

REPUBLIC OF KENYA



Approved
Alan
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KENYA NATIONAL ASSEMBLY

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Appropriations on
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(Afternoon sitting)

ELEVENTH PARLIAMENT – THIRD SESSION

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26/5/2015

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE ESTIMATES OF
REVENUE AND EXPENDITURE FOR 2015/2016 AND THE MEDIUM TERM

MAY 2015

PREFACE

Mr. Speaker Sir, on behalf of the Members of the Budget and Appropriations Committee and as required under Article 221(5) of the Constitution as well as section 39(2) of the Public Finance Management Act; it is my pleasure to present to this House the Committee's report on the 2015/16 Estimates of Revenue and Expenditure for the National Government, Parliament and the Judiciary submitted to the National Assembly by 30th April 2015 as required by law.

Mr. Speaker Sir, this is the 5th annual budget to be prepared under the new Constitution order and the 3rd under the current administration. Parliament and in particular the National Assembly, has the unique responsibility of being the only organ vested with the authority to approve the National budget. The role of the National Assembly in the budget process is clearly spelt out in the Constitution, the Public Finance Management (PFM) Act and various subsidiary legislations including the Standing Orders. By being actively involved in the preparation, approval and execution stages of the budget, this House has been able to not only ensure that there is transparency and accountability in the use of public resources but also that the budget reflects the wishes of the people.

Mandate of the Committee

Mr. Speaker Sir, Article 221 (4 and 5) of the Constitution and the Public Finance Management Act, 2012 provide for the establishment of a Committee of the National Assembly whose main role is to take the lead in budgetary oversight by the National Assembly. In this regard, Standing Order 207 establishes the Budget and Appropriations Committee with specific mandates among which is to:

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget, and
- ii. Discuss and review the estimates and make recommendations to the House.

Mr. Speaker Sir, the Budget and Appropriations Committee as currently constituted comprises of the following Honourable Members:

- | | | |
|----|----------------------------------|-------------------------|
| 1. | Hon. Mutava Musyimi, M.P. | Chairperson |
| 2. | Hon. Mary Emaase, M.P. | Vice Chairperson |
| 3. | Hon. Alfred Sambu, M.P. | |
| 4. | Hon. Benjamin Langat, M.P. | |
| 5. | Hon. Charles Nyamai, M.P. | |
| 6. | Hon. Clement Wambugu, M.P. | |
| 7. | Hon. Jackson Kiptanui, M.P. | |

8. Hon. Jamleck Kamau, M.P.
9. Hon. John Mbadi, M.P.
10. Hon. Mohamed Shidiye, M.P.
11. Hon. Moses Kuria, M.P.
12. Hon. Moses Lessonet, M.P.
13. Hon. Moses Ole Sakuda, M.P.
14. Hon. Nelson Gaichuhie, M.P.
15. Hon. Abdulaziz Farah, M.P.
16. Hon. Alfred Agoi, M.P.
17. Hon. Alice Ng'ang'a, M.P.
18. Hon. Banticha Jaldesa, M.P.
19. Hon. Benjamin Andola Andayi, M.P.
20. Hon. Bitok S. Kirwa, M.P.
21. Hon. Daniel Nanok, M.P.
22. Hon. Dennis Kariuki, M.P.
23. Hon. Dr. James W. Nyikal, M.P.
24. Hon. Dr. Reginalda Wanyonyi, M.P.
25. Hon. Eng. Stephen Ngare, M.P.
26. Hon. Fatuma Ali Ibrahim, M.P.
27. Hon. Francis Njenga, M.P.
28. Hon. Irshad Sumra, M.P.
29. Hon. Isaack Mwaura, M.P.
30. Hon. James Gakuya, M.P.
31. Hon. James Lusweti, M.P.
32. Hon. Jared O. Opiyo, M.P.
33. Hon. Jonathan Lati Lelelit, M.P.
34. Hon. Joseph Limo, M.P.
35. Hon. KK Stephen Kinyanjui, M.P.
36. Hon. Makali Mulu Benson, M.P.
37. Hon. Mohammed Abbas, M.P.
38. Hon. Muriuki Njagagua, M.P.
39. Hon. Mwashetani Khatib Abdallah, M.P.
40. Hon. Omar Mwinyi, M.P.
41. Hon. Omondi George Mallan, M.P.
42. Hon. Patrick Ole Ntutu, M.P.
43. Hon. Peter Weru Kinyua, M.P.
44. Hon. Priscilla Nyokabi, M.P.
45. Hon. Richard Tongi, M.P.

46. Hon. Samuel Gichigi, M.P.
47. Hon. Shukra Hussein Gure, M.P.
48. Hon. Silverse Lisamula Anami, M.P.
49. Hon. Suleiman Murunga Kasuti, MP
50. Hon. Tiyah Galgalo, M.P.

Examination of the Budget Estimates

Mr. Speaker Sir, as required by the Constitution and the Public Finance Management Act, the budget estimates and related documents for the three arms of government namely, National Government, Parliament, and Judiciary were submitted to the National Assembly by 30th April 2015. The Budget and Appropriations Committee examined and discussed the Estimates and has made recommendations which are contained in this report. Once approved by the House, these recommendations will form the basis for the passage of the Appropriation law.

Mr. Speaker Sir, in reviewing the 2015/2016 Budget Estimates, the Committee held five (5) Sittings which included two meetings with the National Treasury. In line with the Constitution, the Committee also held public hearings on the proposed budget on two different occasions: In October during the planning stage of the budget to ensure that the wishes of the public were reflected in the broad policy before the budget is finalized; and when the proposed Estimates were submitted to the House to receive views and recommendations from *wananchi*. The pre-budget public consultations were held in fourteen (14) centres across the country; namely Turkana, Muranga, Kericho, Kirinyaga, Baringo, Kajiado, Kiambu, Nandi, Busia, Manderu, Siaya, Elgeyo Marakwet, Vihiga and Migori. After submission of the budget, public hearings were held in three (3) centres; namely, Dagoretti, Embakasi North and Embakasi South. The views of the public on the proposed Budget Estimates have been incorporated in this report.

Mr. Speaker Sir, as required by the Standing Orders, the Budget Proposals for each Ministry, Department and Agency were submitted to the various Departmental Committees under whose purview the MDAs fall, for further scrutiny and recommendations to the Budget and Appropriations Committee. Afterwards, the Budget and Appropriations Committee held fruitful deliberations with the chairpersons of the departmental Committees and received written submissions with recommendations which have been taken into account in this report.

Acknowledgements

Mr. Speaker Sir, the Budget and Appropriations Committee is grateful to the Departmental Committees and all the Members of Parliament who participated in the process for their hard work

and dedication in making sure that Parliament lives up to its budgetary oversight role. The reports of the Departmental Committees on the 2015/16 budget estimates are annexed to this report.

Mr. Speaker Sir, I would also like to express my gratitude to members of the public who took time out of their busy schedules to participate in the consultations.

Lastly, the Committee is grateful to the Office of the Speaker, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the unwavering support received as it discharged its mandate of reviewing the annual budget estimates.

Mr. Speaker Sir,

It is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee, to table this Report and recommend it to the House for adoption.

Signed



The Hon. Mutava Musyimi, M.P.
Chairman, Budget and Appropriations Committee
May, 2015

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I. ADHERENCE OF THE 2015/2016 BUDGET TO LEGAL PROVISIONS

1. **Mr. Speaker Sir**, broadly speaking, the National Treasury has adhered to the legal provisions in the preparation of the Budget Estimates as most of the information required has been provided. However, the Committee notes with concern that some of this information though provided, is not comprehensive enough for this House to be able to carry out adequate oversight. For instance, there is no comprehensive list of all projects being funded making it difficult to exercise oversight.
2. Furthermore, **Mr. Speaker Sir**, the Public Finance Management Act, 2012 requires that the Budget estimates be prepared using the Medium Term Expenditure Framework (MTEF) to provide a clear link between planning and budgeting. This entails indicating targets and outputs for the spending agencies over a three year period. Though the Estimates seem to have been prepared as required, many targets and outputs in the estimates for 2015/16 are not well defined and some are just replicated generically over the three year MTEF period. This makes it difficult to monitor progress and is limiting oversight.
3. **Mr. Speaker Sir**, the Medium Term Expenditure Framework (MTEF) also requires the presentation of the budget estimates to include the approved estimates for 2014/15 and the actual expenditures for 2013/14. However, the actual performance of 2013/14 and the status of 2014/15 budget implementation do not reflect in the 2015/16 budget. This limits the National Assembly from using past performance of the budget in deciding the allocation for 2015/16 and the medium term.

II. BUDGET FRAMEWORK FOR 2015/16 AND THE MEDIUM TERM

i. Key Highlights of the National Budget

5. **Mr. Speaker Sir**, the total proposed expenditure estimates for 2015/16 is **Ksh. 1.998 trillion**. This comprises of the following:
 - Recurrent expenditure – Ksh. 786.8 billion
 - Development expenditure – Ksh. 721 billion
 - Consolidated Fund Services – Ksh. 229.8 billion
 - Contingencies Fund – Ksh. 5 billion
 - Equalization fund - Ksh. 6 billion

6. **Mr. Speaker Sir**, a review of expenditure proposals shows that expenditures are primarily being driven by the need for better transport infrastructure and demand for reliable and affordable energy. The allocations to the energy, infrastructure and ICT sector has increased from 4.6% of GDP in 2014/15 to 6.2% in 2015/16 largely due to railway development under the 'roads and transport' subsector. The allocation to the energy sector is also set to increase due to investment in geothermal energy. However, these allocations as a percentage of GDP are projected to reduce in the medium term. In most other sectors, expenditure as a percentage of GDP remains at the same level.
7. **Mr. Speaker Sir**, a review of the fiscal framework for Financial Year 2012/13 to 2015/16 depicts continued revenue enhancing efforts but also indicates lack of a framework to contain growth of expenditures. Total revenues as a percentage of GDP have increased from 18.8% 2012/13 to 20.8% in 2015/16. Expenditures have also risen in the same period from 24.6% to 30.6%. Overall, expenditures appear to be growing faster than revenues leading to increased borrowing to finance expenditures which have increased from 5.2% of GDP in 2012/13 to 8.7% of GDP in 2015/16.
8. **Mr. Speaker Sir**, a credible budget should cater not just for the needs of the present generation but also those of the future generation. Increasing expenditure without a matching increase in revenues means that the country is forced to borrow to meet its increasing expenditure demands. Indeed, the Committee wishes to point out that despite commitments by the National Government to reduce the deficit levels over the medium term, this appears to be a moving target as the figures are continuously adjusted upwards. This continuous flouting of set targets compromises the predictability of the budget and the country's deficit policy is diluted. The Committee notes that debt repayments on both redemptions and interest are rising. There is need therefore to regularly evaluate debt sustainability of increased foreign debt, especially its effect on domestic interest rate movements, exchange rate volatility and future financial sector stability.
9. **Mr. Speaker Sir**, the Committee also notes with concern that despite the National Government's commitment to reorient expenditure towards development, the budget is still geared towards recurrent type spending as opposed to development as capital expenditures remain significantly lower than recurrent expenditure and also have a lower absorption rate. Furthermore, a review of most expenditure items in the budget depicts either maintenance of historical expenditures or increment in their allocations without clarity on actual performance. It appears the tenets of programme based budgeting are yet to be clearly understood as the budget remains incremental in nature.

ii. Limited allocations for Capital Spending

10. **Mr. Speaker Sir**, the Committee also observed that the National Government is currently undertaking 1,109 capital projects with a total cost of Ksh 4.2 trillion. By the end of Financial Year 2014/15, it is estimated that the government will have spent about Ksh. 1.6 trillion indicating that Ksh 2.6 trillion is required to finalize all these on-going projects. Most of these projects have a timeline of 2016-2018. A review of the budget estimates for 2015/16 and the medium term indicates that the government has allocated a total of Ksh. 2.1 trillion for capital expenditure. This indicates that not all on-going capital projects will have been completed by end of 2017/18. It is the opinion of the Committee that the government should increase its allocations for capital projects to ensure completion of these on-going projects within the next three years. Further, the government should consider a freeze on introduction of any new capital projects until all on-going projects have been completed.
11. **Mr. Speaker Sir**, the BPS 2015 requires that on-going projects should be prioritized in the budget for any ministry. In previous engagements between the National Assembly and the ministries, funding for a high number of pending bills is typically requested within a financial year through supplementary budgets. This shows that the specific ministries did not prioritize their expenditures to accommodate any pending bill on the commencement of the fiscal year. There is need for a proper framework of settling pending bills to ensure that this is not carried to the supplementary budgets.
12. **Mr. Speaker Sir**, the National Treasury has allocated Ksh. 5 billion for civil contingency reserves. It is also noted that the State Department for Devolution has allocated an additional Ksh. 1 billion for civil contingencies under its budget. A review of the estimates does not present any outputs for the allocation under the State Department for Devolution. The need for allocation of funds for a similar function in two separate spending agencies raises the concern of duplication of functions.

iii. State Corporations

13. **Mr. Speaker Sir**, State Corporations continue to get a huge allocation of taxpayers' money but their budget is represented just as a one line item in the budget books with no details provided. Indeed in the 2015/16 budget, the budgetary allocation to the State Corporations account for as much as 32% of the total Ministries, Departments and Agencies' expenditure. Over the last 2 years, parliament has been recommending that the budgetary transfers to these

corporations be further broken down and their budgets be submitted to Parliament. However, this has not been done thereby limiting oversight.

iv. Equalization Fund

14. **Mr. Speaker Sir**, as indicated earlier, the Equalization Fund has been allocated Ksh. 6 billion for the next financial year. However, the Committee wishes to point out that Article 204 (5) of the Constitution requires that any unexpended money in the Equalization Fund at the end of a particular financial year shall remain in that fund. This fund has been receiving budgetary allocations since 2011/12 to date and cumulatively, should be in excess of Ksh. 10 billion. It is not clear whether this is the case. It is also important to note that the fund has not been operationalized since inception due to lack of an operationalization framework.

III. LINKING THE NATIONAL BUDGET TO THE POLICY FRAMEWORK

15. **Mr. Speaker Sir**, ideally the budget estimates should mirror the resolutions in the Budget Policy Statement (BPS) as approved by this House. Any adjustments from the ceilings approved by Parliament should be based on a concrete decision by the National Treasury and the said decision be communicated to the National Assembly when presenting the Budget Estimates.

16. **Mr. Speaker Sir**, though the National Treasury strived to adhere to Parliament's recommendations in a number of ministries, it has made some changes to other ministries by increasing their budgets but the details provided are not exhaustive. Total expenditure has increased by Ksh. 118.2 billion with bulk of these increments being directed to development expenditures. Some notable changes that have not been explained include the increments to the recurrent vote of the Ministry of Defence as well as increments to the development votes of the State Department of Planning, State Department of Environment, State Department of Livestock and State Department of Fisheries.

17. **Mr. Speaker Sir**, this is not the first time that the BPS resolutions are being flouted. Indeed, this Committee raised the same concern in its report on the 2014/15 budget but it appears this was not taken seriously. It should be noted that the Budget Policy Statement provides the broad policy framework for the National Government in a given financial year including the macro-fiscal framework which forms the basis for the preparation of the annual budget. The

idea behind this is to ensure that there is a clear link between policy, planning and budgeting. Failure to adhere to the resolutions in the BPS without any concrete reasons or explanation renders the policy planning stage of the budget irrelevant and the BPS becomes a document of the willing.

IV. MACRO FRAMEWORK UNDERPINNING THE 2015/16 BUDGET

18. **Mr. Speaker Sir**, the fiscal framework for the 2015/16 budget has been based on a high economic growth of 7 percent in 2015. Factors which are being counted on to propel this growth include a stable macroeconomic environment with inflation remaining within the single digits and the exchange rate remaining stable as well as increased investment levels due to ongoing major development projects such as the Standard Gauge Railway, road construction and Geothermal development. Enhanced security and governance is also expected to boost investor confidence and tourism.
19. **Mr. Speaker Sir**, the committee observes that the economy is grappling with many internal and external challenges; notably the erratic rainfall patterns which are likely to result in food shortage in the country, given that the country is still heavily reliant on rain-fed agriculture. Furthermore, the growth outlook of Kenya's key trading partners that is, Sub-Saharan Africa and Europe, remains weak which is a risk to Kenya's trade outlook. Also, insecurity concerns have dampened the country's tourism outlook. It is therefore our considered opinion that the economy is unlikely to achieve such high growth and is more likely to grow within the range of 5.6 percent in 2015 rising to 6.0 percent in the medium term.
20. **Mr. Speaker Sir**, if economic growth is lower than projected, there will most likely be underperformance in revenue collection. This has been the case in the previous budget cycles and usually ends up in introduction of a supplementary budget. Indeed, actual expenditure patterns hardly reflect the budget as was approved due to expenditure revisions within the year which are presented as supplementary budgets. This is counterproductive to the development process and the budget ends up not achieving its intended purpose.

V. FINANCING OF THE 2015/16 BUDGET

21. **Mr. Speaker Sir**, to finance the budget, total revenue will contribute up to Ksh. 1.358 trillion, thus financing 68% of the total expenditure. Of this, Appropriations in Aid will account for up to

5% of the total expenditure. The government will also receive Grants amounting to KSh. 73.55 billion in FY 2015/16 which will cover up to 4% of the total expenditure needs. Other revenue sources include concessional project loans amounting to Ksh. 283 billion, program loans to support social safety nets amounting to Ksh. 8.123 billion, and commercial financing of Ksh. 83.3 billion (a 10% increase from previous year). Commercial financing is for financing projects with high expected risk-adjusted rates of returns including critical infrastructure that would otherwise not be undertaken due to lack of concessional finance. Net domestic borrowing will amount to Ksh. 219 billion.

- 22. Mr. Speaker Sir**, it is worth noting that A-in-A is a volatile revenue source often mired in weak reporting systems. Previously, National Assembly has proposed that A-in-As be converted into revenues payable to the exchequer as is the case with other taxes for appropriation to their respective uses. But, this is yet to be done given that Ksh. 103 billion will be treated as AIA in 2015/16. This resource component is quite volatile with growth rates widely changing from a 1% contraction in 2013/14 and a huge recovery (36%) in 2015/16. To remedy the challenges **Mr. Speaker**, the Committee reiterates that measures should be made to realign it like other taxes to increase revenue yield and attain equity and fairness in its implementation.
- 23. Mr. Speaker Sir**, though the financing proposals in the budget appear to meet the expenditure needs, it is increasingly evident that spending pressures are worsening the fiscal deficit and further fueling increased reliance on some business unfriendly financing mechanisms such as licenses, fees and charges. Owing to the narrow tax base for some tax classes (such as income tax), high effective tax rates at the individual and corporation level may negatively affect work effort. Changes should therefore be made to ease spending pressures that place heavy demands on the tax collector and citizens, and to reduce the myriad license fees and charges with the ultimate focus of growing the tax base.
- 24. Mr. Speaker Sir**, a notable point on public debt is that external borrowing from commercial sources has taken great prominence since 2014 leading to increased foreign debt service. For example, the government will spend Ksh. 16.449 billion in 2015/16 to service the interest component of Kenya's first sovereign bond. This constitutes 54% of total external interest rate payments. Even though Kenya's debt is estimated as sustainable currently based on standard measurements, future economic performance, exchange and interest rate risks and other external economic shocks cannot be known for sure. Thus, given uncertainties about future economic performance the Committee urges caution on further issuance of commercial foreign debt.

VI. PRIORITY AREAS ARISING FROM BUDGET HEARINGS AND CONSULTATIONS

a) Priority areas from Public Hearings

25. **Mr. Speaker Sir**, during the public hearings, consultations were made under the following thematic areas: Food Security, Infrastructure, Security, Social Safety Nets, Social Sector, Energy and Electricity Connections. I will now highlight the concerns raised by the Members of the Public in the context of these key thematic areas.

Food Security

26. **Mr. Speaker Sir**, the public proposed that the National Government should enhance irrigation in the country especially in Arid and Semi-Arid areas through investment in large multi-purpose dams to provide water for domestic use as well as small scale irrigation in rural areas. Furthermore, the public reiterated that the government should provide quality seeds and fertilizer including setting up a factory to produce quality and affordable fertilizer. It is worth noting that this issue has been raised in previous public hearings.

27. On minimizing post-harvest losses **Mr. Speaker**, the public requested for expansion of storage facilities including cold storage facilities for the fish industry. Furthermore, there is need to support agro-processing industries for value addition to agricultural produce which will increase the country's income.

28. There was also a request for the establishment of a Farmers Resource Centre in Dagoretti South, with the public pointing out that there is ample land in the location which can be used to construct the facility stated above. The resource centre can be used to train or empower farmers in the horticultural business and improve agricultural activities in the locality.

29. **Mr. Speaker Sir**, members of the public also stressed the need to urgently deal with the lethal maize necrosis disease which has drastically reduced maize production. It was also pointed out that pastoralism does not receive adequate attention in the national budget and policy despite being an important sector under agriculture.

Infrastructure

30. **Mr. Speaker Sir**, the public decried the poor state of public roads and proposed that the rural road network should be upgraded as well as access roads within the constituencies where the hearings were held. Of major concern were roads such as Komarock road in Embakasi North Constituency, Kamunde road and Kitharu Market – Kasarani road which is important as it is used by most businesses to transport their goods.
31. Other specific references were made with regard to access roads in *Mukuru kwa Njenga* slum, *Mukuru kwa Reuben* slum, Embakasi village and Pipeline estate. Notably, it was pointed out that construction of Transami-Bimji Road will decongest outer-ring road. Also, the access road from Kenya Builders and Pipeline Plot 10 in Embakasi South Constituency which is relied on by most of the residents due to its strategic location is in such a deplorable state that the government needs to urgently intervene and provide a budgetary allocation for the same. Moreover, the public urged the government to vet contractors in order to ensure quality contractors are hired.
32. **Mr. Speaker Sir**, to enhance safety of pedestrians, the public underscored the need to construct fly-overs and foot bridges especially along Mombasa road. They also requested for the setting up of speed bumps on major roads to protect pedestrians against speeding vehicles. The public also called for the expansion of the Korokocho Bridge to ease transportation in the area and the construction of a bridge in the Kitharu Market-Kasarani Road.

Security

33. **Mr. Speaker Sir**, the public recommended an increment in allocation of funds to the security sector. It was further suggested that in order to curb the terrorist threats, the government should allocate a small stipend to volunteers who support the NyumbaKumi Initiative. The public also proposed that the government should give a monthly stipend to the village elders who play a key role in maintaining order within the informal settlements. The government should also enhance CCTV surveillance system for coverage of a wider area in order to boost security.
34. **Mr. Speaker Sir**, the public also requested for additional police posts to be established within constituencies and allocation of additional funds to these police posts to facilitate their effective and efficient operations including provision of adequate fuel for police patrol vehicles as well

as provision of motorbikes for all chiefs. Furthermore, the government was urged to improve police working conditions so as to boost their morale in fighting crime.

Social Safety Nets

- 35. Mr. Speaker,** the committee wishes to point out to Members of this Committee that the public appreciated the work of the Constituency Development Fund (CDF) and proposed that the allocation to the fund should be increased so as to allocate more bursaries to the needy children as well as build dispensaries. However the public urged for more accountability and effective management of the fund.
- 36. Mr. Speaker Sir,** the public appreciated the efforts of the government in creating economic opportunities for the youth with specific reference made to Uwezo funds. However, it was reported that there is always a delay in release of the funds.
- 37. Mr. Speaker Sir,** the public also pointed out that the funds from the social safety nets only benefited a small section of the people. They requested for additional funds to be set aside to cater for the old, orphans and the disabled so that more eligible persons can benefit from the same. There was also a request for drug and alcohol abuse Rehabilitation Centres to be built in various constituencies.
- 38. Mr. Speaker Sir,** during the public consultations, the Committee also received submissions from the Kenya Red Cross Society which reported that in 2015/16, it faces a financing gap of Ksh.3.2 billion. The Red Cross therefore requested the government to intervene and assist in bridging the projected financing gap. Historically, it was pointed out that through the Ministry of Health, the Red Cross used to be allocated funds and that humanitarian societies are being allocated funds in the national budget in countries like Ethiopia, Tanzania, USA and Germany; underscoring the need for the government to resume allocating funds to the society.

Social Sector

- 39. Mr. Speaker Sir,** the public expressed concern that public primary schools do not have enough teachers and are not fully equipped with books. As a result, primary school performance is deteriorating. The public urged the committee to allocate more funds to the education sector so that the government may be able to buy more books and recruit more teachers for both primary and secondary school. There was also a proposal to build universities, polytechnics, and special needs schools preferably in each county to equip the

youth with skills to generate employment as well as nurturing of talent through establishment of a sports stadium and other talent academies.

40. **Mr. Speaker Sir**, in the Health Sector, it was pointed out that Hospitals are poorly funded and do not have enough personnel to attend to the sick. Public hospitals are not fully equipped with necessary medicine, beds and hospital equipment. Case in Point is the Kariobangi Health Centre as well as the Dandora Health Centre in Embakasi North Constituency. The public therefore proposed an increment in budgetary allocation to the health sector so as to address some of the challenges stated above.
41. In addition **Mr. Speaker**, the public proposed that all district and level four hospitals in each county be upgraded to level five hospitals. This will assist in bringing services closer to the people particularly in rural areas.

Energy and Electricity Connections

42. **Mr. Speaker Sir**, members of the public decried the poor connectivity in rural areas as well as high cost of connection to power. They felt that electricity is a necessity and rural access to electricity will have a positive impact on socio-economic development.
43. **Mr. Speaker Sir**, the public also noted that the informal settlements lack proper lighting at night. Considering that most people living in this areas earn a livelihood from small businesses which mostly thrive late in the evening, the public requested that high power masts for lighting be erected in these informal settlements such as *Mukuru kwa Njenga* as well as providing electricity connections for the Households. This will also be a remedial measure for insecurity in the areas especially at night. However, it was noted that the cost of connection to power is quite high.
44. It was also noted that faulty wiring to transmit electricity from the main system was causing loss of lives. The government was asked to intervene as live wires were passing on top of iron sheet houses putting entire households at risk.

Water and Sanitation

45. **Mr. Speaker Sir**, poor disposal of garbage as well as poor drainage and sewerage systems were also raised as a concern for Nairobi residents especially in the informal settlements. Furthermore, public primary and secondary schools in these areas do not have access to

adequate clean water. The public requested the National Government to intervene and ensure these services are provided.

b) Sectoral Priority Areas

46. Mr. Speaker Sir, the Committee also held fruitful deliberations with the Departmental Committees during which various pertinent matters were raised which I will now highlight:

Education

47. Mr. Speaker Sir, it was brought to the attention of the Committee that funds have not been provided for the revised Collective Bargaining Agreement where staffs of the University of Nairobi were awarded an increment of 10.38% in Basic Salary and 2.9% in House Allowance.

48. Furthermore, Maseno and Egerton Universities face infrastructural challenges due to lack of requisite facilities like Library, laboratories and hostel facilities. There was also a request for recruitment of an additional 5000 teachers which requires additional budgetary allocation of Ksh. 2.3 billion; as well as promotion of teachers which requires an additional budgetary allocation of Ksh. 2.2 billion. The Committee further recommended that TSC and the Ministry undertake an exercise to identify actual teacher shortages and distribute the teachers equally in all areas in the country.

Administration and National Security

49. Mr. Speaker Sir, on matters of Administration and National Security, several concerns were raised notably that there was need to set aside funds (Ksh. 6 billion) for leasing of vehicles for National Administration officers in all Counties and Sub-Counties as well as for the procurement of motorcycles for all Chiefs and Assistant Chiefs. It was also pointed out that police officers were still living in squalid conditions and there was need therefore to allocate Ksh. 2 billion for Prison Housing Project.

50. Mr. Speaker, the Committee was further informed that the programme for leasing of vehicles for use by police and administrators should be domiciled under the Ministry of Interior and Coordination of National Government to ensure efficient and effective management of the resource. The National Treasury can offer oversight on how the vehicles are leased and used.

51. The component on construction of police housing should also be domiciled under the Ministry of Interior and Coordination of National Government since the Ministry bests understands the housing needs of the police.
52. Additionally **Mr. Speaker**, there was a request for Ksh. 700 million to fully finance the Construction of the Police Forensic Laboratory project.

Environment and Natural Resources

53. **Mr. Speaker Sir**, the Committee was informed that there were funds allocated to NYS for construction of water pans and dams under the Ministry of Devolution and planning. It was proposed that to safeguard the targets for the State Department of Water, this should be transferred to the Ministry of Environment, Water and Natural resources because the Ministry has both the technical expertise and capacity to implement the project.
54. Furthermore **Mr. Speaker**, there was a request for an additional Ksh. 1 billion to be allocated to the Lake Basin Development Authority for the completion of a stalled project which would be instrumental in generating A-in-A for the Authority. Other requests include additional Ksh. 200 million be allocated to Ewaso Nyiro South Authority for the Tannery Project in Narok; Ksh. 250 million to be allocated to Thuwa Dam since Umaa Dam has stalled; Ksh. 490 million to be allocated to TANATHI Water Services Board for stalled projects, Ksh. 200 million to be allocated to water piping project in Marsabit and Ksh. 200 million to be allocated for water piping in Eldas Town.

Agriculture, Livestock and Cooperatives

55. **Mr. Speaker Sir**, the Committee was informed that the Kenya Meat Commission is currently undergoing modernization in order to be more efficient and be competitive. There was a request therefore for an additional allocation of **Ksh. 1 billion** in order to complete the modernization and staff rationalization.
56. **Mr. Speaker Sir**, another pertinent issue which arose in this sector is that of access to fertilizer by farmers. It was pointed out that there was a problem with distribution and that the Subsidy programme only caters for approximately 40% of farmers'needs. It was proposed therefore, that the fertilizer subsidy programme be expanded to cater for additional crops which include

Sugar, Tea and Coffee. The departmental committee requested additional **Ksh. 1.5 billion** to the subsidy programme in order to effectively cater for the crops.

- 57. Mr. Speaker Sir**, the Committee was informed that in 2015/16 financial year, the National Cereal and Produce Board has not been allocated any funds to purchase grains and food reserves. There was a request therefore for **Ksh. 3.5 billion** to be allocated to the institution for this purpose.

Labour and Social Welfare

- 58. Mr. Speaker Sir**, the Committee was informed that the Youth Enterprise Fund, the Women Enterprise Fund and the Anti Female Genital Mutilation Board required additional funding for them to be able to effectively carry out their mandate. Concern was also expressed concerning the identification of beneficiaries from the social safety net for the old.

- 59. Mr. Speaker Sir**, it was also brought to the attention of the Committee that the National Museum of Kenya required Ksh. 800 Million towards rehabilitation of national monuments as well as putting in place protective measures on national collections which are under security risk.

Transport, Public Works and Housing

- 60. Mr. Speaker Sir**, some of the notable matters brought to the attention of the Committee under this sector include the need to allocate additional funding of Ksh. 3.5 billion for counterpart funding for the Greenfield terminal for the FY 2015/16 in order for the project to take off. There was also a request for the allocation of Ksh. 700 million to Kenya Ferry services as a deposit for 2 additional ferries to ease congestion and replace the old ferries that have been declared unseaworthy by the International maritime standard body.

- 61. Mr. Speaker Sir**, the Committee also received a request for additional allocation of Ksh. 4 billion to the Ministry of Lands, Housing and Urban Development to complete stalled buildings, sea walls and jetties, foot bridges, Civil works, Economic Stimulus Programme (ESP) projects and vision 2030 flagship markets.

Finance, Planning and Trade

62. **Mr. Speaker Sir**, there was a request from the Office of the Controller of Budget for an additional Ksh. 15.3 million to cater for the recruitment of critical staff to undertake the approval of pension payments as well as serve other critical functions within the Office of the Controller of Budget.
63. **Mr. Speaker Sir**, on the issue of resettlement of IDPs, there was a request for Ksh. 1 billion for the National Humanitarian Fund Secretariat to be able to conclusively handle this matter.
64. In addition **Mr. Speaker**, there was a request of Ksh. 500 million for the construction of buildings in Ronald Ngala Utalii College.

Health

65. On matters of Health **Mr Speaker**, several matters were brought to the attention of the Committee. Notably, there was a request for Ksh.50 million to cater for recruitment of the Free Maternity Nurses as well as Ksh. 60 million for building peripherals for the cancer unit; 100 million for procuring cobalt machines; Ksh. 100 million to procure CT Simulator and Ksh.190 million for purchasing linear accelerator machines.
66. The Committee was also informed that the Kenya Medical Research Institute (KEMRI) would require an additional Ksh. 330 million for research on communicable diseases as well as infrastructure upgrading. In addition, there was also a request for an additional Ksh. 100 million for rehabilitation of buildings and wards at the Spinal Injury hospital and the Mathari Mental Hospital respectively.

Defence and Foreign Relations

67. **Mr. Speaker Sir**, the Committee noted that security threats in the country are dynamic and that the Kenya Defence Forces and the National Intelligence Service require modern technology and innovation as well as trained human capital to deal with the ever increasing threats. There was a request therefore for additional allocation to the National Intelligence Service for Intelligence modernization.

Justice and Legal Affairs

68. **Mr. Speaker Sir**, to ensure as many Kenyans as possible are able to vote, there was a request for allocation of Ksh. 925 million to the IEBC to carry out mass voter registration. Furthermore, there was a request for allocation of Ksh. 30 million to the Independent Electoral and Boundaries Commission for mapping and collection of GPS coordinates for the electoral areas to improve result transmission and logistics.

Land

69. **Mr. Speaker Sir**, the Committee was informed that the National Land Commission would require additional allocation of Ksh. 500 million to cater for the development and maintenance of the National Land Information Management Systems (NLIMS) which is a mandate of the Commission. This system should also be established at a centralized place. Consequently, there was a request for the Ministry of Lands, Housing and Urban Development to surrender space within Ardhi House for the installation of the NLIMS laboratory by the commission.

70. **Mr. Speaker Sir**, these are just highlights of some of the submissions received from Departmental Committees. A more comprehensive list is available in the Departmental Committee reports which are annexed to this report.

71. **Mr. Speaker Sir**, my Committee is concerned that there are too many requests for additional allocation outside the budget ceiling. Some of these requests though very pertinent, cannot be met in this financial year due to resource constraints. Departmental Committees are therefore requested to prioritize expenditures which will not have been met this year in the next financial year particularly during review of the Budget Policy Statement so that these are carried into the next budget.

VII. RECOMMENDATIONS

a) Policy Prescriptions

72. Mr. Speaker Sir, having considered the above matters, the Committee recommends as follows:

- (i) All MDAs must strive to remain within the ceilings as provided in the House resolutions on the Budget Policy Statement except where changes are absolutely necessary and where changes are made, this information should be provided to the National Assembly in a comprehensive manner. This will ensure that the BPS remains the policy anchor of the budget.
- (ii) The National Treasury should ensure that the tenets of Programme Based Budgeting are clearly understood by the line ministries and the targets and outputs clearly defined to avert a situation where some Ministries remain unaware of their targets and outputs. This will mainstream Programme Based Budgeting as per the Public Finance Management Act 2012,
- (iii) The approved estimates and actual performance of the previous budget should be included in the proposed budget for the next financial year in line with the Medium Term Expenditure Framework. This will facilitate the National Assembly in exercising its budgetary oversight role.
- (iv) Specific ministries should prioritize their expenditures to accommodate any pending bill on the commencement of the fiscal year in order to address this issue. Furthermore, there is need for a proper framework of settling pending bills to ensure that this is not carried to the supplementary budgets.
- (v) The government should increase its allocations for capital projects and consider a freeze on introduction of any new capital projects until all on-going projects have been completed. This is in order to ensure that all on-going capital projects are completed within the next three financial years.
- (vi) Parliament should move with speed to conclude its deliberations on the Equalization Fund regulations in order to ensure that the country begins to benefit from the Equalization Fund.

(vii) Measures should be taken to realign Appropriations-in-Aid like other taxes in order to increase revenue yield and attain equity as well as fairness in its implementation. This will remedy the challenges associated with collection of Appropriations-in-Aid.

(viii) The National Government should consider a realignment of functions within the line Ministries to address any duplication of functions. This will ensure that projects are domiciled under the line Ministry which is best equipped to undertake the programme and avert requests for reassignment of various programmes to other votes.

b) Proposed Adjustments and reallocations in the 2015/16 Budget

i. Re-allocations

- (i) Reallocate Ksh 100 million for recurrent expenditure under the Presidency from use of goods and services of the Cabinet Affairs programme to the Power of Mercy Board.
- (ii) Reallocate Ksh 120 million for recurrent expenditure under the State Department for Interior from the National Cohesion Department to the National Cohesion and Integration Commission (NCIC).
- (iii) Reallocate Ksh 600 million under the State Department for Planning from the allocation to Uwezo Fund to the following recurrent expenditures – Youth Enterprise Fund (Ksh 200 million), Women Enterprise Fund (Ksh 350 million), Anti FGM Board (Ksh 50 million).
- (iv) Reallocate Ksh 1 billion under the State Department for Devolution from civil contingency reserves to resettlement of IDPs.
- (v) Reallocate Ksh 1.9 billion under the Ministry of Health for capital allocations to leasing of healthcare equipment (Ksh 1.1 billion) and slum healthcare upgrading (Ksh 800 million). These funds are reallocated to the following expenditures: National AIDS Control Council (Ksh 100 million), Kenyatta National Hospital (Ksh 450 million), Spinal Injury Hospital (Ksh 100 million), Mathari Mental Hospital (Ksh 100 million), Kenya Medical Research Institute (Ksh 330 million), Tobacco Control Board (Ksh 100 million), purchase of TB drugs (Ksh 100 million), recruitment of nurses for the free maternity programme (Ksh 50 million), National Blood Transfusion Services (Ksh 70 million), Kenya Medical Supplies Agency (Ksh 100 million).

- (vi) Reallocate Ksh 200 million under the State Department for Water and Regional Authorities from Chemususu Dam (Ksh 100 million) and Kiserian Dam (Ksh 100 million) to Northern Water Service Board.
- (vii) Reallocate Ksh 1.6 billion under the Ministry of Labour, Social Security and Services for capital expenditure for the social assistance to vulnerable groups to Child Welfare Society for cash transfers to abandoned children in rescue centres, children homes, street children and child headed homes outside ordinary households: Ksh 200 million for recurrent expenditure and Ksh 1.4 billion for capital expenditure.
- (viii) Reallocate Ksh 52 million for recurrent expenditure under the State Department for Livestock as follows: Ksh 30 million from use of goods and services for the development planning services to the Dairy Board and Ksh 22 million from rangelands ecosystem development services to development of a 3rd stock route in Samburu and Turkana.
- (ix) Reallocate Ksh 10 million for recurrent expenditure under the Ministry of Industrialization and Enterprise Development from Sacco Societies Regulatory Authority (SASRA) to the governance and accountability for legal and policy development.
- (x) Reallocate Ksh 500 million under the Ministry of Industrialization and Enterprise Development for capital expenditure for Export Processing Zones Authority (EPZA) to capital expenditure for RIVATEX.
- (xi) Reallocate Ksh 500 million for capital expenditure under the State Department of Commerce and Tourism from Tourism Recovery to Ronald Ngala Utalii College.
- (xii) Reallocate Ksh 100 million for recurrent expenditure under the Office of the Attorney General and Department of Justice from the Judges and Magistrates Vetting Board to fund the pupilage programme (Ksh 56 million) and to the Council of Legal Education (Ksh 44 million).
- (xiii) Reallocate Ksh. 20 million for recurrent expenditure under the Office of the Auditor General from use of Goods and Services to the finalization of the Socio-Economic Audit.

ii. Reductions

- (i) Reduce the recurrent allocations for use of goods and services for the Cabinet Affairs programme of the Presidency by Ksh 100 million.
- (ii) Reduce the recurrent allocations for use of goods and services under the policing services programme and National Cohesion Department of the State Department for Interior by Ksh 71 million and Ksh 80 million respectively.
- (iii) Reduce the capital allocations for construction of building under the policing services programme of the State Department of Interior by Ksh 50 million.
- (iv) Reduce the recurrent allocations for the Huduma Center under the State Department for Planning by Ksh 173.2 million.
- (v) Reduce the allocations for use of goods and services under the General Administration, Planning and Support Services programme for the State Department for Education by Ksh 300 million.
- (vi) Reduce the allocation for revitalization of youth polytechnics under the State Department for Science and Technology amounting to Ksh 507.7 million: Ksh 76.71 million in recurrent and Ksh 430.97 million in development.
- (vii) Reduce the recurrent allocation for use of goods and services under the General Administration, Planning and Support Services programme for the State Department for Science and Technology by Ksh 200 million.
- (viii) Reduce the recurrent allocation for Human Resource Reforms under the National Treasury by Ksh 1 billion.
- (ix) Reduce the recurrent allocation for the Contributory Pension Scheme under the National Treasury by Ksh 1 billion.
- (x) Reduce the recurrent allocation to the Kenya Revenue Authority under the National Treasury by Ksh 290.9 million.
- (xi) Reduce the capital allocation to the Data Recovery Center under the National Treasury by Ksh 71 million.

- (xii) Reduce the capital allocation for the IFMIS re-engineering under the National Treasury by Ksh 562.2 million.
- (xiii) Reduce the recurrent allocation to KWS under the State Department for Environment and natural Resources by Ksh 1.5 billion.
- (xiv) Reduce the capital allocations to the greening programme of the Directorate of Environment under the State Department for Environment and natural Resources by Ksh 100 million.
- (xv) Reduce the capital allocations to the tourism recovery under the State Department for Commerce and Tourism by Ksh 300 million.

iii. Additions

- (i) Increase the capital allocations to the State Department for Planning by Ksh 100 million for construction of building at Embu Government Training Institute (GTI).
- (ii) Increase the recurrent allocations to the State Department for Science and Technology by Ksh 1 billion for University of Nairobi Collective Bargaining Agreement.
- (iii) Increase the capital allocations to the National Transport and Safety Authority (NTSA) under the State Department of Transport by Ksh. 300 million for upgrading the motor vehicle inspection centers and purchase of safety enforcement vehicles.
- (iv) Increase the capital allocations to the Kenya Wildlife Service under State Department for Environment and natural Resources for compensation claims by Ksh 330 million.
- (v) Increase the recurrent allocations to the State Department for Environment and Natural Resources by Ksh. 170 million for the following expenditures: National Environment Management Authority (Ksh 120 million), Kenya Forest Service (Ksh 50 million).
- (vi) Increase the capital allocations to the State Department for Water and Regional Authorities by Ksh 1.1 billion for the following expenditures: National Water Construction and Pipeline Company (Ksh 160 million), Tana Athi Water Service Board (Ksh 160 million), Rift Valley Water Service Board (Ksh 160 million), Lake Victoria South Water Service Board (Ksh 240 million), Coastal Water Service Board (Ksh 200 million), Lake

- North Water Service Board (Ksh 80 million), EwasoNyiro South Tannery (Ksh. 100 million).
- (vii) Increase the capital allocations to the Ministry of Industrialization by Ksh 3.55 billion for the following expenditures: Kenya Industrial Training Institute - KITI (Ksh 120 million), New Kenya Cooperative Creameries- KCC (Ksh 400 million), Kenya Industrial Property Institute - KIPI (Ksh 300 million), Special Economic Zones (Ksh 1.5 billion) and Kenya Industrial Research and Development - KIRDI (Ksh 1.2 billion).
 - (viii) Increase the capital allocation to the Independent Electoral and Boundaries Commission (IEBC) by Ksh 30 million for purchase of results transmission and logistic system.
 - (ix) Increase the recurrent allocation to the National Police Service Commission by Ksh 121 million for the following expenditures – Ksh 5 million for development of a scheme of service for police officers, Ksh 71 million for recruitment of police officers, Ksh 45 million for police vetting programme.
 - (x) Increase the recurrent allocations to the Controller of Budget by Ksh 15.4 million for personnel emolument.
 - (xi) Increase the recurrent allocations to the Independent Police Oversight Authority(IPOA) by Ksh 80 million for operations.
 - (xii) Increase the capital allocation to the National Land Commission by Ksh. 500 million for National Land Information Management System.

73. The Committee further recommends that this House resolves to:

- a) Approves the Report of the Budget and Appropriations Committee on the Budget Estimates for the National Government, the Judiciary and Parliament for the Financial Year 2015/2016
- b) Approves the issuance of a sum of **Ksh. 1,508,517,181,340** from the Consolidated Fund to meet the expenditure during the year ending 30th June 2016 in respect of the votes as attached in Schedule.

SCHEDULE : EXPENDITURE ESTIMATES FOR 2015/2016

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
1011 The Presidency	Total	5,950,557,884	1,846,129,798	7,796,687,682
	0702000 P2 Cabinet Affairs	1,352,676,316	1,215,000,000	2,567,676,316
	0703000 P3 Government Advisory Services	358,251,168	-	358,251,168
	0704000 P4 State House Affairs	2,482,861,189	458,600,000	2,941,461,189
	0734000 P.6 Deputy President Services	1,756,769,211	172,529,798	1,929,299,009
1021 State Department for Interior	Total	87,970,155,075	14,296,122,356	102,266,277,431
	0601000 P.1 Policing Services	69,805,846,742	11,909,036,072	81,714,882,814
	0602000 P.2 Planning, Policy Coordination and Support Service	13,058,472,155	578,938,484	13,637,410,639
	0603000 P3 Government Printing Services	737,931,837	148,860,000	886,791,837
	0605000 P.4 Population Management Services	4,367,904,341	1,659,287,800	6,027,192,141
1022 State Department for Coordination of National Government	Total	16,967,134,466	1,011,000,000	17,978,134,466
	0604000 P1 Correctional services	16,754,212,327	984,000,000	17,738,212,327
	0623000 P.2 General Administration, Planning and Support Services	146,106,439	23,000,000	169,106,439
	0624000 P.3 Betting Control, Licensing and Regulation Services	66,815,700	4,000,000	70,815,700
1031 State Department for Planning	Total	20,391,617,000	61,113,146,934	81,504,763,934
	0706000 P1 : Economic Policy and National Planning	1,109,527,563	39,554,295,608	40,663,823,171
	0707000 P2 : National Statistical Information Services	1,833,333,297	1,479,800,000	3,313,133,297
	0708000 P3: Monitoring and Evaluation Services	42,342,786	162,457,818	204,800,604
	0709000 P4: General Administration Planning and Support Services	710,888,541	134,575,000	845,463,541
	0710000 P 5: Public Service Transformation	7,702,865,285	550,061,148	8,252,926,433
	0711000 P6: Gender & Youth Empowerment	8,992,659,528	19,231,957,360	28,224,616,888
1032 State Department for Devolution	Total	2,300,785,390	9,388,650,310	11,689,435,700
	0712000 P7: Devolution Services	898,465,641	-	898,465,641
	0713000 P 8: Special Initiatives	572,032,169	2,064,586,000	2,636,618,169
	0732000 P.3 General Administration, Planning and Support Services	256,309,890	-	256,309,890
	0733000 P.9 Accelerated ASAL Development	573,977,690	7,324,064,310	7,898,042,000
1041 Ministry of Defence	Total	92,329,042,100	42,000,000	92,371,042,100
	0801000 P.1: Defence	90,254,000,000	42,000,000	90,296,000,000
	0802000 P.2 Civil Aid	450,000,000	-	450,000,000
	0803000 P.3 General Administration, Planning and Support Services	1,625,042,100	-	1,625,042,100
1051 Ministry of Foreign Affairs and International Trade	Total	13,135,860,904	1,401,850,000	14,537,710,904
	0714000 P.1 General Administration Planning and Support Services	3,465,536,663	656,700,000	4,122,236,663
	0715000 P.2 Foreign Relation and Diplomacy	8,982,040,696	745,150,000	9,727,190,696
	0716000 P3 International Trade and investments Promotion	688,283,545	-	688,283,545
	Total	59,032,526,360	22,408,280,160	81,440,806,520
	0501000 P.1 Primary Education	16,945,234,609	18,857,794,975	35,803,029,584

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
1061 State Department for Education	0502000 P.2 Secondary Education	33,509,860,422	1,323,710,500	34,833,570,922
	0503000 P.3 Quality Assurance and Standards	4,829,799,515	902,600,000	5,732,399,515
	0508000 P. 8 General Administration, Planning and Support Services	3,747,631,814	1,324,174,685	5,071,806,499
	Total	59,352,429,183	13,547,318,227	72,899,747,410
1062 State Department of Science and Technology	0504000 P.4 University Education	54,422,917,416	7,985,334,000	62,408,251,416
	0505000 P.5 Technical Vocational Education and Training	2,717,141,964	5,146,584,227	7,863,726,191
	0506000 P. 6 Research, Science, Technology and Innovation	982,272,077	415,400,000	1,397,672,077
	0507000 P.7 Youth Training and Development	50,588,156	-	50,588,156
	0508000 P. 8 General Administration, Planning and Support Services	1,179,509,570	-	1,179,509,570
	Total	42,625,561,912	49,461,697,696	92,087,259,608
1071 The National Treasury	0717000 P1 : General Administration Planning and Support Services	37,029,862,665	4,593,530,000	41,623,392,665
	0718000 P2: Public Financial Management	4,101,575,158	42,954,536,373	47,056,111,531
	0719000 P3: Economic and Financial Policy Formulation and Management	1,174,124,089	1,859,131,323	3,033,255,412
	0720000 P4: Market Competition	320,000,000	54,500,000	374,500,000
	Total	28,939,512,989	30,244,366,834	59,183,879,823
1081 Ministry of Health	0401000 P.1 Preventive & Promotive Health Services	1,472,860,978	5,960,690,110	7,433,551,088
	0402000 P.2 Curative Health Services	16,438,523,562	6,701,481,896	23,140,005,458
	0403000 P.3 Health Research and Development	5,218,430,841	996,950,000	6,215,380,841
	0404000 P.4 General Administration, Planning & Support Services	5,775,139,781	8,651,748,560	14,426,888,341
	0405000 P.5 Maternal and Child Health	34,557,827	7,933,496,268	7,968,054,095
	Total	29,953,406,056	104,012,542,686	133,965,948,742
1091 State Department for Infrastructure	0202000 P.2 Road Transport	29,953,406,056	104,012,542,686	133,965,948,742
	Total	5,798,949,317	158,755,285,915	164,554,235,232
1092 State Department for Transport	0201000 P.1 General Administration, Planning and Support Services	346,171,228	378,559,256	724,730,484
	0203000 P3 Rail Transport	-	146,998,395,459	146,998,395,459
	0204000 P4 Marine Transport	562,104,110	8,188,000,000	8,750,104,110
	0205000 P5 Air Transport	4,375,390,903	2,890,331,200	7,265,722,103
	0206000 P6 Government Clearing Services	64,143,844	-	64,143,844
	0216000000 Road Safety	451,139,232	300,000,000	751,139,232
	Total	12,453,268,374	8,615,721,671	21,068,990,045
1101 State Department for Environment and Natural Resources	1010000 P.1 General Administration, Planning and Support Services	586,042,542	25,331,999	611,374,541
	1011000 P.2 Environment and Natural Resources Management and Protection	10,788,362,366	7,569,149,672	18,357,512,038
	1012000 P.3 Meteorological Services	1,078,863,466	1,021,240,000	2,100,103,466
	Total	4,259,961,781	35,448,105,500	39,708,067,281

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
1102 Ministry for Water and Regional Authorities	1001000 P.1 General Administration, Planning and Support Services	666,583,358	151,050,000	817,633,358
	1004000 P.4 Water Resources Management	2,986,507,222	31,680,492,000	34,666,999,222
	1005000 P.5 Integrated Regional Development	606,871,201	3,616,563,500	4,223,434,701
1111 Ministry of Lands, Housing and Urban Development	Total	3,939,546,142	28,118,632,530	32,058,178,672
	0101000 P. 1 Land Policy and Planning	2,255,306,681	4,620,844,838	6,876,151,519
	0102000 P.2 Housing Development and Human Settlement	459,149,585	7,184,839,248	7,643,988,833
	0103000 P.3 Government Buildings	328,673,072	1,360,870,432	1,689,543,504
	0104000 P.4 Coastline Infrastructure and Pedestrian Access	58,854,677	395,500,000	454,354,677
	0105000 P.5 Urban and Metropolitan Development	315,270,924	14,013,578,012	14,328,848,936
	0106000 P.6 General Administration Planning and Support Services	522,291,203	543,000,000	1,065,291,203
1121 Ministry of Information, Communication and Technology	Total	3,045,532,300	8,943,097,566	11,988,629,866
	0207000 P1: General Administration Planning and Support Services	986,700,252	618,688,000	1,605,388,252
	0208000 P2: Information And Communication Services	1,752,809,368	1,723,778,520	3,476,587,888
	0209000 P3: Mass Media Skills Development	215,450,000	135,000,000	350,450,000
	0210000 P4: ICT Infrastructure Development	90,572,680	6,465,631,046	6,556,203,726
1131 Ministry of Sports Culture and Arts	Total	2,947,339,278	3,641,370,680	6,588,709,958
	0901000 P.1 Sports	740,597,811	2,619,000,000	3,359,597,811
	0902000 P.2 Culture	915,266,073	225,970,680	1,141,236,753
	0903000 P.3 The Arts	405,411,477	196,400,000	601,811,477
	0904000 P.4 Library Services	579,539,000	580,000,000	1,159,539,000
	0905000 P.5 General Administration, Planning and Support Services	306,524,917	20,000,000	326,524,917
1141 Ministry of Labour Social Security and Services	Total	9,514,546,470	15,379,713,290	24,894,259,760
	0906000 P 1: Promotion of the Best Labour Practice	449,070,264	293,848,304	742,918,568
	0907000 P 2: Manpower Development, Employment and Productivity Management	565,443,783	355,752,100	921,195,883
	0908000 P 3: Social Development and Children Services	2,854,858,489	2,292,396,000	5,147,254,489
	0909000 P 4: National Social Safety Net	5,065,715,777	12,436,316,886	17,502,032,663
	0910000 P 5: General Administration Planning and Support Services	579,458,157	1,400,000	580,858,157
1151 Ministry of Energy and Petroleum	Total	2,049,068,130	92,412,436,447	94,461,504,577
	0211000 P 1 General Administration Planning and Support Services	317,116,206	300,271,849	617,388,055
	0212000 P2 Power Generation	741,423,414	27,342,528,150	28,083,951,564
	0213000 P3 Power Transmission and Distribution	836,031,718	62,043,110,848	62,879,142,566
	0214000 P4 Alternative Energy Technologies	138,632,098	768,316,000	906,948,098
	0215000 P5 Exploration and Distribution of Oil and Gas	15,864,694	1,958,209,600	1,974,074,294
	Total	8,314,136,906	26,152,665,191	34,466,802,097

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
1161 State Department for Agriculture	0107000 P1: General Administration Planning and Support Services	1,086,390,636	486,999,999	1,573,390,635
	0108000 P2: Crop Development and Management	6,215,678,678	6,586,794,692	12,802,473,370
	0109000 P3: Agribusiness and Information Management	173,292,859	3,371,000,000	3,544,292,859
	0110000 P4: Irrigation and Drainage Infrastructure	838,774,733	15,707,870,500	16,546,645,233
	Total	1,947,855,128	5,170,792,079	7,118,647,207
1162 State Department for Livestock	0112000 P 6: Livestock Resources Management and Development	1,947,855,128	5,170,792,079	7,118,647,207
1163 State Department for Fisheries	Total	1,368,536,694	3,139,232,762	4,507,769,456
1171 Ministry of Industrialization and Enterprise Development	0111000 P5: Fisheries Development and Management	1,368,536,694	3,139,232,762	4,507,769,456
	Total	2,568,513,330	8,459,150,302	11,027,663,632
	0301000 P.1 General Administration Planning and Support Services	526,068,301	26,000,000	552,068,301
	0302000 P.2 Industrial Development and Investments	679,698,258	7,005,332,658	7,685,030,916
	0303000 P.3 Standards and Business Incubation	1,130,696,221	1,392,817,644	2,523,513,865
1181 State Department for Commerce and Tourism	0304000 P.4 Cooperative Development and Management	232,050,550	35,000,000	267,050,550
	Total	2,891,637,766	7,789,898,400	10,681,536,166
	0306000 P 2: Tourism Development and Promotion	1,315,729,959	7,281,059,440	8,596,789,399
	0307000 P 3: Trade Development and Promotion	1,017,456,732	387,890,960	1,405,347,692
1182 State Department for East African Affairs	0308000 P 4: General Administration, Planning and Support Services	558,451,075	120,948,000	679,399,075
	Total	1,665,597,404	115,000,000	1,780,597,404
	0305000 P 1: East African Affairs and Regional Integration	1,665,597,404	115,000,000	1,780,597,404
1191 Ministry of Mining	Total	728,072,090	1,496,321,429	2,224,393,519
	1007000 P.1 General Administration Planning and Support Services	313,091,882	101,500,000	414,591,882
	1008000 P.2 Resources Surveys and Remote Sensing	208,950,565	715,900,000	924,850,565
	1009000 P.3. Mineral Resources Management	206,029,643	678,921,429	884,951,072
1251 Office of the Attorney General and Department of Justice	Total	4,094,976,884	549,928,571	4,644,905,455
	0606000 P.1 Legal Services	1,587,833,720	35,225,750	1,623,059,470
	0607000 P.2 Governance, Legal Training and Constitutional Affairs	1,805,399,866	156,074,250	1,961,474,116
	0609000 P. 4 General Administration, Planning and Support Services	701,743,298	358,628,571	1,060,371,869
1261 The Judiciary	Total	12,623,930,000	5,365,770,000	17,989,700,000
	0610000 P 1: Dispensation of Justice	12,623,930,000	5,365,770,000	17,989,700,000
1271 Ethics and Anti-Corruption Commission	Total	2,311,920,000	300,000,000	2,611,920,000
	0611000 P.1 Ethics and Anti-Corruption	2,311,920,000	300,000,000	2,611,920,000
1281 National Intelligence Service	Total	20,142,000,000	-	20,142,000,000
	0804000 P.1 National Security Intelligence	20,142,000,000	-	20,142,000,000

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
1291 Office of the Director of Public Prosecutions	Total	1,786,064,002	254,000,000	2,040,064,002
	0612000 P.1 Public Prosecution Services	1,786,064,002	254,000,000	2,040,064,002
1301 Commission for the Implementation of the Constitution	Total	212,040,000	-	212,040,000
	0613000 P.1 Implementation of the Constitution	212,040,000	-	212,040,000
1311 Office of the Registrar of Political Parties	Total	505,781,810	-	505,781,810
	0614000 P.1 Registration, Regulation and Funding of Political Parties	505,781,810	-	505,781,810
1321 Witness Protection Agency	Total	364,705,000	-	364,705,000
	0615000 P.1 Witness Protection	364,705,000	-	364,705,000
2011 Kenya National Human Rights Commission	Total	359,100,000	-	359,100,000
	0616000 P.1: Protection and Promotion of Human Rights	359,100,000	-	359,100,000
2021 National Land Commission	Total	1,101,365,410	939,200,000	2,040,565,410
	0113000 P1: Land Administration and Management	1,101,365,410	939,200,000	2,040,565,410
2031 Independent Electoral and Boundaries Commission	Total	3,697,919,790	98,000,000	3,795,919,790
	0617000 P.1 : Management of Electoral Processes	3,697,919,790	98,000,000	3,795,919,790
2041 Parliamentary Service Commission	Total	9,920,416,731	3,200,000,000	13,120,416,731
	0722000 P.2 Senate Affairs	4,895,602,081	-	4,895,602,081
2042 The National Assembly	Total	15,156,583,269	-	15,156,583,269
	0721000 P.1 National Legislation, Representation and Oversight	15,156,583,269	-	15,156,583,269
2051 Judicial Service Commission	Total	473,200,002	-	473,200,002
	0619000 P. 1 General Administration, Planning and Support Services	473,200,002	-	473,200,002
2061 The Commission on Revenue Allocation	Total	345,575,371	-	345,575,371
	0724000 P.1 Inter-Governmental Revenue and Financial Matters	345,575,371	-	345,575,371
2071 Public Service Commission	Total	1,026,400,000	166,831,450	1,193,231,450
	0725000 P.1 General Administration, Planning and Support Services	731,361,637	166,831,450	898,193,087
	0726000 P.2 Human Resource management and Development	203,649,172	-	203,649,172
	0727000 P.3 Governance and National Values	91,389,191	-	91,389,191
2081 Salaries and Remuneration Commission	Total	922,832,086	-	922,832,086
	0728000 P.1 Salaries and Remuneration Management	922,832,086	-	922,832,086
	Total	181,211,612,264	200,000,000	181,411,612,264

Vote	Programme	Estimates 2015/2016		
		Recurrent	Development	Total
		KShs.	KShs.	KShs.
2091 Teachers Service Commission	0509000 P.1 Teacher Resource Management	174,301,562,668	-	174,301,562,668
	0510000 P.2 Governance and Standards	199,037,750	-	199,037,750
	0511000 P.3 General Administration, Planning and Support Services	6,711,011,846	200,000,000	6,911,011,846
	Total	437,500,000	-	437,500,000
2101 National Police Service Commission	0620000 P.1 National Police Service Human Resource Management	437,500,000	-	437,500,000
	Total	3,736,490,000	402,183,176	4,138,673,176
2111 Auditor General	0729000 P.1 Audit Services	3,736,490,000	402,183,176	4,138,673,176
	Total	580,830,272	-	580,830,272
2121 Controller of Budget	0730000 P.1 Control and Management of Public finances	580,830,272	-	580,830,272
	Total	444,710,920	-	444,710,920
2131 The Commission on Administrative Justice	0731000 P.1 Promotion of Administrative Justice	444,710,920	-	444,710,920
	Total	314,151,440	-	314,151,440
2141 National Gender and Equality Commission	0621000 P.1: Promotion of Gender Equality and Freedom from Discrimination	314,151,440	-	314,151,440
	Total	419,483,700	-	419,483,700
2151 Independent Police Oversight Authority	0622000 P.1 Policing Oversight Services	419,483,700	-	419,483,700
	Total Expenditure for Vote Administrative	784,630,739,380	723,886,441,960	1,508,517,181,340

MINUTES OF THE 22ND SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON MONDAY, 26TH MAY, 2015 AT 3:00 PM AT THE SMALL DINING HALL, PARLIAMENT BUILDINGS, NAIROBI

PRESENT

1. **Hon. Mutava Musyimi M.P. -Chair**
2. **Hon. Mary Emaase M.P.- Vice Chair**
3. Hon. Bitok S. Kirwa, M.P.
4. Hon. Dennis Kariuki, M.P
5. Hon. Dr. J.W. Nyikal, M.P.
6. Hon. Dr. Reginalda Wanyonyi, M.P
7. Hon. Jackson Kiptanui, M.P
8. Hon. Jamleck Kamau, M.P
9. Hon. Alice Ng'ang'a , M.P.
10. Hon. James Lusweti, M.P#
12. Hon. James Gakuya , M.P.
11. Hon. Joseph Limo, M.P.
12. Hon. KK Stephen Kinyanjui, M.P.
13. Hon. Moses Ole Sakuda, M.P.
14. Hon. Moses Lessonet, M.P
15. Hon. Patrick Ole Ntutu, M.P.
16. Hon. Samuel Gichigi, M.P.
17. Hon. Suleiman Murunga Kasuti, M.P.
18. Hon. Tiyah Galgalo, M.P.
19. Hon.(Eng) Stephen Ngare, M.P.
20. Hon. Jonathan Lati Lelelit, M.P.
21. Hon. Makali Mulu Benson, M.P.
22. Hon. Charles Nyamai, M.P.
23. Hon. Peter Weru Kinyua, M.P.
24. Hon. Muriuki Njagagua , M.P.
25. Hon. Nelson Gaichuhie, M.P.
26. Hon. Omar Mwinyi, M.P.
27. Hon. George Omondi, M.P
28. Hon. Francis Njenga, M.P
29. Hon. Benjamin Langat, M.P.
30. Hon. Daniel Nanok, M.P.
31. Hon. Mohammed Abbas, M.P
32. Hon. Richard Tongi, M.P
33. Hon. Moses Kuria, M.P
34. Hon. Abdulaziz Farah, M.P.
35. Hon. Jared O. Opiyo, M.P

ABSENT

1. Hon. Benjamin Andola Andayi, M.P.
2. Hon. John Mbadi, M.P
3. Hon. Alfred Agoi, M.P
4. Hon. Irshad Sumra, M.P
5. Hon. Mwashetani Khatib, M.P
6. Hon. Clement Wambugu, M.P
7. Hon. Mohamed Shidiye, M.P.
8. Hon. Priscilla Nyokabi, M.P
9. Hon. Silverse Lisamula Anami, M.P.
10. Hon. Isaac Mwaura, M.P.
11. Hon. Shukra Gure, M.P
12. Hon. Alfred Sambu, M.P.
13. Hon. Benjamin Langat, M.P
14. Hon. Banticha Jaldesa, M.P

IN ATTENDANCE

1. Mr. Fredrick Muthengi
2. Ms. Lucy Makara
3. Mrs. Millicent Ojiambo
4. Mr. Benjamin Ng'imor
5. Mr. Joseph Ndirangu
6. Mr. Danson Kachumbo
7. Mr. Vitalis Ndambuki

BUDGET COMMITTEE**SECRETARIAT**

- Principal Fiscal Analyst/ Clerk
Principal Fiscal Analyst
Fiscal Analyst
Fiscal Analyst
Fiscal Analyst
Fiscal Analyst
Office Assitant

AGENDA

1. Preliminaries / Confirmation of Agenda
2. Confirmation of the Minutes of the Previous Meeting.
3. Matters arising
4. Consideration and adoption of the 2015/16 and the medium term budget estimates of revenue and expenditure committee report
5. Any Other Business

MIN BAC/ 22 /2015/1: PRELIMINARIES AND CONFIRMATION OF AGENDA

The Chair called the meeting to order at 3:20p.m. He informed members that there was need to adopt the committee report to enable it to be tabled in the National Assembly. He informed members that he and the vice-chairperson had been held in the mediation committee on the Division of Revenue Bill (2015) from morning and there was stalemate in the Committee. He asked the Committee members to give their views on the mediation process and the committee unanimously agreed that the representatives of the National Assembly in the mediation committee should stick with decision that the National Assembly had adopted during the passage of the DoRB.

MINBAC/22/2015/2: CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

The Committee members confirmed the minutes of the following meetings that were held in Boma Hotel, South C, Nairobi as true reflections of the deliberations that took place. The minutes were approved as follows:

- (1) 18th Committee meeting held on 19th May,2015 proposed by Hon. Makali Mulu, M.P and Seconded by Hon. Stephen Kinyanjui,M.P
- (2) 19th Committee meeting held on 24th May,2015 proposed by Hon. Omar Mwinyi,M.P and Seconded by Hon. Patrick Ntutu, M.P
- (3) 20th Committee meeting held on 25th May,2015 proposed by Hon. Samuel Gichigi, M.P and Seconded by Hon. Tiyah Galgalo,M.P
- (4) 21st Committee meeting held on 19th May,2015 proposed by Hon. Jared Opiyo, M.P and Seconded by Hon. Daniel Nanok,M.P

MINBAC/22/2015/3: MATTERS ARISING

There were no matters arising from the confirmed minutes.

MINBAC 22/2015/4: CONSIDERATION AND ADOPTION OF THE 2015/16 BUDGET ESTIMATES COMMITTEES REPORT

The Chair took members through the draft report and mainly on recommendations that the Committee had proposed.

After long deliberation, the Committee considered and adopted the draft Committee's report on the consideration of the budget estimates for 2015/16 and the medium term.

The Chairperson appreciated the Committee members for their dedication and sacrifice in ensuring that the consideration of the estimates was concluded

successfully. The appreciation was also extended to the Departmental Committees and the Parliamentary Budget Office for their immense contribution to the whole process.

MINBAC 22/2015/5:: ADJOURNMENT

There being no other business the Chairman, Budget and Appropriations Committee adjourned the meeting at 4:30 p.m. Next meeting will be communicated at a later date.

SIGNED



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CHAIRPERSON

25.5.15

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DATE

MINUTES OF THE 21ST SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON MONDAY 25TH MAY, 2015 AT 4.00 PM AT BOMA HOTEL, NDOVU CONFERENCE HALL

PRESENT

1. Hon. Mutava Musyimi, MP – **Chairman**
2. Hon. Mary Emaase, MP – **Vice Chair.**
3. Hon Alfred Sambu, MP
4. Hon. Benjamin Langat, MP
5. Hon. Charles Nyamai, MP
6. Hon. Clement Wambugu, MP
7. Hon. Jackson Kiptanui, MP
8. Hon. Mohamed Shidiye, MP
9. Hon. Moses Lessonet, MP
10. Hon. Moses Ole Sakuda, MP
11. Hon. Nelson Gaichuhie, MP
12. Hon. Abdulaziz Farah, MP
13. Hon. Bitok S. Kirwa, MP
14. Hon. Daniel Nanok, MP
15. Hon. Dennis Kariuki, MP
16. Hon. Dr. J.W. Nyikal, MP
17. Hon. Dr. Reginalda Wanyonyi, MP
18. Hon. Eng. Stephen Ngare, MP
19. Hon. Francis Njega, MP
20. Hon. James Gakuya, MP
21. Hon. Jared O. Opiyo, MP
22. Hon Jonathan Lati Lelelit, MP
23. Hon. Joseph Limo, MP
24. Hon. KK Stephen Kinyanjui, MP
25. Hon. Makali Mulu Benson, MP
26. Hon. Moses Kuria, MP
27. Hon. Muriuki Njagagua, MP
28. Hon. Omar Mwinyi, MP
29. Hon. Patrick Ole Ntutu, MP
30. Hon. Priscilla Nyokabi
31. Hon. Peter Weru Kinyua, MP
32. Hon. Richard Tongi, MP
33. Hon. Samuel Gichigi, MP
34. Hon. Shukra Hussein Gure, MP
35. Hon. Suleiman Murunga Kasuti, MP

36. Hon. Tiyah Galgalo, MP
37. Hon. Ahmed I. Abass, MP

ABSENT

1. Hon. Jamleck Kamau, MP
2. Hon. John Mbadi, MP
3. Hon. Alfred Agoi, MP
4. Hon. Alice Ng'ang'a, MP
5. Hon. Banticha Jaldesa, MP
6. Hon. Benjamin Andola Andayi, MP
7. Hon. Fatuma, Ali Ibrahim, MP
8. Hon. Irshad Sumra, MP
9. Hon. Isaack Mwaura, MP
10. Hon. James Lusweti, MP
11. Hon. Mwashetani Khatib Abdallah, MP
12. Hon. Omondi George W. Mallan, MP
13. Hon. Silverse Lisamula Anami, MP

IN ATTENDANCE

(1) National Treasury

- | | |
|-----------------------|-----------------------|
| 1. Dr. Kamau Thugge | PS, National Treasury |
| 2. Mr. Francis Anyona | National Treasury |
| 3. Mr. Samuel Kiiru | National Treasury |

(2) Parliamentary Budget Office Staff- Committee Secretariat

- | | |
|--------------------------|---------------------------------------|
| 1. Ms. Phylis Makau | Director, Parliamentary Budget Office |
| 2. Mr. Martin Masinde | Senior Deputy Director |
| 3. Mr. Robert Nyagah | Chief Fiscal Analyst/Clerk |
| 4. Ms. Lucy Makara | Ag. Chief Fiscal Analyst |
| 5. Mr. Fredrick Muthengi | Principal Fiscal Analyst |
| 6. Mr. Mwaniki Gichohi | Senior Fiscal Analyst |
| 7. Mr. Benjamin Ngimor | Fiscal Analyst |
| 8. Ms. Millicent Ojiambo | Fiscal Analyst |
| 9. Mr. Thomas Ogwel | Fiscal Analyst |
| 10. Mr. Danson Kachumbo | Fiscal Analyst |
| 11. Mr. Joseph Ndirangu | Fiscal Analyst |
| 12. Mr. James Chacha | Fiscal Analyst |
| 13. Mr. Edison Odhiambo | Fiscal Analyst |

AGENDA

1. Preliminaries/Confirmation of Agenda
2. Confirmation of the previous meeting minutes
3. Matters arising
4. Meeting with the Cabinet Secretary National Treasury on 2015/2016 Estimates and the Medium Term
5. AOB

MIN BAC/ 21 /2015/1: Preliminaries

The Chairman called the meeting to order at 4.00 pm and a word of prayer was said. He then welcomed members to the meeting.

MIN/21/2015/2 Confirmation of the previous meeting

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN/21/2015/3 Matters Arising

There were no matters arising since the confirmation of minutes had been deferred

MIN BAC/ 21/2015/4 Meeting with the Cabinet Secretary, National Treasury.

Following submissions from the various Chairpersons on the Departmental scrutiny, the following issues emerged which the Committee required the National treasury to respond to.

- i. That fund allocated to National Youth Service for construction of water pans and dams under the Ministry of Devolution be transferred to Ministry of Environment, Water and Natural Resources.
- ii. That there is need to review A-I-As in all state departments and agencies and ascertain whether it accurately reported. It emerged that there was no transparency when declaring A-I-A.
- iii. That the Committee recommended a proper breakdown on the targets for the FY 2015/2016 against allocations, in order to ease the monitoring of budget implementation process and to carry out value for money audit.
- iv. That the leasing of vehicles for use by police and administrators be domiciled under the Ministry of Interior and Coordination of National Government to ensure efficient and effective management of the resources.

- v. Similarly the component of construction of police housing be domiciled under the Ministry of Interior and Coordination of National Government.
- vi. That there was need to compile a report on AIA for all public universities.
- vii. That a criterion be developed for equitable fund sharing among the Universities as members noted that the distribution was skewed in favour of big Universities.
- viii. That the National Treasury advise on the wish list as presented by various Committees on the funding of the programmes and projects that were not in the estimates.

The following were the responses given by the National Treasury on the concerns raised:

- i. The National Treasury had noted that they don't have accurate information on Appropriations-in-Aid. Some donors were disbursing resources without informing the Treasury. To this end the National Treasury was developing a framework on AiA. They would also engage the Ministry of Education to ascertain the level of AIA they collect through the Module II programmes.
- ii. On the breakdown of the targets, the Committee was informed that Programme Based Budgeting was a new concept which they were developing capacity to improve on it. The National treasury promised to work together with the Parliamentary Budget Office to develop capacities of MDAs on the tenets of Programme Based Budgeting.
- iii. On the lack of coordination between the two levels of Government, the Committee was informed that this is an ongoing programme and the Inter Budgetary and Economic Council had recognized on the need to develop framework to handle overlaps between the two levels of government particularly on water service Boards where a legal framework was required to deal with financing on Loans and Grants from the development partners.
- iv. On leasing of motor vehicles for the police, the Committee was informed that this arrangement was given to the Treasury by the President who felt that Treasury was better placed to lease vehicles in a timely manner to the Police. Similarly the Leasing of Helicopters for the Police was also put under the National Treasury but they eventually released the responsibility to the Ministry of Interior.

- v. The National Treasury undertook to develop criteria for sharing the resources among the Public Universities.
- vi. On the wish list, the National Treasury advised that they could not be taken on board since the fiscal deficit was already at KShs. 560 billion.

MIN BAC/ 21 /2015/5 Changes in Recurrent and Development Expenditure

Members discussed various changes and re-allocations as proposed by various Departmental Committees. After deliberations on their reports, the following proposals by the Departmental Committees were rejected:

Development Expenditure

- i. Increment of KShs. 6.2 billion police medical insurance and police forensic laboratory
- ii. Increment of KShs. 7.7 billion leasing of vehicles for National Administration officers.
- iii. Increment of KShs. 3.1 billion for Prison Housing project.
- iv. Reduction of KShs. 600 million Uwezo fund.
- v. Increment of KShs. 1.7 billion for resettlement of IDPs
- vi. Reduction of KShs. 745,150,000 million for construction of chanceries and refurbishment of Missions abroad.
- vii. Increment of KShs. 3 .5 billion for Technical Vocational Education and Training and equipping of 70 new TTIs and refurbishment of old ones.
- viii. Increment of KShs. 1.2 billion for Lake Basin Development Authority.
- ix. Increment of KShs. 755.5 million for hosting major international sports events
- x. Increment of KShs. 1.2 billion for National Museums of Kenya.
- xi. Increment of KShs. 5 billion for fertilizer subsidy.
- xii. Increment of KShs. 2.4 billion for ADC for embryo transfer technology.
- xiii. Reduction of KShs. 502 million be rejected and only be reduced by KShs. 30 million being the increment to Independent Electoral and Boundaries Commission

Recurrent Expenditure

- i. Reduction of KShs. 1,605,921,970 for Foreign Relations and Diplomacy for the Ministry of Foreign Affairs and International Trade.
- ii. Reduction of KShs. 563.4 million for International Trade and Investments Programme.

- iii. Increment of KShs. 2 billion for Military Modernisation under Defence.
- iv. Increment of KShs. 283 million for the Promotion of best Labour practices under the Ministry of Labour, Social Security and Services.
- v. Increment of KShs. 872.5 million for National Social Safety Net .
- vi. Increment of KShs. 73 million for General Administration Planning and Support Services under the Ministry of Labour, Social Security and Services.
- vii. Increment of KShs. 914.5 million for the National Intelligence Service for security intelligence.
- viii. Increment of KShs. 178 million for public prosecution services under the office of the Director of Public Prosecutions.
- ix. Increment of KShs. 100 million for the Implementation of the Constitution to the Commission for the Implementation of the Constitution.
- x. Increment of KShs. 158 million for protection and promotion of human rights to Kenya National Human Rights Commission.
- xi. Increment of KShs. 925 million for management of Electoral processes for Independent Electoral and Boundaries Commission.
- xii. Increment of KShs. 190 million for Governance and National Values for Public Service Commission.
- xiii. The proposed re-allocation of KShs. 438.7 million to the National Land Commission was however differed.

MIN BAC/ 21/2015/6: Adjournment

There being no other business the meeting adjourned at 9.00 pm.

SIGNED



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CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

26.5.15

.....

DATE

MINUTES OF THE 20TH SITTING OF THE BUDGET AND APPROPRIATIONS
COMMITTEE (BAC) ON CONSIDERATION OF DEPARTMENTAL
COMMITTEES REPORTS HELD ON 25TH MAY, 2015 AT 9:00 A.M AT BOMA
HOTEL, NDOVU CONFERENCE HALL.

PRESENT

1. Hon. Mutava Musyimi, MP – **Chairman**
2. Hon. Mary Emaase, MP-Vice Chair.
3. Hon Alfred Sambu, MP
4. Hon Jonathan Lati Lelelit, MP
5. Hon. Abdulaziz Farah, MP
6. Hon. Benjamin Langat, MP
7. Hon. Bitok S. Kirwa, MP
8. Hon. Charles Nyamai, MP
9. Hon. Clement Wambugu, MP
10. Hon. Daniel Nanok, MP
11. Hon. Dennis Kariuki, MP.
12. Hon. Dr. J.W. Nyikal, MP
13. Hon. Dr. Reginalda Wanyonyi, MP.
14. Hon. Eng. Stephen Ngare, MP
15. Hon. Francis Njega, MP
16. Hon. Jackson Kiptanui, MP.
17. Hon. James Gakuya, MP.
18. Hon. Jared O. Opiyo, MP
19. Hon. Joseph Limo, MP
20. Hon. KK Stephen Kinyanjui, MP.
21. Hon. Makali Mulu Benson, MP.
22. Hon. Mohamed Shidiye, MP
23. Hon. Moses Kuria, MP.
24. Hon. Moses Lessonet, MP
25. Hon. Moses Ole Sakuda, MP.
26. Hon. Muriuki Njagagua, MP.
27. Hon. Nelson Gaichuhie, MP
28. Hon. Omar Mwinyi, MP.
29. Hon. Patrick Ole Ntutu, MP
30. Hon. Peter Weru Kinyua, MP
31. Hon. Priscilla Nyokabi
32. Hon. Richard Tongi, MP.

33. Hon. Samuel Gichigi, MP
34. Hon. Shukra Hussein Gure, MP.
35. Hon. Suleiman Murunga Kasuti, MP
36. Hon. Tiyah Galgalo, MP
37. Hon. Mohammed Abass, MP
38. Hon. Silverse Lisamula Anami, MP

ABSENT

1. Hon. Jamleck Kamau, MP.
2. Hon. John Mbadi, MP
3. Hon. Alfred Agoi, MP.
4. Hon. Alice Ng'ang'a, MP
5. Hon. Benjamin Andola Andayi, MP
6. Hon. Fatuma, Ali Ibrahim, MP
7. Hon. Irshad Sumra, MP.
8. Hon. Isaack Mwaura, MP .
9. Hon. James Lusweti, MP
10. Hon. Mwashetani Khatib Abdallah, MP.
11. Hon. Omondi George W. Mallan, MP
12. Hon. Banticha Jaldesa, MP

In Attendance -
Committees

Chairpersons of Departmental

- | | |
|---------------------------------|---|
| 1. Hon. Julius Melly, M.P | Vice –Chair Education, Research and Technology Committee |
| 2. Hon. Maina Kamanda, M.P | Chair-Transport, Housing and Public Works Committee |
| 3. Hon. Benjamin Langat, M.P | Chair-Finance, Planning and Trade Committee |
| 4. Hon. Asman Kamama, M.P | Chair-Administration and National Security Committee |
| 5. Hon. Amina Abdalla, M.P | Chair-Environment and Natural Resources Committee |
| 6. Hon. Moitalel Ole Kenta, M.P | Member of the Environment and Natural Resources Committee |

- | | |
|---------------------------------|--|
| 7. Hon. Adan Noor, M.P | Chair-Agriculture, Livestock and Co-operatives Committee |
| 8. Hon. Moses Ole Sakuda, M.P | Representing Chair- Lands Committee |
| 9. Hon. Rachael Nyamai, M.P | Health Committee |
| 10. Hon. Tiyah Galgalo, M.P | Vice Chair -Labour and Social Welfare Committee |
| 11. Hon. Jackson Kiptanui, M.P | Vice-Chair-Energy, Information and Communications |
| 12. Hon. Ali Rasso, M.P | Member- Defence and Foreign Relations Committee |
| 13. Hon. Priscilla Nyokabi, M.P | Vice-Chair-Justice and Legal Affairs Committee |

IN ATTENDANCE

Parliamentary Budget Office Staff

- | | |
|--------------------------|---------------------------------------|
| 1. Ms. Phylis Makau | Director, Parliamentary Budget Office |
| 2. Mr. Martin Masinde | Senior Deputy Director, PBO |
| 3. Mr. Robert Nyagah | Chief Fiscal Analyst/Clerk |
| 4. Mr. Fredrick Muthengi | Principal Fiscal Analyst |
| 5. Mrs. Lucy Makara | Chief Fiscal Analyst |
| 6. Mr. Gichohi Mwaniki | Senior Fiscal Analyst |
| 7. Mrs. Millicent Makena | Fiscal Analyst |
| 8. Mr. Joseph Ndirangu | Fiscal Analyst |
| 9. Mr. Edison Odhiambo | Fiscal Analyst |
| 10. Mr. James Chacha | Fiscal Analyst |
| 11. Mr. Danson Kachumbo | Fiscal Analyst |
| 12. Mr. Thomas Ogwel | Fiscal Analyst |
| 13. Mr. Vitalis Ndambuki | Office Assitant |
| 14. Ms. Rehema Koech | Audio Recorder |

AGENDA

1. Preliminaries/Confirmation of Agenda
2. Confirmation of Previous Meeting Minutes
3. Matters Arising
4. Receiving submissions and reports from the Departmental Committees on the 2015/16 Budget Estimates.

5. Considerations of the Departmental Committees reports on the 2015/16 Budget Estimates.
6. Any Other Business.

MIN BAC/20 /2015/1: Preliminaries

The Chairman called the meeting to order at 9:20 am and a word of prayer was said. He then welcomed members and the secretariat to the meeting. The Chair reminded members that the business of the day with reference to the agenda was huge and underscored the need to be precise and brief in their submissions. It was emphasized that that the salient issues on the 2015/16 budget estimates should be the main focus of discussion. The various departmental chairs were therefore invited to present their reports in turns

MIN BAC/20 /2015/2: Confirmation of previous meeting minutes

The Committee decided to confirm the minutes of the previous meeting in the next meeting.

MIN BAC/20 /2015/3: Matters Arising

There were no matters arising as the confirmation of minutes had been postponed.

MIN BAC/20 /2015/4: Receiving submissions and reports from the Departmental Committees on the 2015/16 Budget Estimates.

1. Presentation of the Departmental Committee on Education

On behalf of the Chair, the vice chairman for the departmental committee for Education pointed out the vital role of the education sector. Arising from the committee deliberations, the recommended changes in the budget estimates under the purview of the committee were as follows:

- That Kshs.53.96 million to be removed from vote 1062001400(Kenyatta University) and taken equally to both vote heads 1062001700(Maseno University) and 1062001500(Egerton University).
- That Kshs.118.26 million under vote 1062001807(Garissa university) in development expenditure for the State department of science and

technology to be reallocated equally to both Maseno and Egerton universities for infrastructural expansion.

- Subsequently, allocation to both Maseno and Egerton will be Kshs.126.1 Million each.
- That Kshs.300 million and 200 million be reduced from the recurrent budget of the State department of Education and State department of Science and Technology respectively under use of goods and Services. The resultant Kshs.500 Million to be reallocated to the University of Nairobi under recurrent vote to cater for the revised Collective Bargaining Agreement(CBA) for 2010-13.
- That additional fund Kshs. 3.5 billion to be provided outside the sector ceiling to cater for the Construction of 70 new TTIs in constituencies, equipment for existing TTIs and refurbishment of existing ones.

The Committee reported the following financing gaps that need budgetary interventions:

- Recruitment of additional 5,000 teachers at Kshs.2.3 billion to be done outside the sector's ceiling.
- Promotion of teachers at additional Kshs.2.2 billion to be considered outside the Sector's ceiling.
- Arising from the above, in total the committee requests for additional Kshs.8 billion.

Members made the following observations on the recommendations;

- That there is need to compile a report in AiA performance in all public universities and to monitor and evaluate the same for budgeting purpose.
- That there is no mention of the Ksh.16.6 billion for retirees in the budget estimates.
- That the additional requests for allocations are not backed with the additional targets and programmes hence not enhancing programme based budgeting.
- That there are requests for additional funds some of which were not contained in the BPS.

2. Presentation by the Departmental Committee on Administration and National Security

The Chairman of the departmental committee reported the following recommendations arising from the committee deliberations:

- That Ksh.80 million from state department of Interior under Planning Policy Coordination and Support Services Programme be removed and taken to Independent Police Oversight Authority (IPOA).
- That Ksh.5 million be taken away from the State department of Interior under vote 060100 P1 Policing Services Programme (for Construction of building at Headquarters Divisional Services) and reallocated to National Police Service Commission to facilitate development of scheme(s) of service for police officers.
- That Ksh.71 million be taken away from State department of Interior under 0601000 P1 Policing Services Programme to National Police Service Commission under 0620000 National Police Service Human Resource Management Programme to facilitate the recruitment of police officers.
- That Kshs.100 million to be taken away from 0702010 P2 Cabinet Affairs Programme to 0704000 P4 state house Affairs under 0703030 Power of mercy advisory services to facilitate the Power of mercy board activities.
- That Kshs.45 Million from vote 1021 State department of interior under vote 0601000 P1 Policing Services programme for construction of building at headquarters divisional services to National Police Service Commission for Police vetting programme to facilitate police vetting exercise.
- That Ksh.100 million Vote 1011 The Presidency under 0702010 Cabinet Affairs Programme to Public Service Commission under General Administration, Planning and Support Services Programme to facilitate the selection and implementation of end to end ERP for the Commission, Document management, Business intelligence and Audit Systems.
- That Kshs 120 million from 0602050 SP 2.5 Peace Building, National Cohesion and Values under head 1021006600 National Cohesion to be taken to National cohesion and Integration Commission to facilitate the establishment of five regional offices.

Request for additional resources include:

- Kshs.6, 000 million for leasing of vehicles for National Administration officers in all counties, sub-counties and for the procurement of motorcycles for all chiefs and assistant chiefs.
- Kshs.200 million for National Cohesion and Integration Commission.
- Kshs.5, 500 million for police medical cover insurance.
- Kshs.700 million to fully finance the construction of police forensic laboratory project.
- There is need to fund completion of the many county administrative offices that were constructed under the Economic Stimulus Programme that require additional Kshs 1,500 million.
- For the State department for Co-ordination of National Government; Kshs 2,000 million for prison housing project and Kshs.1, 100 million to clear pending bills mainly arising from rising prices and which had accumulated over the years.
- For the Public Service Commission of Kenya; Kshs 100 million for disciplinary control and hearing of appeal cases in 47 counties, Kshs 80 million for promotion ,evaluation and compliance on values and principles in Article 10 and 232 of the constitution and Kshs.10 million to complete local area network upgrade.

3. Presentations by the Departmental Committee on Environment and Natural Resources

To free some funds for reallocations, it was reported that the Committee recommended the following reductions in allocations:

- A reduction in Kshs 1.5 billion in the Wildlife Services given that the the agency did not meet its targets in the FY 2014/15.
- A reduction of Kshs.100 million from the greening programme under the directorate of environment.
- Kshs.200 million from the allocation to the State department for Headquarters and Professional Services.

Arising from the above resultant Kshs 1.8 billion. The Committee recommended increases in allocations as:

- Kshs 120 million to be given to NEMA for Salaries for 109 staff newly recruited.
- Kshs 50 million for salaries for Kenya Forest Services.
- Ksh.330 million for wildlife Compensation claims expenses.
- Kshs.160 million to the National Water Conservation and Pipeline Corporation.
- Ksh.160 million be allocated to the Rift Valley Water Services Board.
- Kshs.160 million be allocated to TANATHI Water Service Board.
- Kshs.200 million to be allocated to Coastal Water Services Board.
- Kshs 200 million to be allocated to Northern Water Services Board.
- Ksh.240 million to be allocated to Lake Victoria South Water Services Board.
- Kshs.80 million to be allocated to Lake Victoria North Water Services Board.
- Kshs 100 million to be allocated to Ewaso Nyiro North Development Authority.

The other recommendations outside the BPS ceilings by the Committee include:

- Ksh 2.9 billion to be allocated to the State department of water to defray pending bills.
- Ksh.1 billion to be allocated to Lake Basin Development Authority.
- Kshs.200 million to be allocated to Ewaso Nyiro South Authority for Tannery project in Narok.

- Kshs 250 million to be allocated to Thuwa Dam since UMAA Dam has stalled.
- Kshs.490 million to be allocated to TANATHI Water Services Board for stalled projects.
- Kshs 200 million to be allocated for water piping in Marsabit.
- Kshs.200 million to be allocated water piping in Eldas town.

4. Presentations by the Departmental Committee on Energy, Communication and Information

The Committee recommended funds reallocation as proposed in the draft estimates and made the following observations:

(i) Under the Ministry of Information, Communication and Technology

- The Committee observed that the Ministry had established the Advertising Agency to put in control government advertisement across Ministries and Departments.
- The Committee also observed that Konza has been year marked as a flagship project of the Government and of vision 2030, yet the financing is still not adequate to support the development of this key project such as basic infrastructure including road network, sewerage systems among others. The Committee further noted that to make Konza a smart city and attract potential investors, there was need to involve key infrastructure Ministries to complement provision of basic but critical infrastructure, for instance through the annuity program.
- On the laptop project, the Committee observed that the project is now under the purview of the Ministry of ICT and not the Ministry of Education. However, the estimates towards this project will be considered under the Ministry's budget when the decision to move the same to the Ministry is finalized.
- The Committee also observed that some projects need to be reflected properly in the estimate books as far as the correct coding of the items is concerned

(ii) Under the Ministry of Energy and Petroleum;

- The Committee observed that there is a shortfall of **Kshs. 28.263 billion** against total resource requirement in the development vote. This will undermine the implementation of donor funded projects.
- The Committee also observed that there is insufficient funding of key parastatals like the Geothermal Development Company, Kenya Electricity Transmission Company and the Rural Electrification Authority.
- The Committee further observed that there is need to support oil and gas exploration to ensure that the petroleum sub-sector is adequately provided for so as to meet the needs of Kenyans and the country when production starts.

Concerning the last mile connectivity, the Committee noted that it was a good initiative and it should be supported since it will improve accessibility to power. The Committee however was concerned at what point of the last mile connectivity is relevant between the option of being nearer to a sub-station or a transformer.

The Committee recommends that:

- In view of the deliberations of the Committee on the submissions by the Ministry of Information, Communication and Technology and the various agencies, the Committee recommends that the total proposed Estimates of Kshs. 11,988,629,866 for Vote 1121, of which Kshs. 8,943,097,566 is for Development Sub – Vote and Kshs. 3,045,532,300 is for Recurrent Sub – Vote, and consequently that of the respective programmes as provided in the Programme Based Budget Estimates be maintained and approved.
- In view of the deliberations of the Committee on the submissions by the Ministry of Energy and Petroleum and the various agencies, the Committee recommends that the total proposed Estimates of 94,461,504,577 for Vote 1151, of which Kshs. 92,412,436,447 is for Development Sub – Vote and Kshs. 2,049,068,130 is for Recurrent Sub – Vote, and consequently that of the respective programmes as

provided in the Programme Based Budget Estimates be maintained and approved.

5. Presentations by the Departmental Committee on Labour and Social Welfare

To free Kshs.2.2 billion for reallocations, the Committee recommended the following:

- That **Ksh 1.6 Billion** to be reallocated from Social Assistance to vulnerable groups programme.
- That **Khs 600M** to be deducted from the Uwezo fund.

To utilize the resultant freed Kshs 2.2 billion, the committee recommended reallocations as:

- **Kshs 1.4 billion** for Child Welfare Society will be used for development (cash transfer to abandoned children) and Ksh **200M** for recurrent
- **Ksh.200M** to be allocated to Youth Enterprise Fund
- **Ksh.350M** to be allocated to Women Enterprise Fund.
- **Ksh.50M** to be allocated to Anti Female Genital Mutilation Board.

Additional request from Ministry of Labour, Social Security and Services outside the ceilings include:

- **Kshs.234M** towards developing the National Labour Market Information System.
- **Kshs.456M** for constituency Social Assistance Committee to manage the cash transfer of older persons and social development officers.
- **Kshs.49M** for Productivity Improvement and Management.
- **Kshs.119M** towards National helpline 116 which is a toll free emergency line for children in distress.
- **Kshs.297, 499,000** for mass registration for Persons with Disabilities in 47 counties.
- **Kshs 43M** to combat trafficking of persons.

- **Ksh 30M** to the expert Committee to review and develop detailed policy and legal framework to regulate and manage child adoptions in Kenya.
- **Kshs 800 Million** to National Museum of Kenya towards rehabilitation of monuments, putting protective measures on collections which are under security risk, promote local tourist visitation to the Monuments, develop more heritage products for tourism consumption.
 - **Kshs 200 Million** to Natural Products Industry programme to undertake the following activities:
 - I. Development, patenting and marketing of value-added natural products, in local and export markets. The programme is targeting 3 products for entry in the market;
 - II. Documentation of secured indigenous knowledge and technologies and mainstreaming them as part of national knowledge capital
 - III. Operationalization of the Natural Products Industry Coordination Board (NPICB)
- **Kshs 200 M** to operationalize the National Heroes Council as per the Kenya Heroes Act, 2014.
- **Kshs 364M** for hosting major International Sports events including 2017 preparations for the 2017 World Youth Athletic Championships, hosting of the Africa Volleyball Championships.
- **Kshs 25M** to establish Kenya Anti-Doping Agency (KADA) to deal with the doping menace by educating, creating awareness and organizing for testing of the Kenyan Athletes as a government commitment towards the doping menace.
- **Kshs 366.5M** for the office of Registrar of Sports that was established under the Sports Act 2013 to register and regulate Sports Organizations.
- **Kshs 200M** towards Kenya Film Commission for creating an enabling environment for the development of a vibrant local Film and TV industry as well as marketing Kenya as a leading destination for foreign film makers.

6. Presentations by the Departmental Committee on Agriculture, Livestock and Co-operatives

To free funds for reallocations, the Committee recommended reductions in allocations as:

- Kshs 10 million from SASRA.

- Kshs 22 Million from Rangeland Ecosystems Development Services sub program.
- Kshs 30 million from the Development Planning Services.

The resultant Kshs 62 million from the reductions above is to be reallocated as:

- Kshs 10 million to support the Legal and Policy Sub program in the Cooperative Development department.
- Kshs 22 million Livestock Market and Agribusiness Development Services sub program.
- Kshs 30 million to the Kenya Dairy Board to support efforts on milk anti-hawking.

Other additional requests by the committee were:

- The Fertilizer subsidy programme be expanded to cater for additional crops which include Sugar, Tea and Coffee. Therefore the Committee is recommending additional **Kshs 1.5 billion** to the subsidy programme in order to effectively cater for the crops.
- The National Cereals and Produce Board is currently the sole largest buyer of grains and food crops in the country. In 2015/16 financial year the National Cereal and Produce Board has not been allocated any funds to purchase grains and food crops in the printed estimates, therefore the Committee recommends that **Kshs 3.5 billion** be allocated to institution.
- The State department of livestock targets to produce 6,500 Metric tonnes of meat for both local and export market therefore the state department requires to establish more diseases free zones in the Samburu and West Pokot counties to supplement the existing one in Bachuma and Kurawa. Therefore the Committee recommended additional allocations of Kshs 400 million to the Disease Free Zoning Programme.
- The Agricultural Development Corporation (ADC) is faced with the challenge of increased demand for heifers by livestock farmers which have resulted in the need for ADC to expand the Embryo Transfer technology programme. Therefore the Committee is recommending **Kshs 1 billion** be allocated to ADC to implement the above mentioned programs.
- The Livestock farmers especially the pastoralists are faced with serious and catastrophic challenges of management of livestock diseases which is compounded by the high cost of vaccines in the market. Therefore the Committee has recommended that Kenya Veterinary Vaccines Production

Institute (KEVEVAPI) be allocated additional **Kshs 400 million** in order to double the production of vaccines.

- Kenya Meat Commission which serves as market for the livestock farmers majority being from the pastoralist areas is currently undergoing modernization in order to be more efficient and be competitive. To achieve this objective the Committee is recommending an allocation of **Kshs 1 billion** in order to complete the modernization and staff rationalization as indicated in its turn-around strategy paper.

7. Presentations by the Departmental Committee on Health

To free funds for reallocations, the Committee recommended reductions in allocations as:

- Funds to be re-allocated from the Slum upgrading Kshs 800 million
- Kshs 1.1 billion from management of equipment services.

The resultant Kshs 1.9 billion is to be reallocated as:

- 50 million for Recruitment of the Free Maternity Nurses.
- 60 million for building peripherals for the cancer unit.
- 100 million for 1 procuring cobalt machines.
- 100 million to procure CT Simulator.
- 190 million for 1 purchasing linear accelerator machines.
- 100 million for the rehabilitation of building(Spinal Injury Hospital)
- 100 million for the rehabilitation of the wards at Mathari hospital.
- 400 million for the expansion of the MTCs in Gatundu, Taita Taveta and Mutomo and purchase of equipment (KMTC).
- 100 million for infrastructure upgrading(KEMRI).
- 30 million for engagement of adolescents, young women support(NACC)
- 40 million for Implementation and dissemination of Kenya AIDS Strategy Framework (NACC).
- 30 million for Evaluation of NACC Programmes.
- 60 million for Distribution allocation (KEMSA).
- 40 Million for Monitoring and Evaluation of KEMSA Programmes in the counties.
- 50 million for Tobacco awareness programme (Tobacco Control Board).

- 50 million for Research on Contemporary Challenges related to tobacco intake (Tobacco Control Board).
- 100 million for procurement of TB Drugs not covered by the donors.
- 70 million for the procurement of specialized materials (National Blood Transfusion Services).

8. Presentations by the Departmental Committee on Lands

The Committee Recommended as follows:

- That the total proposed allocation of Kshs 454,716,502 under sub-programme “ Land Settlement Scheme” within the main programme “ Land Policy and Planning” under the Ministry of Lands, Housing and Urban Development be reallocated afresh between the Ministry of Lands, Housing and Urban Development (Vote 111) and National Land Commission (Vote 2021) in the following Manner:
 - a. Kshs 434, 716, 502 be allocated to vote 2021 (National Land Commission), under the programme “Land Administration and Management” , under sub vote development to cater for land adjudication and declaration of settlements to deserving cases countrywide.
 - b. Kshs 20 million , being the remaining amount, be retained and allocated to the Ministry of Lands, Housing and Urban Development (Vote 111), under Programme “Land Policy and Planning” , sub programme “ Land Settlement Scheme” under the development sub vote. This allocation is for the Ministry to conduct physical planning, survey and mapping and registration of ownership.

Justification: Settlement is a shared function between the Ministry of Lands, Housing and Urban Development and the National Lands Commission (NLC) as provided for under section 134 of the Land Act 2012 whereas Adjudication is the responsibility of National Land Commission as provided for under Article 67(2f) of the Constitution of Kenya 2010 and Section 5 (1f) of the NLC Act 2012.

- That the proposed allocation of Kshs 554,000,000 under Vote 111 (Ministry of Lands, Housing and Urban Development), under programme “Land Policy and Planning”, sub programme “Land Information Management” be reallocated to Vote 2021 (National Land Commission), under sub vote development, programme “Land Administration and Management”.

Justification: The development and maintenance of the National Land Information Management Systems (NLIMS) is a mandate of the National Land Commission as provided in Section 5(2d) of the National Land Commission Act, 2012. NLIMS should also be established at a centralized place.

Consequently, the Ministry of Lands, Housing and Urban Development to surrender space within Ardhi House for the installation of the NLIMS laboratory by the Commission.

- The National Treasury adheres to the Committee’s recommendations especially on the reallocation of funds in view of the functions of the Ministry of Lands, Housing and Urban Development, and National Land Commission (NLC) by law, and effect the reallocations in the respective Items and Sub-Items of the two votes (vote 111 and vote 2021).

9. Presentations by the Departmental Committee on Defense and Foreign Relations

- The Committee recommends that due to the absence of the Cabinet Secretary for Foreign Affairs and International Trade to explain to the Committee the need for an increase in the Ministry's budget beyond the House resolutions on the BPS 2015/2016 by Kshs. 1.773, considering that the absorption rate of the Ministry was low and cognizant of the fact that the Ministry submitted varied figures during the scrutiny and examination of budget estimates, the allocation for 2015/2016 for the Ministry of Foreign Affairs and International Trade (Vote 1051) be reduced by Kshs. 2,914,470,166 to affect two programs namely Foreign Relations and Diplomacy(KShs. 2,351,071,970 comprising of KShs. 1,605,921,970 for recurrent and KShs. 745,150,000 for development), and International Trade and Investments Promotion.(KShs 563,398,196 for Recurrent activities)
- The Committee recommends that, an amount of Kshs 92.3 billion in recurrent and Kshs 42 million in development be withdrawn from the Consolidated Fund to finance the Ministry of Defence (Vote 1041) in the 2015/2016 financial year.
- The Committee recommends that, an amount of Kshs 20. 142 billion in recurrent be withdrawn from the Consolidated Fund to finance the Directorate of National Intelligence (Vote 1281) in the 2015/2016 financial year.
- The Committee recommends that, an amount of Kshs 1.7 billion in recurrent and Kshs 115 million in development be withdrawn from the

Consolidated Fund to finance the State Department of East African Affairs (Vote 1182) in the 2015/2016 financial year.

- Noting that the security threats in the country are dynamic, aware that the Kenya Defence Forces and the National Intelligence Service require modern technology and innovative ways as well as well-trained human capital under the modernization program, the Committee recommends that the Kshs. 2,914, 470,166 reduced from the allocation to the Ministry of Foreign Affairs and International Trade be reallocated as follows:- Kshs. 2.0 billion to the Ministry of Defence (Vote 1041) for Equipment Modernization Program and a further Kshs. 914,470,166 be reallocated to the Directorate of National Intelligence Service (Vote 1281) for Intelligence Modernization Program.

10. Presentations by the Departmental Committee on Transport, Housing and Public Works

The Committee recommends that:-

- **Kshs. 300 Million** be reallocated from the state department of transport, head code 0012; headquarters specifically under the items Routine Maintenance – Other Assets (reduce by Kshs200 Million) and Construction and Civil Works (reduce by Kshs100 Million).
- The funds realized from the reallocation should be allocated to the National Transport and Safety Authority for Upgrading of motor vehicle inspection centers and driving test unit workshops as well as Purchase of Specialized safety enforcement vehicles (fully equipped with cameras, breathy laser and cells).
- The National Treasury has reallocated **Kshs 4.2 billion** from the state department of transport to the state department of Devolution and the Presidency to create National Fund for Restorative Justice. The

committee recommends that the reallocation of the **Ksh 4.2 billion** domiciled in the above mentioned state departments to the state department of transport out of which **Kshs 3.5 billion** will be counterpart funding for the Greenfield terminal for the FY 2015/16 in order for the project to take off.

- The committee also recommends the remaining **Kshs 700 million** realized from the reallocation of **Kshs 4.2 billion** be allocated to Kenya Ferry services as a deposit for 2 additional ferries in the FY 2015/16, to ease congestion and replace the old ferries that have been declared unseaworthy by the International maritime standard body.
- Reallocate **Kshs 280 million** under the directorate of urban development meant for capacity building in Kilifi County to the directorate of public works specifically to the newly created Public Building Inspectorate which had budgetary shortfall of **Kshs 480 Million**.
- The committee further recommends that an additional allocation of **Kshs. 4 billion** to the Ministry of Lands, Housing and Urban Development to complete the stalled buildings, sea walls and jetties, foot bridges, Civil works, Economic Stimulus Programme (ESP) projects and vision 2030 flagship markets.

11. Presentations by the Departmental Committee on Finance, Planning and Trade

- Based on the committee's interaction with the Commission on Revenue Allocation and its own analysis, it is convinced that the Kshs. 345 million allocated to the Commission for 2015/2016 is adequate to finance the Commission's activities.
- The ceiling for the Office of the Controller of Budget should be enhanced/up-scaled by Kshs.15, 352,042. This enhancement will cater for recruitment of critical staff to undertake the approval of pension payments at pensions department previously handled by the Kenya

National Audit Office and critical staff for Legal unit, Fiscal Analyst and Personal Assistant to the Controller of Budget.

- The SRC has been allocated Ksh 922.8 million in 2015/16, an increment of 109% from the 2014/2015 estimates. In comparison to the House recommendations on the Budget Policy Statement (BPS), the SRC expenditures are higher than the recommendations by Ksh 703 million. The House recommended Ksh 219 million while the budget estimates allocates Ksh 923 million.
- The SAGAs in the Ministry with overlap mandates should be merged to create a coherent, leaner and efficient entity that can be adequately funded to achieve the optimal returns in terms of outputs.
- The State Department of Commerce and Tourism Should develop clear marketing and rebranding strategies with a few to restoring Kenya's international image as an ideal tourist destination. Towards this end, frantic efforts should be made to advertise Kenya within the CNN and BBC as an ideal tourism destination. The Kshs. 6 billion shillings earmarked for tourism recovery is too high considering that there are no strategies in place currently. This amount should therefore be down scaled 800m (kshs 300m earmarked for development of bomas convention & exhibition center and kshs 500million earmarked for rebranding)

The total savings/reductions made from tourism recovery programme of Kshs 800 million should be reallocated as follows:

- (a) Ronald Ngala Utalii College to be allocated Kshs 500 million for civil works.
- (b) The balance of kshs. 300 million taken to the Ministry of Industrialization
- (c) The kshs 1 billion that had been earmarked for civil contingencies should be reallocated to resettlement of IDPs. The ministry could not justify existence of these resources.

- (d) Huduma centres' development allocation should be scaled down by khs 173, 214,700 as part of the austerity measures to finance needy programmes
- (e) Resettlement of IDPS should be allocated additional Kshs. 1.682 billion.

The Ministry of Industrialization and Enterprise Development should be allocated additional resources and appropriated to the following programmes:

- KIRDI should be given Kshs 500 million shillings out of which Kshs 350 million to be used for civil works in Nairobi and Kshs 150 million for purchase of equipment in Kisumu
- KITI should be allocated khs 120 million to be used in civil works in Nakuru
- Rivatex should be allocated Kshs 500 million to purchase equipment for textile factory.
- New KCC should be allocated Kshs 400 million to be used in standardizing its instant powder milk processing plant in Eldoret. This will enable the firm absorb more milk produced by farmers during the rain season.
- KSG should be allocated Kshs 100 million to be used in completing the ongoing construction work in Embu.
- Kshs 1.5 billion to be used for purchase of land 21000 for Special Economic Zones in Naivasha. The land will be used to build industrial parks.

The allocation of Khs 3 billion to EPZA should be scaled down by khs 500 million. This due to the fact that the leather development council has been given kshs 500 million to do leather related activities and also with the EPZA's past history of low absorption capacity.

The Committee recommended the following under the Ministry National Treasury:

- Reduction of allocations to the defined pension's contributory scheme by Khs 1 billion.
- Reduction of allocations to human resource reforms by khs 2 billion.
- Reduction of allocations to KRA (recurrent) by kshs 290.9 million.
- Reduction of the allocations earmarked for equipping data recovery center in Naivasha by khs 71 million.
- Reduction of the allocation earmarked for IFMIS re-engineering by khs 562,200,000.

It was emphasized that the above reallocations totaling to Kshs.4,724,100,100 was not outside the ceilings but was readjustments within the various MDAs under the purview of the departmental committee.

12. Presentations by the Departmental Committee on Justice and Legal Affairs

To free some funds for reallocations, it was reported that the Committee recommended the following reductions in allocations:

- Kshs 100 million from the Judges and Magistrates Vetting Board
- Kshs. 502 million from Judiciary.

Arising from the above resultant Kshs 602 million. The Committee recommended increases in allocations as:

- Kshs 44 million to the Council of Legal Education for the purchase office equipment and refurbishment of premises.
- Kshs 56 million be allocated for pupilage programme at the head office and in the counties.
- Directorate of Public Prosecutions – Kshs. 178 million.
- Commission on Implementation of the Constitution Kshs. 100 million.
- Kenya National Commission on Human Rights Kshs. 158 million;
- Commission on Administrative Justice – Kshs. 36 million; and
- Independent Electoral and Boundaries Commission – Kshs. 30 million for mapping and collection GPS coordinates.

Additional Allocation to Independent Electoral and Boundaries Commission (IEBC)

- The Commission be allocated additional Kshs. 30 million for mapping and collection of GPS coordinates for the electoral areas to improve result transmission and logistics.

- The Budget and Appropriations Committee should allocate the Commission Kshs. 925 million for mass voter registration.
- The Commission should first ensure that there is a policy on diaspora voter registration and thereafter request for supplementary budget of Kshs. 200 million for the exercise;
- The Commission should through supplementary budget request Parliament for allocation of Kshs. 2.7 billion for the upgrade of Electronic Voter Identification Systems (EVIDS).
- The Commission should through supplementary budget request Parliament for allocation of Kshs. 120 million for the acquisition of Electronic Document Management System (EDMS).

MIN BAC/ 20/2015/5: Adjournment

There being no other business the meeting adjourned at 4.40 pm.

SIGNED



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CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

26.5.15
.....

DATE

MINUTES OF THE 19TH SITTING OF THE BUDGET AND APPROPRIATIONS
COMMITTEE (BAC) HELD ON SUNDAY 24TH MAY, 2015 AT 2.00 PM AT BOMA
HOTEL, NDOVU CONFERENCE HALL

PRESENT

1. Hon. Mutava Musyimi, MP – Chairman
2. Hon. Mary Emaase, MP-Vice Chair
3. Hon Alfred Sambu, MP
4. Hon. Charles Nyamai, MP
5. Hon. Jackson Kiptanui, MP
6. Hon. Alfred Agoi, MP
7. Hon. Bitok S. Kirwa, MP
8. Hon. Daniel Nanok, MP
9. Hon. Dr. Reginalda Wanyonyi, MP
10. Hon. Francis Njega, MP
11. Hon. Joseph Limo, MP
12. Hon. KK Stephen Kinyanjui, MP
13. Hon. Omar Mwinyi, MP
14. Hon. Samuel Gichigi, MP
15. Hon. Silverse Lisamula Anami, MP
16. Hon. Suleiman Murunga Kasuti, MP
17. Hon. Isaack Mwaura, MP
18. Hon. Makali Mulu Benson, MP
19. Hon. Mohamed Shidiye, MP
20. Hon. Shukra Hussein Gure, MP
21. Hon. Priscilla Nyokabi, MP
22. Hon. Jamleck Kamau, MP
23. Hon. Dr. J.W. Nyikal, MP
24. Hon. Moses Kuria, MP
25. Hon. Patrick Ole Ntutu, MP
26. Hon. Moses Ole Sakuda, MP
27. Hon. Clement Wambugu, MP
28. Hon. Moses Lessonet, MP
29. Hon. Richard Nyagaka Tongi, MP
30. Hon. Jonathan Lati Lelelit, MP
31. Hon. Eng. Stephen Ngare, MP
32. Hon. Nelson Gaichuhie, MP
33. Hon. Dennis Kariuki, MP
34. Hon. Ahmed Abass, MP

35. Hon. Abdulaziz Farah, MP
36. Hon. James Gakuya, MP

ABSENT

1. Hon. Benjamin Langat, MP
2. Hon. Peter Weru Kinyua, MP
3. Hon. Tiyah Galgalo, MP
4. Hon. Mwashetani Khatib Abdallah, MP
5. Hon. Dorcas Kedogo, MP
6. Hon. James Lusweti, MP
7. Hon. Omondi George W. Mallan, MP
8. Hon. Alice Ng'ang'a, MP
9. Hon. Banticha Jaldesa, MP
10. Hon. Benjamin Andola Andayi, MP
11. Hon. Fatuma, Ali Ibrahim, MP
12. Hon. Irshad Sumra, MP
13. Hon. John Mbadi, MP
14. Hon. Jared O. Opiyo, MP
15. Hon. Muriuki Njagagua, MP

IN ATTENDANCE

- | | |
|-----------------------|-----------------------|
| 1. Mr. Henry Rotich | CS, National Treasury |
| 2. Dr. Kamau Thugge | PS, National Treasury |
| 3. Dr. Geoffrey Mwau | National Treasury |
| 4. Mr. Francis Anyona | National Treasury |
| 5. Mr. Samuel Kiiru | National Treasury |

Parliamentary Budget Office Staff

- | | |
|--------------------------|---------------------------------------|
| 1. Ms. Phylis Makau | Director, Parliamentary Budget Office |
| 2. Mr. Martin Masinde | Senior Deputy Director |
| 3. Mr. Robert Nyagah | Chief Fiscal Analyst/Clerk |
| 4. Ms. Lucy Makara | Ag. Chief Fiscal Analyst |
| 5. Mr. Fredrick Muthengi | Principal Fiscal Analyst |
| 6. Mr. Mwaniki Gichohi | Senior Fiscal Analyst |
| 7. Mr. Benjamin Ngimor | Fiscal Analyst |
| 8. Ms. Millicent Ojiambo | Fiscal Analyst |
| 9. Mr. Thomas Ogwel | Fiscal Analyst |

10. Mr. Danson Kachumbo	Fiscal Analyst
11. Mr. Joseph Ndirangu	Fiscal Analyst
12. Mr. James Chacha	Fiscal Analyst
13. Mr. Edison Odhiambo	Fiscal Analyst
14. Mr. Vitalis Ndambuki	Fiscal Analyst
15. Ms. Rehema Koech	Audio Recorder

AGENDA

1. Preliminaries/Confirmation of Agenda
2. Confirmation of the previous meeting minutes
3. Matters arising
4. Meeting with the Cabinet Secretary National Treasury on 2015/2016 Estimates and the Medium Term
5. Highlights of 2014/2015 Supplementary estimates II
6. AOB

MIN BAC/ 19 /2015/1: Preliminaries

The Chairman called the meeting to order at 2.30 pm and a word of prayer was said. He then welcomed members to the meeting. In his introductory remarks, the Chairman apologized for the late start of the meeting which was scheduled to start at 11 am. He then invited for self-introductions from the participants.

MIN/19/2015/2 Confirmation of the previous meeting

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN/19/2015/3 Matters arising

There were no matters arising since the confirmation of minutes had been deferred

MIN BAC/ 19 /2015/4 Meeting with the Cabinet Secretary, National Treasury.

- i. In his opening remarks, the CS noted that the Budget making process started in August with the sector working groups before culminating into the Budget Policy Statement as adopted by the House and Estimates as submitted to Parliament in line with Article 221 of the Constitution. He commended the Budget and Appropriations Committee for the dedication and engagement in processing the estimates.

- ii. The Cabinet Secretary informed members on the broad framework underpinning the Budget 2015/2016. It was noted that the global environment was shaky with sluggish recovery in the United States and a weak Euro culminating into a global projection of 3.5 per cent. The Sub-saharan growth was projected at 4.5 per cent while Kenya's growth was projected at 6.2 per cent. This was noted to be below the envisaged 10 per cent in the Vision 2030.
- iii. Kenya's growth would be supported by public investments in roads and rail. The growth would be better if tourism was doing well.
- iv. Inflation would be kept within the single digit while interest rates would remain stable. The exchange rate was noted to be volatile due to the movement of dollar against all the world currencies. However it was expected to stabilize in the medium term. The Kenyan shilling was noted to have depreciated by 5 per cent as opposed to other international currencies which depreciated by 10 per cent.
- v. On Revenue projections, the Cabinet Secretary informed the meeting that they had remained conservative but measures were being put in place to enhance revenue collection. The expenditures would be kept in line with strategic development agenda as outlined in the Medium Term Plan of Vision 2030 combined with the Jubilee Manifesto. The Expenditure prioritization reflects thematic pillars as outlined in the Budget Policy Statement with emphasis on creating conducive business environment for employment; Agricultural transformation and food security; Transport, Logistics, Energy and Water for Inclusive Growth; Access to quality social services and Further entrenching of devolution for better service delivery.
- vi. The Cabinet Secretary further informed members that the National Treasury had resorted to expenditure rationalization to minimize wastages by removing overlaps in Ministries, adopting project implementation and monitoring and evaluation by creating delivery unit in the Office of the President. The Government will further reduce wastages by full use of IFMIS and e-procurement in all government agencies.
- vii. On financing the budget, the National treasury would continue to borrow. Domestic borrowing would be done in a manner which would not crowd out the

private sector while external borrowing would be done in a cautious manner to ensure that the debt portfolio does not become unsustainable.

Highlights on the Budget

- The CS informed the meeting that significant resources had been allocated towards Police and military modernization. To this end, KShs. 10 billion was set aside for police modernization while KShs. 15 billion was set aside for military modernization. There was a cut in non priority areas such as domestic and foreign travel which had been subjected to a budget cut of 10 per cent. Other non priority areas with budget cuts included ICT networks, training, hospitality, furniture with cuts ranging from 10-30 per cent. The budgets for advertisement have been centralized within the Ministry of Information, Communication and Technology. The significant change was also seen in the Ministry of Education where spending for Universities has been moved to the State Department of Science and Technology.

The following issues were noted by the committee to be issues of concerns.

- i. It was apparent that the tenets of Programme Based Budgeting have not been clearly understood by the line ministries. targets, outputs and performance indicators for various ministries are not well defined. For example, the National Treasury has a programme called General Administration, Planning and Support Services. It encompasses the leasing of vehicles for police, allocations to KRA and contributory pension scheme. However, the programme did not provide an output on the above three activities.
- ii. State Corporations continue to get a huge allocation of taxpayers' money but their budget was represented just as a one line item in the budget books with no details provided. Over the last 2 years, parliament had recommended that the budgetary transfers to these corporations be further broken down and their budgets be submitted to Parliament but this was not done.
- iii. Details of the capital budget was not provided and it appeared that there was no follow up on specific projects in the various ministries. There was a likelihood of a build-up of pending bills and delays in completion of capital projects.

- iv. The National Treasury had failed to adhere to the House resolutions on the Budget Policy Statement and the explanations provided were not exhaustive. Some additional expenditures were not explained.
- v. Treasury had failed to adhere to MTEF planning principles as it did not commit to targets set in the medium term. For example, despite committing to decrease expenditure and deficit in the medium term this tends to be a moving target as come the next financial year, the deficit goes up.
- vi. The committee was interested in knowing total amount of money in the Equalization fund given that Article 204 (5) of the Constitution required that unexpended money in the equalization fund at the end of a particular financial year shall remain in that fund. Cumulatively, the fund should be have Ksh. 18.3 Billion. The fund has not been operationalised since inception due to lack of an operationalization framework.
- vii. The Committee further wanted to know the status of the policy of converting huge sums of Appropriations-in-Aid into revenue?
- viii. There was a noted deviation between the MTDS and the Budget for 2015/16. There was no evidence of source of funding for the additional Ksh. 87.8 billion to be borrowed. Was the government going to raise the resources via commercial sources?
- ix. The recent increased commercial borrowing was rapidly increasing the debt service. For example, interest payment on debut sovereign bond would amount to 16.449 billion in 2015/16 and similar amount through the next two years. The debt service was envisaged to increase even further when the debt redemptions start coming through.
- x. GDP growth estimate of 7.0 percent in 2015 was overly optimistic and appeared unlikely to be met due to exogenous shocks such as inadequate rainfall, insecurity and weak outlook of global economy. Was the Treasury aware that if this growth was not realized, revenue was likely to underperform thereby affecting implementation of the budget?
- xi. The National Treasury allocated Ksh 5 billion for civil contingency reserves. It was also noted that the State Department for Devolution was allocated an additional

Ksh 1 billion for civil contingencies under its budget. A review of the estimates did not present any outputs for the allocation under the State Department for Devolution, and therefore this was a duplicate of function.

xii. The status of 2014/2015 targets remained unclear

The following were responses given by the CS on the issues of concern raised by members.

- i. On the issue of MDAs not adhering to the tenets of Programme Based Budget, the Cabinet Secretary noted that there were some challenges in implementing the Programme Based Budget. More training was therefore required to enable MDAs fully comply. The National Treasury shall develop legal framework to enable line Ministries undertake Programme Based budgeting fully. The PBB is still centralized by the National Treasury but with more capacity building, it would be adopted by the line ministries.
- ii. On the matter of State Corporations budget being a line item budget, the National Treasury informed the meeting that State Corporations submit their budget to National Treasury as approved by the parent ministry. The ministry however ensures that their budget was in line with the ministries activities. Going forward, the National Treasury promised to facilitate sharing the budget of the State Corporations with the National Assembly.
- iii. On the Matter of Pending Bills, the Cabinet Secretary informed members He had issued a circular to all MDAs to clear all their pending bills and in the last financial year, it was reported that IEBC and Prisons department were among the four agencies that had Pending Bills. The Pending Bills for the Prisons Department was being addressed through the Supplementary due for tabling in the House.
- iv. On the Issue of estimates not adhering to the ceilings as passed by the House, the Cabinet Secretary noted that broadly speaking the estimates adhered to the Budget Policy Statement. The MDAs whose budget surpassed the BPS ceilings was attributed to the new House Allowances for Teachers and Civil Servants as approved by Salaries and Remunerations Commission. The Policy intent as per the BPS therefore never changed as it was still marching the numbers in the estimates.
- v. The Debt management was noted to be sustainable based on the assumptions underpinning the debts rising. To this end the meeting agreed to have a retreat by the National Treasury on this subject. It was also resolved that the retreat would also address issues of Single Currency Conversion and an update on Vision 2030 by the Ministry of Planning as well as the Monetary Union Protocol.

- vi. On the MTEF budgeting, the spirit was to provide assessment on the previous year as the basis for allocation in the coming year.
- vii. The Committee was informed that the Equalization Fund has not accumulated to KShs. 18.3 billion has had been raised by the Committee. The allocation for the fund is at 0.05 per cent of the last account audited and approved by Parliament and the KShs. 6 billion allocation for the 2015/2016 financial year was also to cover up on the previous years where such allocation was never made since the new constitution came into effect. The regulations on the operationalization of the Equalization fund were with Parliament.
- viii. Scope of converting Appropriation in-Aid into Revenue. The National Treasury had issued a circular to MDAs to have all their AiA converted into Revenue. However there are some specific MDAs who were allowed to use their AiA in accordance with legislations which created such funds and the Constitution.
- ix. On borrowing, the Committee was informed that Government can borrow both domestically and externally as long as conditions are favorable and therefore there was flexibility for the Government to change to either depending on which one would be favorable.
- x. On the matter of the Treasury not achieving the growth envisaged due to slump in tourism and insecurity challenges, the meeting was informed that the National Treasury tries to mitigate such risk to growth through the budget.
- xi. On the matter of KShs. 5 billion contingency fund, the meeting was informed that the Public Finance Management Act sets the fund at KShs. 10 billion. The KShs. 1 billion with the Ministry of Planning was noted to be for drought management. The drought management fund is to galvanize support for drought fund therefore it is set to attract donors.

Treasury's view on the KShs. 1 billion Senate fund

The Cabinet Secretary informed members that there was no fiscal prudence in allocating the money to the fund with no regulations in place.

MIN BAC/ 19 /2015/5: Supplementary Estimates

The Cabinet Secretary informed the meeting that there were challenges in the budget execution due to the fact that Revenue Performance was below the target set by Kenya Revenue Authority by KShs. 16 billion and the National Treasury could not borrow without increasing interest rates. Expenditures pressures were also huge because of

security challenges. The National Treasury received supplementary requests totaling to KShs. 200 billion over and above what was approved by the House.

The following were noted to the key areas:

- i. Ronald Ngala College,
- ii. Evacuation of Kenyans in Yemen,
- iii. Funds for Othaya and Nanyuki Hospitals,
- iv. The Global entrepreneurship summit in July,
- v. Moi Teaching and Referral Hospital, Court Awards,
- vi. Kenya Airways is facing challenges because their revenues have gone down due to Ebola epidemic and the slump in tourism, therefore the Carrier has been given a loan of KShs. 4.2 billion through the supplementary estimates,
- vii. leasing of equipments by the Ministry of Health,
- viii. The Homabay and Kajiado by-elections, Medical Insurance for teachers (This will however be re-imbursed upon teachers being deducted their medical allowances and Operations and Maintenance for ministries running out of funds.
- ix. Three areas were not considered i.e Othaya and Nanyuki hospitals funding and the Kenya National Safety Programme which was to trigger funding from World Bank.
- x. The total for supplementary I stood at KShs. 57 billion while supplementary II stands at KShs. 48 billion
- xi. In addition to the aforementioned allocations, the meeting resolved to allocate KShs. 60 million towards the construction of a Rehabilitation centre in Gatundu and KShs. 10 million towards the rehabilitation of Tom Mboya Musoleum.
- xii. The meeting also agreed to have KShs. 20 million injected to the socio-economic audit team for their operations before the end of the 2014/2015 financial year and another KShs. 20 million in the 2015/2016 financial year.

MIN BAC/ 19/2015/6: Adjournment

There being no other business the meeting adjourned at 6.20 pm. The next meeting shall be held on Monday, 25th May at 9 am.

SIGNED

A handwritten signature in black ink, appearing to be 'M. M. M.', written over a dotted line.

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

26.5.15

DATE

MINUTES OF THE 18TH SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON TUESDAY, 19TH MAY, 2015 AT 9:00 A.M AT BOMA HOTEL, NDOVU CONFERENCE HALL.

PRESENT

1. Hon. Mutava Musyimi, MP – Chairman
2. Hon. Mary Emaase, MP- Vice Chair
3. Hon Alfred Sambu, MP
4. Hon Jonathan Lati Lelelit, MP
5. Hon. Abdulaziz Farah, MP
6. Hon. Ahmed Abass, MP
7. Hon. Banticha Jaldesa, MP
8. Hon. Bitok S. Kirwa, MP
9. Hon. Charles Nyamai, MP
10. Hon. Daniel Nanok, MP
11. Hon. Dr. J.W. Nyikal, MP
12. Hon. Dr. Reginalda Wanyonyi, MP
13. Hon. Fatuma, Ali Ibrahim, MP
14. Hon. Francis Njega, MP
15. Hon. Isaack Mwaura, MP
16. Hon. Jackson Kiptanui, MP
17. Hon. James Gakuya, MP
18. Hon. Jared O. Opiyo, MP
19. Hon. Joseph Limo, MP
20. Hon. KK Stephen Kinyanjui, MP
21. Hon. Makali Mulu Benson, MP
22. Hon. Mohamed Shidiye, MP
23. Hon. Moses Kuria, MP
24. Hon. Moses Lessonet, MP
25. Hon. Muriuki Njagagua, MP
26. Hon. Omar Mwinyi, MP
27. Hon. Peter Weru Kinyua, MP
28. Hon. Samuel Gichigi, MP
29. Hon. Silverse Lisamula Anami, MP
30. Hon. Suleiman Murunga Kasuti, MP
31. Hon. Tiyah Galgalo, MP
32. Hon. Moses Ole Sakuda, MP
33. Hon. Nelson Gaichuhie, MP

34. Hon. Richard Tong'i, MP
35. Hon. Patrick Ole Ntutu, MP

ABSENT

1. Hon. Alfred Agoi, MP
2. Hon. Alice Ng'ang'a, MP
3. Hon. Benjamin Andola Andayi, MP
4. Hon. Benjamin Langat, MP
5. Hon. Clement Wambugu, MP
6. Hon. Dennis Kariuki, MP
7. Hon. Eng. Stephen Ngare, MP
8. Hon. Irshad Sumra, MP
9. Hon. James Lusweti, MP
10. Hon. Jamleck Kamau, MP
11. Hon. John Mbadi, MP
12. Hon. Mwashetani Khatib Abdallah, MP
13. Hon. Omondi George W. Mallan, MP
14. Hon. Priscilla Nyokabi
15. Hon. Shukra Hussein Gure, MP

**IN ATTENDANCE – WORKING GROUP OF SOCIO AUDIT CONSTITUTION,
2010**

- | | |
|-------------------------------|-----------------------------|
| 1. Mr. Edward Ouko | Auditor General/Chairperson |
| 2. Lady Justice Linnet Ndolo, | Member |
| 3. Dr Abdirizak Nunow, | Member |
| 4. Susan Mang'eni, | Member |
| 5. Erastus Wamugon | Member |
| 6. Mr. Mwarapayo Wamwachai | Member |

Parliamentary Budget Office Staff

- | | |
|----------------------|--|
| 1. Phyllis Makau | Director, Parliamentary Budget Office |
| 2. Martin Masinde | Senior Deputy Director - PBO |
| 3. Robert Nyaga | Chief Fiscal Analyst |
| 4. Lucy Makara | Ag. Chief Fiscal Analyst |
| 5. Fredrick Muthengi | Principal Fiscal Analyst/ Clerk to BAC |
| 6. Gichohi Mwaniki | Senior Fiscal Analyst |

7. Millicent Makina	Fiscal Analyst
8. Benjamin Ngimor	Fiscal Analyst
9. Joseph Ndirangu	Fiscal Analyst
10. Abdirahman H. Gorod	Fiscal Analyst
11. Chacha J. Machage	Fiscal Analyst
12. Danson G Mkonu	Fiscal Analyst
13. Edison Odhiambo	Fiscal Analyst
14. Thomas Ogwel	Fiscal Analyst
15. Rehema Koech	Audio Officer
16. Vitalis Ndambuki	Office Attendant

AGENDA

1. Preliminaries/Confirmation of Agenda
2. Confirmation of minutes
3. Matters Arising
4. Socio-economic Interim Audit report of the Constitution,2010
5. Public Hearings for the 2015/16 Budget Estimates
6. Unpacking of budget estimates of expenditure for 2015/16 and Medium Term
7. Any Other Business

MIN BAC/18 /2015/1: Preliminaries

The Chairman called the meeting to order at 10.00 am and a word of prayer was said. He then welcomed members and other participant from the Auditor general's office, the secretariat and the media people to the meeting. Members were given the opportunity to introduce themselves. In his introductory remarks, the Chairman thanked the office of Auditor General for their hard work that yielded the interim report that was to be officially tabled before the Committee.

MIN BAC/18/ 2015/2: Confirmation of the Minutes of the Previous Meeting

It was agreed that the minutes of the previous meeting and matters arising shall be discussed in the fourth coming meeting. Thereafter The Chairman thereafter welcomed the Auditor General who introduced his team.

MIN BAC/ 18 /2015/3: Receiving and Discussion of the Interim Report from working group on socio-economic Audit of the Constitution.

The Chair reminded members that the interim report being presented was a culmination of the past Committee's resolution that subsequently commissioned the audit. He pointed out that it is necessary for socio-economic audit of the constitution to be periodically done after every five years. The Chairman underscored the importance of the audit and emphasized that such audit will be so resourceful in assessing both the costs and benefits of the constitution in socio-economic sense. The Chair welcomed the Auditor General to officially table the report.

The Auditor General acknowledged the immense support from the working group that made the report making a success. He pointed out that the Auditor General's office received significant contribution from diverse professional and technical experts in making the report.

The Auditor General emphasized that to be tabled was but only an interim socio-economic audit report and committed that more will be done by the responsible working group in the remaining part of the audit so as to make the final report a better one.

On invitation of the Auditor General, the respective officers from the Auditor General's office took the Members through the various parts of the report.

The Chairman then officially received the report and directed that the Parliamentary Budget Office to study, scrutinize and analyze the report so as to brief the Committee by 30th June, 2015.

Members gave their views on the report that need to be considered for the improvement of the final audit. The deficiencies were noted in the audit report, key among them include;

- 1) The recommendations made were felt to be less prescriptive but more general. Examples highlighted were on the two third gender rule in Parliament and County Assemblies and the qualifications for one to be a Supreme Court judge.*

- 2) *Even though the report recommends more of public participation in areas such as vetting of candidates for senior public offices. It was noted that the modality of implementing the same is not mentioned. Besides, it was pointed out that more of civil education should be provided to improve the quality of such participation.*
- 3) *The statistics in computation of wage bill in relation to the Gross Domestic Product (GDP) since the dawn of devolution seemed to be impressionistic and it was suggested that there is need to clarify whether the GDP in reference was for before or after the rebasing of the GDP.*
- 4) *In the recommendations contained in the report, the need to categorize them as administrative, legislative or constitutional was underscored. This will help to facilitate a speedy action on quick win areas.*
- 5) *It was noted that there is need to put in place additional measures to help resolve any legislative conflict that could arise between National and Assembly and Senate. It was pointed out that mediation is neither effective nor sufficient.*
- 6) *Benchmarking with other countries at the same stage of devolution was lacking. It was felt that would be more resourceful in the audit.*
- 7) *The conflicts of mandates of independent commissions and the subsequent impact in service delivery to the citizens have not been sufficiently covered in the report. Such example was noted to be between Public Service Commission and Salary and Remunerative Commission.*

The Members noted with a lot of concern statistics on wage bill in parastatals. It was decided that the committee will make a follow up so as to get a clarification on the same for appropriate action to be taken.

MIN BAC/18/2015/4: Public Hearings for the Budget Estimates 2015/16

Parliamentary Budget office through head of the Tax and Inter-fiscal relations division took Members through the Budget processing from the time the printed estimates are tabled to the time when the Appropriation Bill is passed in the house. The constitutional timelines were clearly given.

He emphasized on the vital role that members perform during the budget process and noted that the dawn of Constitution of Kenya 2010 bestowed significant powers to members as far as budget making is concerned.

In reference to the pertinent articles of the Constitution and the relevant sections of the Public Finance Management Act 2012, the currency of public participation was underscored.

For the 2015/16 budget, members were reminded that a pre-budget hearing had been conducted in October, 2014 in fourteen counties spread across the country. The budget hearing scheduled of 20th May, 2015 was therefore reported to be a culmination of the pre-budget hearing.

It was reported that public hearing will concurrently be conducted in three centres within Nairobi namely; Embakasi South, Embakasi North and Dagorreti South.

Members were informed that all the preparations had been made for the public hearings and members were told their respective venues for the public hearing.

MIN BAC/18/2015/5: Unpacking the Estimates of Revenue and Expenditure for 2015/16 and the Medium Term

The Parliamentary Budget Office, through the head of Expenditure division took Members through the overview of the 2015/16 budget estimates.

Various emerging issues on the budget were highlighted. Key among them include:

- 1. The house resolutions on BPS ceilings have not been adhered to and there are areas of deviations.*
- 2. The growth estimate of 7% in 2015 is unlikely to be met due to exogenous shocks in the economy such as inadequate rainfall.*