

# Political Parties' Utilization of the Political Parties' Fund (PPF) to Promote Political Participation of Marginalized and Minority Groups in Kenya



Centre for  Multiparty Democracy Kenya

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## ACRONYMS AND ABBREVIATIONS

<b>CMD-Kenya</b>	-	Centre for Multiparty Democracy – Kenya
<b>Jubilee</b>	-	Jubilee Party
<b>ODM</b>	-	Orange Democratic Movement
<b>OAG</b>	-	Office of the Auditor General
<b>ORPP</b>	-	Office of the Registrar of Political Parties
<b>PLWD</b>	-	People Living with Disability
<b>PPF</b>	-	Political Parties’ Fund
<b>SIGs</b>	-	Special Interests Groups.
<b>TNA</b>	-	The National Alliance
<b>URP</b>	-	United Republic Party
<b>Wiper</b>	-	Wiper Democratic Movement – Kenya

## FOREWORD



It is my sincere hope that political parties, citizens and stakeholders both from the civil society organizations and government agencies will use this publication to enrich their understanding on how funds from the political parties are utilized and accounted for in order to promote transparency and accountability.

Ten years ago, Kenya promulgated a new Constitution, which brought with it tidings of hope for the special interest groups by putting in place articles aimed at improving their participation in various political processes and democracy at large.

Being alive to the role that political parties play to promote democracy in the county, the Constitution of Kenya 2010 through the Political Parties Act 2011 (PPA 2011) established the Political Parties Fund (PPF) which is funded by the government through the allocation of 0.3% of the total amount of revenue collected by the National Treasury. The funds dispensed to the PPF also dictate that political parties that are eligible to receive these funds, spend at least 15% of the monies allocated to their respective parties to promote political participation of the marginalized groups as classified under Article 100 of the Constitution.

Despite this specific requirement being in place, political representation of the marginalized groups especially from these political parties that are funded is yet to be felt as their numbers are still inadequate. Additionally, funds received by these specific political parties, are generally accounted for and thus one cannot discern how much funds were spent on the marginalized groups to promote their political participation.

This study is therefore unique since it brings to the public knowledge, the amounts of monies received by eligible political parties from the national revenue and how the same have been utilized so far to promote political participation of the marginalized groups in Kenya. Moreover, it is to ask for transparency and accountability on the expenditure of these monies by the public who are the tax payers. Further, the report will be used by political parties that receives funds from the PPF to use it for the intended purpose which is to promote political participation of the marginalized groups.

**Frankline Mukwanja** | Executive Director | CMD-Kenya

## ACKNOWLEDGEMENTS

The study on political parties' utilization of the Political Parties' Fund (PPF) to promote political participation of marginalized and minority groups in Kenya is a testimony to CMD-Kenya's continued effort to strengthening the role of political parties in advancing democratic, accountable and transparent governance in a participatory and inclusive manner in Kenya. This study has involved the effort and commitment of various persons within and outside CMD-Kenya.

Our appreciation goes to Uraia Trust for providing financial support for the study; Office of the Registrar of Political Parties and the Office of the Auditor General for providing information for the study; and the key informant interviewees who took part in this study. We would also like to thank Dr. Karatu Kiemo of the University of Nairobi for leading the research and authoring the report. Further, we are grateful to CMD-Kenya's Executive Director, Mr. Frankline Mukwanja, Head of Programmes, Mr. Range Mwita and the Project Officer, Ms. Maureen Gichana for the overall coordination of this study.

**CMD-Kenya**

## EXECUTIVE SUMMARY

This report describes the utilization of the Political Parties Fund (PPF) by political parties in accordance with the Political Parties Act (PPA) 2011 and the Public Audit Act (PAA) 2015. The PPA 2011 requires that political parties receiving public funding should utilize 15% on special interest groups (SIGs) such as youth, women and people living with disability (PLWD), and other minorities and marginalized groups. On the other hand, the PAA 2015 requires that political parties receiving public funding should develop financial and activity plans for the SIGs. Ideally, these legal initiatives should promote the political participation of the SIGs, but this far, it has been minimal, wrought in challenges, and not sufficiently studied.

In an attempt to understand the utilization of PPF for SIGs with a view to shaping programming, CMK-Kenya, which is an independent organization comprising of registered political parties in Kenya and with the sole mandate of promoting democracy in political parties and in the country in general, commissioned the study to answer the following two research questions: Do political parties that receive PPF utilize it effectively and accountably; and

does the office of the Registrar of Political parties (ORPP), as the fund administrator, ensure that the fund is utilized accountably? To answer these questions, data in form of reports of the Office of the Auditor General on financial statements of the political parties and of the registrar of PPF were collected and analysed. Additional information was drawn from political parties' work plans and budgets as well as from key informants who were representatives of the political parties. Data were analysed descriptively to determine the kind of activities political parties carried out, or planned to carry out; the amount of money planned for, or obtained for those activities; the kind of activities and functions the money was expended in at the political parties and at ORPP.

The study found that in the current election cycle (2017 -2022) only Jubilee and ODM are receiving PPF. In the two parties' work plans, SIGs programs were stated explicitly for 'women and youth leagues' while the PLWD league was omitted. Other stated programs generally lacked face validity (e.g., Jubilee's 'next generation leaders', or ODM's 'public opinion shaping', 'relocation and establishment');

hence their connection to SIGs is subject to interpretation. Given the dictum that 'what get measured gets done', the SIG programs' weak definition (i.e., nominal measurement) in the work plans does not infer proper planning. Similarly, both parties' budgets for the SIG programs were way above the actual money received (e.g., the 2018 deficits for Jubilee was 63%, while that of ODM was 76%), again inferring improper planning.

The study also found out that in both Jubilee and ODM, based on financial audit reports, the utilization of PPF for SIG activities could not be explicitly determined. This is because the 15% of the total PPF meant for SIGs was not utilized independently, despite the requirement of independent work plans and budgets. In this regard, in 2017/18 financial year, Jubilee's total expenditure (i.e., from PPF and all other sources) was 515.7 million disaggregated for campaign and election (47%), employee compensation (28%), rent (18%), training (3%) and others (4%). In the same year, ODM's total expenditure was 154.3 million, disaggregated for employee compensation (30%), campaign (25%), party policy and advocacy

(11%), bad debts (9%), regional conferences (8%), other office and program related (e.g., security, transportation etc., 13%) and others (e.g., financial cost, capital expense, depreciation, rent (4%).

Further, the study found out that the 5% of PPF retained at ORPP is mainly utilized for office establishment and less on programs at the political parties in general and at the level of SIGs in particular. For example, for four years (2014/15 – 2017/18), ORPP utilized the budget locally for acquisition of assets (i.e., 67%, 36%, 22% and 0% of the budget respectively) and travel and subsistence (1%, 39%, 35% and 0% respectively). On the other hand, for the same period, the budget utilized for training at political parties was 18%, 0%, 43% and 24% respectively.

Based on these findings, the conclusion is that the 15% of PPF allocated for SIGs programs is utilized as legally intended and accounted for only in indeterminate nature. As such the following recommendations are made:

1. *Political parties should enhance their capacity for developing work plans for SIGs such that the stated programs and activities have adequate face and content validity. This should also be upscaled to other programs in the parties. Building and retaining that capacity require at least a training needs assessment, and a training programme that can be executed through partnership between the parties and CMD-Kenya, ORPP, and other stakeholders.*

2. *Political parties should account for the utilization of the 15% meant for SIGs independently from other expenditure. The independent accounting should also apply to PPF in general (i.e., the remaining 85%), which should not be lumped together with money from all other sources. Again, building and retaining the capacity for independent accounting of different funds require a training programme that can be executed through partnership between the parties and CMD-Kenya, ORPP, OAG and other stakeholders.*

3. *ORPP should enhance their capacity for developing and implementing programs that utilize the 5% PPF administration expense, of which 15% should apply to SIGs. Besides, ORPP should develop a program for holding political parties to account with regard to utilization of the whole of PPF and of the SIG portion. For this to happen, it would require an institutional agreement between ORPP and the political parties.*



# 01 INTRODUCTION

## 1.1 BACKGROUND

Political parties are member organizations that field candidates for elections in attempt to get them elected so as to implement the parties' programs. The parties, as a collective, and individual elected leaders, play a significant role in influencing government policies, programs and development pathways. Kenya is, constitutionally, a multi-party country whereby political parties compete for elective positions in National and County levels of government. By August 2019, Kenya had 68 fully registered political parties (Office of the Registrar of Political Parties (ORPP, n.d). The Political Parties Act (PPA) 2011, in section 23, established the Political Parties' Fund (PPF), which is obtained from the national treasury; and managed and distributed by the Registrar of Political Parties to various parties in accordance with the criteria set out in section 25 of the PPA 2011.

According to the Act, the amount of money to be allocated to qualifying political parties is set at a minimum of 0.3% of annual collected national revenues. The qualification criteria include:

- a) *Having garnered at least 3% of total number of votes in the previous elections;*
- b) *Having at least one-third of registered office bearers being of either gender (i.e., a single gender should not have more than*

*two-thirds of office bearers);*

c) *Having representation of special interests' groups in the party's governing body; and*

d) *Having at least 40 members of national assembly, three (3) senators, three (3) governors and 40 members of county assemblies.*

Of the allocated 0.3%, 80% is distributed proportionately relative to the total number of votes secured by each political party in the preceding general election, 15% is distributed proportionately to the qualified parties relative to the number of elected candidates from the special interest groups; and 5% is utilized by Office of the Registrar of Political Parties (ORPP) for administration expenses of the fund.

The criteria for PPF allocation are fairly stringent such that since its inception, only four (4) parties, The National Alliance (TNA); United Republican Party (URP); the Orange Democratic Movement (ODM) and Wiper Democratic Movement (WDM) have ever qualified; and in the current electoral period only Jubilee Party and ODM qualified. In Article 26 of the PPA 2011, a political party receiving public funding should allocate not less than 15% of the money for promoting the representation in Parliament and in the County Assemblies of women, youth, people living with disabilities (PLWD), ethnic and other

minorities and marginalized communities.

Since its inception, however, PPF has not received the full 0.3% entitlement with the implication that the SIGs and ORPP do not get the full amount. This has been a significant political question such that in 2019 ODM sued the government for not paying it Kenya shillings 6.4 billion backdated to inception of the Act. The court granted the party payments of 4 billion but the government has so far not honored the order, with the Treasury maintaining that it cannot afford. Relatedly, ODM in 2019 petitioned the ORPP to change law such that all political parties share 15% equally while 85% is shared proportionately based on party strength. In 2020, the Government submitted in parliament a bill to cause allocation of PPF only after deduction of expenditure (including loans) and cash for counties.

The introduction of public funding of political parties was not only intended to address challenges of elite capture and control of political parties, but also was aimed at promoting fair competition between ruling and opposition political groups, and to nurture emerging parties. Further, it was intended to counter the negative influences of private donations to political activity and the abuse of state resources. Despite the policy impetus and the proposed

monetary allocations, the rise of women, youth, PLWD, and other marginalized and minority groups in Kenya's political leadership has generally remained low and fraught with obstacles. Whilst these were well-intended goals, the distribution and use of the PPF to benefit political parties, mainly in promoting political participation of marginalized groups, remains unclear. For example, in the 2017 general election, only 9% of women were candidates (National Democratic Institute, 2018). The exclusion of the special interest groups raises two fundamental questions:

- a) *To what extent do political parties that receive the PPF utilize the monies legally as intended?*
- b) *Does the ORPP ensure the monies are utilized as legally intended?*

## 1.2 THE CONTEXT

Against the above background, the Centre for Multiparty Democracy (CMD-Kenya) set out to evaluate the extent to which political parties that receive the political parties' fund have utilized it to promote the political participation of special interest groups in Kenya as provided for in the PPA 2011. CMD-Kenya is a member organization constituted by political parties with both Parliamentary and County representation, whose mandate is to enhance multiparty democracy and strengthen the institutional capacity of political parties through policy influence and capacity building. The organization provides a platform for political parties, political actors

and policy makers to engage in dialogue and cooperate in strengthening multiparty democracy in Kenya.

CMD-Kenya works closely with political parties, political actors, strategic partners and key stakeholders in promoting social justice, political governance best practices, respect for human rights and fundamental freedoms. The study on political parties' utilization of the Political Parties' Fund (PPF) to promote political participation of marginalized and minority groups in Kenya is part of CMD-Kenya's "broadening participation in democratic governance in Kenya project" which aims at strengthening the role of political parties in advancing democratic, accountable and transparent governance in a participatory and inclusive manner in Kenya.

# 02 METHODOLOGY

## 2.1 OVERVIEW

This evaluation was hinged on CMD-Kenya's strategic need of promoting democratic governance in Kenya through policy influence and capacity building of political parties. Thus, the results of the evaluation are intended to inform CMD-Kenya's programming; for example, by using findings to make recommendations to political parties as well as to ORPP on better ways and means of advancing the cause of special interests groups.

The evaluation was based on primary and secondary data. The collection and analysis of the two types of data was sequential in keeping with the sequential mixed-methods design (Creswell and Creswell, 2018). The sequential approach meant that there was first, collection and analysis of secondary data that provided the documented account on how the PPF is utilized; and second, collection and analysis of primary data in form of key informant views that complemented and/or validated the documented account. Thus, the two databases are analysed separately and the interpretation involved using the key informant views to help explain the documented account. The two procedures are described below:

## 2.2 DOCUMENTARY REVIEW THE OFFICIAL DOCUMENTS STUDIED WERE:

a) Reports of the Auditor General on financial statements of the political parties. These documents were obtained from the Office of the Auditor General and were available for ODM, Jubilee and Wiper and all for the 2017/2018 financial year (i.e., year ending on 30th June 2018);

b) Reports of the Auditor General on financial statements of the Registrar of Political Parties. The documents were availed from the Office of the Auditor General and for four (4) financial years (i.e., 2014/15 to 2017-18).

c) Political parties' Work Plans for the Special Interest Groups. The requirement for political parties to submit work plans for special interest groups came into effect in 2017. The requirement applied only to political parties receiving government funding which in this case were ODM and Jubilee Party. The work plans for the two parties were for three years (i.e., 2017/18 – 2019/20).

## 2.3 KEY INFORMANT INTERVIEW

The primary data sought were: a) The status of political parties' structures and processes for disbursement and control of monies for SIGs; the status of implementation of programs for SIGs; and the related challenges and opportunities. b) The status of ORPP's structures and processes for disbursement and control of monies for SIGs as well as the

related challenges and opportunities.

At the political parties, the intended key informants were executives at the strategic apex (i.e., overall party officials), at the divisionalized level of the SIGs, and at the Kenya Disability Parliamentary Association (KDPA). In the two parties that have received PPF in the current election cycle (i.e., ODM and Jubilee), key informants at the strategic apex were available for ODM but not for Jubilee Party. In ODM the interviewed top official was the secretary general while the SIGs' representatives were for the youth, women, and PLWD. In Jubilee Party, the corresponding SIG representatives were also not available. In both parties, there were no identifiable representatives of other minorities and marginalized groups. A member of KDPA aligned to Jubilee was interviewed. The unavailability of key informants from Jubilee Party demonstrates that some information was not collaborated.

Primary data were collected using a key informant guide and through a semi-structure interview which meant that, within the confines of predetermined questions, respondents had great latitude to indicate and/or explain their views.

## 2.4 VALIDATION WORKSHOP

The results from the preliminary analysis were presented to a

validation workshop with participants drawn from political parties that receiving PPF and few of those not receiving it in the current cycle (e.g., National Rainbow Coalition – Narc Kenya, Kenya National Congress among others), ORPP, OAG, and civil society representatives including Mzalendo Trust, Uraia, Youth Agenda, Kenya Young Parliamentarian Association etc.

# 03 RESULTS

The documentary review revealed that generally, information on utilization of PPF for SIGs, could not be explicitly discerned due to absence of Reports of Auditor General on financial statements relating to monies for SIGs, or any documentation from regulators, or from the parties themselves. For this reason, the documentary evidence on utilization of PPF for SIGs was deduced from:

- a) *Political parties' work plans and annual budgets for SIGs;*
- b) *Actual amount owed to SIGs computed as 15% of the amount distributed to political parties from ORPP within the PPF framework;*
- c) *Political parties' expenditure which integrates monies from PPF and from any other source as captured in the Auditor general's report on financial statements of the political parties;*
- d) *ORPP's expenditure in administration of PPF.*

## 3.1 WORK PLANS AND ANNUAL BUDGETS

A political party's budget for SIG programs is a financial indicator on utilization of PPF since it indicates at least a plan or intention to pursue the interests of the special interest groups. Data on political parties budgets were obtained from work plans and annual budgets submitted by the political parties to ORPP in accordance with requirements of the Public Audit Act 2015 and PPA 2011. The requirement for submission of the work plans and annual budgets

came into effect in 2017; hence, data were available for two political parties – Jubilee and ODM- that qualified for PPF in the 2017 – 22 election cycle and for three financial years (2017/18 – 2019/20).

In the three financial year period, Jubilee budgeted for three SIG programs which in the work plans were similarly (i.e., in every year) named as 'next generation leaders program', 'youth and women league activities' and 'outreach groups for SIGs in 47 counties'. The challenge with the naming of Jubilee Party's programs is three-fold: First, the compounding of youth and women dilutes each of the two given the dominance of these two categories not only in reference to SIGs, but also because they are the largest political constituencies in Kenya. Second, the work plans do not provide any further specification of activities and therefore, it is difficult to know what constitutes especially the 'next generation leaders', and 'outreach groups for SIGs in 47 counties' programs. The ambiguity is clear since the next generation leaders can be mistaken to mean the youth (who are already captured in youth and women league program) while the 'outreach groups for SIGs' is confusing because it refers to all the SIGs categories. Third, the list does not make any reference to 'people living with disability' despite of this category being explicitly mentioned in the PPF regulation.

The Jubilee Party work plans showed that the total SIGs' budget ranged from a lower level of 96 million in 2018, to higher levels of 168 million and 184.5 million for 2017 and 2019 respectively (see **Figure 1 and Table 1 in appendix for greater details**). Within the programs, the highest budget was for the combined 'youth and women league activities' in 2017 (72 million; or 43%) while the least was for the 'next generation leaders' in 2018 (12 million; or 12.5%). For the three years, the cumulative highest budget was for 'youth and women league' (168.750 million; or 38%) and 'outreach groups for SIGs' (161.250 million; or 36%). It suffices to note that in 2019, the 'outreach groups for SIGs program' had a surge in budget (65.250 million) which was bigger than in other program. Despite the development of work plans and corresponding budgets, the specification of activities could not be fully substantiated because Jubilee's office bearers at the strategic apex and at SIG divisions were not available for interview. Only the Jubilee Party aligned KDPA representative was interviewed and from whom it was established that:

- a) *The party had a policy provision for a disability league as well as youth and women leagues. However, it was not possible to relate the programs in work plans labeled "next generation leaders' and 'outreach groups for SIGs' to any of the three leagues.*

b) The disability league had no officials given that the party had not held an election through which such officials could have been identified.

c) The disability league had no own budget and therefore no specific and structured programs/activities for people living with disability funded through PPF.

d) Comparatively, the women league is more active than the youth and disability leagues.

**Figure 1: Trends in budgeted amount for stated SIG programs  
In Jubilee Party (Ksh Million)**

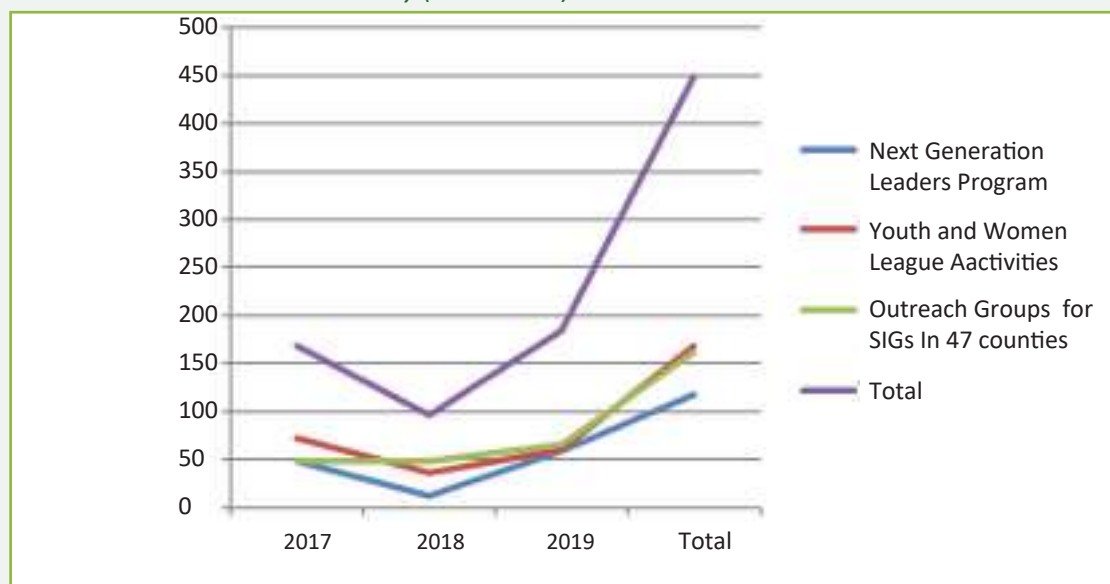
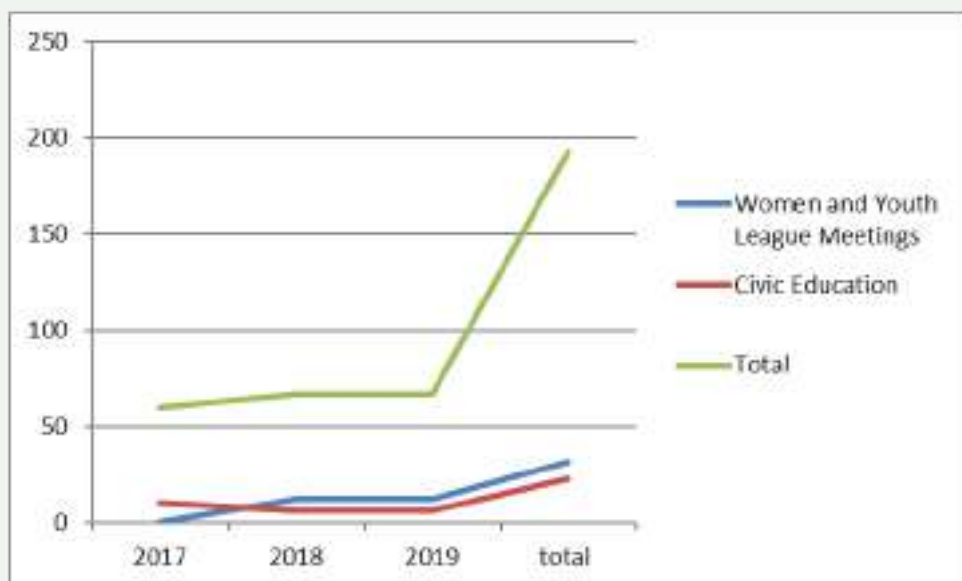


Figure 2: Trends in budgeted amount for selected 'SIG programs' in ODM (Ksh Million)



The ODM's work plan for SIGs comprised of programs and activities of which only one – women and youth league meetings – explicitly referred to SIGs. The rest were listed as 'parliamentary group meetings', 'campaign and elections', 'branch coordination and support', 'civic education in democracy', 'advocacy', 'broadcasting party policies', 'public opinion shaping', 'administrative cost', and 'relocation and establishment'. A great omission is that the list does not make any reference to 'people living with disability' despite the unequivocal mention of this category in PPF regulation. While it can be argued that the above activities and functions could be in support of SIGs interests (e.g., mobilization for inclusion, or office spaces and remuneration of employees in the SIGs docket), the glaring omission is that the work plans were in law

required to serve only the interests of SIGs, and therefore, ought to have been very specific. It follows that the ORPP should be very specific to guide political parties on the kind of programs that are directly relate to SIGs, or should require the political parties to explain how their stated programs related directly to the SIGs. Additionally, on the basis of the principle of self-regulation, the political parties should endeavor to be certain that the suggested programs are specific to SIGs.

The ODM's budget plan across the three financial year period (2017/18 – 2019/20) was a total of 193 million whereby the total budget for SIG programs ranged from a lower level of 59.5 million in 2017, to higher levels of 67.7 million in each of 2018 and 2019 (See Figure 2 and Table 2 in appendix for greater details).

Curiously, ODM's budget estimates for 2018 and 2019 remained the same indicating in part, weak or lack of completion of activities. Overall, the budget plan shows that monies were generally allocated to activities that, as already mentioned, do not unequivocally relate to SIGs. With respect to ODM's "women and youth league meetings" which directly relate to SIGs, the budgeted amount was 12.5% (i.e., 7.5 million out of 59.5 million) in 2017 and 17.9% (12.0 million out of 67.0 million) in each of 2018 and 2019 financial years. As a follow-up to this information,

ODM's key informants revealed that:

- The party has a league for PLWD;
- The women, youth and PLWD leagues' meetings are held four (4) times in a year with the



the membership (participants) being representatives drawn from the 47 counties in the country. The main agenda for the meetings is to develop and/or review work plans; which are then sent to the party's main governance structure (the National Executive Council) for ratification and budgetary allocation.

c) Apart from 'meetings' the only other mentioned activities were training in leadership which was reported for women and youth but not for PLWD; and recruitment of new members which was reported for women (but not the other two groups). An illustration of the training in leadership was that the party sent four (4) members to the Africa Leadership Academy for one year training.

Comparing Jubilee Party and ODM, it is notable that such endeavor is not possible (i.e., even if they had equal/similar budget expectation) because of dissimilarly stated programs/activities. It is, therefore, important for the concerned authorities and stakeholders including CMD-Kenya to guide by providing a framework for budgetary items that can be used to compare and contrast the performance of political parties.

### 3.2 ACTUAL AMOUNT ALLOCATED TO SIGS

A political party's budgetary allocation for SIG programs is potentially an indicator of PPF utilization because it shows, at least, the potential to undertake programs/activities. That is, while work plans and budgets show readiness even if due to the need to comply with the legal funding

requirement of PAA 2015 and PPA 2011, the actual allocation shows the availability of money that could be utilized for actual activities. The actual amount of money received at the political parties for SIGs programs was not disaggregated at source. That is, PPF did not have a separate account for the 15% for SIGs but a lumpsum from which the parties could distribute to the SIGs.

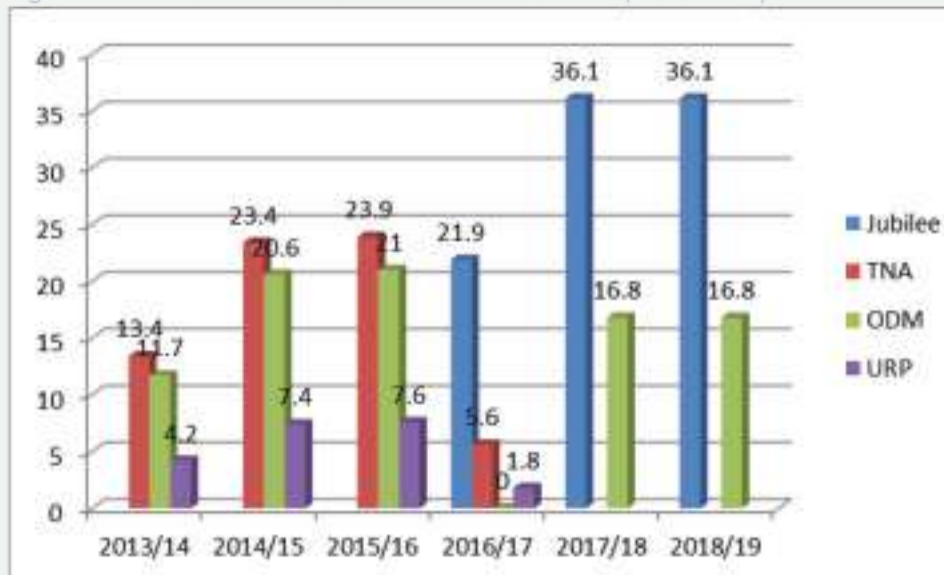
To identify the actual allocation for the political parties receiving PPF, the evaluation computed the 15% from the total amount disbursed from PPF to political parties as documented in the financial statements of the OAG. In this regard, the Jubilee Party received 36.1 million in each of 2017 and 2018 (See figure 3 and table 3 in appendix for greater details) against the budgeted 168 million and 96 million for the two years respectively. Thus, Jubilee party had a deficit of 79% in 2017 and 63% in 2018 (it suffices to note that in 2016 TNA and URP merged to form Jubilee Party) (Republic of Kenya, no date,).

ODM received approximately 16.8 million in each of 2017 and 2018 against the budgeted 60 million and 67 million for the two years respectively (Republic of Kenya, no date). This translates to deficits of 72% in 2017 and of 76% in 2018. Although Wiper Party had anticipated getting six (6) million of PPF from ODM as a coalition partner, they didn't receive any money; hence, a deficit of 100% (Republic of Kenya, no date,).

d) Comparatively, the women league is more active than the youth and disability leagues.



Figure 3: Actual Allocation for SIGs in Political Parties (Ksh Million)



The preceding analysis leads to three conclusions:

a. First, there is a weakness in law in that there is no requirement for political parties to separately account for the 15% set aside for SIGs. Only such disclosure could help to evaluate whether, and how well, the money received at the political parties were utilized for SIGs programs. Without such specification it is difficult to assess, or ascertain, what the actual monies allocated to the political parties (e.g., in the current cycle, 36.1 million and 16.8 million for Jubilee and ODM respectively) could achieve in terms of actual activities. Thus, the legal lacuna could easily make political parties to remain unaccountable on how the PPF is utilized.

b. Second, it is an important observation is that both Jubilee party and ODM received less than 60% of the money they budgeted for. The discrepancy may render a political party to blame non-achievement of results to

underfunding; or cause disillusion to the extent that program implementers become less proactive.

c. Thirdly, the fact that Wiper Party was staking a share of the PPF allocated to ODM but received nothing points to confusion in the criteria of how a political party qualifies for PPF. In other words, while Wiper Party's claim in ODM's success may be rational within the concept of distribution of burdens and benefits among partners, it has no legal backing. There is, therefore, need for the PPF law to guide if, and how, pre and post-election coalition partners could, or should, share public funding.

### 3.3 EXPENDITURE FROM ALL TYPES OF SOURCES AS PROXY INDICATOR FOR USE OF SIGS MONEY

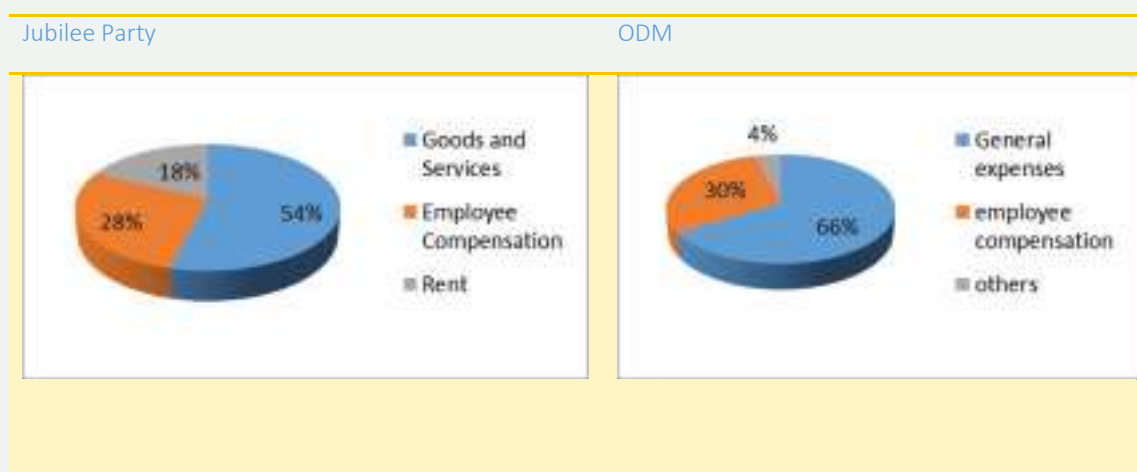
The preceding assessment shows that there is no legal requirement

for specific disbursement of the 15% to political parties. Consequently, a review of the auditor general's report for the political parties revealed absolute silence on SIGs. Further review indicates that the accounting of the 15% was subsumed in accounting of not only money received from PPF but also those received from other sources. The subsequent question is whether political parties can be found to use monies for SIGs programs out of which it can be speculated that some of that expenditure arises from the 15%. In both Jubilee and ODM, the audit reports did not reveal what expenditure could have gone to SIGs. In this regard, Jubilee's expenditure of funds from all sources (i.e., Government grants and subsidies/PPF, public contributions and other incomes) was 515.7 million, of which the largest amount was for "goods and services" (278.5 million, or 54%) of which the largest expenses were campaign and election (241.7 million, or 47% of total) and

training (13.4 million, or 3% of total). Other expenses were employee compensation (142.0 million, or 28%) and rent (91.0 million, or 18%), while financial cost and depreciation accounted less than 1% (see Figure 4). This information shows that from the auditor’s report, it is not possible to determine how PPF was used for SIGs.

Furthermore, the unavailability of key informants could not enable this evaluation to discern how the above listed expenses could have been for SIG programs.

Figure 4: Expenditure from all types of Sources for Jubilee Party and ODM in 2018



The ODM party utilized from all sources 154.3 million, of which the bulk was for “general expenses” (102.0 million, or 66%) whose main expenses were for campaign (39.3 million, or 25%), party policy and advocacy (17.3 million, or 11%), bad debts (13.7 million, or 9%), regional conferences (13.0 million, or 8%), and multiple other items that are singularly low cost such as legal expenses, civic education, security (18.7 million, or 13%). Apart from the general expenses, others were employee compensation (46.2 million, or 30%); and

combined financial costs, capital expense, depreciation, repairs and rent (6.2 million, or 4%). While the Auditor general’s reports had no specifics relating to utilization of funds for SIG programs, ODM key informants representing women, youth and PLWD revealed that:

a) *The process of allocation of PPF fund to the SIGs involves the specific leagues meeting to develop a work plan and a budget, which is submitted to the governing body – the National Executive Committee – for review and*

*ratification. Once the budget is approved, money is allocated to the programs but is disbursed from the finance office upon application by program implementers.*

b) *In the last financial year (2019/2020), about 17 million Kenya shillings was allocated to the SIG programs whereby this amount is consistent – as previously discussed – with the expected 15% of PPF for that year.*

c) *The sharing of PPF among the three SIGs was biased in favor of*

the youth program that received 12 million (i.e., 71%) while the remainder is shared between the women and PLWD programs. The main activity in the three programs was reported to be holding meetings, which are four in a year, and which favors the youth and women programs as opposed to the PLWD program. To this the PLWD representative noted that the limitation of physical mobility of most PLWD causes little activity compared to the other two programs.

d) The youth program is generally more organized in that it is headed by an employed officer – as part of the secretariat - while the women and PLWD representatives are volunteers with more of political interests. The absence of employed officer(s) for the women and PLWD programs has made the youth program officer to assist in coordinating their activities which may undermine their impacts.

e) The financial accounting system is coordinated through an internal audit function situated at the finance office. Some of the control measures include direct payment from finance office to service providers – e.g., to hotels where program meetings are held; or requirement that no new disbursement is made before previous disbursement is accounted for.

The preceding analysis indicates that ODM has a fairly well-developed structure for utilization of PPF for SIGs. However, acknowledging that individual responses may have respondents' bias (e.g., misrepresentation of facts or misremembering), and in absence of specification of expenditure by

budgetary items such as contained in work plans in OAG's reports, it is not possible to fully determine how the PPF is utilized for SIGs in ODM.

Given that ORPP requires that political parties to submit work plans for SIG programs upon which PPF is disbursed, it is imperative that they follow through on whether the monies allocated to SIGs are actually used for the identified programs. As such, this evaluation recommends that through ORPP's regulation of through political parties' self-regulation, the parties should not only develop work plans and budgets for SIGs but also allocate, use and account for the money accordingly.

### 3.4 POLITICAL PARTIES FUND ADMINISTRATION

The organization of the political parties' fund is also a proxy indicator of the utilization of the fund for SIG programs. The PPA 2011 provides that 5% of the PPF is set aside for administration of the fund. However, the law does not guide on what specific strategies would qualify for that administration. The evaluation assessed the 2014 – 2018 financial statements of the OAG (Republic of Kenya, no dated), to determine the kind of programs/activities the 5% was put to. The results showed that over the four years, the largest amounts of money were used to acquire non-financial assets, domestic and foreign travel and subsistence, training and to some extent employee compensation (see note 'a' in Table 1). For example, in 2016/17, of the 20.1 million

retained at ORRP as administration expenses, the largest amount was used in training (43%), domestic and foreign travel (35%) and acquisition of assets (22%); of which only training is more directly related to the needs of SIGs.. The training that was most relevant to SIGs was in 2016/17 whereby in preparation to the 2017 general election, ORPP trained national women leaders and county officials comprising of youth and PLWD. The 2017/18 training which comprised of nearly one-quarter of the expenses was for "sensitization of political parties on the popular version of the Political Parties Act" among 41 political parties, 283 party officials and trainers (TOTs)"; and makes no reference to SIGs.

**Table 1: PPF allocation and type of utilization**

	PPF allocation	PPF Administration expenses	Acquisition of assets	Travel and subsistence	Training	Employee Compensation	Total percentage (excluding 'other' expenses)
2017/18	371.2	22.1	-	-	5.4 (24.0)	13.8 (62.0) <sup>a</sup>	86.0
2016/17	370.5	20.1	4.4 (22.0) <sup>b</sup>	7.0 (35)	8.6 (43.0)	-	100.0
2015/16	367.2	16.5	6.0(36.0) <sup>c</sup>	6.5 (39.0)	-	-	75.0
2014/15	360.0	21.9	14.6 (67.0) <sup>d</sup>	0.2 (1)	4.0 (18.0)	-	86.0

**Notes:**

<sup>a</sup> The OAG 2017/18 report in separate sections indicates the 13.8 million was utilized for 'acquisition of assets' and at the same time for 'employee compensation'. Unlike in the earlier reports, the report doesn't have a breakdown for the assets. Also, unlike earlier reports, the reports provides for employee compensation.

<sup>b</sup> The assets comprised of ICT equipment, software and 'other' ICT assets (that are not specified).

<sup>c</sup> The assets comprised of motor vehicle, computers and furniture.

<sup>d</sup> The assets comprised of structural cabling for Internet; and office furniture and equipment (the latter is not specified)

With respect to asset acquisition, the largest amount was expended in 2014/15 and comprised of structural cabling for Internet and office furniture and other (unspecified) office equipment that were, according to ORPP, aimed at supporting political parties. Other assets acquired with the PPF include a motor vehicle, computers and software. Based on the preceding information, the key

observations are: First, most of the money retained at ORPP for PPF administration are utilized at ORPP in terms of non-financial assets, and in domestic and foreign travel; Second, there is no mention at all of how ORPP uses the fund to hold political parties to account for the funds they receive .

# 04 CONCLUSION & RECOMMENDATIONS

The evaluation set out to establish the utilization of PPF to promote the political participation of special interest groups. The review has established that while the legal framework provides for the fund, there are myriad obstacles that undermine the utilization and impact of the fund. First, there are only very few political parties that qualify to access the fund given that currently only two parties (Jubilee and ODM) out of 68 registered parties receive the fund. This raises the question whether the PPF qualification criteria need revision which should take into account the economy's ability to pay. In this regard, a key observation from the validation workshop was that funding only a few political parties defeats the purpose for which PPF was established; hence, a strong recommendation for expanding the number of parties than can be funded was made.

Second, the studied political parties show that there is no general guidance on programs/activities that ought to guide the pursuit of SIG interests. For instance, the Jubilee naming of programs as 'next generation leaders' which is different from the youth and 'outreach for SIGs in 47 counties, which appears to target all SIGs' does not illuminate the kind of activities that the party seeks to pursue/implement.

Similarly, the ODM listing of SIGs programmes to include 'administration cost', 'establishment' does provide inspiration on mainstreaming of SIGs needs and aspirations. It is, therefore, important for ORPP and stakeholders such as CMD-Kenya and the political parties themselves to collaboratively identify the programs that are specific; for example, mobilization that would include advertisements, recruitment, volunteerism etc; or empowerment that would include training; or administration that would include office set, employee compensation etc. The naming of the programs should also be comparable such that the parties can be monitored and evaluated on similar basis.

The evaluation established that developing work plans without actual budget in mind may lead to overestimation (or underestimation) with the effect that actors in political parties might blame "underfunding" for non-pursuit of SIG interests, or they might become demotivated. Since the work plans should guide the parties in achievement of results, it may be a better practice that political parties are required to plan for a defined budget allocation based on the party's qualification.

The evaluation established that whereas parties are required in law to develop work and budget plans in order to receive PPF, there is no requirement for them to account for the 15% that is specially assigned to SIGs. As the evaluation found out, the practice is for the parties to combine the 15% with the balance of 85% from PPF and with money from any other source. Given that the 15% is for a special program, there is no reason why the parties cannot use the kitty within the specified actions and account for it accordingly. In other words, accounting for the money in lumpsum defeats the purpose of disaggregating it in the first place. In this respect ORPP should take lead to guide the OAG in specific auditing of PPF and of the SIG fund in particular. A key observation made from the validation workshop was that political parties in Kenya are still undergoing institutionalization (i.e., deepening in society); hence, they need more but not less support. And as one civil society representative from Mzalendo Trust observed "giving up is not an option".

The evaluation found that in administration of PPF, the ORPP retains a significant proportion of the money within its establishment while less is spent on programs directly related to the political parties. Considering that, for instance, in 2017/18, the ORPP



used 62% for either acquisition of asset compensation and only 25% to train political parties, then the nature of utilization may be a source of conflict between ORPP and the political parties. It is, therefore, necessary for a legal clarification of what constitutes the PPF administration expenses.

Finally, the current PPF administration whereby the political parties are not allocated the full 0.3% of nationally collected revenue and whereby some political parties have been asking for PPF from coalition partners manifests, is recipe for aggravated institutional conflict. In the current setting it is instructive that Jubilee – as the governing party – does not demand payment of the full 0.3% while ODM – as the main opposition - does. Similarly, the fact that ODM coalition partners in the 2017 election have been demanding their ‘share’ shows lack of clarity on how such sharing should be done. These observations calls for the government and political parties to rethink the law on 0.3% and determine under what circumstances it might or might not be tenable, as well as for PPA to guide on PPF sharing among qualifying political parties.

Arising from the above, and acknowledging that the country is moving towards a general election in 2022, the abridged recommendations from the study and the validation workshop are as follows:

### FOR POLITICAL PARTIES

1) *Ensure proper project planning with clear determination of goals, objectives, inputs, activities, targets, outputs, outcomes and impacts;*

- 2) *Ensure proper project monitoring and evaluation to remain focused on achievement of goals;*
- 3) *Ensure fair distribution of SIG fund to different categories*
- 4) *Ensure budgetary discipline such that money allocated for SIGs should only be used for the stated programs;*
- 5) *Ensure separate accounting of SIG fund independent of other monies.*

### FOR ORPP

- 1) *Ensure that political parties defined programs for SIGs have face and content validity;*
- 2) *Ensure that political parties stick to the funded work plans and demand explanations for deviations;*
- 3) *Propose legal provision to ensure that political parties account for SIG fund based on funded work plans;*
- 4) *Propose legal provision to ensure that PPF administration expense for SIGs is defined. In the short-term ensure that the administration expense related to SIGs is visible and justifiable.*

### FOR OAG

- 1) *Ensure political parties accounting of SIG fund is against the funded work plans;*
- 2) *Consider having the reports of financial statements published such that the publisher (i.e., Republic of Kenya) and date of publication are well indicated for ease of reference. In this regard, a copyright statement should indicate how these reports should be cited.*
- 3) *Consider writing errata for the 2017/18 PPF report, which in separate sections indicates the 13.8 million was utilized for*

*‘employee compensation’ (pages 51, 59) and for ‘acquisition of*

### FOR CMD- KENYA AND OTHER CIVIL SOCIETY ACTORS

- 1) *Promote efficient and accountable use of SIG at the political parties;*
- 2) *Promote political parties organizational strengthening through capacity building on project planning and monitoring among others;*
- 3) *Lobby ORPP to institute measures to hold political parties accountable on the use of SIG fund;*
- 4) *Lobby OAG to institute more accountable measures in political parties accounting for SIG fund.*
- 5) *Sensitize SIGs in political parties to demand for efficient and effective utilization of their fund; and for fair sharing amongst various SIG groups.*
- 6) *Consider promoting within political parties the inclusion of environment and pensioners as SIGs.*
- 7) *Demand more transparent and accountable management of PPF processes at all levels (i.e., from National Treasury, ORPP, OAG, Political Parties’ apex, SIGs and political leaders).*

### FOR GOVERNMENT AND OTHER STAKEHOLDERS INTERESTED IN PPF

- 1) *Revisit the funding qualification criteria to political parties to allow funding of more political parties, and possibly those with specialty for special population groups, and environment among others.*
- 2) *Sort out the 0.3% quagmire.*

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## Appendixes

**Table 2: Jubilee Party Budget Plan for Special Interest Groups Programs (FY 2017/18 – 2019/20)**

Programs	2017/18	2018/19	2019/20	Total
Next generation Leaders Program	48.0	12.0	58.5	118.5
Youth and Woman League Activities	72.0	36.0	60.750	168.750
Outreach Groups for SIGs in 47 counties	48.0	48.0	65.250	161.250
<b>Total</b>	<b>168.0</b>	<b>96.0</b>	<b>184.500</b>	<b>448.500</b>

**Table 3: ODM Budget Plan for Special Interest Groups Programs (FY 2017/18 – 2019/20)**

Programs	2017/18	2018/19	2019/20	Total
Parliamentary Group Meetings/GPG		1.5	1.5	3.0
Women and Youth League Meetings	7.5 <sup>a</sup>	12.0	12.0	31.5
Campaign and Elections	17.5	-	-	17.5
Branch Coordination and Support	10.0	-	-	10.0
Civic Education	10.0	6.4	6.4	22.8
Advocacy	14.5			14.5
Broadcasting Party Policies		7.7	7.7	15.4
Public opinion shaping		2.2	2.2	4.4
Administration cost		7.0	7.0	14.0
Relocation and establishment		29.8	29.8	59.6
<b>Total</b>	<b>59.5</b>	<b>66.7</b>	<b>66.7</b>	<b>192.9 (189.7)<sup>b</sup></b>
Notes: Original data sourced from ORPP.				



<sup>a</sup>The entry is from the source combined for both PG meetings and women and youth league meetings.

<sup>b</sup>Figure in parentheses is column total. The variation between column and row totals is due to rounding off error.

Table 4: Political Parties Allocation of SIGs money (FY 2013/14 – 2018/19)

Party	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Jubilee</b>	–	–	–	21.9 (145.9)	36.1 (240.4)	36.1 (240.4)
<b>TNA</b>	13.4 (89.8)	23.4 (155.8)	23.9 (159.0)	5.6 (37.3)	–	–
<b>ODM</b>	11.7 (78.1)	20.6 (137.0)	21.0 (139.7)	19.7 (131.2)	16.8 (112.3)	16.8 (112.3)
<b>URP</b>	4.2 (28.0)	7.4 (49.2)	7.6 50.9	1.8 (11.8)	–	
<b>Wiper</b>			4.8 (31.7)			

Notes: 1. Source: ORPP Website

<https://www.orpp.or.ke/index.php/en/services/funding-and-political-parties>

1. Figures are rounded off to the nearest hundred thousands
2. Figures in parentheses are the total amount received from PPF

**i)** *In this report, instead of people with disability, the preferred term is people living with disabilities (PLWD) which is consistent with some current literature. To some extent the term people living with disability does not seem to reinforce the disability as a negative condition but rather seem to normalize it. However, the two terms are often used interchangeably in literature.*

**ii)** *According to OAG representative in the validation workshop, Wiper was included for auditing in the 2019/18 year because they had balances arising from the previous election cycle in which they were receiving PPF.*

**iii)** *A review of the party's 2016 constitution and 2017 manifesto also does not mention any of the two programs.*

**iv)** *The Jubilee aligned KDPA was of the opinion that currently ODM had better structures for realization of SIGs interests compared to Jubilee, or any other party in the country*

**v)** *In the validation workshop, ORPP representative noted that they have been training Political Parties finance managers but observed that there is high turnover of those officers with the effect that not much is achieved in terms of capacity building.*

# ABOUT CMD-KENYA

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The Centre for Multiparty Democracy, CMD-Kenya is a political parties-based membership organization established in March 2004. The mandate is to enhance multiparty democracy and strengthen the institutional capacity of political parties in Kenya through policy influence and capacity building. The organization provides a platform for political parties, political actors and policy makers to engage in dialogue and cooperate in strengthening multiparty democracy. CMD-Kenya works closely with political parties, political actors, strategic partners and key stakeholders in promoting social justice, political governance best practices, respect for human rights and fundamental freedoms.

## Our Vision

Why we exist

The Vision of CMD-Kenya is “a multi-party democratic Kenyan society that is issue based, people-centred, and accountable to the public.”

## Our Mission

Where we are going

The Mission of CMD-Kenya is “to facilitate the institutionalisation of multiparty democracy through policy influence and capacity building of political parties in Kenya”.

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