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REPUBLIC OF KENYA

19 APR 2016

THE NATIONAL ASSEMBLY

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ELEVENTH PARLIAMENT

FOURTH SESSION

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THE LIAISON COMMITTEE REPORT ON THE FIRST SUPPLEMENTARY ESTIMATES FOR  
2015/2016

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APRIL, 2016

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## PREAMBLE

**Mr. Speaker**, on behalf of the Members of the Liaison Committee and pursuant to Article 223 of the Constitution, section 44 of the Public Finance Management Act, 2012, the Public Finance Management Regulations 2015 and the Standing Order 243(1), it is my pleasure to present to this House, the Committee's Report on the first supplementary estimates for financial year 2015/16 which were tabled in this House on 15<sup>th</sup> March, 2016.

### Mandate of the Committee

**Mr. Speaker**, according to the Standing Order 207(3) the Liaison Committee assumes the following functions

- Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget;
- Discuss and review the estimates and make recommendations to the House;
- Examine the Budget Policy Statement presented to the House;
- Examine bills related to the national budget, including appropriations bills;
- Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and
- Examine the Division of Revenue Bill.

**Mr. Speaker**, the Liaison Committee is currently comprised of the following Honorable Members:

1. Hon. (Dr.) Joyce Laboso, MGH, M.P. - **(Deputy Speaker /Chairperson)**
2. Hon. Moses Cheboi, M.P. - **(Member, Speaker's Panel /Vice Chairperson)**
3. Hon. Asman Kamama, MGH, OGW, MP
4. Hon. Adan Mohamed Noor, CBS, MBS, MP
5. Hon. Maina Kamanda, EGH, MP
6. Hon. Jamleck Kamau, EGH, MP
7. Hon. Adan Keynan, CBS, MP
8. Hon. Amina Abdalla, CBS, MP
9. Hon. Alex Mwiru, MP
10. Hon. Benjamin Langat, MP
11. Hon. David Were, MP
12. Hon. Dr. Rachel Nyamai, MP
13. Hon. Florence Kajuju, MP
14. Hon. Janet Nangabo Wanyama, MP
15. Hon. Johnson Sakaja, MP
16. Hon. Moses Lessonet, MP

17. Hon. Ndungu Gethenji, MP
18. Hon. Nicolas Gumbo, MP
19. Hon. Njoroge Baiya, MP
20. Hon. Roselinda Soipan, MP
21. Hon. Sabina Chege, MP
22. Hon. Samuel Chepkong'a, MP
23. Hon. William Cheptumo, MP

### **Examination of the First Supplementary Estimates 2015/16**

**Mr. Speaker**, in reviewing the First Supplementary Estimates for 2015/16, the Committee held seven sittings including one sitting where the Liaison Committee was able to get some clarifications from the Cabinet Secretary, National Treasury. The observations and recommendations arising from these deliberations are included in this report.

**Mr. Speaker**, the Supplementary Estimates tabled in the National Assembly were submitted in a Programme Based Budget format as were the Printed estimates for 2015/16. However, most of the allocations for the programmes have changes of more than 10 percent which is contrary to Section 43 (2) (c) of the PFM Act, 2012, which requires that re-allocations per programme should not exceed 10 percent of total approved budget of a programme. **Mr. Speaker**, major adjustments in the programme is an indication of poor planning and lack of a programmatic approach to budgeting. The committee notes that some programmes with adjustments in expenditure do not have reciprocating adjustments in key performance targets and indicators. There are also cases of transfer of programmes from one ministry to another in the course of the financial year as in the case from State Department for Agriculture to Ministry of Water and Irrigation; State Department for Education to Ministry of Information Communication and Technology. In year movement of programmes distorts budget execution.

### **Acknowledgements**

**Mr. Speaker Sir**, the Committee would like to acknowledge and appreciate all the Members of the Liaison Committee who participated in the process and worked diligently to ensure that the work was accomplished. The Committee also thanks the Offices of the Speaker, the Clerk of National Assembly as well as the Parliamentary Budget Office for the support received as it discharged its mandate of examining the First Supplementary Estimates for the financial year 2015/16.



Mr. Speaker, it is therefore my pleasant duty and privilege, on behalf of the Liaison Committee, to table the Report on the First Supplementary Estimates 2015/16 and recommend it to the House for adoption.

Signed: .....



Hon. (Dr.) Joyce Laboso, M.P.

Chairperson, Liaison Committee

Date: .....

19/04/2016

## I. OVERVIEW OF THE FIRST SUPPLEMENTARY ESTIMATES 2015/16

1. **Mr. Speaker**, the first supplementary estimates for the financial year 2015/16 were submitted to the National Assembly on 11<sup>th</sup> March 2016 and tabled in this House on 15<sup>th</sup> March 2016. The estimates propose to increase the total gross estimates for FY 2015/2016 by Kshs. 26.4 billion. The amount comprises of gross ministerial estimates of Kshs. 20.1 billion for recurrent expenditure and Kshs.6.4 billion for gross development expenditure.
2. **Mr. Speaker**, the preparation and approval of the Supplementary Budget is provided for in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Section 40 of the PFM Regulations. The Constitution provides that the National Treasury should seek approval from Parliament within two months after the first withdrawal of money from the Consolidated Fund for purpose of Supplementary Appropriation. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances where Parliament has approved a higher percentage. In addition, the Supplementary estimates tabled in the National Assembly were submitted in Programme Based Budget format as were the Printed estimates for 2015/16. However, most of the allocations for the programmes have changes of more than 10 percent which contravenes the PFM Act, 2012 Section 43 (2) (c) that states that the reallocation per programme should not exceed 10 percent of total approved budget of a program.
3. **Mr. Speaker**, the committee observes that there is no evidence of whether all withdrawals were reported within two months as stipulated by the Constitution. Further, although some of the programmes exceed the 10 percent threshold, it is not clear how much of the allocations have already been spent.
4. **Mr. Speaker**, an assessment of the legal compliance of this Supplementary Estimates shows that it adhered to most of the legal provisions. Nonetheless the Committee noted some non-compliance, these include: -
  - a. Provision of details on whether any additional funds sought for in the supplementary budget is for expenditure that is either yet to be incurred or has been incurred within the last two months.
  - b. Some of the programmes have been amended by more than ten percent of their approved estimates for 2015/16.
  - c. Provision of details of how the increments in external financing for the supplementary budget will impact on the public debt.
  - d. The current budget performance for 2015/16 including the actual expenditure and the outstanding liabilities or commitments.
  - e. Some programmes with expenditure changes do not have reciprocating changes in outputs and performance targets.
5. **Mr. Speaker**, the Committee further notes that in as much as the Constitution allows for a supplementary, it should only occur if there are unforeseen circumstances. In addition, major

adjustments within the course of the financial year are an indication of an unrealistic macroeconomic framework which often leads to overestimation of revenues and expenditures.

## II. REVIEW OF THE RECURRENT SUPPLEMENTARY ESTIMATES

6. **Mr. Speaker**, in the preparation of these supplementary estimates, the National Treasury issued a circular requiring all agencies to adopt austerity measures in Domestic and Foreign Travel, Hospitality Supply and Services among others. This was due to a slowdown in economic activities and non-realization of projected revenues. However, it is noted that some agencies were not affected by this measure.
7. **Mr. Speaker**, in terms of Appropriations in Aid (AIA), the major increases include; Kshs. 11.83 billion in the state department of Infrastructure due to upward review of amounts collected as Road Maintenance Levy Fund; Kshs. 640 million for NEMA and Kenya Forest Services under the Ministry of Environment and Natural Resources and Regional Development Authorities. However, the committee noted reductions of Kshs. 200 million for Foreign Relations and Diplomacy Programme under the Ministry of Foreign Affairs and International Trade.

## III. REVIEW OF THE DEVELOPMENT SUPPLEMENTARY ESTIMATES

8. **Mr. Speaker**, with regard to development estimates, the committee noted allocations have been revised downwards especially on items such as construction of buildings, refurbishment works on buildings and purchase of specialized equipment. These reductions may lead to pending bills if commitments had already been done before the close of the financial year. As a result, timely implementation of key projects is likely to be affected. For example, the allocation for construction of Mithani House by the Kenya National Examination Council (KNEC) has been reduced and this project has been ongoing for the last 29 years.
9. **Mr. Speaker**, bulk of additional resources are due to changes of items of spending from specific items to general items through capital grants and transfers across the spending agencies. This makes it difficult to monitor the use of these allocations. For example, under the State Department of Education, allocations have been provided to Headquarters Administrative Services, District Education Services and Directorate of Basic Education as capital grants from an earlier allocation to construction of buildings. The committee recommends that going forward, it is important for the various entities receiving resources in form grants to other levels of Government submit their detailed budgets for scrutiny to ensure there is value for money.
10. **Mr. Speaker**, there was a readjustment in development spending attributed to transfer of functions from one spending agency to another. For instance, the transfer of the purchase of Laptops has been transferred from the State Department of Education to the Ministry of ICT

with an under provision. It was also noted that the State Department for Transport has some additional allocation for the LAPSET project which is critical for the delivery of VISION 2030. However, it is not clear whether other Vision 2030 flagship projects have been affected in the supplementary estimates

#### IV. REVIEW OF THE CONSOLIDATED FUND SERVICES

11. **Mr. Speaker**, the first supplementary estimates for 2015/16 indicates an increase of Kshs. 24.2 billion in the Consolidated Fund Service (CFS). This represents a 5 percent increase from Kshs. 441.5 billion to Kshs. 465.7 billion. The change is as a result of an increase in interest payables on debt by Kshs. 9.9 billion (Kshs. 5.9 billion and Kshs. 4.1 billion in Internal and external debt respectively), increase in redemptions by Kshs.10.2 billion and Kshs. 4.0 billion increase in Pension Salaries and Allowances. **Mr. Speaker**, indeed, the supplementary estimates also indicate an additional Kshs.10.2 billion worth of internal debt that will be maturing in the 2015/16. This relates to a single one-year bond, obtained in January 2015, which will be maturing in April 2016. The Committee observes that this reflection of bond maturity should have been indicated in the 2015/16 budget estimates.

12. **Mr. Speaker**, the committee is concerned that the increase in internal interest payables is partly as a result of an accumulated debt dating as far back as February 2014, but whose interest payments (Kshs. 16.2 billion) were not factored in the 2015/16 Budget Estimates submitted to Parliament in April 2015. **Mr. Speaker**, on the other hand, the increase of Kshs. 4.1 billion in interest on external debt is as a result of new debt of Kshs.1.6 billion (whose interest payables were not factored in the FY 2015/16 budget), and the Standard Chartered Syndicated Loan of Kshs.2.5 billion, acquired in the first half of 2015/16 to stabilize interest rates.

#### V. FINANCING OF THE FIRST SUPPLEMENTARY ESTIMATES 2015/16

13. **Mr. Speaker**, the overall change in the net estimates is a reduction of Kshs. 41 billion with the recurrent net estimates increasing by Kshs. 8.2 billion and the capital net estimates reducing by Kshs. 49.1 billion. This indicates that all increments in the net estimates were met by reductions in other ministries. In addition, increases in the Appropriations in Aid amounts to Kshs. 67.4 billion with the recurrent AIA increasing by Kshs. 11.9 billion and the capital AIA increasing by Kshs. 55.5 billion.

14. **Mr. Speaker**, the Committee observes that the National Treasury did not provide adequate information on Budget Performance. This is in terms of actual expenditure and outstanding liabilities/ commitments especially of Ministries, Departments and Agencies (MDAs) where



there are reductions or increases. **Hon. Members**, it is important to note that at the time of approving the Supplementary Estimates no information is given on items spent or not spent. In addition, no information is provided for actual budget performance despite the fact that supplementary estimates are meant to give a mid-term review of budget. This highly limits the oversight role of Parliament especially in assessing the rationale behind the budget cuts or increments.

15. **Mr. Speaker**, the changes in the supplementary estimates greatly affect the predictability of the budget. During the start of the financial year, spending agencies had prepared their work plans and procurement procedures for the whole year. The targets for the year had also been set in the programme based budgets. However, the revision of the budgets mid-year will require the spending agencies to amend their work plans and targets. Some projects whose procurement plans may have already been prepared may have their funding cut, thus delaying the implementation.
16. **Mr. Speaker**, the Committee observes that it has been the trend in Kenya to have optimistic economic growth projections which often result to higher projections of revenues. When the projected revenues are not achieved, the Government is forced to reallocate, cut its budget or source for additional funds through borrowing. Had the growth rate projections been realistic at the beginning of the financial year, the revenue projections would have been firmed up and perhaps there would be no need to amend the expenditure estimates by large margins leading to poor budget implementation.

## VI. RECOMMENDATIONS

### A. Policy Recommendations

17. **Mr. Speaker**, this country needs to embrace performance based budgeting and in this regard the supplementary estimates should have a scorecard on the performance of the budget so as to enable this House to make an informed decision. The Committee therefore recommends that when supplementary estimates are being submitted to Parliament they should be accompanied by a half year performance status of programmes, including key performance indicators.
18. **Mr. Speaker**, the review of the supplementary estimates has been difficult due to lack of enough information on the status of 2015/16 budget implementation. For example, Article 228 of the Constitution requires that every four (4) months the Office of Controller of Budget (COB) to submit to Parliament reports on budget implementation. **Mr. Speaker**, as much as there are delays in returns, the IFMIS system is operational and COB has direct access to this information and therefore there should be no issue of more than one-month delay. The Office has not been able to meet the statutory deadline of submitting the 2015/16 1st half year report.

The committee recommends that the Office puts in immediate measures of complying with Constitutional timelines or Parliament will instill relevant sanctions.

19. **Mr. Speaker**, in order to ensure there is adequate information on budget performance in real time, the National Treasury should issue exchequer releases by vote and programme and the same should be published on a monthly basis in the Kenya Gazette. This will not only enable Parliament to take appropriate actions but the general public will be adequately informed hence enhancement of budget transparency. Further, MDAs should be required to publish in their website the monthly exchequer issues received by programmes.
20. **Mr. Speaker**, the committee notes that year in year out Parliament approves supplementary and annual budget for capital expenditure without any knowledge of details with regards to start time, progress and geographical location of projects. **Hon. Members**, the committee recommends no development budget during the supplementary or annual budget be approved without a list of projects that is reconcilable with development expenditures.
21. **Mr. Speaker**, the Committee noted that there is a problem in reporting of the total amount of foreign/external financing. The National Treasury should firm up the commitments on projects that are foreign financed, including their records on uptake at the start of each financial year. **Mr. Speaker**, there should be no changes on foreign financing in mid-year as this is lack of respect of the budget process by external donors. Further it should be in line with Accra Accord on Aid effectiveness which requires that donors channel aid through country Public Finance Management systems to a maximum extent possible.
22. **Mr. Speaker**, the Committee recommends that all payments under Consolidated Fund Services should be comprehensively funded for during annual estimates. Only those caused by macro-economic imbalances should be provided for during the supplementary estimates.
23. **Mr. Speaker**, going forward the National Treasury MUST strive to come up with a realistic budget and avoid the overestimation of revenues and expenditures. This, **Hon. Members** reduces the credibility of budget. Having a realistic macro-economic framework is vital for ensuring there is predictability in the budget. In 2015/16 it is obvious that the National Treasury did not base its budget on a solid basic assumption.
24. **Mr. Speaker**, Article 223(1) of the Constitution provides for spending of money that has not been appropriated only if what was appropriated under the appropriation Act was insufficient or a need has arisen. In this regard, as the Committee held its consultation with the Cabinet Secretary, National Treasury it became clear there is no reconciliation of what has been spent in relation to the aforementioned Article. In future, when submitting the supplementary estimates, the National Treasury MUST provide a statement of how much has spent (as per Article 221(1)) as for each vote and programme.

25. **Mr. Speaker**, the Committee noted that there is segmented construction of buildings across the MDAs and this has often led to delayed completion of constructing buildings. The Committee recommends that the National Government develop a concrete plan for ensuring that there is centralized construction of buildings for all the MDAs spearheaded by the State Department of Public Works.
26. **Mr. Speaker**, during departmental committees' meetings with their line ministries, it was noted that most officials in the line ministries were not aware of the changes in the supplementary estimates. The committee therefore recommends that the National Treasury build adequate capacity and better consultation before making their presentations in Parliament.
27. **Mr. Speaker**, the CDF arrears amounting to Kshs. 4.9 billion carried forward from 2014/15 be catered for in 2016/17 financial year.

## **B. Financial Proposals**

28. **Mr. Speaker**, having considered the above matters, the Committee recommends the following changes in the Supplementary Estimates: -

### **A. Proposed Reallocations**

29. **Mr. Speaker**, the Committee recommends the following reallocations:
- (i) Reallocate Kshs. 200 million set aside for purchase of milk coolers under the 'Livestock Resources and Market Development Support Services' programme to Kenya Meat Commission for modernization of slaughter houses in Athi River and staff rationalization at the commission, in the State Department of Livestock.
  - (ii) Reallocate Kshs. 1.71 billion from the 'Power Transmission and Distribution' programme in the Ministry of Energy and Petroleum. This will comprise reallocating Kshs. 1.71 billion from allocations for capital transfers and grants to KPLC (Kshs. 1.2 billion for capital grants to KPLC, Kshs. 500 million for capital transfers for Non-Financial Public Enterprises) to the Rural Electrification Authority Kshs. 1.5 billion and Kenya Nuclear Electricity Board Kshs. 210 million (Kshs. 50 million for completion of ongoing grid study, Kshs. 50 million for Environmental Assessment of Kenya Nuclear programme, Kshs. 50 million for establishment of legal and regulatory framework, Kshs. 60 million for publicity and advocacy).



- (iii) In the Ethics and Anti-Corruption Commission, reallocate Kshs. 50 million for provision of International Legal Support and outsourcing of legal services to a programme for vetting of EACC staff.
- (iv) Reallocate Kshs. 150 million under the 'Primary Education' programme in the State Department of Education. This includes reallocation of Kshs. 100 million from construction of building to fund shortfall in contract for supply of computers in secondary schools which has already been signed, and Kshs. 50 million for capital grants under ICT programme for training of teachers under the digital literacy programme.
- (v) Reallocate Kshs. 325 million under the Ministry of Water and Irrigation from the ongoing unfunded projects in 2015/16 approved estimates in the 'Water Resource Management' programme to the ongoing projects in the Water Boards within the same programme.
- (vi) Reallocate Kshs. 200 million for rental of assets of New York Mission under recurrent to purchase of buildings under development in the 'Foreign Relations and Diplomacy' programme of the Ministry of Foreign Affairs and International Trade.
- (vii) Reallocate Kshs. 30 million under 'General Administration Planning and Support Services' programme of the Ministry of Energy and Petroleum to cater for purchase of motor vehicles for CS and PSs.

#### **B. Proposed Increments**

**30. Mr. Speaker,** the Committee recommends the following increments:

- (i) Increase the recurrent allocations for Judiciary by Kshs. 77 million. This includes Kshs. 2 million for outstanding cash bail refunds at the Marimanti Law Courts and Kshs. 75 million for the Political Parties Dispute Tribunal (PPDT) above the Judiciary's allocations.
- (ii) Increase the capital allocations for Judiciary by Kshs. 144 million to cater for completed projects for which certificates have been received.
- (iii) Increase the recurrent allocations for the Office of the Registrar of Political Parties by Kshs. 14 million.
- (iv) Increase the recurrent allocations for the Kenya National Commission on Human Rights by Kshs. 28.4 million.
- (v) Increase the recurrent allocations for the Witness Protection Agency by Kshs. 16 million.
- (vi) Increase the recurrent allocation for the Commission on Administrative Justice by Kshs. 16 million.

- (vii) Increase the recurrent allocation for the 'General Administration Planning and Support Services' programme under the Office of the Attorney General and Department of Justice by Kshs. 119 million.
- (viii) Increase the capital allocation for the 'Tourism Development and Promotion' programme under the State Department for Tourism and Commerce by Kshs. 187 million to offset the construction cost of Ronald Ngala Utalii College.
- (ix) Increase the capital allocations for the 'Trade Development and Promotion' programme under the State Department for Tourism and Commerce by Kshs. 40 million for the Export Promotion Council.
- (x) Increase the recurrent allocation for the 'General Administration, Planning and Support Services' programme for the Parliamentary Service Commission by Kshs. 100 million.
- (xi) Increase the recurrent allocation for the 'National Legislation, Representation and Oversight' programme for the National Assembly by Kshs. 300 million.
- (xii) Increase the capital allocations for the 'General Administration, Planning and Support Services' programme under the Ministry of Information Communication and Technology by Kshs. 711 million. The allocations will be for Konza Techno-polis Development Authority Kshs. 405 million, Kenya Broadcasting Corporation Kshs. 116 million, and National Fibre Optic Cable Infrastructure and E-Government Expansion Project Kshs. 190 million.
- (xiii) Increase the capital allocations for the 'Industrialization Development and Investments' programme under the Ministry of Industrialization and Enterprise Development by Kshs. 150 million for KCC (Kshs. 100 million), Kenya Industrial Training Institute for completion of stalled projects (Kshs. 50 million).
- (xiv) Increase the capital allocation for 'Marine Transport' Programme under the State Department for Transport by Kshs. 1 billion for LAPPSET.
- (xv) Increase the recurrent allocation for the 'General Administration, Planning and Support Services' programme under the State Department of Agriculture by Kshs. 42 million. This allocation is meant for annual subscription to International Organizations (IFAD, FAO, and Desert Locust Control Organization).
- (xvi) Increase the capital allocations for the 'Technical Vocational Education and Training' programme under the State Department of Science and Technology by Kshs. 583 million for construction of Technical Training Institutes (TTIs).

- (xvii) Increase the recurrent allocations for University Education Programme under State Department of Science and Technology by Kshs. 1.26 billion for grants to universities to cater for salaries.
- (xviii) Increase the recurrent allocations for 'State House Affairs' programme under the Presidency by Kshs. 220 million to cater for shortfalls in O&M.
- (xix) Increase the capital allocations for 'Policing Services' programme under the State Department for Interior by Kshs. 299 million for high performance facial recognition system
- (xx) Increase the recurrent allocation for 'General Administration Planning and Support Services' programme under the Ministry of Foreign Affairs and International Trade by Kshs. 88 million for Ministerial retreat for African Union Executive Council of Ministers.
- (xxi) Increase the capital allocations for 'National Social Safety Net' programme under the Ministry of Labour, Social Securities and Services by Kshs. 240 million for cash transfers to OVCs.
- (xxii) Increase the capital allocations for 'Crop Development and Management' programme under the State Department for Agriculture by Kshs. 380 million for Kenya Cereals enhancement programme.
- (xxiii) Increase the capital allocations for 'Irrigation and drainage infrastructure' programme under the Ministry of Water and Irrigation by Kshs. 400 million for National Irrigation Board which was omitted during the transfer of the programme from the State Department for Agriculture.
- (xxiv) Increase the capital allocations for 'National Security Intelligence' programme under National Intelligence Service by Kshs. 200 million for security operations.

### **C. Proposed Reductions**

**31. Mr. Speaker,** the Committee recommends the following reductions:

- (i) Reduce the recurrent allocations for the Ethics and Anti-Corruption Commission by Kshs. 130 million.
- (ii) Reduce the recurrent allocations for the Office of the Director of Public Prosecutions by Kshs. 284 million.
- (iii) Reduce the recurrent allocations for the 'General Administration, Planning and Support Services' programme under the National Treasury by Kshs. 41 million. The reduction will be from hospitality supplies and services Kshs. 30 million, and Kshs. 11 million for Financial Reporting Centre.

- (iv) Reduce the capital allocations for the 'General Administration, Planning and Support Services' under the National Treasury by Kshs. 46 million. The reduction will be from routine maintenance of assets Kshs. 20 million and construction of buildings Kshs. 26 million.
- (v) Reduce the recurrent allocations for the Salaries and Remuneration Commission by Kshs. 150 million. The reduction will be from the funds allocated for other operating expenses.
- (vi) Reduce the capital allocation for the 'Tourism Development and Promotion' programme under the State Department for Tourism and Commerce by Kshs. 140 million. The reduction will be from the funds allocated for the Bomas of Kenya.
- (vii) Reduce the capital allocations for the 'Power Transmission and Distribution' Programme under the Ministry of Energy and Petroleum by Kshs. 5 billion. The reduction will be from the allocations for the Kenya Development of Solar Power Plants (Garissa).
- (viii) Reduce the capital allocations for 'ICT Infrastructure Development' programme in the Ministry of Information Communication and Technology by Kshs. 711 million. The reduction will be for the Digital Learning Programme for schools.
- (ix) Reduce the capital allocation for the 'University Education' programme under the State Department of Science and Technology by Kshs. 583 million.

**32. Mr. Speaker,** The Committee recommends that this House resolves:-

- (i) To approve the National Treasury request to spend over and above the 10 percent threshold on programmes listed in Annex 2.
- (ii) To approve the Report of the Liaison Committee on the First Supplementary Estimates for the Financial Year 2015/2016.
- (iii) To approve a total supplementary expenditure of **Kshs. 25.97 billion** to meet the expenditure during the Financial Year 2015/2016 in respect of the votes as attached in Annex 1.





VII. ANNEX 1: CHANGES PER VOTE AND PROGRAMMES

Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
1011	The Presidency		<b>Total</b>	5,950.6	1,846.1	7,796.7	1,460.6	(806.0)	654.6
		0702000	P.2 Cabinet Affairs	1,252.7	1,215.0	2,467.7	276.3	(586.1)	(309.8)
		0703000	P.3 Government Advisory Services	458.3	-	458.3	(74.5)	-	(74.5)
		0704000	P.4 State House Affairs	2,482.9	458.6	2,941.5	648.6	(129.0)	519.6
		0734000	P.6 Deputy President Services	1,756.8	172.5	1,929.3	610.2	(90.9)	519.3
1021	State Department for Interior		<b>Total</b>	88,028.2	14,296.1	102,324.3	5,197.7	1,261.6	6,459.2
		0601000	P.1 Policing Services	69,799.6	11,909.0	81,708.7	694.6	763.0	1,457.6
		0602000	P.2 Planning, Policy Coordination and Support Service	13,103.5	578.9	13,682.4	3,979.2	148.6	4,127.8
		0603000	P.3 Government Printing Services	737.9	148.9	886.8	(69.2)	-	(69.2)
		0605000	P.4 Population Management Services	4,387.1	1,659.3	6,046.4	593.0	350.0	943.0
1022	State Department for Coordination of National Government		<b>Total</b>	16,967.1	1,011.0	17,978.1	616.3	(400.0)	216.3
		0604000	P.1 Correctional services	16,754.2	984.0	17,738.2	619.0	(388.0)	231.0
		0623000	P.2 General Administration, Planning and Support Services	146.1	23.0	169.1	(2.2)	(12.0)	(14.2)
		0624000	P.3 Betting Control, Licensing and Regulation Services	66.8	4.0	70.8	(0.5)	-	(0.5)
1031	State Department for Planning		<b>Total</b>	19,791.6	61,713.1	81,504.8	(350.2)	(7,108.0)	(7,458.2)
		0706000	P.1 Economic Policy and National Planning	1,109.5	39,554.3	40,663.8	58.3	206.4	264.7
		0707000	P.2 National Statistical Information Services	1,833.3	1,479.8	3,313.1	(29.4)	2.9	(26.5)
		0708000	P.3 Monitoring and Evaluation Services	42.3	162.5	204.8	(0.4)	(0.0)	(0.4)
		0709000	P.4 General Administration Planning and Support Services	710.9	134.6	845.5	(53.3)	(10.0)	(63.3)
		0710000	P.5 Public Service Transformation	7,702.9	550.1	8,252.9	(9.5)	2.5	(7.0)
		0711000	P.6 Gender & Youth Empowerment	8,392.7	19,832.0	28,224.6	(316.0)	(7,309.8)	(7,625.8)
1032	State Department for Devolution		<b>Total</b>	2,300.8	9,388.7	11,689.4	470.7	(35.7)	435.0
		0732000	P.3 General Administration, Planning and Support Services	256.3	-	256.3	21.8	-	21.8
		0712000	P.7 Devolution Services	898.5	-	898.5	91.6	253.5	345.2
		0713000	P.8 Special Initiatives	572.0	3,064.6	3,636.6	348.3	337.2	685.6
		0733000	P.9 Accelerated ASAL Development	574.0	6,324.1	6,898.0	8.9	(626.5)	(617.6)
1041	Ministry of Defence		<b>Total</b>	92,329.0	42.0	92,371.0	(58.8)	34.8	(24.0)
		0801000	P.1 Defence	90,254.0	42.0	90,296.0	554.8	34.8	589.6
		0802000	P.2 Civil Aid	450.0	-	450.0	-	-	-
		0803000	P.3 General Administration, Planning and Support Services	1,625.0	-	1,625.0	(613.6)	-	(613.6)
1051	Ministry of Foreign Affairs and		<b>Total</b>	13,135.9	1,401.9	14,537.7	2,156.7	(198.0)	1,958.7
		0715000	P.2 Foreign Relation and Diplomacy	8,982.0	745.2	9,727.2	670.0	(36.0)	634.0

Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
	International Trade	0714000	P.1 General Administration Planning and Support Services	3,465.5	656.7	4,122.2	663.6	(264.0)	399.6
		0716000	P.3 International Trade and Investments Promotion	688.3	-	688.3	823.1	102.0	925.1
1061	State Department for Education		<b>Total</b>	<b>59,032.5</b>	<b>22,408.3</b>	<b>81,440.8</b>	<b>(311.1)</b>	<b>(14,007.5)</b>	<b>(14,318.6)</b>
		0501000	P.1 Primary Education	16,945.2	18,857.8	35,803.0	(284.5)	(12,898.4)	(13,182.9)
		0502000	P.2 Secondary Education	33,209.9	1,323.7	34,533.6	(1.3)	(479.5)	(480.8)
		0503000	P.3 Quality Assurance and Standards	4,829.8	902.6	5,732.4	(100.9)	(250.6)	(351.5)
		0508000	P.8 General Administration, Planning and Support Services	4,047.6	1,324.2	5,371.8	75.6	(379.0)	(303.4)
1062	State Department of Science and Technology		<b>Total</b>	<b>59,352.4</b>	<b>14,047.3</b>	<b>73,399.7</b>	<b>1,024.6</b>	<b>(940.8)</b>	<b>83.9</b>
		0504000	P.4 University Education	54,473.5	7,985.3	62,458.8	1,366.2	(889.4)	476.8
		0505000	P.5 Technical Vocational Education and Training	2,517.1	5,646.6	8,163.7	(192.3)	(1,375.8)	(1,568.1)
		0506000	P.6 Research, Science, Technology and Innovation	982.3	415.4	1,397.7	(208.0)	(138.0)	(345.9)
		0507000	P.7 Youth Training and Development	-	-	-	179.0	204.4	383.4
		0508000	P.8 General Administration, Planning and Support Services	1,379.5	-	1,379.5	(120.3)	1,258.0	1,137.7
1071	The National Treasury		<b>Total</b>	<b>43,216.5</b>	<b>49,769.9</b>	<b>92,986.4</b>	<b>(9,508.4)</b>	<b>13,871.9</b>	<b>4,363.5</b>
		0717000	P.1 General Administration Planning and Support Services	37,620.8	4,664.5	42,285.3	(9,682.5)	1,503.4	(8,179.1)
		0718000	P.2 Public Financial Management	4,101.6	43,191.7	47,293.3	47.4	12,622.1	12,669.5
		0719000	P.3 Economic and Financial Policy Formulation and Management	1,174.1	1,859.1	3,033.3	106.7	(253.6)	(146.9)
		0720000	P.4 Market Competition	320.0	54.5	374.5	20.0	-	20.0
1081	1081 Ministry of Health		<b>Total</b>	<b>28,519.5</b>	<b>30,664.4</b>	<b>59,183.9</b>	<b>409.2</b>	<b>(1,025.2)</b>	<b>(616.0)</b>
		0401000	P.1 Preventive & Promotive Health Services	1,272.9	5,860.7	7,133.6	262.5	193.7	456.2
		0402000	P.2 Curative Health Services	16,318.5	7,151.5	23,470.0	(75.9)	495.4	419.5
		0403000	P.3 Health Research and Development	5,218.4	267.0	5,485.4	0.8	-	0.8
		0404000	P.4 General Administration, Planning & Support Services	5,675.1	9,451.7	15,126.9	219.3	(1,427.0)	(1,207.7)
		0405000	P.5 Maternal and Child Health	34.6	7,933.5	7,968.1	2.5	(287.2)	(284.7)
1091	State Department for Infrastructure		<b>Total</b>	<b>29,953.4</b>	<b>104,012.5</b>	<b>133,965.9</b>	<b>11,673.4</b>	<b>(1,776.9)</b>	<b>9,896.5</b>
		0202000	P.2 Road Transport	29,953.4	104,012.5	133,965.9	11,673.4	(1,776.9)	9,896.5
1092	State Department for Transport		<b>Total</b>	<b>5,798.9</b>	<b>158,455.3</b>	<b>164,254.2</b>	<b>(0.3)</b>	<b>6,096.0</b>	<b>6,095.7</b>
		0201000	P.1 General Administration, Planning and Support Services	346.2	378.6	724.7	(11.3)	(45.0)	(56.3)
		0203000	P.3 Rail Transport	-	146,998.4	146,998.4	-	(57.7)	(57.7)
		0204000	P.4 Marine Transport	562.1	8,188.0	8,750.1	10.4	1,630.0	1,640.4
		0205000	P.5 Air Transport	4,375.4	2,590.3	6,965.7	(6.8)	4,568.7	4,561.9
		0206000	P.6 Government Clearing Services	64.1	-	64.1	7.8	-	7.8
		0216000	P.7 Road Safety	451.1	300.0	751.1	-	-	(0.4)



Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
							(0.4)		
1101	Ministry of Environment, Natural Resources and Regional Development Authorities		<b>Total</b>	12,783.3	8,285.7	21,069.0	646.3	1,448.2	2,094.5
		1010000	P.1 General Administration, Planning and Support Services	586.0	25.3	611.4	(65.4)	(12.8)	(78.3)
		1011000	P.2 Environment and Natural Resources Management and Protection	11,118.4	7,239.1	18,357.5	156.9	(1,200.1)	(1,043.2)
		1012000	P.3 Meteorological Services	1,078.9	1,021.2	2,100.1	17.9	(270.0)	(252.1)
		1005000	P.5 Integrated Regional Development	-	-	-	536.9	2,931.1	3,468.0
1102	Ministry for Water and Irrigation		<b>Total</b>	4,260.0	35,448.1	39,708.1	(196.4)	12,952.3	12,756.0
		1001000	P.1 General Administration, Planning and Support Services	666.6	151.1	817.6	(21.0)	(35.0)	(56.0)
		1004000	P.4 Water Resources Management	2,986.5	31,880.5	34,867.0	(29.7)	1,834.6	1,804.8
		1005000	P.5 Integrated Regional Development	606.9	3,416.6	4,023.4	(594.2)	(3,399.1)	(3,993.3)
		0110000	P.4 Irrigation and Drainage Infrastructure	-	-	-	448.6	14,551.9	15,000.4
1111	Ministry of Lands, Housing and Urban Development		<b>Total</b>	3,939.5	28,118.6	32,058.2	(158.7)	(3,539.5)	(3,698.2)
		0101000	P.1 Land Policy and Planning	2,255.3	4,620.8	6,876.2	(108.5)	365.6	257.1
		0102000	P.2 Housing Development and Human Settlement	459.1	7,184.8	7,644.0	(8.5)	(157.6)	(166.1)
		0103000	P.3 Government Buildings	328.7	1,360.9	1,689.5	(7.5)	(510.0)	(517.5)
		0104000	P.4 Coastline Infrastructure and Pedestrian Access	58.9	395.5	454.4	(2.3)	(57.0)	(59.3)
		0105000	P.5 Urban and Metropolitan Development	315.3	14,013.6	14,328.8	(9.8)	(2,949.5)	(2,959.2)
		0106000	P.6 General Administration Planning and Support Services	522.3	543.0	1,065.3	(22.0)	(231.0)	(253.0)
1121	Ministry of Information, Communication and Technology		<b>Total</b>	3,045.5	8,943.1	11,988.6	(46.1)	5,579.0	5,532.9
		0207000	P.1 General Administration Planning and Support Services	986.7	618.7	1,605.4	(34.2)	494.7	460.5
		0208000	P.2 Information And Communication Services	1,752.8	1,723.8	3,476.6	3.0	(335.0)	(332.0)
		0209000	P.3 Mass Media Skills Development	215.5	135.0	350.5	(15.0)	(13.5)	(28.5)
		0210000	P.4 ICT Infrastructure Development	90.6	6,465.6	6,556.2	-	5,432.8	5,432.8
1131	Ministry of Sports Culture and Arts		<b>Total</b>	2,947.3	3,641.4	6,588.7	1,502.1	(1,380.9)	121.2
		0901000	P.1 Sports	740.6	2,619.0	3,359.6	920.0	(1,487.9)	(567.9)
		0902000	P.2 Culture	915.3	226.0	1,141.2	235.9	107.0	342.9
		0903000	P.3 The Arts	405.4	196.4	601.8	(51.3)	-	(51.3)
		0904000	P.4 Library Services	579.5	580.0	1,159.5	48.0	-	48.0
		0905000	P.5 General Administration, Planning and Support Services	306.5	20.0	326.5	349.5	-	349.5
1141	Ministry of Labour Social Security and Services		<b>Total</b>	9,314.5	15,579.7	24,894.3	(243.3)	(542.0)	(785.3)
		0906000	P.1 Promotion of the Best Labour Practice	449.1	293.8	742.9	71.8	(169.0)	(97.2)
		0907000	P.2 Manpower Development, Employment and Productivity Management	565.4	355.8	921.2	(95.9)	(70.0)	(165.9)

Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
		0908000	P.3 Social Development and Children Services	2,654.9	892.4	3,547.3	(9.5)	(59.5)	(69.0)
		0909000	P.4 National Social Safety Net	5,065.7	14,036.3	19,102.0	(235.7)	(243.5)	(479.2)
		0910000	P.5 General Administration Planning and Support Services	579.5	1.4	580.9	26.0	-	26.0
			<b>Total</b>	<b>2,049.1</b>	<b>92,412.4</b>	<b>94,461.5</b>	<b>41.1</b>	<b>18,596.4</b>	<b>18,637.4</b>
1151	Ministry of Energy and Petroleum	0211000	P.1 General Administration Planning and Support Services	317.1	300.3	617.4	42.6	(90.0)	(47.4)
		0212000	P.2 Power Generation	741.4	27,342.5	28,084.0	-	(4,114.9)	(4,114.9)
		0213000	P.3 Power Transmission and Distribution	836.0	62,043.1	62,879.1	(2.5)	23,365.9	23,363.4
		0214000	P.4 Alternative Energy Technologies	138.6	768.3	906.9	1.0	(106.3)	(105.3)
		0215000	P.5 Exploration and Distribution of Oil and Gas	15.9	1,958.2	1,974.1	-	(458.3)	(458.3)
			<b>Total</b>	<b>8,314.1</b>	<b>26,152.7</b>	<b>34,466.8</b>	<b>(2,190.4)</b>	<b>(14,852.8)</b>	<b>(17,043.2)</b>
1161	State Department for Agriculture	0107000	P.1 General Administration Planning and Support Services	1,086.4	487.0	1,573.4	12.8	(182.2)	(169.4)
		0108000	P.2 Crop Development and Management	6,215.7	6,586.8	12,802.5	(1,357.1)	(945.0)	(2,302.1)
		0109000	P.3 Agribusiness and Information Management	173.3	3,371.0	3,544.3	(7.5)	1,982.3	1,974.9
		0110000	P.4: Irrigation and Drainage Infrastructure	838.8	15,707.9	16,546.6	(838.8)	(15,707.9)	(16,546.6)
			<b>Total</b>	<b>1,947.9</b>	<b>5,170.8</b>	<b>7,118.6</b>	<b>116.8</b>	<b>(647.4)</b>	<b>(530.6)</b>
1162	State Department for Livestock	0112000	P.6 Livestock Resources Management and Development	1,947.9	5,170.8	7,118.6	116.8	(647.4)	(530.6)
1163	State Department for Fisheries		<b>Total</b>	<b>1,368.5</b>	<b>3,139.2</b>	<b>4,507.8</b>	<b>(37.7)</b>	<b>(306.6)</b>	<b>(344.3)</b>
		0111000	P.5 Fisheries Development and Management	1,368.5	3,139.2	4,507.8	(37.7)	(306.6)	(344.3)
1171	Ministry of Industrialization and Enterprise Development		<b>Total</b>	<b>2,568.5</b>	<b>6,265.1</b>	<b>8,833.6</b>	<b>402.0</b>	<b>(480.0)</b>	<b>(78.0)</b>
		0301000	P.1 General Administration Planning and Support Services	526.1	26.0	552.1	(24.4)	220.0	195.6
		0302000	P.2 Industrial Development and Investments	679.7	4,073.4	4,753.1	(35.1)	(275.0)	(310.1)
		0303000	P.3 Standards and Business Incubation	1,130.7	2,130.7	3,261.4	(16.8)	(425.0)	(441.8)
		0304000	P.4 Cooperative Development and Management	232.1	35.0	267.1	478.3	-	478.3
1181	State Department for Commerce and Tourism		<b>Total</b>	<b>2,891.6</b>	<b>7,789.9</b>	<b>10,681.5</b>	<b>(108.0)</b>	<b>(3,409.0)</b>	<b>(3,517.0)</b>
		0306000	P.2 Tourism Development and Promotion	1,315.7	7,281.1	8,596.8	(69.8)	(3,335.3)	(3,405.1)
		0307000	P.3 Trade Development and Promotion	1,017.5	387.9	1,405.3	(46.0)	(23.7)	(69.7)
		0308000	P.4 General Administration, Planning and Support Services	558.5	120.9	679.4	7.7	(50.0)	(42.3)
1182	State Department for East African Affairs		<b>Total</b>	<b>1,665.6</b>	<b>115.0</b>	<b>1,780.6</b>	<b>(44.3)</b>	<b>(50.0)</b>	<b>(94.3)</b>
		0305000	P.1 East African Affairs and Regional Integration	1,665.6	115.0	1,780.6	(44.3)	(50.0)	(94.3)
1191	Ministry of Mining		<b>Total</b>	<b>728.1</b>	<b>1,496.3</b>	<b>2,224.4</b>	<b>9.0</b>	<b>(882.3)</b>	<b>(873.3)</b>
		1007000	P.1 General Administration Planning and Support Services	313.1	101.5	414.6	20.6	(23.5)	(2.9)
		1008000	P.2 Resources Surveys and Remote Sensing	209.0	715.9	924.9	(15.3)	(585.2)	(600.5)



Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
		1009000	P.3 Mineral Resources Management	206.0	678.9	885.0	3.7	(273.6)	(269.9)
1251	Office of the Attorney General and Department of Justice		<b>Total</b>	<b>4,095.0</b>	<b>549.9</b>	<b>4,644.9</b>	<b>(249.9)</b>	<b>(97.0)</b>	<b>(346.9)</b>
		0606000	P.1 Legal Services	1,587.8	35.2	1,623.1	(167.2)	(9.0)	(176.2)
		0607000	P.2 Governance, Legal Training and Constitutional Affairs	1,849.4	156.1	2,005.5	(224.4)	(65.0)	(289.4)
		0609000	P.4 General Administration, Planning and Support Services	657.7	358.6	1,016.4	141.8	(23.0)	118.8
1261	The Judiciary		<b>Total</b>	<b>12,623.9</b>	<b>4,063.8</b>	<b>16,687.7</b>	<b>(939.9)</b>	<b>(861.8)</b>	<b>(1,801.7)</b>
		0610000	P.1 Dispensation of Justice	12,623.9	4,063.8	16,687.7	(939.9)	(861.8)	(1,801.7)
1271	Ethics and Anti-Corruption Commission		<b>Total</b>	<b>2,311.9</b>	<b>300.0</b>	<b>2,611.9</b>	<b>645.3</b>	<b>(300.0)</b>	<b>345.3</b>
		0611000	P.1 Ethics and Anti-Corruption	2,311.9	300.0	2,611.9	645.3	(300.0)	345.3
1281	National Intelligence Service		<b>Total</b>	<b>20,142.0</b>	<b>-</b>	<b>20,142.0</b>	<b>1,015.0</b>	<b>-</b>	<b>1,015.0</b>
		0804000	P.1 National Security Intelligence	20,142.0	-	20,142.0	1,015.0	-	1,015.0
1291	Office of the Director of Public Prosecutions		<b>Total</b>	<b>1,964.1</b>	<b>254.0</b>	<b>2,218.1</b>	<b>420.4</b>	<b>(181.0)</b>	<b>239.4</b>
		0612000	P.1 Public Prosecution Services	1,964.1	254.0	2,218.1	420.4	(181.0)	239.4
1301	Commission for the Implementation of the Constitution		<b>Total</b>	<b>312.0</b>	<b>-</b>	<b>312.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
		0613000	P.1 Implementation of the Constitution	312.0	-	312.0	-	-	-
1311	Office of the Registrar of Political Parties		<b>Total</b>	<b>505.8</b>	<b>-</b>	<b>505.8</b>	<b>27.7</b>	<b>-</b>	<b>27.7</b>
		0614000	P.1 Registration, Regulation and Funding of Political Parties	505.8	-	505.8	27.7	-	27.7
1321	Witness Protection Agency		<b>Total</b>	<b>364.7</b>	<b>-</b>	<b>364.7</b>	<b>5.0</b>	<b>-</b>	<b>5.0</b>
		0615000	P.1 Witness Protection	364.7	-	364.7	5.0	-	5.0
2011	Kenya National Human Rights Commission		<b>Total</b>	<b>459.1</b>	<b>-</b>	<b>459.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
		0616000	P.1 Protection and Promotion of Human Rights	459.1	-	459.1	-	-	-
2021	National Land Commission		<b>Total</b>	<b>1,101.4</b>	<b>439.2</b>	<b>1,540.6</b>	<b>120.2</b>	<b>(150.0)</b>	<b>(29.8)</b>
			P.13 Land Administration and Management	1,101.4	439.2	1,540.6	120.2	(150.0)	(29.8)
2031	Independent Electoral and Boundaries Commission		<b>Total</b>	<b>4,197.9</b>	<b>98.0</b>	<b>4,295.9</b>	<b>690.8</b>	<b>(71.0)</b>	<b>619.8</b>
		0617000	P.1 Management of Electoral Processes	4,197.9	98.0	4,295.9	690.8	(71.0)	619.8
2041	Parliamentary Service Commission		<b>Total</b>	<b>8,920.4</b>	<b>3,200.0</b>	<b>12,120.4</b>	<b>436.0</b>	<b>(1,100.0)</b>	<b>(664.0)</b>
		0721000	P.1 National Legislation, Representation and Oversight	404.9	-	404.9	-	-	-
		0722000	P.2 Senate Affairs	3,490.7	350.0	3,840.7	397.0	(200.0)	197.0
		0723000	P.3 General Administration, Planning and Support Services	5,024.8	2,850.0	7,874.8	39.0	(900.0)	(861.0)
2042	The National Assembly		<b>Total</b>	<b>15,156.6</b>	<b>-</b>	<b>15,156.6</b>	<b>300.0</b>	<b>-</b>	<b>300.0</b>
		0721000	P.1 National Legislation,	15,156.6	-	15,156.6	-	-	300.0

Vote		Programmes		Printed Estimates			Proposed Supplementary Changes		
No.	Details	No.	Details	Current	Capital	Total	Current	Capital	Total
			Representation and Oversight				300.0		
2051	Judicial Service Commission		<b>Total</b>	473.2	-	473.2	-	-	-
		0619000	P.1 General Administration, Planning and Support Services	473.2	-	473.2	-	-	-
2061	The Commission on Revenue Allocation		<b>Total</b>	345.6	-	345.6	(15.1)	-	(15.1)
		0724000	P.1 Inter-Governmental Revenue and Financial Matters	345.6	-	345.6	(15.1)	-	(15.1)
2071	Public Service Commission		<b>Total</b>	1,126.4	166.8	1,293.2	(45.5)	(115.0)	(160.5)
		0725000	P.1 General Administration, Planning and Support Services	831.4	166.8	998.2	(36.8)	(115.0)	(151.8)
		0726000	P.2 Human Resource management and Development	203.6	-	203.6	(7.4)	-	(7.4)
		0727000	P.3 Governance and National Values	91.4	-	91.4	(1.3)	-	(1.3)
2081	Salaries and Remuneration Commission		<b>Total</b>	722.8	-	722.8	97.5	-	97.5
		0728000	P.1 Salaries and Remuneration Management	722.8	-	722.8	97.5	-	97.5
2091	Teachers Service Commission		<b>Total</b>	181,211.6	200.0	181,411.6	6,806.9	(133.0)	6,673.9
		0509000	P.1 Teacher Resource Management	174,301.6	-	174,301.6	7,960.0	-	7,960.0
		0510000	P.2 Governance and Standards	199.0	-	199.0	(46.0)	-	(46.0)
		0511000	P.3 General Administration, Planning and Support Services	6,711.0	200.0	6,911.0	(1,107.1)	(133.0)	(1,240.1)
2101	National Police Service Commission		<b>Total</b>	437.5	-	437.5	38.0	-	38.0
		0620000	P.1 National Police Service Human Resource Management	437.5	-	437.5	38.0	-	38.0
2111	Auditor General		<b>Total</b>	3,736.5	402.2	4,138.7	8.5	(247.0)	(238.5)
		0729000	P.1 Audit Services	3,736.5	402.2	4,138.7	8.5	(247.0)	(238.5)
2121	Controller of Budget		<b>Total</b>	580.8	-	580.8	(51.7)	-	(51.7)
		0730000	P.1 Control and Management of Public finances	580.8	-	580.8	(51.7)	-	(51.7)
2131	The Commission on Administrative Justice		<b>Total</b>	480.7	-	480.7	-	-	-
		0731000	P.1 Promotion of Administrative Justice	480.7	-	480.7	-	-	-
2141	National Gender and Equality Commission		<b>Total</b>	314.2	-	314.2	(4.3)	18.2	13.9
		0621000	P.1 Promotion of Gender Equality and Freedom from Discrimination	314.2	-	314.2	(4.3)	18.2	13.9
2151	Independent Police Oversight Authority		<b>Total</b>	419.5	-	419.5	(23.6)	-	(23.6)
		0622000	P.1 Policing Oversight Services	419.5	-	419.5	(23.6)	-	(23.6)
<b>Total Ministerial Expenditure</b>				784,203.6	721,288.5	1,505,492.2	21,754.1	4,214.2	25,968.2



VIII. ANNEX 2: PROGRAMMES ADJUSTED BY ABOVE 10% OF THE APPROVED ESTIMATES

Vote No.	Details	No.	Details	Approved Estimates	Changes	% Changes
1011	The Presidency	0702000	P.2 Cabinet Affairs	2,467.7	(309.8)	-13%
		0703000	P.3 Government Advisory Services	458.3	(74.5)	-16%
		0734000	P.6 Deputy President Services	1,929.3	519.3	27%
1021	State Department for Interior	0602000	P.2 Planning, Policy Coordination and Support Service	13,682.4	4,127.8	30%
		0605000	P.4 Population Management Services	6,046.4	943.0	16%
1031	State Department for Planning	0711000	P.6 Gender & Youth Empowerment	28,224.6	(7,625.8)	-27%
1032	State Department for Devolution	0712000	P.7 Devolution Services	898.5	345.2	38%
		0713000	P.8 Special Initiatives	3,636.6	685.6	19%
1041	Ministry of Defence	0803000	P.3 General Administration, Planning and Support Services	1,625.0	(613.6)	-38%
1051	Ministry of Foreign Affairs and International Trade	0716000	P.3 International Trade and Investments Promotion	688.3	925.1	134%
1061	State Department for Education	0501000	P.1 Primary Education	35,803.0	(13,182.9)	-37%
1062	State Department of Science and Technology	0505000	P.5 Technical Vocational Education and Training	8,163.7	(2,151.1)	-26%
		0506000	P.6 Research, Science, Technology and Innovation	1,397.7	(345.9)	-25%
		0507000	P.7 Youth Training and Development	-	383.4	New Programme
		0508000	P.8 General Administration, Planning and Support Services	1,379.5	1,137.7	82%
1071	The National Treasury	0717000	P.1 General Administration Planning and Support Services	42,285.3	(8,092.1)	-19%
		0718000	P.2 Public Financial Management	47,293.3	12,669.5	27%
1092	State Department for Transport	0205000	P.5 Air Transport	6,965.7	4,561.9	65%
		0206000	P.6 Government Clearing Services	64.1	7.8	12%
1101	Ministry of Environment, Natural Resources and Regional Development Authorities	1010000	P.1 General Administration, Planning and Support Services	611.4	(78.3)	-13%
		1012000	P.3 Meteorological Services	2,100.1	(252.1)	-12%
		1005000	P.5 Integrated Regional Development	-	3,468.0	
1102	Ministry for Water and Irrigation	1005000	P.5 Integrated Regional Development	4,023.4	(3,993.3)	-99%
		0110000	P.4 Irrigation and Drainage Infrastructure	-	14,600.4	Transferred
1111	Ministry of Lands, Housing and Urban Development	0103000	P.3 Government Buildings	1,689.5	(517.5)	-31%
		0104000	P.4 Coastline Infrastructure and Pedestrian Access	454.4	(59.3)	-13%
		0105000	P.5 Urban and Metropolitan Development	14,328.8	(2,959.2)	-21%
		0106000	P.6 General Administration Planning and Support Services	1,065.3	(253.0)	-24%
1121	Ministry of Information, Communication and Technology	0207000	P.1 General Administration Planning and Support Services	1,605.4	(250.5)	-16%
		0210000	P.4 ICT Infrastructure Development	6,556.2	6,143.8	94%
1131	Ministry of Sports Culture and Arts	0901000	P.1 Sports	3,359.6	(567.9)	-17%
		0902000	P.2 Culture	1,141.2	342.9	30%
		0905000	P.5 General Administration, Planning and Support Services	326.5	349.5	107%
1141	Ministry of Labour Social Security and Services	0906000	P.1 Promotion of the Best Labour Practice	742.9	(97.2)	-13%
		0907000	P.2 Manpower Development, Employment and Productivity Management	921.2	(165.9)	-18%
1151	Ministry of Energy and Petroleum	0212000	P.2 Power Generation	28,084.0	(4,114.9)	-15%
		0213000	P.3 Power Transmission and Distribution	62,879.1	28,363.4	45%
		0214000	P.4 Alternative Energy Technologies	906.9	(105.3)	-12%
		0215000	P.5 Exploration and Distribution of Oil and Gas	1,974.1	(458.3)	-23%
116	State Department for	0107000	P.1 General Administration Planning and Support	1,573.4	(211.4)	-13%



Vote No.	Details	No.	Details	Approved Estimates	Changes	% Changes
	Agriculture		Services			
		0108000	P.2 Crop Development and Management	12,802.5	(2,682.1)	-21%
		0109000	P.3 Agribusiness and Information Management	3,544.3	1,974.9	56%
		0110000	P.4: Irrigation and Drainage Infrastructure	16,546.6	(16,546.6)	-100%
1171	Ministry of Industrialization and Enterprise Development	0301000	P.1 General Administration Planning and Support Services	552.1	195.6	35%
		0303000	P.3 Standards and Business Incubation	3,261.4	(441.8)	-14%
		0304000	P.4 Cooperative Development and Management	267.1	478.3	179%
1181	State Department for Commerce and Tourism	0306000	P.2 Tourism Development and Promotion	8,596.8	(3,452.1)	-40%
1191	Ministry of Mining	1008000	P.2 Resources Surveys and Remote Sensing	924.9	(600.5)	-65%
		1009000	P.3 Mineral Resources Management	885.0	(269.9)	-30%
1251	Office of the Attorney General and Department of Justice	0606000	P.1 Legal Services	1,623.1	(176.2)	-11%
		0607000	P.2 Governance, Legal Training and Constitutional Affairs	2,005.5	(289.4)	-14%
1261	The Judiciary	0610000	P.1 Dispensation of Justice	16,687.7	(2,022.7)	-12%
1271	Ethics and Anti-Corruption Commission	0611000	P.1 Ethics and Anti-Corruption	2,611.9	475.3	18%
1291	Office of the Director of Public Prosecutions	0612000	P.1 Public Prosecution Services	2,218.1	523.4	24%
2031	Independent Electoral and Boundaries Commission	0617000	P.1 Management of Electoral Processes	4,295.9	619.8	14%
2041	Parliamentary Service Commission	0723000	P.3 General Administration, Planning and Support Services	7,874.8	(961.0)	-12%
2071	Public Service Commission	0725000	P.1 General Administration, Planning and Support Services	998.2	(151.8)	-15%
2081	SRC	0728000	P.1 Salaries and Remuneration Management	722.8	247.5	34%
2091	Teachers Service Commission	0510000	P.2 Governance and Standards	199.0	(46.0)	-23%
		0511000	P.3 General Administration, Planning and Support Services	6,911.0	(1,240.1)	-18%

#### IX. ANNEX 3: CHANGES IN TRANSFERS TO OTHER GOVERNMENT AGENCIES

Vote		Printed Estimates			Supplementary Estimates			Changes		
No.	Details	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
1011	The Presidency	433.7	1,200.0	1,633.7	546.7	620.0	1,166.7	113.0	(580.0)	(467.0)
1021	State Department for Interior	873.6	-	873.6	923.1	-	923.1	49.5	-	49.5
1022	State Department for Coordination of National Government	2.5	-	2.5	2.5	-	2.5	-	-	-
1031	State Department for Planning	3,522.7	41,805.3	45,328.0	3,664.9	41,398.1	45,063.0	142.1	(407.1)	(265.0)
1032	State Department for Devolution	1,167.2	8,529.1	9,696.2	1,497.2	8,276.5	9,773.7	330.0	(252.6)	77.5
1041	Ministry of Defence	91,262.0	-	91,262.0	91,287.8	-	91,287.8	25.8	-	25.8
1051	Ministry of Foreign Affairs and International Trade	1,285.0	339.0	1,624.0	1,275.0	221.0	1,496.0	(10.0)	(118.0)	(128.0)
1061	State Department for Education	18,972.1	632.8	19,604.9	18,982.1	5,574.0	24,556.0	10.0	4,941.2	4,951.2
1062	State Department of Science and Technology	50,032.2	4,188.0	54,220.2	48,173.6	2,348.5	50,522.1	(1,858.6)	(1,839.5)	(3,698.1)
1071	The National Treasury	17,987.0	13,352.6	31,339.6	18,218.0	12,284.7	30,502.7	231.0	(1,067.9)	(836.9)
1081	1081 Ministry of Health	20,834.9	9,655.9	30,490.8	21,107.5	9,839.0	30,946.5	272.6	183.1	455.7
1091	State Department for Infrastructure	28,226.5	98,038.2	126,264.7	40,033.7	101,090.0	141,124.4	11,807.7	3,052.2	14,859.9



Vote		Printed Estimates			Supplementary Estimates			Changes		
No.	Details	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
				7		4	1	2		
1092	State Department for Transport	5,284.0	12,013.7	17,297.7	5,284.0	19,384.3	24,668.3	-	7,370.5	7,370.5
1101	Ministry of Environment, Natural Resources and Regional Development Authorities	10,637.7	288.2	10,925.9	11,272.7	1,500.9	12,773.6	635.0	1,212.8	1,847.8
1102	Ministry for Water and Irrigation	3,308.0	1,424.1	4,732.1	3,025.8	9,782.8	12,808.6	(282.2)	8,358.7	8,076.5
1111	Ministry of Lands, Housing and Urban Development	224.2	2,026.0	2,250.2	185.2	1,956.8	2,142.0	(39.0)	(69.2)	(108.2)
1121	Ministry of Information, Communication and Technology	1,193.0	2,221.3	3,414.3	1,200.2	2,094.3	3,294.5	7.2	(127.0)	(119.8)
1131	Ministry of Sports Culture and Arts	1,612.0	500.4	2,112.4	2,774.0	1,187.4	3,961.4	1,162.0	687.0	1,849.0
1141	Ministry of Labour Social Security and Services	5,714.0	12,957.0	18,671.0	5,432.0	12,624.5	18,056.5	(282.0)	(332.5)	(614.5)
1151	Ministry of Energy and Petroleum	1,529.0	21,998.1	23,527.1	1,526.6	23,863.1	25,389.6	(2.4)	1,865.0	1,862.6
1161	State Department for Agriculture	4,140.5	16,382.0	20,522.5	3,390.5	5,277.1	8,667.6	(750.0)	(11,104.8)	(11,854.8)
1162	State Department for Livestock	62.1	4,158.0	4,220.1	161.6	3,819.6	3,981.2	99.5	(338.4)	(238.9)
1163	State Department for Fisheries	997.0	1,054.8	2,051.8	924.4	1,372.9	2,297.3	(72.6)	318.2	245.6
1171	Ministry of Industrialization and Enterprise Development	1,402.7	4,375.9	5,778.6	1,875.7	4,850.9	6,726.5	473.0	475.0	948.0
1181	State Department for Commerce and Tourism	1,949.3	3,620.5	5,569.8	1,884.6	3,312.5	5,197.1	(64.7)	(308.0)	(372.7)
1182	State Department for East African Affairs	1,055.6	-	1,055.6	1,055.6	-	1,055.6	-	-	-
1191	Ministry of Mining	18.0	-	18.0	18.0	-	18.0	-	-	-
1251	Office of the Attorney General and Department of Justice	1,844.1	166.1	2,010.2	1,887.6	96.1	1,983.7	43.5	(70.0)	(26.5)
1261	The Judiciary	874.0	203.0	1,077.0	767.1	187.0	954.1	(106.9)	(16.0)	(122.9)
1271	Ethics and Anti-Corruption Commission	2,311.9	300.0	2,611.9	3,087.2	-	3,087.2	775.3	(300.0)	475.3
1281	National Intelligence Service	20,142.0	-	20,142.0	20,957.0	-	20,957.0	815.0	-	815.0
1311	Office of the Registrar of Political Parties	367.2	-	367.2	367.2	-	367.2	-	-	-
2011	Kenya National Human Rights Commission	0.5	-	0.5	0.5	-	0.5	-	-	-
2041	Parliamentary Service Commission	290.0	-	290.0	75.0	-	75.0	(215.0)	-	(215.0)
2042	The National Assembly	20.0	-	20.0	5.0	-	5.0	(15.0)	-	(15.0)
2071	Public Service Commission	2.0	-	2.0	2.0	-	2.0	-	-	-
2111	Auditor General	6.0	-	6.0	3.0	-	3.0	(3.0)	-	(3.0)
2131	The Commission on Administrative Justice	0.6	-	0.6	0.5	-	0.5	(0.1)	-	(0.1)
	<b>TOTAL</b>	<b>299,585</b>	<b>261,430</b>	<b>561,015</b>	<b>312,875</b>	<b>272,962</b>	<b>585,837</b>	<b>13,290</b>	<b>11,532</b>	<b>24,823</b>

#### X. ANNEX 4: THE LINKAGE BETWEEN THE FIVE (5) PILLARS AND THE 2015/16 REVISED ESTIMATES

The 2015/16 budget was anchored in five Pillars which enumerated targets that were to be achieved within the implementation process of the Budget. The revised estimates 2015/16 fails to capture or report the status of the most key targets in the pillars and which had a clear timeline as envisaged in the 2015/16 BPS.

A critical analysis of some of the targets in the pillars shows that there is disconnect between budget planning, resources approved by Parliament and actual implementation thus eroding the credibility of the budget and limiting Parliament budgetary oversight role.

Pillars	Targets as per the BPS 2015 that were allocated resources	Targets in the revised estimates
<b>Pillar I: Creating a Conducive Business Environment for Employment</b>	<ul style="list-style-type: none"> <li>(i) Over 2,700 police vehicle that were to be leased in 2014/15 and 800 more motor vehicles were to be leased in 2015/16.</li> <li>(ii) Installation of CCTV cameras in major towns</li> <li>(iii) NYS will construct 15,000 green housing units using affordable and faster technology</li> </ul>	<ul style="list-style-type: none"> <li>(i) 2,500 vehicles leased</li> <li>(ii) 100 CCTV cameras installed in Nairobi, Kisumu, Nakuru and Mombasa.</li> <li>(iii) Ministry of Lands, Housing and Urban Development narrative indicates that they will be construction of police houses; however the target is not provided.</li> </ul>
<b>Pillar II: Agricultural Transformation and food security</b>	<ul style="list-style-type: none"> <li>(i) A framework for agricultural fertilizer and seeds subsidy digitization including introduction of e-Voucher system was to be developed</li> <li>(ii) Modernization program for all Kenya industrial estate shades and constituency industrial centers was to be undertaken.</li> <li>(iii) Special economic zones and free trade areas will be established and operationalized by end of 2015.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Establishment of e- fertilizer subsidy management system</li> <li>(ii) 400 SMEs accessing credit from the Kenya Industrial estates.</li> <li>(iii) 2 master plans of the economic zones developed.</li> </ul>
<b>Pillar III: Transport, logistics, energy and water for inclusive growth</b>	<ul style="list-style-type: none"> <li>(i) A program for upgrade and modernization of urban commuter railway system to decongest urban traffic, and reduce cost of transport was to commence in the FY 2015/16 through PPP.</li> <li>(ii) A programme to generate at least 5000MW comprising of hydro, geothermal, solar, wind and coal by 2016 was to be initiated in partnership with the private sector.</li> <li>(iii) A comprehensive program of water harvesting was to be rolled out and to this end the government was to construct and rehabilitate at least 3,000 water pans of 50,000 cubic meters capacity every year</li> </ul>	<ul style="list-style-type: none"> <li>(i) Upgrading of 9 new railway stations</li> <li>(ii) Construction of 95Km rail of the Standard Gauge Railway</li> <li>(i) Establishment of 960MW Coal power plant</li> <li>(ii) 185MW of power generated through Geo-thermal</li> <li>(iii) 10% completion of two large dams</li> <li>(iv) 75% completion of 20 medium sized dams</li> </ul>
<b>Pillar IV: Access to quality social services</b>	<ul style="list-style-type: none"> <li>(i) Fully financing of the universal free primary education and free tuition in secondary schools with effect from 2015.</li> <li>(ii) Scaling up of budgetary allocation toward the National Safety Net Program for elderly persons, orphans and persons with severe disabilities</li> <li>(iii) Establishing a system of financial transparency and accountability.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Capitation disbursement to free primary education for 8,971,389 pupils.</li> <li>(ii) Capitation disbursement to free secondary education for 2,322,769 students</li> <li>(iv) Support to 310,000 older persons, 253,000 orphans and 47,000 persons with severe disabilities.</li> <li>(v) National social protection Single registry implemented in 15 new counties</li> </ul>
<b>Pillar V: Further entrenching Devolution</b>	<ul style="list-style-type: none"> <li>(i) Enhancing support to devolved units</li> </ul>	<ul style="list-style-type: none"> <li>(i) Capacity building and technical assistance to 47 counties.</li> </ul>

Analysis of the changes in expenditures across the five thematic areas indicate that Pillar 2 (Agriculture Transformation and Food Security) is proposed to get the largest reduction amounting to Kshs. 33.2 billion (17.7% reduction) while Pillar 3 (Transport, logistics, energy and water) is proposed for the highest increment amounting to Kshs. 53.1 billion (11.7% increment).

Thematic Areas	Printed Estimates (Kshs. Million)	Increase/ Decrease	Revised Estimates (Kshs. Million)	% change
	Total	Total	Total	
Pillar 1. Creating a conducive business environment for employment	432,399	16,610	449,008	3.8%
Pillar 2. Agricultural transformation and food security	187,615	(33,223)	154,391	-17.7%
Pillar 3. Transport, logistics, energy and water	453,459	53,080	506,538	11.7%
Pillar 4. Access to quality social services	420,330	(10,466)	409,864	-2.5%
Pillar 5. Further entrenching devolution for better service delivery	11,689	435	12,124	3.7%
<b>Total</b>	<b>1,505,492</b>	<b>26,436</b>	<b>1,531</b>	<b>1.7%</b>

## XI. ANNEX 5: PROGRAMMES WITH MAJOR CHANGES

Pillar	Key Area	Programmes with major changes	Amount (million)	Outputs changed
Pillar 1. Creating a conducive business environment for employment	Deepening Structural and Governance Reforms	• Dispensation of justice	(2,022)	No change in output
		• Public prosecution services	523	No change in output
		• Management of electoral process	619	No output change
		• Gen Admin, planning and support services	(764)	Increase in output (good governance)
		• Foreign relation and diplomacy • International trade and investment promotion	1,870	No output change
		• Resource surveys and remote sensing • Mineral resources management	(873)	No change in output
		• Gen Admin • Public financial management	4,450	No change in output
	Improving Security	• Policing services • Planning, policy coordination	6,160	Decrease in an output (Community policing in 90 sub-county)
		• National security intelligence	815	No change in output

Pillar	Key Area	Programmes with major changes	Amount (million)	Outputs changed
	Reduce cost of doing business through ICT.	<ul style="list-style-type: none"> <li>ICT infrastructure development</li> </ul>	5,532	No change in output
Pillar 2. Agricultural transformation and food security	Agriculture...	<ul style="list-style-type: none"> <li>Crop development</li> <li>Agribusiness and info management</li> <li>Irrigation and drainage infrastructure</li> </ul>	(17,465)	Decrease in output
		<ul style="list-style-type: none"> <li>Livestock resource management</li> </ul>	(530)	No output change
		<ul style="list-style-type: none"> <li>Government buildings</li> <li>Urban and metropolitan development</li> </ul>	(3,698)	No output change
	Empowering youth and women for employment creation	<ul style="list-style-type: none"> <li>Gender and youth empowerment</li> </ul>	(7,458)	No change in output
	Tourism, Sports, culture and arts	<ul style="list-style-type: none"> <li>Tourism development and promotion</li> </ul>	(3,604)	No change in output
Pillar 3. Transport, logistics, energy and water	Transport	<ul style="list-style-type: none"> <li>Air transport</li> </ul>	5,095	No change in output
	Energy	<ul style="list-style-type: none"> <li>Power generation</li> <li>Power transmission and distribution</li> </ul>	23,637	No change in output
	Road	<ul style="list-style-type: none"> <li>Road transport</li> </ul>	9,897	No change in output
Pillar 4. Access to quality social services	Environment	<ul style="list-style-type: none"> <li>Integrated regional development</li> <li>Environment and natural resources management and protection</li> </ul>	2,094	No output change
		<ul style="list-style-type: none"> <li>Irrigation and drainage infrastructure</li> <li>Integrated regional development</li> <li>Water resource management</li> </ul>	12,355	Addition of new output(irrigation)
	Health	<ul style="list-style-type: none"> <li>Preventive and promotive health services</li> <li>Curative health services</li> </ul>	(615)	No change in output
	Education	<ul style="list-style-type: none"> <li>Teachers resource management</li> <li>Gen Admin</li> </ul>	6,673	No change in output
		<ul style="list-style-type: none"> <li>Primary Education</li> </ul>	(14,318)	No output change
		<ul style="list-style-type: none"> <li>Technical vocational education and training</li> <li>Gen Admin</li> </ul>	(1,179)	No output changed
		Social Service	<ul style="list-style-type: none"> <li>National social safety net</li> </ul>	(1,025)
Pillar 5. Further entrenching devolution for better service delivery	Devolution	<ul style="list-style-type: none"> <li>Special initiative</li> <li>Accelerated ASAL development</li> </ul>	434	No output changed

## XII. ANNEX 6: BUDGET CUTS ON ON-GOING PROJECTS IN 2015/2016 FY BUDGET

Project	Total Cost (Kshs. Million)	Status as at June 2015	Allocation 2015/2016	Proposed Reduction (Kshs. Million)
Regional Pastoral Livelihoods Resilience Project	8,500	Ongoing	1,890	(688)
Completion of the new Mitihani house phase VI	2,670	62% complete	420	(100)
Drought Resilience and Sustainable Livelihoods Project in the Horn of Africa	5,479	On-going	952	(304)
Standards and Markets Programme	333.20	On-going	243	(100)
Konza Techno City (Phase I)	64,000	ongoing	810	(405)
National Optic Fiber Backbone Infrastructure	6,500	Ongoing	2,948	(690)
Loiyangalani-Suswa Transmission Line	8,060	On-going	2,754	(200)
<b>TOTAL</b>	<b>95,542.20</b>		<b>10,017</b>	<b>(1,679)</b>

Source: Budget documents

1. The first supplementary budget for the financial year 2015/2016 budget is likely to impact various on-going government projects. The supplementary expenditure estimates propose budget cuts to various projects. The following are some of the projects whose expenditure estimates have been proposed for reduction in the financial year: Regional Pastoral Livelihoods Resilience Project reduced by Kshs. 688 million Completion of the New Mitihani House phase VI reduced by Kshs. 100 million; Konza Techno City (Phase 1) reduced by Kshs. 405 million; and ICT Infrastructure Connectivity: National Optic Fibre Backbone Infrastructure (NOFBI II) reduced by Kshs. 690 million.
2. These budget cuts will significantly affect the implementation and delivery of the various development projects in 2015/2016 financial year. The impact in terms of cost and time overruns is likely to be felt on key Vision 2030 projects such as Konza Techno City and on projects that have been on-going for decades such as New Mitihani House which have been undergoing constructing since the year 1989. Other projects affected are as shown in Annex 6.

## XIII. ANNEX 7: NEW PROGRAMMES/ PROJECTS ABOVE KSHS. 50 MILLION INTRODUCED IN THE SUPPLEMENTARY BUDGET

Vote No.	Vote Name	Programme/Project	Development	Recurrent	Remarks
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1011	The Presidency	Government digital payments - Purchase of specialized plants equipment's and machinery		50	The bulk of the additional funds are Kshs. 12M for foreign travel and subsistence, and other transportation costs, Kshs. 12.95 M towards hospitality supplies and services and Kshs. 12.8M towards purchase of office furniture and general equipment
1021	State Department for Interior	Construction and civil works for HQs	300		The project is for HQs and had no allocation in printed estimates
1031	State Department for Planning	Economic Development Coordination Department for research feasibility studies project preparation and design	200		New department with support of external funding of Kshs. 60 Million
		NYS Engineering Institute Ruaraka - for purchase of Specialised Plan, Equipment and Machinery	275		The project is 100% funded from external sources
1032	State Department for Devolution	Kenya Symbiocity Programme- as other capital grants and transfers.	114		Other capital grants and transfers
		General Administration services- special Programmes		50	The funds include allocations of Kshs. 9.1 M towards domestic travel, Kshs.s 6.3 M towards foreign travel, Kshs. 9.8M towards hospitality supplies and services, Kshs. 5.2M for asset routine maintenance among others
		Protracted relief and recovery- Emergency Relief and Refugee assistance	163		Emergency relief and refugee assistance
1051	Ministry of Foreign Affairs and International Trade	External trade promotion services	102		New head in the ministry, money to be used mainly for rentals of produced assets hospitality supplies & services
1061	State Department of Education	Directorate of policy, partnership and East Africa Community	248		funds to be mainly used for other operating expenses
		Kenya Primary Education Project	3,375		To be issued as capital grants & transfers the fund include 300 million grant from external sources
1062	State Department for Science and Technology	Kenya Italy debt for development Programme (KIDDP)	204		Kshs. 158 million for construction of building and Kshs. 21 million for specialised materials and supplies
		Support for Technical, Industrial, Vocational and Entrepreneurship	808		composed of A-I-A of Kshs. 787 million out of which Kshs. 300M is for specialised materials and supplies, Kshs. 267M for construction of building and Kshs. 200M for other operating expenses
		Construction of buildings in Koitalel Samoei University college	200		construction of buildings
		Construction of buildings in Gatundu University College	200		construction of buildings

		Construction of buildings in Bomet University College	200		construction of buildings
		Kenya Netherlands Tivet Project- mainly for specialized materials and supplies.	450		The resources are all from A-I-A and some of the funds will also be used to meet other operating expenses
1071	The National Treasury	Accountant General for other capital grants and transfers.	100		100% grant from foreign government
		Financial sector support project- Purchase of specialized Plant, Equipment's and Machinery	347		mainly for purchase of specialized plants, equipment and machinery
1091	State Department of Infrastructure	Mombasa Mariakani Highway project	2,000		100% resources from foreign borrowing
1092	State department of transport	Nairobi Outer Ring Road Improvement project	94		100% resources from foreign borrowing
		JKIA-interim terminal construction project	1,084		100% resources from foreign borrowing
1121	Ministry of Information and Communication Technology	East Africa Trade and Transport Facilitation Project	77		Capital transfer to government agencies & other levels of government
1151	Ministry of Energy and Petroleum	Kenya Development of Solar Power Plants (Garissa)	10,054		100% A-I-A borrowing for construction & civic works
		Multi-national Kenya-TZ power Interconnection Project	650		100% A-I-A borrowing for construction & civic works
		Kenya Electricity Modernization Project	1,665		Kshs. 1172 million from Foreign A-I-A while Kshs. 493 million for the construction & civil works
1291	Office of the Director of Public Prosecution	Executive Secretariat		690	Additional funds include Kshs. 222.8M for other operating expenses, Kshs. 200 million for purchase of specialized plant, equipment and machinery, Kshs. 101.6 million for purchase of office furniture and general equipment, Kshs. 70 million for training expenses, Kshs. 18.9 million for office and general supplies and services and Kshs. 14.4 million for domestic travel
	<b>TOTAL ADDITIONS</b>		<b>22,910</b>	<b>790</b>	

Source: Supplementary Budget Estimates

### New Programmes and projects introduced in the budget at supplementary level

1. In the supplementary estimates there is an allocation of about Kshs. 24 billion that will be used to support new projects or programmes introduced in the budget. The projects or programmes are as shown in Annex 7;



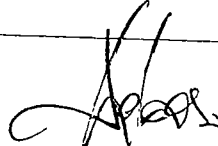
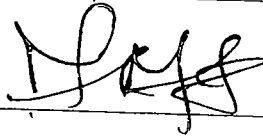


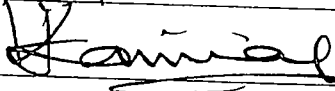
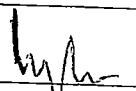
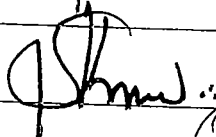
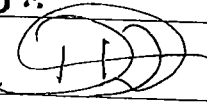
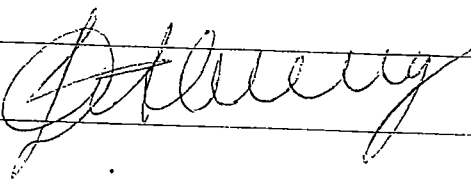
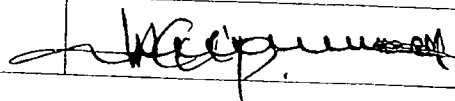
2. The amounts include Kshs. 23 billion for development and Kshs. 790 million for recurrent expenditure. The projects to be implemented include construction of buildings, capital Grants to Government Agencies and other levels of government, support from donor to implement specific projects such as the Kenya electricity modernization project among others.
  
3. Major changes of budget in the course of budget implementation affect the budget credibility and oversight mainly because the information on the changes takes time to be appreciated and understood by the stakeholders. It also reflects poor planning especially in areas where the resources are used for other purposes apart from emergencies and unforeseen circumstances as per article 223 of the constitution.

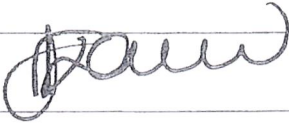
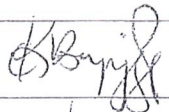

14<sup>th</sup> April, 2016  
Meni Chamber, County H.

NATIONAL ASSEMBLY

LIAISON COMMITTEE

MEMBERS ATTENDANCE REGISTER

NO .	NAME	SIGNATURE
1.	Hon. (Dr.) Joyce Laboso, MGH, M.P. Deputy Speaker /Chairperson	
2.	Hon. Moses Cheboi, M.P. - (Member, Speaker's Panel/Vice Chairperson)	
3.	Hon. Asman Kamama, MGH, OGW, MP	
4.	Hon. Adan Mohamed Noor, CBS, MBS, MP	
5.	Hon. Maina Kamanda, EGH, MP	
6.	Hon. Jamleck Kamau, EGH, MP	
7.	Hon. Adan Keynan, CBS, MP	
8.	Hon. Amina Abdalla, CBS, MP	
9.	Hon. Sabina Chege, MP	
10.	Hon. Benjamin Langat, MP	
11.	Hon. Dr. Rachael Nyamai, MP	
12.	Hon. Samuel Chepkong'a, MP	
13.	Hon. David Were, MP	
14.	Hon. Alex Mwiru, MP	
15.	Hon. Ndungu Gethenji, MP	
16.	Hon. Nicolas Gumbo, MP	
17.	Hon. Moses Lessonet, MP	

18.	Hon. Roselinda Soipan, MP	
19.	Hon. Florence Kajuju, MP	
20.	Hon. William Cheptumo, MP	
21.	Hon. Njoroge Baiya, MP	
22.	Hon. Janet Nangabo Wanyama, MP	
23.	Hon. Johnson Sakaja, MP	

HON KOSGEY (ENVIRONMENT)



**MINUTES OF THE 25<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON THURSDAY 17<sup>TH</sup> MARCH, 2016 IN ROOM 7, MAIN PARLIAMENT BUILDINGS AT 4:00 PM.**

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**PRESENT**

1. **Hon. Moses Cheboi, MP** - Vice Chairperson/Member of the Speaker's Panel
2. Hon. Asman Kamama, MP
3. Hon. Adan Nooru, MP
4. Hon. Jamleck Kamau, MP
5. Hon. Maina Kamanda, MP
6. Hon. Florence Kajuju, MP
7. Hon. Adan Keynan, MP
8. Hon. Benjamin Langat, MP
9. Hon. Samuel Chepkong'a, MP
10. Hon. Johnson Sakaja, MP
11. Hon. Alex Mwiru, MP
12. Hon. Nicolas Gumbo, MP
13. Hon. Njoroge Baiya, MP
14. Hon. Ndung'u Gethenji, MP

**ABSENT WITH APOLOGY**

1. **Hon. (Dr.) Joyce Laboso, MP** - Deputy Speaker/ Chairperson
2. Hon. Moses Lessonet, MP
3. Hon. William Cheptumo, MP
4. Hon. Roselinda Soipan, MP
5. Hon. David Were, MP
6. Hon. (Dr.) Rachael Nyamai, MP
7. Hon. Sabina Chege, MP
8. Hon. Amina Abdalla, MP
9. Hon. Janet Nangabo Wanyama, MP

**IN ATTENDANCE**

**NATIONAL ASSEMBLY SECRETARIAT**

1. Ms. Phyllis Makau - Director, Parliamentary Budget Office
2. Mr. Peter Chemweno - Deputy Director, Committee Services
3. Mr. Dennis Mogare - Clerk Assistant III
4. Mr. Benjamin Ngimor - Fiscal Analyst
5. Mr. Joseph Ndirangu - Fiscal Analyst
6. Mr. Danson Kachumbo - Fiscal Analyst
7. Ms. Rehema Koech - Audio Recording Officer



**MIN. NO.29/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 4.28 pm. A prayer was then said by Hon. Maina Kamanda, MP. The Chairperson then stated that the agenda of the meeting was a briefing on the Contents of the 2015/2016 Supplementary Estimates I. He then welcomed the Director, Parliamentary Budget Office to brief the Committee.

**MIN. NO.30/2016 - BRIEFING ON THE CONTENTS OF THE 2015/2016  
SUPPLEMENTARY ESTIMATES I.**

The Director, Parliamentary Budget Office presented that:

1. The first Supplementary Budget for 2015/16 was tabled in the National Assembly on 15th March 2016. This supplementary budget proposes to increase the total gross ministerial estimates for 2015/16 by Ksh 26.4 billion (1.8% of the printed estimates). However, the overall change in the gross estimates is occasioned by an increase in Appropriation-in-Aid (AIA) of Ksh67.4 billion while the net estimates are set to reduce by Ksh 41 billion.
2. The gross ministerial recurrent estimates are set to increase by Ksh 20.1 billion while the gross capital expenditure is set to increase by Ksh 6.4 billion. Further, the Consolidated Funds Services (CFS) expenditure is set to increase by Ksh 24.2 billion. The interest repayment will increase by Ksh 9.9 billion; the allocation for pensions and other miscellaneous expenditures will increase by Ksh 4 billion and redemption of domestic debt will increase by Ksh 10.2 billion.
3. The legal requirements underpinning the preparation and approval of the Supplementary Budget is provided for in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Section 40 of the PFM Regulations.
4. An evaluation of the legal compliance of this Supplementary Budget shows that it adhered to most of the provisions; the document achieved a compliance rate at 60.71%. Some of the provisions that were not adhered to include the following:
  - a. Details on whether any additional funds sought for in the supplementary budget is for expenditure that is either yet to be incurred or has been incurred within the last two months.
  - b. Some of the programmes have been amended by more than ten percent of their approved estimates for 2015/16. (A list of these programmes is provided in Annex 2)
  - c. The National Treasury has acknowledged that the revised allocation for the wage bill of national government is above the 35% threshold provided for in the regulations.

- d. Details of how the increments in external financing for the supplementary budget will impact on the public debt.
  - e. Information on the impact of the supplementary budget on the financial objectives underpinning the 2015/16 budget as envisaged in the BPS 2015.
  - f. The current budget performance for 2015/16 including the actual expenditure and the outstanding liabilities or commitments.
  - g. Information of changes in revenues and financing.
  - h. Some programmes with expenditure changes do not have reciprocating changes in outputs and Performance Targets.
  - i. Introduction of a new programme 'Youth Training and Development' under the State Department of Science and Technology.
5. On Economic Growth, during the approval of the 2015/16 budget estimates, the National Treasury was projecting that the economy will grow by 7 percent in 2015/16 despite lower projections by several institutions. However, towards the end of the first half of the year, the economic growth was revised downwards to 5.8 percent in the Budget Policy Statement (BPS) 2016. Consequently, it has necessitated the revision of both the revenue projections and the overall expenditures through the supplementary budget.
  6. The overall inflation for the first 8 months of 2015/16 was higher at 6.9 percent compared to that in the same period in 2014/15 at 6.5 percent. It was noted that the inflation rate gradually increased from August 2015 to peak in December 2015 at 8.01 percent compared to a decrease from August 2014 to a low of 6.04 percent in December 2014. The decrease in inflation rate in 2014 was largely due to a drastic decline in global oil prices while the higher inflation in 2015 was as a result of increases in food prices. Despite the slump in oil prices being sustained into 2015, the depreciation of the shilling wiped out the benefits of lower oil prices.
  7. On Interest Rates, since the beginning of FY 2015/16, the Central Bank Rate and the Kenya Banks' Reference Rate (KBRR) had remained constant at 11.5 percent and 9.87 percent respectively. However, the lending rates had gradually increased from 15.8 percent in July 2015 to a high of 18.3 percent as at February 2016. The deposit rates have also increased from 6.3 percent in July 2015 to 8 percent in February 2016. This indicates that the unchanged monetary policy stance has had little effect especially on the lending rates. The high lending rates impact negatively on the private sector growth.
  8. On the Exchange Rate, In 2015, the shilling depreciated against all major international currencies but it was able to remain resilient at the beginning of 2016. The shilling was exchanging with the US dollar at Ksh 101.2 in July 2015 but gradually weakened to a low of Ksh 105.3 in September 2015 before it started gaining. As of January 2016 the Kenyan Shilling traded at Ksh 102.3 against the US Dollar and has since stabilized. Since October 2015, the Shilling had been appreciating against the Sterling Pound to stand at Ksh 147.5 and Ksh 111.1 to the Euro as of January 2016.

9. The major changes in Programme Based Budget are as shown in the following table;

**Programmes with major allocation changes (Ksh millions)**

Vote Details	Key Programme	Printed Estimates	Adjustment Increase/ Decrease	Revised Estimates	% Change
1051 Foreign Affairs and international trade	international trade and investments promotion	688	925	1,613	134%
1061 State Department of Education	primary education	35,803	(13,183)	22,620	-37%
1062 State Department of Science and technology	general administration planning and support services	1,379	1,138	2,517	82%
1092 State Department for Transport	air transport	6,966	4,562	11,528	65%
1121 Ministry of ICT	ICT infrastructure development	6,556	6,144	12,700	94%
1151 ministry of Energy and Petroleum	power transmission and distribution	62,879	28,363	91,242	45%
1161 State Department of Agriculture	agribusiness and information management	3,544	1,975	5,519	56%
	crop development and management	12,802	(2,682)	10,120	-21%
1191 Ministry of Mining	resource surveys and remote sensing	924	(600)	324	-65%

10. The Votes with the highest increases and reductions in recurrent expenditure are as shown in the table below:

**Major adjustments in recurrent expenditure (Ksh millions)**

Vote	Details	Printed Estimates	Additions	Reductions	Revised Estimates
1011	The Presidency	5,950	1,241	-	7,191
1021	State Department for Interior	88,028	5,198	-	93,26
1051	Ministry of Foreign Affairs and International Trade	13,135	2,469	-	15,604
1131	Ministry of Sports , Culture and the Arts	2,947.3	1,502.0	-	4,449
1071	The National Treasury	43,216	-	(9,467)	33,749
1161	State Department of Agriculture	8,313	-	(2,232)	6,081
1022	State Department for Coordination of National Government	16,967	616		17,584
1091	State Department for Infrastructure	29,953	11,673		41,627
1101	Ministry of Environment, Natural Resources and Regional Development	12,783	646		13,42.6
1261	The Judiciary	12,624		(1,017)	11,607
1271	EACC	2,312	775		3,087
1291	Office of DPP	1,964	704		2,669

2031	IEBC	4,198	690		4,889
2091	TSC	181,302	6,807		188,018

11. The major increases and reductions of development budget and the Spending Agencies affected was as tabulated below:

**Table 5: Major Adjustments in Development Expenditure (Ksh millions)**

Vote	Details	Printed Estimates	Increases	Reductions	Revised Estimates
1021	State Department for Interior	14,296	963		15,259
1092	State Department of Transport	158,455	5,096		163,551
1101	Ministry of Environment, Natural Resources and Regional Development Authorities	8,286	1,448		9,734
1102	Ministry of Water and Irrigation	35,448	12,552		48,000
1121	Ministry of Information Communication and Technology	8,943	5,579		14,522
1071	The National Treasury	49,770	13,918		63,688
1151	Ministry of Energy and Petroleum	92,412	23,596		116,009
1081	Ministry of Health	30,664		(1,025)	29,639
1011	The Presidency	1,846		(806)	1,040
1031	State Department for Planning	61,713		(7,108)	54,605
1061	State Department for Education	22,408		(14,007)	8,401
1062	State Department for Science and Technology	14,047		(941)	13,107
1091	State Department of Infrastructure	104,013		(1,777)	102,236
1111	Ministry of Land Housing and Urban Development	28,119		(3,539)	24,579
1131	Ministry of Sports and Culture	3,641		(1,381)	2,260
1141	Ministry of Labor Social Security and Services	15,580		(782)	14,798
1161	State Department for Agriculture	26,153		(15,233)	10,920
1162	State Department for Livestock	5,171		(647)	4,523
1171	Ministry of Industrialization and Enterprise Development	6,265		(630)	5,635
1191	Ministry of Mining	1,496		(882)	614
1261	The Judiciary	4,064		(1,006)	3,058
2041	Parliamentary Service Commission	3,200		(1,100)	2,100

12. In terms of financing the budget:

- i) The overall change in the net estimates is a reduction of Ksh 41 billion with the recurrent net estimates increasing by Ksh 8.2 billion and the capital net estimates reducing by Ksh 49.1 billion. This indicates that all increments in the net estimates was met by reductions in other ministries.
- ii) Increase in the Appropriations in Aid amounts to Ksh 67.4 billion with the recurrent AIA increasing by Ksh 11.9 billion and the capital AIA increasing by



Ksh 55.5 billion. The increment in recurrent AIA is largely under the State Department for Infrastructure while that of the capital estimates were donor funds.

## **MEMBERS' OBSERVATIONS/CONCERNS**

Members observed that:

1. Departmental committees should have handled the 2015/2016 Supplementary Estimates I before deliberation of their findings at the Liaison Committee level since they deal directly with line ministries and other agencies under their oversight purview and have a detailed understanding of the issues at hand.
2. Some of the funds in the supplementary estimates had been spent while others had not and it was not easy to distinguish which had or hadn't been spent.
3. There was no limitation in terms of time the 2015/2016 Supplementary Estimates I could be in the national assembly. Such estimates were not part of the calendar of the house and were submitted by the National Treasury on a need basis.
4. The reduction in the state department of agriculture by 15.233 Billion did not adhere to the 10% limitation in adjustments in supplementary appropriation. Equally, only 12.552 Billion of the sum is transferred to the Ministry of Water and Irrigation, the rest is not reflected.
5. The Ministry of Energy and Petroleum gets an additional funding of 23.596 Billion which was huge considering the remaining period to the end of the financial year. It was however clarified that this was donor funding which was a common feature in the sector. However, this still reflected poor planning.
6. The National Treasury gets an additional funding of 13.918 Billion which was to a large extent meant to bail out Kenya Airways. It was noted that Kenya Airways did not deserve such bailout.
7. Some adjustments were major and deserve to be reflected in the next financial year's budget not in a supplementary budget.
8. The Parliamentary Service Commission had a reduction of funding by 1.1 Billion in its development vote yet the same was not balanced by an increase by the same amount in the commission's recurrent vote. Such action would hamper operations in parliament especially local and foreign travel for oversight purposes.

## **MIN. NO.31/2016 - RESOLUTIONS**

The meeting resolved that:

1. The 2015/2016 Supplementary Estimates I should be referred to departmental committees for consideration and an extension of timelines for reporting to the house be sought from the speaker on Tuesday 22<sup>nd</sup> March, 2016.
2. The Liaison Committee shall receive reports from departmental committees on the morning of 22<sup>nd</sup> March, 2016 and thereafter engage the Cabinet Secretary, National

Treasury on the Supplementary Estimates in the afternoon. The resultant report shall be tabled in the house on Thursday 24<sup>th</sup> March, 2016.

**MIN. NO.32/2016 - CONSIDERATION AND ADOPTION OF A COMMITTEE REPORT ON THE DIVISION OF REVENUE BILL, 2016**

The Committee considered and adopted its report on the Division of Revenue Bill, 2016 after it was proposed and seconded by Hon. Alex Mwiru, MP and Hon. Nicolas Gumbo, MP respectively.

**MIN. NO.33/2016 - ADJOURNMENT**

There being no other business, the Chairperson adjourned the meeting at 6:25 pm.

Sign .....  
(Chairperson)

Date ..... 22/03/2016

MINUTES OF THE 26<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON  
MONDAY 21<sup>ST</sup> MARCH, 2016 IN THE MINI CHAMBER, COUNTY HALL,  
PARLIAMENT BUILDINGS AT 10:00 AM.

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**PRESENT**

1. Hon. (Dr.) Joyce Laboso, MP - Deputy Speaker/ Chairperson
2. Hon. Moses Cheboi, MP - Vice Chairperson/Member of the Speaker's Panel
3. Hon. Jamleck Kamau, MP
4. Hon. Maina Kamanda, MP
5. Hon. Adan Keynan, MP
6. Hon. (Dr.) Rachael Nyamai, MP
7. Hon. Sabina Chege, MP
8. Hon. Amina Abdalla, MP
9. Hon. Moses Lessonet, MP
10. Hon. Janet Nangabo Wanyama, MP
11. Hon. Johnson Sakaja, MP

**ABSENT WITH APOLOGY**

1. Hon. William Cheptumo, MP
2. Hon. Asman Kamama, MP
3. Hon. Adan Nooru, MP
4. Hon. Benjamin Langat, MP
5. Hon. Samuel Chepkong'a, MP
6. Hon. Florence Kajuju, MP
7. Hon. Alex Mwiru, MP
8. Hon. Nicolas Gumbo, MP
9. Hon. Njoroge Baiya, MP
10. Hon. Ndung'u Gethenji, MP
11. Hon. Roselinda Soipan, MP
12. Hon. David Were, MP

**IN ATTENDANCE**

**NATIONAL TREASURY**

1. Mr. Henry Rotich - Cabinet Secretary
2. Dr. Kamau Thugge - Principal Secretary
3. Mr. Francis Anyona - Director Of Budget
4. Mr. Samuel Kiiru
5. Ms. Miriam Musyoki
6. Ms. Eunice Kigen
7. Mr. Musa Kathanje
8. Ms. Naomi Matheri
9. John K. Njera

### NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Peter Chemweno - Deputy Director, Committee Services
2. Mr. Dennis Mogare - Clerk Assistant III
3. Mr. Benjamin Ngimor - Fiscal Analyst
4. Mr. Joseph Ndirangu - Fiscal Analyst
5. Ms. Rehema Koech - Audio Recording Officer
6. Mr. Vitalis Ndambuki - Office Assistant

### **MIN. NO.34/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 10.28 pm and said a prayer. The Chairperson then stated that the agenda of the meeting was meeting the Cabinet Secretary, National Treasury over the 2015/2016 Supplementary Estimates I. She then welcomed the Cabinet Secretary, National Treasury to make his presentation.

### **MIN. NO.35/2016 - PRESENTATION BY THE CABINET SECRETARY, NATIONAL TREASURY**

The Cabinet Secretary, National Treasury appeared before the Committee and presented that:

1. The Supplementary Estimates No. 1 was submitted to Parliament on 11<sup>th</sup> March, 2016 for approval.
2. In terms of fiscal performance, the ordinary revenue performance during the first six months of the financial year fell short of the target Ksh 47.6 Billion. Expenditure performance at the end of 2015 was below target by Ksh 228.1 Billion. The overall fiscal deficit of the first six months of the financial year was Ksh 184.7 Billion against a target of Ksh 319.2 Billion.
3. The National Treasury undertook a mid term review of the Financial Year 2015/16 with the aim of reducing the implied deficit, accumulation of pending bills and expenditure arrears. It then rationalized non-productive expenditures in the recurrent budget which led to the cuts as tabulated below:

ITEM	BUDGET CUTS (%)
Domestic travel, subsistence and other transport costs	30
Foregin travel, subsistence and other travel costs	50
Printing, advertising, information and supplies	30
Purchase of office furniture and general equipment	40
Hospitality supplies and services	30



Research	30
Current grants and transfers	7.5
Contracted technical services	30
Contracted professional services	30
Temporary committees and boards	30
Fuel and lubricants	30
Routine maintenance of assets	30
Purchase of ICT networking equipment and installations	30

4. The total net reduction in the Supplementary Estimates No. 1 is Ksh 41.0 Billion for recurrent and development and was made up of:
- Overall recurrent is increased by Ksh 8.1 Billion.
  - Overall development is reduced by Ksh. 49.2 Billion.
5. In terms of adherence to the legal framework, the gross additional expenditure was 2.3 percent of the original approved budget and therefore within the provisions of Article 223 of the constitution. While making the adjustments, the national treasury observed fiscal responsibility principles and maintained the fiscal objectives as required by section 43 (3) of the PFMA, 2012. In particular, the overall development expenditure remained at 47.5% of the total national government ministerial budget while recurrent was at 52.5%.
6. New additional expenditures include:

ITEM	AMOUNT
Salary Related	Ksh. 10.9B
Security Interventions	Ksh. 7.6B
Multi Agency War Against Corruption	Ksh. 2.7B
Land Compensation/Settlement	Ksh. 1.3B
Lapsset Project	Ksh. 1.0B
Interventions In The Health Sector	Ksh. 0.8B
Strengthening Of New Universities And Ttis	Ksh. 0.7B
International Conferences (UNCTAD & TICAD)	Ksh. 0.85
Fertilizer Subsidy	Ksh. 0.8B
World Youth Championships & Anti-Doping	Ksh. 1.0B
Higher Education Loans Board	Ksh. 1.5B
El Nino Program	Ksh. 1.4B

7. On the effect of reduction in expenditure on completion of development projects he stated that ordinary revenue performance during the first six months of the financial year fell short of the target by Ksh 47.6B, this underperformance resulted in delayed transfer of development funds to MDAs for the first half of the year. MDAs have however been

guided to prioritise and allocate resources to ongoing development projects over the Medium Term.

8. On allocation to counterpart funding, he stated that MDAs had been guided to prioritise and provide for counterpart funding as per the donor financing agreements and within the resources available as per the medium term expenditure framework.

## MEMBERS' CONCERNS

Members expressed the following concerns which were addressed by the Cabinet Secretary as follows:

1. On how possible it was for the country to absorb the Ksh 1.4 Billion meant for El Nino program, he stated that the funds had already been expended and the national treasury was seeking approval in line with Article 223 of the constitution.
2. On why LAPSSET which was a key project had been allocated Ksh 1 Billion against the El Nino program which had been allocated Ksh 1.4 Billion, he stated that the El Nino phenomena was unforeseen but the LAPSSET was consciously planned for. He however stated that the LAPSSET project shall be considered for additional funding in the next financial year.
3. On the need to curb interest rates to spur growth he stated that the national treasury was undertaking several initiatives to curb interest rates including: cutting down on domestic borrowing, fostering credit information sharing to ensure the public benefits from post-vote scores and consolidation of the banking system starting from state controlled banks.
4. On the utility of allocating more funds to the fight against corruption, through the multi-agency war against corruption, when there were no tangible results, he stated that the fight against corruption had been given priority by the president and the figure of Ksh 2.7 Billion allocated was arrived at after carrying out a needs assessment with the concerned agencies.
5. On whether revenue forecasts, which had been ambitious in the past leading to disappointment with revenue shortfalls, had been made realistically done in the 2016 Budget Policy Statement, he stated that the National Treasury had endeavoured to make realistic forecasts. While on what exactly caused revenue shortfalls, he stated that legal concerns had been addressed and therefore administrative bottlenecks were the ones being addressed to put KRA in good stead to meet revenue targets.
6. On some reallocations going beyond the 10% threshold envisaged in the PFM regulations for instance a reduction in the Ministry of Mining by 39%, he stated that Article 223 of the constitution, which is the supreme law envisages a situation where not more than 10% of the entire budget is reallocated, not individual programs. He further emphasized that the National Treasury had reallocated just 2.3% of the sum appropriated by parliament in the 2015/16 financial year. He further stated the cuts were meant to respond to revenue shortfalls and were arrived at after consultations with respective ministries and considering expenditure trends so far in various ministries.

7. On the major reduction of Ksh 14.007 Billion in the Ministry of Education, he stated that the amount had been shifted to the ICT Ministry to implement the digital literacy program (laptops project).
8. On involvement of counties in funding the El Nino mitigation and the fertilizer subsidy program, he stated that some counties contributed to the El Nino mitigation kitty and negotiations were on going for others to contribute to the fertilizer subsidy program.
9. On the viability of LAPSSET considering the shifting interests of principal members in the project where ethipia was now seen to be keen on working with Djibouti while there were divisions in the East African Community on the same, he stated that there were competing priorities with the regional partners in the project but it still remained a key and relevant project as it woud among other benefits deal with the security challenges in Lamu and Northern Kenya.
10. On the regions that benefitted from the land compensation/settlement he stated that the coastal region benefitted most. However, other regions would be prioritized in the subsequent budgeting cycle.
11. On whether there was a policy on acquisition on buildings by state agencies, he stated that there had been aphazard decisions made by state agencies on buildings. However, a policy was being worked on to centralize allocation of buildings to all government agencies to curb wastage in terms of unplanned and wasteful building by individual agencies.
12. On the benefits of hosting international conferences he stated that such events ensure the country upgrades its conference facilities, generates revenues to the country and promotes tourism.

**MIN. NO.36/2016 - RESOLUTION**

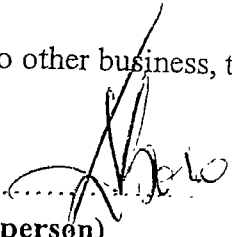
The Committee resolved that the Parliamentary Budget Office should come up with proposals on ammendments to be made to the PFM Act and Regulations to ensure the two are aligned to Article 223 of the constitution and to generally ensure that the budget process through parliament becomes meaningful and effective.

**MIN. NO.37/2016 - ANY OTHER BUSINESS**

The Committee was informed that it had been invited to Stakeholders Forum On Division Of Revenue Bill for FY 2016/17. It subsequently resolved that Hon. Johnson Sakaja, MP shall represent the Committee at the forum.

MIN. NO.38/2016 - ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at 1:38 pm.

Sign .....  .....  
(Chairperson)

Date ..... 22/03/2016 .....



MINUTES OF THE 27<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON TUESDAY 22<sup>ND</sup> MARCH, 2016 IN THE CPA ROOM, MAIN PARLIAMENT BUILDINGS AT 9:00 AM.

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PRESENT

1. Hon. (Dr.) Joyce Laboso, MP - Deputy Speaker/ Chairperson
2. Hon. Moses Cheboi, MP - Vice Chairperson/Member of the Speaker's Panel
3. Hon. Asman Kamama, MP
4. Hon. Jamleck Kamau, MP
5. Hon. Maina Kamanda, MP
6. Hon. Adan Keynan, MP
7. Hon. (Dr.) Rachael Nyamai, MP
8. Hon. Sabina Chege, MP
9. Hon. Amina Abdalla, MP
10. Hon. Moses Lessonet, MP
11. Hon. Janet Nangabo Wanyama, MP
12. Hon. Samuel Chepkong'a, MP
13. Hon. Njoroge Baiya, MP
14. Hon. Alex Mwiru, MP
15. Hon. David Were, MP
16. Hon. Johnson Sakaja, MP

ABSENT WITH APOLOGY

1. Hon. William Cheptumo, MP
2. Hon. Adan Nooru, MP
3. Hon. Benjamin Langat, MP
4. Hon. Florence Kajuju, MP
5. Hon. Nicolas Gumbo, MP
6. Hon. Ndung'u Gethenji, MP
7. Hon. Roselinda Soipan, MP

IN ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Phyllis Makau - Director, Parliamentary Budget Office
2. Mr. Peter Chemweno - Deputy Director, Committee Services
3. Mr. Martin Masinde - Deputy Director, Parliamentary Budget Office
4. Mr. Dennis Mogare - Clerk Assistant III
5. Mr. Benjamin Ngimor - Fiscal Analyst
6. Mr. Joseph Ndirangu - Fiscal Analyst
7. Mr. Stephen Nyakuti - Audio Recording Officer

#### **MIN. NO.39/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 9.25 am and said a prayer. The Chairperson welcomed members present to the meeting and then stated that the agenda of the meeting was Consideration and Adoption of the Report on the First 2015/2016 Supplementary Estimates.

#### **MIN. NO.40/2016 - CONFIRMATION OF MINUTES**

Minutes of the 18<sup>th</sup> Sitting held on Tuesday 4<sup>th</sup> August, 2015 were confirmed as a true record of deliberations after being proposed by Hon. Samuel Chepkong'a, MP. and seconded by Hon. Alex Mwiru, MP.

Minutes of the 19<sup>th</sup> Sitting held on Thursday 18<sup>th</sup> February, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Johnson Sakaja, MP and seconded by Hon. Amina Abdalla, MP.

Minutes of the 20<sup>th</sup> Sitting held on Monday 29<sup>th</sup> February, 2016 at 9.00 am were confirmed as a true record of deliberations after being proposed by Hon. Asman Kamama, MP and seconded by Hon. Maina Kamanda, MP.

Minutes of the 21<sup>st</sup> Sitting held on Monday 29<sup>th</sup> February, 2016 at 2.30 pm were confirmed as a true record of deliberations after being proposed by Hon. Alex Mwiru, MP and seconded by Hon. Asman Kamama, MP.

Minutes of the 22<sup>nd</sup> Sitting held on Tuesday 1<sup>st</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Jamleck Kamau, MP and seconded by Hon. Amina Abdalla, MP.

Minutes of the 23<sup>rd</sup> Sitting held on Wednesday 2<sup>nd</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Maina Kamanda, MP and seconded by Hon. Alex Mwiru, MP.

Minutes of the 24<sup>th</sup> Sitting held on Thursday 3<sup>rd</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Amina Abdalla, MP and seconded by Hon. Asman Kamama, MP.

Minutes of the 25<sup>th</sup> Sitting held on Thursday 17<sup>th</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Johnson Sakaja, MP and seconded by Hon. Adan Keynan, MP.

Minutes of the 26<sup>th</sup> Sitting held on Monday 21<sup>st</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Amina Abdalla, MP and seconded by Hon. Moses Lessonet, MP.

MIN. NO.41/2016 - CONSIDERATION AND ADOPTION OF THE REPORT ON THE FIRST 2015/2016 SUPPLEMENTARY ESTIMATES.

Members considered the Report on the First 2015/2016 Supplementary Estimates and observed that:

1. The National Treasury had not clearly indicated which funds had already been spent in the First 2015/2016 Supplementary Estimates tabled before the National Assembly and which had not.
2. The review of supplementary estimates had been hampered by lack of adequate information on implementation status of the 2015/16 budget. For instance, the constitution requires that every four months the Controller of Budget should submit reports to Parliament on budget implementation. This had not been in the past half year.
3. The National Treasury did not adequately respond to issues of non adherence to the relevant legal framework in the First 2015/2016 Supplementary Estimates.
4. Departmental Committees had not gotten a chance to scrutinise the estimates yet they were better placed to oversight the nitty gritty of their respective departments/ministries.

In view of the foregoing, the Committee deffered adoption of the report and resolved as follows, that:

1. Letters be addressed to the National Treasury and the Controller of Budget inviting the two entities to respond, in detail, to the issues noted above. The two entities shall appear before the Committttee on Thursday 31<sup>st</sup> March, 2016 at 10:00 am. Specifically, the office of the Controller of Budget should be directed to submit its report to Parliament within 14 days from the date of the letter addressed to the office.
2. The First 2015/2016 Supplementary Estimates be subjected to departmental committees for review and the departmental committees to report back to the Liaison Committee by Wednesday 30<sup>th</sup> March, 2016.

MIN. NO.41/2016 - ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at 11:01 am. The next meeting shall be convened on Thursday 31<sup>st</sup> March, 2016 at 10:00 am.

Sign .....  
(Chairperson)

Date ..... 14 / 04 / 2016

MINUTES OF THE 28<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON  
TUESDAY 12<sup>TH</sup> APRIL, 2016 IN THE RESTAURANT ON 7<sup>TH</sup> FLOOR, CONTINENTAL  
HOUSE, PARLIAMENT BUILDINGS AT 9:00 AM.

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**PRESENT**

1. Hon. (Dr.) Joyce Laboso, MP - Deputy Speaker/ Chairperson
2. Hon. Moses Cheboi, MP - Vice Chairperson/Member of the Speaker's Panel
3. Hon. Jamleck Kamau, MP
4. Hon. Samuel Chepkong'a, MP
5. Hon. Florence Kajuju, MP
6. Hon. Asman Kamama, MP
7. Hon. David Were, MP
8. Hon. Johnson Sakaja, MP
9. Hon. Janet Nangabo Wanyama, MP
10. Hon. Alex Mwiru, MP
11. Hon. (Dr.) Rachael Nyamai, MP
12. Hon. Njoroge Baiya, MP
13. Hon. Sabina Chege, MP

**ABSENT WITH APOLOGY**

1. Hon. Adan Nooru, MP
2. Hon. Ndung'u Gethenji, MP
3. Hon. Amina Abdalla, MP
4. Hon. Maina Kamanda, MP
5. Hon. Adan Keynan, MP
6. Hon. Benjamin Langat, MP
7. Hon. Nicolas Gumbo, MP
8. Hon. Moses Lessonet, MP
9. Hon. William Cheptumo, MP
10. Hon. Roselinda Soipan, MP

**IN ATTENDANCE**

**Members**

1. Hon. Mohamud M. Mahamud, MP - Vice Chairperson, Committee on Transport, Public Works and Housing
2. Hon. Mary Emaase, MP - Member, Finance, Planning and Trade Committee.
3. Hon. Alex Kosgey, MP - Vice Chairperson, Committee on Environment & Natural Resources
4. Hon. Jimmy Angwenyi - Commissioner, Parliamentary Service Commission.
5. Hon. Regina Chengoron - Commissioner, Parliamentary Service Commission.



### National Assembly Secretariat

- |                         |   |  |
|-------------------------|---|--|
| 1. Mr. Martin Masinde   | - | Deputy Director, Parliamentary Budget Office |
| 2. Mr. Nicholas Emejen  | - | Principal Clerk Assistant I                  |
| 3. Mr. Dennis Mogare    | - | Third Clerk Assistant                        |
| 4. Mr. Benjamin Ngimor  | - | Fiscal Analyst                               |
| 5. Mr. Joseph Ndirangu  | - | Fiscal Analyst                               |
| 6. Ms. Julie Mwithiga   | - | Fiscal Analyst                               |
| 7. Mr. Danson Kachumbo  | - | Fiscal Analyst                               |
| 8. Ms. RehemaKoech      | - | Audio Recording Officer                      |
| 9. Ms. Esther Ngechu    | - | Serjeant-at-Arms                             |
| 10. Mr. VitalisNdambuki | - | Office Assistant                             |

### **MIN. NO.42/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 9 .23 am and said the prayer. The Chairperson briefed the members that the agenda of the meeting was to receive submissions/presentations from chairpersons of departmental committees on the First 2015/2016 Supplemtnary Estimates.

### **MIN. NO.43/2016 - CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING**

Confirmation of Minutes of the previous sitting was deferred to the next meeting.

### **MIN. NO.44/2016 – PRESENTATIONS BY DEPARTMENTAL COMMITTEES ON THE FIRST 2015/2016 SUPPLELEMNTARY ESTIMATES.**

The Chairperson invited the chairpersons of departmental committees to make presentations on their committee's consideration of the First 2015/2016 Supplemtnary Estimates. The following presentations were made: -

#### **1. Departmental Committee on Administration and National Security**

The Chairperson, Hon. Asman Kamama, MP informed the Committee that the Departmental Committee on Administration and National Security recommended that:-

- i) The House approves the revised Estimates of Kshs. 8,231,308,925 for the Presidency vote 1011, Kshs 108,484,523,986 for the State Department for Interior vote 1021, Kshs 18,194,464,206 for the State Department of Coordination of National Government, vote1022, Kshs 1,132,719,893 for the Public Service Commission, vote 2071, Kshs,395,893,898 for the Independent Policing Oversight Authority vote and Kshs 475,548 ,410 for the National Police Service vote 2101as submitted to Parliament by the National Treasury.

- ii) The Ministry of Foreign Affairs should fund the foreign travel expenses for the Deputy President during State functions where he represents the President so as to reduce the increased pending bills incurred by the Presidency to fund the unplanned visits. Alternatively the National Treasury should permit the Presidency to create a line item to cover the expenses.
- iii) The National Treasury should consider reversing the Kshs. 400 million reductions in the Capital budget of the Correctional Services programme under Vote 1022: State Department for Coordination of National Government to facilitate completion of ongoing construction of prisons and Borstal Institutions across the country; the modernization of Prison Staff facilities and acquisition of training equipment.

## **2. Departmental Committee on Education, Research and Technology.**

The Chairperson, Hon. Sabina Chege, MP informed the Committee that the Departmental Committee on Education, Research and Technology recommended that:

- i) The National Treasury considers reinstating the original sum of Kshs. 420 million, voted to the New Mitihani House. A special audit by the relevant Government agency be undertaken on the project.
- ii) The National Treasury considers reinstating Kshs. 977 million to cater for the national examination fees to avoid creating pending Bills.
- iii) The National Treasury reconsiders reinstating the the amount voted of Kshs. 15 million to the National Research Fund.
- iv) The Kshs. 1.7 billion be reinstated to ensure that the completion of 70 TTI's is on course and that the National Treasury sets aside funds to equip the TTIS constructed in phase I.

## **3. The Departmental Committee on Finance, Planning & Trade**

Hon. Mary Emaase, representing the Chairperson, informed the Committee that the Departmental Committee on Finance, Planning & Trade recommended that:

- i) With respect to the National Treasury
  - a) The development vote of the ministry be reduced under the following programmes;
    - General Administration, Planning and Support Services be reduced by Ksh 172 million under the following vote heads;-
      1. 1071000100 Headquarters administrative services - Reduce capital grants to government agencies and other levels of government by Kshs 38,270,000
      2. 1071000100 Headquarters Administrative services - Reduce Equity participation in foreign financial institutions operating abroad by Ksh 50 million

3. 1071000100 Headquarters Administrative services – Further Reduce Routine Maintenance – other Assets by Ksh 20 Million
4. 1071000100 Headquarters Administrative services – Further reduce construction of building by Ksh 26 million.
5. 1071101700 Financial sector support project (FSSP), Reduce purchase of specialized plant, equipment and Machinery by Ksh. 37,647,600

b) In addition to the above reductions under the development vote, similarly the recurrent vote has also been reduced under the following programme;

1. The proposed reduction of Kshs9.64 billion under the recurrent vote for the programme of General Administration, Planning and Support Services be further reduced by Ksh30 million under the vote head1071000100 Headquarters Administrative services. Reduce Hospitality supplies and services by Ksh 30 million
2. The proposed additional allocation of Ksh. 106.7 million under the recurrent vote for the programme of economic and financial policy formulation and management be reduced by Ksh 11 million under the vote head1071000200 Economic Affairs Department. Reduce the allocation to Financial Reporting Centre by Ksh11 million. It should be noted that the absorption rates for the two programmes stood at 32.1% and 9.7% respectively as at December, 2015.

ii) With respect to Salaries and Remuneration Commission

The proposed additional allocation of Ksh. 247 million under the recurrent vote for the programme of Salaries and remuneration management be reduced by Ksh150 million under the vote head2081000101 Headquarters. Reduce the proposed additional allocation of other operating expenses by Kshs 150 million. It was noted that the absorption rate for the programme stood at 28.6% as at December, 2015

iii) State Department of Tourism and Commerce

The proposed additional allocation of Ksh. 340 million under the Development vote for the programme of Tourism development and promotion be reduced by Ksh140 million under the vote head1181001900 Tourism Marketing and Promotion, reduce allocation to Bomas of Kenya by Ksh 140 million. It was noted that the absorption rate for the programme stood at 19.8% as at December, 2015. Overall, the reductions realized from the above programmes amounts to Ksh 502.9 million and the committee recommends the funds be reallocated to the following Agencies;

An additional allocation of Kshs 312.9 million under the Development vote for the programme of Tourism development and promotion under the following vote head;

1181000100 Headquarters Administrative Services - Kshs 312.9 million be allocated to the State Department specifically to offset the construction cost of Ronald Ngala Utalii College.

iv) State department of Industrialization and Enterprise Development

The Committee proposes an additional allocation of Ksh. 150 million under the Development vote for the programme of Industrial Development and Investment under the following vote heads;

- i. The proposed reduction of Ksh 100 Million in the budget of New Kenya Cooperative Creameries (KCC) be offset by an allocation of Ksh 100 million that was realized from the above reductions.
- ii. The proposed reductions under the budget of Kenya Industrial Training Institute (KITI) of Ksh. 113 million will hamper the construction and completion of stalled female hostels and therefore the committee recommends an allocation of Ksh 50 million thereby reducing the proposed reduction to Ksh 63 million.
- iii. The committee proposes an additional allocation of Ksh. 40 million under the Development vote for the programme of Trade development and promotion under the following vote heads;
- iv. The budget for the export promotion council is proposed to be reduced by Ksh 80 million, however, after deliberations with the relevant Agency, the committee proposes an allocation of Ksh. 40 million realized from the aforementioned reductions.

Regarding the on-lending loan to Kenya Airways of Kshs 20.2 billion, the Committee recommends the National Treasury to submit a sessional paper on the loan separately in order for the committee and the House to discuss the issue exhaustively. Therefore the loan be struck off from the supplementary budget.

#### 4. The Departmental Committee on Health

The Chairperson, Hon. Dr. Rachael Nyamai, MP, informed the Committee that having considered the Supplementary Estimates 2015/16 and having interacted with the Ministry of Health, the Health Committee observed that:

- i) The supplementary budget estimate proposes to reduce the overall health sector expenditure estimates for financial year 2015/2016 from Ksh. 59.184 billion as per the approved expenditure estimate to Ksh. 58.567 billion as per the proposed



- supplementary estimates 1 representing a reduction of approximately 1 percent. The current expenditure estimate is proposed to increase slightly from Ksh. 28.519 billion to Ksh. 28.928 billion representing an increase of Ksh. 409.2 million while capital expenditure is proposed to decrease by Ksh. 1.025 billion from Ksh. 30.664 billion as was approved to Ksh. 29.639 billion as per the supplementary estimates.
- ii) The proposed increase in the preventive and promotive health services program by Ksh. 456.2 Million from Ksh. 7.133 Billion to Ksh. 7.589 Billion, though the program is a devolved function was justifiable for mitigation of HIV/AIDs and T.B which is a National function. It was further noted that these are donor funded projects that were entered into between the Government of Kenya and the Development partners prior to Devolution.
  - iii) The increase of the Kshs 250,000,000 under the National Aids and STD Control program is justified as it is meant to cater for the procurement of Ready to use therapeutic foods (R.U.T.F) and Ready to Use Supplementary foods (R.U.S.F) to cater for the Nutrition program for People living with HIV/AIDs in the Country. This is critical in mitigating the gap left by donors who previously used to fund this critical intervention.
  - iv) Although the reduction of the Kshs 284,700,000 from Ksh 7.968 Billion to Ksh 7.683 Billion was in line with the Directive of the National Treasury requiring Ministries, Departments and Agencies to effect cuts in their Development budget for Austerity measures, the Committee was concerned that this reduction was likely to affect the maternal and child health program in big way.
  - v) On the provision of Ksh. 20 Million under capital expenditure towards expansion of Ileho Health Centre, the Committee noted that it was an ongoing donor funded project (Debt Swap) under the Kenya Italy Debt for Development program (K.I.D.D.P) for construction and equipping of a General ward and Maternity wing.
  - vi) The Committee was concerned that the Supplementary Estimates for 2015/2016 had not factored in the training aspects through the expansion of Kenya Medical Training Colleges which key for the successful implementation of the Managed Equipment Service Mega project.
  - vii) The allocation for Kshs 58,009,708 was justified as it is meant to cater for the officers out of payroll e.g drug inspectors whose pay points had been erroneously taken to county Governments and officers posted back to Ministry headquarters on speciality needs.

The Committee therefore recommended that:

- i) The supplementary estimates for the Ministry of Health be passed without changes.
- ii) The Ministry of Health and the National Treasury should prioritize the expansion of the Kenya Medical Training Colleges for the successful implementation of the Managed Equipment Service Program as soon as possible.

## 5. Departmental Committee on Labour and Social Welfare

The Chairperson, Hon. David Were, MP, informed the Committee on Labour and Social Welfare had recommended that:

- i) Additional funds be allocated to prepare Team Kenya for the 2016 Rio Olympics including the advance procurement of air tickets and accommodation for athletes and officials which must be paid during the current financial year. The ministry had requested for Kshs. 500 Million but Treasury only approved Kshs. 200 Million; the Committee is recommending an additional Kshs. 300 Million be allocated to prepare for this event.
- ii) Additional funds to cater for operationalization of the Anti-Doping Agency of Kenya (ADAK). The Ministry had requested for Kshs. 500 Million but the National Treasury only approved Kshs. 300 Million; the Committee is recommending an additional Kshs. 200 Million be allocated to fast track the operationalization of Anti-Doping Agency of Kenya (ADAK).
- iii) The Committee is recommending an additional fund of Kshs. 614,000,000 Million to sponsor teams for various International sporting events including Rugby, Karate, Handball, Hockey, Bowling, Boxing, IGAD games, basketball and the qualifying matches for the national soccer team among others for Kenya to meet its International Sporting obligations.
- iv) The Committee is recommending an additional funds of Kshs. 50,000,000 Million for rehabilitation and restoration of National Monuments
- v) The Committee is recommending an additional fund of Kshs. 75,000,000 Million to cater for the accumulated rent arrears for offices at Uchumi House, NSSF Building and Kencom House. During Supplementary Estimates No II, for the 2014/15 Financial Year, the National Treasury approved Ksh. 17 million to cater for these arrears but there were no exchequer releases. The arrears have continued to accumulate and currently stand at Kshs. 75 Million.

## 6. Departmental Committee on Transport, Public Works and Housing.

The Hon. Mohamud M. Mahamud, MP, representing the Chairperson, informed the Committee that the Committee on Transport, Public Works and Housing had recommended that:

The Committee made the following recommendations:-

- i) The Kenya Ferry Services be allocated KSh. 353 million for the rehabilitation of the existing fleet of five ferries through dry docking and other maintenance programs aimed at restoring the vessels to seaworthiness state, as required by international standards.

- ii) The State Department of Housing and Urban Development be allocated Ksh. 174.7 million to cater for expenditure items whose budget allocations have been reduced by more than the half year allocation (in the printed estimates), but had already incurred expenditures higher than those reductions. This will ensure that no audit queries will arise as a result of changes occasioned by the First Supplementary Estimates.
- iii) The State Department of Public Works be allocated Ksh. 829.9 million as a reversal of the reduction occasioned by the Supplementary Budget. This is to ensure that there are no delays in the completion of projects under the *Stalled and new Government Buildings Program* that experienced the largest resource reduction of Ksh. 517 million, and curb the increase of pending bills.

#### 7. Departmental Committee on Environment & Natural Resources

The Hon. Alex Kosgey, MP, representing the Chairperson, informed the Committee that the Committee on Environment & Natural Resources had recommended that:

- i) With respect to the Ministry of Water and Irrigation
  - a) It has been noted that the government has over 1,000 ongoing projects within all the MDAs, the committee therefore recommends that existing designed and contracted projects for the FY 2015/2016 should be funded and completed before the Ministry takes up unfunded projects especially in the supplementary. Projects introduced in the Ministry include Bungoma Trans Nzoia, Kipkabus, Uasin Gishu, Kaptagat, Eldas and Gichugu water projects.
  - b) The reduction of Kshs. 771 Million towards the water storage and flood control Programme needs to be reinstated since the reduction will have a negative impact in achieving the vision 2030 goals of water access for all.
  - c) A review should be carried out on donor funded projects like the Kimira – Oluch Water Project whose project term ends at the end of the FY 2015/2016 and therefore possible no cost extension should be considered to avoid losing donor funding.
- ii) With respect to Ministry of Mining
  - a) The proposed reduction Kshs. 600 million from Directorate of resource Survey and remote sensing and Kshs. 160 million from the Directorate of Geological survey should be reconsidered to enable the Ministry to implement its planned flagship projects
- iii) With respect to Ministry of Environment, Natural Resources and Regional Development Authorities
  - a) There is need to increase recurrent expenditure allocation to Regional Development Authorities to cater for salaries; the Committee however notes that some of the RDAs are greatly overstaffed and moving forward, remedial and sustainable measures such as voluntary retirements should be considered.



- b) The recurrent and development budgets allocated to the Regional Development Authorities (RDAs) are low and hence the RDAs are unsustainable, the committee therefore recommends carrying out a study on the viability of Regional Development Authorities for the country and to assess on whether the government should continue funding them.
- c) The National Environment Management Authority (NEMA) despite having an increased A-I-A collection of Kshs. 240 million for recurrent expenditure, NEMA's recurrent allocation has been reduced by Kshs. 246 million. The committee therefore recommends that relying on AIA to finance recurrent expenditure is unsustainable and the Treasury should return the Kshs. 240 million that has been reduced from NEMA.

#### **8. Departmental Committee on Energy, Communication & Information**

The Chairperson, Hon. Jamleck Kamau, MP informed the Committee that the Committee on Energy, Communication & Information had recommended that:

- i) Based on the Submission from the Ministry of Energy and Petroleum on the concern that the Ministry may not be able to absorb all the allocation towards Garissa Solar Power Plant of Kshs. 10,054,795,737 which is externally funded, the Committee recommends that the allocation Under the Development Sub Vote (D1151) under Kenya Development of Solar Power Plants (Garissa), Item 3110500 (Construction and Civil Works) be reduced from Kshs. 10,054,795,737 to Kshs. 5,054,795,737 only.
- ii) In view of the reallocations contained in the Supplementary Estimates for both Ministries and following further deliberations with the respective Ministries on the performance of programmes in respect absorption capacity, contractual claims and the level of anticipated civil works to be done within the contract period, the Committee recommends as follows:
  - a) Ministry of ICT, Development Sub-Vote D1121: That Kshs. 405 million, Kshs. 116 million and Kshs. 190 million be added to the revised allocations towards Konza Techno Polis Development Authority (Head 1121000110), Kenya Broadcasting Corporation (Head 1121000108) and the National Optic Fibre Cable Infrastructure and E-Government Expansion Project (Head 1121100300) respectively. These allocations are recommended with a view to reinstate the earlier approved levels with respect to exchequer support. Consequently, the total additions amounting to Kshs. 711 million is sourced by reducing the allocation under the Head 1121000100, Item 3111100, Purchase of Specialised plant, Equipment and Machinery towards the digital literacy programme based on assessment of the absorption levels of the amount totaling Kshs 6.002 billion.



- b) Ministry of Energy and Petroleum, Development Sub-Vote D1151: That Kshs. 1.5 billion be added to Rural Electrification Authority (Sub-Head 1151000802, Item 2630200, Capital Grants to Government Agencies and other Levels of Government - REA) as additional support towards rural connectivity and purchase of additional transformers. This allocation is meant to boost allocations towards rural electrification programmes, in which there was a reduction in the Supplementary Estimates. In addition, Kshs. 210 million be allocated to the Kenya Nuclear Electricity Board (Sub-Head 1151000608) to cater for underfunded critical activities such as completion of on-going grid study to evaluate the present electrical grid and environmental assessment of Kenya's nuclear program and establishment of legal and regulatory framework as well as undertaking publicity and advocacy activities including countrywide sensitization forums. These additional total amount (note as reinstatement as well as marginal additions) is funded through a reduction from the following Sub-Heads/Items under the same Development Sub-Vote: Sub-Head 1151000604 (KPLC) to be further reduced by Kshs. 1 billion, Sub-Head 1151000802, Item 2820100, being Capital Transfer to non-financial Public Enterprise – KPLC, to be further reduced by Kshs. 500 million and Sub- Head 1151000609, Item 2630200, being Capital Grants to Government Agencies and other Levels of Government) be reduced by Kshs. 210 million.
- iii) Having deliberated and scrutinized the submissions on the request for additional exchequer funds towards various other critical activities under respective programmes, the Committee recommends that all such other requests be prioritized in the forthcoming annual estimates within the exchequer ceiling provided in the 2016 approved Budget Policy Statement.
- iv) The Committee, having observed with serious concerns that reallocations of approved exchequer allocations affecting flagship and critical projects such as development of Konza City, Digital Migration rollout, energy transmission and connectivity, the Committee recommends that the National Treasury should seek the input and the knowledge of the concerned Ministry before changes on such critical allocations are effected. The Committee further recommends that the National Treasury be apprising the parent Ministry on the status of their respective budgets including Supplementary Estimates immediately they are forwarded to Parliament for consideration and approval.
- v) Based on the submissions from the Ministries and scrutiny of the Supplementary Estimates, the Committee recommends that both Ministries should comprehensively update the respective Program Based Budgets to reflect all the changes as contained in the Itemized Estimates of vote 1151 and vote 1121. The Committee notes that this is a Public Financial Management Act, 2012 requirement and must be adhered to. The

extents of these requirements are also provided in sufficient detail in the Public Finance Management (National Government) Regulations, 2015 which are now in force.

#### **9. Departmental Committee on Lands**

The Chairperson, Hon. Alex Mwiru, MP informed the Committee that the Committee on Lands had recommended that :

- i) The KShs.1.03 billion reduction be reinstated for the National Bulk Titling Centre since it's a flagship sub-programme in the Ministry of Lands.
- ii) The KShs.210 million allocations for Construction of registries be reinstated since; the procurement process was already on.
- iii) The KShs.3 million for the Kenya Institute of Survey and Mapping be reinstated.
- iv) The new allocation for acquisition of Waitiki land at the supplementary budget stage be rejected but the same be introduced in the 2016/17 Budget Estimates.
- v) Increase further the proposed increment in the recurrent budget of NLC KShs.120 million to KShs.150 million to enable it pay staff salaries and allowances for CLMBs.

#### **10. Departmental Committee on Justice and Legal Affairs**

The Chairperson, Hon. Samuel Chepkong'a, MP informed the Committee that the Committee on Justice and Legal Affairs had recommended that:

- i) The supplementary provisions for Ethics and Anti-Corruption Commission (EACC) and the Office of Director of Public Prosecutions (DPP) be reduced by a total of Kshs 414 Million a result of Kshs 130 million reduction in the EACC recurrent budget and a cut amounting to Kshs 284 million from the ODPP recurrent broken down as follows:

##### **REDUCTIONS**

- a) Vote 1271: Ethics and Anti-Corruption Commission  
The proposed recurrent increment of Kshs 775.30 million for the Ethic and Anti-Corruption Commission be reduced by Kshs. 130 million comprising of;
  - o Scaling down by Kshs. 30 million under the item "building long term capacities of institutions under Human Resource Capacity" and
  - o A further cut of Kshs 100 million from dissemination and campaign against corruption under "Multi-Agency National Communication".
- b) Vote 1291: Office of the Director of Public Prosecutions

The proposed increment of Kshs 704.4 million to the Office of the Director of Public Prosecution be reduced by Kshs 284 million. In particular, by making the following adjustments;

- Reduction of Operationalization of Specialized Anti-corruption Division by Kshs 93 million,
- Reduction of provision for acquisition of logistical equipment by Kshs 30 million.
- Reduction of the provision for Outsourcing of external skills by Kshs 21 million.
- Reduction of the provision for Building Institutional Capacity by Kshs 40 million and
- Reducing the provision for ICT Infrastructure and related equipment by Kshs 100 million.

The Committee further proposed a reduction of the proposed provision for International Legal Support under Outsourcing legal services by Kshs 50 million and the same amount to be provided for vetting of EACC Staff.

#### INCREMENTS AND REALLOCATIONS

Aware that fight against corruption and governance issues are key to economic success for our country, the Committee recommends out of the savings arising from the cuts that the following reallocations be effected;

- a) Vote 1261: Judiciary
  - An addition of Kshs. 144 million to Judiciary development vote to cater for completed projects for which certificates have been received
  - Kshs. 2 million to cater for outstanding cash bail refunds at the Marimanti Law Courts.
  - Further, the Committee recommends an additional provision of Kshs 75 million to cater for the Political Parties Dispute Tribunal (PPDT) above the Judiciary's allocations.
- b) Vote 1311 : Registrar of Political Parties  
A reversal of the proposed reduction of Kshs 14 Million by restoring the allocation by a similar amount.
- c) Vote 2011: Kenya National Commission on Human Rights  
A reversal of the proposed reduction of Kshs 28 Million by retaining the allocation as approved level as passed by the House in the Appropriations Act 2015.
- d) Vote 1321 : Witness protection Agency

A reversal of the proposed reduction of Kshs 16 million by retaining the allocation as approved level as passed by the House in the Appropriations Act 2015.

e) Vote 2131: Commission on Administrative Justice

A reversal of the proposed reduction of Kshs 16 million by retaining the allocation to approved level as passed by the House in the Appropriations Act 2015.

f) Vote 1251: Office of the Attorney General and Department of Justice

The Committee recommends an additional Kshs 119 million to AG's Office. This is in addition to Kshs. 368.57 million proposed in the Supplementary estimates I.

g) Vote 2031: Independent Electoral and Boundaries Commission

The Committee further recommends that out of a request of Kshs 30 million for vehicle repairs and maintenance, the agency should readjust its budget to cover the expense.

## 11. The Departmental Committee on Agriculture, Livestock and Cooperatives

The Committee submitted a report signed by the Chairperson, Hon. Adan Nooru, MP which stated that the Departmental Committee on Agriculture, Livestock and Cooperatives had recommended that:

- i) With respect to recurrent estimates under the State Department of Agriculture, KES 42 million that had reduced from the vote allocations meant for Contributions to International organizations (IFAD, FAO and Desert Locust Control Organization) within the General Administration Support services programme be retained as per the Printed Estimates owing to the fact that it is obligatory for Country to make the annual subscription in order to benefit from the projects spearheaded by these organization in the country.
- ii) With respect to recurrent estimates under the State Department of Livestock, the department be granted following additional funds:
  - a) KES 244 million for Veterinary headquarters programs for El Nino interventions especially on vaccination of livestock against El Nino related diseases.
  - b) KES 100 million to the Kenya Dairy Board (KDB). is to cater for enhancement of surveillance (anti hawking) operations.
- iii) The State Department of Agriculture be granted the following additional funds under development estimates:



- a) KES 2 billion for Fertilizer and Seed subsidy Fund in the Agribusiness and Information Management programme. This ensure an increase in number of Metric tons of fertilizer subsidized for farmers from 20,000 MTs to 10,000 MTs, a policy move that shall further enhance food security.
- b) Further, KES 212.8 million be retained as per the printed estimates for the construction of Kenya School of Agriculture in Nyeri and Satellite campus at Anaibkoi in UasinGishu. The contracts for the constructions of colleges has already been awarded and hence in the absence of addendum to these contracts the government risk losing money through litigation because of breach of contract.
- iv) The State Department of Livestock be granted the following additional funds under development vote:
  - a) KES 500 million (donor money) for modernization of Agriculture, that is purchasing of milk coolers, poultry processing equipments ,grain drying and cheese making equipments.
  - b) KES 200 Million for the Livestock Resources and Marketing Development Support Services Kenya Dairy Board (KDB) for the development and design for headquarters and Milk testing laboratory complex.
  - c) KES 200 million from the Livestock Resources and Market Development Support services allocations that was set aside to purchase Milk Coolers be reallocated to Kenya Meat Commission to support the modernization of slaughter house in Athi River and staff rationalization at the Commission. The Livestock Resource and Marketing Development Support has since received donor support from Polish Government of KES 500 million and therefore the donor funds shall be adequate for the initial phase of the project.
  - d) KES 71 million for payment of Court award for the design for Mifugo House.
- v) The State Department of Fisheries be granted the following additional funds under the development vote, KES 278 million to Marine Fisheries Research Institute for Kenya Coastal Development Project (KCDP) which is donor funded.
- vi) The Committee further recommends the following to be considered on availability of funds in the Supplementary Estimates for 2015/2016, KES 60 Million for the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) programmes in the State Department of Livestock be retained as

the printed estimates and should not be reallocated to other programmes. The capacity of the Council to intervene in any outbreak of Tsetse fly related diseases has been hampered by inadequate financial resources.

## **12. The Departmental Committee on Defence and Foreign Relations**

The Committee submitted a report signed by the Chairperson, Hon. Ndung'uGethenji, MP, which stated that the Departmental Committee on Defence and Foreign Relations had recommended that:

- i) With respect to the Ministry of Defence, the Committee recommends that the Liaison Committee adopts the revised estimates of the Ministry of Defence of KES. 92,312.2B down from 92,371 B (58.8)B. million in line with the Treasury circular on expenditure rationalization.
- ii) With respect to the Ministry of Foreign Affairs and International Trade the Committee recommends that the Liaison Committee adopts the Supplementary Estimates of KES. 2,468.7B to enable the ministry accomplish its objective of acquiring more personnel and facilities for our foreign missions abroad for effective and positive placement of our country to attract international trade and diplomatic representation in line with the government's objective of economic diplomacy.
- iii) With respect to the National Intelligence Service the Committee recommends that the Liaison committee adopts the Supplementary estimates for the National Intelligence Service of KES 815Million as set out in by the National Treasury to enable the service effectively deliver on its mandate due to heightened insecurity mainly arising from terrorism, radicalization and religious extremism and also the high cost of security equipment, systems and training.
- iv) With respect to the State Department of East African Community Affairs Integrationthe committee recommends that the Liaison Committee adopts the revised estimates of KES. 1686.3M down from 1780.6M with a difference of (94.3) Million for the state department of East African Affairs due to austerity measures taken by the government to ensure that their mandate of widening and deepening regional Integration in the East Africa region is fulfilled.

### **MIN. NO. 45/2016 – PRESENTATION BY THE PARLIAMENTARY SERVICE COMMISSION**

Hon. Jimmy Angwenyi, MP, representing the Parliamentary Service Commission, appeared before the Committee and informed the it that:

1. The Parliamentary Service Commission analyzed its expenditures and subsequently established that it had a cumulative financing shortfall of Ksh. 1.4 Billion.
2. The expenditure areas most affected were domestic and foreign travel and training.

3. The areas affected are critical to the core business of parliament.
4. While submitting to the National Treasury, the Parliamentary Service Commission requested for additional funding in recurrent expenditure of Ksh 603 million for vote 2041 and Ksh. 793 Million for vote 2042 to bridge the cumulative financing shortfall.
5. The Parliamentary Service Commission surrendered Ksh. 1.1 Billion under the development budget to support tight fiscal framework underpinning budget implementation in FY 2015/16. In return Ksh 332 million had been placed in the recurrent budget vote 2041 to fund Senate Monitoring And Evaluation Fund.
6. The Parliamentary Service Commission was seeking an intervention of the Liaison Committee for:
  - a) Approval to reallocate Ksh 1.1 Billion from parliament development vote to recurrent vote to fund a shortfall in critical items including committee operations for both houses of parliament.
  - b) Ksh. 332 Million additional funding for the senate monitoring and evaluation fund.
  - c) The 1.1 Billion to be allocated as follows:
    - i) Ksh 323 Million for vote 2041 to fund senate affairs, general administration and planning.
    - ii) Ksh 793 Million for vote 2042 to fund legislative affairs.

#### **MIN. NO. 46/2016 – COMMITTEE RESOLUTIONS**

The Committee resolved to raise the following matters of concern with the Cabinet Secretary, National Treasury in a meeting scheduled for the 13<sup>th</sup> April, 2016:-

##### **1. Departmental Committee on Education**

- a) The New Mitihani house has taken around 29 years to build and according to supplementary estimates for 2015/16 there is a proposed reduction of Kshs. 100 million. The reduction in the supplementary may prolong its completion. Could the Cabinet Secretary give insight on why there was reduction of the vote item and whether it would affect its completion date?
- b) There is Government policy that promotes free and compulsory education by waiving national examination fees charged by the Kenya National Examination Council (KNEC). In the proposed supplementary budget there is a proposed reduction of Kshs. 281 million to cater for these fees. How will this reduction in allocation affect the national examinations being carried in November/ December of this year? Furthermore, to mitigate on future pending bills for KNEC is there a possibility of reinstating the figure to the previous allocation in the 2015/16 budget.

## **2. Departmental Committee on Lands**

- a) National Bulk Titling Centre in Ruaraka is a flagship project which was meant to facilitate production and issuance of 3 million title deeds before 2017. In the Supplementary Budget for 2015/16 there is a proposed reduction of Kshs. 1.03 billion. Will the reduction of the allocation affect the issuance of 3 million title deed by 2017?
- b) The procurement process for Construction of registries is currently on going however there is a reduction of Kshs. 210 million allocations for Construction of registries. Would the Cabinet Secretary like to comment on this?
- c) Could the new allocation for acquisition of Waitiki land at the supplementary budget be introduced in the 2016/17 Budget Estimates or has the monies already been paid to Mr. Waitiki?

## **3. Departmental Committee on Labour and Social Welfare**

- a) The Summer Olympics are set to be held in August, 2016 at Rio De Janeiro, Brazil and Kenya is a participant of this Olympics. What is the rationale behind the proposed allocation of Kshs 200 million in the Supplementary Budget rather than full amount required of Kshs 500 million to cater for advance procurement of tickets and hotel bookings for the athletes and officials which is meant to be paid during the current financial year?
- b) Kenya has been on the World Anti-Doping Agency (WADA) watch list since November of last year and IAAF (International Association of Athletics Federation) had threatened to ban Kenya Athletes from participating from the summer Olympic games if there is no Anti- Doping Agency of Kenya (ADAK) in place. The Ministry had requested for Kshs 500 Million but the National Treasury only approved Kshs. 300 Million, why? In order to fast track, the operationalization of Anti-Doping Agency of Kenya (ADAK) the Ministry should be allocated the full amount as requested.

## **4. Departmental Committee on Administration and National Security**

- a) Currently there are ongoing construction of prisons and Borstal Institutions across the country, modernization of Prison Staff facilities and acquisition of training equipment. What will be the fate of these ongoing projects when there is a proposed reduction of Kshs. 400 million reductions in the Capital budget of the Correctional Services programme under Vote 1022: State Department for Coordination of National Government?

## **5. Departmental Committee on Finance, Planning and Trade**

- a) The Kenya government owns around 30 percent of the total stake of Kenya Airways. In the supplementary budget for 2015/16 the government proposes a



loan of Kshs. 20.2 billion for on-lending to the company. Why did the government agree to lend such a colossal amount without the approval of Parliament? What are the other stakeholder's contribution towards bailing out the company? What are risks associated with the terms and conditions of the loan?

**6. Parliamentary Service Commission (PSC)**

- a) The National Treasury should reconsider to reallocate Ksh 1.1 Billion from Parliament development vote to recurrent vote to fund a shortfall in critical items including committee operations for both houses of parliament. Ksh. 332 Million additional funding for the senate monitoring and evaluation fund.
- b) The 1.1 Billion to be allocated as follows:
  - i) Ksh 323 Million for vote 2041 to fund senate affairs, general administration and planning.
  - ii) Ksh 793 Million for vote 2042 to fund legislative affairs.

**MIN. NO.47/2016 - ADJOURNMENT**

There being no other business, the Chairperson adjourned the meeting at 12: 44 pm. The next meeting will be held on Wednesday 13<sup>th</sup> April, 2016 at 11 am.

Sign .....  
(Chairperson)

Date ..... 14/04/2016 .....

**MINUTES OF THE 29<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON WEDNESDAY 13<sup>TH</sup> APRIL, 2016 IN ROOM 7, MAIN PARLIAMENT BUILDINGS AT 11:00 AM.**

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**PRESENT**

1. **Hon. (Dr.) Joyce Laboso, MP** - Deputy Speaker/ Chairperson
2. **Hon. Moses Cheboi, MP** - Vice Chairperson/Member of the Speaker's Panel
3. Hon. Jamleck Kamau, MP
4. Hon. Samuel Chepkong'a, MP
5. Hon. Florence Kajuju, MP
6. Hon. David Were, MP
7. Hon. Moses Lessonet, MP
8. Hon. Benjamin Langat, MP
9. Hon. Adan Nooru, MP
10. Hon. Ndung'u Gethenji, MP
11. Hon. Maina Kamanda, MP
12. Hon. Johnson Sakaja, MP

**ABSENT WITH APOLOGY**

1. Hon. Asman Kamama, MP
2. Hon. Janet Nangabo Wanyama, MP
3. Hon. Alex Mwiru, MP
4. Hon. (Dr.) Rachael Nyamai, MP
5. Hon. Njoroge Baiya, MP
6. Hon. Sabina Chege, MP
7. Hon. Amina Abdalla, MP
8. Hon. Adan Keynan, MP
9. Hon. Nicolas Gumbo, MP
10. Hon. William Cheptumo, MP
11. Hon. Roselinda Soipan, MP

**IN ATTENDANCE**

**National Treasury**

1. Mr. Henry Rotich - Cabinet Secretary
2. Dr. Kamau Thugge - Principal Secretary
3. Mr. Francis Anyona - Director Of Budget
4. Mr. Geoffrey Mwau - Director
5. Mr. Samuel Kiiru - Director
6. Mr. Jerome Ochieng - Director
7. Mr. Musa Kathanje - Deputy Director

- 8. Mr. Livingstone Bumbe - Assistant Director
- 9. Mr. Wambugu Samuel - Economist
- 10. Ms. Miriam Musyoki - Economist

**National Assembly Secretariat**

- 1. Ms. Phyllis makau - Director, Parliamentary Budget Office
- 2. Mr. Martin Masinde - Deputy Director, Parliamentary Budget Office
- 3. Mr. Nicholas Emején - Principal Clerk Assistant I
- 4. Mr. Dennis Mogare - Third Clerk Assistant
- 5. Mr. Benjamin Ngimor - Fiscal Analyst
- 6. Mr. Joseph Ndirangu - Fiscal Analyst
- 7. Ms. Julie Mwithiga - Fiscal Analyst
- 8. Mr. Danson Kachumbo - Fiscal Analyst
- 9. Ms. RehemaKoech - Audio Recording Officer
- 10. Ms. Esther Ngechu - Serjeant-at-Arms
- 11. Mr. VitalisNdambuki - Office Assistant

**MIN. NO.48/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 11.27 am and a prayer was said by Hon. Florence Kajuju, MP. The Chairperson briefed the members that the agenda of the meeting involved meeting the Cabinet Secretary, National Treasury on the First 2015/2016 Supplementary Estimates.

**MIN. NO.49/2016 - CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING**

Confirmation of the minutes of the previous sittings was deferred to the next meeting.

**MIN. NO.50/2016 – MEETING THE CABINET SECRETARY, NATIONAL TREASURY ON THE FIRST 2015/2016 SUPPLEMENTARY BUDGET ESTIMATES**

The Cabinet Secretary, National Treasury appeared before the Committee to respond to issues raised on the First Supplementary Budget. He briefed the Committee as follows, that:-

- 1. Details of expenditures that are yet to be incurred

Treasury had approved expenditures in accordance to Article 223 (1) (a) & (b) of the Constitution of Kenya. The expenditures approved under this article had been availed to the respective MDAs and has thus far been incurred. He committed to provide the full list of such expenditure and a report on where he had made budget cuts to meet the said expenditure.

2. Revision of allocation to some programs by more than 10 per cent
  - Additional expenditures in the first 2015/16 financial year supplementary estimates, seek to address funding shortfalls in salaries and requirements for emergency interventions under the on going implementation of the economic transformative agenda of the jubilee administration that aims at sustaining prosperity.
  - Further, revenue performance during the first six months of the financial year fell short of the target by Ksh 67.7 Billion. This necessitated reprioritization and reduction of some expenditures to reflect the poor revenue performance and actual absorption to end of June, 2016.
  - He requested members to note the changes and grant approval of cases of programs with more than 10% reduction as required by law.
3. Why the revised allocation for the wage bill of national government is above the 35% threshold provided for in the regulations
  - The allocation to wages had been revised to reflect the actual requirement for staff complements for the financial year. The revision in salaries had been informed by trends in the Integrated Personnel Payment Date (IPPD) to ensure adequate provision.
  - The government was committed to achieving the legal requirement of 35% threshold of the total budget in the medium term. The actual provision had reduced from Ksh 333.5 Billion to Ksh 326.9 Billion which translate to 24.5% of revised ordinary revenue. Other initiatives being undertaken include:
    - a) Job evaluation exercise under the Salaries and Remuneration Commission to ensure equitable remuneration and streamline jobs within the public sector to manage the wage bill.
    - b) Freezing of recruitment and upgrading of staff except for security, education and health sectors.
4. Revised programs without corresponding changes in outputs and Performance indicators
  - The additional expenditures in the Financial Year 2015/16 supplementary estimates No. 1 addressing funding shortfalls in salaries will not require a corresponding change in outputs and performance indicators as they represent an underestimation in the original estimates to already existing personnel within the programs in question.
  - Where the additional allocations involve the delivery of additional outputs, the MDAs had adjusted their targets appropriately to reflect the changes.



5. On introduction of a new program 'Youth Training and Development' under the State Department of Science and Technology
- During the Financial Year 2015/16 budget, parliament reduced allocations to youth polytechnics which fall under the Youth Training and Development Program in the State Department of Science and Technology.
  - The government consequently employed temporary youth polytechnic instructors under the economic stimulus program. The contract for the instructors ended in June, 2015. The provision for **Ksh 179 Million** under the Youth Training and Development Program in the supplementary budget was meant to cater for salary and gratuity arrears owed to the youth instructors by the national government.
  - Going forward, the instructors are expected to be absorbed by the respective county governments as youth polytechnics had been devolved.

#### **MIN. NO.51/2016 MEMBERS OBSERVATIONS**

Members observed that: -

1. There was need for the National Treasury to separate, in its submission of supplementary estimates, what falls under article 223 (1) of the constitution where government can incur expenditure and seek approval within two months and the revised estimates.
2. There was need to improve the interaction between the National Treasury and line ministries during preparation of supplementary estimates to ensure all parties are aware of the impact of the revisions.
3. The series of supplementary estimates from the executive was symptomatic of poor planning and the National Treasury ought to address the same.
4. Government ministries were having a lot of pending bills leading to litigations which may cost the government a lot in terms of legal fees and interest accumulation.
5. There was segmented construction of government buildings. Such needed to be centralized in the public works docket to avoid wastage and unnecessary constructions.

#### **MIN. NO.52/2016 RESPONSE TO ISSUES RAISED BY DEPARTMENTAL COMMITTEES AND THE PARLIAMENTARY SERVICE COMMISSION (PSC)**

The Cabinet Secretary responded as follows to the issues raised by the Parliamentary Service Commission (PSC) and the departmental committees during their consideration of the First 2015/16 Supplementary Estimates:

##### **Ministry of Education Budget**

- (i) The reduction in the allocation for Mitihani House was reasonable and was arrived at in consultations with the Ministry.

- (ii) The Funds were meant for Free Primary Education and not the Kenya National Examination Council (KNEC) and the reduction was arrived at in consultation with the Ministry.

### **Ministry of Lands**

The reductions in the budgets meant for National Bulk Titling Centre and Construction of registries had been used in the acquisition of Waitiki land for resettlement of the landless at the coast. The same was done in consultation and concurrence with the ministry in question. He further stated that Mr. Waitiki had already been paid for the land in question hence delay of payment to the next financial year was not feasible.

### **Ministry of sports**

- (i) As part of the austerity measures in government Team Kenya was allocated Ksh. 200 million for the Rio Summer Olympics out of a request of Ksh. 500 million. The balance shall be factored for in the 2016/17 financial year.
- (ii) The Anti-Doping Agency of Kenya (ADAK) was allocated Ksh. 300 million out of a request of Ksh. 500 million. The remaining Ksh. 200 Million shall be allocated in the 2016/17 financial year to operationalize the Anti- Doping Agency of Kenya (ADAK).

### **State department of correctional services**

The rate of execution of the projects at the prisons and Borstal Institutions across the country as well as the modernization of Prison Staff facilities and acquisition of training equipment was behind schedule hence the reduction in the allocation. However, the same shall be funded in the 2016/17 financial year.

### **The Treasury and Ministry of Planning**

Kenya Airways had an urgent requirement of USD 200 Million. USD 100 Million had already been disbursed by the Exim Bank of China through the National Treasury. Since the airline needs equity injection, there were considerations to change the borrowing into government equity in the company since the Kenya Government was a shareholder. It was however agreed that details of the matter be deliberated on with the Committee on Finance, Planning and Trade.

### **Parliamentary Service Commission (PSC)**

In line with austerity measures undertaken by the Government, the Parliamentary Service Commission be allocated Ksh. 400 Million to cater for legislative affairs, general administration and planning.

**MIN. NO.51/2016 – COMMITTEE RESOLUTIONS**

The meeting resolved that:

1. **KES 42 million** that had been reduced under the State Department of Agriculture from the vote allocations meant for Contributions to International organizations (IFAD, FAO and Desert Locust Control Organization) within the General Administration Support services programme be retained as per the Printed Estimates owing to the fact that it is obligatory for Country to make the annual subscription in order to benefit from the projects spearheaded by these organization in the country.
2. **KES 400 Million** be allocated to the Parliamentary Service Commission (PSC) for legislative affairs, general administration and planning.
3. An additional **1 Billion** be allocated to the LAPSSET, a key infrastructural project.
4. The National Treasury to provide:
  - a) A detailed list of approved and incurred expenditure (under Article 223 of the constitution) and a report on where it had made budget cuts to meet the said expenditure.
  - b) A schedule containing a detailed explanation of the reductions and increases that go beyond the 10% allowed by law.

**MIN. NO.52/2016 - ADJOURNMENT**

There being no other business, the Chairperson adjourned the meeting at 2: 40 pm. The next meeting will be held on Thursday 14<sup>th</sup> April, 2016 at 10 am.

Sign .....  
(Chairperson)

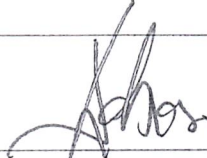
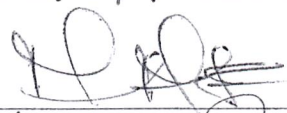
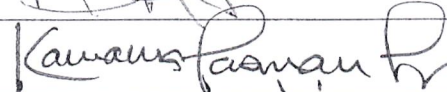
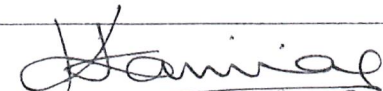

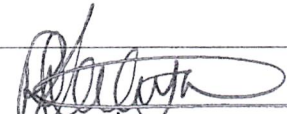
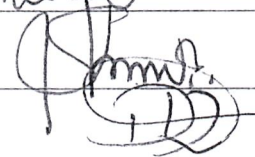
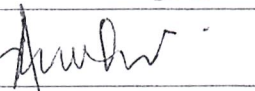
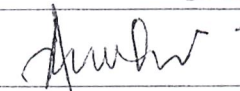
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NATIONAL ASSEMBLY

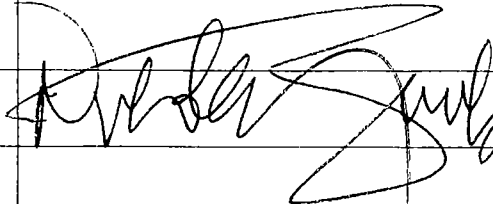
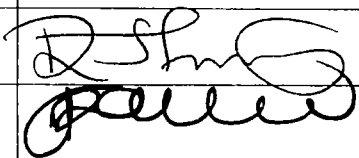
LIAISON COMMITTEE

**ADOPTION LIST FOR THE REPORT OF THE LIAISON COMMITTEE ON THE FIRST  
2015/2016 SUPPLEMENTARY ESTIMATES**

We, the members of the Liaison Committee have, pursuant to Standing Order 199, adopted this Report on the First 2015/2016 Supplementary Estimates and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, Tuesday, 19<sup>th</sup> April, 2016:

NO.	NAME	SIGNATURE
1.	Hon. (Dr.) Joyce Laboso, MGH, M.P. Deputy Speaker /Chairperson	
2.	Hon. Moses Cheboi, M.P. - (Member, Speaker's Panel/Vice Chairperson)	
3.	Hon. Asman Kamama, MGH, OGW, MP	
4.	Hon. Adan Mohamed Noor, CBS, MBS, MP	
5.	Hon. Maina Kamanda, EGH, MP	
6.	Hon. Jamleck Kamau, EGH, MP	
7.	Hon. Adan Keynan, CBS, MP	
8.	Hon. Amina Abdalla, CBS, MP	
9.	Hon. Sabina Chege, MP	
10.	Hon. Benjamin Langat, MP	
11.	Hon. Dr. Rachael Nyamai, MP	
12.	Hon. Samuel Chepkong'a, MP	
13.	Hon. David Were, MP	
14.	Hon. Alex Mwiru, MP	



15.	Hon. Ndungu Gethenji, MP	
16.	Hon. Nicolas Gumbo, MP	
17.	Hon. Moses Lessonet, MP	
18.	Hon. Roselinda Soipan, MP	
19.	Hon. Florence Kajuju, MP	
20.	Hon. William Cheptumo, MP	
21.	Hon. Njoroge Baiya, MP	
22.	Hon. Janet Nangabo Wanyama, MP	
23.	Hon. Johnson Sakaja, MP	

**MINUTES OF THE 30<sup>TH</sup> SITTING OF THE LIAISON COMMITTEE HELD ON THURSDAY 14<sup>TH</sup> APRIL, 2016 IN THE MINI CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS AT 10:00 AM.**

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**PRESENT**

1. **Hon. (Dr.) Joyce Laboso, MP** - Deputy Speaker/ Chairperson
2. **Hon. Moses Cheboi, MP** - Vice Chairperson/Member of the Speaker's Panel
3. Hon. Jamleck Kamau, MP
4. Hon. Samuel Chepkong'a, MP
5. Hon. Florence Kajuju, MP
6. Hon. Njoroge Baiya, MP
7. Hon. Janet Nangabo Wanyama, MP
8. Hon. Sabina Chege, MP
9. Hon. David Were, MP
10. Hon. Adan Noor, MP
11. Hon. Moses Lessonet, MP
12. Hon. Ndung'u Gethenji, MP
13. Hon. Maina Kamanda, MP

**ABSENT WITH APOLOGY**

1. Hon. Asman Kamama, MP
2. Hon. Alex Mwiru, MP
3. Hon. (Dr.) Rachael Nyamai, MP
4. Hon. Amina Abdalla, MP
5. Hon. Adan Keynan, MP
6. Hon. Nicolas Gumbo, MP
7. Hon. William Cheptumo, MP
8. Hon. Johnson Sakaja, MP
9. Hon. Benjamin Langat, MP
10. Hon. Roselinda Soipan, MP

**IN ATTENDANCE**

**National Assembly Secretariat**

1. Ms. Phyllis Makau - Director, Parliamentary Budget Office
2. Mr. Peter Chemweno - Deputy Director, Committee Services
3. Mr. Martin Masinde - Deputy Director, Parliamentary Budget Office
4. Mr. Dennis Mogare - Third Clerk Assistant
5. Ms. Lucy Makara - Fiscal Analyst

- |                          |   |                         |
|--------------------------|---|-------------------------|
| 6. Mr. Benjamin Ngimor   | - | Fiscal Analyst          |
| 7. Mr. Joseph Ndirangu   | - | Fiscal Analyst          |
| 8. Ms. Julie Mwithiga    | - | Fiscal Analyst          |
| 9. Mr. Danson Kachumbo   | - | Fiscal Analyst          |
| 10. Ms. Rehema Koech     | - | Audio Recording Officer |
| 11. Ms. Esther Ngechu    | - | Serjeant-at-Arms        |
| 12. Mr. Richard Sang     | - | Serjeant-at-Arms        |
| 13. Mr. Vitalis Ndambuki | - | Office Assistant        |

**MIN. NO.53/2016 – PRELIMINARIES**

The Chairperson called the meeting to order at 10:28 am and said a prayer. She then briefed the members that the agenda of the meeting was consideration and adoption of the Report on the First 2015/2016 Supplementary Estimates.

**MIN. NO.54/2016 - CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING**

Minutes of the 27<sup>th</sup> Sitting held on 22<sup>nd</sup> March, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Samuel Chepkong'a, MP. and seconded by Hon. Maina Kamanda, MP.

Minutes of the 28<sup>th</sup> Sitting held on Tuesday 12<sup>th</sup> April, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Sabina Chege, MP. and seconded by Hon. Florence Kajuju, MP.

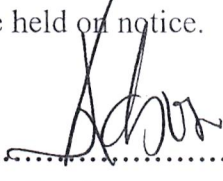
Minutes of the 29<sup>th</sup> Sitting held on Wednesday 13<sup>th</sup> April, 2016 were confirmed as a true record of deliberations after being proposed by Hon. Moses Lessonet, MP and seconded by Hon. Maina Kamanda, MP.

**MIN. NO.55/2016 –CONSIDERATION AND ADOPTION OF A REPORT ON THE  
FIRST 2015/2016 SUPPLEMENTARY ESTIMATES.**

After lengthy deliberations, the Report on the First 2015/2016 Supplementary Estimates was considered and adopted after being proposed and seconded by by Hon. Moses Lessonet, MP and Hon. Jamleck Kamau, MP. respectively.

**MIN. NO.56/2016 - ADJOURNMENT**

There being no other business, the Chairperson adjourned the meeting at 12:45 pm. The next meeting will be held on notice.

Sign .....  .....  
(Chairperson)

Date ..... 14 / 04 / 2016 .....



