



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 JUN 2023	DAY: Wednesday
TABLED BY:	Hon. Kiriani Ithong'wah (Majority Party Leader)
CLERK-AT THE-TABLE:	Modo

**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING**

PARLIAMENT
OF KENYA
LIBRARY

**MEMORANDUM ON THE PROPOSED FINANCIAL YEAR
(FY) 2023/24 AND THE MEDIUM-TERM BUDGET FOR
THE JUDICIARY AND THE PARLIAMENTARY SERVICE
COMMISSION**

MAY 2023

I. INTRODUCTION

1. Section 37 (6) of the Public Finance Management Act, 2012 requires the National Treasury to submit to the National Assembly a Memorandum containing comments on the Estimates of the Budget for the Judiciary and the Parliamentary Service Commission (PSC) not later than 15th May.
2. The PSC vide letter **Ref. COS/CORR/2023/196** dated **2nd May, 2023**, the Judiciary vide letter **Ref. JUD/FIN/NA Vol.1** dated **27th April 2023**, and the Judicial Service Commission vide letter **Ref. ADJ/NA/71/1712** dated **27th April, 2023** have submitted their FY 2023/24 Budget Estimates for review and comments as per the legal requirements.
3. We have reviewed the FY 2023/24 and the Medium Budgets for PSC and the Judiciary as submitted against the following aspects:
 - (i) Background to the FY 2023/24 Budget;
 - (ii) Compliance with the 2023 Budget Policy Statement;
 - (iii) Compliance with FY 2023/24 and the Medium Term Budget Preparation Guidelines; and
 - (iv) Analysis of Significant Trends.

II. BACKGROUND TO THE FY2023/24 AND MEDIUM-TERM BUDGET

4. The FY 2023/24 Budget is prepared against a background of increased uncertainties in the global economic outlook, reflecting concerns about financial sector stability in the advanced economies, continuing geopolitical tensions particularly the on-going conflict in Ukraine, and the pace of monetary policy tightening in the advanced economies. Nevertheless, commodity prices in the global markets, particularly of oil and food, have been easing.
5. Global growth is projected to slow down to 2.9 per cent in 2023 from the estimated 3.4 per cent in 2022 largely due to the sluggish growth in advanced economies. Growth in the advanced economies is projected to

decline from the estimated 2.7 per cent in 2022 to 1.2 per cent in 2023 reflecting slowdown in growth in the USA, Euro Area and United Kingdom.

6. In the emerging markets and developing economies, growth is projected to rise modestly to 4.0 per cent in 2023 from an estimated 3.9 per cent in 2022 mainly driven by recovery of activities in China with the full reopening in 2023. China's economy is projected to improve to 5.2 per cent from 3.0 per cent in 2022. In the Sub-Saharan Africa region, growth is projected to remain moderate at 3.8 per cent in 2023.

7. On the domestic scene, the growth momentum is estimated to have slowed down to 5.5 per cent in 2022 from 7.5 per cent in 2021. This is mainly due to multiple shocks that included: effects of COVID-19 pandemic; the Russia-Ukraine conflict leading to increased prices of fuel, fertilizer and food; climate change that has affected agricultural productivity; and the rising US interest rates and capital flight that has resulted into shortage of dollars in the Frontier and Emerging Markets.

8. Leading indicators point to a strong performance of the Kenyan economy in the first quarter of 2023, reflecting robust activity in the services sector particularly wholesale and retail trade, accommodation and food services, education, and information and communication. As such, the economy is expected to remain resilient in 2023 and grow by 6.1 per cent and maintain that momentum over the medium-term.

9. This growth outlook will be supported by, a broad-based private sector growth, including continued strong performance of the services sector and recoveries in agriculture, while the public sector consolidates. From an expenditure perspective, private consumption is expected to support aggregate demand, supported by the on-going labour market recovery, improved consumer confidence, and resilient remittances.

III. REVIEW OF THE BUDGET ESTIMATES FOR THE PARLIAMENTARY SERVICE COMMISSION AND THE JUDICIARY

a. PARLIAMENT

- **Compliance with the 2023 Budget Policy Statement (2023 BPS)**

10. In the approved 2023 BPS, Parliament was allocated **Ksh.40.4 billion** to implement four programmes under three votes namely; the Parliamentary Service Commission (Vote 2041), National Assembly (Vote 2042), the Parliamentary Joint Services (Vote 2043) and the Senate (Vote 2044).

11. The Parliamentary Service Commission vide letter **Ref. COS/CORR/2023/196** dated **2nd May, 2023** submitted its Budget reflecting an allocation of **Ksh.40.4 billion** which comprise:

• The National Assembly	- Ksh.24,152,000,000
• Parliamentary Service Commission	- Ksh. 1,461,000,000
• Parliamentary Joint Services	- Ksh. 8,130,000,000
• The Senate	- Ksh. 6,659,000,000
Total	- Ksh.40,402,000,000

12. As noted above, the combined submission from the Parliamentary Service Commission votes is therefore within the ceilings in the approved 2023 Budget Policy Statement.

- **Analysis of the Recurrent Budget**

13. The total Recurrent Budget for Parliament is **Ksh.38.3 billion**. This indicates a decrease of **Ksh.9.9 billion** from the approved allocation in FY 2022/23 Budget. Compensation of employees has increased by **Ksh.950 million** (5%) from the FY 2022/23 Approved Estimates as indicated in Table 1. This is within the allowable limits for wage drift.

Table 1: Summary of Recurrent Budget for Parliament

ECONOMIC CLASSIFICATION	Approved Estimates 2022/2023	Draft Estimates 2023/2024	Proposed Estimates 2024/2025	Proposed Estimates 2025/2026	Variance E= (B-A)	% Change (F)
	(A)	(B)	(C)	(D)		(F)
	Kshs.	Kshs.	Kshs.	Kshs.		
Compensation to Employees	19,457,733,605	20,407,960,190	21,181,206,667	22,207,194,549	950,226,585	5%
Use of Goods and Services	17,363,408,265	16,796,816,310	22,371,097,561	23,283,797,152	(566,591,955)	-3%
Current Transfers to Govt. Agencies	9,638,358,130	258,123,500	248,343,500	263,618,300	9,380,234,630	-97%
Other Recurrent	1,771,500,000	872,100,000	1,148,127,000	1,094,820,890	899,400,000	-51%
Gross Total Recurrent	48,231,000,000	38,335,000,000	44,948,774,728	46,849,430,891	(9,896,000,000)	-21%

14. Overall, use of goods and services has decreased by 3 per cent, current transfers have decreased by 97 per cent while other recurrent items have also decreased by 51 per cent.

15. The detailed analysis of recurrent items is indicated in the Table 2.

Table 2: Summary of Allocation to Parliament

ITEM DESCRIPTION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	19,457,733,605	20,407,396,291	21,181,206,667	22,207,194,549	949,662,686	5%
Utilities Supplies and Services	73,500,000	88,500,000	114,100,000	141,000,000	15,000,000	17%
Communication Supplies and Services	52,680,415	80,880,415	94,830,000	105,330,000	28,200,000	35%
Domestic Travel and Subsistence, and Other Transportation Costs	6,665,347,355	6,327,069,704	7,785,844,638	8,006,104,174	(338,277,651)	-5%
Foreign Travel and Subsistence, and Other Transportation Costs	2,944,190,626	2,604,816,384	3,727,013,456	3,964,732,323	(339,374,242)	-13%
Rentals of Produced Items	334,545,005	279,701,036	465,000,000	370,000,000	(54,843,969)	-20%
Printing, Advertizing and Information Supplies and Services	317,425,000	295,925,000	401,615,000	424,711,000	(21,500,000)	-7%
Hire of vehicles	35,540,000	10,000,000	10,000,000	10,000,000	(25,540,000)	-255%
Training Expense (including capacity building)	521,300,000	694,300,000	854,645,800	951,800,000	173,000,000	25%
Hospitality Supplies and Services	583,929,341	575,407,147	755,438,786	807,165,544	(8,522,194)	-1%
Insurance Costs	699,000,000	596,500,000	847,000,000	884,000,000	(102,500,000)	-17%
Specialised Materials and Supplies	118,539,495	149,539,495	238,450,000	249,030,000	31,000,000	21%
Office and General Supplies & Services	271,778,943	255,378,943	423,680,000	453,028,000	(16,400,000)	-6%
Fuel Oil and Lubricants	83,700,000	92,700,000	154,550,000	169,110,000	9,000,000	10%
Other Operating Expenses	4,352,650,000	4,252,230,000	5,543,704,049	5,769,077,970	(100,420,000)	-2%
Routine Maintenance - Vehicles and Other Transport Equipment	97,600,000	104,150,000	186,000,000	204,200,000	6,550,000	6%
Routine Maintenance - Other Assets	237,282,085	373,282,085	818,192,832	824,567,832	136,000,000	36%
Membership Fees and Dues, and Subscriptions - International Org.	84,900,000	84,900,000	92,880,000	102,456,000	-	0%
Other Capital Grants and Transfers	4,186,000,000	46,100,000	63,500,000	63,500,000	(4,139,900,000)	-8980%
Employer Social Benefits	15,123,500	15,123,500	14,123,500	14,123,500	-	0%
Refurbishment of Buildings	-	21,000,000	42,000,000	50,000,000		
Purchase of Vehicles and Other Transport Equipment	234,900,000	434,500,000	340,000,000	312,000,000	199,600,000	46%
Purchase of Office Furniture and General Equipment	217,500,000	182,100,000	416,500,000	369,500,000	(35,400,000)	-19%
Purchase of Specialised Plant, Equipment and Machinery	271,500,000	206,500,000	230,500,000	239,000,000	(65,000,000)	-31%
Research, Feasibility Studies, Project Preparation and Design	10,000,000	5,000,000	10,000,000	5,000,000	(5,000,000)	-100%
Government Pension and Retirement Benefits	6,364,334,630	152,000,000	138,000,000	152,800,000	(6,212,334,630)	-4087%
TOTAL	48,231,000,000	38,335,000,000	44,948,774,728	46,849,430,892	(9,917,000,000)	-26%

16. Under Parliament, there are increases on utilities (17%), communications supplies (35%), specialized materials (21%), training expenses (25%), fuel and lubricants (10%), routine maintenance-other assets (36%) and significant increase in purchase of motor vehicles (46%).

17. There are also notable decrease in allocations to foreign travel (13%), hire of vehicles (255%), other capital grants & transfers (8,980%), purchase of specialized plants and equipment (31%), government pensions and retirement benefits (408%), research and feasibility studies (100%).

18. The increases, especially on purchase of motor vehicles and training expenses, are inconsistent with the policy and resolutions on austerity measures on expenditures made on these categories. We advise that these expenditures be rationalized to create fiscal space for the implementation of the Bottom-Up Economic Transformation Agenda (BETA).

19. Specific comments for the Parliamentary Service Commission, the National Assembly and Parliamentary Joint Services are as follows:

(i) Parliamentary Service Commission (Vote 2041)

20. The overall proposed budget for the Parliamentary Service Commission is **KSh.1.5 billion** for FY2023/24 in the Recurrent Budget as provided in Table 3.

Table 3: Summary Allocation to PSC

ECONOMIC CLASSIFICATION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
	Kshs.	Kshs.	Kshs.	Kshs.		
Compensation to Employees	3,397,000,000	638,653,100	683,358,817	731,193,934	(2,758,346,900)	-81%
Use of Goods and Services	3,400,100,000	577,346,900	741,100,000	862,000,000	(2,822,753,100)	-83%
Current Transfers to Govt. Agencies	980,000,000	-	-	-	980,000,000	-100%
Social Benefits	1,012,000,000	31,500,000	37,000,000	37,000,000	980,500,000	-97%
Non -Financial Assets	160,900,000	213,500,000	106,500,000	145,000,000	52,600,000	33%
Gross Total Recurrent	8,950,000,000	1,461,000,000	1,567,958,817	1,775,193,934	(7,489,000,000)	-84%

21. The recurrent budget has decreased by **Ksh.7.5 billion** (by 84 per cent) in the FY 2023/24 due to the creation of Vote 2043 (The Senate).

22. Compensation of employees accounts for 44 per cent of the recurrent budget while use of goods and services account for 40 per cent of the total Budget.

- **Analysis of the Recurrent Budget**

23. There are significant increases on account of rentals of produced assets by 213 per cent and purchase of motor vehicles by 175 per cent. However, other areas under use of goods and services have recorded decreases which include domestic travel (93%), foreign travel (81%), hospitality (55%) specialized materials and supplies (84%) office and general supplies (84%) training expense (43%), and purchase of specialized plant, equipment and machinery (65%).

24. We further note that the above increases, especially for purchase of motor vehicles, are in areas that have been earmarked for austerity across the entire Government. The detailed analysis is provided in Table 4.

Table 4: Analysis of the Recurrent Budget for Vote 2041

ITEM DESCRIPTION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	3,397,000,000	638,653,100	683,358,817	731,193,934	(2,758,346,900)	-81%
Utilities Supplies and Services	-	7,000,000	7,000,000	7,000,000	7,000,000	
Communication Supplies and Services	-	5,000,000	6,000,000	7,000,000	5,000,000	
Domestic Travel and Subsistence, and Other Transportation Costs	1,329,000,000	96,000,000	138,000,000	155,000,000	(1,233,000,000)	-93%
Foreign Travel and Subsistence, and Other Transportation Costs	894,500,000	170,000,000	212,000,000	248,000,000	(724,500,000)	-81%
Printing, Advertizing and Information Supplies and Services	98,000,000	37,500,000	47,500,000	52,500,000	(60,500,000)	-62%
Rentals of Produced Items	8,000,000	25,000,000	35,000,000	40,000,000	17,000,000	213%
Training Expense (including capacity building)	122,000,000	70,000,000	77,000,000	95,000,000	(52,000,000)	-43%
Hospitality Supplies and Services	173,500,000	77,846,900	105,500,000	123,000,000	(95,653,100)	-55%
Insurance Costs	-	10,000,000	12,000,000	14,000,000	10,000,000	
Specialised Materials and Supplies	37,000,000	6,000,000	7,000,000	7,500,000	(31,000,000)	-84%
Office and General Supplies & Services	50,100,000	8,000,000	9,500,000	14,000,000	(42,100,000)	-84%
Fuel Oil and Lubricants	34,500,000	12,000,000	15,000,000	20,000,000	(22,500,000)	-65%
Other Operating Expenses	588,500,000	28,000,000	34,600,000	39,000,000	(560,500,000)	-95%
Routine Maintenance - Vehicles and Other Transport Equipment	30,000,000	15,000,000	25,000,000	30,000,000	(15,000,000)	-50%
Membership Fees and Dues, and Subscriptions - International Org.	45,000,000	-	-	-	(45,000,000)	-100%
Routine Maintenance - Other Assets	35,000,000	10,000,000	10,000,000	10,000,000	(25,000,000)	-71%
Government Pension and Retirement Benefits	1,010,000,000	29,500,000	35,000,000	35,000,000	(980,500,000)	-97%
Employer Social Benefits	2,000,000	2,000,000	2,000,000	2,000,000	-	0%
Refurbishment of Buildings	-	12,000,000	17,000,000	25,000,000	12,000,000	
Purchase of Vehicles and Other Transport Equipment	64,900,000	178,500,000	50,000,000	72,000,000	113,600,000	175%
Purchase of Office Furniture and General Equipment	70,000,000	14,000,000	20,000,000	23,000,000	(56,000,000)	-80%
Purchase of Specialised Plant, Equipment and Machinery	26,000,000	9,000,000	19,500,000	25,000,000	(17,000,000)	-65%
Other Capital Grants and Transfers	935,000,000	-	-	-	(935,000,000)	-100%
TOTAL	8,950,000,000	1,461,000,000	1,567,958,817	1,775,193,934	(7,489,000,000)	-84%

(ii) National Assembly (Vote 2042)

25. The overall proposed budget for the National Assembly is **KSh.24.2 billion** for FY 2023/24 as indicated in Table 5.

Table 5: Summary of Allocation to the National Assembly

ITEM	Approved Estimates 2022/2023	Draft Estimates 2023/2024	Proposed Estimates 2024/2025	Proposed Estimates 2025/2026	Variance E= (B-A)	% Change (F)
	(A)	(B)	(C)	(D)		
	KShs.	KShs.	KShs.	KShs.		
Compensation to Employees	13,623,674,973	13,617,100,590	13,580,494,166	14,105,953,161	(6,574,383)	0%
Use of Goods and Services	10,339,966,897	10,008,875,910	10,728,861,092	10,979,003,310	(331,090,987)	-3%
Grants and Transfers	8,646,358,130	186,023,500	138,003,500	152,379,500	(8,460,334,630)	-98%
Other Recurrent	460,000,000	340,000,000	395,000,000	260,000,000	(120,000,000)	-26%
Gross Total	33,070,000,000	24,152,000,000	24,842,358,758	25,497,335,971	(8,918,000,000)	-27%

26. This indicates an overall reduction of 27 per cent from FY 2022/23 allocation. Use of goods and services recorded a reduction of 3 per cent, grants and transfers reduced by 98 per cent while other recurrent items reduced by 26 per cent. There was however slight adjustments in compensation to employees. The detailed analysis of recurrent items is indicated in the Table 6.

Table 6: Analysis of the Recurrent Budget for National Assembly

ITEM DESCRIPTION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	13,623,674,973	13,617,100,590	13,580,494,166	14,105,953,161	(6,574,383)	0%
Communication Supplies & Services		20,000,000	20,000,000	20,000,000	20,000,000	100%
Domestic Travel and Subsistence, and Other Transport	4,977,597,355	4,736,839,704	4,812,557,645	4,836,979,174	(240,757,651)	-5%
Foreign Travel and Subsistence, and Other Transport	1,691,240,626	1,544,416,384	1,647,599,661	1,751,019,593	(146,824,242)	-9%
Rentals of Produced Assets	-	30,000,000	35,000,000	35,000,000	30,000,000	100%
Printing, Advertizing and Information Supplies and Services	145,100,000	122,600,000	132,680,000	144,776,000	(22,500,000)	-16%
Hire of vehicles	35,540,000	10,000,000	10,000,000	10,000,000	(25,540,000)	-72%
Training Expense (including capacity building)	170,000,000	174,500,000	184,500,000	196,500,000	4,500,000	3%
Hospitality Supplies and Services	265,988,916	269,819,822	289,383,786	312,860,544	3,830,906	1%
Specialised Materials and Supplies	25,000,000	50,000,000	58,400,000	68,480,000	25,000,000	100%
Office and General Supplies & Services	95,750,000	80,200,000	96,240,000	115,488,000	(15,550,000)	-16%
Fuel Oil and Lubricants	38,000,000	33,000,000	44,300,000	51,860,000	(5,000,000)	-13%
Other Operating Expenses	2,750,750,000	2,672,500,000	3,086,200,000	3,091,640,000	(78,250,000)	-3%
Routine Maintenance - Vehicles and Other Transport	55,000,000	55,000,000	66,000,000	79,200,000	-	0%
Routine Maintenance - Other Assets	90,000,000	210,000,000	246,000,000	265,200,000	120,000,000	133%
Membership Fees and Dues, and Subscriptions - International	39,900,000	39,900,000	47,880,000	57,456,000	-	0%
Other Capital Grants & Transfers	3,251,000,000	31,000,000	11,000,000	11,000,000	(3,220,000,000)	-99%
Government Pension and Retirement Benefits	5,354,334,630	114,000,000	78,000,000	82,800,000	(5,240,334,630)	-98%
Employer Social Benefits	1,123,500	1,123,500	1,123,500	1,123,500	-	0%
Purchase of Vehicles and Other Transport Equipment	160,000,000	160,000,000	160,000,000	80,000,000	-	0%
Purchase of Office Furniture and General Equipment	125,000,000	75,000,000	125,000,000	75,000,000	(50,000,000)	-40%
Purchase of Specialised Plant, Equipment and Machinery	165,000,000	100,000,000	100,000,000	100,000,000	(65,000,000)	-39%
Research, Feasibility Studies, Project Preparation and Studies	10,000,000	5,000,000	10,000,000	5,000,000	(5,000,000)	-50%
TOTAL	33,070,000,000	24,152,000,000	24,842,358,758	25,497,335,971	(8,918,000,000)	-27%

27. The review of the Recurrent Budget reveals significant increases in routine maintenance of other assets by 133%, specialized materials, communication supplies by 100 per cent and supplies by 100 per cent.

28. There are significant reductions in expenditures for other capital grants and transfers, printing (99%), Government pensions and retirement benefits (98%), hire of vehicles (72).

(iii) Parliamentary Joint Services (Vote 2043)

29. The overall Budget for the Parliamentary Joint Service is **KSh.8.1 billion** for FY2023/24 of which the Recurrent Budget is **KSh.6.1 billion** and the Development Budget is **KSh.2.1 billion**. Compared with the FY 2022/23 allocation, Recurrent Budget allocation has reduced by **Ksh.146 million** (2.4 per cent) while Development Budget has decreased by **Kshs.400 million** (16.2 per cent).

- **Analysis of the Recurrent Budget**

30. The overall proposed Recurrent Budget for the Joint Services is **KSh.6.1 billion** for FY 2023/24 as indicated in Table 7.

Table 7: Summary of allocation to Parliamentary Joint Services

ITEMS	Approved Estimates 2022/2023	Draft Estimates 2023/2024	Proposed Estimates 2024/2025	Proposed Estimates 2025/2026	Variance E= (B-A)	% Change (F)
	(A)	(B)	(C)	(D)		
	Kshs.	Kshs.	Kshs.	Kshs.		
Compensation to Employees	2,437,058,632	2,478,042,601	2,651,505,583	2,837,110,974	40,983,969	2%
Use of Goods and Services	3,623,341,368	3,436,357,399	4,856,451,993	5,115,601,132	(186,983,969)	-5%
Grants and Transfers	12,000,000	12,000,000	11,000,000	11,000,000	-	0%
Other Recurrent	138,600,000	138,600,000	100,500,000	100,500,000	-	0%
Gross Total Recurrent	6,211,000,000	6,065,000,000	7,619,457,576	8,064,212,106	(146,000,000)	-2%

31. Operations and Maintenance account for 57 per cent while compensation of employees accounts for 41 percent of the Recurrent Budget. There is an overall reduction of 2 per cent from FY 2022/23 allocation. Compensation to employees recorded a growth of 2 per cent while use of

goods and services recorded a reduction of 5 per cent. The detailed analysis of recurrent items is indicated in the Table 8.

Table 8: Analysis of the Recurrent Budget for Vote 2043

ITEM DESCRIPTION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	2,437,058,632	2,478,042,601	2,651,505,583	2,837,110,974	40,983,969	2%
Utilities Supplies and Services	73,500,000	73,500,000	87,100,000	114,000,000	-	0%
Communication Supplies and Services	52,680,415	52,680,415	51,500,000	58,000,000	-	0%
Domestic Travel and Subsistence, and Other Transportation Costs.	358,750,000	355,230,000	498,086,993	549,275,000	- 3,520,000	-1%
Foreign Travel and Subsistence, and Other Transportation Costs.	358,450,000	367,400,000	585,425,000	621,022,000	8,950,000	2%
Printing, Advertizing and Information Supplies and Services	74,325,000	77,325,000	91,100,000	93,100,000	3,000,000	4%
Rentals of Produced Assets	326,545,005	211,701,036	250,000,000	150,000,000	- 114,843,969	-35%
Training Expense (including capacity building)	229,300,000	255,800,000	325,800,000	366,300,000	26,500,000	12%
Hospitality Supplies and Services	144,440,425	140,690,425	164,450,000	167,200,000	- 3,750,000	-3%
Insurance Costs	699,000,000	586,500,000	835,000,000	870,000,000	- 112,500,000	-16%
Specialised Materials and Supplies	56,539,495	56,539,495	108,550,000	108,550,000	-	0%
Office and General Supplies & Services	125,928,943	134,178,943	204,440,000	208,040,000	8,250,000	7%
Fuel Oil and Lubricants	11,200,000	11,200,000	38,250,000	38,250,000	-	0%
Other Operating Expenses	1,013,400,000	978,730,000	1,135,250,000	1,303,189,132	- 34,670,000	-3%
Routine Maintenance - Vehicles and Other Transport Equipment	12,600,000	12,600,000	50,000,000	50,000,000	-	0%
Routine Maintenance - Other Assets	112,282,085	112,282,085	421,500,000	408,675,000	-	0%
Employer Social Benefits	12,000,000	12,000,000	11,000,000	11,000,000	-	0%
Purchase of office furniture and general equipment	22,500,000	58,100,000	45,000,000	45,000,000	35,600,000	158%
Purchase of Specialised Plant, Equipment and Machinery	80,500,000	80,500,000	55,500,000	55,500,000	-	0%
Purchase of Vehicles and Other Transport Equipment	10,000,000	10,000,000	10,000,000	10,000,000	-	0%
TOTAL	6,211,000,000	6,065,000,000	7,619,457,576	8,064,212,106	-146,000,000	-2%

32. We note a significant increase in purchase of office furniture by 158 per cent which should be justified, an increase of 12 per cent under training expenses and an increase of 7 per cent under office and general supplies. Generally there are significant reductions in the other areas on the use of goods and services. These include reduction in rent of produced assets by 35 per cent and insurance costs by 16 per cent.

(iv) The Senate (Vote 2044)

33. The Senate is a new vote under Parliament and has an overall proposed budget of **KSh.6.7 billion** for FY 2023/24 as indicated in Table 9.

Table 9: Summary of Allocation to the Senate

Programme	Approved Estimates	Draft Estimates	Proposed Estimates	Proposed Estimates	% of Total Budget
	2022/2023	2023/2024	2024/2025	2025/2026	
	(A)	(B)	(C)	(D)	
	Kshs.	Kshs.	Kshs.	Kshs.	
Compensation to Employees	-	3,673,600,000	4,265,848,101	4,532,936,481	55%
Use of Goods and Services	-	2,767,800,000	6,103,651,476	6,387,252,400	42%
Grants and Transfers	-	70,600,000	124,500,000	134,500,000	1%
Other Recurrent	-	147,000,000	427,000,000	460,000,000	2%
Gross Total Recurrent Vote R2044	-	6,659,000,000	10,920,999,577	11,514,688,881	100

34. Operations and Maintenance account for 42 per cent while compensation of employees accounts for 55 percent of the Recurrent Budget. The detailed analysis of recurrent items is indicated in the Table 10.

Table 10: Analysis of the Recurrent Budget for the Senate

ITEM DESCRIPTION	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)
Compensation to Employees	-	3,673,600,000	4,265,848,101	4,532,936,481
Utilities Supplies and Services	-	8,000,000	20,000,000	20,000,000
Communication supplies and services	-	3,200,000	17,330,000	20,330,000
Domestic Travel and Subsistence, and other transportation costs	-	1,139,000,000	2,337,200,000	2,464,850,000
Foreign Travel and Subsistence, and other transportation costs	-	523,000,000	1,281,988,795	1,344,690,730
Printing , Advertising, and information Supplies and Services	-	58,500,000	130,335,000	134,335,000
Rentals of Produced Assets	-	13,000,000	145,000,000	145,000,000
Training Expense (including capacity building)	-	194,000,000	267,345,800	294,000,000
Hospitality Supplies and Services	-	87,050,000	196,105,000	204,105,000
Specialised Materials and Supplies	-	37,000,000	64,500,000	64,500,000
Office and General Supplies & Services	-	33,000,000	113,500,000	115,500,000
Fuel Oil and Lubricants	-	36,500,000	57,000,000	59,000,000
Other Operating Expenses	-	573,000,000	1,287,654,049	1,335,248,838
Routine Maintenance - Vehicles and Other Transport Equipment	-	21,550,000	45,000,000	45,000,000
Routine Maintenance - Other Assets	-	41,000,000	140,692,832	140,692,832
Membership Fees and Dues, and Subscriptions - International Org.	-	45,000,000	45,000,000	45,000,000
Government Pension and Retirement Benefits	-	8,500,000	25,000,000	35,000,000
Employer Social Benefits	-	2,000,000	2,000,000	2,000,000
Refurbishment of Buildings	-	9,000,000	25,000,000	25,000,000
Purchase of Vehicles and Other Transport Equipment	-	86,000,000	120,000,000	150,000,000
Purchase of Office Furniture and General Equipment	-	35,000,000	226,500,000	226,500,000
Purchase of Specialised Plant, Equipment and Machinery	-	17,000,000	55,500,000	58,500,000
Other Capital Grants and Transfers	-	15,100,000	52,500,000	52,500,000
TOTAL	-	6,659,000,000	10,920,999,577	11,514,688,881

- **Analysis of the Development Budget**

35. In the Development Budget, **Ksh.2.1 billion** has been allocated for capital projects including the construction of buildings of **Ksh.400 million**, installation of integrated security system (Ksh.1 billion), **Kshs.50 million** for purchase of buildings for PSC, **Kshs.170 million** for refurbishment of various buildings and **Kshs.445 million** for Purchase and Development of CPST Land. The analysis of the Development Budget is provided in Table 11.

Table 11: Analysis of the Development Budget for Vote 2043

ITEM DESCRIPTION	Approved Estimates FY2022/2023	Proposed Estimates FY2023/2024	Projected Estimates FY2024/2025	Projected Estimates FY2025/2026
	Kshs.	Kshs.	Kshs.	Kshs.
Construction of Multi Storey Office Block	800,000,000	400,000,000	400,000,000	200,000,000
Installation of Integrated Security System	1,000,000,000	1,000,000,000	2,000,000,000	1,800,000,000
Purchase of Buildings PSC	50,000,000	50,000,000	50,000,000	100,000,000
Refurbishment of Various Buildings	170,000,000	170,000,000	220,000,000	110,000,000
Purchase and Development of CPST Land	445,000,000	445,000,000	1,000,000,000	1,200,000,000
Toat Net Expenditure	2,465,000,000	2,065,000,000	3,670,000,000	3,410,000,000

36. The guidelines for preparing the FY 2023/24 and the Medium Term Budget required MDAs to provide details on capital projects including the total project cost, start and end date, cumulative expenditures to date, outstanding expenditures and allocation to projects including the outer years. These details have not been provided in the submission that we received for Parliamentary Joint Services Vote.

37. It is also important to note that the Government has developed Regulations on Public Investment Management (PIM) that requires for approval of all new capital projects by the National Treasury. This provision needs to be adhered to in the preparation of the Development Budget.

- **Recommendations**

38. Having critically reviewed the proposed budgets for Parliament (Parliamentary Service Commission, the Senate, the National Assembly and Parliamentary Joint Services) we wish to recommend the following:

- (i) The growth in personnel emoluments should be contained to ensure a sustainable wage bill for the public sector and also create fiscal space for priority projects and programmes;
- (ii) The submission by Parliament has not demonstrated how the Budget has been aligned to the priorities contained in the Bottom-Up Economic Transformation Agenda (BETA);
- (iii) The Recurrent Budget for Parliament has considerable scope for savings that should be channeled to addressing emerging priorities. This is especially in the areas where Parliament has in the past resolved that expenditure across all arms of Government should be rationalized. These include foreign travel, training and hospitality, purchase of motor vehicles, domestic travel, among others; and
- (iv) Parliamentary Service Commission should submit details on capital projects including the total project cost, start and end date, cumulative expenditures to date, outstanding expenditures and allocation to projects including the outer years as provided in the guidelines for preparing the FY 2023/24 Budget;
- (v) Considering the fiscal constraint, Purchase and Development of CPST Land which is allocated Ksh445million should be deferred until the Economy improves. The relevant savings should be directed towards supporting implementation of BETA; and
- (vi) Parliament's budget has been prepared outside the IFMIS system as required by law. In this regard, Parliament should adhere to the National Treasury guidelines on budget preparation including use of the IFMIS Plan to Budget system in data capture.

b. THE JUDICIARY

• Compliance with 2021 Budget Policy Statement

39. In the approved 2023 Budget Policy Statement (2023 BPS), the Judiciary has been allocated **Ksh.22.9 billion** (which includes the Judicial Service Commission). From the submissions by the Judiciary vide letter **Ref. JUD/FIN/NA Vol.1** dated **27th April, 2023** and the Judicial Service Commission vide letter **Ref. ADJ/NA/71/1712** dated **27th April, 2023** the submissions are as follows:

• The Judiciary	– Ksh. 22,232,400,000
• Judicial Service Commission	– Ksh. 897,000,000
Total	Ksh.23,129,400,000

40. This is summarized in Table 12 below:

Table 12: Summary of Judiciary Budget

Vote	Approved 2023 BPS (A)	Submission (B)	Variance C=B-A
The Judiciary	22,994,000,000	23,129,400,000	135,400,000

41. The submitted Budget for the Judiciary is above the ceilings approved in the 2023 Budget Policy Statement by **Ksh.135.4 million** on account of transfer from the National Treasury for Tax Appeal Tribunal.

42. Specific comments for the Judiciary and the Judicial Service Commission are as follows:

(i) The Judiciary (Vote 2061)

43. The overall proposed Budget for the Judiciary in the FY 2023/24 is **KSh.22.2 billion** which comprise **Ksh.20.4 billion** for recurrent and **Ksh.1.9 billion** for development.

- **Analysis of the Recurrent Budget**

44. The recurrent budget indicates that compensation to employees account for 65 per cent while use of goods and services accounts for 30 percent of the budget. This indicates an increase of 32 per cent and 27 per cent respectively compared with the allocation in the FY 2022/23 Budget as indicated in Table 13.

Table 13: Summary of Recurrent Budget

TITLE	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	10,142,512,223	13,432,116,668	15,971,196,562	17,285,906,024	3,289,604,445	32%
Use of Goods and Services	4,870,964,656	6,177,529,381	6,244,386,720	8,049,719,505	1,306,564,725	27%
Other Recurrent	386,015,356	772,753,951	986,686,718	1,227,507,971	386,738,595	100%
TOTAL	15,399,492,235	20,382,400,000	23,202,270,000	26,563,133,500	4,982,907,765	32%

45. On the use of goods and services, the analysis of the detailed allocation indicates that domestic travel is increasing by 24 per cent, training expenses by 109 per cent, utilities by 124 per cent, foreign travel by 947 per cent, printing and advertising by 50 per cent, specialized materials by 86 per cent, hospitality by 26 per cent, purchase of motor vehicle by 205 per cent, purchase of office furniture by 122 per cent.

46. On a positive note, there is significant reduction in purchase of specialized equipment by 61 per cent, domestic loans to individuals by 2 per cent, routine maintenance of motor vehicles by 23 per cent and other operating expenses by 8 per cent. The detailed analysis of the Recurrent Budget is provided in Table 14.

Table 14: Analysis of the Recurrent Budget

TITLE	Approved Estimates 2022/2023 (A)	Draft Estimates 2023/2024 (B)	Proposed Estimates 2024/2025 (C)	Proposed Estimates 2025/2026 (D)	Variance E= (B-A)	% Change (F)
Compensation to Employees	10,142,512,223	13,432,116,668	15,971,196,562	17,285,906,024	3,289,604,445	32%
Basic Salaries - Permanent Employees		6,891,184,554	8,103,217,843	9,089,692,170	6,891,184,554	
Basic Wages-Temp.Employees		30,000,000	31,500,000	33,075,000	30,000,000	
Personal Allowance - Paid as Part of Salary		4,758,482,529	5,696,406,656	5,916,063,187	4,758,482,529	
Employer Contribution to Compulsory Schemes-Pensions scheme		1,752,449,585	2,140,072,064	2,247,075,667	1,752,449,585	
Use of Goods and Services	4,870,964,656	6,177,529,381	6,244,386,720	8,049,719,505	1,306,564,725	27%
Utilities Supplies and Services	168,039,281	377,223,153	385,909,919	493,453,343	209,183,872	124%
Communication, Supplies and Services	320,094,845	434,984,305	439,756,144	562,305,257	114,889,460	36%
Domestic Travel and Subsistence, and Other Transportation Costs	1,114,208,404	1,380,104,883	1,392,925,764	1,824,547,280	265,896,479	24%
Foreign Travel and Subsistence, and Other Transportation Costs	18,229,440	190,836,874	192,901,776	246,658,668	172,607,434	947%
Printing , Advertising and Information Supplies and Services	70,529,625	105,665,283	106,851,613	136,628,570	35,135,658	50%
Rentals of Produced Assets	86,216,710	123,600,000	124,937,383	159,754,301	37,383,290	43%
Training Expenses	30,566,107	63,813,392	64,498,815	82,473,018	33,247,285	109%
Hospitality Supplies and Services	453,689,790	573,161,042	577,746,095	782,196,514	119,471,252	26%
Insurance Costs	1,294,400,000	1,430,000,000	1,445,472,956	1,783,126,244	135,600,000	10%
Specialised Materials and Supplies	59,104,776	109,949,490	111,226,607	142,222,675	50,844,714	86%
Office and General Supplies and Services	250,816,571	335,921,995	340,492,313	435,379,507	85,105,424	34%
Fuel Oil and Lubricants	121,944,919	215,223,369	217,552,139	278,178,469	93,278,450	76%
Other Operating Expenses	612,809,668	564,099,276	567,769,319	769,439,114	48,710,392	-8%
Routine Maintenance - Vehicles and Other Transport Equipment	149,731,407	114,830,584	116,110,298	148,467,328	34,900,823	-23%
Routine Maintenance - Other Assets	120,583,113	158,115,734	160,235,577	204,889,217	37,532,621	31%
Other Recurrent	386,015,356	772,753,951	986,686,718	1,227,507,971	386,738,595	100%
Government Pension and Retirement Benefits	19,526,825	142,200,720	149,310,756	156,776,294	122,673,895	628%
Purchase of Motor Vehicles	102,204,000	311,350,000	514,718,884	658,158,139	209,146,000	205%
Purchase of Office Furniture and General Equipment	61,959,371	137,810,071	139,301,198	178,120,970	75,850,700	122%
Purchase of Other specialised Equipment	28,925,160	11,393,160	11,516,437	14,725,779	17,532,000	-61%
Domestic Loans to Individuals and Households	173,400,000	170,000,000	171,839,442	219,726,789	3,400,000	-2%
TOTAL	15,399,492,235	20,382,400,000	23,202,270,000	26,563,133,500	4,982,907,765	32%

- **Analysis of the Development Budget**

47. With regards to the Development Budget, construction of buildings has been allocated **KSh.616 million**, refurbishment of buildings has an allocation of **KSh.100 million** while ICT-Judiciary Digital Strategy has a provision of **KSh.650 million**. The analysis of the Development Budget is provided in Table 15.

Table 15: Summary of the Development Budget

HEAD/ PROJECT	Approved Estimates 2022/2023	Estimates 2023/2024	Projected Estimates	
			Estimates 2024/2025	Estimates 2025/2026
Construction of Courts	538,400,000	616,000,000	1,442,000,000	1,780,000,000
Refurbishment of Courts	85,000,000	100,000,000	110,000,000	80,000,000
Supply of Generators Solar and Batteries	104,600,000	45,000,000	30,000,000	100,000,000
Renovation of Supreme Court Building	197,000,000	154,000,000	100,000,000	100,000,000
Judiciary Training Academy	40,000,000	0		
Completion of JPIP Project	85,000,000	85,000,000		
ICT-Judiciary Digital Strategy	400,000,000	650,000,000	400,000,000	500,000,000
Court Awards-Mlimani, Lodwar	450,000,000	50,000,000	200,000,000	200,000,000
Supply of Fire Fighting Equipment		30,000,000		
Construction of a New Supreme Court		50,000,000	300,000,000	300,000,000
refurbishment of Chief Justice Residences		70,000,000	100,000,000	100,000,000
Sinking and Repair of Boreholes			18,000,000	40,000,000
TOTAL	1,900,000,000	1,850,000,000	2,700,000,000	3,200,000,000

48. We also note that the Judiciary has submitted details of capital projects including the total project cost, start and end date, cumulative expenditures to date, outstanding expenditures and allocation to projects including the outer years in compliance with the guidelines on the finalization FY 2023/24 and the Medium Term Budget.

(ii) Judicial Service Commission (Vote 2051)

49. The overall proposed Budget for the Commission is **KSh.897 million** for FY2023/24 of which Recurrent is **Ksh.887 million** and Development of **Ksh.10 million**. We note that there is enhanced allocation to compensation of employees which has increased by 24 per cent. The Judicial Service Commission should justify the huge growth in compensation to employees.

50. We note that the allocation to the Judicial Service Commission is within the ceilings approved for the Judiciary in the 2023 Budget Policy Statement. A summary of the recurrent analysis is indicated in Table 16.

Table 16: Analysis of the Recurrent Budget

ITEM	Approved FY 2022/23	Estimates 2023/2024	Projected 2024/2025	Projected 2025/2026	VARIANCE	% CHANGE
Compensation of employees	205	255	268	282	50	24%
Other Recurrent	682	632	619	646	(50)	-7%
TOTAL	887	887	887	928	0	0%

- **Recommendations**

51. Based on the submissions for the Judiciary and the Judicial Service Commission, we propose the following policy recommendations:

- (i) The Judiciary should review their allocations in the FY 2023/24 proposed Budget Estimates and re-align to Government priorities under the Bottom-Up Economic Transformation Agenda;
- (ii) Review provisions for compensation of employees to curtail growth in public wage bill;
- (iii) Consolidation of thinly spread allocations on capital projects to high impact priority projects to ensure completion. The Judiciary should review allocation to projects and provide a list of projects to be completed in the FY 2023/24;
- (iv) The Judiciary should ensure that resources are directed towards the achievement of the overall Government priority areas, specifically towards the fight against corruption and enhancing service delivery in the dispensation of justice. Key emphasis should be on expenditures that aim to reduce case backlogs and timely administration of justice;
- (v) The Judicial Service commission has not submitted an itemized budget. In this regard, the Commission should adhere to the National Treasury

guidelines on budget preparation including use of the IFMIS Plan to Budget system in data capture; and

- (vi) The Judicial Service Commission should justify the increased allocation for compensation to employees.

IV. OVERALL POLICY RECOMMENDATIONS

52. The three arms of Government have complied with expenditure ceilings as approved in the 2023 Budget Policy Statement which are consistent with the FY 2023/24 Fiscal Framework.

53. Having considered the existing fiscal constraints, Parliament and the Judiciary should be encouraged to implement efficiency measures in the delivery of services including deepening digitization of services that is consistent with the priorities of the Government.

FEDERAL BUREAU OF INVESTIGATION DEPARTMENT OF JUSTICE WASHINGTON, D. C. 20535	
TO: SAC, [illegible]	FROM: [illegible]
SUBJECT: [illegible]	DATE: [illegible]
RE: [illegible]	[illegible]
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