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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT (SECOND SESSION) - 2023

PUBLIC DEBT AND PRIVATIZATION COMMITTEE

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REPORT ON THE EXPENDITURES OF THE CONSOLIDATED FUND SERVICES UNDER THE SUPPLEMENTARY ESTIMATES I FOR FY 2023/24

THE NATIONAL ASSEMBLY

DATE: 16 NOV 2023 | DAY: THUR

TABLED BY: HON. ABDI SHURIE, MP CHAIRPERSON

CLERK-AT THE-TABLE: FINLAY MURIUKI

NOVEMBER 2023

TABLE OF CONTENTS

LIST OF ACRONYMS & ABBREVIATIONS 3
ANNEXURES 4
CHAIRPERSON'S FOREWORD 5
ACKNOWLEDGEMENTS 6
PREFACE 8
Establishment and Mandate of the Committee 8
Membership of the Committee 8
Committee Secretariat 9
Parliamentary Budget Office 9
1) INTRODUCTION 10
2) REVIEW OF CONSOLIDATED FUND SERVICE EXPENDITURES 12
a) Public Debt Service Expenditures 12
b) Pension Expenditures 13
c) Salaries, Allowances & Other Miscellaneous Expenditures 13
3) SUBMISSION BY THE NATIONAL TREASURY 14
4) SUBMISSION BY THE CONTROLLER OF BUDGET 15
5) SUBMISSION BY THE CENTRAL BANK OF KENYA 18
6) COMMITTEE OBSERVATIONS 20
7) COMMITTEE RECOMMENDATIONS 21

LIST OF ACRONYMS & ABBREVIATIONS

ABP	Annual Borrowing Plan
CBK	Central Bank of Kenya
CFS	Consolidated Fund Services
GDP	Gross Domestic Product
MSMEs	Micro-, Small and Medium-sized Enterprises
MTDS	Medium Term Debt Management Strategy
OCOB	Office of the Controller of Budget

ANNEXURES

Annex 1	Adoption Schedule
Annex 2	Adoption Minutes
Annex 3	Stakeholder Submissions

CHAIRPERSON'S FOREWORD

The Supplementary Estimates I for FY 2023/2024 that were tabled on the floor of the House on Thursday 26th October 2023 proposes significant changes under the Consolidated Fund Services (CFS) expenditures. Supplementary Estimates I. These expenditures comprise of public debt service, pensions and gratuities, salaries and allowances for holders of constitutional and independent offices, and guaranteed debt. In line with Article 221(7) of the Constitution, these expenditures are exempted from the Appropriations Act and therefore represent a direct charge on the Consolidated Fund

The Supplementary Estimates I for FY 2023/2024 proposes to increase total CFS expenditures by Kshs. 242.52 billion (13 percent), from Kshs. 1.84 trillion in the approved estimates Supplementary Estimates I, to Kshs. 2.08 trillion. This sharp increase is attributable to the impact of the depreciation of the Kenyan shilling against major currencies and increased cost of borrowing due to high interest rates. This has resulted to higher expenditure on both interest servicing and redemption expenditures.

The Committee notes with concern that CFS expenditures currently constitute the largest expenditure component of the National Government budget. There is a need to enhance the oversight capacity of the National Assembly over these expenditures in order to promote transparency and accountability. This may require amendments to the National Assembly Standing Orders to provide for adequate reporting requirements and setting procedures for processing CFS expenditures once budget estimates are submitted to the National Assembly for consideration.

Examination of the Consolidated Fund Service Expenditures (CFS), Supplementary Estimates I for FY 2023/24

The Committee has examined the proposed changes to the Consolidated Fund Services (CFS) Expenditures in line with its mandate and has prepared this report for consideration by this House. In reviewing the CFS expenditures, the Committee held 4 sittings during which, it held productive deliberations with key stakeholders and received their submissions. These include the Office of the Controller of Budget, National Treasury and the Central Bank of Kenya.

Key Recommendations

Arising from these consultative engagements, the Committee recommends:

i. That, noting the increasing public debt servicing expenditures, the National Treasury should submit to the National Assembly, within ninety days, a report proposing measures to reduce the debt servicing expenditures by Kshs. 500 billion over a 5-year period. The fiscal space created should be sustainable and utilised for development purposes only.

ii. That, upon adoption of this report, the National Treasury to publish on a quarterly basis the quantum new debt acquired, paid and projected payment for the next quarter.

iii. That, the National Treasury and the Office of the Attorney General, should within ninety days, submit to the National Assembly an amendment Bill to the Public Finance Management Act 2012, proposing the necessary measures to minimise and/or prevent incurrence of commitment fees on loans.

iv. That, in order to stabilize the exchange rate and increase the inflow of foreign currency, the National Treasury, should include the following measures in the 2024 Budget Policy Statement and Medium Debt Management Strategy:

   a) Enhance the five key priorities of the Bottom-Up Transformation Agenda (BETA) (Agriculture, MSMEs, Affordable Housing, Digital and Creative Economy and Health) by including: a) export driven manufacturing, b) mining sector and c) financial & insurance sector, in order to enhance their contribution to GDP growth. These sectors are key in generation of foreign earnings and ordinary revenues, required to meet public debt servicing expenditures;

   b) Review and enhance policies designed to boost Kenya's tourism industry;

   c) Propose new policy interventions that will increase diaspora remittances and the role of the diaspora in in promoting economic growth;

   d) Undertake economic reforms and establish domestic environment to attract Foreign Direct Investment and international investors;

   e) Increase the efficiency of absorption of loan financing; and

   f) Increase the share of grant financing of the national budget and safeguard the usage of the same.

v. That, the National Treasury and the Central Bank of Kenya should submit to the National Assembly, within six months, regulations to guide the sustainable use of the Government Overdraft Facility.

vi. On Salaries and Allowances for constitutional and independent office holders:

   a) That, the National Treasury should submit a report to the National Assembly within thirty days, detailing actual expenditure on salaries and allowances for the past five years; and

   b) The office of the Auditor General should undertake a special audit on the allocations and disbursements over the past five years and submit a report to National Assembly within 6 months.

ACKNOWLEDGEMENTS

The Committee extends its gratitude to the Office of the Speaker, the Office of the Clerk of the National Assembly for the support extended in fulfilling its mandate of reviewing the Consolidated Fund Service Expenditures under the Supplementary Estimates I I for FY 2023/24. Sincere gratitude is also extended to the National Treasury, the Office of the Controller of Budget, and the Central Bank of Kenya, for honouring the invitation and providing critical information.

Finally, the Committee would like to appreciate the Parliamentary Budget Office for the extensive technical assistance provided in the review of the Consolidated Fund Service Expenditures and the finalization of this report.

It is therefore my pleasant undertaking, on behalf of the Public Debt and Privatization Committee, to table this report and recommend it for adoption by this House.

SIGNED

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HON. ABDI SHURIE, MP.
<u>CHAIRPERSON, PUBLIC DEBT & PRIVATIZATION COMMITTEE</u>

16/11/23
....

DATE

PREFACE

Establishment and Mandate of the Committee

The powers of each House of Parliament to establish committees and to make standing orders for the orderly conduct of its proceedings are provided for under Article 124 of the Constitution of Kenya, 2010. For critical oversight over matters relating to public debt and debt guarantees, public-private partnerships and privatization of national assets, standing order 207A establishes the Public Debt and Privatization Committee with specific mandates, such as:

i. Oversight public debt and guarantees, pursuant to Article 214 of the Constitution
ii. Examine matters relating to debt guarantees by the National government;
iii. Oversight Consolidated Fund Services excluding audited accounts;
iv. Examine reports on the status of the economy in respect of the public debt;
v. Oversight public-private partnership programmes by the national government in respect of the public debt; and
vi. Oversight privatization of national assets

This Committee is therefore mandated, among other functions, to examine the Consolidated Fund Service Expenditures and propose recommendations to the House for adoption.

Membership of the Committee

The Public Debt and Privatization Committee as currently constituted, comprises of the following Members of Parliament: -

CHAIRPERSON
Hon. Abdi Shurie, M.P.
Balambala Constituency
Jubilee Party

VICE-CHAIRPERSON
Hon. (Dr.) Makali Mulu M.P
Kitui Central Constituency
Wiper Party

Hon. Junet, Mohamed S.N. CBS. M.P
Suna East Constituency
ODM Party

Hon. Mohamed, Abdikadir Hussein, M.P
Lagdera Constituency
ODM Party

Hon. Omboko Milemba M.P
Emuhaya Constituency
ANC Party

Hon. (CPA) Suleka, H. Harun. M.P
Nominated MP
UDM Party

Hon. (Dr.) Irene Kasalu M.P
Kitui County
Wiper Party

Hon. Chege Njuguna M.P
Kandara Constituency
UDA Party

Hon. Kwenya, Thuku Zachary, M.P
Kinangop Constituency
Jubilee Party

Hon. Abdi Ali Abdi, M.P
Ijara Constituency
NAP-K

Hon. Kipkoros, Joseph Makilap M.P
Baringo North Constituency
UDA Party

Hon. Letipila, Dominic Eli, M.P
Samburu North Constituency
UDA Party

Hon. Aden Daud, EBS, M.P
Wajir East Constituency
Jubilee Party

Hon. Kirwa, Abraham Kipsang, M.P
Mosop Constituency
UDA Party

Hon. (Dr.) Daniel Manduku, M.P
Nyaribari Masaba Constituency
ODM Party

Committee Secretariat

In the preparation of this report, the Committee was facilitated by the following staff:

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Parliamentary Budget Office

The Committee also received technical support from the following staff of the Parliamentary Budget Office:

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Ms. Julie Mwithiga
Fiscal Analyst I

1) INTRODUCTION

1. The Supplementary Estimate I for FY 2023/24 were submitted to the National Assembly on 26th October 2023 in line with Article 223 of the Constitution and Section 44 of the Public Finance Management Act. According to Standing order 207(A), the Public Debt & Privatization Committee is mandated to consider the expenditures of the Consolidated Fund Services and submit a report to the House.

2. The Consolidated Fund Service (CFS) Expenditures are mandatory expenditures that form a direct charge to the Consolidated Fund and are excluded from the Appropriations Act, subject to Article 221(7) of the Constitution. The CFS expenditures comprise of: Public Debt Servicing Expenditures, Pension and gratuity Expenditures, Salaries and allowances for holders of Constitutional and independent offices, and other miscellaneous expenditures such as payment for guaranteed debt.

3. The Supplementary Estimates I for FY 2023/2024 proposes to increase total CFS expenditures by Kshs. 242.52 billion (13 percent), from Kshs. 1.84 trillion in the approved estimates to Kshs. 2.08 trillion. This sharp increase is attributable to the impact of the depreciation of the Kenyan shilling against major currencies and increased cost of borrowing due to high interest rates. This has resulted to higher expenditure on both interest servicing and redemption expenditures. As such, CFS expenditures will increase by 33 percent from FY 2022/23 to stand as follows:

   a. Public Debt servicing Expenditures – Kshs. 1.87 trillion
   b. Pension Expenditures – Kshs. 189.09 billion
   c. Salaries and Allowances – Kshs. 4.74 billion
   d. Miscellaneous services – Kshs. 60.5 million
   e. Guaranteed debt – Kshs. 18.92 billion

4. Notably, this is the first time the Consolidated Services expenditures have exceeded the Kshs. 2 trillion mark and will account for approximately 13 percent of Gross Domestic Product (GDP). This was not expected to occur not until FY 2026/27 and shows the impact exchange rate depreciation on external debt servicing expenditures and increased refinancing pressures from bullet payments from commercial debt resulting to rising debt servicing expenditures and accelerating growth in CFS Expenditure.

5. Over the past 10 years, CFS expenditures have experienced higher growth rate than any other government expenditures. In FY 2013/14 CFS expenditures amounted to only 266.4 billion but have increased at an annualised growth rate of 22.8 percent, annually to reach Kshs. 2.08 trillion in FY 2023/24. Revenue annualised growth rate is estimated at 10.9 percent annually. Given that CFS is a first charge to the consolidated fund, this growth has limited the fiscal space to undertake other critical government expenditure priorities and caused fiscal inflexibility due to resultant liquidity constraints. As such, there is need to put in place measures to reduce these non-productive expenditures over the medium term.

6. The increase in the CFS expenditures is majorly attributable to the surge in Public Debt servicing expenditures that have increased by 15 percent accounting for 99 percent of the growth. Supplementary Estimates I. The balance is a result of combined increases on payments for gratuity, Kenya Airways Guaranteed Debt and increase in salaries and

allowances attributed to employer contribution to Housing levy for state officers in line with the Finance Act of 2023. There are no changes to pension expenditures.

7. The Public Debt Servicing Expenditures, include interest and redemption payments, related to Kenya's public debt stock of that amounted to Kshs. 10.52 trillion (end August 2023) and comprised of Kshs. 4.81 trillion (46 percent) and Kshs. 5.71 trillion (54 percent) in domestic and external debt, respectively. Between June 2022 and June 2023, the public debt stock grew by Kshs. 1.62 trillion, the highest increase in Kenya's public debt on record. The increase is as a result of increase in domestic debt stock by Kshs. 503.02 billion and external debt by Kshs. 1.12 trillion, on account of increased borrowing, cost of borrowing and the impact of depreciation of the shilling.

8. In the past year, the Kenyan Shilling has experienced a notable depreciation against both global and regional currencies. Specifically, it has seen a reduction in value against the US Dollar (23 percent), GB Pound (38 percent), Euro (33 percent), Uganda Shilling (21 percent), and Tanzania Shilling (12 percent). This weakening trend in the shilling can be attributed to increase in import demand, declining amounts of Foreign Direct Investment and readjustment policy to revalue the currency close to its equilibrium price. This depreciation has had a substantial impact on the debt stock and debt servicing expenditures as indicated by this report.

9. The Supplementary Estimates I, proposes to increase the overall budget by Kshs. 187.28 billion from the Kshs. 3.74 trillion in approved estimates to Kshs. 3.93 trillion. The increased budget is a result of increases to Ministerial National Government expenditure and expenditures for the Consolidated Fund Services (CFS). The Ministerial expenditures have been adjusted upwards by Kshs. 83.76 billion in gross recurrent expenditures and a Kshs. 41.97 billion reductions in gross development expenditure.

10. To Finance these expenditures, the resource envelope in the Supplementary Estimates I has been adjusted upwards with the target for total revenue collection increasing by Kshs. 37.2 billion from Kshs. 2.98 trillion (18.3 percent of GDP) to Kshs. 3.02 trillion (18.7 percent of GDP) with the bulk of the additional revenue expected to be collected in the form of Appropriations in Aid arising from the Housing Development levy, investment income and Grants.

11. The resultant fiscal deficit for FY 2023/24 is estimated to reach Kshs. 861.3 billion (or 5.3 percent of GDP) and is an increase from Kshs. 718.9 billion (or 4.4 percent of GDP) under the approved budget and is therefore expansion of the fiscal deficit that will require additional borrowing to be financed. The new deficit is to be through net external/Foreign Borrowing of Kshs. 412.1 billion and Net Domestic Borrowing of Kshs. 449.2 billion

12. This will bring the borrowing framework closer to the approved strategy under the 2023 Medium Term Debt Management Strategy (MTDS) of 50:50 for domestic to external borrowing, respectively. While the target for net domestic borrowing has been reduced (from Kshs. 584.2 billion to 449.2 billion), the target for net external/foreign borrowing has been increased (from Kshs. 131.5 billion to Kshs. 412.1 billion). The overall financing structure places greater emphasis on concessional and semi-concessional multilateral

borrowing with a reduced amount of commercial borrowing (reduced from Kshs. 270 billion to Kshs. 175.1 billion).

13. The framework for increased borrowing should be coupled with increased rate of disbursement of loans, primarily concessional and semi-concessional loans. Low disbursement rate of loans, according to the Controller of Budget (COB), resulted in the payment of Kshs. 499 million between July 2022 to September 2023 (first three months of FY 2023-2024) in commitment fees for loans yet to be disbursed, while other charges relating to external loans repayment (not relating to interest and principal) amounted to Kshs. 1.89 billion.

14. Increased disbursement rate is critical in lowering the overall cost of transaction fees incurred during borrowing and enables loans acquired to effectively contribute to economic development in a durable manner that will lower government debt ratios, improve fiscal position and lower vulnerability to public debt risks.

2) REVIEW OF CONSOLIDATED FUND SERVICE EXPENDITURES

a) Public Debt Service Expenditures

15. Supplementary Estimates I, revises public debt servicing expenditures upwards by Kshs. 240.8 billion from the approved Budget. External debt service expenditures will account for Kshs. 216.7 billion (90 percent) of the increase while domestic debt servicing expenditures will account for Kshs. 24.1 billion (10 percent). The larger impact to the external debt servicing is accountable to currency depreciation and increased cost of borrowing. Despite this increase in external debt service expenditures, domestic debt servicing expenditures will continue to account for the largest share of CFS expenditures by amounting to Kshs. 1.23 trillion (60 percent).

i. Payments for Public Debt Interest Expenditure

16. Total interest servicing expenditures have been revised to Kshs. 918.8 billion following an increase of Kshs. 143.7 billion from Kshs. 775.1 billion under the Approved Budget. Due to currency depreciation, external debt interest payments will account for 87 percent (Kshs. 125.6 billion) of these increases while domestic debt interest payments will account for 13 percent (Kshs. 18.1 billion).

17. Domestic debt interest expenditures have been revised to Kshs. 646.36. billion. This is as a result of Kshs. 18.1 billion (3%) net increase accruing from increases and decreases in interest payments for different bonds. The Supp. I Estimate now includes interest expenditures for bonds not previously captured under the budget estimates such as: FXD1/2023/2 - (Kshs. 4.4 billion), b) FXD1/2023/3 - (Kshs. 10.9 billion) and c) FXD1/2023/5 - (Kshs. 4.2 billion), and reduction of interest servicing for bonds such as a) FXD1/2019/5 - Kshs. (2.33 billion), b) FXD2/2019/15 - Kshs. (2.95 billion), and c) IFB1/2017/7 Kshs. (2.53 billion). Other notable increases include Kshs. 2.8 billion increases to Government Overdraft Interest Charges (to reach Kshs. 8.4 billion) and Kshs. 6.7 billion increases to Short-term Borrowing (T-Bill Interest) to Kshs. 76.4 billion.

18. External debt interest expenditures have been revised to Kshs. 272.5 billion, an increase of Kshs. 125.6 billion from Kshs. 146.9 billion as indicated under the approved budget estimates, accountable to currency depreciation. Despite the increase, external debt

interest payments account for the smallest share of total interest expenditures - 30 percent.

ii. Payments for Public Debt Redemption Expenditure

19. Total expenditure to meet maturing debt has been revised to Kshs. 947.2 billion following an increase of Kshs. 97 billion from Kshs. 850.1 billion under the Approved Budget. On account of adjustment for currency depreciation, external debt redemption payments will account for 97 percent (or Kshs. 91 billion) of the increase while domestic debt redemption expenditure will account for 7 percent (or Kshs. 6 billion).

20. Domestic Debt redemption is set to increase by Kshs. 6 billion (2%) from Kshs. 374.54 billion to Kshs. 380.54 billion in the revised estimates for FY 2023/24. The increase is on account of a new provision of Kshs. 6 billion for the repayment for an on lent loan from the International Monetary Fund (IMF).

21. External debt redemption payments have been revised to Kshs. 566.7 billion following an increase of Kshs. 91.1 billion (19%) from Kshs. 475.6 billion as provided under the approved budget. The increase is primarily attributed to the increase value of the principal payment for the USD 2.0 Billion International Sovereign Bond which is projected to increase by Kshs. 69.9 billion (29%) from Kshs. 241.75 billion to Kshs. 333.6 billion.

22. Other contributors are a syndicated loan by the Trade Development Bank (TDB) which will amount to Kshs. 61.3 billion (Kshs. 11.47 billion (23%) increase), maturing Exim Bank of China loans that will increase to Kshs. 99.96 billion (Kshs. 10.99 billion or 12% increase) and maturing bilateral loans from Belgium that will amount to Kshs. 2.1 billion following a Kshs. 1.88 billion increase.

23. While in the short-term reduction in the repayment a loan may ease repayment pressure over the medium term, it is observed that this may pose escalation of debt obligation over the long-term if not coupled with the appropriate debt management policies designed to reduce the overall cost of debt.

b) Pension Expenditures

24. There are no changes to expenditures related pension and gratuity benefits under the Supplementary Estimates I. These will remain at Kshs.189.09 billion FY 2023/24. However, it is noted that the pensions obligations are going to increase over the medium term by Kshs. 39.51 billion (21%) in the financial year 2025/26 through Financial Year 2026/27. This increase will be largely influenced by an increase in ordinary Pension by Kshs. 17.42 billion, Commuted pension by Kshs.16.12 billion and Public Service Superannuation Scheme by Kshs. 5.98 billion.

c) Salaries, Allowances & Other Miscellaneous Expenditures

25. Salaries and allowances for holders of Constitutional and Independent Offices: This class of expenditures are expected to rise marginally by Kshs. 10 Million to Kshs. 4.737 billion in the revised estimates due to the allocation of Kshs. 10 million to gratuities for the office of the Director of Public Prosecutions.

26. Employer contribution to the Housing levy Fund: This is a new line of expenditure introduced into the CFS expenditures. For FY 2023/24 it contains an allocation of Kshs.

45 million for shortfalls in the employer contribution to Housing Levy and is a one-off payment with no allocations for the rest of the medium term.

27. There are no other changes to National Social Security Fund (NSSF) and the loan management expenses have remained static at Kshs. 12.5 million and Kshs. 3 million respectively.

28. Payment for guaranteed debt will increase marginally to Kshs. 18.92 billion, an increase of Kshs. 1.74 billion, from Kshs. 17.19 billion as provided under the budget estimates. This is on account of the impact of currency depreciation on principal repayment on the foreign component of guaranteed debt by Kshs. 3.17 billion which is offset by a Kshs. 1.43 billion reduction in interest payments, which remains unexplained.

3) SUBMISSION BY THE NATIONAL TREASURY

The Committee was informed that:

29. The budget for Consolidated Fund Services for FY2023/2024 is being implemented in a period when the country is experiencing the effects of multiple external shocks that has led to increase in interest rates at both international and domestic debt capital markets and, depreciation of the Kenya shilling against other foreign currencies.

30. As of 31st September, 2023 Gross Public Debt increased by Kshs. 310 billion to Kshs. 10.58 trillion compared to KSh.10.27 trillion at end of June 2023. The Gross Public Debt comprise Kshs. 5.66 trillion (53.5 percent) external debt and Kshs. 4.92 trillion (46.5 percent) domestic debt. The depreciation of Kenya Shilling has been the primary driver of nominal growth of external debt.

31. In the FY 2023/24 Budget, the total net financing to close the Budget Deficit was Kshs. 718 billion. This planned financing was through Net Domestic Financing of Kshs. 587.4 billion and Net External Financing of Kshs. 131.5 billion.

32. In the Supplementary Estimates I for FY 2023/4, the Budget Deficit has been revised upward to Kshs. 861.3 billion. Net Foreign Financing is up to Kshs. 412.1 billion while Net Domestic Financing has been revised downward to Kshs. 449.2 billion. The upward revision in Net External Financing was due to new sources of external concessional financing from multilateral agencies and the increased cost of domestic borrowing.

33. In the first quarter of Fiscal Year 2023/24, total financing stood at Kshs. 143.7 billion of which Net External Financing was Kshs. 61.7 billion while Net Domestic Financing stood at Kshs. 82.0 billion.

34. In the domestic debt market, investors have maintained preference for short-term government securities reflecting rising interest rates occasioned by current tight liquidity conditions, and depreciation of the Kenyan shilling. Interest rates on 91-day Treasury Bills rose from 8.6 percent in quarter 1 of FY 2022/23 to 15.3 percent in Quarter 1 of the current fiscal year.

35. In Quarter One of the Fiscal Year 2023/4, external debt service payments stood at KSh.151.1 billion comprising principal repayments of Kshs. 89.4 billion and interest payments of Kshs. 62.7 billion. Domestic interest payment was Kshs. 125.9 billion while the redemptions of Treasury Bills and Treasury Bonds were rolled-over. The Government has not accumulated any debt arrears.

36. On the External debt service assumptions, it was indicated that preparation of external debt service projections for both interest and principal is based on computerized debt register - Debt Management System (CS-DRMS). The Debt Management System generates debt service projections by currency of each loan and is then converted to Kenya shillings and aggregated by Creditor country. The National Treasury utilized the exchange rate assumptions and are in tandem with the IMF program.

37. Interest on commercial loans (Kshs. 467 billion) to be borrowed in FY 2023/24 have been provided for under the budget line for new loans. The applicable interest rates are the prevailing indicative market rates (13 percent) in the commercial bank syndicate market while yields in the Eurobond market are applied for the International Sovereign Bonds including the rollover of the maturing US$ 2 billion Eurobond in June 2024.

38. Floating exchange rates (LIBOR/SOFR, EURIBOR, OTHER floaters) are assumed to remain close to the current levels in the medium term. The 6 months LIBOR/SOFR assumed to remain at the region of 5.5 percent in the medium term while the EURIBO 6 months at percent 4.1 percent.

39. Interest on domestic debt was revised by taking into account actual issuance of Treasury Bonds as at end October, 2023 with their Coupons as determined by the market and redemptions as projected per fiscal year.

40. Any new issuance from November for Treasury bond was assumed at an average interest rate of 18.53 percent based on the issuance at the primary market rates as of 16th October, 2023 increased by 10 per cent due to rising market rates as a result of inflation and exchange rate effects. The rollover of Treasury Bills is assumed to be at an interest rate of 16.52 per cent for value date 16th Oct, 2023.

41. The increase in the Fiscal Year for 2023/24 Budget Deficit to Kshs. 861 billion from Kshs. 718.0 billion is primarily due to rise in debt service costs driven by the depreciation of the Kenya shilling and rise in interest rates.

42. The amendments to the Annual Borrowing Plan for FY 2023/24 will be effected once the overall budget is approved by Parliament. The National Treasury will revise the external borrowing plan and in consultation with the Central Bank of Kenya revise the domestic borrowing plan. The two plans will be consolidated and submitted to the Cabinet Secretary National Treasury & Economic Planning for approval. The new Annual Borrowing Plan will be posted on the National Treasury Website.

4) SUBMISSION BY THE CONTROLLER OF BUDGET

The Committee was informed that:

43. Overall, the government has faced challenges in its revenue mobilisation efforts. This has led to introducing a number of taxes aimed at enhancing the revenues to implement the budget and service the public debt. For effective budget implementation, taxation measures should be complemented with a reduction in new loans and targeted fiscal consolidation.

44. Considering the current public debt levels, new public borrowing should only be undertaken for projects that will a positively affect the national budget. In addition, and as part of public debt management, there is a need for a review of government accounting

policies to ensure the accurate recording of public debt that will ensure the matching of borrowed funds to the projects funded by these funds.

45. Finally, fiscal consolidation should be aimed at eliminating unnecessary expenditures. It is noted that the government has expressed commitment to undertake fiscal consolidation to enable it to achieve a deficit financing target of 3 percent of GDP by FY 2026/2027.

46. The National Treasury initiated the preparation of the first supplementary budget in September 2023. Once approved by Parliament, the process will result in the increase or decrease in the printed estimates for FY 2023/24. Through the supplementary budget, the National Treasury has proposed to increase the allocation to the Consolidated Fund Services (CFS) by Kshs. 242.56 billion (13.2 percent) from Kshs.1.84 trillion to Kshs.2.08 trillion.

47. On interest Payments, there is a positive variance of Kshs.18.09 billion which translates to 2.9 percent on Interest Payments on Domestic Debt. The upswing may be attributed to higher interest rates or increased borrowing requirements. There is a positive variance of Kshs. 125.61 billion on External Debt Interest payments which translates to 85.5 percent.

48. This substantial variance indicates a noteworthy surge in external debt servicing costs, influenced by global economic conditions and exchange rate fluctuations. Cumulatively, there is a Positive Variance of Kshs.143.7 billion or 18.5 percent in domestic and external debt interest payments suggesting a significant rise in total interest payments costs.

49. On principal redemptions, there is a Positive Variance of Kshs. 6 billion (1.6 per cent) that may be attributed to changes in economic conditions or refinancing needs. There is a positive variance of Kshs. 91.06 billion (19.1 per cent) on External Debt principal redemption possibly influenced by global economic conditions and currency depreciation. The cumulative variances in domestic and external debt suggest a significant increase in total principal redemption. Overall, there is a Positive Variance of Kshs. 240.76 billion (14.8 per cent) in the interest and principal redemptions result in a substantial increase in the total Public Debt Service costs.

50. There is a 236.5 per cent increase in the interest rate repayment due to the acquisition of new loans of Kshs. 15.57 billion to Kshs. 51.0 billion. Other interest rate allocations with notable spikes are for Exim Bank of China, TDB Syndicate, and 2018 International Sovereign Bond (USD 2.0 billion) at 126.3 percent, 126 per cent, and 27.4 per cent, respectively.

51. The highest increase in the redemption of public debt allocation was to cater for Debut International Sovereign Bond (USD 2.0 billion) of Kshs. 69.88 billion (28.9 per cent). This is followed by the Trade Development Bank (TDB) syndicate, and Exim Bank of China with movements in their redemption allocation of Kshs.10.99 billion (12.3 per cent) and Kshs.11.47 billion (23.0 per cent) respectively.

52. The total allocation towards servicing of domestic debt is still the largest burden in the debt payment with an allocation of Kshs.1.03 trillion (55.0 per cent of public debt allocation).

53. On salaries and allowances, there is a positive variance of Kshs. 10 million or 0.2 percent. Salaries and Allowances items have significant unexplained budget allocations which are

later revised downwards in the consecutive supplementary budgets. This practice remains unexplained by the National Treasury.

54. The total exchequer issues to the various components of the Consolidated Fund Services account as of 7th November 2023 indicated that the highest proportion of the total budget allocation for the FY 2023/24 is Public Debt, which accounts for 88.3 per cent of the total budget allocation, followed by Pensions and Gratuities at 10.3 per cent and Salaries Allowances and Miscellaneous (SAM) at 1.5 percent.

55. Public debt received the highest exchequer issues of Kshs. 440.4 billion, which accounts for 89.3 per cent of all exchequer issues for the period to service public debt.

56. Public Debt repayments and Pensions and Gratuities have the highest expenditure percentages. The overall absorption rate for the CFS stands at 26.8 percent against the expected average absorption rate for the four months at 33.3 percent.

57. The increase in the Supplementary Estimates I for external debt service of Kshs.216.67 billion (principal redemption and interest repayment) to Kshs. 839.14 billion from Kshs.622.47 billion is partly attributed to the depreciation of the Kenya shilling. For instance, the exchange rate was Kshs.136.0 to the dollar as of 30th April 2023 before it depreciated to Kshs. 151.4 as of 7th November 2023, translating to an 11.3 percent loss in the value of the shilling.

58. The depreciation of the local currency has led to an increase in the value of dollar-denominated public external debt equivalent to the percentage decline in the local currency. Currently, more than 60 percent of the external public debt is denominated in US dollars, resulting in a significant increase in public external debt service cost.

The Controller of Budget made the following proposals to the Committee, that:

59. To effectively manage the high cost of external debt service, the government should implement measures to curb the continued depreciation of the shilling against the dollar. Options such as reviewing the current borrowing policy to develop measures to ensure public debt sustainability is maintained in the medium-term to long-term should be pursued.

60. The government should consider public debt restructuring, where an engagement with bilateral creditors to review debt repayment terms should be explored. Other measures that the government may consider include:

61. Enhancing fiscal consolidation will lead to an expansion in the tax base and a reduction in unnecessary expenditures. This will reduce the fiscal deficit and public debt accumulation. In addition, measures are required to improve loan disbursements and curtail commitment fees annually.

62. To enhance oversight and transparency, maintain regular progress reporting to oversight institutions on capital projects financed through debt financing. The report should include feasibility studies and details of commitment fees on such loans.

63. The Budget Policy Statement (BPS) for FY 2023/24 noted that the pension wage bill had increased exponentially, posing a fiscal risk. For instance, in the period July to November 2023, the cumulative expenditure for 44.73 billion. Adequate measures should be taken to fast-track Pension and Gratuities conversion from Defined Benefit to Defined

Contribution. In addition, the proposal in the BPS to have a pension arrangement that covers the workforce in both formal and informal payrolls should also be actualized.

64. The Extended Credit Facility offered by the International Monetary Fund (IMF) has been necessary due to the prolonged balance of payments shortfalls. This facility comes with certain minimum conditions which may impact on fiscal policy, that may negatively impact budget implementation and the overall economy, if proper assessments and evaluations are not carried out. Therefore, the National Treasury should conduct a thorough review of these policies to protect the economy from some negative impact.

65. There should be measures to enhance transparency and accountability in managing CFS expenditures, including conducting regular audits, publishing financial reports, and promoting citizen participation in the budgetary processes. For instance, from July 2022 to September 2023 (first three months of FY 2023-2024), the government paid a total of Kshs. 499 million towards commitment fees for loans yet to be disbursed, other chargers relating to external loans repayment (not relating to interest and principal) was Kshs. 1.89 billion.

66. In addition, the charges relating to Concessional Loans are not disclosed. The National Treasury should publish more information about CFS spending, including the breakdown of costs and debt-funded projects. An explanation on why CFS budget relating to Salaries, Allowances and Miscellaneous Services is significantly inflated in the original estimates then later revised downwards, should also be included.

5) SUBMISSION BY THE CENTRAL BANK OF KENYA

The Committee was informed that:

67. The Central Bank of Kenya (CBK) is the fiscal agent of the government in the issuance and redemption of Treasury Bills and Treasury bonds. CBK also pays external debt service on behalf of Government. The debt service, comprising principal and interest payments, constitutes about 89 percent of total Consolidated Fund Service (CFS) expenditures.

68. The Supplementary I Budget estimates include revenue enhancement measures. However, the rise in expenditures offsets this adjustment in revenues resulting in a wider overall projected budget deficit. The increased expenditure emanates largely from higher projected external debt service. Interest payments are projected to rise by Kshs. 83.2 billion (equivalent to 51 percent of the rise in current expenditure).

69. The budget deficit is expected to increase to 5.3 percent of GDP compared to 4.8 percent in the revised budget. However, this is lower than the 5.9 percent recorded in the FY 2022/23 indicating government's commitment to fiscal consolidation program.

70. The proposed revenue enhancement in the Budget is welcome. The projected revenue collection is about 19 percent of GDP compared to collections of more than 20 percent of GDP in the 1990s to 2000s.

71. In comparison to the previous year, CFS expenditures are projected to increase by Kshs. 525.9 billion to Kshs. 2,078.9 billion (12.9 percent of GDP) reflecting increases in debt service particularly domestic interest and redemption of external debt. The foreign interest payments are projected to almost double on increased external debt uptake and depreciation of the Kenya shilling against major international currencies. Amortization

of external debt is expected to increase significantly due to the redemption of the USD 2.0 billion Eurobond (about Kshs. 311.6 billion).

72. In comparison with the budget estimate, the CFS expenditure are projected to rise by Kshs. 242.6 billion, largely due to an increase in external debt service that account for 89.3 percent. The CFS expenditures are expected to continue exerting pressure on the government budget as the debt service is still consuming half of total revenue with interest payments alone taking 30 percent of revenue in FY 2022/23

73. On August 9, 2023, The National Treasury advised CBK in its role as Fiscal Agent of the Government that net domestic borrowing target for FY 2023/24 was Kshs. 316.9. billion. Which would be met majorly through the issuance of Treasury bonds. Due to tight liquidity, the capacity of the domestic market to finance the deficit especially in the last two financial years has been limited. CBK raised 89 percent of the borrowing program target in FY2021/2022 and 94 percent (Kshs. 447 billion) of the FY2022/23 borrowing target.

74. In the supplementary I, the FY2023/24 net domestic financing has been revised upwards to Kshs. 449.2 billion from Kshs. 316.9 billion in the revised budget while net foreign financing is projected to decrease to Kshs. 412.1 billion.

75. The Kenya shilling has depreciated against major currencies in the recent past. In the year to October 2023, the Shilling lost 23.4 percent against the US dollar. This has had a negative impact on the stock of external debt and external debt service. In the four months FY 2023/24, the stock of external debt is estimated to have increased by Kshs. 382.6 billion on account of exchange rate depreciation alone. In addition, the budgeted external debt service is estimated to have increased by Kshs. 6.9 billion over the same period. The exchange rate continues to exert pressure on the external debt service.

76. The Government overdraft facility at the CBK is intended to provide temporary accommodation to the Government by offsetting fluctuations between receipts from budgeted revenue and payments (CBK Act S.46(l)(3)). The facility is limited to 5 percent of the gross recurrent revenue of the Governments previous year's audited accounts. The current limit is Kshs. 97.04 billion. As at October 30, 2023, the available space was Kshs. 23.1 billion since Kshs. 73.9 billion had already been utilized.

77. CBK launched the Central Securities Depository (DhowCSD) system that is transforming Kenya's financial markets through enhanced operational efficiency and expansion of digital access, market deepening for broader financial inclusion, and improved monetary policy operations.

The Central Bank of Kenya made the following proposals to the Committee, that:

78. Going ahead, there is need to stay the course on the fiscal consolidation plan, by continued mobilization of revenue and expenditure rationalization in order to stabilize debt and move decisively towards the target of 55 percent in Net Present Value (NPV) of debt to GDP ratio.

79. In response to the on going currency depreciation, this was partly caused by capital flight and there was need to put in place policies to enhance local exports, inflows of foreign direct investment and support the tourism industry.

6) COMMITTEE OBSERVATIONS

80. Arising from the submissions above, the Committee made the following pertinent observations:

i. CFS expenditures are projected to increase by Kshs. 525.9 billion to Kshs. 2.08 billion (12.9 percent of GDP) reflecting increases in debt service particularly domestic interest and redemption of external debt in comparison to the previous year. The foreign interest payments are projected to almost double on increased external debt uptake and depreciation of the Kenya shilling against major international currencies.

ii. CFS expenditures have increased, over the last ten years from Kshs. 266.4 billion in FY 2013/14 to over Kshs. 2 trillion in FY 2023/24 spurred by increases in public debt servicing expenditures. This indicates an increase of liquidity constraint as these expenditures are a direct charge to the Consolidated Fund, and expenditure constraint as they are currently the largest expenditure head of the National Government.

iii. In FY 2023/24 the USD 2.0 billion Eurobond amortization expenditure of Kshs. 311.6 billion and related interest payments of Kshs. 20.9 billion will have a substantial increase in debt. The National Treasury should prioritise the repayment of this Bond and other accruing large debt servicing expenditures in the medium term. As such, Kshs. 50 billion should be reallocated from the Kshs. 200 billion allocated annually for the redemption of treasury bills towards the buyback of the maturing Eurobond and subsequently allocated on an annual basis to meet bullet payments over the medium.

iv. There is need for transparency and accountability in managing CFS expenditures, including conducting regular audits, publishing financial reports, and promoting citizen participation in the budgetary processes. The Committee has noted that such provisions would have been provided under an act of Law but the resolutions relating to submission of a Bill to Parliament to regulate CFS expenditures remain unimplemented.

v. The increase in CFS expenditures also indicates increase of expenditures that are largely non-productive in nature. A reduction of CFS expenditures, primarily debt servicing expenditures, will be key in ensuring that budgetary outlays have an increased role in economic development.

vi. There is no specific line item showing how commitment fees are paid under CFS expenditures as commitment fees are amalgamated with interest payments. According to the COB, between July 2022 and September 2023 a total of Kshs. 499 million was incurred as commitment fees for loans yet to be disbursed, other chargers relating to external loans repayment (not relating to interest and principal) rose to Kshs. 1.89 billion.

vii. That House resolutions, based on numerous Committee reports, designed to address the incurrence of Commitment Fees, remain largely unimplemented.

viii. Between January 2023 and October 2023, the Shilling has depreciated against the USD and the Euro by 24 percent and 32 percent, respectively. The USD and Euro currencies account for approximately 67 percent and 19 percent of the currency denomination of the stock of public debt, respectively and their depreciation will have the highest impact.

ix. Despite the calls for fiscal consolidation, the Supplementary Estimates I will increase the fiscal deficit target for FY 2023/24 from 4.4 percent (or Kshs. 718.9 billion) of GDP to 5.3 percent (or Kshs. 861.3 billion) of GDP. This fiscal path deviates from the desired fiscal deficit target of 4.4 percent as set under the 2023 MTDS. This new fiscal deficit is to be financed through increased borrowing of concessional and non-concessional loans from the International Monetary Fund (IMF), the World Bank and other multilateral lenders.

x. With the rise of public debt servicing expenditures to reach Kshs. 1.83 trillion in FY 2023/24, there is need to undertake Debt reorganization that will restructure the stock of public debt and create sustainable fiscal space through reduction of public debt stock aimed at reducing debt servicing expenditures by Kshs. 500 billion over the 4-year period and create sustainable fiscal position for implementation of critical development expenditure priorities.

xi. In order to stabilize the Exchange rate or prevent/slow down further currency depreciation and increase the capacity of the treasury to the increasing numbers of foreign denominated bonds, there is need to double the level of Foreign Direct Investment (FDI), increase economic output targeting export markets and increase donor financing and efficient utilisation of donor resources.

xii. The Government overdraft facility at the CBK is intended to provide temporary accommodation to the Government by offsetting fluctuations between receipts from budgeted revenue and payments. However, the facility continues to be utilised as a long-term facility resulting in high interest rates. This indicates a lack of policy direction in the use of a facility that may be used to smoothen tax revenue fluctuations and minimise liquidity constraints.

xiii. The National Treasury has not provided sufficient information to support to the allocation of Kshs. 4.7 billion to meet Salaries and Allowances for holders of constitutional and independent offices. Committee, in its report on the Consolidated Fund Services Expenditures for Supplementary II – FY 2022/23(Tabled on 21st February 2023), had noted that Salaries and allowances had been revised downwards by Kshs. 707 million thus indicating a possible overbudgeting of this class of expenditures. Similar observation is contained in the Committees Report on the Approved Budget estimates tabled on 21st June 2023.

7) COMMITTEE RECOMMENDATIONS

81. Arising from these consultative engagements, the Committee recommends:

i. That, noting the increasing public debt servicing expenditures, the National Treasury should submit to the National Assembly, within ninety days, a report proposing measures to reduce the debt servicing expenditures by Kshs. 500 billion over a 5-year period. The fiscal space created should be sustainable and utilised for development purposes only.

ii. That, upon adoption of this report, the National Treasury to publish on a quarterly basis the quantum new debt acquired, paid and projected payment for the next quarter.

iii. That, the National Treasury and the Office of the Attorney General, should within ninety days, submit to the National Assembly an amendment Bill to the Public Finance Management Act 2012, proposing the necessary measures to minimise and/or prevent incurrence of commitment fees on loans.

iv. That, in order to stabilize the exchange rate and increase the inflow of foreign currency, the National Treasury, should include the following measures in the 2024 Budget Policy Statement and Medium Debt Management Strategy:

g) Enhance the five key priorities of the Bottom-Up Transformation Agenda (BETA) (Agriculture, MSMEs, Affordable Housing, Digital and Creative Economy and Health) by including: a) export driven manufacturing, b) mining sector and c) financial & insurance sector, in order to enhance their contribution to GDP growth. These sectors are key in generation of foreign earnings and ordinary revenues, required to meet public debt servicing expenditures;

h) Review and enhance policies designed to boost Kenya's tourism industry;

i) Propose new policy interventions that will increase diaspora remittances and the role of the diaspora in in promoting economic growth;

j) Undertake economic reforms and establish domestic environment to attract Foreign Direct Investment and international investors;

k) Increase the efficiency of absorption of loan financing; and

l) Increase the share of grant financing of the national budget and safeguard the usage of the same.

v. That, the National Treasury and the Central Bank of Kenya should submit to the National Assembly, within six months, regulations to guide the sustainable use of the Government Overdraft Facility.

vi. On Salaries and Allowances for constitutional and independent office holders:

c) That, the National Treasury should submit a report to the National Assembly within thirty days, detailing actual expenditure on salaries and allowances for the past five years; and

d) The office of the Auditor General should undertake a special audit on the allocations and disbursements over the past five years and submit a report to National Assembly within 6 months.

SIGNED

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HON. ABDI SHURIE, MP.
CHAIRPERSON, PUBLIC DEBT & PRIVATIZATION COMMITTEE

16/11/23
....

DATE

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

13TH PARLIAMENT – (SECOND SESSION)

MINUTES OF THE 71ST SITTING OF THE SELECT COMMITTEE ON PUBLIC DEBT AND PRIVATIZATION, HELD ON 16TH NOVEMBER, 2023, AT 11.00 AM, IN SMALL DINING COMMITTEE ROOM, NEW WING, PARLIAMENT BUILDINGS.

MEMBERS OF PARLIAMENT PRESENT.

1. **Hon. Abdi Shurie M.P. – Committee Chairperson**
2. Hon. (Dr.) Irene Kasalu, M.P
3. Hon. (Dr.) Daniel Manduku, M.P
4. Hon. Aden Daud, EBS. M.P
5. Hon. Kwenya, Thuku Zachary, M.P
6. Hon. Mohamed, Abdikadir Hussein, M.P
7. Hon. Chege Njuguna, M.P
8. Hon. Letipila, Dominic Eli, M.P
9. Hon. Kirwa, Abraham Kipsang, M.P.

MEMBERS OF PARLIAMENT ABSENT WITH APOLOGY

1. **Hon. (Dr.) Makali Mulu M.P. – Committee Vice-Chairperson**
2. Hon. Junet, Mohamed S.N, CBS. M.P
3. Hon. Omboko Milemba, M.P
4. Hon. Joseph Makilap, M.P
5. Hon. Abdi Ali Abdi, M.P
6. Hon. CPA. Suleka H. Harun, M.P

THE COMMITTEE SECRETARIAT

1. Mr. Chacha Machage - Lead Clerk/Fiscal Analyst I
2. Mr. Job Mugalavai - Clerk Assistant / Fiscal Analyst III
3. Mr. Collins Mahamba - Audio Officer III
4. Ms. Yasmin Hassan - Sergeant at Arms.

MIN/NO.NA/PDPC/2023/71.1 PRELIMINARIES

The Chairperson Hon. Abdi Shurie MP called the meeting to order at 11.00 AM and asked Hon. (Dr.) Irene Kasalu, M.P to lead the Committee in opening prayers. Thereafter introductions were done.

MIN/NO.NA/PDPC/2023/71.2 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after being proposed by Hon. (Dr.) Irene Kasalu, M.P and seconded by Hon. Mohamed, Abdikadir Hussein, M.P as below

1. Prayers;
2. Preliminaries;
   i. Adoption of the Agenda;
3. Consideration of the Draft Committee Report on the CFS Expenditures under supplementary I estimates FY 2023/24.
4. Adoption of the Report
5. Adoption of minutes.
6. Any Other Business
7. Adjournment.

MIN/NO.NA/PDPC/2023/71.3 CONSIDERATION OF THE REPORT OF THE EXPENDITURES OF THE CONSOLIDATED FUND SERVICES (CFS) UNDER THE SUPPLEMENTARY I ESTIMATES FOR FY 2023/24

Upon consideration of the report, the Committee made the following recommendations.

i. That, noting the increasing public debt servicing expenditures, the National Treasury should submit to the National Assembly, within ninety days, a report proposing measures to reduce the debt servicing expenditures by Kshs. 500 billion over a 5-year period. The fiscal space created should be sustainable and utilised for development purposes only.

ii. That, upon adoption of this report, the National Treasury to publish on a quarterly basis the quantum new debt acquired, paid and projected payment for the next quarter.

iii. That, the National Treasury and the Office of the Attorney General, should within ninety days, submit to the National Assembly an amendment Bill to the Public Finance Management Act 2012, proposing the necessary measures to minimise and/or prevent incurrence of commitment fees on loans.

iv. That, in order to stabilize the exchange rate and increase the inflow of foreign currency, the National Treasury, should include the following measures in the 2024 Budget Policy Statement and Medium Debt Management Strategy:

a) Enhance the five key priorities of the Bottom-Up Transformation Agenda (BETA) (Agriculture, MSMEs, Affordable Housing, Digital and Creative Economy and Health) by including: a) export driven manufacturing, b) mining sector and c) financial & insurance sector, in order to enhance their contribution to GDP growth. These sectors are key in generation of foreign earnings and ordinary revenues, required to meet public debt servicing expenditures;

b) Review and enhance policies designed to boost Kenya's tourism industry;

c) Propose new policy interventions that will increase diaspora remittances and the role of the diaspora in in promoting economic growth;

d) Undertake economic reforms and establish domestic environment to attract Foreign Direct Investment and international investors;

e) Increase the efficiency of absorption of loan financing; and

f) Increase the share of grant financing of the national budget and safeguard the usage of the same.

v. That, the National Treasury and the Central Bank of Kenya should submit to the National Assembly, within six months, regulations to guide the sustainable use of the Government Overdraft Facility.

vi. On Salaries and Allowances for constitutional and independent office holders:

a) That, the National Treasury should submit a report to the National Assembly within thirty days, detailing actual expenditure on salaries and allowances for the past five years; and

b) The office of the Auditor General should undertake a special audit on the allocations and disbursements over the past five years and submit a report to National Assembly within 6 months.

MIN/NO.NA/PDPC/2023/71.4 ADOPTION OF THE REPORT.

The report was adopted after being proposed by Hon. Kirwa, Abraham Kipsang, and M.P and seconded by Hon. Letipila Dominic Eli MP.

MIN/NO.NA/PDPC/2023/71.5 ADOPTION OF MINUTES.

1. **Minutes** of the 67th sitting held on 8th November 2023 at 10.30 a.m. in 5th Floor Committee Room, Continental House were confirmed as the true recording of the proceedings having been proposed by Hon. (Dr.) Irene Kasalu, M.P and seconded by Hon. Aden Daud, EBS. M.P.
2. **Minutes** of the 68th sitting held on 10th November 2023 at 10.30 a.m. in 5th Floor Committee Room Continental House were confirmed as the true recording of the proceedings having been proposed by Hon. Letipila, Dominic Eli, M.P and seconded by Hon. Mohamed, Abdikadir Hussein, M.P

3. **Minutes** of the 69th sitting held on 14th November 2023 at 10.30 a.m. at the Media Centre, Parliament Buildings, were confirmed as the true recording of the proceedings having been proposed by the Hon. Letipila, Dominic Eli, M.P and seconded by Hon. Mohamed, Abdikadir Hussein, M.P
4. **Minutes** of the 70th sitting held on 14th November 2023 at 12.30 p.m. at the Media Centre, Parliament Buildings, were confirmed as the true recording of the proceedings having been proposed by the Hon. Aden Daud, EBS and seconded by Hon. (Dr.) Irene Kasalu, M.P
5. **Minutes** of the 71th sitting held on 16th November 2023 at 11.00 a.m. at the Small Dining Committee Room, Parliament Buildings were confirmed as the true recording of the proceedings having been proposed by the Hon. Aden Daud, EBS. M.P and seconded by Hon. Chege Njuguna, M.P

MIN/NO.NA/PDPC/2023/71.6 ADJOURNMENT AND DATE OF NEXT MEETING

There being no other business, the meeting adjourned at 12.00 P.M. The date of the next meeting would be communicated in due course.

DATE......16/11/23......

SIGNED............

HON. ABDI SHURIE, MP
(CHAIRPERSON, PUBLIC DEBT & PRIVATIZATION COMMITTEE)