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Kenya National Budget:
Post Budget Analysis of FY 2018/2019 Budget
from a Right to Food Perspective

Prepared by Alexander George Owino
Consultant and Financial Sector Specialist
For the Route to Food Initiative
www.routetofood.org
layla@routetofood.org

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1 Abbreviations and special terms

ARD	Agriculture and Rural Development (ARD)
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
FAO	Food and Agriculture Organization
FNS	Food and Nutritional Security
FNSP	Food and Nutritional Security Policy
MDAs	Ministries, Departments and Agencies (Agencies mainly State Corporations)
MTP	Medium Term Plan
NT	National Treasury
PBB	Programme Based Budget
SEZ	Special Economic Zones
WFP	World Food Programme
WHO	World Health Organization

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2 Background

2.1 Right to adequate food recognized in the Constitution of Kenya, 2010

The Constitution of Kenya, 2010 explicitly guarantees the right to adequate food and implicitly through the right to highest attainable standard of health.

- Article 43. (1): "Every person has the right: (c) to be free from hunger, and to have adequate food of acceptable quality"
- Article 53. (1): "Every child has the right: (c) to basic nutrition, shelter and health care."
- Article 43. (1): "Every person has the right: (a) to the highest attainable standard of health;"

The Constitution of Kenya, 2010 provides guidance on the mechanisms for achieving the rights through its directives on principles of state policy at Article 21:

> "(1) It is a fundamental duty of the State and every State organ to observe, respect, protect, promote and fulfil the rights and fundamental freedoms in the Bill of Rights.
> (2) The State shall take legislative, policy and other measures, including the setting of standards, to achieve the progressive realization of the rights guaranteed under Article 43.
> (4) The State shall enact and implement legislation to fulfil its international obligations in respect of human rights and fundamental freedoms."

2.2 *Right to Food* embodied in *International Conventions* ratified by Kenya

Kenya is further bound by its international obligations under various conventions guaranteeing the right to food that are domesticated when ratified under Article 2(6): "Any treaty or convention ratified by Kenya shall form part of the law of Kenya under this Constitution."

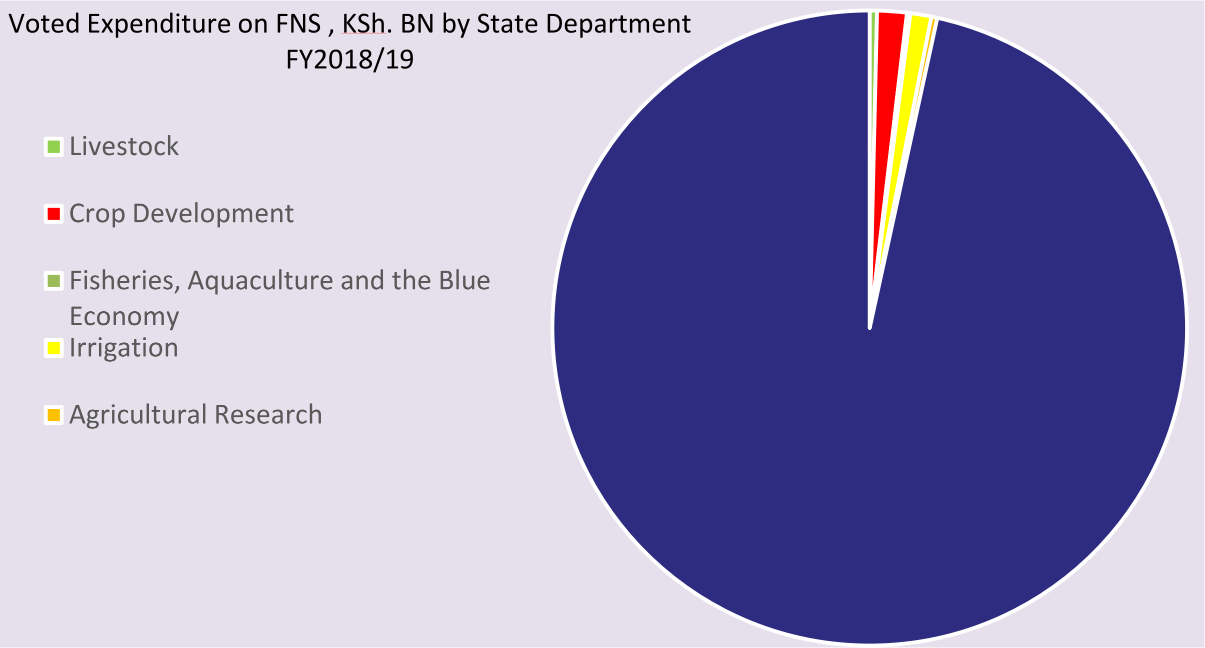
2.3 Important international instruments and conventions on the *Right to Food*

- **Universal Declaration of Human Rights (UDHR)(1948)** at Article 25(1);
- **International Covenant on Economic, Social and Cultural Rights (ICESCR)**(1966, Accession - 1972) at Article 11;
- **Convention on the Elimination of all forms of Discrimination against Women (CEDAW)**(1979, Accession -1984) at Articles 12; 14;
- **Convention on the Rights of the Child (CRC) (1989,** Ratification -1990) at Article 24(1), (2), 27(1) to (3);
- **Convention on the Rights of Persons with Disabilities (CRPD)** – 2006 (Ratification 2008) at Article 28(1).

3 Budget allocations to sectors that impact food and nutritional security

Voted Expenditure on Food & Nutritional Security (FNS) by State Department	FY2017/18		**FY2018/19 April 2018 PBB**	
	Gross Total Estimates	% Total	Gross Total Estimates	% Total
Livestock	9.65	0.61%	6.26	0.37%
Crop Development	17.49	1.11%	25.25	1.51%
Fisheries, Aquaculture, Blue Economy	2.91	0.18%	2.79	0.17%
Irrigation	13.16	0.83%	17.98	1.07%
Agricultural Research	5.09	0.32%	5.09	0.30%
FNS Expenditure Vote	**48.3**	**3.06%**	**57.37**	**3.42%**
% of Total Voted Expenditure	**3.10%**	**0.00%**	**3.40%**	**0.00%**
Voted Expenditure National Government Total	2,330.0	**100.00%**	**1,676.65**	**100.00%**

Notes: Analysis provided in this report, excludes budget allocations to environment and health sectors despite their important contribution to achieving FNS and realisation of the right to food in Kenya.
Voted expenditure refers to budget spending subject to Parliamentary approval through the Appropriations Bill (spending that Parliament *votes* on), distinct from *Consolidated Fund Services* (CFS) which is expenditure **NOT** voted on as they comprise a first charge on Government revenues e.g. debt repayment.



3.1 FY 2018/19 budget estimates and changes from PBB approved by Parliament

The National Treasury Cabinet Secretary (in the 2018 Budget Statement) stated that Parliament's *Budget and Appropriation Committee (BAC)* reviewed the 2018/19 budget estimates submitted on 26 April 2018 and submitted its Report, which was adopted by the House Committees (BAC and House Committee of Supply)

Accordingly, Parliament approved the **April 2018 Program Based Budget (PBB) and Budget Estimates for FY 2018/19** (refer Section 12: Appendix).

The House should have approved and finalized the **Appropriation Bills by 30 June 2018** and should be reviewing the **Finance Bill 2018** (containing the taxation and financial proposals) submitted by the Treasury CS with the 2018 Budget Statement.

3.2 2018 Budget changes compared to the 2018 February BPS and April PBB

Following the budget reading on 14th June 2018, there were **no significant changes** to FNS sectors from the April PBB (an increase from 3.42% to 3.54% as shown in the table below). In total the 2018 Budget Statement for FY 2018/19 is consistent with the *April 2018 Program Based Budget* (April PBB). It reflects a *net expenditure reduction* across all national government expenditure line items of KSh 55.4bn. Any changes in relation to FNS expenditure in the FY 2018/19 financial statement that the Treasury tabled in Parliament are not likely to be significant from the *Estimates of Expenditure* on the PBB Budget tabled in April 2018. Accordingly the *pre-budget analysis* remains valid.

Reconciliation from April 2018 Program Based Budget (PBB) to 2018 Budget Statement

Voted Expenditure on Food & Nutritional Security (FNS) by State Department:	FY2018/19		FY2018/19 Budget Statement	
	Gross Total Estimates	% Total	Gross Total Estimates	% Total
FNS Voted Expenditure per PBB April 2018	**57.37**	**3.42%**	**57.37**	**3.54%**
% of Total Voted Expenditure PBB April 2018	**3.40%**		**3.40%**	
Voted Expenditure National Government	**1,676.65**	**100.00%**	**1,676.65**	
Net Expenditure Reductions Budget vs PBB			**-55.4**	
Budget Statement Expenditure National Govt**.**			**1,621.3**	**63.42%**
County Governments				
Share-able Revenue			**314.0**	
Conditional Allocations			**62.4**	
Budget Statement Expenditure County Govt.			**376.4**	**14.72%**
Budget Statement Expenditure Total			**1,997.7**	
Deficit Financing				
Net External Financing			**287.0**	**11.23%**
Net Domestic Financing			**271.9**	**10.64%**
Deficit Financing			**558.9**	**21.86%**
Budget Statement Total Expenditure			**2,556.6**	**100.00%**

3.3 Overview of the FY2018/19 budget and sources of additional spending on FNS

According to the 2018 Budget Statement, Government revenues are expected to rise by 17.5% from KSh 1,659.6 billion in FY 2017/18 to KSh 1,949.2 billion (20.0% of GDP) in FY 2018/19.

Total Government expenditure is projected to rise from KSh 2,330.0 billion in FY 2017/18 (26.8 % of GDP) to KSh 2,556.6 billion (26.3% of GDP) in 2018/19 including

- *Recurrent expenditure* of KSh 1,550.0 billion (15.9% of GDP),
- *Development expenditure* of KSh 625.1 billion (6.4% of GDP), and
- *County Governments transfers* of KSh.376.4 billion (3.9 percent of GDP).

By far the largest single **expenditure item** in the **Government budget** is the **deficit of KSh. 558.9 billion** (equivalent to 5.7% of GDP) which Treasury proposes to finance by:

- *Net external financing* of KSh 287.0 billion (equivalent to 3.0% of GDP)
- *Net domestic financing* of KSh 271.9 billion (equivalent to 2.8% of GDP)

The next largest **expenditure item** in the **Government budget** is spending on devolution, with counties allocated **KSh 376.4 billion** in FY 2018/19 or 40% of the most recent audited revenues - and above the 15% constitutional threshold for minimum transfers to counties. The County Transfers in FY 2018/19 comprise:

- *Share-able revenue allocations* of KSh 314 billion from; and
- *Conditional transfers allocated* KSh 62.4 billion

From an overall perspective of the **total budget expenditure,** it is our considered view and recommendation that the national government allocate *a portion of the conditional transfers* to the *county governments* with a specific mandate for the counties to use that portion towards agreed programs on *Food and Nutritional Security.*

This recommendation is based on the importance of *food and nutritional security to the nation*, the right to food that is enshrined in the Constitution of Kenya 2010; the status of FNS as part of the **Big Four** priority development agenda and linkages to healthcare, environment, water, inflation and the import bill through food imports. Moreover, under the devolution system adopted from 2010, agriculture and thus *food and nutritional security* is a **devolved county function.**

The national government could allocate as much as 50% of the **KSh 62.4 billion conditional cash transfers** to county governments to be spent on *food and nutritional security.*

This measure alone would increase spending on FNS by an estimated 50% across all levels of government and over the medium term begin to redress the current meagre allocation of **3.54% of national government expenditures** to food & nutritional security.

4 Overarching policy pronouncements in the 2018/19 Budget Statement on FNS

4.1 Assessment of “binding constraints” to food and nutritional security

National Treasury in the 2018/19 Budget Statement read on 14 June 2018 (“2018 Budget Statement”) omitted FNS from its assessment of key constraints (“binding constraints”) to economic growth since 2013.

The 2018 Budget Statement identified national priorities as listed below which *notably exclude food and nutritional security:*

- **infrastructure** gaps in roads, rail, air transport and challenges at ports
- **energy generation capacity** that’s limited, unreliable (hydro) or costly (thermal)
- **need to modernize education sector** to train skilled manpower
- **health facilities** that are overstretched or have inadequate treatment facilities
- **devolved government** and challenges of rolling out devolution to 47 counties

Despite linkages between FNS and the above-mentioned national priorities, failure to specifically identify food and nutritional security as a binding constraint to economic growth and development undermines the need for explicit policies and programs aimed at addressing this basic human right and foundation for a meaningful and socially inclusive development path.

4.2 Treasury’s planning framework in the FY2018/19 Budget Statement…

Accordingly, Government in the 2018 Budget Statement recognizes “competing needs” for “limited financial resources” within a fiscal space made narrower by national debt, compelling Treasury to make what it calls “tough choices” by:

- **Curtailing resources going to lower-priority areas,** *which would appear to include food and nutritional security* based on the low budget allocation maintained at 3.5% of national government expenditure, well short of the commitment under the Maputo Declaration of allocating 10% of government budgets to agriculture and food. It is valid to question what prevents FNS from having a higher policy priority.

- **adopting zero-based budgeting,** *which is however not evident in the budget*

- **Redirecting savings to “Big Four Agenda”**. Though the Big Four includes FNS, most budget savings and new money seems to have been allocated to sectors classified as **“Big Four Enablers”** and **not** to food and nutritional security.

  The Budget cites the “**Big Four” Enablers** that are necessary to bolster economic growth and job creation as continued macro-economic stability; enhanced security; targeted infrastructure; expanded technical training; technology innovation; and addressing corruption.

- **Leveraging on partnership between *private sector* and Government** to deliver most of the Big Four Agenda – *which is evidence of a policy preference for, and continued policy reliance on, large scale commercial agriculture in delivery of FNS, to the exclusion of smallholder farmers producing 75% of the food needed in Kenya.*

4.3 … is constrained by high debt levels (limited "fiscal space")

Treasury's planning framework in the **2018 Budget Statement** acknowledges the high debt levels and thus limited budgetary space to implement "The Big Four" Plan (including FNS). This should not in itself constrain allocation of adequate resources to FNS as the total government expenditure amounts to the equivalent of USD30bn.

Further the **policy adopted** in the **2018 Budget Statement** of leveraging on *public private partnerships* (PPP) frameworks with the private sector and development partners to implement The Big Four including FNS, is likely to **limit involvement of smallholder farmers and uptake of incentives**. Small-scale farmers, the majority of whom are women, and account for 75% of domestic food production, are unlikely to have the requisite size and scale to enter into PPP arrangements with state agencies and corporations.

The fiscal, financial and policy incentives in the 2018 budget proposals that implement the stated policy of leveraging on large scale commercial enterprises in the private sector and PPP frameworks (including agro processors) are reviewed in the next section.

4.4 … and repeats policies proposed 5 years earlier but not implemented

Treasury's Planning Framework in the 2018 Budget Statement, in respect of the policies and programs on agricultural development and food security, are repeated ("recycled") from measures proposed 5 years earlier in the Administration's 2013 manifesto (as detailed in Section 11: Appendix). Many of the policies were **not implemented** and are therefore being positioned as 'new.' It is foreseeable that measures repeated in the 2018 Budget Statement are *not fully implemented* and hence *unlikely to contribute to improving FNS*. It is furthermore debatable whether these policies effectively and directly respond to the needs of 25% of the population who experience chronic food insecurity. The evidence is reviewed below.

Extract: 2013 Jubilee Manifesto

"**The Challenge**: Kenya is endowed with such plentiful natural resources that it has the capacity to be Africa's breadbasket, yet **we still struggle to feed our own people**. Although agriculture employs **nearly three-quarters of Kenyans**, *half of our production remains regrettably at subsistence levels.* Food supply to our major cities and urban areas is mainly from *small-scale rural farmers who hardly make enough from their labour and produce to sustain their needs, let alone make a decent living.*

"The Opportunity: Since **subsistence farming has failed in Kenya, we must start an agricultural revolution**. <u>Agriculture shall be an economic/commercial enterprise</u> that provides Kenyans with employment, not mere subsistence. The Coalition is determined to ensure all farmers – no matter how small their piece of land – make a decent income and are able to meet their basic needs."

Source: Jubilee Manifesto. Agenda for Kenya 2013 - 2017 and Beyond 2013.

The policies from the *2013 Jubilee Manifesto* relating to FNS that are "recycled" in some form in the 2018 Budget Statement *include:*

- **introduce affordable state loans to subsidize fertilizer and farm equipment**

- **establish vibrant national irrigation scheme** to open up more arable land and **place 1 million acres of land under irrigation** *(2018 Budget Statement targets an additional 700,000 acres under irrigation)*

- **encourage leasing of agricultural land** (*2018 Budget Statement encourages contract farming)*

- **provide extension services** (*2018 Budget Statement does not provide directly for investments in extension services)*

- **encourage mechanization and value addition** (*repeated in the 2018 Budget Statement)*

- **establish a national livestock insurance scheme** and evaluation system to ease pastoralists access to credit *(broadly repeated in the 2018 Budget Statement)*

- **increase efficiency and productivity in agricultural production through mechanization and use of modern farming technology** *(repeated in the 2018 Budget Statement)*

- **enhance certified seed and fertilizer subsidy program** to reduce costs of food production and *manage inflation* (*repeated in the 2018 Budget Statement)*

- **implement public-private partnership insurance scheme** for livestock and crop farmers *(repeated in the 2018 Budget Statement)*

- **reduce cost of credit by at least 50%** of the commercial rate to crop and livestock farmers *(2018 Budget Statement seeks to increase farmers' access to credit by undertaking institutional reforms of DFIs, though it has not embraced this worthy policy)*

- **improve access to credit through** consolidating, rationalizing and capitalizing agricultural and livestock sector Development Finance Institutions (DFI) especially Agricultural Finance Corporation (AFC) & Agricultural Development Corporation (ADC) (*the same policy measure is repeated in the 2018 Budget Statement under Parastatal Reforms over 5 years after it was first proposed)*

- **double and diversify national strategic food reserve to 40% of annual consumption** *(allocations to food reserves repeated in the 2018 Budget Statement)*

- **increase agriculture sector budget as recommended under the Maputo Declaration and attain food surplus** *(a commitment to allocate 10% of the national government expenditure to agriculture and food security remains un-implemented at the current budget's allocation of 3.5% of to agriculture and food security)*

- **support commercial agriculture and livestock production** with necessary infrastructure including greenhouses, dams, silos, warehouses and coolers. *(2018 Budget Statement provides incentives through VAT exemptions for the construction of grain storage facilities)*

- facilitate pastoral communities to **establish pasture banks** on traditional pasturing routes (*2018 Budget Statement focuses incentives for pastoral communities on **crop and livestock insurance** which is a policy measure informed more by Disaster Relief and Recovery – DRR – than direct support for livelihoods of pastoral communities in arid and semi-arid areas)*

- **offer minimum guarantees to farmers on crop and produce prices** at the beginning of a crop season – a policy oddly reminiscent of the old venerated *Guaranteed Minimum Return GMR* policy to farmers that was a casualty of the 1980s *Structural Adjustment Programs* and offers a useful guide to **measures omitted** in the 2018 Budget Statement. *(this policy which seems to have been essential for smallholder crop and food production has **NOT** been proposed in the 2018 Budget Statement).*

5 Incentives for FNS announced in the FY2018/19 Budget Statement

The FNS measures and programs announced in the 2018/19 Budget and summarized below maintain a ***feed-the-market*** policy stance instead of a ***feed-thyself-first*** approach which is necessary for the progressive realization of improved food and nutritional security:

FY2018/19 Budget Statement Policy or Program	Implementation actions and key measures announced in the 2018/19 Budget Statement
1. **Production "**grow enough food to feed our people at affordable prices"	a. **enhance large-scale agro-production** *(clearly intended to promote commercial and not smallholder farming)* b. **place additional 700,000 acres of land under irrigation through PPP** *(however, there are no budget funds allocated to the PPP Unit, or money to World Bank/GOK Viability Gap Financing (VGF) facility that amounts to USD100mn set up to support PPPs)* c. **promote investments in post-harvest handling** (measure intended *to reduce post-harvest losses)* d. **adopt contract farming and other commercial off-taking arrangements**, *(may include development of agro-parks or hubs to link farmers and markets*
2. **Support smallholder farmers**	a. **up scaling crop and livestock insurance** *(Disaster Risk Reduction (DRR) and other risk management measures may not be pressing constraints for smallholder farmers. Most cover the medium term periods of 2-4 years and are driven by weather and climate events, not seasonal and intra-seasonal price volatility, and pest and diseases risks. The onset, timing, severity or failure of rains or too much rain may be greater factors impacting smallholder farmers' production and output)* b. **promote appropriate farming techniques** *(Budget provides no details on appropriate farming techniques, or what or whom decides what is 'appropriate' and what evidence 'appropriateness' is based on)* c. **Make available affordable credit** *(this measure seems to be negated by the 2018 Budget policy proposal to remove interest rate caps and classify Fuel and Oil as VAT EXEMPT from the current VAT ZERO RATING –measures that will raise financing costs for the agricultural sector)*

6 2018/19 Budget incentives for FNS compared with other Big Four pillars

The 2018 incentives, earmarked taxes and budgetary policy support measures announced in the FY2018/19 Budget in respect of food and nutritional security (FNS) appear to be **markedly fewer and less comprehensive** than budget policies and incentives provided to the other three Big Four Pillars.

The section below reviews incentives provided to the other three Big Four Pillars **for purposes of comparison** to the minimal incentives provided towards food and nutritional security.

6.1 Budget incentives announced for Manufacturing

The 2018/19 Budget Statement includes earmarked taxes and makes provision for unspecified future program incentives for manufacturing (“*We will target investors that are ready to invest in specific areas by providing tailor-made incentives, some of which are in my tax proposals that I will outline later in this Statement” - CS Treasury, Budget Statement).*

- **provide land in Naivasha for SEZ Investors and access to cheaper geothermal power**
  SEZs are required by law to export 90% of output hence this incentive targets production and processing for export (for example, textiles or cut flowers) as opposed to production and processing of food for local consumption.

- **reduce costs of production for manufacturers by cutting costs of off-peak power by 50%.**
  There is no corresponding incentive to provide cheaper power for FNS, or any rebate to smallholder farmers for renewable power or electric utility bills.

- **lower power costs for “selected investors” to USC9 per KW-Hour**
  This incentive essentially provides subsidized power for individual “selected investors” and is likely to exclude smallholder farmers in general and entities operating in the FNS sector in particular.

- **remove non-tariff barriers within the East Africa Community (EAC) and implement the EAC Non-Tariff Barriers Act 2017, and review the Common External Tariff (CET) to enhance protection of industries**
  Similar incentives and protections for domestic food producers, especially small-scale farmers, to spur regional trade in farm surpluses are lacking in the 2018 Budget Statement.

- **allow 30% deduction of total electricity bills from corporate profit for manufacturers in addition to normal deduction of electricity power costs as an expense** (to be subject to conditions set by Ministry of Energy)
  Clearly this incentive is likely to be enjoyed by manufactures (including large-scale, agro -processors). Since 75% of food production is produced by smallholder farmers, an energy subsidy to manufacturers (of which agro-processors are a small part) will not contribute to improving food and nutritional security.

6.2 Budget incentives announced for Affordable Housing

- **Establish Kenya Mortgage Refinance Company (KMRC) to extend long term loans to financial institutions secured against mortgages** (in order to provide *affordable financing* to the low costs houses).

The 2018 Budget Statement provides a "comprehensive housing package" and incentives to encourage private sector construction of low cost housing by:

- **reducing corporate tax rates to 15% for developers** who construct 100 units annually;
- **establishing *National Social Housing Development Fund*** and
- Amending the Employment Act to levy a **new tax earmarked for the National Housing Development Fund** payable by employers and employees each at the rate of 0.5% on *employee's gross monthly emoluments (employers' portion capped at KSH 5,000).*

By comparison, the 2018 Budget Statement **does not contain** similar or comparable packages of comprehensive incentives or earmarked taxes for encouraging food and nutritional security.

6.3 Budget incentives announced for Universal Healthcare

- **enlist *community health volunteers* to support healthcare service provision at the grassroots level and train more doctors, while sourcing specialized skills from outside to address existing skills gaps.**
  There are no similar programs at the grassroots level for extension services to smallholder farmers on FNS and no specific allocations for *e-extension services*

- **Robin Hood Tax of 0.05% on banks transfers of KSh 500,000.00 or more and raising the excise duty rate on mobile money transfers to 12% from 10%**
  These two taxes comprise *earmarked taxes* to be used to fund *Universal Health Care* that continues the policy "neglect" of improving availability and access to adequate food and good nutrition. The extra 2% excise duty on the value of mobile money payments transacted would have yielded KSh 6.7 billion monthly or approximately KSh 80bn annually based on March 2018 (latest available mobile money payments figures from CBK). If the extra excise from mobile money alone is assigned to a Universal Healthcare Fund, this would be the largest fund in the country, in many ways equivalent to an *in-country, non-oil sovereign wealth fund*. Parliament needs to scrutinize the creation and use of such a huge off-budget fund and possibly ensure a large portion is re-allocated to investments in explicit policies and programs targeted at improving FNS for **those who experience** chronic food insecurity.
  (Source: www.centralbank.go.ke/national-payments-system/mobile-payments/)

6.4 General investment incentives in the 2018 Budget Statement bypass FNS

General investment incentives announced in the 2018 Budget Statement include fiscal incentives through a "special operating framework arrangement" conditional on measurable deliverables and meeting of specific timeliness. The special incentives would apply across a range of tax legislation including VAT, Excise Duty, Miscellaneous Fees and Levies, and a preferential income tax rate under the Income Tax Act.

While giving the Treasury Cabinet Secretary the benefit of doubt that entities growing and producing food crops and livestock products would also be eligible, this *"special operating framework arrangement"* appears tailor-made for SEZ-style investments and **large scale industrial, agriculture.** Hence, this incentive framework may not be directly available for use by smallholder farmers and entities that can use it to improve food and nutritional security.

6.5 Tax proposals related to FNS are limited

The FY 2018/19 tax proposals contained in the Finance Bill 2018 appear to be designed solely to generate additional tax revenues of KSh 27.5 billion and to offer strategic incentives to encourage achievement of "The Big Four" Plan. **There are minimal tax proposals and incentives offered to promote food and nutritional security.**

The few taxation proposals that relate to food and nutritional security are reviewed below:

- **Customs Measures: Manufacturers of pesticides and acaricides are allowed to import raw materials and inputs under the EAC duty remission scheme,** to "encourage" local production and address risks that pests and vectors pose to crop and animal production.

  In general domestic production does not necessarily need artificial fertilizers. Artificial fertilizers are short term solutions feeding the plant and not the soil. They acidify the soil and degrade soil health in the long term. Large scale production of organic fertilizers as a long term solution to improve soil health should be the focus of investment and national production. At the same time, organic fertilizer use should be promoted amongst the farming community to increase soil health, decrease input costs and contribute to sustainable agricultural solutions.

- **Value Added Tax: Exemption from VAT of materials for the construction of grain storage facilities to support safe storage of food expanded in 2018 Budget to include equipment used in construction of the grain storage facilities** to lower costs of post-harvest storage.

  This would have gone further if VAT on the materials and equipment were *zero rated instead of exempt* as input VAT that goes into their production would be recoverable instead of being passed on as part of the costs.

- **Value Added Tax: Raw materials used in animal feeds exempted from VAT** to make animal feeds more affordable to farmers and attract manufacturers to invest in the sector as well as lower prices of animal feeds.

  Again, this incentive would have been more effective if VAT on the materials and equipment were *zero rated instead of exempt* as input VAT that goes into their production would be recoverable instead of being passed on as part of the costs.

Kenyans to pay more for food in proposed VAT Act
[Business Daily. Tuesday, June 5, 2018]

The cost of food, cooking gas and farm inputs is set to rise on proposed changes to the VAT Act, further raising the cost of living for poor households. Basic commodities set to cost more include maize, cassava and wheat flour, bread, milk and cream without sugar concentrates and other sweeteners, farm pest control products and liquefied petroleum gas. Others are medicaments such as vaccines for human and animals, raw materials for pharmaceutical manufacturers and supplies to marine fisheries and fish processors. This is if the legislators endorse the Tax Laws (Amendment) Bill, 2018, a government-sponsored Bill which went through the first reading in the National Assembly on April 18.

Tax consultants on Monday asked the legislators to reject the amendments to the Value Added Tax (VAT) Act which seeks to tax a number of basic commodities, presently zero-rated and exempted from the standard 16 per cent VAT.

Price increase
The proposed reclassification of the commodities from VAT zero-rated to exempt will result in a wave of price increases. “What it means to exempt from VAT is that manufacturers cannot recoup the input VAT… and they will factor it in pricing mechanisms,” PKF Tax Partner Michael Mburugu said. “The government is being short-sighted in… trying to use exemptions to deal with issues of VAT refunds, but we don’t believe unnecessary VAT refunds should be an issue in an era of iTax because everything, including invoices, are documented in the system.

Source: Business Daily Reporting on PKF Kenya Pre-Budget Media Briefing in June 2016 at Intercontinental Hotel in Nairobi.

7 Expenditure priorities in the 2018 Budget Statement in respect of FNS

The preceding section has demonstrated the **continuation in** the 2018 Budget Statement **of the national policy preference for large-scale commercial agriculture** and continued bias in favour of production for the market and export-oriented crops. Accordingly, the bulk of the fiscal incentives and earmarked taxes contained in the 2018 Budget are **not directed at food and nutritional security.** It iis therefore useful, from an FNS perspective, to interrogate the 2018 Budget Statement to understand why this is the case, and where the country's expenditure priorities lie, as a necessary step to re-orienting some of the expenditure towards FNS

The **"headline" expenditure priorities** stated in the FY 2018/19 Budget Statement are set out below:

- **fiscal consolidation**
  Reducing debt levels mainly through increasing taxes and tax rates as opposed to expenditure reduction (spending cuts, lower tax rates) and spending efficiencies that would be more appropriate to Kenya's high taxation levels and elevated public debt levels.

- **resource allocation to Big Four Plans**
  Overall allocations to State departments implementing Big 4 Plan do not show any appreciable change from the previous year when the country did not have the Big 4 Agenda. Accordingly, repeated references in the 2018 Budget Statement to "**allocating more resources"** to the Big 4 Plan are not supported by voted expenditure allocations.

- **pro-poor social protection programs**
  Includes cash transfers, education, and access to electricity and drought mitigation.

The 2018 Budget Statement misleadingly states total allocations to "The Big Four" as KSh 460 billion by introducing an expenditure classification called **Big Four sector drivers** and "**enablers**".

> *Extract from 2018 Budget Statement:*
>
> "Despite the planned fiscal consolidation, resource allocation criteria was aimed at ensuring that funding for "The Big Four" Plan was prioritized. In total, I have allocated around KSh 460 billion to "**The Big Four" sector drivers** and their **enabling sectors**"
> - 2018 Budget Statement pg 22.

This "misleading math" and brazen re-classification of spending in many unrelated state departments as Big 4 "**Enablers**" only serves to generate confusion among taxpayers and policymakers and to hide the true scale of expenditure on the Big Four pillars. The 2018 Budget has allocated very little or virtually no additional money to the Big 4 Plan (including FNS).

The next section details specific expenditure items contained in the 2018 Budget statement that relate to food and nutritional security.

7.1 Expenditures supporting food and nutritional security under "*The Big Four" Plan*

Specific allocations to enhance food and nutrition security and modernize agriculture:

- KSh 1.4 billion for **strategic food reserves**,
- KSh 1.9 billion for **Kenya Cereal Enhancement Programme**,
- KSh 0.5 billion for **mechanization of agriculture**,
- KSh 0.9 billion for **crop diversification** (in last year this included Miraa farmers)
- KSh 4.3 billion for **subsidized fertilizer**
- KSh 0.3 billion for **crop insurance schemes** to cushion farmers against climate risks,
- KSh 0.3 billion for **Fall Army Worm mitigation**
- KSh 8.5 billion for **irrigation projects**, **National Expanded Irrigation Programme** and **Smallholder Irrigation Programme** (Mwea, Bura, Galana Kulalu, Turkana) and micro irrigation in schools. There are no allocations cited for irrigating 700,000 additional acres.

2018 Budget allocations for **subsidized fertilizer** do not provide for direct subsidies to smallholder farmers to grow food crops for example through **cash vouchers** that can enable them to shop for the best quality and prices. A subsidized fertilizer scheme brings with it additional cause for concern if we are talking about subsidizing chemical fertilizers, incompatible with local soils that destroy biodiversity and soil nutrients over a long period of time (and therefore impact yields / harvests). The funds allocated to **crop diversification** are not broken down by crop (in last year's budget, these included allocations to farmers producing a narcotic crop, Miraa).

Allocations to harness natural resources and the blue economy

- KSh 0.575 billion for aquaculture technology development and innovation transfers to support development of the blue economy.

Allocations for managing water resources and safe-guarding the environment to preserve forests, enhance and protect the environment, control floods and harvest water:

- KSh 7.2 billion for Water Resource Management,
- KSh 33.7 billion for Water and Sewerage Infrastructure Development,
- KSh 2.9 billion for Environment Management and Protection,
- KSh 10.8 billion for Forests and Water Towers Conservation,
- KSh 8.3 billion for Integrated Regional Development,
- KSh 2.2 billion for Meteorological Services

2018 Budget allocations for water resources, managing the environment and harnessing the blue economy can contribute indirectly to enhancing food and nutritional security. However they are no substitute for direct policy interventions and budgetary allocations for primary food production and investments in sustainable farming techniques.

Out of the "KSh 460 Billion total" misleadingly classified as spending on the Big Four Plan, this Report has shown clearly that only miniscule amounts are allocated directly to FNS as noted below. In as much as these food security programs are an important component of the Government's constitutional responsibility to protect the right to food (Article 43, Constitution of Kenya 2010) in the **short term**, they are not investments with the medium to long term in mind, where creating an enabling environment in which Kenyans can **feed themselves**, in dignity, is the end goal.

The so called **Big Four Plan "Enablers"** do have some Budget allocations that are directly related to FNS:

- KSh 2.0 billion for **School Feeding Program** (under *human capital development* enabler)
- KSh 4.5 billion for **Kenya Hunger Safety Net Programme** (under Social Safety Nets outside **Big Four Sectors** and "***Enablers"***)

7.2 Institutional reforms supporting food and nutritional security

While implicitly recognizing **lack of credit to agriculture and food production** as a constraint to FNS, the 2018 Budget does not provide a comprehensive package of incentives, public investments and expenditure allocations that will appreciably close the current gap between the agricultural sector's contribution to GDP and merchandise exports (24% and 70% respectively) and credit to the sector –which is a scant 6% of total lending by the financial sector to all sectors.

The FY2018/19 Budget proposes to reform **Agricultural Finance Corporation (AFC) to help deliver on food and nutrition security** (under *Parastatal Reforms, Public Investments and Public-Private-Partnerships)* and to establish the Kenya Development Bank (KDB) as a cross-sector Development Finance Institution (DFI) for providing long term finance.

The *Presidential Taskforce on Parastatal Reforms* excluded from the mandate of KDB interventions related to agriculture and food. **The mandate for providing credit to farmers and long term capital to the agriculture and food sector was reserved to AFC which incorporates Agricultural Development Corporation (ADC)** and the state corporation responsible for development of the sector namely *Agriculture and Food Authority (AFA)* established under the AFA Act 2013. AFA also incorporates the *Commodities Fund* established under the Crops Act 2013 to provide accessible and affordable credit facilities to the agricultural sector.

These institutional arrangements (a DFI, a sector regulatory and development agency, and a *commodities fund*) were deemed sufficient to provide all required interventions in the agriculture and food sector.

AFA is responsible for administering the *Crops Act 2013* and several areas critical to agriculture and food security including:

- **Promoting best practices and regulating production, processing, marketing, grading, storage, collection, transportation and warehousing** of agricultural products excluding livestock products
- **Conducting farmers' training programs** to increase their knowledge of production technologies and market prospects for various types of crops (i.e. extension services)
- **Establishing experimental stations and seed farms** for development of crop varieties suitable to agro-climatic conditions of specific areas and markets
- **Ensuring secure domestic food supply for the country**
- **Formulating policies and guidelines on dealing with crops**

Hence the **Kenya Development Bank** that the June 2018 Budget Statement proposes to establish **may not have a great role to play in enhancing FNS.** At best, **KDB's mandate is likely to overlap with AFA, AFC and ADC in respect of agricultural sector** interventions and providing long term credit in support of FNS under "The Big Four" Plan. The Treasury needs to coordinate and harmonize its proposals with previous recommendations, existing legislation and agencies in the agriculture and food sector.

Government needs to go beyond **periodic tinkering with DFIs responsible for financing the agricultural sector and food production** and constantly creating new institutions to provide credit to smallholder farmers and MSMEs involved in agriculture and food production.

For example, the 2018 Budget has a glaring omission in that it does not contain any provisions for developing **farmer-owned and managed produce and marketing cooperatives**. Neither does it contain funding for small-scale interventions in agro-processing at the farm level or appropriate and sustainable technology.

The root problem appears to be the absence or lack of a comprehensive, holistic and agreed master plan for agriculture and food security comparable to the numerous industrial and manufacturing master plans that Kenya has prepared.

7.3 Financial sector reforms that may hamper food and nutritional security

The 2018 Budget Statement proposes **to remove interest rate caps as part of financial sector reforms to "increase" access to credit.** On the contrary, these reforms are more likely to hamper food and nutritional security by increasing the cost of the already meagre credit flowing to agriculture and food production especially by small holder farmers

Thus Treasury proposes to repeal Section 33B of the Banking (Amendment) Act, 2016 to "enhance access to credit" and minimize impact of the interest rate capping on credit provision including credit to the agriculture and food security sector.

This proposal will most likely lead to an immediate increase in the cost of credit and higher interest rates. These will in turn hinder investments in food and nutritional security. Small-scale farmers who rely on commercial loans for inputs will see an immediate increase in their borrowing costs.

The June 2018 Budget measures in respect of financial sector reforms are thus unlikely to contribute to improving FNS.

8 2018 Budget impacts on food & nutrition security in the next one year

The FY2018/19 Budget proposals **will on balance impact adversely on food & nutrition security in the next one year** based on the detailed review (above) of specific measures.

On balance in overall terms, the Budget proposals and measures will reduce food & nutrition security based on the April PBB Budget presented to the National Assembly and changes announced in the June 2018 Budget Statement that will be finalized in the Appropriations Bill 2018 and Finance Bill 2018.

Further proposed reforms in the Financial sector, principally the removal of interest rate caps, are also likely to reduce, not increase, credit to agriculture and thus impact adversely on investments in food and nutritional security.

9 Budget proposals and measures that can increase food & nutrition security

The Budget proposals that would be necessary to positively impact on food & nutrition security in the next one year fall under four broad areas:

a) Increased domestic food production: Identify and remove binding constraints to development of agriculture and food sector through policies and measures that address:

- **transport** (focus on rural feeder roads and transport to domestic and regional markets, enhancing market access for rural smallholder farmers)

- **enhance access to water for agricultural production** (including establishing appropriate water storage facilities and primary infrastructure for irrigation such as constructing multipurpose dams that go beyond those necessary for large scale water storage and flood control like the proposed *Grand Falls High Dam*, which is a prerequisite for irrigating up to 3 million acres in the lower Tana River Delta, to the mini and micro hydro dams and water pans needed to serve smallholder farmers at a local level over minor rivers like River Khuja).

- **energy** (provide similar incentives to those provided to manufacturers and industries so that policy and fiscal incentives for power and energy to manufacturing are matched by similar or equivalent, corresponding incentives to FNS and food production. The current differential system will promote manufacturing as favoured and food production as the "discouraged" sector)

- **increase provision of organic inputs** (this would include organic fertilizers, pesticides and fungicides as a means to supporting farmers' efforts to rejuvenate their soils and agro-ecosystems)

- **through the provision of extension services focus on improved animal and crop husbandry** including crop rotation, terracing slopes

- **cultivating greater diversity of crops** (supporting redevelopment of orphaned crops value-chains to utilize their potential to tolerate harsh weather conditions, water use efficiency and low capital requirement that makes it easy to mobilize their production amongst farmers. Examples include sweet potatoes, cassava, millet and arrow roots amongst others)

- **reform produce and marketing cooperatives (especially farmer-owned cooperatives serving smallholder farmers)** and corporatize their institutional form, instill best management practices and adopt the *new generation cooperatives (NGC)* model of diversified cooperatives with *limited liability subsidiaries and operating companies* pioneered in Canada and Spain (*Mondragon*). While Kenya's *cooperative sector* is relatively more developed compared to its peers in Africa and ranks 7th globally, the sector performs far below its potential in representing smallholder farmers. At this stage, Kenya's farmer-owned cooperatives in most leading jurisdictions potentially represent one of the most effective ways for smallholder farmers to organize and institutionalize production, processing and marketing of their produce – and therefore have any footprint in the food market. Farmer-owned cooperatives can also act to mitigate the inherent disadvantages of small-scale of operations and production of smallholder farmers by pooling resources together to give farmers the requisite large scale and economies of scale in production, sourcing inputs, marketing and financing and management at all levels in the value chain.

- **Introduce and subsidize appropriate low-tech mechanization** (for example foot-pump operated irrigation, low-tech on -farm processing machinery)

- **maintain and preserve an unbroken cold-chain** for vulnerable products (milk, dairy and fish mainly) through provision of coolers close to small scale producers

b) **shift policy and investment stance towards *feed-thyself-first* policies** as opposed to the current ***feed-the-market*** policies

c) **adopt reforms in the agriculture and food sector** developed by the *Presidential Task Force On Parastatal Reforms* (November 2013) particularly on:

- **institutional reforms in agricultural and food sector** to recognize AFC and ADC as a single consolidated sector DFI.

- **reform NCPB** as proposed by the *Presidential Task Force on Parastatal Reforms* (November 2013) namely to restructure NCPB by removing the mandate and responsibility over the *Strategic Grain Reserve* and transferring the latter to the parent Ministry and managing the commercial functions of NCPB (on a strictly commercial basis) in the nation's proposed **Investment Holding Company (Government Investment Corporation or GIC).** This would address the current systemic weakness in NCPB which has repeatedly made it a target and conduit over the years for fleecing farmers and public resources through importation of staple foods and commodities.

- **reform and re-purpose regional development agencies (RDAs)** as cross-county (inter-country) DFIs with the mandate of investing in infrastructure and value chains for agricultural and food security.

d) **allocate adequate budgetary resources** to agricultural and food sector and **ensure effective and efficient spending**:

- **allocate and earmark 50% of the National Government's Conditional Grants to County Governments** for FNS

- progressively increase budgetary allocations to the agriculture and food sectors to meet the constitutional obligation of the realization of the right to food for all Kenyans.

- **reduce post-harvest losses (PHL) from farm to fork** (for crops, livestock, fisheries, by investing in data on food production, consumption and food trade to enhance efficient distribution of produced food).

- **lower cost of inputs to agriculture and food production** (especially to smallholder farmers to improve their competitiveness in domestic and regional markets. Input subsidies should focus on the revitalization of agro-ecosystems to increase resilience to climate change, as well as facilitating local production of inputs to increase job opportunities)

- **restore and expand extension services to smallholder farmers on food crops** especially for purposes of imparting new and improved crop and animal husbandry techniques and sustainable farming practices; ensuring adequate and optimal crop rotation, crop spacing and crop diversification; spreading organic farming techniques and inputs; recycling on-farm “waste” into manure; scaling up small scale on-farm processing and low tech mechanization (e.g. growing more drought resistance crops like millet as opposed to maize). It’s easy to see how essential extension services are to smallholder farmers by looking at the best practices of large scale commercial entities, such as Kenya Breweries in barley production. They invest extensive resources in farmer training and extension services to optimize their yields, quality and production.

10 Re-imagining the budget and program areas for FNS

In addition to the critical investment areas outlined in Section 9 above, the ideal budget and programs that Kenya requires for **true transformation** of the agriculture and food sector differ from the current 2018 Budget Statement and allocations. Key outlines of a 're-imagined' Budget would include:

- **an alignment with a *feed-thyself-first* policy stance**
- **priority placed on food crops** as opposed to cash or export crops.
- **encouraging food processing for better distribution and re-distribution of food in the country**
- **10% of budget expenditures allocated to agriculture and food sector**
- **consolidation of agriculture and food sector state corporations and institutions**:
    - **single development finance institution AFC (**incorporating**, its wholly owned subsidiary ADC,** the **Commodities Fund** and **Lands Limited** that owns vast acres of land on behalf of ADC) to ensure adequate credit to the sector and facilitate access to additional land if necessary for use by smallholder farmers under appropriate lease and resettlement arrangements,
    - **single crops and livestock regulator** (AFA) by consolidating all crops, livestock, fisheries and blue economy state agencies.
    - **single research and innovation agency** (KALRO) by consolidating all research institutions and state agencies active in crops, livestock, fisheries and blue economy research and innovation; and providing the agency with a revised mandate to serve smallholder farmers as well as to assist food producers in adopting new/improved and sustainable technology and innovations
    - **single integrated electronic commodities exchange** to provide an integrated market place for smallholders and large scale farmers and producers. This would replace the current mix of disparate and manual "commodity" exchanges that are not linked to each other e.g. tea auction in Mombasa (manual), coffee exchange in Nairobi (electronic) and commodity exchanges for **other products (proposed)**
    - **consolidate produce and marketing cooperatives** to fewer, larger and better managed cooperatives with regional and continental scale (perhaps to no more than 3 per county for all crops, *multi-produce cooperatives, new generation cooperatives*, etc.)

- **National and County Budgets that progressively realize the *right to food* through**
    - **knowing who** experiences hunger in Kenya i.e. budgets geared to data collection and knowledge that identifies who is food insecure, by location and the underlying causes are essential to target policies, laws, institutions and budgets with a view to realizing the right to food.
    - **budgets with specific targets, policies, laws, institutions and incentives** (fiscal, financial, regulatory measures)

- **promoting income generating activities** to increase physical and economic access to food including **promoting family agriculture**
- **budgets that forge a partnership between Government and civil society for a rights based approach to food and nutritional security** and target social mobilization and education on the right to food.

11 Appendix: Selected agricultural and food security policies on 2013 Manifesto

Selected policies proposed five years earlier in the *2013 Jubilee Manifesto* to develop agriculture and ensure food security that appear to guide current policies on FNS announced in the *2018 Budget Statement:*

- **Introduce affordable state loans to subsidize fertilizer and farm equipment**
- **Establish vibrant national irrigation scheme** to open up more arable land (*2018 Budget statement targets establishing an additional 700,000 acres under irrigation).*
- **Encourage leasing of agricultural land** (*2018 Budget statement seeks to encourage contract farming)*
- **Provide extension services** (the 2018 Budget statement makes no mention of reinstating or investing in extension services)
- **Encourage creation of *Agricultural Investment Trusts (AITs)*** through tax incentives
- Incentivize **direct private investment into the agricultural sector**
- **Encourage mechanization and value addition** (repeated in the 2018 Budget statement)
- **Establish a national livestock insurance scheme** and evaluation system to ease pastoralists access to credit
- **Increase efficiency and productivity in agricultural production through mechanization and use of modern farming technology**
- **Enhance certified seed and fertilizer subsidy program** to reduce costs of food production and *manage inflation*.
- **Triple budgetary allocation to scientific research and information** and create a technology transfer framework to enhance agricultural productivity.
- **Place 1 million acres of land under irrigation**
- **Implement public-private partnership insurance scheme** to cushion livestock and crop farmers from risks, including disasters and effects of climate change.
- **Reduce the cost of credit by at least 50% of the commercial rate** to crop and livestock farmers)
- **Improve access to credit through** consolidating, rationalizing and capitalizing agricultural and livestock sector financial institutions especially Agricultural Finance Corporation (AFC) & Agricultural Development Corporation(ADC) *–almost the same exact policy measure repeated in the 2018 Budget statement 5 years after its was proposed in 2013 Manifesto*
- **Double and diversify national strategic food reserve to 40% of annual consumption.**

- **Increase the agriculture sector budget as recommended under the Maputo Declaration and attain food surplus** *(an ambitious goal not implemented 5 years later to allocate 10% of the Budget to Agriculture and food and nutritional security)*

- **Support commercial agriculture and livestock production** with necessary infrastructure including greenhouses, dams, silos, warehouses and coolers.

- **Facilitate pastoral communities to establish pasture banks** on traditional pasturing routes

- **Offer minimum guarantees to farmers on crop and produce prices** at the beginning of a crop season - policy oddly reminiscent of the old venerated *Guaranteed Minimum Return GMR* policy to farmers that was a casualty of the 1980s *Structural Adjustment Programs* SAPs

12 Appendix Budget allocations per *Program Based Budgets (PBB)*

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
TOTAL Agriculture and Food Security MDAs	38,065,674,249	37,402,850,028	54,810,138,628	44,371,783,521	57,841,355,381	61,921,846,616	63,708,637,604
		-1.7%	46.5%	-19.0%	30.4%	7.1%	2.9%

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Department for Livestock							
Livestock Policy Development and Capacity Building Programme	2,359,609,677	2,391,609,677	2,425,152,840	**2,938,052,804**	1,672,906,814	1,971,165,596	2,066,681,133
Livestock Production and Management	889,838,872	766,621,500	805,110,811	**1,200,829,600**	2,165,054,057	1,954,247,841	1,355,292,556
Livestock Product Value Addition and Marketing	575,927,180	605,927,180	2,269,626,553	**1,560,702,238**	1,428,268,076	2,328,725,867	2,608,457,924
Food Safety and Animal Products Development	748,319,848	705,319,848	740,061,289	**782,382,867**	342,452,509	368,045,111	367,793,603
Livestock Diseases Management and Control	960,295,551	1,156,295,551	878,695,714	**841,461,012**	649,851,083	932,328,236	990,682,316
Agricultural Research		0		**3,484,055,000**	0	0	0
Livestock Resources Management and Development	**5,533,991,128**	**5,625,773,756**	**7,118,647,207**	**10,807,483,521**	**6,258,532,539**	**7,554,512,651**	**7,388,907,532**
Annual growth		**1.7%**	**26.5%**	**51.8%**	**-42.1%**	**20.7%**	**-2.2%**
State Department for Crop Development							
Agricultural Policy, Legal and Regulatory 'Frameworks	340,756,467	188,722,324	3,390,690,208	**3,929,204,992**	2,642,243,307	3,087,632,275	3,141,603,592
Agricultural Planning and Financial 'Management	935,668,239	934,802,610	54,351,516	**61,527,203**	53,324,862	53,957,079	54,241,067
General Administration Planning and Support Services Sub Total	**1,276,424,706**	**1,123,524,934**	**3,445,041,724**	**3,990,732,195**	**2,695,568,169**	**3,141,589,354**	**3,195,844,659**
Land and Crops Development	2,146,817,358	2,231,839,348	655,628,798	**852,748,601**	8,121,237,516	10,781,643,898	10,796,540,544
Food Security Initiatives	3,159,920,895	3,057,130,898	10,756,244,295	**10,328,889,808**	10,969,173,828	10,714,921,263	11,275,542,203
Quality assurance and Monitoring of Outreach 'Services	5,198,945,700	3,815,353,913	2,075,466,392	**1,040,714,469**	1,850,562,006	1,931,540,930	1,989,360,503
SP 2.4 Agricultural Research	2,413,721,130	2,223,832,257	3,203,014,013	**-**			
Crop Development and Management Sub Total	**12,919,405,083**	**11,328,156,416**	**16,690,353,498**	**12,222,352,878**	**20,940,973,350**	**23,428,106,091**	**24,061,443,250**
Agribusiness and Market Development	3,349,201,127	3,342,515,596	1,077,730,299	**1,232,000,679**	1,574,814,318	1,290,842,232	1,296,798,147
Agricultural Information Management	45,096,780	62,016,668	51,216,995	**45,314,248**	42,404,455	43,580,042	44,708,043
Agribusiness and Information Management Sub Total	**3,394,297,907**	**3,404,532,264**	**1,128,947,294**	**1,277,314,927**	**1,617,218,773**	**1,334,422,274**	**1,341,506,190**
SP4.1Promotion of Irrigation and Drainage Dev.t and Management	11,701,681,103	11,391,340,309					
SP6.1LivestockPolicyDevelopment and Capacity Building Programme	21,362,096	21,752,893					
Other Programs Sub Total	**11,723,043,199**	**11,413,093,202**	**0**	**0**	**0**	**0**	**0**
Total Expenditure Agriculture (Now Crop Development)	**29,313,170,895**	**27,269,306,816**	**24,467,356,529**	**17,490,400,000**	**25,253,760,292**	**27,904,117,719**	**28,598,794,099**
Annual growth		**-7.0%**	**-10.3%**	**-28.5%**	**44.4%**	**10.5%**	**2.5%**

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Department for Fisheries, Aquaculture & the Blue Economy							
Aquaculture Development	241,028,204	188,677,587	127,925,910	**377,440,260**	410,288,841	473,476,554	508,841,170
Fisheries Policy, Strategy and capacity building	103,369,960	126,085,826	116,854,813				
Management and Development of Capture Fisheries	1,231,168,421	958,230,093	1,066,517,134	**167,230,133**	441,440,710	614,070,653	658,905,751
Assurance of Fish Safety, Value Addition and Marketing	53,908,459	1,067,723,188	553,398,934	**102,740,997**	156,546,731	154,055,725	181,060,264
Marine and Fisheries Research	1,589,037,182	2,167,052,762	2,318,500,000	**1,733,805,780**	468,000,000	605,316,729	623,238,129
Fisheries Development and Management Sub Total	**3,218,512,226**	**4,507,769,456**	**4,183,196,791**	**2,381,217,170**	**1,476,276,282**	**1,846,919,661**	**1,972,045,314**
General Administration, Planning and Support Services				**184,029,304**	163,006,252	205,018,329	217,424,822
Maritime Spatial Planning and Coastal Zone Management				**100,000,000**	469,080,485	418,149,451	441,095,175
Protection and Regulation of Marine Ecosystem and EEZ				**96,250,047**	33,263,356	57,751,602	62,371,738
Development and Management of Fishing ports and its Infrastructure				**63,000,000**	360,046,747	257,024,516	240,099,641
Blue Economy Policy, Strategy and Coordination				**65,350,980**	60,687,515	68,761,220	71,641,313
Promotion of Kenya as a Centre for Agro based Blue Economy				**20,452,499**	228,801,014	158,701,014	159,209,814
Development and Coordination Blue Economy Sub Total	**0**	**0**	**0**	**345,053,526**	**1,151,879,117**	**960,387,803**	**974,417,681**
Total Expenditure Fisheries, Aquaculture & the Blue Economy	**3,218,512,226**	**4,507,769,456**	**4,183,196,791**	**2,910,300,000**	**2,791,161,651**	**3,012,325,793**	**3,163,887,817**
Annual growth		**40.1%**	**-7.2%**	**-30.4%**	**-4.1%**	**7.9%**	**5.0%**
State Department for Irrigation (Spun Off from Agriculture)							
Land Reclamation			52,024,260	**48,678,842**	54,900,000	182,495,743	190,068,975
Irrigation and Drainage			0	**7,274,861,246**	7,375,276,225	8,981,878,601	9,931,359,507
SP 4.1 Promotion of Irrigation and Drainage	0	0	13,158,913,841	**0**			
Development and Management Sub Total			**13,210,938,101**	**7,323,540,088**	**7,430,176,225**	**9,164,374,344**	**10,121,428,482**
Water Storage and Flood Control			5,830,000,000	**3,300,000,000**	8,039,000,000	5,840,717,551	5,845,078,522
Water Harvesting	0	0	0	**2,530,000,000**	2,400,000,000	2,234,000,000	2,234,000,000
Water Storage and Flood Control Sub Total			**5,830,000,000**	**5,830,000,000**	**10,439,000,000**	**8,074,717,551**	**8,079,078,522**
Total Expenditure for Irrigation	**0**	**0**	19,040,938,101	13,163,600,000	17,976,128,745	17,360,014,668	18,319,517,798
Annual growth				**-30.9%**	**36.6%**	**-3.4%**	**5.5%**

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Department for Agricultural Research (new in 2019/19)							
General Administration, Planning and Support Services				**0**	47,580,000	50,280,000	50,280,000
Crop Research & Development				**0**	359,532,824	378,532,824	378,532,824
Livestock Research & Development				**0**	3,994,159,330	4,310,278,961	4,416,170,014
Fisheries Research & Development				**0**	1,160,500,000	1,351,784,000	1,392,547,520
Agricultural Research & Development	**0**	**0**	**0**	**0**	**5,561,772,154**	**6,090,875,785**	**6,237,530,358**
Annual growth						**9.51%**	**2.41%**

Report prepared for the **Route to Food Initiative** by
Alexander G. Owino
Consultant and Financial Sector Specialist
T: +254 721 476 598 E: alexanderowino@yahoo.co.uk