



NATIONAL ASSEMBLY

**REMARKS BY HON. KIMANI ICHUNGWA'H, CBS, M.P., CHAIRPERSON OF
BUDGET & APPROPRIATIONS COMMITTEE DURING THE LAUNCH OF THE FY
2020/21 AND THE MEDIUM-TERM BUDGET PREPARATION PROCESS**

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Ag, Cabinet Secretary, National Treasury & Planning, (Hon. (Amb) Ukur K. Yatani),
Principal Secretary, National Treasury, (Dr. Julius M. Muia, PhD, EBS),
Principal Secretary, State Department for Planning (Mr. Saitoti Torome, CBS),
Invited Guests,
Ladies and Gentlemen,
Good Morning

1. It is my pleasure to be with you here today in this great event of the launch of the FY 2020/21 and Medium-Term Budget Preparation Process. As you may be aware, budget making is a process that entails four critical stages namely: i.) Policy setting and strategic planning, ii) Budget preparation and approval, iii) execution and iv) accounting and evaluation. Today's event plays a crucial role in fine tuning the policy setting and strategic planning of the government that will subsequently influence budget preparation, approval and execution.
2. The Constitution of Kenya 2010 significantly changed the way the public budgets are prepared. It introduced a legal framework that gave the power of the purse to the legislature. Parliament now has an enhanced role in the budget process which and approvals on resource mobilization, allocation, monitoring and control. In carrying out this function, Parliament is expected to ensure that national priorities are upheld in the budget and to promote accountability, transparency and public participation in the budget process.

3. One of the founding fathers of the United States of America, Mr. Benjamin Franklin once said that *by failing to prepare, you are preparing to fail*, therefore such an event is important to the country. I am a strong believer that the national budget is the most important tool for any country. The priorities spelt out in the budget will assist the nation to move towards achieving its goals for its citizens. We have 11 years left to achieve Vision 2030. So far, we have been able to implement some key projects as envisioned in this policy document but a lot still needs to be done for Kenya to achieve an economic growth of 10 percent per year as well as attain and sustain an upper middle-income society.
4. In addition to working towards Vision 2030, in December 2017, the President announced his new plan, the ‘Big Four’, which would guide the development agenda of the country in the period 2018-2022. The plan focuses on key basic needs that are critical in uplifting the standard of living of Kenyans and lifting the country to upper middle-income Status by 2030. It is worth noting that we have only two years left for this plan to be realized. There is need therefore to ensure that every project contained in the Big Four Plan is on track.
5. As the Chairperson of Budget and Appropriations Committee, I interact with the public a lot. There is a growing concern that the cost of living is high, with high levels of unemployment among the youth. The ballooning public debt and numerous delayed and stalled projects are also emerging concerns. As we prepare the FY 2020/21 budget, there is need to formulate strategies on how to tackle the issues highlighted above.
6. Looking at the programme, I can see that there is a topic on *Macroeconomic Outlook for the Medium Term*. I urge the National Treasury

to have a realistic macro-economic outlook this time around. We are all aware that resources are limited but the needs are unlimited. Overestimation of revenue due to an over optimistic macro framework leads to in year budget cuts as witnessed in previous financial years. This has greatly affected the implementation of various programs especially development projects. In addition, it should be noted that in the part of economic growth projections were anchored rarely on major policy shifts but merely based on good weather outlook and a stable macro-economic environment. Completion of some of the ongoing infrastructure projects or implementation of Big Four Agenda can be a critical boost to sustainably higher economic growth.

7. Before I conclude, allow me to highlight the issue of stalled projects which have become a menace at both the National and County level. It is estimated that there were over Kshs. 396.9 billion worth of stalled National government projects as at June 2018. As we prepare the Budget for FY 2020/21 kindly prioritize the stalled projects so that we can unlock the idle capital and boost our economic performance.
8. It is also worth mentioning that the country's public debt is a great concern. Kenya's current public debt stands above 50 percent of the country's Gross Domestic Product (GDP) or above Kshs. 5.8 trillion. As debt continues to grow, it means that the fiscal space shrinks because debt repayment is a first charge therefore other critical expenditures may be denied. There is need therefore to curtail the spiraling debt as Kenyans by agreeing to live within our means.
9. As I conclude, please note that as legislators we will be vigilant and will continue supporting the Executive in the implementation of the national government policies. I am aware I am not the main speaker of this event. Therefore, allow me to stop.

Thank you.