



**Public Statement  
By Okoa Uchumi Coalition**

To:

1. Amb. Ukur Yatani  
Cabinet Secretary National Treasury and Planning
2. Mr. Benedict Clements  
Mission Chief for Kenya, International Monetary Fund
3. Mr. Tobias Rasmussen  
Resident Representative for Kenya, International Monetary Fund
4. Mr. Abebe Selassie  
African Department Director, International Monetary Fund
5. Dr. Patrick Njoroge  
Governor Central Bank of Kenya
6. Hon. Kimani Ichungwa  
Chairperson of the National Assembly Budget and Appropriations Committee
7. Hon. Joseph Limo,  
Chairperson of the National Assembly Finance and Planning Committee
8. Senator Mahamud Mohamed  
Chairperson Senate Finance and Budget Committee

**Urgent Call for Debt Relief, Transparency and Accountability in Management of COVID-19  
Emergency Funds to Ensure they Respond to the Needs of the People Affected**

*8<sup>th</sup> May 2020*

The Okoa Uchumi Coalition identifies Kenya's debt levels as unsustainable and an imminent threat to Kenya's economic and political stability. We have identified the exacerbating factors of the debt crisis as the systematic violation of public finance requirements in debt management and the prioritization of dubious mega infrastructure projects informed by vested interests. The Okoa Uchumi Coalition is a platform committed towards working with all stakeholders to redress Kenya's debt crisis by pushing for political responsibility and accountability.

We the undersigned civil society organizations, and members of the Okoa Uchumi Coalition, note with concern the outbreak of COVID-19 has come at a time when the economy of Kenya is extremely vulnerable due to high debt repayment demands, a depressed economic environment, historic underinvestment in the health sector, a large unsupported informal sector, high food prices and depleted strategic grain reserves, all exacerbated by the failure to curb corruption and financial mismanagement.

Despite this dire context, we acknowledge government efforts so far in responding to the COVID-19 pandemic and the steps taken to mitigate the economic effects on households and businesses. We appreciate the IMF and World Bank Group (WBG) efforts to expedite their responses and to instill the necessary sense of urgency. The IMF approved the disbursement of US\$739 million to be drawn under the Rapid Credit Facility to support the government of Kenya response to the COVID-19 pandemic on 6<sup>th</sup> May 2020.<sup>1</sup> The World Bank Group (WBG) approved \$50 million in immediate funding to support Kenya's response to the global COVID-19 (coronavirus) pandemic on 2<sup>nd</sup> April 2020.<sup>2</sup> But we are not yet close to the scale needed to tackle the crisis. **The government of Kenya must use all means to protect and boost its limited resources in order to slow and stop the pandemic and avert economic collapse.**

<sup>1</sup> <https://www.imf.org/en/News/Articles/2020/05/06/pr20208-kenya-imf-executive-board-approves-us-million-disbursement-address-impact-covid-19-pandemic>

<sup>2</sup> <https://www.worldbank.org/en/news/press-release/2020/04/02/kenya-receives-50-million-world-bank-group-support-to-address-covid-19-pandemic>

**Kenya needs debt relief: We call on the government to immediately make available additional financing through seeking further movement on debt relief.**

- The government should formally request debt payment suspension to make use of the G20<sup>3</sup> agreement reached in April 2020. We also hope to see the IMF extend debt relief to Kenya through its Containment and Catastrophe Relief Trust which it has already granted relief to 25 countries with. The IMF should also support Kenya to discuss debt relief with the World Bank and other multilateral and private creditors which have not made any commitments as of yet.
- We support the government's call for debt relief<sup>4</sup> from all its external lenders at this time. However, we note that this does not preclude the need to bring to account those responsible for irresponsible borrowing and large-scale looting of borrowed funds.
- The government should actively participate in continental wide efforts at the African Union and UN levels to design debt relief initiatives similar to the previously implemented HIPC debt relief initiative. Debt relief will result in increased fiscal space availing resources towards public health response and implementing mitigation measures to limit adverse economic impacts of the COVID-19 pandemic.
- The government should complete the enactment of the Debt Policy and Borrowing Framework and institute proposed checks and balances and update the Medium-Term Debt Strategy 2020 in line with the COVID-19 realities.

**Transparency and accountability in the management of COVID-19 Emergency Response Funds.**

Being aware that crisis such as COVID-19 create a loophole for corruption, we wish to point out that there have already been flagged instances of mismanagement of COVID-19 emergency response funds - which currently total an estimated KES 102,807,972,350<sup>5</sup> as of 6<sup>th</sup> May 2020 both in kind and cash donations. We wish to reiterate that transparency and accountability are key in ensuring that the existing emergency funds and the funding IMF is disbursing to Kenya goes to protecting the lives and livelihoods of the most vulnerable due to the pandemic.

- **Fiscal Transparency and Accountability.** We call upon the government to manage the COVID-19 emergency response funds both current and future from other sources including the World Bank and IMF (Rapid Credit Facility) with ruthless accountability, transparency and robust public engagement to ensure proper targeting of interventions, value for money and prevention of corrupt practices. The government should disclose its: COVID-19 response plan, estimated budget and planned revenue raising measures; and its fiscal, budget, and spending data audits to facilitate the tracking and reporting of emergency response expenditures both at the national and county government levels. The information disclosed should detail the expenditure information spent under the different projects towards curbing COVID-19, revenue raising measures and amount of funds raised and managed under the COVID-19 Emergency Response Fund Board, funds allocated and disbursed to counties to aid in dealing with the COVID-19 crisis, amount used in cash transfers to cushion Kenyans from the effects of the pandemic and the method of identification of the cash transfer beneficiaries taking into account families that have been rendered vulnerable by the pandemic.
- **Stakeholder engagement and civic space.** With financial support moving into Kenya swiftly, it is crucial to have independent civil society tracking and monitoring how those funds are spent. We ask the IMF and World Bank to do all they can to protect and promote a strong role for civil society capable of holding government accountable for using these resources responsibly and transparently, and for the institutions to provide technical support to civil society for such monitoring efforts.
- **Open Contracting.** The government should take express measures to ensure open contracting measures are adhered to by timely publishing procurement plans and notices for all emergency response activities—including the name of awarded companies and of beneficial owners.

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<sup>3</sup> <https://www.imf.org/en/News/Articles/2020/04/17/pr20168-world-bank-group-and-imf-mobilize-partners-in-the-fight-against-covid-19-in-africa>

<sup>4</sup> <https://www.president.go.ke/2020/04/04/africa-to-pursue-loan-waivers-as-safeguard-against-adverse-economic-impact-of-coronavirus/>

<sup>5</sup> <https://actionfortransparency.org/covid-19/aid/>

- **Performance Management Framework.** The government should provide an updated performance management framework for monitoring of the response.

**Set up a special fund/ringfence funds under the National COVID fund to support small informal traders**

- We urge government to urgently identify those sectors in the informal trade affected by COVID-19 and provide financial support for their recovery.
- We urge government to provide a back to work package for informal traders on very soft terms. We therefore propose that support to the informal sector be channeled through financial institutions, with the Micro and Small Enterprises Authority to provide oversight. The delivery mechanism should be through existing local level informal trader chamas and groups.
- We propose the enactment of special regulations for the Micro and Small Enterprises Development Act (section 51) to establish The Micro and Small Enterprises Emergency Covid Response Fund. The objective of the fund will be to support and stimulate micro, small and medium enterprises rendered vulnerable by COVID-19 pandemic. The regulations should provide for the administration of the fund and eligibility and verification of informal traders.

**Safety net for job loss in informal sector and casual workers**

- The government has already identified the need to set up cash transfers to vulnerable households. We urge the government to step up the implementation of its measures to cushion vulnerable households affected by job loss and business closure, specifically households with low income jobs through a robust and transparent social protection mechanism. The Constitution in Article 21(3) defines the vulnerable as including women, older members of society, persons with disabilities, children, youth, members of minority or marginalized communities, and members of ethnic, religious or cultural communities. The government needs to provide a definition of those considered vulnerable under the COVID emergency response. The government also needs to identify the vulnerable households. We propose a triangulation of county level data sources including community health, county social services, county chiefs, village elders and local NGO's/CBO's. The status of household vulnerability should be closely monitored through the same community structures.

**Prioritize COVID-19 response**

- While being cautious not to divert spending from existing essential health services and other crucial needs, we call on government to institute measures to curb non-priority expenditure including suspending non-essential large infrastructure projects and redirect funds to COVID-19 Response. This will increase fiscal space availing resources towards public health response and implementing mitigation measures to limit adverse economic impacts of the COVID-19 pandemic.

**The statement is supported by the following civil society organizations**

**OXFAM in Kenya**  
**Transparency International Kenya**  
**The Institute for Social Accountability**  
**Interreligious Council Kenya**  
**PAWA 254**  
**Diakonia Sweden**  
**Kenya Human Rights Commission**  
**Institute for Public Finance Kenya**  
**International Budget Partnership**