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THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

FOURTH SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE
SUPPLEMENTARY APPROPRIATION (NO.2) BILL, 2020

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 JUN 2020	DAY: TUESDAY JUNE 2020
TABLED BY:	Hon. Moses Kessone VICI AIRPERSON
CLERK-AT-THE-TABLE:	Noah Too .

PREFACE

1. **Mr. Speaker**, the Supplementary Appropriation (No. 2) Bill, 2020 (National Assembly Bills No. 22) for financial year 2019/20 was read a first time on 30th June, 2020 and stood committed to the Budget and Appropriations Committee in accordance to the provision of standing order 127(6)(b). The Committee examined and reviewed proposed amendments to the bill and has made recommendations, which are contained in this report.
2. **Mr. Speaker**, in reviewing the Supplementary Appropriation (No. 2) Bill, 2020, the Committee held one (1) Sitting where it considered amendments from the National Treasury and Chairpersons of the various Departmental Committees.

Establishment and Mandate of the Committee

3. **Mr. Speaker**, Article 221 (4 and 5) of the Constitution and Section 7 of 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. Pursuant to this constitutional provision, Standing Order 207 established the Budget and Appropriations Committee with specific mandates among which is to:
 - i. Investigate, inquire into and report on all matters relating to coordination, control and monitoring of the national budget;
 - ii. Discuss and review the Estimates and make recommendations to the House;
 - iii. Examine the Budget Policy Statement, the Medium-Term Debt Strategy Paper and the Division of Revenue Bill (DoRB) presented to the House;
 - iv. Examine Bills related to the national budget, including the Appropriations Bill; and
 - v. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

Membership of the Committee

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

Member	Constituency	Party
1. Hon. Moses Lessonet, M.P- Vice Chairperson	Eldama Ravine	Jubilee
2. Hon. CPA John Mbadi, EGH, CBS, M.P.	Suba South	ODM
3. Hon. Richard Onyonka, M.P.	KitutuChache South	Ford Kenya
4. Hon. Samwel Moroto, M.P.	Kapenguria	Jubilee
5. Hon. Millie Odhiambo, M.P.	Suba North	ODM
6. Hon. Twalib Bady, M.P.	Jomvu	ODM
7. Hon. (Dr.) Gideon Ochanda, M.P.	Bondo	ODM
8. Hon. James Mwangi Gakuya, M.P.	Embakasi North	Jubilee
9. Hon. (Dr.) Makali Mulu Benson, M.P.	Kitui Central	Wiper
10. Hon. Moses Kiarie Kuria, M.P.	Gatundu South	Jubilee
11. Hon. Benard Masaka Shinali, M.P.	Ikolomani	Jubilee
12. Hon. John Muchiri Nyaga, M.P.	Manyatta	Jubilee

13. Hon. Jude Njomo, M.P.	Kiambu Town	Jubilee
14. Hon. (Dr.) Korei Ole Lemein, M.P.	Narok South	Jubilee
15. Hon. Sarah Paulata Korere, M.P.	Laikipia North	Jubilee
16. Hon. Naisula Lesuuda, OGW, M.P.	Samburu West	KANU
17. Hon. Sakwa Bunyasi, M.P.	Nambale	ANC
18. Hon. Danson Mwashako, M.P.	Wundanyi	Wiper
19. Hon. Fatuma Gedi Ali, CBS, M.P.	Wajir County	PDR
20. Hon. Florence Chepng'etich Koskey Bore, M.P.	Kericho County	Jubilee
21. Hon. James Gichuki Mugambi, M.P.	Othaya	Jubilee
22. Hon. (Dr.) John K. Mutunga, M.P.	Tigania West	Jubilee
23. Hon. (Eng.) Mark Nyamita, M.P.	Uriri	ODM
24. Hon. Paul Abuor, M.P.	Rongo	ODM
25. Hon. Qalicha Gufu Wario, M.P.	Moyale	Jubilee
26. Hon. Wangari Mwaniki, M.P.	Kigumo	Jubilee

1.3. Committee Secretariat

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| 1. Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 2. Mr. Danson Kachumbo | Fiscal Analyst II/ Clerk |
| 3. Ms. Mercyln Kerubo | Audio Officer |

1.4. The Committee is facilitated by the following officers from the Parliamentary Budget Office:

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|---------------------------|---------------------------------------|
| 1. Ms. Phyllis Makau, OGW | Director, Parliamentary Budget Office |
| 2. Mr. Martin Masinde | Senior Deputy Director, PBO |
| 3. Mr. Chacha Machage | Fiscal Analyst II |

Acknowledgements

- 5. Mr. Speaker**, the Committee would like to extend its gratitude to the Office of the Speaker of the National Assembly and the Office of the Clerk of the National Assembly for the support provided to ensure that the review of the Supplementary Appropriation (No. 2) Bill, 2020 within such a short timeframe. The committee is also grateful to the Chairpersons of Departmental Committees for making time to attend the Budget Committee deliberations on the Bill and for their invaluable input; and to the Ministry of Health for being available for deliberations.
- 6. Lastly Mr. Speaker**, the Committee is grateful to the Parliamentary Budget Office for the steadfast support received as it discharged its mandate of reviewing the Supplementary Appropriation (No. 2) Bill, 2020

7. **Mr. Speaker**, it is therefore my humble duty and privilege, on behalf of the Budget and Appropriations Committee, to lay the Report on the Supplementary Appropriation (No. 2) Bill, 2020 and would like to inform the House that I shall be moving amendments to the Bill at the Committee of the whole House.



Signed:

Hon. Moses Lessonet, M.P.
Vice -Chairperson, Budget and Appropriations Committee

20th June, 2020.

Date:

1.1. EXAMINATION OF THE SUPPLEMENTARY APPROPRIATION (No. 2) Bill, 2020

8. The Supplementary Appropriation (No.2) Bill, 2020 reflects the contents of the approved report by the House of the Budget and Appropriations Committee on Supplementary Estimates III for FY 2019/20 which approved issuance of Kshs. 11.3 Billion of which Kshs. 9.232 Billion is for recurrent and Kshs. 2.068 Billion for development expenditures.
9. The approved resources are meant to cater for additional expenditures under the Ministry of Health to meet emergency needs related to the Covid-19 pandemic, the Presidency on account of donor funded projects, state department of interior to cater for the purchase of the communication surveillance system and re-allocation under the state department for transport to cater for the Nairobi commuter rail.

1.2. CONSIDERATION OF AMENDMENTS UNDER THE SUPPLEMENTARY APPROPRIATION (No. 2) Bill, 2020

10. The Committee did consider and approved the amendments from the National Treasury vide a letter dated 26th June, 2020 ref. ES 1/07 "C" (02) and held consultations with the relevant Chairpersons of the Departmental Committees seeking their input and concurrence. The request is attached to the report. The amendments by Treasury seek to increase the budgetary provision by **Kshs. 6.036 Billion** (of which Kshs. 3.536 Billion is for development and Kshs. 2.5 Billion is for recurrent expenditures) and also to cater for reallocations in the various MDA's.

Recurrent Expenditure

11. The increments are on account of the following;
 - Vote 1011 –Kshs. 300 Million under the Presidency to cater for provision of operations and maintenance,
 - Vote 1021 –Kshs. 300 Million under the State Department for Interior to cater for urgent security operations, and ,
 - Vote 1021 –Kshs. 1,900 Million under the Ministry of Defence to cater for urgent security operations.

Development Expenditure

12. The increments are on account of the following;
 - Vote 1152 –Kshs. 1,160 Million under the State Department for Energy to provide for Loiyangalani power project, and,
 - Vote 1094 –Kshs. 2,376 Million under the State Department for Housing & Urban Development to cater for Mukuru regeneration projects

Re-Allocations

13. The Committee considered the proposed re-allocations by the National Treasury within the MDA's are on account of expenditure approved under section 43 of the Public Finance Management Act, 2012 and which had already been incurred as well as rationalization of salaries under the Ministry of Health by Kshs. 2 Billion to cater Kshs. 500 Million for

Kenya Medical Training College (KMTC) Covid-19 isolation centres and Kshs. 1.5 Billion for purchases of testing kits and reagents.

14. In addition, the Committee considered and approved the request of Kshs. 11.56 Million as Appropriations in Aid under vote 2061 for Commission on Revenue Allocation.
15. Furthermore, the Committee did consider a request by the Departmental Committee on Environment and Natural Resources for the re-allocation of Kshs. 100 Million from vote 1107 under the water storage and flood control programme to vote 1167 under irrigation and land reclamation programme to cater emergency interventions on irrigation projects that were damaged by the recent floods experienced across the country. The Committee did approve a re-allocation of Kshs. 70 Million.

COMMITTEE OBSERVATION

16. The Committee notes that there seems to be a missing communication link between the National Treasury and MDAs in terms of budget preparation, implementation and conveyance of House resolutions. The Committee wish to urge the National Treasury to adopt a framework of consultations where each spending agency is considered on its own merit and the impact of any reduction or increment fully assessed so as not to hamper MDA operations.

COMMITTEE RECOMMENDATIONS

17. That, each ministry or state department to consider having Parliamentary liaison officer who will be responsible for conveying and following up house resolutions to the relevant MDA.
18. **That**, having considered the above matters, the committee approved the proposed amendments and that I would like inform the House that I will be moving amendments to the Bill in the Committee of the whole House.