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ANNUAL REPORT 2019

SUMMARY

The annual report covers NTA's progress on its strategic programs focus areas and results achieved between January 2019 to December 2019. The report emphasizes NTA's overall goal of improving transparency in collection of public funds, utilization of funds as well as active involvement of communities in setting development priorities and monitoring and evaluation of project implementation.

The report gives an overview of project activities implemented under NTA's four strategic program areas which include; building citizen demand for accountability and strengthening government service delivery, research, advocacy and policy influencing, Tax justice and institutional capacity strengthening. The projects are designed to be in line with laws and policies governing National and County governments, Sustainable Development goals, vision 2030 etc.

In order to realize this, NTA envisions a taxpayer responsive government that delivers quality services to all. This will be achieved by NTA undertaking a taxpayer-transforming research and capacity building through partnerships and ultimately influence government's policies and strategies.

The National Taxpayers Association (NTA) is an independent, non-partisan organization that promotes good governance in Kenya through citizen empowerment, enhancing public service delivery and partnership building. NTA does this through monitoring the management of public resources as well as building partnerships and developing the capacity of the partners.

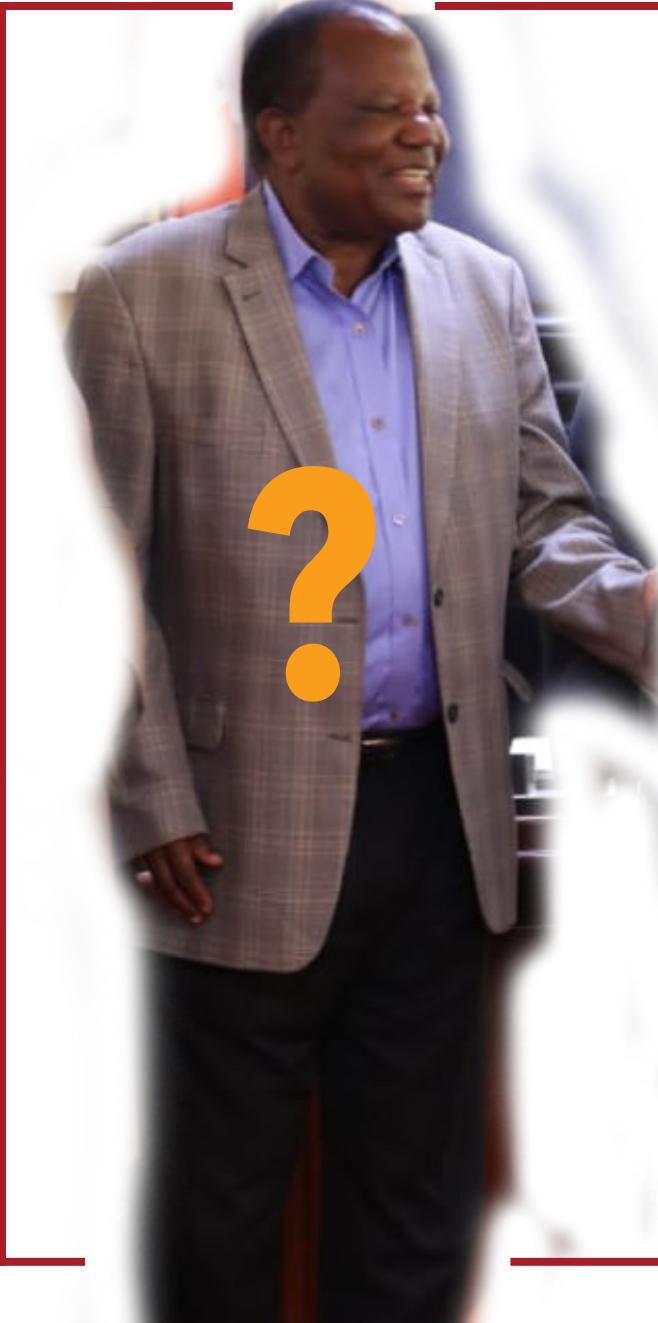
Since 2006, NTA has been implementing programs focused on enhancing public accountability through monitoring the quality of public service delivery and the management of devolved funds. It has achieved this through the development of social accountability tools (notably the Citizen Report Cards), civic awareness, citizen capacity-building, partnerships with government agencies, service providers, the private sector, civil society and community action groups.

WHAT WAS NTA FOCUSED ON IN 2019?

This is Table of Contents

ADP	-	<i>Annual Development Plan</i>
CAF	-	<i>County Assemblies Forum</i>
CAJ	-	<i>Commission on Administrative Justice</i>
CBEF	-	<i>County Budget & Economic Forum</i>
COB	-	<i>Controller of Budget</i>
CSO	-	<i>Civil Society Organization</i>
HENNET	-	<i>Health NGOs Network</i>
KEWASNET	-	<i>Kenya Water and Sanitation Network</i>
MOU	-	<i>Memorandum of Understanding</i>
NCCA	-	<i>Nairobi County Citizens Assembly</i>
NCD	-	<i>Non communicable Diseases</i>
NGAAF	-	<i>National Government Affirmative Action Fund</i>
OAG	-	<i>Office of Auditor General</i>
OTG	-	<i>Organized Taxpayer Group</i>
PHMK	-	<i>People's Health Movement Kenya</i>
RA	-	<i>Research Assistant</i>
SRC	-	<i>Salaries & Remuneration Commission</i>
TJNA	-	<i>Tax Justice Network Africa</i>
UHC	-	<i>Universal Health Coverage</i>
WHO	-	<i>World Health Organization</i>
WTA	-	<i>World Taxpayer Association</i>
NTA	-	<i>National Taxpayer Association</i>

ACRONYMS



I am extremely delighted to share with you the annual report for the year 2019. This has been a momentous year for NTA as our programmes have reached over 2,500 direct beneficiaries. Indeed, a big thankyou to all our previous executive directors: Mr. Adieno, Mr. Nyongesa, Mr. Wesa for always leaving a strengthened institution. We celebrate your tenure and excellent leadership.

This report covers January 2019 to December 2019. It has been a year where the taxpayers have sent a strong message to the National and County Government that their incubation period is over, and taxes must evidently be seen to work for all. This demand has not been welcomed by the ruling class, but must be commended and encouraged. We are one such institution that facilitates this uncomfortable discussion.

I take note of the instructive counsel from my directors that we have together steered NTA to great heights. As a board, we strive to provide strategic leadership and to inculcate good governance practices, for the institutions own benefit and also to assure our funders of our keen interest in corporate governance.

On behalf of the board, I thank the secretariat led by the National Coordinator, Ms. Otieno, funders, partners and the community members for their continued support.

NTA remain unwavering in its mandate and are confident that the contents of this annual report will validate my position.

Mr Peter Kubebeba

Chair-National Taxpayers Association

Our vision for a “responsive Government delivering quality services to all” remains as relevant as always and there is a sense of urgency.

Many are skeptical. When elected leaders are seek for immunity against accountability, calls for higher perks and pay at the expense of the marginalized and poor in Kenya, blatant attack on the mandate of oversight institutions, closed civic space and bold corruption. Rising debt.

We choose to push back. This annual report is testament to the fact that individual and collective action has significant results.

We are greatly encouraged by taxpayers that have pushed back physically, online and written pieces that demand sanctity of public funds.

NTA is extremely proud that we have been able to take the Auditor General’s report to the taxpayers at the ward level in a format that is easily understandable and supports citizen action.

Thank you to all our board members, community members, civil society friends, media and our funders for their technical and financial support.

Ms Irene Otieno
National Coordinator NTA



Vision Mission & Values



OUR VISION

A taxpayer responsive government delivering quality services to all

OUR MISSION

To advocate for government accountability in the delivery of services and to influence policy through engagements, partnerships and tax-payer transforming information and research

OUR VALUES

Integrity

Inclusivity

Innovation/Innovativeness

Respect

Passion



BUILDING CITIZEN DEMAND and strengthening government service delivery

STRATEGIC PROGRAMME FOCUS AREA 1:

BUILDING CITIZEN DEMAND AND STRENGTHENING GOVERNMENT SERVICE DELIVERY

Building citizen demand for accountability and strengthening government service delivery is a key thematic area that contributes to NTA's goal of public watch on public revenue collection, use of taxes in delivery of public services and championing for an inclusive public governance. All citizens pay taxes and should therefore demand that their taxes be used to bring about effective service delivery. The thematic area tries to bring a balance of the demand and supply governance equilibrium.

In 2019, NTA implemented a Social Accountability project, which aimed to promote prudent use of public resources through citizen social monitoring and accountability to address administrative monitoring challenges. The project commenced in October 2018 and will run through to October 2020. Studies in and out of Kenya have shown that majority of the public service reforms have left out citizens, who are the key actors and beneficiaries of these reforms. Social accountability approach therefore, puts the user in the driver's seat; to provide timely feedback on the government reforms, programs and budgets. Some of the activities implemented during the year include;





ACTIVITY 1: PARTNERSHIP BUILDING WITH SELECTED COUNTIES IN KENYA AND KEY OVERSIGHT INSTITUTIONS

Partnership building is at the very core of what NTA does. The organisation always works together with stakeholders from the government, CSOs and citizens in order to promote transparency and accountability in management of public funds and to influence government policies. Partnership building provides the right platform and space to constructively discuss, critique and find solutions to problems identified during the social audit process. In line with this, NTA partnered with County government of Vihiga, Homabay, Nandi, Kisumu and Nairobi County . The signing of the MoU with the aforementioned Counties enabled NTA to implement the ongoing social accountability project.



Additionally, various officials from the partner counties were sensitized on the project goals, objectives and deliverables and areas of collaboration for their own understanding and buy in.

NTA also made efforts to build partnership with independent institutions that supports transparency, accountability and management at the National and County governments. NTA paid courtesy visits to SRC, Auditor General Office, CAJ, CoB, CAF etc





ACTIVITY 2: BUILDING THE CAPACITY OF THE COMMUNITY TO EFFECTIVELY PARTICIPATE IN COUNTY GOVERNANCE PROCESS

NTA works closely with the community through the Organized Taxpayers Groups (OTGs). The OTGs are composed of community representatives elected by the community to oversee implementation of development projects in their wards. The OTGs are required by law to participate in the planning and budgeting process and monitor implementation of projects in their Counties.

One hundred and fifty OTGs were trained, who were selected from 192 projects that were randomly sampled from water, education and health projects that were assessed in four counties.



The activity aimed at building the capacity of the OTGs at the ward level to be able them actively participate during public participation forums, budgeting and planning processes, and social audit of development projects as well as service delivery. The OTGs from each ward from Homabay, Vihiga, Homabay and Nairobi Counties were trained on social accountability,

County budget making processes and their roles and responsibilities. The training empowered citizens to hold the government accountable on delivery of public services. Significant milestones were also observed on OTGs who were able to follow up on implementation of projects and holding government accountable.

ACTIVITY 3: TRAINING OF RESEARCH ASSISTANTS

Training of the research assistants is one of the steps of social audit process that cannot be underestimated. NTA recruited 19 research assistants to undertake the baseline survey in Homabay, Nandi and Vihiga Counties. The 19 RAs were then taken through a two days training to equip them with the relevant skills and knowledge on social accountability, social audit process and the tools for data collection.

The main objective of the training was to capacitate the RAs to be able to carry out social audits for the projects that were mapped out in all the counties. The selection process took into account gender and geographic location to ensure equity and inclusion in the process.



Data collection, analysis and verification of development projects were undertaken after the training of the RAs. One hundred and eighty projects were assessed in Vihiga, Nandi and Homabay in the year under review and all projects were uploaded on an online Open Data Kit (ODK) tool that was developed and validated by NTA.

The tools included; rapid assessment, beneficiary survey and technical assessment tools. Over 900 direct beneficiaries were interviewed during data collection while analysis and verification of the projects are ongoing, and draft reports will be shared with selected Counties in February, 2020.



ACTIVITY 4: ENGAGEMENT MEETING BETWEEN COUNTY BUDGET AND ECONOMIC FORUM (CBEF) AND ORGANIZED TAXPAYERS GROUPS

NTA held engagement meetings with CBEF representatives' members from Nandi, Vihiga and Homabay. The meetings were held on the premise that CBEF members are required by law to convene public participation forums, and was an opportunity to review County government budget plans and documents. The collaboration meeting was therefore held to discuss areas of engagement between CBEF and the OTGs in pursuit of a responsive government. Nandi County CBEF, NTA and OTGs also agreed to push for Nandi County public participation bill that had stalled at the County Assembly for almost one year. The bill is expected to solve issues related to public participation (Venues, inclusion, timely access to budget documents, civic education to the public)



RESEARCH, ADVOCACY AND POLICY INFLUENCING





STRATEGIC PROGRAMME FOCUS AREA 2: **RESEARCH, ADVOCACY AND POLICY INFLUENCING**

Issues of governance, tax and accountability can be technical, complex and may seem to be disconnected from the day-to-day challenges faced by Kenyans. These have presented issues of how National and County government funds are being utilized and their impact on the two levels of governments. The programme's focus area aims to strengthen NTA's outreach work in the areas of policy influencing by use of both bottom-up and top-down advocacy approaches. This has been achieved through partnerships and the use of different media platforms and fora attended. The projects and activities below were undertaken in order to realize the above programme focus area in 2019

TOBACCO TAX ADVOCACY PROJECT IN AFRICA

The NTA in partnership with Tax Justice Network Africa (TJNA) is implementing tobacco tax advocacy project in Kenya. The project aims to advocate for increase in tobacco prices so as to discourage its use. In order to influence increased in tobacco prices, NTA undertook a study on the “effects of tobacco taxation on tobacco use in Kenya”. Using the WHO Tobacco Tax Simulation Model (TaXSiM) the study set out to review cigarette taxation in Kenya and how it affects cigarette consumption. The study examined the effects of recent cigarette tax policy changes on both tax revenue and cigarette consumption. The study findings were used to inform progress towards reforms for a better tobacco tax structure for Kenya.



Download the full report here <http://bit.ly/2sLbbVu>

ACTIVITY 1: SUBMISSION OF TAX PROPOSAL TO NATIONAL TREASURY AND PLANNING FOR FISCAL BUDGET 2019/2020.

In an attempt to push for an increase in tobacco prices, NTA submitted a tax proposal to National Treasury and Planning for fiscal budget 2019/2020. The submission proposed an increase in excise tax on tobacco products that would be channeled to the health budget 2019/2020. The submission was based on WHO’s recommendation that Excise Tax on Tobacco Products should constitute 70% of Retail Selling Price (RSP).

Kenya, however, falls way below this standard and as a leading tobacco control country, it should demonstrate leadership in tobacco tax policies. It is worth noting that the Finance Bill of 2019 proposed to increase excise duty on cigarettes, spirits and wines by 15%. This pushed up the prices of cigarettes by Kshs.8 and 58% of RSP up from 52%, which was a big step by the government since excise duty rates for tobacco products had not been increased since 2015.



ACTIVITY 2: ANALYSIS OF 2019/2020 FINANCE BILL AND SUBMISSION OF A MEMORANDUM

NTA with other non-state actors also deliberated and analyzed the 2019/2020 finance bill and gave proposals and recommendations based on the analysis of various proposals outlined in the finance bill 2019. The proposals were submitted to the National Assembly, budget and Appropriation Committee. The analysis proposed harmonization of excise duty applicable to Cigarettes. The proposal and recommendations on harmonization of tobacco tax structures were defended before members of the National Assembly in August 2019. The proposal was however, not taken into consideration in the Finance Act 2019/2020, but there is still an opportunity for NTA to advocate for the same in the next financial year.



<https://nta.or.ke/wp-content/uploads/2019/08/Memorandum-to-National-Treasury.pdf>

ACTIVITY 3: ENGAGEMENT MEETING WITH FINANCE AND NATIONAL PLANNING COMMITTEE MEMBERS OF THE NATIONAL ASSEMBLY



As part of the tobacco tax project deliverables, NTA convened a meeting with the Finance and National Planning committee members of the National Assembly to share the findings and recommendations from NTA study report on **“effects of tobacco taxation on tobacco consumption in Kenya”**. The policy makers were able to understand the rationale of the study and the findings. They committed to consider the recommendations in the next financial year as the period to influence the finance bill for harmonization of tobacco tax structures had lapsed. The committee recommended the creation of awareness to the public on the effects of tobacco consumption as it also a key factor in reducing tobacco consumption. NTA committed to undertake a second study in 2020 on tax evasion by cooperate companies, with a focus on tobacco industries in Kenya.



ACTIVITY 4: ANALYSIS OF THE COUNTY EXECUTIVE AND COUNTY ASSEMBLY OAG REPORTS

The NTA and the citizens undertook analysis, dubbed **“chambua”** of the 47 County government’s audit reports both from the office of the OAG and COB. Analysis undertaken were for FY 2016/2017 and 2017/2018 for Nairobi, Vihiga, Nandi and Homabay counties. The analysis demystified the technicalities of the reports, and simple and easy citizen’s reports were developed.

The findings of the reports were shared with key oversight and independent institutions, the general public, NTA’s social media platforms and mainstream media houses. NTA developed a memorandum and submitted to the County Assembly of Uasin-Gishu on follow up of the issues and recommendations raised by the OAG. NTA is in the process of sharing the findings of the analysis with County Assemblies in partner Counties.

The activity was aimed at advocating for the implementation of Article 225 of the CoK, 2010, which authorises the cabinet secretary for finance to stop the transfer of funds to a state organ or any other public entity in case of serious material breach or persistent material breaches of the measures established under the legislation.



ACTIVITY 4.1 ANALYSIS OF OAG REPORT FOR NGAAF



NTA also undertook analysis of the OAG report for the National Government Affirmative Action Fund (NGAAF) that had received a bad audit report opinion in the past years. The fund received a disclaimer opinion (worst audit report) in FY 2016/2017 and adverse report in FY 2017/2018. The findings of the report pointed out that the County Committees have not accounted for any funds that they have thus far received. The findings further, showed that in 2016/2017 the funds that were unaccounted for in FY 2016/2017 was Kshs. 4,435,671,443 and Kshs. 2,213,649,960 for FY 2017/2018. Despite this tremendous bad track record, the funding to NGAAF has continued to increase. The findings of the report were shared on NTA social media platforms, tweet chat sessions and radio talk shows at Musyi and Chamegi FM. Some of the NTAs recommendations made were: the target groups of the NGAAF fund to actively monitor the use of the funds; policies

and structures of financial reports from individual constituencies on how funds were spent should be formulated; and citizens should be actively engaged during project selection, disbursement of funds and implementation of NGAAF projects. NTA also sought the opinion of Kajiado women representative on the management of the funds.

ACTIVITY 4.2 ANALYSIS OF NATIONAL GOVERNMENT AUDIT REPORT

NTA undertook an analysis of the national government audit report. The aim was to simplify the information therein, to derive key concerns for the taxpayers and mobilize taxpayer interest in the application of the budget through use of media.

The auditor general in his summary report for FY 2017/2018, pointed out that departments with bad audit reports (disclaimer and adverse opinion) increased while those with better audit reports (unqualified and qualified) decreased. Compared to the previous year, the number of financial statements with unqualified opinion dropped from 36% to 34% and a further drop in the percentage of financial statements with qualified audit opinion. There was however, an increase in the percentage of the adverse and disclaimer opinions compared to FY 2016/2017.

The findings of the report were shared on the NTA's social media platforms, a tweet chat session undertaken and an article related to the report shared on the dailies.





ACTIVITY 5: MEDIA ENGAGEMENT

NTA has been instrumental in generating media interest and follow up on issues of governance, tax, transparency and accountability in the public sector. The media engagement enlightened the public on the management of devolved funds and provision of government services. NTA engaged in several TV and radio talk shows in 2019.

Three opinion articles were also written by NTA and published in Kenyan Dailies; the first article was published in business daily-Africa. The aim of the article was to give an opinion on how the government can raise funds to fund Universal Health Coverage by increasing tobacco tax. The other two articles were published on the Standard newspaper as a response to the Finance bill 2019/2020 on harmonization of tobacco tax structures in Kenya.

ACTIVITY 5.1: SOCIAL MEDIA CAMPAIGNS

In order to undertake social media campaigns, NTA shot videos and produced short documentaries on various topical issues. Over 10 videos were shot and released by NTA. The videos and photos featured a narrative on the political and socio-economic issues faced by citizens. NTA engaged in several tweet chat sessions on varied topical issues related to NTA's focus areas

in the year 2019, some of the tweet chats were undertaken in collaboration with like-minded organizations and partners. NTA also contributed to discussions and conversations through use of social media platforms during International, regional and local events for example; World No Tobacco Day, Global week for action on NCDs.



ACTIVITY 5.2: PRESS RELEASE

The press release was on NTA's position on the matter of MPs' Housing Allowance and the Court of Appeal Ruling on the same matter. The NTA alongside its partners analyzed the impact of the court of appeal ruling on MPs Housing Allowance on Kenya's wage bill and the subsequent effect on development budgets and burden on taxpayers. The main focus was on prudential resource management, fiscal justice and the wage bill, which continues to bedevil Kenya's development agenda. NTA's main message to the parliamentarians was, "Let SRC Work!"

THE POWER OF NETWORKS



Developing effective links and trust-based relationships with existing networks, coalitions and other stakeholders is necessary for CSOs to engage each other and also pull synergies in advocating for issues related to transparency and accountability in management of public funds. The NTA is therefore, a member of international, regional and local networks; it is a member of World Taxpayers Association (WTA) which connects taxpayer protection groups from over 60 countries, and NTA was represented in 17th WTA international conference in Sydney, Australia in May, 2019.

People's health movement (PHM) is another network that NTA is part of. The network presented a memorandum on Kisumu Health bill during Kisumu County Assembly public participation. NTA took lead in analyzing the bill and convened a CSOs meeting to discuss the bill, the network also participated in World Health day in Homabay County.



NTA is also a member and the current chair of Health NGOs Network (HENNET) in Kenya. The Network brings together, stimulates linkages and strategic partnership among health NGOs, government and private providers with a common vision of a healthy Kenyan. The network developed a CSOs position paper on the state of implementation of Universal Health Coverage (UHC) that will be submitted in January 2020 to the Ministry of Health. The network also recently launched a Social Accountability Platform for health (SAc4Health). The platform is to identify the role of CSOs and their technical and organizational capacity to build alliances with the society and state actors, and to realize the importance of social accountability and good governance in the public health sector.

Further, NTA is a member of Kenya Water and sanitation Network (KEWASNET) and it attended most of their engagement meetings that brought together CSOs and government entities. NTA recently attended the network's engagement seminar on transboundary waters in Counties.

NTA is a member of the IILA tobacco control steering committee. The committee is charged with the responsibility of advocating for issues related to tobacco control in Kenya. NTA is also the convener of Nairobi Budget Network and it is in the process of forming Kisumu budget Network. The Networks will work towards advocating for good governance in Nairobi and Kisumu Counties. NTA similarly works closely with Nairobi County Citizens Assembly (NCCA). The group analyzed and submitted a memorandum on social assistance fund regulations to Treasury in September, 2019.

NTA is a member of Uasin Gishu and Kisumu business coalition. The coalitions submitted a joint proposal on County annual development plans (ADP) to both Counties.

Courtesy of Oxfam Kenya

A close-up photograph of a woman with short, dark, curly hair, smiling warmly at the camera. She is wearing a white long-sleeved shirt under a pink top with a white lace-like pattern, and a beige apron. The background is a blurred market stall with various items hanging, including what appears to be a piece of dried meat or a bag. The lighting is warm and natural.

TAX JUSTICE

STRATEGIC PROGRAMME FOCUS AREA 3: TAX JUSTICE

Tax justice is increasingly becoming one of the core themes in today's economies. The government is charged with the responsibility of generating sufficient public revenue and ensuring that it is well utilized, fairly redistributed and focused in re-balancing economic and gender inequalities. NTA is currently implementing a project on civil society capacity building for improved fiscal justice in Kenya. The project is expected to contribute to transparent and accountable revenue generation and public financial management in Turkana and Nairobi Counties, and The National Government for improved social service provision. The project is expected to advocate for adoption of effective and transparent petroleum revenue sharing as well as petroleum management models at National and sub-national level. Implementation of the project kicked off in October 2019 and some of the activities that have been undertaken so far include the following;

ACTIVITY 6: CAPACITY BUILDING OF COMMUNITY JOURNALISTS AND INFLUENCERS TO REPORT ON FISCAL ISSUES



NTA with the support from Kenya Civil Society Platform on Oil and Gas (KCSPOG) and Inuka Kenya trained 14 community journalists and influencers from Nairobi County on Petroleum Reporting and Social Accountability. The overall objective of the training was to build the capacity of the community journalists to understand the linkages between revenue management, taxation and social service delivery. NTA will work closely with the journalists to co-develop media content and to improve coverage on fiscal issues, transparency and accountability, petroleum revenue management, budgetary allocation and delivery of health education, water and sanitation.

INSTITUTIONAL CAPACITY STRENGTHENING

A modern conference room with a long white table, black chairs, and a large screen at the far end. The room is brightly lit with recessed ceiling lights. The text "INSTITUTIONAL CAPACITY STRENGTHENING" is overlaid in large, bold, white letters.

The strategic focus area above came into being as a result of NTA revising its strategic direction and plan for 2019-2023. The focus area is aimed at improving efficiency, sustainability and revamping the brand of the organization. Institutional Capacity Assessment (ICA) was therefore, undertaken by the NTA and the journey of implementing the strategic focus area based on the gaps identified during ICA began. The following were achieved in 2019; The accounting system was automated and all requisitions and payments are nowadays done online. This has ensured that project activities are not delayed due to delays in requisitions. Staff strictly adhered to timely submission of monthly activity reports, work plans which should be accompanied with progress of implementation of previous month work plans, requisitions of next month's activities and activity concept notes. Weekly programme meetings and monthly staff meeting is now part of NTA's norm. The meetings are held to ensure smooth running of projects and the organization in general.

In order to encourage learning and knowledge management, NTA came up with a weekly learning cycle. Topics for the learning cycle are shared with staff on time and each staff is required to read and research on the topic and share with the team in a meeting. Everyone at times faces difficulties in their work or shows gaps in performance and the only way to overcome these is through learning and training. NTA was also privileged to receive training from its partners like Oxfam-Kenya, who trained NTA staff on Monitoring and Evaluation and how to write stories and case studies. TJNA trained NTA staff on Tobacco Tax issues and Tobacco Industry interference. All these have strengthened NTA'S institutional core competencies.

NTA bolstered and deepened its media engagement both on mainstream media and NTA's social media platforms have been improved. The number of followers on social media platforms tremendously increased 2019.



**3,500 FOLLOWERS,
995,300 IMPRESSIONS**



3,344 LIKES

This was also attributed to NTA's weekly tweet chat sessions and use of short video's shot by NTA, the videos would relate to tweet chat topics. NTA participated in over 15 TV and Radio Talk shows.

NTA board of management was also instrumental in realizing this focus area by providing excellent leadership. Some partners initiated their own ICA as a prerequisite for funding NTA and this facilitated NTA to resolve some of the gaps identified.



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