



## ANNEX II

# CONSOLIDATED DEPARTMENTAL COMMITTEE REPORTS ON THE FY 2019/20 BUDGET ESTIMATES

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2019	DAY: TUESDAY
TABLED BY:	HON. KIMANI ICHUNGWA CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE
CLERK-AT THE-TABLE:	

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

12<sup>TH</sup> PARLIAMENT – THIRD SESSION - 2019

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON THE CONSIDERATION OF THE ANNUAL BUDGET  
ESTIMATES FOR THE FY 2019/20 FOR THE FOLLOWING SPENDING  
AGENCIES:

The National Treasury  
State Department for Planning  
State Department for Devolution  
Salaries and Remuneration Commission  
Commission on Revenue Allocation  
Controller of Budget

DIRECTORATE OF COMMITTEE SERVICES,  
CLERK'S CHAMBERS,  
PARLIAMENT BUILDINGS,  
NAIROBI

MAY, 2019

## Table of Contents

1 PREFACE.....	2
1.1 ESTABLISHMENT OF THE COMMITTEE.....	2
1.2 MANDATE OF THE COMMITTEE.....	3
1.3 COMMITTEE MEMBERSHIP.....	3
1.4 COMMITTEE SECRETARIAT.....	4
1.5 OVERVIEW OF THE EXAMINATION OF THE ESTIMATES.....	4
1.6 ACKNOWLEDGEMENTS.....	5
2 BROAD OVERVIEW OF THE EXAMINATION OF THE ESTIMATES.....	6
2.1 OVERALL FISCAL FRAMEWORK FOR 2019/20.....	7
2.2 COMMITTEE REVIEW OF THE MDAS' PROPOSED BUDGET ESTIMATES.....	7
2.2.1 The National Treasury.....	8
2.2.2 The State Department for Planning.....	9
2.2.3 State Department for Devolution.....	10
2.2.4 Commission on Revenue Allocation.....	11
2.2.5 Office of the Controller of Budget.....	11
2.2.6 Salaries and Remuneration Commission.....	12
2.3 OBSERVATIONS.....	13
2.3.1 The National Treasury.....	13
2.3.2 State Department for Planning.....	13
2.3.3 State Department for Devolution.....	14
2.3.4 Commission on Revenue Allocation.....	14
2.3.5 Controller of Budget.....	14
2.3.6 Salaries and Remuneration Commission.....	15
3 RECOMMENDATIONS.....	16
3.1 POLICY RECOMMENDATIONS.....	16
3.2 FINANCIAL RECOMMENDATIONS.....	17

## PART ONE

### 1 PREFACE

Mr. Chairman,

1. On behalf of the Departmental Committee on Finance and National Planning and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the annual estimates for the FY 2019/20 and the medium term.

#### 1.1 ESTABLISHMENT OF THE COMMITTEE

2. The Departmental Committee on Finance & National Planning is one of the fifteen Departmental Committees of the National Assembly established under *Standing Order 216* whose mandates pursuant to the *Standing Order 216 (5)* are as follows:

1. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
2. **To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;**
3. To study and review all the legislation referred to it;
4. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
5. To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
6. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
7. To examine treaties, agreements and conventions;

8. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
9. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
10. To examine any questions raised by Members on a matter within its mandate.

## 1.2 MANDATE OF THE COMMITTEE

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
4. In executing its mandate, the Committee oversees the following government Ministries and departments;
  - i. National Treasury
  - ii. State Department for Planning
  - iii. State Department of Devolution
  - iv. The Commission on Revenue Allocation
  - v. Office of the Controller of Budget
  - vi. Salaries and Remuneration Commission

## 1.3 COMMITTEE MEMBERSHIP

5. The Departmental Committee on Finance and National Planning was constituted by the House in December, 2017 and comprises of the following Members: -

1. The Hon. Joseph K. Limo, MP (**Chairperson**) – Kipkelion East Constituency – JP
2. The Hon. Isaac W. Ndirangu (**Vice-Chairperson**) – Roysambu Constituency – JP
3. The Hon. Jimmy O. Angwenyi, MP – Kitutu Chache North Constituency – JP
4. The Hon. Christopher Omulele, MP – Luanda Constituency – ODM
5. The Hon. Dr. Enoch Kibunguchy, MP – Likuyani Constituency – FORD-K
6. The Hon. Shakeel Shabbir Ahmed, MP – Kisumu Town East – Independent

7. The Hon. Abdul Rahim Dawood, MP – North Imenti Constituency – JP
8. The Hon. Daniel E. Nanok, MP – Turkana West Constituency – JP
9. The Hon. Andrew A. Okuome, MP – Karachuonyo Constituency – ODM
10. The Hon. David M. Mboni, MP – Kitui Rural Constituency – CCU
11. The Hon. Francis K. Kimani, MP – Molo Constituency – JP
12. The Hon. Joseph M. Oyula, MP – Butula Constituency – ODM
13. The Hon. Joshua C. Kandie, MP – Baringo Central Constituency – MCC
14. The Hon. Lydia H. Mizighi, MP – Taita Taveta County – JP
15. The Hon. Mohamed A. Mohamed, MP – Nyali Constituency – Independent
16. The Hon. Purity W. Ngirici, MP – Kirinyaga County – JP
17. The Hon. Samuel Atandi, MP – Alego Usonga Constituency – ODM
18. The Hon. Stanley M. Muthama, MP – Lamu West Constituency – MCC
19. The Hon. Edith Nyenze, MP – Kitui West Constituency – WDM-K

#### **1.4 COMMITTEE SECRETARIAT**

6. The Committee is facilitated by the following staff:-
  1. Ms. Leah W. Mwaura - **Senior Clerk Assistant/Lead Clerk**
  2. Ms. Jennifer Ndeto - **Principal Legal Counsel I**
  3. Ms. Laureen Wesonga - **Clerk Assistant III**
  4. Mr. Josephat Motonu - **Fiscal Analyst I**
  5. Mr. Chelang'a Maiyo - **Research & Policy Analyst III**

#### **1.5 OVERVIEW OF THE EXAMINATION OF THE ESTIMATES**

6. The Budget Estimates for the FY 2019/20 were tabled in the House on **Tuesday, 30<sup>th</sup> April, 2019** and thereafter referred to Departmental Committees for consideration.
7. The Committee held a total of fourteen (14) sittings to examine the Estimates of the Ministries and Commissions under its purview. Upon a brief by the Parliamentary Budget office on the Annual Budget Estimates for the FY 2019/20 and Estimates of Revenue for the FY 2019/20, the Committee held meetings with the Commission on Revenue Allocation, Office of the Controller of Budget, Salaries and Remuneration Commission, State Department for Devolution, State

Department for Planning and the National Treasury.

#### 1.6 ACKNOWLEDGEMENTS

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Budget estimates for the FY 2019/20.
  
9. I also wish to express my appreciation to the Honorable Members of the Committee, the National Treasury, State Department for Planning, State Department for Devolution, Office of the Controller of Budget, Commission on Revenue Allocation and Salaries and Remuneration Commission for the useful contributions they made towards the preparation and production of this report.

SIGNED:  DATE: 30/8/19

THE HON. JOSEPH K. LIMO, MP  
CHAIRPERSON

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

## **PART TWO**

### **2 BROAD OVERVIEW OF THE EXAMINATION OF THE ESTIMATES**

10. The 2019 Budget estimates for the fiscal year 2019/20 is processed at a time when the government is focused on the implementation of the “Big Four” economic plan which entails reorienting resources towards the implementation of the main priority areas. So far, some progress has been registered in the implementation of these policies.
11. The 2019/20 budget and the medium term come at a time when the global economy is showing signs of deceleration from 3.8% in 2017 to 3.6% in 2018 and eventually 3.3% in 2019 because of growing trade tension between the United States of America and China, prolonged stalemate in the impending exit of Britain from the European Union, weakening industrial output among others.
12. However, economic growth in Sub-Saharan Africa (SSA) is projected to expand to 3.5% in 2019 and 3.7% in 2020 up from 3% in 2018 and 2.9% in 2017. This is anticipated to be buttressed by the enhanced access to capital markets as well as improved commodity prices. The East African Community (EAC) is expected to grow by 6.1% in 2019 up from 5.9% in 2018 on account of sustained investment in infrastructure, favourable weather and stability in the macroeconomic environment among other reasons.
13. The Kenyan economy is projected to decelerate to 6.2% in 2019 down from 6.3% in 2018 before rising to 7.0% in the medium term. This growth prospect will be supported by investment in the “Big Four” economic plan, sustained investment in infrastructure development, favourable weather conditions and stabilized macroeconomic environment.



## **2.1 OVERALL FISCAL FRAMEWORK FOR 2019/20**

14. The total revenue in 2019/20 is projected at Kshs. 2,115.9 billion (19.7% of the GDP) whereas the BPS 2019 projected Kshs. 2,080.9 billion (18.3% of the GDP). Ordinary Revenue is estimated at Kshs. 1,877.2 billion same as the BPS but A-i-A is estimated at Kshs. 238.7 billion up from the Kshs. 203 billion approved in the BPS. The overall revenue is projected to rise to Kshs. 2,553.7 billion in the medium term. It has been proposed that this will be achieved through the on-going measures on tax policy as well as enhancement of tax administration and compliance.
15. The total expenditure and net lending has been projected at Kshs. 2,762.5 billion up from Kshs. 2,710.8 billion approved in the BPS. It is composed of Kshs. 1,194.3 billion ministerial recurrent, Kshs. 638.6 billion ministerial development, Kshs. 371.8 billion county transfers and Kshs. 5 billion Contingencies Fund.
16. This leaves an overall deficit of Kshs. 607.8 billion to be financed through domestic borrowing of Kshs. 289.2 billion, and foreign financing of Kshs. 213.1 billion and other domestic financing of Kshs. 5.7 billion. The deficit financing is projected to reduce to Kshs. 582.5 billion in the medium term.

## **2.2 COMMITTEE REVIEW OF THE MDAS' PROPOSED BUDGET ESTIMATES**

17. The Departmental Committee on Finance and National Planning is mandated to scrutinize Budget estimates for the following votes: -
  - i. Vote 1071 :The National Treasury
  - ii. Vote 1034: State department for Planning
  - iii. Vote 1032: State department for Devolution
  - iv. Vote 2061: Commission on Revenue Allocation
  - v. Vote 2081 : Salaries and Remuneration Commission
  - vi. Vote 2121: Controller of Budget

### 2.2.1 The National Treasury

18. The Principal Secretary, National Treasury informed the meeting that as they continue to implement the Big Four Agenda they are aware of the country's limited fiscal space and will therefore continue to leverage on public private partnership arrangements. The resource allocation has been realigned to the Big Four Plan and therefore the targeted expenditure will prioritize employment creation, youth empowerment, supporting manufacturing activities, enhancing health coverage, improving food security and enhancing living conditions through affordable housing.
19. He stated that the economy has remained strong and resilient even under emerging global challenges and is expected to expand by 6.2% in 2019 and rise gradually to 7% over the medium term. He further stated that inflation remains low, stable and within the government range of 5+/-2.5. The exchange rate remained broadly stable and competitive against major international currencies. The interest rates have also remained fairly low and stable due to ample liquidity in the money market.
20. The National Treasury has a proposed allocation of **Kshs. 108,811.6 million** for the FY 2019/20 of which **Kshs. 75,441.1 million** is allocated to the recurrent vote while **Kshs. 33,370.6 million** is allocated under the development. The National Treasury had an allocation of **Kshs. 101,323,876,758** in the approved Estimates for the FY 2018/19.
21. The allocation will fund the following four (4) programmes:-
- i. Programme 071700: General administration, planning and support services Kshs. 71,446.7 million;
  - ii. Programme 071800: Public financial management Kshs. 35,007 million;
  - iii. Programme 071900: Economic and financial policy formulation and management Kshs. 1,996.8 million;
  - iv. Programme 07200: Market completion Kshs. 361.1 million;

### 2.2.2 The State Department for Planning

22. The State Department has a proposed allocation of **Kshs. 52.823 billion** for the FY 2019/20 of which **Kshs. 11.902 billion** is allocated in the recurrent vote while **Kshs. 40.921 billion** is allocated under the development. The State Department had an allocation of **Kshs. 12.983 billion** in the approved Estimates for the FY 2018/19.
  
23. Out of the total allocation, **Kshs. 51.573 billion** has been allocated to Semi-Autonomous Government Agencies (SAGAs) of which the National Government Constituencies Development Fund (NG-CDF) has been allocated **Kshs. 38.7 billion** while **Kshs. 7.3 billion** has been allocated for the Kenya Population and Housing Census (KPHC) scheduled for August 2019.
  
24. The State Department requires additional funding of **Kshs. 6,835 million** to fund the following areas: -
  - i. NG-CDF requires additional Kshs. 5,263 million. Kshs. 4,977 million being prior years arrears and Kshs. 285.6 million being the difference in allocation against 2.5% of ordinary revenue as stipulated in the CDF Act.
  - ii. Kenya Housing Population and Housing Census requires additional Kshs. 1,200 million being part of the preparatory and actual activities for the census.
  - iii. Operationalization of county development planning offices requires additional Kshs. 141 million so as to assist the National Government collect statistics for planning purposes in the counties.
  - iv. Cascading African Peer Review Mechanism (APRM) in Counties requires a total of Kshs. 111 million - New Partnership for African Development (NEPAD). The activity is expected to be piloted in selected counties.
  - v. National Council for Population and Development (NCPD) requires additional Kshs. 40 million to cater for the shortfall in SRC recommendations.

- vi. Development of Kenya National Human Development Report requires additional funding of Kshs. 80 million. This report is an annual publication.

### 2.2.3 State Department for Devolution

- 25. The PS, Devolution, Mr. Charles Sunkuli informed the meeting that there was a reduction in both the Recurrent and Development Budget for 2019/2020 FY of the State Department, due to transfer of functions as contained in the Presidential Executive Order No.1/2018 (Revised), which moved the allocation of Strategic Food Reserve (SFR) to the State Department for Crop Development under Ministry of Agriculture and the National Constituency Development Fund (NG-CDF) to the State Department of Planning.
  
- 26. The National Treasury proposed an allocation of **Kshs. 8,392,499,933** for the FY 2019/20 a variance of **Kshs. 8.481 billion** from the State Department's request of **Kshs. 16,831,653,975**. The State Department had an allocation of **Kshs. 38,304,536,464** in the approved Estimates for the FY 2018/19.
  
- 27. The State Department was seeking for additional **Kshs. 8,480 million** to fund the following unfunded areas:-
  - i. Kshs. 99 million to cater for inadequate funding for programmes.
  - ii. Kshs. 200 million for the finalisation of transfer of assets and liabilities of the defunct Local Authorities.
  - iii. Kshs. 75 million to fund the Devolution Conference
  - iv. Kshs. 130 million for the acquisition of office space, rent and equipment.
  - v. Kshs. 300 million for the development and co-ordination of Devolution Policies, Legal and Regulatory Frameworks.
  - vi. Kshs. 589 million to cater for legal charges (pending bills)
  - vii. Kshs. 7,087 million to cater for relief food distribution in ASAL Counties.

#### 2.2.4 Commission on Revenue Allocation

28. The National Treasury proposed an allocation of **Kshs. 456 million** for the FY 2019/20 a variance of **Kshs. 92 million** from the Commission's request of **Kshs. 548 million**. The Commission had an allocation of **Kshs. 413 million** in the approved Estimates for the FY 2018/19.

29. The proposed allocation will fund the following programmes:-

- i. Equitable sharing of revenue Kshs. 24 million
- ii. Public financial management Kshs. 16 million
- iii. Transitional equalization and stakeholder engagement Kshs. 18 million
- iv. General administration and support services Kshs. 399 million

30. The Commission requested for additional funding of **Kshs. 17,363,101 million** to fund the following items:-

- i. Item 2210201: Telephone, telex, facsimile Kshs. 414,878
- ii. Item 2210202: Internet connections Kshs. 1,500,000
- iii. Item 2210301: Domestic travel Kshs. 1,000,000
- iv. Item 2210302/3: Travel subsistence and other related costs Kshs. 4,840,519
- v. Item 2210401: Foreign travel and subsistence and other transportation cost Kshs. 1,000,000
- vi. Item 2210403: Foreign travel, subsistence and other related costs Kshs. 3,567,100
- vii. Item 2210701: Training travel expenses Kshs. 500,000
- viii. Item 2210710: Training accommodation Kshs. 4,384,202
- ix. Item 2210800: Board committees and conferences Kshs. 156,402

#### 2.2.5 Office of the Controller of Budget

31. The Office is mandated to oversee implementation of budgets of the national and county governments by authorizing withdrawals from public funds. The Controller of Budget informed the meeting that her office had a deficit in the

budgetary allocation but she was not seeking for additional funding because she understood the budgetary constraints that the country is facing.

32. The National Treasury proposed an allocation of **Kshs. 703,000,000** for the FY 2019/20 a variance of **Kshs. 47,551,982** from the Office's request of **Kshs. 750,551,982**. The Office had an allocation of **Kshs. 618,470,000** in the approved Estimates for the FY 2018/19.

#### **2.2.6 Salaries and Remuneration Commission**

33. The National Treasury has proposed an allocation of **Kshs. 650,000,000** for the FY 2019/20, a variance of **Kshs. 498,082,770** from SRC's request of **Kshs. 1,148,082,770**. SRC had an allocation of **Kshs. 549,896,637** in the approved Estimates for the FY 2018/19.

34. The Commission requested for additional funding of **Kshs. 518,122,771** to cater for the following items:-

- i. Compensation to employees Kshs. 57,063,147
- ii. Domestic travel and subsistence and other transportation costs Kshs. 5,498,128
- iii. Foreign travel and subsistence and other transportation costs Kshs. 20,061,496
- iv. Refurbishment of buildings Kshs. 230,000,000
- v. Purchase of office furniture and general equipment Kshs. 1,500,000
- vi. House and car loans for staff Kshs. 50,000,000
- vii. Institutional strengthening programmes Kshs. 154,000,000

## **2.3 OBSERVATIONS**

35. Following the submissions from the State Departments and Commissions and the briefing by the Parliamentary Budget Office on the proposed Budget Estimates for the FY 2019/20, the Committee made the following observations:-

### **2.3.1 The National Treasury**

The Committee made the following observations, THAT:-

36. There is a total of thirty six (36) ongoing projects in the National Treasury at a cost of over Kshs. 30 billion for example, the Herufi data centre which started in 2014 and is expected to be completed in 2022 at a cost of Kshs. 3.5 billion has so far been allocated Kshs. 850 million and has an allocation of Kshs. 70 million in each year through the medium term.

37. The Kenya Revenue Authority was allocated additional funding of Kshs. 3 billion to implement Revenue Enhancement Initiatives (REIs) that was projected to realize additional revenue of Kshs. 141 billion.

38. The Kenya Revenue Authority has not been declaring appropriations in aid (agency fees) of close to Kshs. 3 billion each financial year which it has used without being appropriated by National Assembly.

39. The 2019/20 forecasted revenue seems ambitious and therefore a more realistic revenue estimate needs to be approved since it forms a key component of the resource envelope.

### **2.3.2 State Department for Planning**

The Committee observed that: -

40. The Kenya Population and Housing Census for 2019 is slated for the night of 24<sup>th</sup>/25<sup>th</sup> August.

41. Other than the Census, the other major allocation is to the National Government Constituencies Development Fund.

42. There is no legislation on monitoring and evaluation and this has affected projects implementation due to lack of continuous monitoring. This has resulted to some projects being implemented within the timelines and eventual escalation of costs.

### **2.3.3 State Department for Devolution**

The Committee made the following observations, THAT:-

43. The identification and verification of the assets and liabilities of the defunct local authorities has been ongoing for quite some time.
44. The State Department was still training and capacity building counties six (6) years after implementing devolution.
45. Funds for relief food are contained in the contingency fund which is managed by the National Treasury. The executive Order has assigned the mandate in the Ministry of Devolution and ASAL. Some counties have to rely on relief food throughout the year hence these programme ought not to be treated as an emergency to be funded through the contingency fund.

### **2.3.4 Commission on Revenue Allocation**

The Committee observed that:-

46. There is need for review and analysis of the Division of Revenue Bill, County Allocation of Revenue Bill, County Finance Bills, Annual Development Plans and the County Fiscal Strategy Paper to guide Counties in their budget process.
47. The Commission is in the process of publicizing the third generation of Revenue Sharing Formula for allocating resources among the county governments.
48. The Commission is also in the process of developing a masterplan on marginalization.

### **2.3.5 Controller of Budget**

The Committee observed that:-

49. The Office of Controller of Budget only reports on the financial performance in the quarterly budget implementation reports.



### **2.3.6 Salaries and Remuneration Commission**

The Committee observed that:-

50. The Commission is planning to develop legal framework for managing remuneration and benefits through the proposed drafting of the Remuneration and Benefits Bill which is a policy issue that is domiciled under the National Treasury.
  
51. The public wage bill has been on an upward trajectory since the inception of the Commission despite the fact that the Commission has carried out numerous job evaluations and harmonization of benefits to employees.

## **PART THREE**

### **3 RECOMMENDATIONS**

The Committee made the following recommendations:-

#### **3.1 POLICY RECOMMENDATIONS**

The Committee made the following policy recommendations, THAT:-

52. A decision needs to be made on the feasibility of implementing the 36 ongoing projects under the National Treasury considering the quality, efficiency and risks associated with time extension.
  
53. The planned drafting of the Monitoring and Evaluation Bill together with the pending process of approving the attendant policy should be expedited so as to facilitate effective monitoring and evaluation of the government policies, projects and programmes. This will go a long way in institutionalizing the professional process of following up of implementation to aid effectual oversight by the legislature.
  
54. Capacity building activities for county governments should be down-scaled substantially in order to channel resources to other more deserving programmes.
  
55. Funds earmarked for relief food should be budgeted under the Ministry of Devolution. This will enable the Ministry to plan for the money and provide relief food in time whenever it is required and to ensure that Kenyans who depend on relief food throughout are catered for.
  
56. The Commission on Revenue Allocation should carry out reviews of Division of Revenue and County Allocation of Revenue Bills, county finance bills, Annual Development Plans and County Fiscal Strategy Paper to ensure that Counties are given proper guidance and advice in the management of public finances.

57. The Office of the Controller of Budget should also report on the non-financial performance in the quarterly budget implementation reports for proper oversight by Parliament and the county assemblies.

### 3.2 FINANCIAL RECOMMENDATIONS

#### Proposed Reductions

58. The Committee proposed a total reduction of **Ksh. 4.3 billion** from the National Treasury's allocation to the following programmes:-

- i. Kenya Revenue Authority reduced by **Kshs. 1.8 billion** in the sub-programme Financial Services under the programme General Administration, Planning and Support Services; and
- ii. Strategic investments in public enterprises reduced by **Kshs. 2.5 billion** in the sub-programme Government Investment and Assets under the programme General Administration, Planning and Support Services.

59. The Committee also proposed a total reduction of **Kshs. 104.6 million** in the allocation to the Salaries and Remuneration Commission under the programme Remuneration and Benefits Management under the following items:-

- i. Domestic travel and subsistence and other transportation costs **Kshs. 22.08 million**
- ii. Printing, advertising and information supplies and services **Kshs. 2.5 million** broken into:-
  - a. Publishing and printing services **Kshs. 2 million**
  - b. Subscriptions to newspapers, magazines and periodicals **Kshs. 0.5 million**
  - c. Rentals of produced assets **Kshs. 27.2 million**
  - d. Training expenses **Kshs. 9.87 million**
  - e. Hospitality supplies and services **Kshs. 16.29 million**
- iii. Other operating expenses **Kshs. 17.09 million** broken down into:-
  - a. Contracted guards and cleaning service **Kshs. 2.1 million**;
  - b. Membership fees, dues and subscriptions to professional and trade bodies **Kshs. 3.42 million**; and
  - c. Legal dues/fees, arbitration and compensation payments **Kshs. 1.57 million**
  - d. Contracted professional services **Kshs. 10 million**
- iv. Routine maintenance of other assets **Kshs. 9.57 million**

## Proposed Increases

60. The Committee proposed a total increase of **Kshs. 3.04 billion** to the State Department of Planning's budget to be allocated to the following areas:-
- i. National Government Constituency Development Fund **Kshs. 3 billion**;
  - ii. National Council for Population and Development **Kshs. 40 million** to cater for the shortfall in SRC recommendations;
61. The Committee also proposed an allocation of **Kshs. 852 million** for relief food in the State Department of Devolution's budget.
62. The Committee proposed an allocation of **Kshs. 500 million** to fund Monitoring and strengthening budgetary implementation under the National Treasury.
63. The Committee proposed a total increase of **Kshs. 12.522 million** to the Commission on Revenue Allocation's budget under the programme Intergovernmental Revenue and Financial Matters broken down in the following sub-programmes:-
- i. SP1: Equitable sharing of revenues **Kshs. 5 million**
  - ii. SP3: Transitional equalisation and stakeholder engagement **Kshs. 2 million**
  - iii. SP4: General administration and support services **Kshs. 5.52 million**
64. The Committee proposes additional allocation of **Kshs. 1 billion** for Monitoring and strengthening budgetary implementation under the National Treasury.

## ANNEX I: SUMMARY OF ALLOCATIONS

VOTE	ALLOCATION	ADJUSTMENTS BY COMMITTEE	FINAL PROPOSAL	REMARKS
1071: NATIONAL TREASURY	108,812	(3,800)	105,012	1. Reduction of KSh. 1.8 billion from KRA. 2. A reduction of KSh. 2.5 billion from Strategic Investment in Public Enterprises. 3. a proposed allocation of KSh. 500 million for Monitoring & Strengthening Budget Implementation
1072: STATE DEPARTMENT FOR PLANNING	52,823	3,040	55,863	1. Increase of KSh. 3 billion for NG-CDF. 2. Increase of KSh. 40 million for NCPD
1032: STATE DEPARTMENT FOR DEVOLUTION	8,392	852	9,244	Increase of KSh. 852 million for relief food
2061: COMMISSION ON REVENUE ALLOCATION	457	13	469	Increase of KSh. 12.52 million under the sub-programmes: 1. Equitable Sharing of Revenue KSh. 5 million. 2. Transitional Equalization & Stakeholder Engagement KSh. 2 million. 3. General Admin & Support Services KSh. 5.52 million
2081: SALARIES AND REMUNERATIONS COMMISSIONS	650	(105)	545	Reduction of KSh. 104.6 million
2121: CONTROLLER OF BUDGET	703	-	703	

## ANNEX II

### SUMMARY OF UNFUNDED REQUESTS

#### 1. State Department for Planning

The State Department requires additional funding of **Kshs. 6,835 million** to fund the following areas:-

- i. National Government Constituency Development Fund requires additional Kshs. 5,263 million. Kshs. 4,977 million being prior years' arrears and Kshs. 285.6 million being the difference in allocation against 2.5% of ordinary revenue as stipulated in the Constituencies Development Fund Act.
- ii. Kenya Housing Population and Housing Census requires additional Kshs. 1,200 million.
- iii. Operationalization of county development planning offices requires additional Kshs. 141 million
- iv. Cascading African Peer Review Mechanism (APRM) in Counties – National Council for Population and Development (NCPD) requires additional Kshs. 40 million.
- v. Development of Kenya National Human Development Report requires additional funding of Kshs. 80 million.

#### 2. State Department for Devolution

The State Department was seeking for additional **Kshs. 8,480 million** to fund the following unfunded areas:-

- i. Kshs. 99 million to cater for inadequate funding for programmes (as per the attached appendix I);
- ii. Kshs. 200 million for the finalization of transfer of assets and liabilities of the defunct Local Authorities. This is to facilitate the complete transfer and the final stages of conveyancing of the assets to County Governments which is scheduled to take place in the FY 2019/20;
- iii. Kshs. 75 million to fund the Devolution Conference and Summit. The devolution conference is established in the Intergovernmental Relations Act, 2012 to provide a platform for stakeholder's dialogue in the Management of Devolution Affairs;
- iv. Kshs. 130 million for the acquisition of office space, rent and equipment. This will be used to acquire additional office space, pay for rent, partitioning and purchase of equipment;

- v. Kshs. 300 million for the development and co-ordination of Devolution Policies, Legal and Regulatory Frameworks in order to address policy and regulatory frameworks;
- vi. Kshs. 589 million to cater for legal charges (pending bills). This will pay for outstanding legal fees and arbitration cases (as per the attached appendix II); and
- vii. Kshs. 7,087 million to cater for relief food distribution in ASAL Counties.

### 3. Commission on Revenue Allocation

The Commission requested for additional funding of **Kshs. 17,363,101 million** to fund the following items:-

- i. Item 2210201: Telephone, telex, facsimile Kshs. 414,878
- ii. Item 2210202: Internet connections Kshs. 1,500,000
- iii. Item 2210301: Domestic travel Kshs. 1,000,000
- iv. Item 2210302/3: Travel subsistence and other related costs Kshs. 4,840,519
- v. Item 2210401: Foreign travel and subsistence and other transportation cost Kshs. 1,000,000
- vi. Item 2210403: Foreign travel, subsistence and other related costs Kshs. 3,567,100
- vii. Item 2210701: Training travel expenses Kshs. 500,000
- viii. Item 2210710: Training accommodation Kshs. 4,384,202
- ix. Item 2210800: Board committees and conferences Kshs. 156,402

### 4. Salaries and Remuneration Commission

The Commission requested for additional funding of **Kshs. 518,122,771** to cater for the following items:-

- i. Compensation to employees Kshs. 57,063,147
- ii. Domestic travel and subsistence and other transportation costs Kshs. 5,498,128
- iii. Foreign travel and subsistence and other transportation costs Kshs. 20,061,496
- iv. Refurbishment of buildings Kshs. 230,000,000
- v. Purchase of office furniture and general equipment Kshs. 1,500,000
- vi. House and car loans for staff Kshs. 50,000,000
- vii. Institutional strengthening programmes Kshs. 154,000,000

**Appendix II:****Pending Bills [Legal Cases] 2018/2019 FY**

<b>Details/Case Number</b>	<b>Name of Litigant</b>	<b>Amount[Kshs]</b>	<b>Justification for the Pending bills/Reasons</b>
1. Mombasa HCJR No. 158/2006 (Original Nairobi HC Misc. A No.94/2006); Mombasa Civil Appeal No.107/2006	Taib A Taib – VS- Minister of Local Government & 3 Others	11,265,235.50	Arbitration complete waiting settlement
2.Richard Kwoba Nabibia – VS- Hon.Musalia Mudavadi, Deputy Prime Minister &Minister for Local Government &The Hon. Attorney General	Richard Kwoba Nabibia	114,000.00	Arbitration complete waiting settlement
3.NRB ELRC NO. 1149/2012 Rex Simiyu Eseli-VS- Attorney General &PS, Min. of Local Government	Simiyu Eseli	1,128,496.00	Court verdict given waiting for National Treasury Allocation
4. Kenya Railways Staff Retirement Pension Scheme & the Ministry of Local Government	Kenya Railways Staff Retirement Pension Scheme	105,000,000.00	Court verdict given waiting for National treasury Allocation
5.Nrb Civil Suit No.149/2014 Piulva Engineering & Technology Limited –VS- Permanent Secretary, Min. For Special Programmes & The Hon. Attorney General	Piulva Engineering & Technology Limited	4,950,000.00	Court verdict given waiting for National treasury Allocation
6.Nrb E & LRC No. 212/2010 David Omwanza Mongare - Vs- The AG	David Omwanza Mongare	493,992.00	Court verdict given waiting for National treasury Allocation
7. HCC NO.597 &598 of 2010	Spncon (K) Ltd	456,000,000.00	Court verdict given waiting for National treasury Allocation



Spenco (K) Ltd -vs- Ministry of Devolution & Planning & 2 others			
NBI CMCC No. 3919 of 2012 David Mureka Vs John Ngaruiya, Ministry of Local Government & others	David Mureka	8,115,834.49	Court verdict given waiting for National treasury Allocation
<b>COST -Kshs</b>		<b>TOTAL</b>	<b>589,067,558.00</b>



PARLIAMENT OF KENYA

Parliamentary Budget Office

ANALYSIS OF THE BUDGET ETIMATES FOR 2019/20 ANF THE MEDIUM  
TERM FOR THE DEPARTMENTAL COMMITTEE ON FINANCE &  
NATIONAL PLANNING

May, 2019

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## Contents

1. INTRODUCTION .....	3
Preamble .....	3
Basis of processing the annual budget estimates .....	3
2. HIGHLIGHTS OF THE BUDGET ESTIMATES FOR 2019/20 AND THE MEDIUM TERM .....	4
2.2 Policy underpinning the budget.....	6
2.3 Overall Fiscal Framework for 2019/20 .....	6
2.4 Observations .....	8
3. PERFORMANCE AND PROPOSED ALLOCATIONS TO PROGRAMMES.....	8
3.1 The National Treasury.....	8
3.1.1 Allocation to programmes (2019/20).....	8
3.1.2 Key targets for 2019/20.....	10
3.1.3 Projects analysis.....	12
3.1.4 Discussion .....	13
3.2 State Department for Planning .....	14
3.2.1 Allocation to programmes (2019/20).....	14
3.2.2 Key Targets for 2019/20 .....	15
3.2.3 Project Analysis.....	17
3.2.4 Discussion .....	17
3.3 State Department for Devolution.....	17
3.3.1 Allocation to programmes (2019/20).....	19
3.3.2 Key targets for 2019/20.....	20
3.3.3 Discussion .....	21
3.4 Commissions and Independent Office .....	21
3.4.1 The Controller of Budget.....	21
3.4.2 The Salaries and Remuneration Commission.....	22
3.4.3 The Commission on Revenue Allocation.....	22
3.4.4 Allocation to programmes .....	23
3.4.5 Key Targets.....	24
4. SUMMARY OF KEY ISSUES .....	26
4.1 Assets and Liabilities register by the State Department for Devolution.....	26
4.2 Stalled Projects versus the total number of project portfolio especially under the National Treasury.....	26
4.3 Salaries and Remuneration Commission (SRC) on Wage Bill .....	27
4.4 Mandate of the Commission on Revenue Allocation (CRA).....	27
4.5 Budget implementation reporting by the Controller of Budget (CoB).....	27
5. POLICY OPTIONS.....	28
6. CONCLUSION .....	28
7. ANNEX 1: PROJECTS .....	29

## **1. INTRODUCTION**

### **Preamble**

The annual budget is a planning, control and management tools the government uses to organize resources with the aim of providing public goods and services to the citizenry, in an efficient and effective fashion. It facilitates the forward planning while learning from the past, implementing control mechanisms to ensure the plans are adhered to and decision are made in a manner that the populace derives the optimum benefits. Since the resources are, in most cases, derived from the citizens through taxation, it therefore behooves the government, through the elected representatives of the people, to process the budget in a transparent and accountable manner.

### **Basis of processing the annual budget estimates**

The annual budget estimates is prepared in accordance with Article 220 of the Constitution which stipulates that budgets for both levels of government should contain estimates of revenue and expenditure as well as the proposals with regard to the financing any expected fiscal deficit for a particular financial year. Further, Article 221 of the Constitution does elaborate on the timing and manner of tabling and processing the budget estimates in the National Assembly including the requirement for public consultations.

Consequently, the Public Finance Management Act, 2012 provides under Sections 38 and 39, for the submission, content and processing of the budget estimates in the National Assembly. Specifically, the annual budget estimates should contain, among other things:

- i.) A budget summary which comprises of revenue, expenditure, debt and deficit financing policies; explanation on adherence to the fiscal responsibility principles as set out in Article 201 of the Constitution and also a memorandum detailing the compliance with the House resolutions on the Budget Policy Statement approved for the financial year.
- ii.) The format of the budget estimates which must contain the Votes expected to receive allocation; funding under the Equalization Fund; Vertical sharing of revenue, details of revenue sources, expenditure by programmes as well as projected budget deficit or surplus and means of addressing it.

Further, the National Assembly Standing Order Numbers 235 – 240 details the procedure of tabling, committal of the budget estimates to the departmental committees as well as the Budget & Appropriations Committee for scrutiny and processing in the normal manner for ultimate approval by the National Assembly.

Indeed, the National Assembly Standing Orders assigns the Departmental Committee on Finance and National Planning the mandate to consider matters in relation to *public finance, monetary policies, public debt, financial institutions (excluding those in security exchange), investment and divestiture policies, pricing policies, banking, insurance, population, revenue policies, national planning, and development.*

In that regard, the Committee is mandated to analyze, discuss, scrutinize and approve the budget estimates for the following Votes under its purview:

- i.) Vote 1071 :The National Treasury
- ii.) Vote 1034: State Department for Planning
- iii.) Vote 1032: State Department for Devolution
- iv.) Vote 2121: Controller of Budget
- v.) Vote 2081 : Salaries and Remuneration Commission
- vi.) Vote 2061: Commission of Revenue Allocation

## **2. HIGHLIGHTS OF THE BUDGET ESTIMATES FOR 2019/20 AND THE MEDIUM TERM**

### **2.1 Policy overview**

The 2019 Budget estimates for the fiscal year 2019/20 is processed at a time when the government is focused on the implementation of the “Big Four” economic plan which entails reorienting resources towards the implementation of the main priority areas. So far, some progress has been registered in the implementation of these policies.

For instance, to support the domestic manufacturing sector, the government has increased surveillance on illicit trade as well as the proliferation of counterfeit and contraband goods into the country. The food security policy focus has been boosted by the alignment of agriculture policies towards improved productivity and reduction of food prices. On the Universal Healthcare front, so far, the piloting of the universal health programme is underway in Machakos, Kisumu, Nyeri and Isiolo counties. For the provision of affordable and

decent housing, the National Housing Development Fund and the Kenya Mortgage Refinance Company have been said to have been established to mobilize resources and guarantee funding of the housing programme and also avail affordable mortgage loans to citizens.

The Departmental Committee on Finance and National Planning will play pivotal role in carrying out oversight in two of the six key enablers of the "Big Four" economic plan. The first one is the creation of a conducive, business environment for investment and job creation which would entail maintaining macroeconomic stability to spur private sector investment. Specifically, inflation will be maintained at 2.5% on both sides of 5%; fiscal consolidation that will be aimed at reducing the fiscal deficit from the current 6.3% of the Gross Domestic Product (GDP) to 3.8% of the GDP. It should be noted the BPS 2019 projected a deficit of 3.1% of the GDP in the medium term. The East African Monetary Union protocol target is 3%. This will, is expected to occasion a reduction of public debt from about 51.5% of the GDP to about 44% of the GDP.

The second one is the use of devolution for enhancement of service delivery. This will be done through the Kenya Urban Support Programme (KUSP) whose focus will be to provide incentives and support for the establishment and strengthening of urban institutions in line with the Urban Areas and Cities Act, 2011. The support for preparation of urban development plans and initiation of urban infrastructure investment is anticipated to invigorate economic development in counties. Also, there are initiatives towards strengthening the legal and policy framework for the counties Own Source Revenue (OSR). Further, in order to boost partnership between the two levels of government, County Development Implementation Committees (CDICs) have been established in all counties to provide the interface between in the implementation of the "Big Four" plan which is already prioritized in the Third Medium Term Plan.

The other enablers to be oversighted by other Departmental Committees are: continued investment in infrastructure to spur growth (road, rail, marine, air, energy and ICT); sectoral transformation for broad sustained growth (tourism, environment, sports, arts etc); investing in the citizens for a shared prosperity (education, social safety net, empowerment of the vulnerable) and structural reforms (fight against corruption, financial management reforms – zero based budgeting and financial sector reforms such as the fast-tracking strengthening of NIFC, FRC etc.

## **2.2 Policy underpinning the budget**

The 2019/20 budget and the medium term come at a time when the global economy is showing signs of deceleration from 3.8% in 2017 to 3.6% in 2018 and eventually 3.3% in 2019. The main reasons are growing trade tension between the United States and China, prolonged stalemate in the impending exit of Britain from the European Union, weakening industrial output among others.

However, economic growth in Sub-Saharan Africa (SSA) is projected to expand to 3.5% in 2019 and 3.7% in 2020 up from 3.0% in 2018 and 2.9% in 2017. This is anticipated to be buttressed by the enhanced access to capital markets as well as improved commodity prices. The East African Community (EAC) is expected to grow by 6.1% in 2019 up from 5.9% in 2018 on account of sustained investment in infrastructure, favourable weather and stability in the macroeconomic environment among other reasons.

The Kenyan economy is projected to decelerate to 6.2% in 2019 down from 6.3% in 2018 before rising to 7.0% in the medium term. This growth prospect will be supported by investment in the “Big Four” economic plan, sustained investment in infrastructure development, favourable weather conditions and stabilized macroeconomic environment.

The extent to which the “Big Four” economic plan will contribute to growth may need to be assessed critically, given that time is already ticking and some of the key components such as progress towards affordable housing, achievement of food security and nutrition as well as investment in manufacturing for value addition and jobs creation do not seem to present a paradigm shift in terms of deliberate reorientation of resources towards the policy. Other external risks also exist which look likely to affect the domestic economy. They are such as the financial markets volatility as well as political tensions and geopolitical issues between some Sub-Saharan African countries and the Middle East among others.

## **2.3 Overall Fiscal Framework for 2019/20**

The total revenue in 2019/20 is projected at KSh. 2,115.9 billion (19.7% of the GDP) whereas the BPS 2019 projected KSh. 2,080.9 billion (18.3% of the GDP). Ordinary Revenue is estimated at KSh. 1,877.2 billion same as the BPS but A-i-A is estimated at KSh. 238.7 billion up from the KSh. 203 billion approved in the BPS. The overall revenue is projected to rise to KSh. 2,553.7 billion in the medium term. It has been proposed that this will be achieved through the on-going measures on tax policy as well as enhancement of tax administration and compliance.

The total expenditure and net lending has been projected at KSh. 2,762.5 billion up from KSh. 2,710.8 billion approved in the BPS. It is composed of KSh. 1,194.3 billion ministerial recurrent, KSh. 638.6 billion ministerial development, 371.8 billion county transfers and KSh. 5 billion Contingencies Fund.

This leaves the overall deficit of KSh. 607.8 billion to be financed through domestic borrowing of KSh. 289.2 billion, and foreign financing of KSh. 213.1 billion and other domestic financing of KSh. 5.7 billion. The deficit financing is projected to reduce to KSh. 582.5 billion in the medium term.

It is a considered view that this level of deficit will only be attained through concrete revenue enhancement measures coupled with prudence and efficient utilization of resources. Else, the projected fiscal deficit convergence target in the East African Community Monetary Union protocol may potentially be at risk of not being achieved.

**Table 1: Baseline and proposed budget allocation for 2019/20 and the Medium Term**

Medium Term Fiscal Framework (KSh. Billion)				
FY	2018/19	2019/20	2020/21	2021/22
<b>Total Revenue</b>	<b>1852.5</b>	<b>2115.9</b>	<b>2241.5</b>	<b>2553.6</b>
Ordinary Revenue	1,672.6	1,877.2	2,019.1	2,305.9
Ministerial A-i-A	179.9	238.7	222.4	247.7
Grants	48.5	38.8	52.4	54.4
AMISOM receipts	8.5	5	3.5	3
Project Grants	40	33.8	48.9	51.4
<b>Total Expenditure</b>	<b>2,509.1</b>	<b>2,762.5</b>	<b>2,869.6</b>	<b>3,190.6</b>
Ministerial Recurrent	1,050.4	1,194.3	1,212.1	1,375.4
Ministerial Development	593.2	638.6	683.4	778.7
CFS	490.6	551	593	646.7
CF	5	5	5	5
Net Lending	2.5	1.7	1.1	1.1
County Allocation	367.4	371.8	375	383.8
o/w Equitable Share	305	310	317.8	325.7
Judiciary	14.5	16.9	17.9	18.4
Parliament	35.1	43.6	43.8	44.1
<b>Deficit</b>	<b>-608.0</b>	<b>-607.8</b>	<b>-575.7</b>	<b>-582.5</b>
Deficit Financing	608.0	607.8	575.7	582.5
Domestic Borrowing	321.0	283.5	282.1	320.7
Foreign Borrowing	286.9	324.3	293.6	261.8

Source: National Treasury



## **2.4 Observations**

It is observed that the overall fiscal deficit of KSh. 607.8 billion excludes the allocations to Parliament and Judiciary respectively which is KSh. 60.5 billion. This implies that the final fiscal deficit is KSh. 668.3 billion when allocations to the arms of government are included.

## **3. PERFORMANCE AND PROPOSED ALLOCATIONS TO PROGRAMMES**

### **3.1 The National Treasury**

The National Treasury is mandated to among other things, to formulate, implement and monitor the macroeconomic policies on the budget; mobilize resources to finance the budget and carry out public debt management; formulate, evaluate and promote economic and financial policies.

In the MTEF period 2015/16 – 2017/18, the Ministry spent a total of KSh. 195.4 billion and managed to make the following achievements: mobilized external resources of about 20% of the budget; inflation was maintained at 6.6% which was within the target of 2.5% on both ends of 5%, thereby maintaining the macroeconomic stability; facilitated the implementation of the global fund by facilitating medical supplies for HIV/AIDS to 3.3 million beneficiaries and malaria treatment to 19.5 million beneficiaries both through the Ministry of Health; and leasing of 3,468 security vehicles which a program run under strategic interventions.

A few challenges are reported to have been experienced in the same MTF period. For instance, reduction of budget allocation through supplementary budget, thereby affecting achievements of some targets; shortage of staff; low absorption of the budgeted resources due to litigations, disruption of economic activities, slow operationalization of pension contribution schemes; and down time of the Integrated Financial Management Information System (IFMIS) as well as Pensions management Information System (PMIS), among others.

To address some of these challenges in the MTEF period 2019/20 – 2021/22, new servers are anticipated to be procured and new data centres created; promotion to fill vacant positions; strengthening of the monitoring and evaluation framework; operationalization of the public Servants Superannuation Scheme (PSSS) and procurement of a new pension system.

#### **3.1.1 Allocation to programmes (2019/20)**

The following are the key programmes and objectives and allocation for the MTEF period 2019/20 – 2020/21 as shown in the succeeding table:

**Table 2: Programme Objectives and proposed Allocation**

Vote	Programmes	Objectives	2018/19 (KSh. Millions)	2019/20 (KSh. Millions)	2020/21 (KSh. Millions)
The National Treasury	1. General Administration, Planning and Support Services-National Treasury	To enhance institutional and human resource capacity for quality delivery of services	65,773	71,446	85,122
	2. Public Financial Management	To increase the reliability, stability and soundness of the financial sector	32,370	35,007	35,868
	3. Economic and Financial Policy Formulation and Management	To ensure stable macroeconomic environment	2,156	1,996	1,650
	4. Market Competition	To promote and sustain competition.	387	361	361
<b>Total</b>			<b>100,758</b>	<b>108,812</b>	<b>123,001</b>

Source: National Treasury (Budget Estimates)

The proposed budget estimates for the National Treasury for the fiscal year 2019/20 is KSh. 108.8 billion up from KSh. 100.8 billion in 2018/19. The proposed allocation comprises of KSh. 75.4 billion recurrent and KSh. 33.4 billion development.

The General Administration programme is proposed to be allocated KSh. 71.4 billion out of which, KSh. 38.3 billion will be allocated to administrative services such as quality management system, customer and employee satisfaction survey, equity and subscription to international financial institutions, other maintenance activities such as the installation of 4 lifts at Bima House, rehabilitation of plumbing works as well as installation of CCTV in Treasury and Bima House. KSh. 32.9 billion of the remainder is proposed to be allocated to financial services which comprises of funding to the Kenya Revenue Authority at KSh. 21.5 billion (up from KSh. 15.2 billion approved for 2018/19)

The programme on Public Financial Management has been proposed to be allocated KSh. 35 billion. Out of this, the sub-programme on resource mobilization is allocated KSh. 13.4 billion (where KSh. 11.4 billion is the global fund disbursement) and KSh. 11.2 billion is the allocation towards the national budget processing and including 10.7 billion allocated to the Civil Contingencies Fund and the Equalization Fund.

### 3.1.2 Key targets for 2019/20

Target	Allocation (KSh. Mns)	Remarks
1. Quality management system, customer and employee satisfaction survey, equity and subscription to international financial institutions, other maintenance activities such as the installation of 4 lifts at Bima House, rehabilitation of plumbing works as well as installation of CCTV in Treasury and Bima House	38,308	Some of the projects have been in the government books for long and a decision should be made whether it is prudent to retain the status quo or prioritize, pick a few and implement. The others may be suspended till the first batch is completed.
Reviewing 5 schemes of service	73	This may be approved if it is Ministry's priority.
Achieve revenue collection of 22% of GDP (KRA); upgrading date recovery centre; construction of 10 border points and installation of security surveillance equipment; reduce days taken to process pension payments to 21.	32,951	KRA is proposed to be allocated KSH. 21.5 billion up from KSH. 15.2 billion in the current budget. The additional funding is for REIs
Achieve 20% completion of Herufi Data Centre; rehabilitation of other two data centres at 33% completion	114	The allocation to the data centres has always featured in the budget. The projects may be visited to ascertain the status.
2. Global fund disbursement at 100%; development of PIM guidelines under PPP secretariat; training 40 staff under Infrastructure Finance & PPP; support to approval of 20 PPP projects under Infrastructure Finance & PPP phase II; national budget processing at 100%; Contingencies and Equalization Funds at 100%; carrying out 10 special audits; government	35,001	It is noted that about KSh. 24.5 billion is meant for Contingencies Fund, Equalization Fund and Global Fund disbursements.

<p>accounting services; provide 100% national sub-county Treasury services as well as construction of 26 sub county treasuries and internal audit offices; achieve 100% support on IFMIS through capacity and system support to counties; establishment of 2 PPOA regional offices; operationalization of PIMU and PFM reforms by utilizing KSh. 1.4 billion for capacity building; restructuring of 2 government parastatals; 15% reunification of funds remitted to UFAA; train 8 PPP Secretariat staff; achieve 10% operationalization of the National Assets and Liability Management Department, inject KSh. 200 million into AFC.</p>		
<p>3. Settling 100% of due debt; produce 3 guidelines and manuals to improve project design, appraisal and selection under DMO; achieve debt target of 50% of the GDP; disburse 90% of funds through vendor financial institutions to MSMEs; timely submission of the national budget, GDP growth of 5.9% capacity building for regional integration with COMESA and EAC</p>	1,996	The guidelines and manuals on project design, appraisal and selection should be done by the PIMU.
<p>4. Conduct 3 market inquiries/studies and achieve 100% building of data for information on sectors and cross border mergers.</p>	361	This is an allocation to Competition Authority of Kenya. The efficacy of this body should be scrutinized.
<b>Total</b>	<b>108,812</b>	

### 3.1.3 Projects analysis

1. Stalled projects - there are three (3) stalled projects under the National Treasury. A decision may need to be made as to their fate considering the resource constraints and risks associated to such operations. It is also likely that there could be other projects which depict characteristics of stalling but have not been indicated as such. The projects reported to have stalled are:
  - a) The upgrading and integration of pension's management whose software and hardware budget is said to have been moved to the Ministry of Information and Communication Technology. Total expenditure by June, 2018 was KSh. 170 million whereas the total project cost KSh. 1.09 billion. No allocation has been done this financial year.
  - b) Installation of security system at Treasury, Bima and Herufi House. The project is to be implemented in phases and so far, KSh. 315.95 million has been utilized out of the total project cost of KSh. 984 million. The project is meant to be completed end of June, 2020 and so far, the work that is pending is the installation of CCTV and fire system in Treasury, Bima and Herufi House. However, it is noted that this project has been revived by the proposed allocation of KSh. 100 million from GoK.
  - c) Infrastructure finance and Public Private Partnership phase 1 and 2 was reported as having stalled where out of the total project cost of KSh. 9.097 billion, only KSh. 2.287 billion has been spend. It is reported that the new arrangement on the project was signed when the budget process had already been completed. In this financial year, there is a total allocation of KSh. 766 million which is foreign financing.
2. New projects a mid so many ongoing – it is noted that out of a total of 36 projects, five of them are new. They are: Infrastructure Finance & Public Private partnership Project Phase 1 and 2 at the external financing of about KSh 766 million, Regional Integration Implementation Program at an external financing of KSh. 250 million; replacement of 4 lifts at Bima House at KSh. 50 million and Treasury-Bima-Herufi Security system (car scanners, fire system and CCTV) with an allocation of KSh. 100 million both of which are from GoK.

These projects have been on and off in the budget for so many years and it is imperative to ensure adequate oversight is effected to ensure projects are completed at once to pave way for others to commence as opposed to the imprudent manner of implementing so many as the same time. Further, a decision should be made as to whether it is feasible for the National Treasury to implement all the 36 projects at the same time without compromising on the quality, efficiency and risk of cost escalation associated with time extensions on account of insufficient resources and technical capacity to complete them as scheduled.

### **3.1.4 Discussion**

**Projects:** there a total of 36 projects currently ongoing in the National Treasury out of which, 5 are new projects. Therefore, a decision ought to be made whether maintaining over 30 projects in a financial year is prudent, given the risks on implementation as well as availability of funds to effectively carry them out. Some projects with huge allocations that may need to be reviewed include: water reticulation works at Treasury, Bima & Herufi House at KSh. 280 million; single window support project at KSh 300 million; establishment of PPOA regional Offices at KSh. 240 million; IFMIS solutions for counties at KSh. 200 million; procure to pay system integrator for parastatals at KSh. 300 million among others.

**KRA:** the Kenya Revenue Allocation has been proposed to be allocated a total budget of KSh. 21.5 billion which over KSh. 6 billion above the previous year allocation. The additional funding is meant to facilitate the implementation of the Revenue Enhancement Initiatives (REIs) which are aimed at enhancing revenue yield to the government. The current budget has already been enhanced in the Second Supplementary Budget for 2018/19 by KSh. 3.3 billion for the implementation of REIs.

**Data Centres:** he Herufi data centre and two others have been proposed to be allocated KSh. 114 million. However, it is noted that these projects have been a constant feature in the budget and it is imperative to evaluate the exact status to ensure resources are utilized prudently.

**The Competition Authority of Kenya:** the Authority was established by the Competition Act, 2010 and it mandated to promote and protect effective competition in the market as well as preventing misleading market conduct. In the fiscal year 2019/20, it is proposed to be allocated KSh. 361 million. However, the efficacy and performance of this body may be assessed to ensure it lives up to its mandate.

### 3.2 State Department for Planning

In order to achieve the mission of providing effective leadership and coordination in planning, policy formulation, tracking of results for a globally competitive and prosperous Kenya, the State Department for Planning is mandated to formulate and coordinate the implementation of economic policies as well as various interventions to facilitate the achievement of the country's economic and development objectives.

During the 2015/16 – 2017/18 MTEF period, it is noted that the State Department reported actual expenditure of KSh. 78 billion and the following achievements were realized: completed the medium term review of MTP II, conducted county consultations on MTP III and consequently finalized the said MTP as well as 28 sector plans; provided counties with support on the finalization of the development plans and M&E policies; developed indicators for the second generation of CIDPs; domesticated SDGs into the planning framework and developed census instruments for the 2019 Kenya Population and Housing Census as well as census mapping and sensitization in 33 counties.

Some challenges reported during this period were such as insufficient funding; human resource capacity gaps and lack of elaborate collaboration mechanisms among the levels of government on the planning function.

In the 2019/20 – 2021/22 MTEF period, the State Department plans to achieve the following: undertaking the Kenya Population and Housing Census; carry out the medium term review of the MTP III and sector plans; coordinate the implementation of the SDGs; development of the handbook for MTP III indicators; and enhanced socioeconomic development through the NG-CDF.

#### 3.2.1 Allocation to programmes (2019/20)

Vote	Programmes	Objectives	2018/19 (KSh. Millions)	2019/20 (KSh. Millions)	2020/21 (KSh. Millions)
Economic policy and national planning	1. Economic policy and national planning	To strengthen the linkage between planning, policy formulation and budgeting at all levels of government.	2,289	40,876	42,890

	2. National Statistical Information Services	to enhance evidence based decision making for socioeconomic development	9,609	11,329	4,071
	3. Monitoring and Evaluation Systems	To improve tracking of implementation of development policies, strategies, and programmes and projects	225	215	270
	4. Integrated Regional Development	To promote equitable and sustainable basin based development and land utilization	-	-	-
	5. General Administration, Planning and Support Services - Planning	To enhance efficient and effective service delivery in programmes implementation	360	402	426
	<b>Total</b>		<b>12,697</b>	<b>52,823</b>	<b>47,660</b>

The State Department is proposed to be allocated KSh. 52.82 billion in the fiscal year 2019/20 up from KSh. 12.7 billion in the current financial year. The programme under economic policy and national planning has an allocation of KSh. 40.8 billion out of which KSh. 38.9 billion is the proposed allocation to the NG-CDF. The allocation to the programme on the National Statistical Information Services takes up an allocation of KSh. 11.2 billion which is meant for census and surveys.

### 3.2.2 Key Targets for 2019/20

Target	Allocation (KSh. Mns)	Remarks
1. Establishment and operationalization of 47 county planning offices; provision of technical assistance on development planning to 47 counties under devolution support programme for results	196	The State Department had field offices prior to the advent of devolution. Therefore, this is an attempt to re-establish the national government field presence in Counties.



Disbursement of funds to fund projects in the 290 constituencies	38,700	This is the proposed allocation to the National Government Constituency Development Fund.
Production of 3 MTP III progress reports; capacity building of 35 officers on Modeling (T21); organizing and facilitation of NEPAD activities and reporting; 2 <sup>nd</sup> APRM county review report and acceding 13 county governments in the review mechanism; acceleration of 30 Vision 2030 flagship projects and one report.	633	These targets appear more of reporting and logistics. The proposed allocation may be reviewed accordingly to ensure prudence in the use of resources.
Policy research activities by KIPPRA	486	This is a transfer to the Kenya Institute for public Policy Research and Analysis (KIPPRA)
Produce 22 policy briefs on population issues; conduct 40 advocacy and sensitization fora on population and development issues; training 200 county government teams and media personnel on population projections and reporting respectively	546	This is transfer to the National Council for population and Development (NCPD). Targets do not appear commensurate with the allocation. Either the targets or the allocation ought to be reviewed.
2. Conduct the Kenya Population and Housing Census; development of 16 sector statistical plans; among others. Produce 38 various publications on surveys;	8,890 2,439	The total allocation of KSh. 11.3 billion for the Kenya National Bureau of Statistics for the census and surveys.
3. Holding 1 M&E conference; facilitate 15 counties to use online M&E system; training 47 counties and 100% of MDA staff on the use of e-NIMES; develop an M&E Bill and a national indicators handbook as well as APR on MTP III.	216	This is a proposed allocation to Monitoring & Evaluation Department under the state department for M&E activities.
4. Human resource support services.	401	Compensation to employees among other services.
<b>Total</b>	<b>52,823</b>	

### **3.2.3 Project Analysis**

The State Department has a total of 18 projects out of which, 15 are ongoing and have been allocated KSh. 42.8 billion which comprises of KSh. 38.7 billion NG-CDF.

### **3.2.4 Discussion**

1. The State Department seems to be planning to establish the County Planning Offices. This a key policy decision that needs to be scrutinized considering the Fourth Schedule with regard to the planning and statistics functions at both levels and also the need for collaboration so as to eliminate duplication.
2. The planned drafting of the Monitoring and Evaluation Bill together with the pending process of approving the attendant policy may require to be expedited so as to facilitate effective monitoring and evaluation of the government policies, projects and programmes. This will go a long way in institutionalizing the professional process of following up of implementation to aid effectual oversight by the legislature.
3. The Kenya Population and Housing Census is slated for the night of 24/25 August, 2019. All planning and preliminary work is on course and the exercise is expected to be conducted as scheduled. The huge sum of the KSh. 11.3 billion allocated to the programme on National Statistical System will be utilized to conduct the Census.
4. The proposed allocation to the National Council for Population and Development (NCPD) of KSh. 546 million may need to be reviewed bearing in mind that the targets for 2019/20 such as releasing policy briefs, organizing fora on population issues and trainings on population projections; look like they can easily be achieved with a lower allocation.

## **3.3 State Department for Devolution**

The mandate of the State Department of the Devolution include; devolution policy, intergovernmental relations, capacity building and technical assistance to County Governments, management, monitoring and evaluation of devolution affairs, special programmes, and food relief management and humanitarian emergency response.

In the 2015/16 – 2017/18 MTEF period, the State Department spent a cumulative amount of KSh. 8.098 billion and some of the key achievements during the period were: signing conditional financing grants for

local economic development projects with 15 counties targeting Big 4; developing policy on establishment of Regional Economic Blocs (REBs); reviewing County Government Act 2012 and Intergovernmental Relations Act 2012 (1<sup>st</sup> draft); conducting Annual Capacity and Performance Assessment (ACPA) in all 47 counties; reviewing the National Capacity Building Framework (NCBF) (1<sup>st</sup> draft); finalized verification and documentation of Assets and liabilities for defunct local authorities in all 47 counties which awaiting valuation, registration and transfer; providing relief food to 1 million people in food insecure ASAL counties; and developing framework for establishment of intergovernmental units in both National and County governments.

Some of the challenges encountered during the period include; inadequate funding leading to below target performance and pending bills; inadequate capacity to monitor and evaluate programme activities; uncertainty associated with election periods which negatively impact on programme implementation; high insecurity in some parts of the country which affects the implementation of some projects; high expectation from citizenry with regards to devolution; and low compliance to ethics and integrity standards.

In the FY 2019/20 – 2021/22, the following are the expected outputs; capacity building interventions and technical support to County Governments, support and implementation of investment projects and Local Economic Development projects funded under KDSP and EU respectively, review of devolution laws (County Government Act 2012 and Intergovernmental Relations Act 2012); development of attendant regulations; develop legal and regulations framework for establishment and operationalization of Regional Economic Blocs (REBs), provision of civic education on devolution and development of related frameworks and guidelines; strengthening of intergovernmental relations by institutionalizing Intergovernmental Alternative Dispute Resolution Mechanism; tracking of implementation of the devolved system of government; undertake identification and verification of Assets and Liabilities of parastatals and those of devolved functions undertaken; and provision of relief food to food insecure persons in 29 ASAL Counties.

### 3.3.1 Allocation to programmes (2019/20)

Vote	Programme	Objective	2018/19 (KSh. Millions)	2019/20 (KSh. Millions)	2020/21 (KSh. Millions)
State Dept. for Devolution	1. Devolution support services	To effective implementation of the devolved system of government	35,110	7,452	7,554
	2. Management of Intergovernmental Relations	To ensure harmonious intergovernmental relations at national and county levels	-	-	-
	3. General Administration, Planning and Support Services-Devolution	To provide efficient administrative services that would ensure effective execution of technical mandates of the state department	1,498	887	630
	4. Special initiatives	To provide relief and rehabilitation	1,695	54	54
<b>Total</b>			<b>38,304</b>	<b>8,392</b>	<b>8,238</b>

**Source: National Treasury (Budget Estimates)**

The proposed budget estimates for the State Department for Devolution for the fiscal year 2019/20 is KSh. 8,392 million down from KSh. 38,304 million in 2018/19 indicating a reduction of 78%. The proposed allocation comprises of KSh 992 million recurrent expenditure and KSh. 7,400 million development expenditure.

The Devolution support services programme is proposed to be allocated KSh. 7,452 million out of which Ksh. 6,800 million will be allotted to capacity building and civic education. This includes activities such as development and implementation of a devolution performance management system, implementation of a devolution knowledge management framework, annual capacity and performance assessment for KDSP, training on self-assessment and capacity building interventions to counties provided (KDSP) among others.

The General administration, planning and support services programme is proposed to be allocated KSh. 887 million. Out of which, KSh. 321.2 million has been allotted to human resource and support services such as the carrying out of work environment, customer service and employee satisfaction surveys. KSh. 562.9 million has been apportioned to finance management services such as the implementation of devolution tracker, the MTEP budget and Agro-processing projects under Instrument for Devolution Advice (IDEAS) among others.

### 3.3.2 Key targets for 2019/20

Target	Allocation (KSh. Mns)	Remarks
1. Development of a policy/legal framework submitted to cabinet for Regional Economic Blocs (REBs) and the monitoring and evaluation of devolution programmes.	128	The development of policy or legal framework on the Regional Economic Blocs need not take such amount of resources. May be reviewed.
Intergovernmental relations through development of consultative sectoral forums regulations, facilitation of annual devolution conference, facilitation of inter-ministerial coordination forums and the intergovernmental consultative sectoral forums for 14 sectors.	426	These targets appear not commensurate with the proposed allocation and may need to be reviewed.
Development and implementation of a devolution performance management system, implementation of a devolution knowledge management framework, annual capacity and performance assessment for KDSP, training on self-assessment and capacity building interventions to counties provided (KDSP)	6,832	a significant amount of this allocation is donor funded for the implementation of the devolution related projects.
Kenya symbiocity programme in order to establish and developed urban structures and plans  The UNDP support to devolution programme aims to create a legislation to facilitate transfer of functions and powers and conduct devolution studies and implement recommendation from the research.	47	KSh. 20.3 million to Kenya symbiocity programme and KSh. 27 million UNDP on the support to devolution programme.
2. Work environment, customer service and employee satisfaction survey conducted.	321	
Implementation of devolution tracker and the MTEP budget.	41	
Agro-processing projects. IDEAS – Instrument for Devolution Advice and support through agro-processing projects	522	
Development, installation and roll out of a web-enabled devolution MIS database as well as installation/ upgrade of LAN and WAN	3	

Target	Allocation (KSh. Mns)	Remarks
3. Provision of food to food insecure populations in ASALs counties and examination and appraisal as well as rehabilitation activities in 23 ASAL counties.	54	
<b>Total</b>	<b>8,392</b>	

### 3.3.3 Discussion

- i.) The identification and verification of the assets and liabilities exercise should be expedited considering that it ought to have been done immediately before devolution so as each level of government start with full knowledge of which assets and liabilities are accorded.
- ii.) The core function of this State Department still seems to be training and capacity building of counties. Six (6) years of implementing devolution should be enough time those activities as capacity building should be down-scaled substantially in order to channel resources to other more deserving programmes.

## 3.4 Commissions and Independent Office

### 3.4.1 The Controller of Budget

The office is mandated to authorize Exchequer releases for National and County Governments, and report on the budget implementation.

In the previous MTEF period (2015/16 – 2017/18) the office of the Controller of Budget published the statutory budget implementation reports; approved Exchequer releases to national government and county governments; sensitized the public on the mandate of the office; analyzed and provided advice on the need to reduce unrealistic revenue projections among others.

Some constraints experienced during this period included: delays in submission of expenditure returns by some MDAs; lack of public awareness on their rights and role in the budget making process; lack of clear guidelines on public participation forums and delays in publishing and publicizing the Quarterly Budget Implementation Review Reports due to incomplete submission of financial reports by some MDAs.

The Office intends to conduct monitoring and evaluation of projects in 47 counties and conduct research on budget implementation in addition to the usual functions of approving exchequer releases and budget implementation reporting.

### **3.4.2 The Salaries and Remuneration Commission**

The Commission is mandated to set and regularly review the remuneration and benefits of State Officers, and also to advise the National and County Governments, on the remuneration and benefits to all other public officers.

The Commission spent a total of KSh. 1.818 billion in the MTEF period 2015/16 – 2017/18 and achieved the following: the Job Evaluation for the entire public service was completed; 466 advisories on remuneration and benefits were issued; reviewed remuneration and benefit structure for the State Officers as well as reviewing allowances in the public service; developed wage bill forecasting model, conducted compliance checks and developed compliance register and harmonized collective bargaining agreements.

Some challenges experienced in this period comprised of: non-compliance with the advisory on the collective bargaining agreements management; litigations and industrial unrest; increased number of employees in the public service. The challenges will be addressed through capacity building and stakeholder engagements.

In the MTEF period 2019/20 -2021/22, the Commission plans to issue Collective Bargaining Agreement advisories as well as Remuneration and Benefits advisories and circulars having completed the salary structure for state officers, carrying out compliance audits in 344 counties and MDAs, conducting quarterly wage bill forecasts and drafting remuneration and benefits Bill, develop framework for rewarding productivity, rationalize allowances in the public service, implementation of Job Evaluation and reviewing the remuneration and benefits structure for state officers.

### **3.4.3 The Commission on Revenue Allocation**

The Commission is established by Article 215 of the Constitution and Article 216 provides for the functions, as also expounded in the Commission on Revenue Allocation Act.

In the 2015/16 – 2017/18 MTEF period, the Commission spent KSh. 992 million and achieved the following: recommendations on revenue sharing between the two levels of government; developed the second policy of identifying marginalized areas; reviewed 37 County Finance Bills and 11 annual development plans (ADPs) as well as County Fiscal Strategy papers (CFSPs) among others.

The Commission intends to produce one marginalization master plan in 2019/20, annual recommendation of recurrent ceiling, inducting of County Budget and Economic Forum, one framework for financing urban areas and cities, a recommendation for sharing of natural resources revenue and a recommendation of sharing of revenue between the National and County Governments.

#### 3.4.4 Allocation to programmes

Votes	Programmes	Objectives	2018/19 (KSh. Millions)	2019/20 (KSh. Millions)	2020/21 (KSh. Millions)
Commission on Revenue Allocation	Inter government revenue and financial matters	To ensure equitable vertical and horizontal sharing of resources; promote good financial management; enhance revenue collection by both levels of government governments; and narrow marginalization gap	421	457	490
Salaries and Remuneration Commission	Salaries and Benefits Management in the Public Service	To ensure a dynamic and harmonized competitive remuneration structure in the public service that rewards productivity, attract and retains required skills; is transparent and also fiscally sustainable	549	649	604
Controller of Budget	Control and Management of Public finances.	To promote prudent public financial management by authorizing withdrawals from Public Funds and reporting on budget	602	703	745



		implementation to National and County Governments to Parliament			
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### 3.4.5 Key Targets

Target	Allocation (KSh. Mns)	Remarks
<b>1. Controller of Budget</b>	<b>703</b>	
Timely approval of Exchequer requisitions (within a day) and processing and approving 10 files;  Processing and approving 100 public debt files each within 5 days;  Processing 600 pensions and gratuity files within 5 days	219	These targets appear more of desk work and logistics. Therefore, this allocation may need to be adjusted accordingly.
Produce 8 reports on budget implementation and hold 2 forums on sensitization regarding budget implementation	47	The budget implementation report will be more useful for oversight if they contain achievement of the targets. That is, both financial and non-financial performance.
Human resource services	414	This is the allocation for compensation to employees as well as other operating expenses.
Produce one report on survey regarding budget implementation and produce 24 M&E reports	21	
<b>2. Salaries and Remuneration Commission</b>	<b>650</b>	
Issue 1 advisory and circular on remuneration and benefits; issue 1 CBA advisory, conduct 47 compliance audits in counties, 110 in state	650	Some of the targets appear may need to be reviewed. For instance, <ul style="list-style-type: none"> <li>the drafting of the Remuneration and Benefits Bill is a policy</li> </ul>

<p>corporations, 21 in state departments, 16 in independent offices and Commissions, and build capacity in 150 institutions;</p> <p>Draft 1 Remuneration and Benefits Bill;</p> <p>Incorporate 2 public institutions into the public service wage bill database;</p> <p>Conduct 4 (quarterly) wage bill forecasts, process 20 job evaluation appeals and carry out 10 new job evaluations; and</p> <p>Develop a curriculum on remuneration and benefits management and use it to train 68 institutions.</p>		<p>function of the National Treasury.</p> <ul style="list-style-type: none"> <li>the wage bill forecasting does not seem to be in a position to address the mandate of the Commission.</li> </ul>
<p><b>3. The Commission on Revenue Allocation</b></p>	<p><b>456</b></p>	
<p>Administrative services</p>	<p>399</p>	
<p>Provide a recommendation on revenue sharing formula; disseminate the 3<sup>rd</sup> Generation Revenue Sharing Formula; produce a framework on financing cities and urban areas as well as 2 recommendations on natural resources sharing</p>	<p>23</p>	
<p>Recommendation on recurrent ceiling for counties; make 47 recommendations on CIDPS, ADPs, CFSPs and county budgets and induct 47 CBEFs</p>	<p>16</p>	
<p>Disseminate the 2<sup>nd</sup> policy on marginalized areas, complete 80% marginalization master plan &amp; report on the impact of marginalization policy.</p>	<p>18</p>	

## **4. SUMMARY OF KEY ISSUES**

### **4.1 Assets and Liabilities register by the State Department for Devolution**

The exercise of identification and verification of the assets and liabilities that is slated to be undertaken by the State Department should be expedited considering that it ought to have been done immediately before devolution to enable each level of government to know their assets and liabilities before hand for better planning, budgeting and proper management of public affairs. This important exercise is still pending 6 years into devolution and therefore, ought to be accelerated.

### **4.2 Stalled Projects versus the total number of project portfolio especially under the National Treasury & Planning**

It has been reported that on overall, there are a total of 545 stalled projects whose total estimated cost is KSh. 365.9 billion (KSh. 286.9 GoK and KSh. 78.9 billion foreign financing) and some of them are as old as 10 years to date. The longest was expected to be completed in around 2022, three years away. However, only KSh. 72.5 billion has been spent by June, 2018 leaving a balance of a whopping KSh. 293.4 billion. The total project portfolio is more than 1,000 which are at different stages of implementation.

There is a possibility that there could be more projects which seem to be ongoing but exhibiting characteristics of stalling and they have not been documented as yet. Therefore, a decision may need to be made on the fate of these 545 projects and other potential ones which may be at the verge of stalling, bearing in mind the attendant risks associated with keeping the contact active but not the work itself.

The National Treasury has a total of 36 projects (KSh. 33.6 billion) and Planning 16 projects (KSh. 40.9 billion) on 2019/20. It is noted that most of these projects have been in the ongoing for so many years which is likely to occasion cost escalation risks. Prioritization will also help to reorient resources towards fewer projects to their logical conclusion before commencing the next batch. It is noted that the project list submitted together with the estimates lacks basic details such as the total cost of projects and implementation status.

It may also be imperative to explore the possibility of remodeling county governments to be the real economic development centres as opposed to be replicating the national government. For instance, an amendment to Section 15 of the Public Finance Management Act, 2012 on capital expenditure cap.

### **4.3 Salaries and Remuneration Commission (SRC) on Wage Bill**

The Commission intends to, among other things, develop a wage bill forecasting model, enhance compliance checks on the Commission's advisory, develop legal framework for managing remuneration and benefits. These roles appear to be misplaced considering the Commission's mandate.

The public wage bill has been on an upward trajectory since 2013 to-date. The mandate of SRC revolves around containing the public wage bill through the job evaluations among other measures. However, it is clear that job evaluations and harmonization of benefits to employees may not be the solution to the runaway wage bill both at the national and near-unsustainably at county levels. This may be due to the fact that the Commission does not have control on the number of employees in various government organizations.

A policy direction may be explored whether the proposed activities and targets such as development of legal framework for the Management of the remuneration and benefits (Remuneration and Benefits Bill) as well as the investment in developing and maintaining a wage bill forecasting model among other targets for 2019/19 are in line with the Commission's mandate.

### **4.4 Mandate of the Commission on Revenue Allocation (CRA)**

In the previous Medium Term Expenditure Framework, that is 2015/16 – 2017/18, some of the activities reported to have been carried out by the Commission included reviews of Division of Revenue and County Allocation of Revenue Bills, reviewing 37 county finance Bills, 11 Annual Development Plans, and County Fiscal Strategy paper, which are off course in line with the Commission's mandate. These are very important activities that ought to be done to ensure that Counties are given proper guidance and advice in the management of public finances.

### **4.5 Budget implementation reporting by the Controller of Budget (CoB)**

The Controller of Budget is required, by law, to report to Parliament and the legislative assemblies in county governments, the budget implementation. Nevertheless, it has been noted that the reporting only contains the financial performance leaving out the non-financial performance. Therefore, it is imperative for the office to start analysing and reporting on the quarterly achievement of targets and key performance indicators. This will facilitate effective oversight by the legislature.

## **5. POLICY OPTIONS**

In view of the summary of analysis of the BPS 2019, the following policy options may be considered by the Committee.

1. Approve the budget estimates for the Votes as presented: This can be done if the 2019/20 budget estimates are fully in line with the Committees views including that of stakeholders. The National Assembly has power to review, scrutinize and make amendments where it is deemed necessary (Option2).
2. Propose adjustments to the proposed allocations to the programmes and projects: this process will be a culmination of analysis and engagement of the relevant agencies and stakeholders by the Committee and proposing requisite amendments to the 2019/20 budget estimates.

## **6. CONCLUSION**

The 2019 budget estimates for 2019/20 has presented a means of re-orienting budgetary resources towards the implementation of the "Big Four" economic plan together with the six enablers, which are the main focus in the flagship projects prioritized in the Third Medium Term Plan of the Kenya Vision 2030. Therefore, the success of this year's budget and by extension that of the Vision will be anchored on meticulous implementation of the planned projects and programmes through partnership and collaboration between the two levels of government and also among the county governments.

**ANNEX VI**  
**LIST OF RECONCILABLE DEVELOPMENT PROJECTS**

Name of the project	Source	Start Date	Expected of Completion	Status	Budget Allocation (2018/19)	Budget Allocation (2019/20)	Budget Allocation (2020/21)	Total Cost (Estimated) KSh. M
<b>The National Treasury</b>								
D1071/1 Construction and Refurbishment of Sub-County Treasuries	GoK	2015	2022	Ongoing	85	54	54	1,860
D1071/2 Establishment of Secure & Coordinated Border Control Point	GoK	2015	2021	Ongoing	150	250	250	1,102
D1071/3 Construction of Alternate Data Recovery Centre	GoK	2015	2023	Ongoing	150	250	250	1,236
D1071/4 Infrastructure Finance & PPP Projects	Foreign			Ongoing	323	189	189	
D1071/5 Professional capacity building program for policy analyst	GoK	2016	2022	Ongoing	50	50	50	880
D1071/6 Enterprise resource planning and customer relations mgt systems	GoK	2016	2022	Ongoing	150	250	250	1,045
D1071/7 Treasury-Bima-Herufi Security System: Car Scanners, Fire Systems, CCTV	GoK			Ongoing	100	100	100	
D1071/8 Rehabilitation & Expansion of Herufi Data Centre	GoK	2014	2022	Ongoing	70	70	70	3,550
D1071/9 Regional Integration Implementation Programme	Foreign			Ongoing	250	250	250	
D1071/10 Replacement of four lifts at BIMA	GoK	2018	2019	Ongoing	50	-	-	70
D1071/11 Development, & Implementation of IFMIS Academy & Oracle SOA Suite	GoK	2014	2023	Ongoing	415	425	425	1,546
D1071/12 Procurement of County point to point connectivity for IFMIS system	GoK	2016	2022	Ongoing	200	200	200	900

D1071/13 Provision of Procure to Pay - System Integrator for Parastatals	GoK	2017	2022	Ongoing	300	300	300	1,479
D1071/14 Dev't of integrated unclaimed financial assets reporting systems	GoK	2015	2022	Ongoing	50	50	50	250
D1071/15 Establishment of regional offices – PPOA	GoK	2015	2022	Ongoing	240	300	300	1,328
D1071/16 Single Window Support Project	GoK	2014	2022	Ongoing	300	300	300	3,000
D1071/17 Study and capacity building III	GoK	2017	2021	Ongoing	10	10	10	38
D1071/18 Technical support programme ERD	Foreign	2017	2020	Ongoing	20	20	20	150
D1071/19 Support to PFMR	GoK/Foreign	2014	2022	Ongoing	1,233	1,233	1,233	7,269
D1071/20 Financial Sector Support Project – FSSP	Foreign	2015	2023	Ongoing	866	584	584	2,705
D1071/21 Equity acquisition and maintenance in TEAMS	GoK	2016	2022	Ongoing	80	80	80	400
D1071/22 Infrastructure Finance & PPP Project 2	Foreign			Ongoing	443	310	310	
D1071/23 Strategic Investments in Public Enterprises	GoK	2014	2025	Ongoing	3,700	3,000	700	77,675
D1071/24 Development of market openness gauge system	GoK	2016	2022	Ongoing	55	55	55	375
D1071/25 micro-finance sector support PROFIT	GoK/Foreign	2016	2021	Ongoing	355	-	-	3,364
D1071/26 Special Global fund - Malaria grant Ken-M	GoK/Donor	2021	2120	New	2,237	927	-	3,901
D1071/27 Special Global fund - HIV/AIDS grant Ken-H	GoK/Donor	2017	2021	New	8,201	9,361	5,602	23,157
D1071/28 Special Global fund - TB grant Ken-T	GoK/Donor	2017	2021	New	1,014	1,014	524	2,552
D1071/29 Document management system	GoK	2017	2020	Ongoing	50	50	50	268
D1071/30 Renewal of oracle licenses and provision of IFMIS support on application and hardware	GoK	2014	2023	Ongoing	50	50	50	3,800

D1071/31 Civil contingency fund transfers	GoK	2018	2019	Ongoing	5,000	5,000	5,000	30,000
D1071/32 Regional Integration Implementation Programme	GoK	2016	2019	Ongoing	200	200	200	1,157
D1071/33 Equalization fund transfers	GoK	2017	2022	Ongoing	5,765	8,601	9,470	42
D1071/34 Equity and subscription in international financial institutions	GoK	2016	2023	Ongoing	1,120	1,120	1,120	20,988
D1071/35 Replacement of 4 lifts in Bima House	GoK			Ongoing	50	-	-	
D1071/36 Water Reticulation Works at Treasury, Bima and Herufi Houses	GoK	2016	2022	Ongoing	280	280	140	900
<b>Total for D1071</b>					<b>33,612</b>	<b>34,933</b>	<b>28,185</b>	<b>196,988</b>

**State Department for Planning**

D1072/1 Devolution Support Programme for Results	GoK	2017	2022	Ongoing	60	91	54	420
D1072/2 Community Empowerment and Institutional Support Project	GoK	2009	2017	Ongoing	33	35	35	212
D1072/3 NGCDF	GoK	2003	-	Ongoing	38,750	40,750	40,750	900,000
D1072/4 Macroeconomic Planning & Integration Relations	GoK/Foreign	2015	2021	Ongoing	52	53	67	1,400
D1072/5 ACBF Support to KIPPRA	GoK	2011	2019	ongoing	53	53	76	579
D1072/6 Economic Empowerment Project	GoK	2013	2021	Ongoing	4	4	4	582
D1072/7 Social Policy & Research HQ	Foreign	2006	2020	Ongoing	12	12	12	200
D1072/8 Integration & Coordination ICPD POA-NCAPD	GoK/Foreign	2011	2019	Ongoing	215	159	159	2,699
D1072/9 Data collection and Data Base Development	Foreign	2012	2022	Ongoing	67	6	6	277
D1072/10 Social Policy & Statistics KNBS	Foreign	2110	2020	ongoing	13	13	13	135



D1072/11 KNBS - Census	GoK	2010	2021	ongoing	20	29	59	550
D1072/12 Kenya Statistics Programme for Results	GoK	2015	2021	Ongoing	1,389	1,389	1,389	8,334
D1072/13 NIMES HQ	Foreign	2011	2021	Ongoing	95	115	136	1,331
D1072/14 M&E Directorate HQ	Foreign	2009	2019	Ongoing	7	9	9	100
D1072/15 Social Policy MED HQ	Foreign	2009	2019	Ongoing	2	6	6	213
D1072/16 National Food & Nutrition Project – KNBS	Foreign				90	90	90	
D1072/17 Making Every Woman and Child Count	Foreign				5	5	5	
D1072/18 Child Sensitivity Budget Analysis	Foreign				53	-	-	
<b>Total for D1072</b>					<b>40,921</b>	<b>42,819</b>	<b>42,870</b>	<b>917,031</b>

**MINISTRY OF DEVOLUTION AND ASAL**  
**STATE DEPARTMENT OF DEVOLUTION**

**Capital Projects/Program Budget Allocations 2019/2020 FY**

**Development Vote**

<b>Program Details</b>	<b>Component Type</b>	<b>Approved 2018/19 FY [Kshs]</b>	<b>Draft Estimates 2019/20 FY [Kshs]</b>	<b>Status</b>	<b>Linkages with BIG Four plan</b>
Kenya Symbiocity Programme	Donor	114,300,000	20,300,000	On-going	Housing providing technical support urban planning to seven counties
Kenya Devolution Support Program( Pfor) [KDSP]	County Transfers	6,300,000,000	6,000,000,000	On-going	Supports the big four under food security, health and manufacturing
	G.O.K	833,597,126	832,000,000	On-going	
UNDP-Support to Devolution Programme	Donor	50,000,000	-	Phase 1 Ended the second phased to be launched with 2019/20FY	Supports policy issues
Instruments for Devolution Advice and Support [IDEAS] Program	G.O.K	27,000,000	27,000,000	On-going	Funding from European Union
MT ASAL Programme[MTAP 111]	Donor	173,000,000	521,699,933	Ended was to pay refund for balances	
National Constituency Development Fund	Donor	3,072,874	-	Transferred to State Department for planning	
<b>TOTAL EXPENDITURE D.1032</b>	<b>[Kshs]</b>	<b>40,787,132,000</b>	<b>7,400,999,933.00</b>		

## ANNEX VII

REPUBLIC OF KENYA

NATIONAL ASSEMBLY  
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING  
ADOPTION SCHEDULE

**ADOPTION SCHEDULE FOR THE REPORT ON THE CONSIDERATION OF ANNUAL BUDGET ESTIMATES FOR THE FY 2019/20**

DATE: 29<sup>TH</sup> MAY, 2019

NAME	SIGNATURE
1. HON. JOSEPH K. LIMO, MP – CHAIRMAN	
2. HON. ISAAC W. NDIRANGU – VICE-CHAIRMAN	
3. HON. JIMMY O. ANGWENYI, MP	
4. HON. CHRISTOPHER OMULELE, MP	
5. HON. SHAKEEL SHABBIR AHMED, MP	
6. HON. DR. ENOCH KIBUNGUCHY, MP	
7. HON. ABDUL RAHIM DA WOOD, MP	
8. HON. DANIEL E. NANOK, MP	
9. HON. ANDREW A. OKUOME, MP	
10. HON. DAVID M. MBONI, MP	
11. HON. KURIA KIMANI, MP	
12. HON. JOSEPH M. OYULA, MP	
13. HON. JOSHUA KANDIE, MP	
14. HON. LYDIA H. MIZIGHI, MP	
15. HON. MOHAMED ALI, MP	
16. HON. PURITY NGIRICI, MP	
17. HON. SAMUEL ATANDI, MP	
18. HON. STANLEY M. MUTHAMA, MP	
19. HON EDITH NYENZE, MP	