGRTC, 2019). Besides operationalization of the Act on Public participation, a more specific framework for public participation in public debt management should be developed. One of the key informants for the study noted the need for having public participation in debt management.

75 IGRTC, The Status of Public Participation in National and County Governmentshttps://countytoolkit.devolution.go.ke/sites/default/files/resources/27.%20The%20Status%20of%20Public%20Participation%20in%20National%20and%20County%20Governments%20.pdf

76 Njiraini Muchira, MPs, analysts blame Treasury for Kenya's rising debt, The East African. December 09, 2019 https://www.theeastafrican.co.ke/tea/business/mps-analysts-blame-treasury-for-kenya-s-rising-debt-1432484

77 Ngobilo, E (2021) Counties Illegally Budgeted Without Proper Public Participation https://roggkenya.org/2021/06/11/counties-illegally-budget-without-public-participation/

78 Kenya Youth Development Policy, 2019. https://www.prb.org/wp-content/uploads/2020/06/Kenya-Youth-Development-Policy-2019.pdf

"There has to be a linkage between borrowing and paying back and there's no clarification. Where is public participation in this? We should be having public participation in increasing the debt limit" – *KII, Member of National Assembly Kenya*

- **Enhancing effectiveness of public participation**

The usefulness of public participation is demonstrated when the outcomes of the sessions translate to meaningful action on the side of government. As such, several elements need to be considered to enhance utility of the public participation process and forums. Firstly, there is need to ensure that the agenda capture issues of interest to citizens, particularly women and youth. This will incentive them to attend and participate in the forums. Adopting the County Public Participation Guidelines[79] and granting youth and women space to advocate and design policies[80] provides a good starting point. The second element pertains to comprehensive civic education to inform citizens on how they can fulfill their civic duties and the responsibilities in governance. Both national and county governments could be encouraged to set budget provisions for such capacity-building programs–comprehensive needs assessment, training courses and workshops. The government and non-state actors could also explore developing courses aimed at empowering citizens, particularly women and youth, on how to engage effectively in public participation forums. The third element entails sensitization efforts on role of youth and women in public debt processes. Most young people have already made up their minds based on past experience or misinformation & are dismissive of participation in government systems (Well Told Story, 2015)**.** Therefore, beyond sensitization on the importance of youth and women engagement in public debt and overall public finance management processes, there is need for educating the demographic to enhance their civic competences. Sensitization on participation in public finance can be in the form of awareness campaigns targeting to stir up the interest to seek, verify and interrogate information on Public Finance, specifically public debt. The campaigns could be done across various media platforms using role model characters and influencers to generate national peer-to-peer conversations on mainstream and social media and enhance capacities of the youth and women on the issue of Public Finance and public debt management[81]. There exist different non-state actors that focus on political empowerment of women and the youth, including The Youth Agenda, Dada Power, Siasa Place, National Youth Bunge Association, The Community Advocacy and Awareness (CRAWN) Trust and Centre for Rights Education and Awareness (CREAW). The youth and women could benefit from synergies created by these organizations in the effort to empower them to engage in public debt processes.

- **Advocating for improved access to information on public debt management**

There has been notable progress towards compliance with provisions of the access to information act. For instance, the National Treasury produces a "Citizens Budget", that is, a non-technical document summarizing key points from the budget and fit for relaying budgetary information in a simplified manner (International Budget Partnership, 2014). The Public Debt Management Office could regularly prepare and publish statistical bulletins on public debt as mandated. These reports could also be tailored to relay information on public debt in a simple format. These can further be published on social media to reach audiences such as the youth. Civil society, especially women and youth-led CSOs could also disseminate data on debt, conduct analyses, trainings and package the information on public debt in formats that are simple and appealing to women and youth[82]. Channels such as local/community radio, county websites, transparency boards, bulk Short Message Service (SMS), local newsletters, television and administrative structures such as schools, churches, and market centres (The Cartrer Center, 2018) could be leveraged in distilling public debt information to citizens. These platforms will particularly be effective in enhancing knowledge and awareness among women and

79 County Governance Toolkit. Quality of Public Participation. https://countytoolkit.devolution.go.ke/quality-of-public-participation

80 Davanne, C (2019) How Kenya is empowering youth to participate in government budgeting https://blogs.worldbank.org/governance/how-kenya-empowering-youth-participate-government-budgeting

81 Well Told Story (2015) Young People Democracy and Governance in Africa: What they know and how they engage http://www.shujaazinc.com/wp-content/uploads/2020/01/Young-people-Democracy-and-Governance-in-Africa.pdf

82 ACEPIS, Webinar Outcomes on Youth Involvement in Public Finance, https://www.acepis.org/wp-content/uploads/2020/07/Key-Webinar-Outcomes.pdf

youth residing in informal settlements as they rely on them daily. Well-equipped and managed information centres could also be established up to the village levels in rural areas to ensure accessibility of information on Public Finance (Oduor, et al., 2015).

- **Evidence generation through research**

  Research forms a critical component in the foundation of successful advocacy by providing accurate and authoritative evidence. To further the case for engagement of youth and women in public debt, civil society actors could research the disproportionate effects of imprudent public debt on women and youth and make the case for their inclusion in the processes. The findings can be used to mobilise individuals and organizations to form movements, and garner resources to support the campaigns. Regarding outcomes, research findings are critical in demonstrating the significance of the overall objective to policymakers thus prompting government action. Further, the generated evidence could also be used for civic education and advocacy for women and youth engagement in public debt issues.[83]

- **Establishment of women and youth-led platforms for engagement and leveraging existing ones**

  Women and youth, particularly those in informal settlements, can work within their organized groups and grassroots organizations to build movements aimed at amplifying their voice and pushing for their inclusion in the conversation and management of public debt. These groups could also be used for civic education and sensitization efforts to stir grassroots movements advocating for accountability and inclusion of voices of women and youth into the debt conversations. Such groups can also leverage online platforms such as YouTube, Facebook, TikTok, Snapchat and Twitter, among other social media platforms to further amplify their voices and widen the scope and impact of their movement and message.

83 ACEPIS, Webinar Outcomes on Youth Involvement in Public Finance, https://www.acepis.org/wp-content/uploads/2020/07/Key-Webinar-Outcomes.pdf

4

SECTION FOUR:

COLLECTIVE CITIZEN ACTION FOR ACCOUNTABLE PUBLIC DEBT MANAGEMENT

4.0 Introduction

The Constitution of Kenya[84] protects the rights of citizens to organise and participate in movements by providing for the freedom of association, freedom to assemble and to petition authorities. It also mandates Parliament to facilitate public participation and conduct business in an open manner.[85] Further, the Public Finance Management Act[86], stipulates the role of government, elected leaders and citizens in decision-making on matters public money. Despite existence of a progressive constitution and enabling subordinate legislation and policies, citizen participation in public finance management processes remains unsatisfactory. Public finance decisions taken by government – tax policy, budget making or public debt management, remain significantly out of reach with needs, aspirations and demands of citizens. Some actors argue that perhaps citizens can be organized to engage and demand more accountability, inclusion and meaningful participation in public finance processes. This section explores opportunities for collective action among ordinary citizens especially women and young people who are perceived to be most affected by the current public finance challenges faced by the country.

4.1 Modalities for collective citizen action in Kenya

Collective citizen action refers to the process of conscious and purposeful mobilization of people around a common or shared concern (Roberts, 2015). It is an advocacy approach that vests its power in people and organisations to create change usually as a response to failure of provision of services and rights and thus play a critical role pursuing good governance and social justice. In the context of ensuring accountability in public finance, various entities including individuals, interest groups, and communities have been involved in holding governments to account, thus ensuring prudent use of public resources (Karine, 2015). A major outcome of citizen participation is the realisation of sustainable development and effective governance (Kalekye, 2016). In Kenya, the trend towards an active and politically engaged citizenry has been in response to economic changes resulting from government inaction and/or inability to deliver on its obligations.

Kenya's elaborate history of collective citizen action can be built upon to ignite a movement for demanding accountable public debt management in the country. Notable collective action endeavours in Kenya have been

84 The Constitution of Kenya (2010). Chapter 4- The Bill of Rights, Part 2. Rights and Fundamental Freedoms. https://www.klrc.go.ke/index.php/constitution-of-kenya/112-chapter-four-the-bill-of-rights/part-2-rights-and-fundamental-freedoms/202-36-freedom-of-association

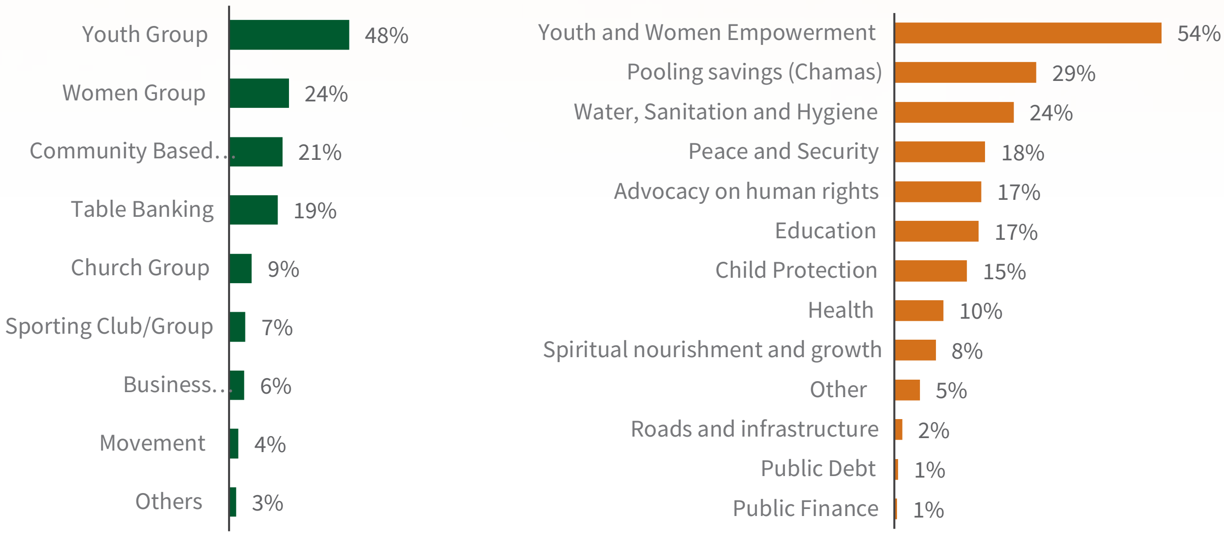
85 The Constitution of Kenya (2010). Chapter 8- The Legislature, Part 5. Parliament's General Procedures and Rules. https://www.klrc.go.ke/index.php/constitution-of-kenya/126-chapter-eight-the-legislature/part-5-parliament-s-general-procedures-and-rules/286-118-public-access-and-participation

86 The Public Finance Management Act (2012). https://www.kara.or.ke/The%20Public%20Finance%20Management%20Act%202012.pdf

run by amorphous community groups. Some of the earliest movements emerged in Nairobi in the 1990s to champion rights to own land in informal settlements (Patel, 2019). Ever since, such community groups have played a critical role in mobilizing people into action, especially in marginalized urban and rural communities. Some of the notable collective actions undertaken by ordinary citizens have been facilitated by groupings of various shapes and forms. These include residents' associations, self-help women and youth groups, religious groups, clan/welfare associations, Rotating Welfare and Credit Associations (*chamas*), labour related unions, groupings linked to institutions of learning especially universities, social service groups, fraternities, and clubs among others (Fleming, 2019).

In the survey conducted in Nairobi County, 55.8% of the citizens attested to be involved in collective citizen action groups engaging in different activities as shown in Figure 18. This presents an opportunity to leverage the already existing groupings to spur action around PFM issues. With effective civic education that translates to better understanding of public finance, already organised and established groupings can be empowered to call for action.

Figure 18:Type of existing groups and activities engaged by the respondents from the TISA Survey



Source: Acepis based on TISA Survey conducted in Nairobi county

> "Back in 2020, as part of a CBO, we hosted a community dialogue with community stakeholders and community members to see how much money is being disbursed every year for different counties and sub-counties towards development project."–*Youth FGD, Kamkunji.*

In many instances formal institutions have been ineffective in addressing citizens' needs/problems. As such, people have organised collective action groups aimed at championing for government action and for transparency, accountability and citizen involvement. Majority of such action groups have been guided and framed around the concept of crowdfunding (*harambee*[87]). Beyond crowdfunding, collective citizen action has been incentivised by the need for social safety nets especially for the urban poor that manifest in associations that assist members to bond, build their relationships and offer a sense of belonging. With adoption of a devolved system of governance[88], the expectation was for a more participatory citizenry establishing accountability in local government institutions (Kalekye, 2016). Various groups within Nairobi county have taken cognizance of the Nairobi City County Public Participation Act[89] to advocate for accountability and advance their rights. Box 4 below gives an overview of some of the groupings that exist within the county.

87 BBC Travel (2020). Harambee: The Law of Generosity that rules Kenya. https://www.bbc.com/travel/article/20201004-harambee-the-kenyan-word-that-birthed-a-nation

88 The Constitution of Kenya (2010). Chapter 11- Devolved Government. https://www.klrc.go.ke/index.php/constitution-of-kenya/138-chapter-eleven-devolved-government

89 Nairobi City County Gazette Supplement (2016). The Nairobi County Public Participation Act No. 11 of 2015. https://nairobiassembly.go.ke/ncca/wp-content/uploads/acts/2016/Nairobi-City-County-Participation-Act-2016.pdf

Box 4: Examples of Collective citizen action in Nairobi County

Hawkers in the Nairobi Central Business District (CBD) have for over a decade advanced their claims to the right to the city. They form a significant part of the MSME sector in the informal economy. As ever-present but marginalised inabitants of the city, they have always operated from the margins of Nairobi's CBD, enjoying limited urban citizenship (Kimani, Gachigua, & Kariuki, 2021). A consistent ban on hawking in the CBD with no support from the city, has seen hawkers excluded from the public street space keeping them constantly at loggerheads with the City. As such, they have grouped themselves into associations; Nairobi Informal Sectors Confederation (NISCOF); Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT); Kenya National Hawkers Association (KENAHA); People with Disabilities Small Traders Organisation (PDSTO) to advocate for their rights to the City (Kimani, Gachigua, & Kariuki, 2021).

A typical example of where collective citizen action is evident is the case of residential groupings or community associations. Through such movements, communities, neighbours or residents have mobilized to pursue various interests including pressing needs like water, insecurity, access to public spaces, roads and other infrastructure. Such associations have played a significant role in ensuring neighbourhood security by helping the police to identify criminal gangs and discussing security matters with the provincial administration. Some examples are highlighted hereunder:

- Residents of Tena, BuruBuru, and Komarock managed to get back grabbed land after winning court cases against land grabbers. Residents contributed funds to hire lawyers and offset other court fees. The efforts of residents' associations have led to the improvement in the state of roads, fixing of street lights, and construction of a social hall in the estate.
- Buruburu Welfare Residents' Association and Komarock Association mobilized residents to evict a private developer who had grabbed space allocated for a school and dispensary in the area (Echessa, 2010).
- Muthaiga Residents' Association managed to effectively halt the allocation of land closer to Gertrude Children Hospital through a court order.
- Residents of Unique Court in Syokimau, under the auspices of the Syokimau Residents' Association successfully managed to file a petition in court against a business owner who illegally changed the use of his plot from low density residential to commercial (The Resident, 2021).

Another common example of groupings that have facilitated collective citizen action is community-based organisations (CBOs). Since the 1990s many such CBOs have been created in many communities to pursue various ends. These range from economic empowerment, peace building, resource mobilisation to addressing community challenges like health crises, disasters among other. Some examples in Nairobi County are highlighted hereunder:

- Amani Kibera is an example of a youth-led CBO that has been operational in Kibera Slum since 2007. It primarily focuses on bringing young people together for peacebuilding initiatives, conflict management, and health awareness campaigns through sports, cultural, and educational projects. Besides organizing soccer tournaments and youth camps for communities living in Kibera, the CBO also has a library and a resource centre. The library provides free books for youths and support for schoolwork and helps raise funds for students who cannot pay for their school fees (Peace Direct, 2015).
- Miss Koch, a community organization founded in 2001 provides a platform for young people, particularly women and girls in the Korogocho area to participate in Kenya's political and economic development. Miss Koch arranges sporting activities, talent and skills development training, and workshops on reproductive health for girls. The organization has 4 major initiatives namely Daraja (Bridge), Badilika (Change), Wadada (Women), and Burudika (Enjoy/ have fun). The Daraja program works on human rights and good governance (influencing the debate on general development policy). The program organizes forums discussing the Kenyan constitution, mobilizes community political representatives, and provides education and training in human rights and peacebuilding activities. Badilika aims to change risk-taking behavior and attitudes in young people towards reproductive health and HIV/Aids. Wadada's goal is to empower and provide education for women and girls. This initiative organizes forums and other events where women discuss their rights. It also aims to increase political participation among women, hence the potential to create change. Burudika empowers and develops youth's talents and skills in sport, music, dance, and art. A resource centre has been established to enable young people to discover their talents (Miss Koch Kenya, 2018).

4.2 Strategies for Collective citizen action in public finance management

Where citizens have organised in the past to engage government on public finance among other governance issues, they have applied various strategies that have been effective in getting the attention of government. These can be clustered as both formal and non-formal methods. Formal methods have included developing written memorandums, memos and letters addressed to various MDAs. Some have also pursued litigation seeking to compel government to take action. In the realm of non-formal strategies, some have pursued whistleblowing, public demonstrations, media exposes, writing petitions, name and shame campaigns, public interest litigation, civic education, trainings, lobbying for legislative reforms, legal aid, and social auditing.

> "Tuko na vikundi, hizi unaskia kama mimi nadeal na mambo ya HRDs; Human Right Defending. Tuliweza kukutana tukakutanishwa na different NGOs, tulikua na Amnesty International, Kituo Cha Sheria, Pamoja Trust, na LSK tukaweka task force ya kufuatilia hizi vitu lakini tukianza tukisonga tukifika pahali tunakatwa miguu inapotelea hapo. Tulienda mpaka na hawa kina Okiya Omutata na Boniface Mwangi, tukiona viongozi wetu wakifika huko mbele kama watashikwa na watapigwa, sisi ndo tuko huku chini, so unapata tu kila kitu imeisha. Unakumbuka ile siku nguruwe walikua wameandikwa majina walafi? Hao MPs?" – *Women FGD, Mukuru Kwa Ruben.*

Table 12 below highlights some of the major strategies.

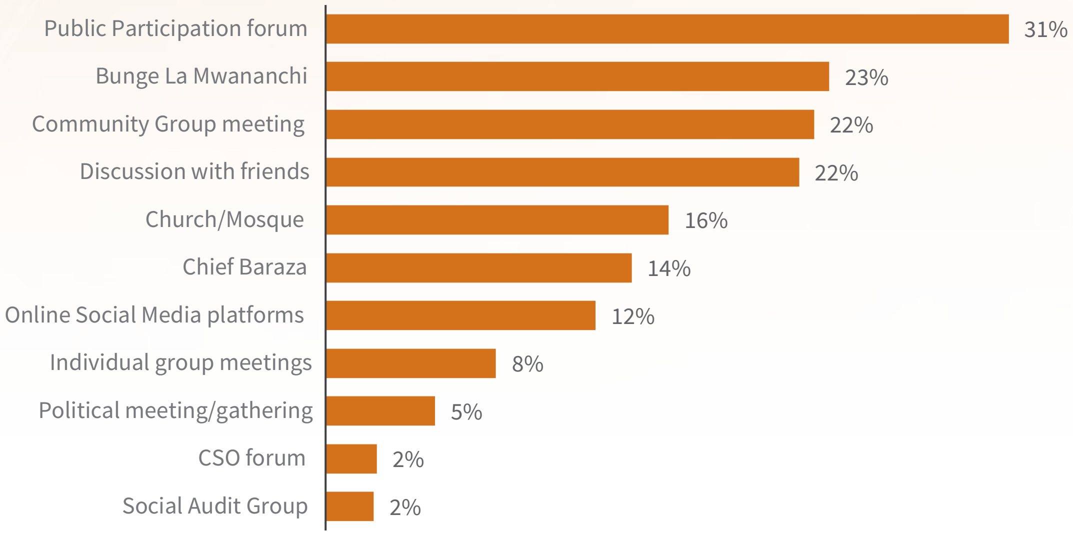
Table 12: Major Strategies for Collective Citizen Action in Public Finance Management in Kenya

Formal	Non-formal
Advocacy	
Memorandums to MDAs; government officers	Petitions
Letters to committees of parliament	Street Protests and Demonstrations
Presentations to committees of parliament	Social media engagements
Lobbying government officers/departments	Mainstream media engagements
Evidence generation	
Applied research – consulting various relevant actors	Citizen generated data
Investigative journalism	Story telling
	Social auditing
Engagements	
Formal meetings with government agencies	Kamkunji's
Round table forums	Discussions at Bunge La Wananchi forums
Symposiums and workshops	Online conversations – twitter spaces, facebook live conversations
Online webinars	
Formal public participation forums	
Litigation	
Public interest litigation	Public interest litigation
	Legal aid
Capacity development and Knowledge brokering	
Training government officers	Training social auditors, activists and leaders
	Community sensitizations
	Civic education

Spaces for citizens to engage in public finance issues have been in existence and utilised in varying measures depending on proximity, accessibility and awareness.

Participants of the survey conducted in Nairobi indicated to have participated in some spaces to discuss issues on public debt. The mentioned spaces are illustrated in Figure 19 below.

Figure 19: Community Spaces citizens have engaged in to discuss public finance/ public debt



Source: Acepis based on TISA Survey conducted in Nairobi county

4.3 Effectiveness of Collective Citizen Action

In the Kenyan context, collective citizen action has been effective in pursuit of many public interest issues ranging from human rights to governance. This is demonstrated in the successes toward promulgation of the 2010 constitution. In the area of public finance, collective citizen action has been evident largely in budget making processes and accountability for resources and expenditures especially in the clamour for action to reduce corruption. Community groupings have worked with different stakeholders to strengthen healthcare services, advocate for peace, address Gender-Based Violence, sensitize citizens on their political rights and responsibilities, and champion equitable resource allocation among other purposes. They have given community members a chance to prioritize their needs and reflect on the best ways to address them both personally and through external intervention. Such movements or frameworks for collective action have also provided platforms through which communities learn and exchange ideas.

> ''There's two if not three public meetings where I participated and we were first being trained on hii mambo ya pesa kwa county government, how they manage them, the budgeting process, thereafter we were asked some views they were how we were asked. Other than this financial concept is somehow unique people have not ventured on it much. You find in most ocassions we discuss other things but on finance. Maybe, you're the second organization I have heard of.'' – *Youth FGD, Kibra*

> "Get yourself into a group, when you get yourself into a group, the little that you save in that group na muko pamoja, together, tukiwa pamoja we make a strong team. Then when you get into that group despite the fact that you do not have a job, hapa hapa hii pesa ya Women Enterprise ikikuja si utachukua kidogo na uweke mboga yako mahali na uuze ama ufanye biashara yako yoyote. You need to get yourself into a chama even if you don't work." – *Women FGD, Kibra.*

Further, some of such groupings or movements have facilitated engagements between citizens and government– acting as a conduit through which the government, national and international donors can channel resources, ideas and knowledge. Some community groupings, especially CBOs, have also played important roles in offering employment and economic empowerment for youth and women. For instance, some CBOs have helped farmers increase their bargaining power in marginalized communities to get fair prices for their produce (Speer & Perkins, 2002). The issue of public debt however has still not received significant attention in terms of collective citizen action.

4.4 Patterns of collective action and mobilisation around PFM issues

The study proceeded to analyse the intricacies of collective action, to identify the manner in which existing groupings operate. Policy inaction and its outcomes have varying impacts that could be shared by populations thus giving a justification and identity to groupings. The ways by which citizens mobilise to respond to problems or to promote certain ideals and aspirations matter to policy entrepreneurs. Those who seek to influence government and ignite interest in the public to pursue a public policy issue must pay attention to patterns and intrigues in citizen mobilisation. In Kenya (both at national and grassroots levels), there are notable patterns that characterise how people mobilise not only on issues to do with public finance but also regarding other realms of life. These are succinctly discussed as follows.

- **Emerging narratives around class in economic conversations: There is increasing prominence of the issue of class in political and citizen mobilisation in Kenya.** Whilst the existence of categories of citizens based on their economic assets is not new, there has been a fervent campaign and political mobilisation of citizens around two major economic classes – the poor (have-nots) and the rich (the haves). Certain politicians have over the past year capitalised on narratives around economic class differences to mobilise especially youth and poor women to support their policy proposals ahead of the 2022 general elections. These narratives about class have the potential of masking truthful, evidence-driven debate and conversations among citizens on the best ways to address the public finance challenges that the country faces. On the flip-side, such narratives around economic classes also present an opportunity for mobilisation of citizens around policy proposals that address PFM related problems that people who identify with such classes face.
- **Ethnic mobilisation: Ethnicity plays a major role in how citizens engage government in Kenya. Ethnic identities and clientelism continue to dominate discourse on politics and political economy in Kenya.**[90] Politicians for long have mastered the art of bundling citizens into groupings across the country based on their tribes or ethnic leanings. Such mobilisation transcends issues to the extent that politicians are able to bring together large populations of people behind a course or issue just by reference to their ethnicity. As such, whilst it is often shunned and frowned upon, there is a tendency to mobilise citizens using their ethnic leanings that plays a part in how citizens respond to issues and how they vote.[91] This has been evident in voting patterns, opinions about major issues including the issue of state of the economy and the implications of public debt for fiscal sustainability.
- **Little influence of ideology:** In some countries across the world, ideology has historically played an important part in citizen mobilisation, especially on economic questions like models to pursue. Such ideologies as Communism, capitalism, Socialism, Neo-Liberalism among others have been cultivated by actors to coalesce communities and galvanise support for particular public policy options pursued. Considering the case in Kenya, both nationally and at county levels, **there is limited evidence of the influence of ideology in public dialogue around how the economy of the country should be run and what models the country should pursue considering the political-economic ideologies that certain communities or constituencies prefer.** Equally, on the issue of public debt, there appears to be no significant reference to economic or political ideology being cultivated or utilised by key players in government or political parties or interest groups for engagement. There are some notable political parties, like the Communist Party of Kenya, that appear to

90 Cheeseman, N., Kanyinga, K. and Lynch, G. (2020) The political economy of Kenya: Community, clientelism, and class https://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780198815693.001.0001/oxfordhb-9780198815693-e-1?fbclid=IwAR31FqD09um7MyB7i-FTM-nYqeTiRyeCuPmuBvXil-spTKcZViKSn2BZhVzM

91 The Conversation (2020) Kenya: why elite cohesion is more important than ethnicity to political stability https://theconversation.com/kenya-why-elite-cohesion-is-more-important-than-ethnicity-to-political-stability-131937

ttempt to use ideological persuasion to address the issue of public debt.[92] However, they are few and of little influence as it is on the overall morphology of citizen mobilisation in the country. There are some notable connections with the class conversations propagated by the UDA party to economic ideology though dim and implicit. Ideology still appears of little influence on public dialogue and mobilisation around public finance in Kenya.

- **Prominence of political party politics in civic engagement: Political parties play a significant role in shaping the spaces and conversations around public finance that impact how citizens engage government on such issues as public debt, taxation on or fiscal justice in general. However, politics of political parties remains captured by the executive hence impeding democratic engagement and furthers exclusion of women and young people who are marginal participations.** Political parties are variously used for canvasing government positions on public policy issues like public finance (debt questions included). Quite often, its political parties that the national government has relied on to push through such policies as extension of the debt ceiling, defending acquisition of loans like the Eurobonds and loans from China even in the face of public dissent. The role of political parties is manifested in the capture of the legislature that has been evident over the past decade – especially since the 2013 election of Uhuru Kenyatta as president. Despite significant queries regarding the management of public revenues, Treasury has bypassed scrutiny and accountability by working with political party structures to whip MPs, Senators and MCAs to support their policy positions. For young people and women, this has meant the loss of legitimate representation of their ideals and wishes on issues to do with public finance like the lurking public debt question. Political party politics thus remains relevant to increasing citizen participation and shaping the effectiveness of oversight institutions like the national and county assemblies that are crucial on matters to do with public finance. Gaining inroads into structures of political parties to increase voice and power of women and young people is important for their inclusion in public debt management processes.
- **Patron-Client relationships:** How rights holders and duty bearers relate impact the context within which public policy is made. It determines the extent to which such processes are inclusive and reflective of the interests, needs and aspirations of the people for which policy is made or otherwise. There is evidence from past research indicating that where there exist patron-client relationships aimed at influencing policy for the benefit of such patrons, especially between principal decision-makers in government and other agents – whether politicians, business interests and others, public policymaking outcomes tend to alienate ordinary citizens and fail to be effective in delivering public goods and services. **A nascent system of political patronage and clientelism exists at both county and national levels that affect the conduct of the formal institutions and propagates exclusion of ordinary citizens in engagements on public debt and public finance in general[93].** This is exacerbated by elite capture–a form of corruption where public resources are biased for the benefit of a few individuals of superior social status to the detriment of the welfare of the larger population. Such patron-client relations in the area of public finance have been observed – between executive and legislature/political parties (in terms of legislative capture); citizens and politicians (in terms of pervasive relations that disenfranchise voters); government and creditors (in terms of exploitative bilateral relations between government and IFIs or lender governments).
- **Emerging role of ICTs and new media in citizen mobilisation:** There has been a global surge in consumption and utilisation of ICTs in communication, social engagements and community mobilisation. Advancements in ICTs and emerging digital transformations globally are changing the way that citizens organise, mobilise and engage politically. ICTs are altering power relations, links between state and society, and the nature of participation, contestation and representation in many countries across the globe.[94] The Arab Spring

92 Communist Party of Kenya (CPK). CPK's alternative economic policy: Putting the economy in the hands of the Majority. https://www.communistpartyofkenya.org/87-recent-news/202-cpk%E2%80%99s-alternative-economic-policy-putting-the-economy-in-the-hands-of-the-majority

93 Allan Mungai, The Standard, Civil rights "threatened by State capture" 17th September 2021. https://www.standardmedia.co.ke/national/article/2001423701/civil-rights-threatened-by-state-capture

94 Menocal, A.R (2020) Digital technologies and the new public square: revitalising democracy? http://democracyinafrica.org/digital-technologies-and-the-new-public-square-revitalising-democracy/

revolutions that spread across the middle east were facilitated by citizen mobilisation through social media.[95][96] Also across sub-Saharan Africa, there has been a notable surge in political mobilisation enabled by ICTs and new media – like in Uganda during the 2021 general elections, Nigeria during the Bring Back Our Girls movement, in Southern Africa by student movements rallying for reduction in school fees. The surge has not missed Kenya. New media (especially social media) is utilised and leveraged by interest groups, movements, individuals, organisation and even government institutions to influence, attract or capture a following.[97][98] There is an active presence of Kenyans on social media especially Twitter that have, in many instances successfully pushed various agenda. Whether it is for product consumption, access to government services, or political mobilisation, social media has become a critical element in citizen mobilisation. **ICTs and new media provide grand opportunities for engagement, igniting movements and sustaining advocacy and lobbying for a better PFM policy framework for public debt management in Kenya.** This is especially considering that the country's population is significantly young (over 70% below 35 years) and with a relatively high mobile phone usage and internet penetration meaning a lot of young people are online and utilising digital platforms to communicate and engage. Nonetheless, it also comes with inherent challenges related to online disinformation and misinformation that have proven already to have the capacity to undermine messaging, thwart efforts and can be appropriated for ill motives.

4.5 Legitimacy in collective citizen action

Social movements are often voluntary events or platforms, where participants can join and quit whenever they wish without coercion between participants and the leaders (Tilly & Tarrow, 2015). They barely have a generic power base, hence constant reliance on public support for the realization of their claims. Further, authority is uncertain and leadership is precarious in most voluntary groupings. As such, the question of legitimacy is crucial to collective citizen action. Who leads? Who follows? From where do they obtain the right to organise and act? How do people accept and follow or volunteer to join?

Legitimacy determines credibility of movements, their acceptance in the eyes of ordinary citizens and progress they make towards reaching their objectives. Ideally, legitimacy is, at a very general level, the quality of being acceptable and accepted, based on its conformity to shared norms and the consent of those affected (Connelly, S. 2011). Put simply, social movements need to gain acceptance to be successful. When many individuals believe in the ideals propagated by a particular movement, it makes the movement more efficient, consensual, and attractive. Legitimacy is often dependent on perspectives of various social actors forming the social groups, whose values and expectations for action are congruent with the model of social grouping. It also comes from the actors themselves through conferral of resources and communication of positive reputation. Further, the respective forms of action those various movements, social groupings and other avenues for collective citizen action choose often depend on several factors, which impact their legitimacy. Among these factors are the level of repression within a country, overall structure of the political system (possibilities of direct participation and presence of strong institutions), and socio-cultural traditions.

In the Kenyan context, especially on public finance issues, it is notable that movements and other forms of collectve action obtain legitimacy through various ways. Some of the prominent ways include: (i) identifying and exploiting frustrations of ordinary citizens to ignite revolt; (ii) using popular or reputable individuals who already have a following; and (iii) leveraing ICTs especially social media. These are discussed below.

95 Philip, N. Muzammil, M. (2011) The Role of Digital Media in the Upheavals in Egypt and Tunisia. Journal of Democracy Volume 22 http://muse.jhu.edu/journal

96 Brever, A. (2012) The Role of Social Media in Mobilizing Political Protest–Evidence from the Tunisian Revolution https://www.die-gdi.de/uploads/media/DP_10.2012.pdf

97 Reiss, J (2015) How Digital Media are Influencing Politics and Political Discourses in Kenya https://frenchjournalformediaresearch.com/lodel-1.0/main/index.php?id=581

98 Githaiga, G (2013) Technological Advancement: New Frontiers for Kenya's Media? https://www.gp-digital.org/wp-content/uploads/2013/10/Kenya.pdf

- **Identifying and exploiting frustrations of ordinary citizens.** For instance, during an economic crisis, frustrated groups may unleash their aggression on a convenient social target. This common economic hardship brings them together forming a movement to protest. A case in point is the #SwitchoffKPLC where Kenyans took to the streets to protest irregular billing and corruption at Kenya Power[99]. Another example is the Unga Revolution, where in 2011 a group of young people gathered daily around Harambee Avenue to campaign for the right to food and housing[100].
- **Strong leadership is essential to the success of social movements**. A movement can gain a mass following when the leader is charismatic and symbolizes its values. This kind of leadership inspires commitment to the cause of the movement, mobilizes resources, creates and recognizes opportunities, devises strategies, frames demand, and influences outcomes. Examples in this case include: (i) the call by the then NASA leader in 2017 for his supporters to boycott products from Safaricom, Brookside, and BIDCO Industries[101] and (ii) Led by the Civil Activist Boniface Mwangi, Kenyan's protestors released nearly three dozen piglets in an attempt to counter what they called parliament's greedy salary demands in 2013[102].
- **Utilising ICTs to ignite collective action. The internet has served as a basis for the legitimacy of various social groupings, as it has multiplied the platform available to influence public opinion and policymaking**. As a result, citizens now have a greater capacity for coordination and mobilization, to make their voices heard. Social movements gain widespread acceptance, for example through having a website where people log in and sign petitions. For instance, over 200000 Kenyans signed a petition to stop IMF from lending money to Kenya, citing a ballooning public debt and misappropriation of funds[103]. Other case examples are the #MrPresidentTumechoka online movement in 2019, when Kenyans took to social media to complain about and catalyse the tension caused by the series of corruption cases in the country at the time[104], and the 'I Paid a Bribe Site', which is an initiative of Kenyan anti-corruption activists fighting corruption in Kenya using the new technologies to crowd source corruption experiences and seek fiscal justice in the country[105].

Lack of legitimacy for movements stems from geopolitical, political, cultural and social factors. Legitimacy deficits emerging from political actors, government institutions and the citizenry tend to diminish support for movements thus generally weakening them. Governments depiction of social movements as subversive coupled with citizen scepticism about their agenda tend to render movements powerless. In as much as civic activists are no strangers to repression from closed civic spaces to physical harassment. Some movements tend to fail due to inability to maintain legitimacy in the eyes of their supporters. Notable legitimacy challenges often arise (i) when members of a particular social grouping or movement begin to feel that their leaders have organizational advantages that they potentially lack, and (ii) when marginal organizations within the same social movement industry attempt to differentiate their tactics and visions from the major organizations. Also, in some cases, the lack of legitimacy in collective citizen action has also been attributed to political inclination. Where a movement has strong political inclination, it may not get widespread acceptance because of the differences in political ideologies of people who are supposed to join them even where they pursue a common good.

99 The KPLC Heist, 2018. https://www.theelephant.info/features/2018/05/31/power-struggles-unmasking-the-thieves-behind-the-kplc-heist/

100 Pambazuka News, Voices for Freedom and Justice (2011). What is the Unga Revolution? https://www.pambazuka.org/governance/what-unga-revolution

101 Business Daily Aftica, 2017. Kenya's opposition calls for boycott of Safaricom, Brookside. https://www.businessdailyafrica.com/economy/Nasa-NRM-boycott-Safaricom-Brookside-Bidco/3946234-4171998-eikksq/index.html

102 AP News, (2013). Kenyan Protestors release pigs over parliament pay. https://apnews.com/article/36abda12e2014db794b16808bcbe0554

103 Kenyans Petition IMF to cancel Sh. 255 Billion Loan, 2021. https://allafrica.com/stories/202104070305.html

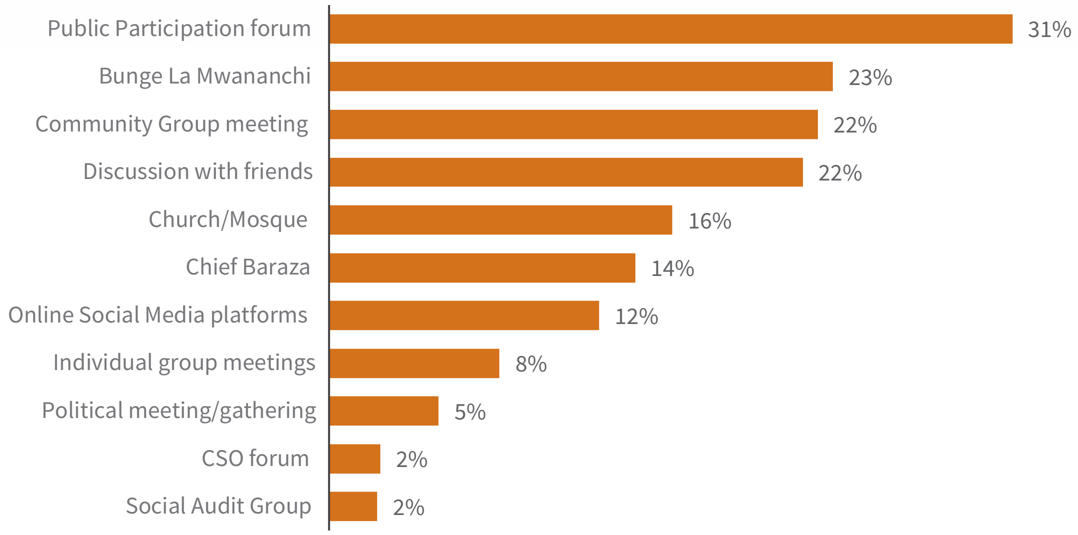
104 BBC Swahili, 2019. Kenyans say they are tired of free promises in the fight against corruption in Kenya. https://www-bbc-com.translate.goog/swahili/habari-47411606?_x_tr_sl=sw&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=sc

105 AlJazeera, 2013. Kenya launches anti-corruption website. https://www.aljazeera.com/news/2013/10/31/kenya-launches-anti-corruption-website

4.6 Challenges and limitations to movement building/collective action in public finance

Movement building as an advocacy approach sets out to bring out transformative change towards good governance and acts as a crucial aspect of democracy that helps to keep governments accountable to the people. However, movement-building activists/organisations face several impediments that limit their desired outcomes. These range from unfavourable political environments to resource limitations, leadership challenges, internal capacity inefficiencies among others. For instance, responses from a survey conducted in Nairobi county showed that movement building activists/collective action groups rank intimidation from government officials in terms of arrests and harassment as the highest perceived risk at 54%. Figure 20 shows other perceived risks and challenges cited. They include victimisation by state agencies, intimidation by state agencies and elected leaders through violence and killings and discrimination by community members. These are perceived to be significant risks that limit willingness and ability of citizens to emerge, organise and participate in demanding prudent public debt management among other public finance ideals in Kenya. The following discussion highlights some of the major barriers that limit progressive collective citizen action in the Kenyan context and especially on activism related to public finance.

Figure 20: Perceived risks regarding collective citizen action



Source: Acepis based on TISA Survey conducted in Nairobi county

> "Hapana. Unaweza jiingiza kuengage government upate umepotea kama YYB. Unakumbuka YYB? Siku hizi ni Ruai, Yala, ama ujipate Karura forest huko na saa hiyo hujulikani." – Youth FGD, Mukuru wa Rueben

- **Unfavourable political environment** constrains civic spaces creating a harsh operating environment thus frustrating and undermining advocacy efforts. Government has in the recent past banned public protests and demonstrations disregarding rights as provided for in the constitution. In 2017, the Kenyan government banned demonstrations in Nairobi, Mombasa and Kisumu in the aftermath of a heavily contested election claiming it was for the people's protection[106]. In August 2020, the Kenyan police teargassed and arrested some of the protestors who were holding a peaceful demonstration at Uhuru park following an announcement that the EACC was investigating the theft of supplies meant for the fight against Coronavirus[107]. Even with the existence of laws providing for civil rights, a lack of political will in ensuring protection of these rights is sometimes evident and discourages willingness of citizens to participate in collective action. The risks associated by being

106 BBC News (2017). Kenya bans street protests amid election row. https://www.bbc.com/news/world-africa-41596385

107 The Washington Post, 2020. Kenyan Police Teargas Anti-Corruption Protestors in Nairobi. https://www.washingtonpost.com/world/africa/kenyan-police-teargas-anti-corruption-protesters-in-nairobi/2020/08/21/bb4cd452-e3ab-11ea-82d8-5e55d47e90ca_story.html

at loggerheads with the government and other key politicians and elites may discourage some stakeholders from joining or participating fervently in advocating for transparency, accountability and inclusion in public debt management in Kenya.

- **Fragmentation and disconnectedness** largely brought about by exclusion of impacted populations, competing priorities, geographic isolation, and unawareness of existing peer groups impacts outcomes of movements. As far as repertoires of action and politics of presence are concerned, social fragmentation affects the flow of information across members of a social movement and distorts the concept of solidarity, which is a critical requisite for collective citizen action (Selander & Jarvenpaa, 2016). Broad participation ensures sustainability of actions while passivity reduces power[108].
- **Resource limitations:** In an ideal context, the overall success of social movements depends on key resources such as time, money, and skills, and the general ability to use them. The lack of the aforementioned, therefore, limits the development of organizational infrastructure, progressive realization, and overall sustainability of the movements within their respective capacities. For instance, Bunge la Mwananchi forums, which have existed in Kenya since 1990s serve as popular platforms for the common citizens to deliberate on socio-economic and political issues affecting their lives and the country at large. However, being a pro-poor social movement of community voluntarism, it faces increased financial pressures from its members[109]. Financial constraints in this case, therefore, hamper the effectiveness of the Bunge la Mwananchi movement and other social movements in mounting collective action.
- **Influence of political and private actors with vested interests** can create weak links within social movements. Even when working with elected officials, clear and meaningful boundaries need to be established to ensure a viable space for civic action. Self–interested individuals tend to withhold, limiting joint action and efforts thus depleting from the common objective. Equally, the influence of elitist actors crowd out the common objective rendering involvement of members superficial (Kimani, Gachigua, & Kariuki, 2021). When the voice of the movement is lop-sided it represents a narrow view and interests of a few who are usually unwilling to advocate for the common good. A case in point is when the #Lower food prices, an online camping to protest the high cost of living was allegedly hijacked by the UDA operatives[110].
- **Poor visibility occasioned by poor message articulation.** Inherently, whether formal or non-formal, social movements are communication dependent, owning to the fact that they serve as communication processes in areas which they exist. Regardless, issues such as illiteracy and the overall lack of awareness of existing public finance management structures, process, and platforms, cloud the successful conveyance of messages by leaders of various social movements/groupings.
- **Leadership challenges occasioned by undefined leadership structures** result in limited outcomes for movements. And while external funding is essential to ensure smooth operations of CBOs, dependency on donor funding erodes the mission, autonomy, and identity of CBOs (Barker et al., 2004). There is also Ego/ factionalism – competition individual vs organisation interests
- **Significant dependence on volunteers** who may have limited focus and interest on the movement goals. With social movements and organized groups often being voluntary events, some members expect to be rewarded from the resources provided by donors. CBOs however, do not offer a guarantee for rewards and members sometimes feel demotivated and drop out (Karimanzira, 2018). This makes it hard for them to ensure their sustanability in realisation of outcomes.
- **Online disinformation, misinformation and malinformation**: emerging advancements in ICTs come with inherent risks related to information disorder. Leaders and participants in advocacy movements run the risk of being targeted or victims of cyberbullying, deliberate attacks. Leaders and sometimes members, could be potential targets of sponsored hash tags to discredit them or tarnish their reputations, in addition to hacking

108 Non-Profit Quarterly (2001). Exploring the Barriers to Movement Building. https://nonprofitquarterly.org/exploring-the-barriers-to-movement-building/

109 Pambazuka News, Voices for Freedom and Justice (2012). Kenya: Bunge la Mwanachi Movement and its Challenges. https://www.pambazuka.org/governance/kenya-bunge-la-mwananchi-movement-and-its-challenges

110 BBC News Africa, 2022. Kenyan food prices: Why have they gone up so much? https://www.bbc.com/news/world-africa-60485499

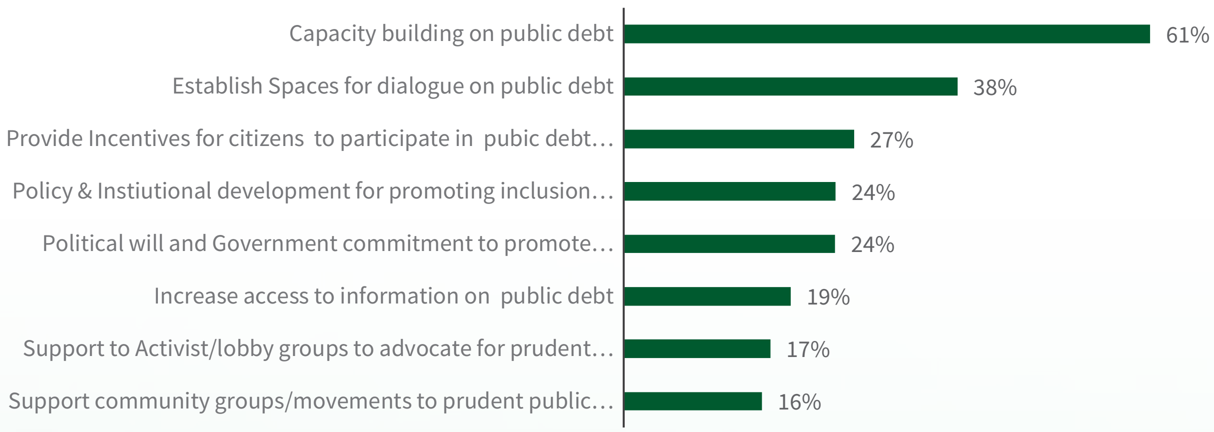
of member organizations' ICT systems. This may impact negatively the reputation of individuals, organizations or institutions and put at risk their sustainability.

- **Apathy and discontent with civic engagement among young people**: Many citizens (especially young people) may not feel a compelling need to engage and involve in debt advocacy. This may be attributable to the fact that for a long time, young people have been excluded from contributing to key decisions associated with governance, particularly management of public finance. Further, the needs of youth are often not reflected in the policies and government action, particularly in informing acquisition, allocation and utilisation of acquired public debt. Whilst the top priorities of most young people education, wealth, sex, and residence[111], public debt is often acquired to finance other sectors of priority to government, primarily infrastructure. The apathy may also arise due to gender biased social attitudes in the form of cultural discrimination against women and negative judgements about young people regarding their capabilities has often resulted in them being ignored and excluded.
- **Limited capacities and internal inefficiencies** result due to a lack of civic education leading to limited understanding and poor interpretation of key national policies and strategies and inability to interpret information on funding options.
- **Underutilisation of available avenues for calling of action.** Judicial activism provides a discursive platform to make claims and express grievances but is unfortunately not frequently utilised. Equally, emerging ICTs have revolutionised the processes in collective action. There is need for civil actors and activists to adjust to new ways of organising and advocacy.

4.7 Best practices for movement building

Transformative movement-building encompasses laying groundwork for a stronger civil society and working towards a broader end. Drawing from survey responses conducted in Nairobi county, capacity building on public debt issues and establishing spaces for public debt dialogues were identified as some of the best practices for movement building on public debt management among women and youth as shown in figure 22.

Figure 21: Motivation for youth and women to participate in public finance or public debt management discourse



Source: Acepis based on TISA Survey conducted in Nairobi county

Below are other identified best practices and key lessons on effective movement building drawing from the overall existence and efficacy of social movements within Kenya's public debt management framework.

- **Formalizing movements with proper structures and working systems** is crucial for their sustainability. Well-structured movements are able to better coordinate their activities and assure continuity. Collaborative action that is nonlinear, synergistic and highly networked and leverages on its members' strength ensures realisation of set objectives (Movement Strategy Centre, 2016).

111 Edward Kipkalya, The Paradox of the Excluded Majority – The Case of Kenyan Youth, Emerging Leaders Foundation, December 15, 2021 https://elfafrica.org/2021/12/15/the-paradox-of-the-excluded-majority-the-case-of-the-kenyan-youth/

- **Building strategic partnerships** with established CSOs, international organisations, development partners, activists and pro-democracy groups ensures that needed support in form of resources and expertise is available towards ensuring the effectiveness of movement building. Collaborations with larger groups expands the scope of action, encourages knowledge sharing and re-affirms the legitimacy of small social movements. Additionally, group collaboration easily unifies dispersed movements championing the same cause and allows them to amplify their grievances in unison.
- **Community-driven decision-making enhances ownership of movements.** People-centered movements that mobilise masses around a common agenda have proven to be more effective and successful in terms of advocating for change or action.
- **Increasing access to information on public debt for youths and women targeted for movement building.** Well researched issues are easily portrayed and relayed to citizens. Using facts and relatable information pulls support and creates a foundation for taking action. Creating fact sheets, organizing informational meetings helps in framing and communicating issues for better understanding. An empowered and enlightened citizenry create stronger movements. Those seeking to organise youths and women can advocate for the National Treasury – Public Debt Management Office to regularly prepare and publish statistical bulletins on public debt as mandated. These reports could also be tailored to relay information on public debt in simple format. These can further be published on social media to reach audiences such as the youth. Civil society, especially women and youth-led CSOs could also dissect the data on debt, conduct analyses, trainings and package the information on public debt in formats that are simple and appealing to women and youth[112].
- **New media has ingrained the role of social media in mobilizing the public and presented an opportunity to put information across a wider audience**. Social media platforms have revolutionized messaging and their effective use would ensure increased visibility for movements while creating awareness on issues being brought forward and also enable mobilization of both resources and participants (TI Kenya, 2021). Their growing availability has transformed the resources, processes and outcomes of collective action and social movements creating unprecedented opportunities to organise masses (Young, Selander, & Vaast, 2019). Increased use of technologies and the existence of progressive laws that provide for protection of civil rights allowing for peaceful demonstrations and public gatherings have evolved tactics employed when calling for action.
- **Sufficient resources** are crucial for effective movement building. Movements can explore less costly strategies in implementing their activities like encourage volunteering and organizing peaceful demonstrations which pull the public at almost no cost (TI Kenya, 2021). On the other hand, where financial support is necessary, crowdfunding or seeking support from impartial donors can be explored to mobilize resources.
- **Concerted and deliberate efforts towards breaking down barriers to participation** ensure social inclusion which is crucial in effective movement building. Socially disadvantaged groups are often more impacted by inaction and/or poor decision making. Women and youth are disproportionally affected by outcomes of bad governance and social injustices and as such their inclusion cannot be overlooked. Incorporating inclusionary practices that target the involvement of those most affected helps maximize on impact and creates a sense of ownership to the movement.

112 https://www.acepis.org/wp-content/uploads/2020/07/Key-Webinar-Outcomes.pdf

5

SECTION FIVE:

POLITICAL ACCOUNTABILITY AND PRUDENT PUBLIC DEBT MANAGEMENT IN KENYA

5.0 Introduction

The concept of political accountability refers to a "specific form of relationship in which elected government officials are directly responsible to voters for their public actions including […] the provision of public goods". It encompasses the vertical linkages established between voters and representatives that compels politicians and government entities to recognise and pay attention to citizen demands. [113] It involves control, support and censorship carried out by the electorate through the popular vote and also actions that civil society can perform to limit the actions of elected officials. Political accountability seeks to exert direct political influence on government officials in charge of specific sectors (health, water, sanitation), sometimes even bypassing elected bodies (national legislatures, city councils). [114] Rather than imposing formal sanctions on politicians, citizen mobilizations can impose heavy reputational costs on government officials when they fail to answer citizen demands. From a citizen perspective, this accountability landscape opens a wide range of possible arenas or entry points to hold their governments to account. Some of these mechanisms (vertical) imply a direct relationship between citizens and elected officials although citizens can also demand their elected representatives to hold governments to account as well (horizontal).

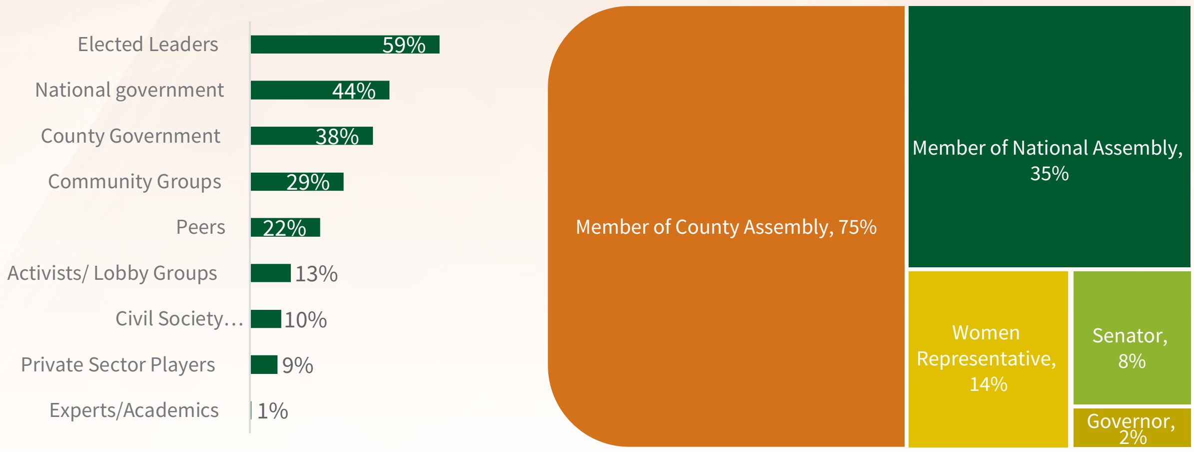
5.1 Trends in political accountability

Despite outstanding gaps in terms of effectiveness of legislative oversight, Kenya has a strong framework for political accountability that can be further leveraged to increase accountability for prudent public finance management – including public debt management. Kenya has a robust legislative branch and a history of progressive political accountability. Members of parliament have on many occasions in the past played critical roles in keeping other arms of government to account. The 2010 Constitution and other legislation like PFM Act 2012 provide sufficient basis for citizens to demand accountability from politicians on their actions and responsiveness to their interests.

113 https://assets.publishing.service.gov.uk/media/57a08b4740f0b652dd000bd6/APPP-WP1.pdf

114 http://ella.practicalaction.org/wp-content/uploads/learning/contribution_materials/lea55/Introduction%20to%20political%20accountability1464727109.pdf

Figure 22: Preference on type of leader to engage on issues of public finance or public debt



Source: Acepis based on TISA Survey conducted in Nairobi county

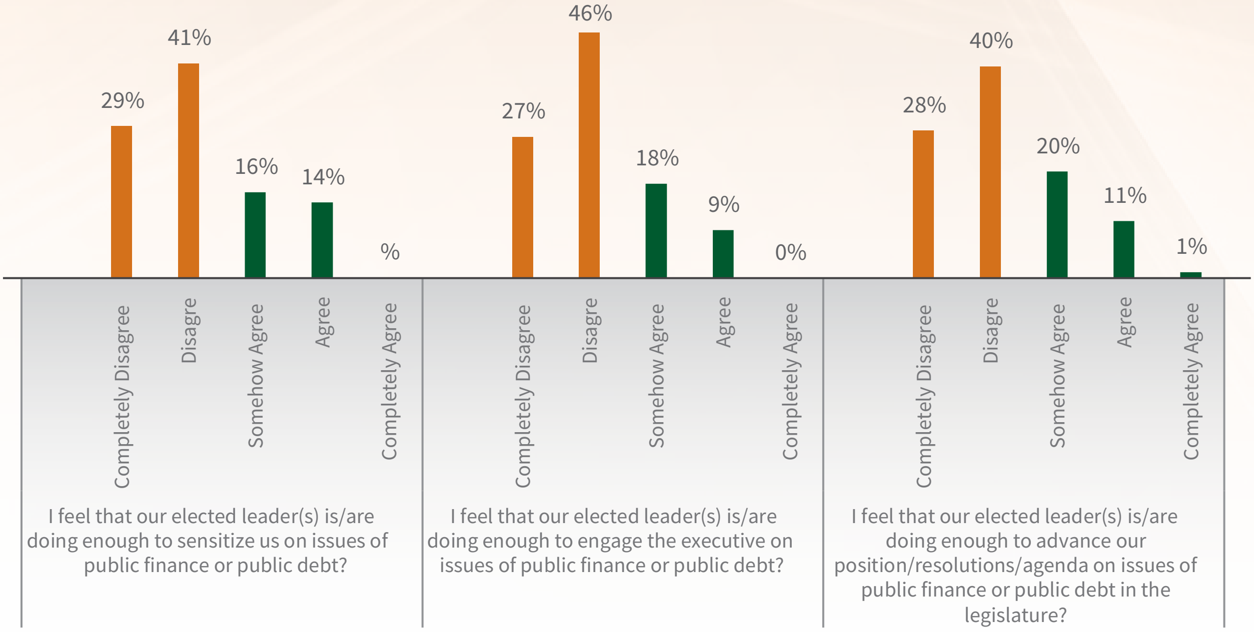
As illustrated on Figure 22 above, citizens tend to engage elected leaders on issues that matter to them. According to a survey conducted by TISA in April 2022 in Nairobi County, 59% of ordinary citizens surveyed indicated that they prefer to engage elected leaders on public finance matters. Notably, citizens tend to engage MCAs and Members of the National Assembly regarding issues to do with public finance. This signals the need to emphasize the role of intergovernmental relations in public debt management as Counties have a right to contribute to public debt decisions and also because public participation would be more effective when channeled through local legislators.

Nonetheless, political accountability remains weak in Kenya. The evidence points to significant disconnects between citizen demands and policy choices/decisions supported by politicians, especially on public finance issues. There remains a feeling amongst ordinary citizens that in many cases elected leaders proceed with actions that pay little attention to their needs. This is attributed to executive capture, apathy and insufficient pressure from citizens and a culture of impunity.

> "Debt has been taken, and the parliament which should be the caretaker of this has absconded in its duty to oversee, register, and monitor the state. The committee that I sit on is Finance Committee has also failed. We feel that the reason is that the executive has taken us hostage and we don't have the numbers. There are a few of us who keep complaining but when it goes to the parliament it is hurriedly put through." – *KII, Member of National Assembly Kenya*

As illustrated in Figure 23, there is a general feeling that elected leaders are ineffective in advancing their agenda on public finance issues including the current public debt problem. Evidence from the survey conducted in Nairobi County indicates that citizens are generally unhappy with the effectiveness of legislative oversight and feel that elected leaders have failed in ensuring political accountability for public debt management and other public finance issues in Kenya. Notably, 70% of respondents indicated that they felt that their elected leaders were not doing enough to engage the executive on issues of public finance. Also, 68% indicated that their elected leaders were ineffective in advancing their agenda or positions on the issue of public debt.

Figure 23: Effectiveness of political accountability on public finance



Source: Acepis based on TISA Survey conducted in Nairobi county

5.2 Mechanisms for pursuing political accountability

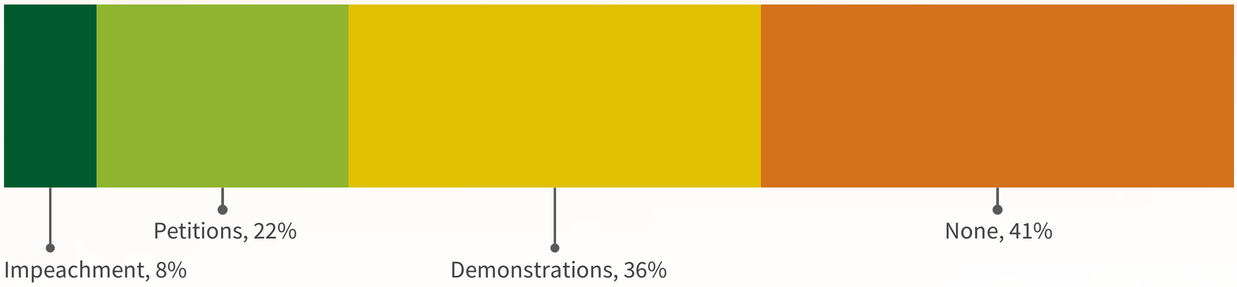
There are various methods through which non-state actors like CSOs, community groups, or individual citizens can pursue political accountability in the area of public finance. Such political accountability mechanisms are conceived as relationships between citizens conceived as principals (voters, organized society, media), and state agents who have mandates to respond to their actions (legislatures, elected representatives, the executive branch, local government).[115]

- **There are mechanisms that seek to apply and rely on formal institutional channels to exert pressure on relevant MDAs to act accordingly. These include through legislative committees that offer valuable entry points to facilitate participation of civil society in the decision-making and oversight process.** Political parties and legislative bodies also offer sanctioning devices including constitutional provisions for recalling mandates, holding referenda on policy choices, and allowing impeachment procedures to hold governments directly accountable. In Kenya, the Budget and Appropriations Committee (BAC) and the Public Accounts Committees (PAC) provide valuable avenues through which non-state actors can interface with legislators to strengthen political accountability in public finance. They have been pursued and used variously by CSOs like TISA, NTA, TJNA, IPF and International Budget Partnership for engagement. Such CSOs have presented petitions, written memos and addressed committees of parliament on critical matters related to public finance. There have nonetheless been limited engagements on public debt that are reported. Also, there is limited evidence to show significant engagements with local, amorphous and grassroots movements that seek participation in such spaces. There are also challenges in terms of timings and opportunity to engage through such formal channels. This is because, they provide windows for participation which when missed means that engagements may not be permitted or successful.
- **Beyond formally constituted (legally recognized) mechanisms, there are also non-formal political spaces where citizens can voice their concerns and demand accountability from elected leaders.** These include organised street protests, signing petitions, mainstream media engagements and social media movements (hashtag-driven courses). They facilitate citizens to log in complaints, demand information, or stage protests when formal accountability institutions fail. They have been extensively used by CSOs, especially on

115 https://www.ids.ac.uk/download.php?file=files/dmfile/IDEADASDDeskreviewv10.pdf

governance and human rights activism in Kenya. Whilst these mechanisms provide opportunity for citizens to voice demands, they do not offer legal sanctions to compel politicians to act in a responsive manner–they lack explicit sanctions/teeth. They promote a basic level of answerability from government officials, but cannot ensure sustained government responsiveness. Notably, citizens surveyed in Nairobi county largely utilise demonstrations and street protests to demand attention from elected leaders. Others also utilise petitions and demand for impeachment of elected leaders that do not perform. Figure 24 illustrates.

Figure 24: Methods used to keep elected leaders accountable for their responsibilities



Source: Acepis based on TISA Survey conducted in Nairobi county

5.3 Limitations to successful citizen engagement and political accountability for prudent PFM

Despite existence of both formal and amorphous accountability mechanisms that can be pursued by citizens, progress towards effective political accountability on public finance and specifically on public debt has remained unsatisfactory. Several issues are at play. They include:

- **Knowledge limitations and information asymmetries:** Information is at the centre of inclusive and prudent public finance management. Politicians need credible information on public finance to keep other relevant arms of government to account – on policies, plans and resource expenditures. Citizens also need information to engage their elected leaders and other arms of government on decisions and policies made. Access to information is a significant factor that grants power to citizens to exercise their voice, inform public dialogue and keep the government accountable in delivery of its mandate.[116] Where there are problems with access to and quality of such information, the effectiveness of political accountability is weakened. In Kenya, despite significant progress in terms of legislation and policy regarding access to public information, there remain information asymmetries, particularly on issues to do with public finance that limit meaningful engagement. Despite the existence of the Access to Information Act, 2016, operationalizing provisions of Article 35 of the constitution, information regarding budget and expenditure and acquisition of utilization of public debt at both national and county levels remain largely inaccessible. The issue of public debt is shrouded with a lot of secrecy and opacity by government officials. This has been most evident in loan agreements with China and other commercial lenders. Information on terms tied to acquired loans also remains scanty and largely inaccessible to citizens. Further, delays in the publication of audit reports by the Office of the Auditor General limit the ability of citizens to scrutinize and demand accountability from relevant government institutions on a timely basis.[117][118] This has hampered the ability of parliament and ordinary citizens to sufficiently interrogate and scrutinise public debt decisions taken by the government, which are believed to have exacerbated the public debt problem in Kenya.

  "We have asked for it [debt data] and many times, they cannot give us that they come back and say, "We are going

116 GSDRC (n.d.) Access to information – and its constraints, GSDRC. https://gsdrc.org/topic-guides/communication-and-governance/access-to-information-and-its-constraints/

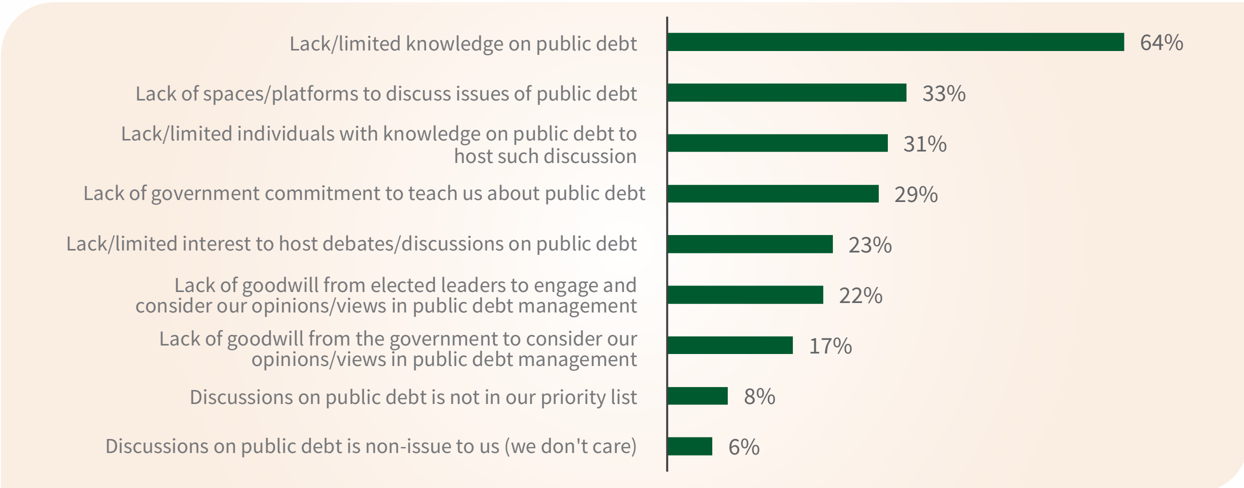
117 https://tikenya.org/wp-content/uploads/2019/03/Baseline-Survey-Report-Social-Accountability-Project.pdf

118 https://nation.africa/kenya/news/pic-asks-auditor-general-to-reject-late-reports-from-parastatals—400452

to send this, but meanwhile, do this." The other day, over two years ago, they came to us and said, "Listen, we want to rationalize our loans, we want to pay off the expensive commercial loans, we want to do A, B, and C. We want to increase to 7 trillion." It was increased. What happened? They took more loans, but they did not surrender the expensive commercial loans. The end of the situation is that we are given false information. As a member of parliament, who has sat for [many rears] on the finance committee, I wanted to go to the public debt office to find out what our debt was, it took me three hours. They would not give it to us. They did not even have an updated one. They gave me one which is half-hearted one which was dated 2018. They say it is online. Online gani? Then when you look at it, it is half-hearted, half baked, and none of it settles in. It cannot tell you what the loans are, where they are, what program they were for, nothing." KII–*Member of the National Assembly Kenya*

In fact, knowledge limitations emerged top of key limitations cited by citizens surveyed in Nairobi County. As illustrated in Figure 25 below, 64% of surveyed citizens indicated that lack of adequate knowledge on public finance matters, particularly how public debt links with and affects their daily lives limits their ability to engage their elected leaders. This is further complicated by limitation in available individuals and institutions that reach out to ordinary citizens to develop their knowledge on public and public finance in general. Figure 25 indicates that about a third of surveyed women and youths are unable to reach valuable knowledge centres that can improve their knowledge on public debt.

Figure 25: Issues limiting citizen engagement on issues of public finance or public debt



Source: Acepis based on TISA Survey conducted in Nairobi county

"My constituents are local. My constituents even do not know there is a Debt Management Unit concerned. They are asking me how much of your CDF is in debt? How much are we doing this? Let us reduce it to their level. They are not debt specialists; they are not economists. If they knew the debt management, if the debt is high 75% of our debt is going to payment of interest, that's what they only know. They will know unga imepanda vipi? Bei ya mafuta imepanda vipi? Even maziwa." – *Member of National Assembly Kenya*

- **Attitudes of politicians:** Effective engagement and representation of citizen voices require elaborate consultations and open conversations between citizens and MPs. This has been hampered by poor attitudes of MPs regarding the role and place of citizens in public policymaking. Where MPs see citizen role as subordinate and do not invest substantively in listening and paying attention to their demands, political accountability is weakened as it remains devoid of the voices of ordinary citizens. Some argue that politicians give the impression that engagements with citizens are merely for formality purposes (ticking boxes) mostly targeted at placating electorates rather than out of genuine interest in listening to the needs, aspirations and ideas. Even with robust stand-alone youth and women initiatives and policies, government engagement remains unintentional. Forms of engagement that go beyond targeted involvement and information sharing are non-existent (OECD, 2016). Over the years, policy makers have showed little enthusiasm to engage youth and women in policy processes. This low investment and interest in youth and women has resulted in a lack of trust in government (OECD, 2016) and has further undermined their willingness to participate.

"Kuna siku tumejaribu kutafuta Kidero ili apitishe Memorandum of Understanding ya Human Right Defenders na

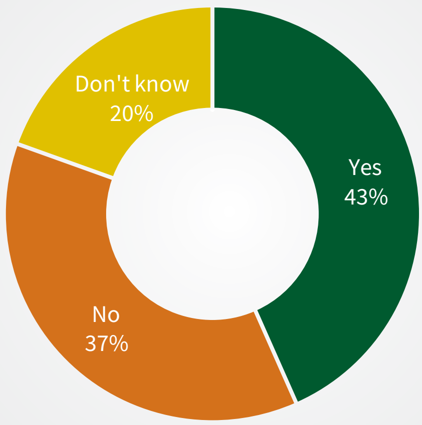
Community Health Volunteers. Kila wakati tukienda kwake tunapewa Personal Assistance wake. Tulikaa huko na hatukumuona. Ni ngumu kupata hawa watu."–*Women FGD, Embakasi.*

"Kama huyu MP wetu Oluoch, tangu achaguliwe sijawahi muona. Juzi huku kwote kumechomeka na jamaa hakuonekana."–*Youth FGD, Mathare*

- **Capacities of politicians to engage on public finance/public debt issues:** A country's legislature has considerable potential to be an effective body that provides and demands accountability for prudent public finance management – including in the issue of public debt management. However, this depends on capacity of legislative structures, both institutional and capacities of individual legislatures to engage and canvas ideas on public finance. Essentially, the ability of parliament to hold governments to account depends on the effectiveness of legislative committees and committee hearing procedures.[119] This is directly linked to technical capacity of parliamentary structures to archive, analyse and process information on public finance and the extent to which legislative committees are staffed with experienced or amateur politicians.[120] Further, ability of members of parliament to comprehend, debate and canvas issues related to public debt and other public finance issues is critical for effective legislative oversight. Where representatives (MPs) lack sufficient knowledge and technical capabilities for discussing, debating and scrutinising public finance issues like public debt, oversight and citizen engagement is weekend. There remain challenges in terms of weak capacity in law-making, conducting legislative research, and effective utilisation of evidence that limit and political accountability.[121] Capacity limitations within the legislative structures at both national and county government levels have also been argued to be among the leading factors impairing the quality of legislation and the effectiveness of the institutions in playing their role of oversight and keeping the government accountable in public debt management. Parliament nonetheless, has a department for research analysis – Parliament Budget Office, with sufficient capacity to support legislators.

  Notably, there is a significant proportion of citizens who believe the current crop of elected leaders lack sufficient capacity to engage meaningfully on public debt issues. This may be impacting the quality and effectiveness of legislative oversight. As illustrated on Figure 26, nearly 40% of citizens surveyed in Nairobi City County indicated that their political (elected) leaders lacked necessary knowledge and skills to fully engage in public processes and to endure public debt decisions are reflective of the needs, aspirations *mwananchi*.

Figure 26: Opinion on whether political leaders engaged have the required knowledge and skills to engage on public debt issues



Source: Acepis based on TISA Survey conducted in Nairobi county

"It was tricky to get the county representative and I don't know why they usually send representatives who are

119 https://www.bos.rs/as/uploaded/9%20Challenges%20to%20parliamentary%20oversight.pdf

120 https://www.ids.ac.uk/download.php?file=files/dmfile/IDEADASDDeskreviewv10.pdf

121 https://www.afidep.org/challenges-evidence-use-kenyas-legislative-spaces/

very ineffective and they don't even know anything about this money, all they have to say is nimetumwa na mheshimiwa nikuje niwakilishe siku ya leo and they are not very helpful". – *Youth FGD, Kamkunji*

- **Legislative capture:** the expectation is that legislatures should be independent in the discharge of their duties, the tendency in many States especially in democracies in Sub-Saharan Africa is that there is normally a hidden influence of the Executive arm of government on parliament. This manifests in many forms – most prominently observed in political parties (controlled by entities in the executive – mostly the head of government) whipping members of parliament to conduct themselves in ways desired by executive, some private interests. Where this is pronounced, as in the case in Kenya, legislative oversight is weakened and citizen demands or voices are ignored in the business of parliamentarians. There is evidence to show that such influence hampers effectiveness of legislative accountability in Kenya and has abated bad public debt policy decisions taken by government especially since 2013 with commencement *'UhuRuto'* government. The constitution grants parliament the mandate of overseeing government expenditure, imposing taxes and authorizing acquisition of debt. However, parliament has been accused of slacking in its mandate of ensuring the tax regime is fair and that government borrowing and spending of acquired debt are prudent. This has been attributed to an overbearing executive, political influence over parliament and limited technical capacity on the part of parliament to scrutinize and analyse financial data to inform fiscal decisions.[122] The executive influence over parliament decisions, particularly on issues around debt was most evident in 2019 with the approval to raise the debt ceiling to Ksh.9 trillion in 2019.[123]

  "We can do nothing. Like me, I'm one of the few of those but when it comes to the votes I am 1 out of 12, or 2 out of 15, or 3 out of 20. What we can do as the minority is that we just do a minority report end of the story. That's where you should be coming in and saying there's a minority report, there is this and that. […] Let's talk about public debt. Let's publicize public debt so that wananchi will understand and let's simplify public debt." – *KII, Member of National Assembly Kenya*

  "Leaders wenye tukonao tukishawachagua hawarudi kwa ground. Hao wakichaguliwa wanendanga wanarudi after five years. Mtu kama MCA tulimchangua sijawai muona. Hakuna kiongozi wenye tunaweza ongea nayeye".– *Youth FGD, Kawangware.*

  "We're captured by the state. We can say we are not to approve the budget [until we get our demands]. We're not approving it until we get our CDF arrears so they'll give you your CDF arrears and you'll approve it. […]. They come to your project and say, "Listen, we want to do a road. Here is 10 million for your road. Pass this thing." We've been told by the Minister of Finance don't even cross the I don't dot a T." – *KII, Member of National Assembly Kenya*

  'Unaenda hapo kwa ofisi ya MP, unataka kumongelesha mukiwa wawili, blockage yenye utapata hapo nje, itakushtua kwa sababu utaambiwa ako very busy. So unaambiwa useme shida zako hapo nje ata kama ni matters zenye mnafaa kudisclose na yeye. At the end of the day, wanaturn their back on us. -*Women FGD, Kibra.*

  "They can't, we [Parliament] are under capture. It is the will to oppose parliament. Kama Baba anasema, Uhuru anasema, and the party says do this, Ruto says all my people are going to do this, then what? You don't do it you don't get nominated to Parliament." – *KII, Member of National Assembly Kenya*

- **Patriarchal socio-cultural norms limit meaningful engagement of women and young people with their leaders especially on public finance matters:** Hegemonic masculinity characterizes the social, economic and political spheres in Kenya (USAID, 2020). Traditionally, women and youth have limited say over financial issues at the family and community level, with males generally having control over decisions regarding finances. Young people are disadvantaged given that culturally, the older generations' views are prioritized due to the perception that they have more wisdom and experience [124] Whilst substantive progress has been realized towards elevating the role and voice of women and youth, to a large extent, they still play a subordinate role,

122 http://www.commonlii.org/ke/other/KECKRC/2001/34.html

123 https://www.businessdailyafrica.com/bd/economy/mps-approve-raising-public-debt-caps-to-sh9trn-2267310

124 https://blogs.worldbank.org/governance/how-kenya-empowering-youth-participate-government-budgeting

only having a dismal voice in issues regarding finances and resource management. This, in turn, influences their perceptions, interest and level of engagement in public finance management at national level. As such, women and youth tend to also play a passive role in contributing to conversations on public finance management at national level.

- **Citizen apathy.** Effective political accountability requires that citizens demonstrate interest in engaging their representatives. This is necessary for building movements and amplifying voices that cannot be ignored by government or by elected representatives. Nonetheless, there is evidence of increasing citizen apathy for engagement in public policy issues including public debt and public finance in general. This is notable due to failures by government and political leaders to implement or include suggestions and policy proposals provided by citizens in previous engagements. This also as a result of a decline in citizen confidence in the ability and interest of politicians to meaningfully engage. Many argue that ideas and voices of ordinary citizens do not seem to matter as their proposals fail to reflect substantively in policy decisions taken and implemented.
- **Burden of care work borne by women. The unresolved burden of care work borne by women continues to limit their participation in public finance management issues including meaningful engagement of government on the question of public debt sustainability in Kenya.** Women have a lot to contribute to conversations around public finance management and are often the most affected by revenue generation and management decisions made by government. Besides their rights as citizens to be accorded equal space to contribute to the making and implementation of policy (both at national and county levels) on revenue management – they stand to lose more because they depend on services delivered by revenues allocated and they are impacted by revenue decisions like levies and taxes as majority of producers of goods and services are women. However, there remains substantive exclusion of women in public policy processes. One of the reasons is due to limitations contributed by the unresolved burden of care work borne by women. Women are often associated with unpaid care work and other forms of domestic work that are removed from public political debate including bargaining forums where issues such as public finance are discussed. Value is not put on women's work as family care providers and nation builders through formal and informal work, yet women spend a substantial amount of time in household management which is a very important role they play. Women tend to be reluctant to attend public participation forums due to inappropriateness of the modalities in terms of schedules and venue considering their care work responsibilities. The choice of venues often does not favour their need to balance responsibility for care work and other entrepreneurial activities with participation in civic forums. Nonetheless, women are increasingly organising and collectively demanding their rights to participate and for their voices to be heard. Through such forums as women's groups and associations they are developing capabilities to bargain, especially with politicians or agents of government, regarding their needs and/or challenges.
- **Perception of PFM as technical and limited awareness of rights. Among youth and women, there remain perceptions that public finance is a technical and complex subject that is reserved for people in government and experts. This is further complicated by limited awareness of their rights to participation in public finance management policy decision-making processes.** Young people and women believe that the issues of public debt and public finance, in general, is the reserve for learned and experienced people who they believe are knowledgeable enough. Also limitations in awareness of their rights to inclusion and meaningful participation in such processes implies that the political elite and interest groups fill up public participation fora at the expense of women and young people. Nonetheless, government is mandated to develop simplified versions of reports and public information that should make it easier for youth and women with limited understanding of public finance to absorb. Some civil society organisations are also increasingly developing such things as citizen budgets and information, education and communication materials that aim to simplify the budget process and increase citizen participation. Overall, the issue of public finance is still regarded in society as a technical matter that is left to experts – citizens are easily fatigued and put off by technical jargon and volume of information provided during public participation forums and as a such often find it less appealing to get involved.

6

SECTION SIX:

EMERGING ISSUES

6.0 Introduction

In this section, we highlight some of the key themes and messages that have emerged from the analysis of citizen voice, political accountability and public debt management in Kenya. The section sums up the research with pointers that TISA and partners can consider and pursue towards igniting and sustaining movements of youth and women demanding for prudent and accountable public debt in the country.

6.1 On Public Debt Situation and Fiscal Justice

- Kenya's debt stock has grown exponentially over the past decade, increasing from Ksh. 2.8 trillion in June 2015 to Ksh. 7.7 trillion in June 2021. The debt-GDP ratio increased from 41% to 68% over the same period. External debt forms the largest portfolio of Kenya's debt stock, accounting for 52.5% of the country's total debt stock. The country's portfolio of external debt is largely obtained from multilateral lenders – mainly IDA, ISB and ADB/ADF which contributed (28%+20%+8.4%) of total debt stock in 2021. However, China, the single largest bilateral lender contributed 19.9% of total external debt in 2021 representing a significant contribution with significant implications on the political economy of debt management. There has also been a surge in domestic debt stock–largely owed to commercial banks, 54.1%, followed by pension funds, 30.7%, and insurance companies, 6.7%.
- Whilst most of Kenya's external debt remains on concessional terms, there has been significant increase in the portfolio of commercial loans that have raised questions about the cost of credit and terms of repayment. Commercial debt accounted for 30% of total external debt in 2020.
- The largest proportion of procured loans finance energy, infrastructure and ICT, while only a dismal proportion goes into key pro-poor sectors. Specifically, loans to Environment Protection, Water & Natural Resources, Health, Education, Agriculture, Rural and Urban Development, and Social Protection, Culture and Recreation account for just 22% of total loans acquired between FY2015/16 and FY2019/20.
- The increased stock of public debt and associated debt service obligations have limited the fiscal space and ability of government to deliver critical public goods and services. Data from the National Treasury demonstrates an expansion in the size of Consolidated Fund Services from 21% to 36% between FY2016/17 and FY2021/21 while allocations to the executive and country governments have declined from 66% to 52%, and 11% to 10% respectively over the same period. In essence, more revenue is spent on debt servicing compared to development and service delivery. It is estimated that debt servicing in Kenya will make up 65% of total revenues collected by the financial year 2023/2024.
- Rising debt servicing obligations increasingly limit government ability to expand investments in critical pro-poor sectors – health, education, water, agriculture and social protection despite the increased demands for critical goods and services delivered through such sectors. Debt service obligations increased from Ksh.392.2 billion in FY2015/16 to Ksh.651.5 billion in FY2020/21, with debt service obligations exceeding expenditure on pro-poor sectors by Ksh.123.4 billion in FY2019/20. Further, increased stock of domestic debt has had a stifling effect on credit available for local businesses especially Micro, Small and Medium Enterprises (MSMEs). This has limited SMEs growth and negatively affected livelihoods, especially for many involved in the informal sector.

- In response to widening budget deficit occasioned by increased debt servicing costs, the government has been driven to implement a stringent tax regime that is arguably punitive and hard on both businesses and individuals. Between 2015 and 2021, various tax reforms have been implemented in form of revised tax rates and new tax policies.

6.2 On the framework for public participation in public debt management

- There exist a robust and progressive framework of policies and institutions providing for public participation in public finance management that can be leveraged for inclusive, effective and accountable public debt management. However, overall compliance with public participation provisions with regard to public finance and public debt management remains poor in Kenya. This impairs transparency, accountability and public voice in debt management. Further, there exist no laws or policies that specifically provide for public participation and inclusion of citizen's voice on matters pertaining to public debt.
- Management of public debt management policy decision making remains a preserve for a few. There is no reasonable balance in roles and obligations regarding decisions about acquisition, management and repayment of public debt. Instead, oversight on public debt is assigned to few state ministries, departments and agencies, excluding input from the citizens and other non-state actors. Further, limited access to information on public debt, insufficient knowledge on matters public debt continue to limit citizen involvement and participation in public debt discourse.
- Information asymmetries between citizens (youth and women) and government officers and political elite regarding public finance especially public debt frustrate efforts to foster meaningful participation and public dialogue on public debt. Access to information is a significant factor that grants power to citizens to exercise their voice, inform public dialogue and keep the government accountable in delivery of its mandate. Operationalization of provisions for access to public finance information remains limited. This frustrates acquisition, analysis and utilization of up to date information on the country's public debt situation for advocacy.
- To ensure effective citizen participation in matters regarding public debt, there is need for deliberate efforts to operationalize Public Participation Act at national and county levels, and to enhance the effectiveness of the process in informing government action. Other key actions to strengthen citizen's voice and improve their participation include improving access to information, evidence generation to demonstrate effect of public debt on various population segments and government functioning, and facilitating establishment of platforms for engagement and participation.

6.3 On Collective Citizen action for prudent and accountable public debt management

- Kenya has an elaborate history of collective citizen action that can be leveraged to ignite a movement demanding accountable public debt management in the country. In many instances, people have organised, where formal institutions have been ineffective in addressing their needs/problems, aiming to champion for government action, and for transparency, accountability and citizen involvement in PDM. Collective citizen action has been incentivized by the need for social safety nets, especially for the urban poor that manifest in associations that assist members to bond, build their relationships, and offer a sense of belonging.
- Effectiveness of collective citizen action is pegged on existence of strong leadership within the groups and drawing references to formal advocacy strategies for collective citizen action. These are critical for countering risks associated with limited influence of ideology, ethnic mobilisation, prominence of political party politics and patron-client relationships on functions and operations of such movements. Further, cognizance should be taken to address some key barriers that cripple collective action such as unfavorable political environment, resource limitations, fragmentation and disconnectedness, leadership challenges and overall internal capacity limitations.
- Knowledge limitations and perceptions of PFM issues as technical. Among youth and women, there remain perceptions that public finance is a technical and complex subject that is reserved for people in government and experts. This is further complicated by limited awareness of their rights to participation in public finance management policy decision making processes. There is room for civil society, government and other actors to build capacities of youth and women on salient issues around public finance–pubic debt and how it impacts

their livelihoods and day to day lives. This can be through trainings, sensitization, knowledge sharing brokered CSOs. This can improve their abilities to meaningfully engage.

- ICTs and new media portend a better climate for access to public finance information. Emerging prominence of ICTs in government and access to the internet and other ICTs and new media provide crucial opportunity for citizens to engage in public finance. CSOs can work with youth and women to pursue digital channels to open up, democratise access to and use of information on public debt. Civil society, especially women and youth-led CSOs could also dissect the data on debt, conduct analyses, trainings and package the information on public debt in formats that are simple and appealing to women and youth.
- ICTs and new media provide grand opportunities for engagement, igniting movements and sustaining advocacy and lobbying for a better PFM policy framework for public debt management in Kenya. There is a strong presence of young people online that can be tapped into to build their capacities to engage, used as a conduit for disseminating public debt information, and for building a movement for active youth participation in public debt management in the country.
- Emerging narratives around class in economic conversations: There is increasing prominence of the issue of class in political and citizen mobilisation in Kenya. These narratives about class have the potential of masking truthful, evidence-driven debate and conversations among citizens on the best ways to address the public finance challenges that the country faces. They also represent an opportunity for mobilisation of citizens around policy proposals that address PFM related problems that people who identify with such classes face.
- Exploratory and diagnostic research can generate evidence that youth and women can rely on to engage on public debt management conversations in the country. There is room for civil society could conduct research on the disproportionate effects of imprudent public debt on women and youth. Evidence generated can be used for civic education and advocacy for women and youth engagement in public debt issues.
- Formal strategies for collective citizen action in public finance management can take the form of Memorandums to MDAs; government officers, Letters to committees of parliament, Presentations to committees of parliament, Lobbying government officers/departments, research, investigative journalism, engagements through formal meetings, forums, symposiums, workshops and formal public participation forums, public interest litigation and training for government officials. Non-formal strategies include petitions, protests and demonstrations, media engagement (online and legacy), storytelling, social auditing, engagements through *Kamukunjis*, *Bunge la Wananchi* and online forums, litigation and civic education.

6.4 On Political accountability and public debt management

- Kenya has a strong framework for political accountability that can be further leveraged to increase accountability for prudent public finance management – including public debt management. However, political accountability remains weak, as demonstrated by significant disconnects between citizen demands and policy choices/decisions supported by politicians, especially on public finance issues.
- Among the key limitations to successful citizen engagement and political accountability in prudent public debt management include knowledge limitations and information asymmetries, poor attitude by MPs regarding the role and place of citizens in public policymaking, limited capacity of politicians to engage in public finance and public debt issues, legislative capture, citizen apathy and burden of care work born by women.
- Prominence of political party politics in civic engagement: Political parties play a significant role in shaping the spaces and conversations around public finance that impact how citizens engage government on such issues as public debt, taxation on or fiscal justice in general. However, politics of political parties remains captured by the executive hence impeding democratic engagement and furthers exclusion of women and young people who are marginal participations.
- Executive capture of oversight mechanisms impairs accountability in public debt management in the country and erodes the voices of ordinary citizens. Parliament continues to slack in its responsibility to keep the executive (Treasury and Office of the President) to account for acquisition and management of public debt. This has been attributed to an overbearing executive, political influence over parliament and limitations in technical capacity on the part of parliamentarians to scrutinize and analyse financial data to inform fiscal decisions. A nascent system of political patronage and 'clientelism' exists both at county and national levels that affects the conduct of legislative institutions and shapes character of political leaders furthering exclusion of ordinary citizens in engagements on public debt and public finance in general.

- The forthcoming 2022 general elections present an opportunity for policy entrepreneurs to engage politicians and various constituencies. It provides the opportunity for civil society to engage political leaders, who are making promises and crafting manifestos, to commit to addressing the country's debt problem. There have been notable concerns amongst political formations in the country over the past five years regarding the country's public debt problem. There also seems to be a great deal of commitment to addressing the issue of public debt by political leaders that can be exploited to increase pressure and put it on the agenda of the 2022 general elections.

7

SECTION SEVEN:

CONCLUSION AND RECOMMENDATIONS

7.0 Conclusion

Kenya has exponentially grown its public debt stock over the past decade. This has been attributed to an ambitious infrastructure expansion policy coupled with sleaze and corruption in the public sector that has increasingly necessitated borrowing to bridge budget deficits. Whilst International Financial Institutions like the IMF still consider the debt situation sustainable – though inching towards debt distress, the negative implications of debt servicing on the Kenyan economy and ordinary people are increasingly manifesting. These are notable in shrinking government revenues and contracted government expenditures on essential public goods and services like education, health care service delivery, social protection among others. The effects of debt servicing are also notable in an increasingly stringent and sometimes punitive tax regime that seeks to generate the most – overly squeezing businesses and households of income. There are concerns about fiscal justice, especially for young people and women who appear to be disproportionately impacted – by job losses, rise in unemployment, declining purchasing power and rise in cost of living, reduction in household disposable incomes and poor returns in business, especially for MSMEs. These concerns signal pressure points that can be pursued and leveraged to ignite and sustain a movement of citizens demanding accountable and prudent public debt management in the country. Despite considerable apathy, knowledge/information asymmetries Kenya remains a fairly open society with basic rights protected by law and has a robust framework of legislation that can be leveraged to increase citizen voice and participation in demanding political accountability for prudent debt management.

7.1 Recommendations

Considering the emerging issues, hereunder are some recommendations that TISA and partners can pursue towards organising youths and women, especially those in the informal sector to ignite and sustain movements demanding prudent and accountable public debt management in Kenya.

TISA and other CSOs
1. Map and analyse capacities and influence of selected existing social movements or collective citizen groupings and recruit accordingly for engagement and support towards building a movement of youths and women demanding accountability for prudent debt management; 2. Develop basic information packages or training toolkits for knowledge transfer on public debt and public finance within selected collective citizen groups; 3. Develop capacities of selected movements and collective citizen groupings to mobilise sufficient resources and explore less costly strategies in implementing their activities, like crowdfunding or seeking support from impartial donors; 4. Develop capacities of selected collective citizen groupings aimed at formalizing–with proper structures and working systems–to better coordinate their activities and assure sustained action in demanding prudent and accountable public debt management; 5. Target to exploit and leverage ICTs especially social media in communicating, sharing information on public debt and engaging youths and women; 6. Build strategic partnerships with established CSOs, international organisations, development partners, activists and pro-democracy groups for support in form of resources and expertise for movement building; 7. Mount a digital campaign demanding prudent debt management targeting young people and exploiting and galvanising reach and support of selected citizen groupings; 8. Capitalize on emerging pressure points (unemployment, declining purchasing power, high cost of living, debt-related corruption and heavy taxation) to craft powerful narratives and advocacy messages that resonate with youths and women to spur their interest in demanding accountability in public debt management;
National Treasury and Relevant MDAs
9. Lobby National Treasury – Public Debt Management Office to regularly prepare and publish statistical bulletins on public debt to relay information on public debt published on social media to reach audiences such as the youth;
Parliament, Political Parties and Political Leaders
10. Target political actors – particularly MPs and MCAs with technical capacity development to understand the intricacies of public debt management and its implications on the country's public finances; 11. Advocate for amendments in PFM ACT 2012 or other relevant legislation to require or provide guidance on public participation in public debt policy making, planning, management and accounting; 12. Advocate for enactment of a public participation act to buttress citizen rights to involvement in public finance management in the country. 13. Target political parties for engagement in encouraging political leaders to be more involved in oversight of public debt management; 14. Target to exploit the 2022 electioneering cycle to engage political leaders (especially presidential candidates), who are making promises and crafting manifestos, to commit to addressing the country's debt problem;
Think-Tanks and Research organisations
15. Conduct further diagnostic research on the disproportionate effects of imprudent public debt on women and youth and utilise evidence generated for civic education and advocacy for women and youth engagement in public debt issues.

7.2 Areas of further research

1. Deep-dive analysis to provide understanding composition of Kenya' debt stock – comparing concessional and commercial components
2. Analysis of linkages between public debt and access to credit for local businesses – considering the crowing out effect of domestic borrowing
3. Analysis of capacity of legislative bodies and legislators on engagement in public finance
4. Effectiveness of movements in demanding accountability – especially for prudent public finance
5. Analysis of the legislative/policy environment for public participation and how it impacts public finance management in Kenya

ANNEX I: DATA COLLECTION TOOLS

I. Focus Group Discussion Guide

Awareness on public debt management and perceptions of their role in the debt management?

1. How many know the current level of Kenya's Public debt? (probe for debt stock, repayment obligations, domestic vs external debt, prominent creditors)
2. How many feel/ know that they have a right to question and engage the government on how it obtains and uses the loans it borrows? To what extent has this right been realized?
3. Do you believe your opinion on how the government borrows and uses loans matters?
4. Have there been any forums (baraza, training, meeting etc) organized in your neighborhood where issues about public debt are discussed? How many have participated? Did they benefit you in terms of knowledge and awareness about public debt?

Perceptions on Socio-economic effects of public debt on people's livelihoods

1. Over the past 5 years have there been any changes in terms of your livelihoods? – probe for access to services – health, security, social protection, taxation, cost of living
2. Do you think any of these changes can be linked to the country's public debt problem?
3. In your view what has the government not done right regarding public debt and public finance in general?
4. What are some of your suggestions regarding how government can address its debt repayment obligations and still assure delivery of public goods and services that impact your livelihoods?

Public participation in public debt management/administration

1. How often do you participate in meetings organized by government to discuss the budget and other public finance issues?
2. Have you ever provided opinion on issues relating to public finance & government borrowing? What was the context?
3. In your view, who makes decisions about government borrowing?
4. Are you aware of any ways through which ordinary citizens can engage government on public debt decision making? What are the common ones?
5. Are existing opportunities (forums) for civic education and public participation in public debt discussions? What challenges remain that limit meaningful participation of ordinary citizens in such processes?
6. In your view what changes are needed to increase citizen participation in public debt management processes?
7. In what ways can citizens be interested/encouraged to engage more in public debt management issues?

Access to Information and Public participation in public debt management/administration

1. In your view what public debt information should government make available to the public? What information is presently available to the public?
2. How should information on public debt be made available to the public? How else would you like to receive public debt info? What other information would you like to receive on public debt?
3. In your experience, what have been the ways through which citizens in your neighborhood receive and interact with information on public debt?
4. Do you have access to information on how the government spends money (collected from taxes, borrowed)? How can this information be made more available to you? (Shared on social media, youth-friendly formats)

Knowledge, attitude, and perceptions of duty bearers on citizen engagement on public debt issues

1. Do you feel that you are able to engage with your elected leaders regarding public debt and use of borrowed funds?
2. Are you aware of the right that citizens have to question and provide suggestions on public debt issues?
3. Do you feel like the government (you) have been providing room for exercising this right? Have the citizens been providing their opinions on how government should handle public debt? (how it should use the borrowed loans/ when it should borrow or not)
4. Do you feel like the opinion on public debt from citizens on public debt issues is important/useful?
5. How often do you have such conversations with your leaders/ with each other?
6. How do you engage with your elected leaders on issues relating to governance of the county/country and how the government borrows loans and uses the borrowed money?
7. What are some other ways you think you could reach out to the government (elected leaders) to discuss government loan borrowing and how it uses the loans?

Perceptions on role of collective citizen action in accountability in public debt management

1. How accountable are public debt management processes in the country?
2. Do you believe that collective citizen action can improve accountability regarding how government borrows and spends?
3. What are some the most effective ways through which citizens can be mobilized to demand accountability for public debt management? What are the risks related to these methods of mobilisation? How can such risks be mitigated?
4. What do you consider as significant barriers to collective citizen action in ensuring accountability in public debt management? How can such barriers be addressed to promote accountability in public debt management?

II. Key Informant Interview Guide

1. **Implications of the growing public debt on the economic lives of citizens**
   - How have the day-to-day livelihoods of youth and/or women in MSMEs been affected?
   - What factors have enhanced their vulnerabilities to the effects of public debt?
   - How has public debt impacted government spending/provision of social services?
   - What has been the effect of public debt on businesses? How has it contributed to the tax burden?
   - How does Kenya's debt impact utility of the revenues from taxes? How does debt affect the budget allocations to the various sectors?

2. **Adherence to principles of public participation in the public debt management administration process**
   - Are there public participation forums/spaces available specifically for gathering citizen views and input on public debt management? If yes, who are the main actors consulted in these forums.
   - Are the existing frameworks for public participation effective? How do citizens engage with these structures?
   - Who, in your opinion, are the major actors/stakeholders who make decisions about public debt? Who determines how citizens engage in public debt management conversations? (Probe for offices, departments, organizations, individuals)
   - What are some of the barriers/challenges that exist that hinder public participation in public debt management?
   - Are there any efforts towards enhancing civic engagement and public participation in public debt discussions?
   - How can the exiting principles for public participation be improved to ensure extensive and sufficient inclusion of citizens in public finance management, particularly in public debt management?

3. **Role of citizens in public debt management in Kenya**
   - Are citizens aware of their role as provided for by law? Are they interested in such conversations?
   - What is the role of collective citizen action in ensuring accountability in prudent debt management?
   - How have they been engaging in PDM and PFM proceses? Who? Where?
   - How do they organize themselves to engage? – probe for formal/informal groupings
   - How can citizens be mobilised to pursue collective action? What are the attached risks and how can they be mitigated?
   - What can incentivize citizens to be more active in holding the government accountable? Probe for what government, non-state actors and citizens can do.
   - Are women accorded equal opportunities as men to engage in Public Finance, including public debt management?

4. **Role of political leaders and citizens in ensuring accountability in public debt management**
   - Are there avenues through which citizens and political leaders engage? How can these platforms be made more accessible to citizens?
   - What do these engagements entail? What are the expectations when engaging leaders in public debt issues?
   - Do citizens participate in accountability initiatives? – petitions, recalls, demos?
   - What are the barriers to ensuring accountability in public debt management? And what can be done to mitigate against the barriers?
   - Are the leaders exercising their mandate effectively? Has the Parliament been effective in terms of lowering the cost of living? What are the main hindrances that limit them from being effective in their oversight role? (probe for capacities)
   - How can leaders be incentivized to be more active in holding government accountable in public debt management, and ensure inclusivity, particularly for citizens, in the processes?
   - What are some of measures that could be adopted by the new administration for better debt management? Other measures for lowering the cost of living?

I. SURVEY TOOL

TISA Study Survey
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