KENYA NATIONAL ASSEMBLY
TENTH PARLIAMENT – FOURTH SESSION

REPORT
OF
DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE
ON
THE EXAMINATION OF THE 2012/2013 FINANCIAL ESTIMATES FOR THE LINE MINISTRIES & COMMISSIONS

(i) Ministry Planning, National Development & Vision 2030 – Vote 106

(ii) Office of the Deputy Prime Minister & Ministry of Finance – Vote 107

(iii) Ministry of Trade – Vote 116

(iv) Ministry of Tourism – Vote 146

(v) Ministry of Industrialization – Vote 160

(vi) Commission on Revenue Allocation- Vote 206

(vii) Salaries & Remuneration Commission- Vote 208

1.0 PREFACE

Hon. Speaker Sir,

On behalf of the Departmental Committee No. "F" on Finance, Planning, Trade & Tourism and pursuant to the provisions of Standing Order No. 152 (2), it is my pleasure and duty to present to the House, the Committee's Report on the examination of the 2012/2013 Financial Estimates for the line Ministries: Votes 106, 107, 116, 146, 160, 206 & 208. The 2012/2013 Financial Estimates were laid in the House on 26th April, 2012 and committed to the respective Departmental Committees for examination pursuant to Standing Order No. 152(1).

The Finance, Planning & Trade Committee is one of the Departmental Committees established under Standing Order No. 198 whose functions are:-

(i) 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;

(ii) To study the programme and policy objectives of the Ministries and Departments and the effectiveness for the implementation;

(iii) To study and review all legislation referred to it;

(iv) To study, assess and analyse the relative success of the Ministries and Departments as measured by the results obtained as compared with their stated objectives;

(v) 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 or a Minister; and

(vi) To make reports and recommendations to the House as often as possible including recommendations of proposed legislation.

The subjects falling within the purview of the Departmental Committee on Finance, Planning, Trade & Tourism are:-

- Public Finance, Banking and Insurance;
- Population and National Development;
- Trade, Tourism promotion and management;
- Commerce and Industry.

The Committee's line Ministries and Commissions are:-

(i) Ministry Finance
(ii) Ministry of Planning, National Development & Vision 2030
(iii) Ministry of Industrialization
(iv) Ministry of Tourism
(vi) Ministry of Trade
(vii) Commission on Revenue Allocation
(viii) Salaries & Remuneration Commission

The Committee membership comprise of the following:-

The Hon. Chrysanthus Okemo, EGH, MP - **(Chairman)**
The Hon. (Prof.) Philip Kaloki, MP - **(Vice Chairman)**
The Hon. Jakoyo Midiwo, MGH, MP
The Hon. Musikari Kombo, MP
The Hon. Lucas Chepkitony, MP
The Hon. Lenny M. Kivuti, MP
The Hon. Nelson Gaichuhie, MP
The Hon. Ntoitha M'Mithiaru, MP
The Hon. Shakeel Ahmed Shabbir, MP

The Hon. Nkoidila Ole Lankas, MP

The Hon. Sammy Mwaita, MP

Mr. Speaker Sir,

The Committee held meetings with the line Ministries, the Commission on Revenue Allocation and Salaries and Remuneration Commission to deliberate on their respective Financial Estimates for 2012/13. The Committee recommends that Treasury provide additional funding to the following line Ministries as requested to enable them implement the key programmes/projects which have been grossly underfunded or have no budgetary allocation as detailed in their respective votes-

- Ministry of Planning
- Ministry of Tourism
- Ministry of Trade
- Ministry of Industrialization
- Salaries & Remuneration Commission

Mr. Speaker Sir,

On behalf of the Departmental Committee on Finance, Planning & Trade, I have the honour and pleasure to present the Committee's Report on the Financial Estimates for the line Ministries: Votes 106, 107, 116, 146, 160, 206 & 208 May I take this opportunity to thank all Members of the Committee for their input and valuable contributions during the deliberations on the matter.

Thank you

Signed ....

Hon. Chrysanthus Okemo, EGH, MP

Chairman,
Departmental Committee on Finance, Planning & Trade

Date ....23/5/2012....

2.0 MINISTRY OF PLANNING, NATIONAL DEVELOPMENT & VISION 2030 - VOTE 106

Resource Allocation (Kshs)	2011/2012	Absorption rate	2012/2013
Recurrent Expenditure	2,375,201,920	99.7%	2,856,791,140
Development Expenditure	16,588,470,200	96%	24,479,214,914

MANDATE

The Ministry of Planning, National Development and Vision 2030 plays a key and strategic role in the overall structure of government administration. The Ministry's mandate is to facilitate and coordinate the national development planning process and to provide leadership in national economic policy management.

The core functions of the Ministry include the following:-

- The coordination of government economic policies, including regional and international cooperation policies;
- The coordination and preparation of the planning components of the Budget;
- The provision of leadership and coordination in the preparation of the main National Strategic Papers such as Economic Recovery Strategy (ERS), Vision 2030 and Medium Term Plans;
- The coordination and management of population, economic and national statistical services within the government;
- The coordination and provision of leadership in the national Monitoring and Evaluation of economic trends and policy;
- The coordination of Constituencies Development Fund.
- Kenya Institute for Public Policy Research & Analysis;
- New Partnership for African Development (NEPAD);
- Monitoring of Millenium Development Goals;
- District Focus Strategy for Rural Development;
- Implementation of Vision 2030;

- Economic Commission for Africa;
- African Caribbean and Pacific (ACP);
- African Peer Review Mechanism (APRM).

2.1 MINISTRY'S OBJECTIVES AND BUDGETARY REQUIREMENTS

(i) The Ministry has been allocated a Net total of Kshs 27,336,006,054 for FY 2012/13 against a resource requirement of Kshs 30,700,000,000.00 resulting in a shortfall of Kshs 3,363,993,946.

(ii) The key Ministerial activities that will be affected by this shortfall include:-

- Operation of the Vision 2030 Delivery Secretariat;
- Establishment of South-South Co-operation Secretariat;
- Provision of transport and requisite activities for District Development Offices;
- Participation in the NEPAD and African Peer Review Mechanism (APRM) activities;
- Expansion of Rural Resource Centre;
- Operations and up-scaling the Poverty Eradication Commission activities;
- Provision of transport and requisite activities for District Development Offices;
- The re-positioning of family planning programmes in order to bring the population growth under control.

(iii) At the bare minimum, the Ministry will require an additional funding of Kshs 351,064,000/- for the following:-

1. To purchase at least 60 vehicles for the field officers in the Devolved Government functions – Kshs 300 million.
2. Recruitment of 100 Clerks to be deployed in the District Information and Data Centres - Kshs 30,000,000/-.

3. Dissemination of the Vision 2030 Targets by the Vision Delivery Secretariat - Kshs 410 million.
4. Operations and maintenance expenses for County Development Officers – Kshs 702 million.
5. To carry out Integrated Household Survey to determine Poverty Level in the country – Kshs 500 million.
6. NCPD for population services – Kshs 430 million
7. Enhancing revolving fund to Poverty Eradication Commission Development Budget – Kshs 400 million.
8. NEPAD – Kshs 100 million
9. Establishment of the South-South Centre – Kshs 80 million.

2.2 COMMITTEE'S OBSERVATIONS

- The Ministry lacks vehicles to enhance monitoring and evaluation at the district level. New districts have been created without offices, equipment and vehicles hence no effective monitoring. The money requested for the purchase of vehicles was not granted.

- The Poverty Eradication Commission appears to have out lived its usefulness since the government has come up with different policies to address some of the Commission's functions e.g. Constituency Development Fund. In view of the overlapping mandate, this Commission should be sunset.

- The Ministry should sensitize the public on the Revolving Fund being administered by the Poverty Eradication Commission and the criteria for the selection of 20 districts annually for allocation of the fund.

2.3 COMMITTEE'S RECOMMENDATIONS

(i) The Delivery Secretariat should be fully funded since Vision 2030 is the road map for the country's economic development and the Ministry should not rely on external funding for a Commission that is intended to make the country emerge as a prosperous modern nation.

(ii) The Constituency Development Fund should be devolved at county level but ring-fenced for respective constituencies.

(iii) The Treasury should provide additional funding to the Ministry to implement the following programmes which were grossly underfunded:-

1. <u>Kenya integrated Household Budgetary Survey (KIHBS)</u>

   KIHBS is a national survey that generates indicators on households standards of living for policy planning. The last survey was undertaken in 2005/06 and was successfully used as a criterion for allocating Constituency Development Funds. The data collected in the last survey is now outdated hence the urgent need for an update. **The survey is estimated to cost Kshs 500m.**

   The survey will provide the following:-

   - Baseline data on selected spectrum of indicators at county level.
   - Current representative data that depict household consumption and poverty levels at the national and county level.
   - Facilitate the design of policies and legislation under the new Constitution.

- Effective distribution of resources by the national and county governments.
- A wealth of data for research institutions and other stakeholders to conduct further analysis to inform policy formulation

2. Recruitment of field officers

   In order to offer efficient services to the 290 constituencies in 2012/13 FY, every constituency should have a District Development Officer (DDO), a Deputy, a Clerk and a Secretary. As a first phase, the Ministry nedd to recruit additional 80 DDOs, 190 Deputy DDOs and 100 Clerks to de deployed in the additional 80 constituencies in line with the new constitutional dispensation and to be provided with basic office equipments. **This translates to additional Kshs 200m.**

3. Micro & Small enterprise Survey (MSE)

   The last baseline survey of MSE was conducted in 1999 and the indicators provided by this survey are outdated hence the need for Kenya National Bureau of Statistics to undertake an MSE survey to update the indicators to provide:-

   - Estimates on the magnitude and contribution of the MSE sector to the Kenyan economy in the face of a substantially liberalized economy and changing economic opportunities.
   - The tracking of growth and/or decline not only in MSE sector but in key components such as the rural SME sector, Youth/Women-owned enterprises or

manufacturing activities. **The proposed survey is estimated to cost Kshs 100m.**

4. Establishment of South-South Center in Kenya

   A South Centre provides an effective institutional framework for promoting sustainable development and economic partnerships among developing countries. Kenya and Eastern African region does not have a structured mechanism for effective handling South-South cooperation issues which are normally done in an ad hoc manner.

   The Ministry of Planning is the focal point for South-South Cooperation activities and a National Standing Technical Committee has been established to coordinate the South-South activities. The Cabinet approved the setting up of the South-South Centre in March, 2012 and the initial start-up budgetary provision of **Kshs 58 million** will be required and scaled up in the subsequent years.

3.0 MINISTRY OF FINANCE - VOTE 107

Resource Allocation (Kshs)	2011/2012	2012/2013
Recurrent Expenditure	16,366,400,000	31,152,255,000
Development Expenditure	22,381,840,940	20,919,302,200

MANDATE

- The Ministry of Finance coordinates all government financial operations and implements the economic, fiscal and monetary policies in the country. The Ministry's mandate includes amongst others; the formulation and implementation of sound economic, fiscal and monetary policies and provision of overall direction, control and management of public finances. The Ministry is therefore charged with the responsibility of preparing the budget, facilitating disbursements from the Consolidated Fund and monitoring the implementation of the budget in line with the government policy.

- The Ministry is also holding funds in respect of critical development initiatives awaiting disbursement to the implementing agencies once the relevant implementation modalities are prepared and greed on. Therefore, the Ministry's Vote is used as a Clearing-House for funds awaiting delineation to various parastatals and government bodies.

3.1 MINISTRY'S OBJECTIVES AND BUDGETARY REQUIREMENTS FOR 2012/13

The Ministry has a budgetary provision of Kshs 60,969 billion to cater for its programmes, projects and activities during FY 2012/13. Out of this Kshs 9,165 billion will be financed through Appropriations In Aid while Kshs 3,267 billion will be financed through Donor Revenue, leaving a balance of Kshs 48,537 billion to be financed from the Exchequer. The Ministry will be implementing the following 4 major programmes:-

(i) Public Financial Management

The programme involves formulation and implementation of policies relating to mobilization, allocation and management of public financial resources and also serves as a coordination hub for the preparation of the annual budget in liaison with other government ministries, departments and agencies. The programme will require Kshs 42,884 million.

(ii) Economic and Financial Policy Formulation and Management Sector

The programme involves the development of a strong and stable financial sector to facilitate economic development and will entail supervision and regulation of banking, capital market, retirement benefits and insurance sectors. The programme will require Kshs 4,194 million

(iii) Fair Trade Practices and Creation of an Enabling Business

The programme involves creating an enabling environment for private sector participation in economic development. This will entail provision of incentives to investors, implementation of regional and international economic cooperation agreements, removal of unfair trade practices and barriers to trade and investment, and consumer protection. The programme will require Kshs 707 million.

3.2 MINISTRY'S ACHIEVEMENTS

The Ministry has achieved the following in the last three years:-

(i) Macro-economic stability

- Strong economic performance was possible through the pursuit of policies supportive of stable macro-economic conditions.

- Mitigating measures led to an estimated GDP growth of 4.5% in 2011 and a rebound to 5.2% in 2012. In terms of fiscal years, the projection translate to 5.5% for 2012/13 and 5.9% for 2013/14.

- The estimated growth will be anchored on continued expansion in Agriculture, tourism, construction, transport and Communication/ICT.

(ii) Revenue mobilization

The Ministry has consistently met its objective of maintaining revenue collection above 21% of GDP. In nominal terms, revenue collection has improved significantly from Kshs 487.9 billion in 2008/09 to over Kshs 680 billion in 2010/11 and cumulative revenue receipts of Kshs 440.3 billion as at February, 2012 against a target of Kshs 488.3 billion reflecting an under-performance of Kshs 48 billion.

(iii) Expenditures

- Total expenditures rose from Kshs 609.1 billion in 2008/09 to Kshs 1.1 trillion in 2011/12. Recurrent expenditures rose from Kshs 431.2 billion in 2008/09 to 663.7 billion in 2011/12 while the development expenditure rose from Kshs 166.3 billion in 2008/09 to over Kshs 401.1 billion in 2011/12.

- The increase in expenditures reflected the Government desires to finance prop-poor and pro-growth priority programmes and projects such as health, education and physical infrastructure. In addition, significant resources have been earmarked in 20112/13 FY for the implementation of the Constitution.

(iv) Financing

- ♦ The government priority has been to reduce the overall fiscal balance to 3.2 % of the GDP. Due to low revenue collection, the net domestic borrowing was Kshs 107 billion in nominal terms as at March, 2012 while net external borrowing was Kshs 27.3 billion.

- ♦ As the government moved to cushion the economy from the adverse effects of the shocks of 2008, the fiscal deficit expanded from a virtual surplus in 2007/08 to 7.1% in 2009/10 before dropping to 3.9% in 2010/11 and increasing marginally to 4.3% to GDP in 2011/12.

- With the improvement in macro-economic performance, Kenya faces a low risk of external debt distress, although a cautious approach has been pursued to ensure debt sustainability.

(v). Reforms

The Ministry in collaboration with stakeholders and with a view to enhancing financial management in the public sector, has carried out reforms under the following key areas:-

- Procurement
- Tax modernization
- Business Licensing
- Pension Management
- Competition Policy and Law
- Privatization and Parastatal management
- Public Expenditure and Financial Management (IFMIS)
- Financial Sector restructuring and management

3.3 COMMITTEE'S OBSERVATIONS

(i) There is no justification in giving grants to Telkom Kenya which has been privatized.

(ii) There is no justification for the Ministry to hold funds in respect of critical development initiatives by the respective line ministries and parastatals.

4.0 MINISTRY OF TRADE - VOTE 116

Resource Allocation (Kshs)	2011/2012	Absorption rate	2012/2013
Recurrent Expenditure	1,652,860,549	64%	1,469,648,000
Development Expenditure	377,300,000	70%	522,300,000

The low Recurrent expenditure level is attributed to:-

- Delay in submitting expenditure returns from foreign missions and field offices.
- Closure of the procurement module of the Integrated Financial Management Information System (IFMIS) by the Treasury.

The low Development expenditure level is attributed to:-

- Delay in submitting expenditure returns from project coordinators and field offices.
- Closure of the procurement module of the Integrated Financial Management Information System (IFMIS) by the Treasury.

MANDATE

The Ministry of Trade is responsible for the promotion of trade domestically, regionally and internationally through creation of an enabling business and investment environment. The Trade sector plays a crucial role towards attainment of national development objectives particularly as envisaged in the Vision 2030. In addition, the realization of the Millenium Development Goals, one and eight, on eradication of Extreme Poverty and Developing Global Partnership for development through improved market access respectively.

The strategic objectives of the Ministry are to:-

- Promote private sector development through enterprise and enterpreneurship development.
- Improve business environment and promote attractive investment climate.
- Promote growth and development of wholesale and retail.
- Broaden and deepen the export base markets.
- Foster conducive linkages and collaboration mechanism.
- Enhance the Ministry's capacity for quality service delivery.

The Ministry has one programme namely, Trade Development within the context of programme based budgeting. The objective of the programme is to establish a vibrant business economy supported by functioning infrastructure and social amenities for transformation of Kenya into regional service hub and expansion of Kenya exports.

4.1 MINISTRY'S OBJECTIVES AND BUDGETARY REQUIREMENTS

The Ministry's budget proposal for recurrent expenditure was Kshs 4,011 million while the actual allocation by the Treasury is 2,476 billion thereby occasioning a deficit of Kshs 1,622 million. Similarly, the actual budgetary allocation for development expenditure is Kshs 688 million against a budget proposal of Kshs 10,604 million thereby reflecting a deficit of Kshs 9,916 million.

Due to the deficit indicated above, the Ministry may not fully achieve its mandate as envisioned in the Vision 2030 and its strategic plan as most of the projects and programmes are either grossly underfunded or not allocated any funds.

4.2. FLAGSHIP PROJECTS

The Ministry had requested for Kshs 2,980 million to fund the implementation of the following flagship projects during 2012/13 but has been allocated only Kshs 144 million thereby reflecting a deficit of Kshs 2,836 million.

Projects/Programmes	Requested (Kshs M)	Printed (Kshs M)	Deficit (Kshs M)
Special Economic Zone	782 m	129	653
Proposed whole Hubs	1,000 m	7.5	992.5
Tier "1" Retail Market	1,198 m	7.5	1,190.5
Total	**2,980 m**	**144 m**	**2,836**

Special Economic Zone (SEZs)

- The Ministry in conjunction with the Ministry of Land has identified, surveyed and profiled 2000sq of land in the Mombasa Zone corridor and is currently mapping and profiling the Lamu and Kisumu zones.
- The Singapore government has provided a proforma invoice of Kshs 782 m for consultancy services and development of design and Master planning for Mombasa, Kisumu and Lamu SEZs corridors.

Construction of whole Hubs and Tier "1" Retail market

The Ministry has identified and initiated the process of securing the land for the development of the pilot Wholesale Hubs in Maragua and Tier "1" Retail Market in Athi River. In addition, the Terms of Reference and the concept paper have been developed.

4.3. PROJECTS/PROGRAMMES UNDER-FUNDED

The following table summaries the extent of under-funding for other development projects under the Ministry:-

Project/Programme	2011/12 Approved (Kshs. M)	2011/12 Requested (Kshs.M)	2011/12 Printed (Kshs. M)	Deficit (Kshs)
Buildings refurbishment	10	60	10	**50**
Establishment of International Trade Centers	0	250	25	**225**

International Trade Shows, Exhibition & Expos-EPC	0	335	75	**260**
Microfinance through Joint Loans Board Scheme	58	215	90	**125**
Proposed Expansion of Export Promotion Zone Athi-River	55	499	55	**444**
Partitioning and equipping of new KIBT Building	0	350	65	**285**
Establishment of Business Information Centres/BSCs	0	238	23	**215**
Total	**123**	**1,947**	**343**	**1,604**

4.4 PROGRAMMES OMITTED IN THE 2010/11 ESTIMATES

Projects/Programme	2012/13 Requested (Kshs. M)
Establishment of EPC Regional Offices	210
Establishment of Export Endowment Funds	2,000
Export Development Fund	2,000
Proposed Construction of County Offices for trade dev.	670
Establishment of Business Information Centre	94
Producer Business Groups	15
Total	**4,989**

4.5 CHALLENGES FACING THE MINISTRY

- No especial Economic Zones as identified in the Vision 2030.
- No opening of new Regional Offices and equipping existing offices to boost domestic trade.
- Constraints on trade exhibitions for export promotion.
- Absorption of the donor funding through KEPLOTRADE as the programme requires the Ministry to spend and then seek re-imbursement thereafter.
- Procurement law is an impediment to economic activities and should therefore be reviewed.

4.6 COMMITTEE'S OBSERVATIONS

(i) The huge variation between the resource requirement and the actual budgetary allocation implies that the Ministry will not implement the following prorammes as per the trade sector strategic Plan of 2008-2012:-

- Creation of ten (10) hubs and 1000-1500 producer business groups with a pilot project in Maragua district.

- Building of at least ten (10) Tier 1 market in all regions starting with a pilot project in Athi River.

- Establishment of Special Economic Zones (SEZ) as identified in the Vision 2030 and this will delay the transition of EPZ programme to SEZ.

(ii) The reduction of the budgetary allocation for export development and promotion will be counter-productive and is likely to worsen the performance of the export sector whose activities are capital intensive and predominantly implemented overseas.

4.7 COMMITTTEE'S RECOMMENDATIONS

(i) The Treasury should provide adequate budgetary provision to the Ministry of Trade since the Ministry is a key pillar to the achievement of Vision 2030 given that 3 out of the 6 earmarked sectors are within the Ministry's mandate. The Treasury should avail additional funding to ensure that the Ministry of Trade acquires land and undertakes feasibility studies for the flagship projects/economic zones.

(ii) The Treasury should provide the additional funding of Kshs 5.884 billion to the Ministry of Trade for both Recurrent and development expenditure for the following key priority areas that were grossly under-funded:-

A. Recurrent Expenditure **Kshs**

1. Export Development and Promotion

International Trade Fairs & Exhibition	– 325m
Export Market & Diversification (EPC & EPZA)	– 200m
Capacity Building & Rationalization (EPZA)	- 40m
Promotion of Export Zones (EPZA)	- 60m

2. Fair Trade and Consumer protection

Purchase of Std. & Calibration equipment	- 194m

3. Internal and External Trade

Foreign Service Allowance	- 40 m
International Trade Show/Exhibitions	- 31m
Vehicles procurement	- 200m
Equipments	-100m
Regional Business Training Offices	-100m
Equipping Regional Business Training Offices	-100m
Private Sector Development -capacity building	- 40m
KNTC (Capacity building)	- 50m
General Administration (KIBT HQS)	- 50m
Total Recurrent	**=1,630m**

B. Development Expenditure **Kshs**

1. General Administration

Special Economic Zones	– 638m
Private Sector Development	- 35m
Open Office Space	- 50m

2 Export Promotion & Development

International Trade Centre (EPC)	- 225m
International Distribution Centres (EPC)	- 250m
Expansion of EPZA	- 450m

3 Internal and External Trade

Regional Business Information centres	- 310 m
Joint Loans Boards	- 500m
Equipping/refurbishment of KIBT	- 285m
Small Business Development Fund	- 500m
Tier "1" Retail Market	- 385m
Wholesale Hub	-385m
Equipping Regional Labs (Weights/Measures)	-241m
Total Development	**=4,254m**
Total additional funding required Kshs	**5,884m**

As a result of the shortfall in funding to Export Promotion Council and Export Processing Zones Authority, the following activities will not be undertaken:-

- Trade promotion activities (Trade fairs in East Africa Commission – Uganda, Burundi, Rwanda, Dar es-Salaam; and the rest of COMESA- solo exhibition in Lubumbushi, Khartoum, Addis Ababa, Zimbabwe, Zambia and Malawi; 9th AGOA forum & exhibition and market research and surveys in Burundi, Southern Sudan, DRC, Angola, Central Africa and Congio-Brazzaville).

- Decentralization of Council services to Kisumu, Nyeri and Embu.

- Increasing the Export Promotions Councils network both locally and internationally.

- Scaling down activities under the small & medium enterprises e.g. exporters training for the youth, women and marginalized.

- Scaling down of outreach programmes to exporters and producers of export goods and services.

- ♦ Agency efficiency and productivity are likely to be hampered due to failure to undertake training and building capacity resulting from financial constraints.

5.0 MINISTRY OF TOURISM - VOTE 146

Resource Allocation (Kshs)	2011/2012	Absorption rate	2012/2013
Recurrent Expenditure	1,558, 564,100	77%	1,601,300,900
Development Expenditure	1,034,000,000	100%	1,169,000,000

MANDATE

- The Ministry of Tourism mandate is to formulate appropriate tourism polices, promotion, marketing, research and ensuring sustainability of the tourism industry. This is a key Ministry in the attainment of the Vision 2030 and flagship projects have been identified for this sub-sector.

- Tourism sector has been identified as on of the priority economic sectors targeted to raise the GDP growth rate to 10% by 2012. Currently, the Ministry contributes approximately 11% of the GDP from foreign exchange earnings, employment creation and through linkages with other sectors of the economy.
- ♦ The objectives of the Ministry of Tourism are:-
  - Promoting sustainable International tourism.
  - Promoting sustainable Domestic tourism.
  - Promoting sustainable Conference tourism.
  - Promoting sustainable Cultural tourism.
  - Product standardization and classification.
  - Tourism infrastructure development.

5.1 MINISTRY'S ACHIEVEMENTS

(i) Industry performance

The country's tourism sector experienced a slump in 2008 after the general election but due to aggressive marketing and other concerted efforts by the Ministry, most of the source markets recovered fully in 2010 surprising the 2007 levels

	2008	2009	2010	2011
International Arrivals	1,203	1,49	1,609	1,8
Tourist Earnings (Kshs B)	52.7	62.5	73.7	97.6

(ii) Domestic Tourism Promotion

The Ministry has undertaken the following various activities aimed at increasing domestic tourism participation:- television, radio print, and online advertising; joint promotion with Ministry of Trade; participation at ASK Shows and the Kenya Tourism Week/World Tourism Day celebrations.

(iii) Policies and Legislations

- The Sessional Paper No. 1 on sustainable tourism was developed and tabled in Parliament. The Sessional Paper represents a cohesive national tourism policy which stipulates the tourism sectors importance in the national economy.

- The Tourism Act was enacted in September, 2011 and it is envisaged that the Act will come into operation on 1st July, 2012. The Act provides a new legal framework for the development, management, marketing and regulation of sustainable tourism and tourism related activities and services.

(iv) Product Development

- The Ministry has recently developed and launch MICE, Agro-tourism, Culture and Sports tourism strategies to diversify the country's tourist product.

- The operation standard criteria for identification and licensing of home-stay facilities has been finalized and validated by stakeholders.

- The Ministry has cataloged water sports in Coast and Nyanza regions with a view to attracting water sports and other support facilities and services investors in all the potential areas countrywide.

- The Ministry has initiated a programme which will see the beach operators relocate to strategic areas near the beach with a view to improving beach tourism and trading environment for the beach operators.

(v) Tourism Service Standards

- East African Community Member states have harmonized and finalized the development of Common Hotels, Restaurants and other Tourist Facilities Classification Criteria. Based on this criteria, the Ministry has assessed 130 hotels under phase 1 of the classification exercise and awarded various star rating ranging from 5 to 1 star.

- The Ministry continues to undertake routine inspection of tourist facilities and services to ascertain their maintenance of the required standards.

- The Ministry is implementing the Tourism Satellite Account (TSA) and has undertaken one inbound/outbound expenditure survey in line with United Nation World Tourism Organization (UNWTO).

(vi) Community Development

- The Ministry leveraged and funded twenty-two (22) community projects in South and North Rift under the UNWTO Sustainable Tourism for Elimination of Poverty (ST-EP) Programme. The programme also developed the design of Amboseli Tourism Vocational Programme.Community Tourism Guides also underwent training in Moi University.

- The Ministry has also developed guidelines for Tourism Area Plans which is a requirement under the Tourism Act.

5.2 MINISTRY'S OBJECTIVES AND BUDGETARY REQUIRMENTS

- The total budget requirements for the Ministry for 2012/13 FY is Kshs 3,699 billion and Kshs 6,109 bilion in Recurrent and Development vote respectively totaling **Kshs 9,808 billion**. The Treasury has allocated Kshs 1,635 billion in Recurrent and Kshs 1,429 billion in Development vote totaling Kshs **2.770,300,000 billion** thereby resulting in a deficit of Kshs 2.098 billion for Recurrent Vote and Kshs 4.94 billion for Development Vote totaling Kshs **7,037 billion**.

- Due to low budgetary allocation in 2012/13, the Ministry will not be able to undertake the following progammes/projects:-

  (i) Resort City/LAPSET Project

  The Ministry has sensitized the local stakeholders for Isiolo and Turkana Resort cities as key projects under Vision 2030. A specific site has been identified and land acquisition is on progress. The Ministry requested for **Kshs 1 billion** but only **Kshs 100 million** has been allocated.

(ii) <u>Construction of Ronald Ngala Utalii Collge</u>

The demand for manpower required in tourism sector necessitated the establishment of a new institution at the coast where most of tourists' establishments are located. The construction did not commence in 2010/11 as earlier planned due to procurement issues. The Ministry has only been allocated **Kshs 200 million** against the requested amount of **Kshs 1 billion**.

(iii) <u>Operationalization of the Tourism Act 2011</u>

The Tourism Act is supposed to be operational from 1st July, 2012 and requires various new institutions to be established and other activities necessary to this effect. This requires about **Kshs 1.5 billion** spread over a period of three years. **The Treasury did not allocate funds for this purpose.**

(iv) <u>Classification of Tourist establishments</u>

The Ministry has classified 68 hotels and restaurants and inspected 2500 tourist establishments but could not carry our Classification and Licensing of the targeted number of hotels and restaurants as per the Ministry's strategic plan due to low funding. The Ministry requested the allocation of **Kshs 70 millon** to Hotels and Restaurant Authority for the exercise but **Treasury did not allocate funds for this purpose.**

(v) <u>Marketing activities by Kenya Tourist Board (KTB)</u>

The Ministry had requested for the allocation of **Kshs 2 billion** to KTB for international and domestic tourism promotion and marketing activates but was allocated only

Ksh 754 million yet KTB requires more funding to met its promotion and marketing targets..

(vi) Kenyatta International Conference Centre (KICC)

The Ministry had requested for funds to modernize KICC building and other activities in the following areas:-

- Installation of Conferencing Communication System;
- Rehabilitation of the revolving restaurant
- Security improvement at KICC building
- Development, promotion and marketing of MUICE activities

Only **Kshs 2 million** has been allocated to KICC and hence the projects have not taken off.

(vii) Kenya Tourist Devlopmetn Corporation (KTDC)

The Ministry had requested for the allocation of **Kshs 1.2 billion** to KTDC towards the establishment of a revolving fund for onward lending to investors in the tourism sector but only **Kshs 150 million** has been allocated.

5.3 CHALLENGES FACING THE MINISTRY

(i) **Inadequate funding.**

The Ministry is grossly under-funded as its budgetary allocation is only 4% of the revenue generated by the sector and 36% of the total resource requirements of the Ministry. This has hindered the implementation of the flagship projects as envisaged in the vision 2030 and other projects the Ministry's strategic plan.

(ii) **Election**

Tourism is sensitive to several issues including elections. It has not been easy to recover from the slump and already tourism trade is anxious of the fate of the sector in the forthcoming election.

(iii) **Competition from emerging tourist destinations**

Kenya offers products similar to other destinations in Africa. Whereas some of these competing destinations like South Africa, Morocco and Egypt have adequate financing for marketing, Kenya as a destination does not, which disadvantages it in the international market.

(iv) **Inadequate infrastructure**

The sector appreciates the good work being done by the government to develop infrastructure in the country but more still require to be undertaken to develop infrastructure in key tourist destination areas such as Maasai mara and Northern Kenya. Appropriate policies need to be implemented to attract investors in the tourism sector especially in hotels and other tourist facilities envisaged under Vision 2030.

5.4 COMMITTEE'S OBSERVATIONS

(i) The huge variation between the resource requirement (Kshs 6.61 billion) and the actual budgetary allocation of Kshs 2.37 billion implies that the Ministry will not implement its programmes/projects and achieve its objectives.

(ii) The tourism sector heavily relies on promotions and awareness campaigns for its success. The underfunding for promotion and marketing will heavily affect Kenya Tourism Board's ability to market the sector in the new source markets, global advertising and domestic tourism.

(iii) The tourism sector needs urgent upgrading of the existing infrastructure and development of new facilities if the country is to cope with the increased tourism activity. However, the underfunding will greatly affect the Ministry's ability to improve the facilities.

5.6 <u>COMMITTTEE'S RECOMMENDATIONS</u>

1. The Ministry requires adequate funding to achieve the planned targets envisaged in Vision 2030. The budgetary allocation to the Ministry of Tourism should be pegged to the revenue generated by the industry given that the sector is a major foreign exchange earner and generator of employment in Kenya, with a contribution of about 10% to the Gross Domestic Product. Currently, the Ministry contributes approximately 11% of the GDP from foreign exchange earnings, employment creation and through linkages with other sectors of the economy.

2. Treasury should provide additional funding to the Ministry to undertake the following key activities that have been grossly underfunded in 2012/13 Financial Estimates:-

    (i) <u>International and Domestic Tourism Marketing</u>
    The Marketing will increase tourist arrivals to 3 million from the current 1.8 million and raise the tourist earnings from Kshs 97.9 billion to Kshs 200 billion by 2012/13. Treasury has allocated **Kshs 754 million** to KTB against the requested amount of **Kshs 1.2 billion** hence additional funding of **Kshs 446 million** is required to achieve this target.

    (ii) <u>Development of Tourism facilities</u>

    - <u>Kenya Tourist Development Corporation</u>

The Ministry had requested for the allocation of **Kshs 1.2 billion** to KTDC towards the establishment of a revolving fund for onward lending to investors in the tourism sector but only **Kshs 150 million** has been allocated.

Tourism sector requires increased funding to meet the Vision 2030 industry growths targets of 60,000 beds. Due to volatility of the sector, the commercial banks are not willing to fund the sector and despite the funding challenges, KTDC has granted loans amounting to Kshs 670 million to 36 projects countrywide which has created an additional 1,592 beds.

- Beach Tourist Markets – Kshs 120 million

  The Ministry requires **Kshs 120 million** to put up the market which would be replicated in all areas along the coastline but no funds were allocated for this activity by the Treasury hence a shortfall of Kshs 120 million.

  The Ministry intends to relocated the beach operators to strategic markets along the beaches to provide them with better working environment as well as free the beaches from the beach boys.

  The Ministry has acquired land in Mombasa for the pilot market, drawings for relocation stalls have been developed by the Ministry of Public Works, and beach operators based in North Coast have been trained in customer care/basic business skill to build beach operators' capacity.

Resort Cities

The Ministry is expected to spearhead the development of five resort cities in Isiolo, Lamu, Turkana, Diani and Kilifi under Vision 2030. The Ministry has sensitized the local stakeholders for Isiolo and Turkana Resort cities as key projects under Vision 2030. A specific site has been identified and land acquisition is on progress. The Ministry requested for **Kshs 1 billion** but only **Kshs 100 million** has been allocated

- Ronald Ngala Utalii College

  The demand for manpower required in tourism sector necessitated the establishment of a new institution at the coast where most of tourists' establishments are located. The construction did not commence in 2010/11 as earlier planned due to procurement issues. The Ministry has only been allocated **Kshs 200 million** against the requested amount of **Kshs 1 billion**.

(iii) Operationalization of the Tourism Act 2011

The Tourism Act is supposed to be operational from 1st July, 2012 and requires various new institutions to be established and other activities necessary to this effect. This requires about **Kshs 1.5 billion** spread over a period of three years. **The Treasury did not allocate funds for this purpose.**

(iv) Kenya Utalii College

The premier tourism institution has continued to offer tourism training since inception and depends on grants from Catering & Tourism Development Levy

Trustees and government. The College does not operate on profit and the fees are charged at subsidized rates.

The College has been faced with increased training needs which has seen it expand it training facilities both at the main campus and other satellite campuses in Nairobi, Mombasa, and Kisumu. The College requires **Kshs 1 billion** to revamp the decaying facilities and Treasury has allocated **Kshs 200 m.**

(v) <u>Bomas of Kenya</u>

Bomas of Kenya has been undergoing modernization of its facilities and had collected Kshs 62.7m as A.I.A in 2010/11. It required **Kshs 500m** to finalize the modernization activities but Treasury only allocated **Kshs 300m** leaving a shortfall of **Kshs 200m.**

(vi) <u>Kenya International Conference Center</u>

The Ministry had requested for Ksh 443 million to be allocated to KICC to modernize the building and other activities in the following areas but Treasury has allocated only Kshs 100 million hence KICC requires additional Kshs 343 million to enable the upgrading of the facility to internationally competitive standards.

- Installation of Conferencing Communication System;
- Rehabilitation of the revolving restaurant
- Security improvement at KICC building
- Development, promotion and marketing of MUICE activities

6.0 MINISTRY OF INDUSTRIALIZATION - VOTE 160

MANDATE

The Ministry falls under the General Economic, Commercial and Labour Affairs sector. The mandate of the Ministry is to provide a policy framework and enabling environment for industrialization in Kenya by formulating and implementing industrial development policies and strategies.

The Ministry has two programmes namely:-

(i) Industrial Development and Investment

To stimulate industrial technological activities that will enhance product value addition and diversification to ensure product competitiveness and create enabling environment for investment.

(ii) Standards and Business Incubation

To provide the standards for industrial production and to support Micro, small and medium enterprises (MSMEs) and Micro, small and medium industries (MSMIs) in the industrial sector.

6.1 MINISTRY'S OBJECTIVES AND BUDGETARY REQUIRMENTS

The key areas to be funded include:-

- Implementation of the national industrial policies, promotion of strong public-private sector partnership;
- Development, growth and graduation of MSMEs/MSMIs;
- Enhancement of collaborative technology research and development and linkage of industrial production;

- Facilitation of industrial and other standards, promotion, innovation and protection of intellectual property rights;
- Creation of industrial linkages and collaboration mechanism;
- Attraction of foreign and local industrial investments, implementation of Vision 2030 manufacturing sector flagship projects and coordination of fight against counterfeits.

The Ministry had proposed a budgetary allocation of Kshs **18,010,599.986** (Recurrent -3,759,950,000 and Development- 15,150,649,986) for FY 2012/13 but has been allocated Kshs **Kshs 4,727,664,458** (Recurrent– 2,135,508,498 and Development – 2,592,155,960) hence a deficit of **Kshs 14,182,935,528.**

6.2 CHALLENGES FACING THE MINISTRY

(i) Inadequate budgetary allocation

The Ministry's budgetary allocations have been below the resource requirement and this has negatively affected the implementation of the Ministry's activities and programmes.

(ii) Zoning of field offices

The Ministry has 22 zones comprising of several districts and each zone is manned by one officer who is unable to manage scheduled activities in all the districts.

(iii) Inadequate human resource

The Ministry has inadequate human resource especially the technical officers. Only 3 engineers out of the 50 officers.

(iv) Inadequate equipment and facilities

Due to inadequate budgetary allocation, field offices lack modern and adequate equipment, and facilities including office accommodation to effectively execute their mandate.

(v) Lack of vehicles

The Ministry lacks vehicles specifically field offices to operate and coordinate government programmes in the districts e.g. Constituency Industrial Development Centres.

6.3 COMMITTEE'S OBSERVATIONS

(i) The huge variation between the resource requirement (Kshs 18,910,599,986 and the actual budgetary allocation of Kshs 4.5 billion implies that the Ministry will not fully implement the various programmes and activities that are geared towards industrializing the country, creating the much needed jobs of approximately 2.5 million and other associated benefits as envisaged in Vision 2030.

(ii) The flagship projects captured in the Ministry's Strategic Plan have been omitted in the financial estimates and there is need to re-look at the classification of sector ceilings with a view to re-prioritizing.

(iii) Land factor is a major challenge to industrial development and the government should acquire as a matter of policy, industrial land for industrial development.

(v) It is not prudent to pump Kshs 1.6 billion for revival of Webuye Paper Mill without addressing the problems that led to the closure of the factory. Therefore, the immediate solution is to sort out both short and long term lenders as the government stands to loose what has been invested as the revival process will be incomplete.

6.4 COMMITTEE'S RECOMMENDATIONS

Treasury should provide additional funding to the Ministry to undertake the following key activities that have been grossly underfunded in 2012/13 Financial Estimates to enable the Ministry to fully implement the various programmes and activities that are geared towards industrializing the country, creating the much needed jobs of approximately 2.5 million and other associated benefits as envisaged in Vision 2030.

(i) Recruitment of Technical Officers – Kshs 200,000,000

The Ministry is expected to provide extension services in all the Counties besides offering policy guidelines, project management and technical services at the Headquarters. Currently, there are only 50 Technical Officers out of whom only 3 are engineers and therefore requires to hire an additional 100 Technical Officers.

(ii) Project Under Vision 2030 – Kshs 1,500,000,000

The Ministry is expected to upgrade 47 Constituency Industrial Development Centres to SME Industrial Parks and the average cost of putting up one SME Industrial park is Kshs 250 million. The programme is supposed to be rolled out in 8 years at an average of 6 SME parks per year.

(iii) Revival of Pan Paper Mills – 300,000,000

The government has already spent about Kshs 1.6 billion on the revival of the factory and the Ministry is expected to make an upfront payment of Kshs 100 million to long term lenders in addition to purchasing additional raw materials, spares and maintenance of the machines. If no additional funding is given then the government stands to loose Kshs 1.6 billion already invested as the revival process will be incomplete.

(iv) Constituency Industrial Development Centres and SME Industrial Parks – Kshs 678,000.000

This is a project that was started under the Economic Stimulus Programme where Kshs 2 billion has so far been disbursed for construction of the sheds but due to the challenges of land acquisition, all the money for construction could not be absorbed within the FY 2010/11. The required amount is for the completion of the Centres and purchase of basic manufacturing tools. The government stands to loose if these CIDCc are not completed and converted into common manufacturing facilities as earlier planned.

(v) Funding of Anti-Counterfeit Agency – Kshs 152,000,000

Counterfeit goods imported into the country has forced many manufacturers to close down. Anti-Counterfeit Agency cannot implement their programmes effectively due to severe shortage of staff, especially at Ports of entry and also for surveillance.

(vi) Promotion of Industrial Products – Kshs 16,000,000,000

The Numerical Machining Complex (NMC) is the core of manufacture of machine tools and machines that are eventually rolled to the SMEs for downstream manufacturing and value addition of agricultural products. Currently, the machining and casting capacity is at 29 tonnes per hour while the smelting facility is at 3 tonnes per hour. The additional funding requested is to enable the NMC to procure a smelting facility to match the machining and casting capacity.

(vii) Business Financing for MSMEs (KIE) – 1,170, 500,000

The biggest challenge facing SME startups and expansion is access to low interest rate long term finance. The Ministry has re-structured both the Board and Management of KIE that has led to its profitability I the last one year. The additional funding requested is to provide re-capitalization.

(viii) <u>Business financing for MSME- Industrial Development Bank – Kshs 500,000,000</u>

The biggest challenge facing SME startups and expansion is access to low interest rate long term finance. The Ministry has re-structured both the Board and Management of IDB and the intended re-capitalization of IDB will bring it back to profitability. The funding is intended to be a soft loan to IDB Capital repayable to the government.

7.0 COMMISSION ON REVENUE ALLOCATION –VOTE 206

- Commission on Revenue Allocation (CRA) is one of the constitutional commissions established by the Constitution of Kenya, 2010 under Article 215 with a major mandate of advising on equitable sharing of revenue raised by national government between national and county governments. Accordingly, the salary and personal allowances of the Chairperson and commissioners are drawn from the Consolidated Fund. Other allocations to CRA are provided as Vote 206 which is only a recurrent vote.

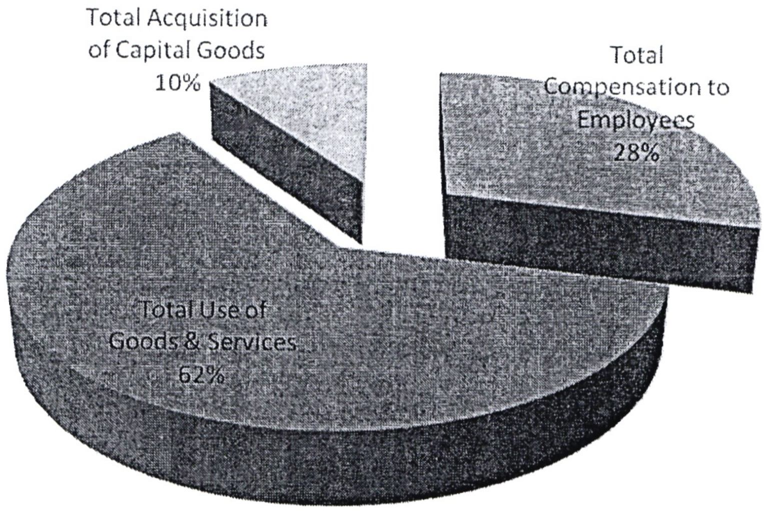
- Commission on Revenue Allocation is classified under Public Administration and International Relations MTEF Sector where it bids for resources with State House, Presidency and Cabinet Affairs Office, Office of the Prime Minister, Ministries of Finance, Foreign Affairs, Planning, and Ministry of State for Public Service, Public Service Commission, Controller of Budget, Salaries and Remuneration Commission and Kenya National Audit Office.

7.1 ALLOCATION IN 2012/13 BUDGET

(i) CRA has been allocated a total of Ksh 485 million in the FY 2012/13 representing 84.5% of its request of Ksh 567 million. The 2012/13 allocation represents 42% increment in comparison to an allocation of Ksh 340.76 in FY 2011/12. There is no disparity in allocations indicated in the Sector report, BPS, and what appears in the final estimates of expenditure.

(ii) The chart below shows an analysis of 2012/13 recurrent expenditures in form of key components of compensation to employees, use of goods and services, transfers, acquisition of capital.

Analysis of CRA Budget



(iii) Use of goods and services account for the largest proportion of the CRA's budget (62%) followed by compensation to employees (28%) while acquisition of capital goods account for 10%. It should be noted that the compensation to employees exclude salary and personal allowances of the Chairperson and commissioners which are drawn from the Consolidated Fund. CRA's budget is funded wholly by GoK and no appropriation in aid is generated.

7.3 COMMITTTEE'S OBSERVATION AND RECOMMENDATION

The Committee observed that, given the mandate of the Commission on Revenue Allocation, the resources allocated in 2012/13 Financial Estimates is deemed sufficient for the Commission to implement its programmes.

The Committee recommends that the Commission on Revenue Allocation be allocated the resources as requested in the 2012/13 Financial Estimates.

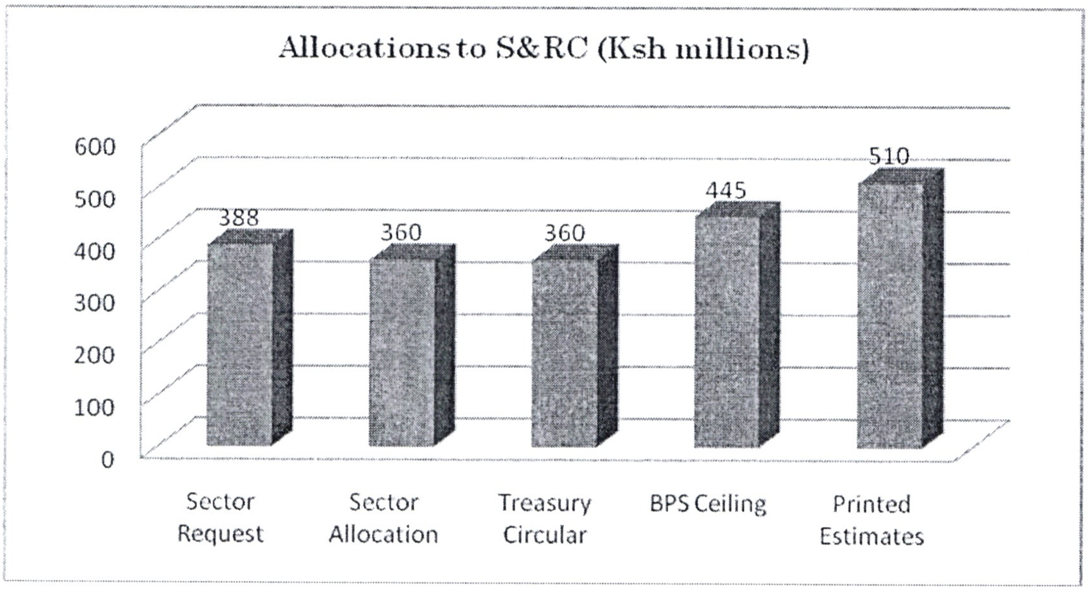
8.0 SALARIES AND REMUENRATION COMMISSION -VOTE 208

- Salaries and Remuneration Commission (S&RC) is one of the constitutional commissions established by the Constitution of Kenya, 2010 under Article 230 with a mandate of setting and regularly reviewing salaries and remuneration of state officers and advice on remuneration of all public officers in national and county governments. Accordingly, the salary and personal allowances of the Chairperson and commissioners are drawn from the Consolidated Fund. Other allocations to the S&RC are provided as Vote 206 which is a recurrent vote only.

- S&RC's budget is funded wholly by GoK and no appropriation in aid is generated. The Commission is classified under Public Administration and International Relations MTEF Sector where it bids for resources with State House, Presidency and Cabinet Affairs Office, Office of the Prime Minister, Ministries of Finance, Foreign Affairs, Planning, and Ministry of State for Public Service, Public Service Commission, Controller of Budget, Commission on Revenue Allocation and Kenya National Audit Office.

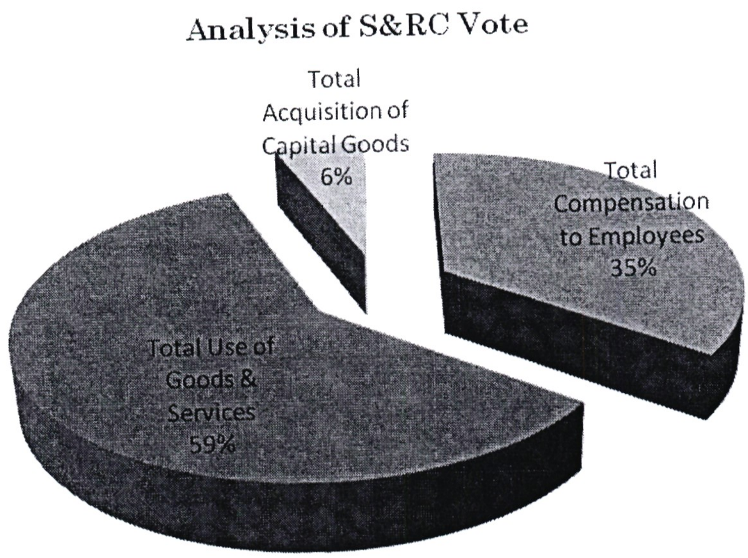
8.1 COMMISSION'S BUDGETARY ALLOCATION FOR 2012/13

(i) Allocations to S&RC are introduced in the 2012/13 budget hence there are no historical allocations for comparison purposes. S&RC has been allocated a total of Ksh 510 million in the FY 2012/13 against a sector allocation of Ksh 360 million. There are disparities in allocations indicated in the Sector report, BPS, and what appears in the final estimates of expenditure, as shown below.



(ii) The Commission does not have a development vote. The chart below shows an analysis of 2012/13 recurrent expenditures in form of key components of compensation to employees, use of goods and services, transfers, acquisition of capital.

(iii) Use of goods and services account for the largest proportion of the S&RC's budget (59%) followed by compensation to employees (25%) while acquisition of capital goods account for 6%. It should be noted that the compensation to employees should exclude salary and personal allowances of the Chairperson and commissioners which are drawn from the Consolidated Fund.



8.2 COMMITTEE'S RECOMNENDATIONS

The Committee recommends that Treasury should provide additional funding to the Salaries and Remuneration Commission for the following activities:-

(i) **2211300 – Other Operating Expenses**

The Commission had requested for Kshs 322,800,000 but the Treasury has allocated Kshs 169,300,000.

Job Evaluation – Kshs 300 million

The Commission requires the additional funding for contracting professional services for job evaluation for the entire public service which of essence must be done to establish value of jobs to facilitate the determination of remuneration in the public service that is fair, objective and transparent. The exercise is the Commission's business and should be a one off item.

Salaries and Remuneration Act – Kshs 3 million

Development of the Salaries and Remuneration Act facilitated by a technical team from the Kenya law Reform Commission.

Commission's Strategic Plan – Kshs 3 million

Development of the Commission's Strategic Plan and Service Charter which is a requirement fro all public Service institutions.

Consultancy services for linkages – Kshs 5 million

Consultancy to develop linkage of remuneration data between the Commission and the public service organizations in line with the mandate of the Commission and the Act.

Communication strategy – Kshs 3 million

The funding is required for the development of a communication strategy for the Communication.

Human Resource software – Kshs 3 million

License fees for Human Resource software the Commission intends to purchase

Cleaning Services 15,000 sq feet– Kshs 3 milion

The landlord provides cleaning services for the common areas only.

Parking charges

Parking charges for 28 parking bays for Commissioners and staff at Kshs 5,000 per bay per month including service charge.

(ii) **<u>2210700 – Training Expenses</u>**

The Commission had requested for K shs 15,000,000 but Treasury allocated Kshs 4,500,000. This is a new mandate that will require specialized training of staff and Commissioners on corporate governance as well as the normal capacity building in areas identified by the Commission.

(iii) **<u>2210900 – Insurance Costs</u>**

The Commission had requested for Kshs 20,000,000 but Treasury allocated Kshs 10,000,000. The funding is required for the Group life insurance for the Commissioners and staff; purchase of medical cover for Commissioners and staff; motor vehicles insurance for acquired vehicles.

(iv) **<u>2210800 – Hospitality Supplies and Services</u>**

The Commission had requested for Kshs 55,000,000 but Treasury allocated Kshs 43,000,000. The funding is for catering services whenever required since Commissioners are working on part time basis and sometimes work over lunch time or long hours. A minimum of four full Commission meetings per month and sub-committees meetings whenever planned for in addition to stakeholders meetings and official delegations.

(v) **<u>2210500–Printing Advertising and Information Supplies & Services</u>**

The Commission had requested for Kshs 15,000,000 but Treasury allocated Kshs 10,000,000. The funding is required for:-

- Printing documents produced by the Commission including Strategic Plan, Service Charter, Human

Resource Manual, Recruitment and Discipline Regulation, Code of Conduct, Salaries and Remuneration Act.

- Advertisement for positions in the Commission, stakeholder hearings.
- Subscriptions to Newspapers and journals
- Awareness and publicity campaign to be undertaken by the Commission on new documents and policy.

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