



## COMMUNIQUE

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# KENYA CONFERENCE ON DEBT AND DEVELOPMENT

## THEME: REMOBILIZING CITIZENS AND INSTITUTIONS TO DEBT ACCOUNTABILITY AND RESPONSIVENESS FOR ECONOMIC RECOVERY IN KENYA

21<sup>ST</sup> AUGUST 2023

We, representatives of the Okoa Uchumi Campaign<sup>1</sup>, Members of Parliament from the national assembly and the senate, parliamentary budget office, civil servants, the private sector, and concerned citizens including youth and persons with disability gathered to discuss Kenya's current public debt situation and the possible avenues through which the country can avert a potential crisis due to rising debt levels in Nairobi Kenya:

**Cognizant** of Kenya's harsh economic realities, growing public debt levels, continuing currency depreciation, competing expenditure demands, and inflation;

**Noting with concern** a trend of aggressive taxation measures aimed at increasing domestic revenue mobilisation meant to address the shortfalls in revenue due to the growing debt burden, where more than 55 percent<sup>2</sup> of ordinary revenues go into debt service, leaving little resources to fund critical services such as health, education, social protection, and fuelling the rising cost of living for ordinary citizens;

**Responsive** to the current situation, we continue to highlight the need for complete transparency and accountability in the government's acquisition, utilisation, and servicing of public debt, which hinders the public from effectively engaging in deliberation processes and holding their representatives to account.

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<sup>1</sup> **Coalition Members:** Oxfam in Kenya, The Institute for Social Accountability, Institute for Public Finance, International Budget Partnership Kenya, Interreligious Council Kenya, Kenya Human Rights Commission, National Taxpayers Association Kenya, Okoa Mombasa, Transparency International Kenya, National Democratic Institute, Mzalendo Trust, Crown Trust Kenya, Diakonia Sweden, Diocese of Lodwar, PAWA 254, Fight Inequality Kenya, Social Justice Centers, Kenya Tuitakayo Movement, ICJ – Kenya, Christian Aid Kenya, Katiba Institute, Tax Justice Network Africa, Access Coalition, Inuka Kenya, Amnesty International, Centre for Fiscal Affairs, Center for Economic Governance, The East African Centre for Human Rights, Econews Africa, East Africa Tax and Governance Network, Muslims for Human Rights, Kenya Tobacco Control Alliance, Twaweza Kenya, African Forum and Network on Debt and Development, Uraia Trust

<sup>2</sup> See FY 2023/24 Budget Estimates.

**Recognizing** that oversight of public debt and representation of the people on public debt fundamentally lies with parliament and commending the establishment of a committee on Public Debt and Privatisation.

**Continually concerned** that the government has failed to create adequate opportunities for meaningful public participation in the process of contracting and deployment of public debt, and that, public participation has been reduced to mere compliance exercise.

**We, therefore, resolve as follows:**

We call on parliament to lead the process of debt accountability and responsible public finance management to:

1. Take measures to ensure transparency and accountability in Kenya's acquisition, utilisation, and servicing of public debt.
2. Undertake reforms to the Public Finance Management Act, 2012, to ensure that all clauses comply with the constitution and are practical enough to support a robust, transparent, and accountable budget-making process and implementation.
3. Ensure collaboration between the Budget and Appropriation Committee, Public Debt and Privatization Committee, and the Finance and National Committee for a comprehensive understanding of Kenya's public finances.
4. Require the auditor general's office to urgently undertake a forensic audit of all public debt for their legality, value proposition.
5. Take measures to strengthen the East African Common Monetary Union and towards the achievement of the EAC convergence criteria on fiscal deficits.
6. In the interim period, the budget deficit will be reduced by reducing the budget expenditure in all areas of other expenditure and areas with an overlap of devolved functions.
7. Debate and take a national position on the proposed reforms in the global financial system to make it 'fit for purpose' for the challenges of the twenty-first century, including the debt relief, climate change, and the special demands of emerging countries.
8. Commence the process to incorporate public finance management education, including debt management in school curricula.
9. The debt committee leads the country in debt reprofiling to achieve a debt mix with the highest return on investment and lowest interest rate, currency fluctuation risks, and conditionalities.
10. To achieve this, consider a national debt conversation that kick starts a fresh journey of transparency, accountability, and participation in national debt. The conference should take an all of government and all of society approach to create the needed confidence and trust building.

Okoa Uchumi and the National Assembly Public debt and privatisation committee jointly resolve to:

- A. Work together in enhancing transparency, accountability, and participation in public debt management through structured and unstructured engagements, including technical assistance by Okoa Uchumi Campaign to the debt committee.
- B. Engage public members in simplified language on the factual status of public debt status and build the capacity to participate in responding to the eminent debt crisis.

**As the Okoa Uchumi Campaign, we commit to:**

1. Continue our citizen-led and focused demand for accountability while offering the needed assistance to government institutions.
2. Dialogue with the government to create the best possible solution for public debt in Kenya.
3. Expand our engagements to county-level and more ordinary Kenyans to secure their understanding of public debt and necessary actions.
4. Join the global south citizens and governments in calling for reforms to the international financial architecture.

In Nairobi this 21<sup>st</sup> day of August 2023

By

1. The Institute for Social Accountability
2. Oxfam in Kenya
3. African Forum and Network on Debt and Development
4. National Democratic Institute
5. Institute for Public Finance
6. International Budget Partnership Kenya
7. Interreligious Council Kenya
8. Kenya Human Rights Commission
9. National Taxpayers Association Kenya
10. Transparency International Kenya
11. East Africa Tax and Governance Network
12. Mzalendo Trust
13. Parliamentary Budget Office
14. Crown Trust Kenya
15. Social Justice Centres
16. Christian Aid Kenya

17. Kenya Institute for Public Policy Research and Analysis
18. Siasa Place
19. Institute of Certified Public Accountants of Kenya
20. The Jesuit Justice and Ecology Network Africa
21. Cavalier International
22. Friends of Love in Oneness
23. SIDAREC
24. Youth Leadership Movement
25. Global Alliance for Improved Nutrition
26. Katiba Institute
27. Tax Justice Network Africa
28. Inuka Kenya
29. Amnesty International
30. Centre for Fiscal Affairs
31. Center for Economic Governance
32. Twaweza Kenya
33. Uraia Trust
34. Way Forward
35. Centre for International Private Enterprise