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CORONA VIRUS PANDEMIC ON THE KENYA PUBLIC FINANCE ENVIRONMENT: A CALL TO ACTION!

21st March 2020

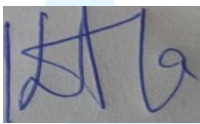
The Institute of Public Finance (IPFK) is an independent nonprofit think tank based in Nairobi and aspires to further ideas of open Public Finance Management systems through research, trainings and capacity strengthening.

During this period when the Novel Coronavirus (COVID-19) pandemic has hit the country, The Institute of Public Finance Kenya calls for:

- The National and county governments to reprioritize spending by quickly preparing supplementary budget estimates for the FY 2019/20. This should focus on spending cuts for non-core areas like foreign travel, training and hospitality which according to Controller of Budget cumulatively spent Ksh 6.8 billion in the first quarter of FY 2019/20 at the national level.
- The National Treasury and county treasuries to prioritize resourcing for frontline health workers like Community Health Workers (CHW) from the contingency fund and emergency funds respectively.
- The Cabinet Secretary National Treasury to initiate a process for deferment of Value Added Taxes (VAT) for March 2020, April 2020 and May 2020 and for VAT payments to be made on payments received and not on invoices issued.
- The County governments to responsibly utilize emergency funds as allocated under the various FY 2019/20 county's appropriation Acts and pursuant to section 110 to 114 of the Public Finance Management Act 2012.
- The Parliament through its established systems like parliamentary committees to ensure accountability of public resources during this period by requiring adequate transparency through publication and publicizing of emergency response disbursements on monthly basis.
- The Parliament to provide legislative guidance on the constitutional requirements for participation on the FY 2020/21 budget process by citizens at the national and county level
- The Central bank to consider adjusting the Central Bank Rate (CBR) downwards which will signal easing of monetary policy and a prompt interest rates to be adjusted downwards.

- The Kenya Revenue Authority to ensure that interest or penalties do not accrue on unpaid business taxes like Presumptive and Turnover tax during this period and to allow for deferment of instalment taxes.
- The Debt Management Office at the National Treasury provides monthly policy updates on the public debt and the mitigation measures to avoid defaults and further provide to parliament an adjusted borrowing program.
- The National Treasury to avoid spending cuts on severely adversely sectors like **Tourism** and **budgets for the most vulnerable** in the society like cash transfers and immunizations
- The Office of the Auditor General to be ready to audit Kenya's Covid -19 emergency response spending and provide the public with assurance that there was value for emergency funds spending and help identify ways of improving our financial management system for future deployment in pandemic times
- The Parliamentary (Senate and National Assembly) Accounts Committee to be prepared to act on the Office of the Auditor Generals recommendations on the resource deployment in response to Covid-19 at both national and county level.

Ends.



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