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TENTH PARLIAMENT – FOURTH SESSION

THE DEPARTMENTAL COMMITTEE
ON
AGRICULTURE, LIVESTOCK AND COOPERATIVES

REPORT
ON
THE EXAMINATION OF FINANCIAL ESTIMATES FOR THE 2010/2011 YEAR

FOR
THE MINISTRIES OF:-

- 1) REGIONAL DEVELOPMENT AUTHORITIES (VOTE 09);
- 2) AGRICULTURE (VOTE 10);
- 3) LIVESTOCK DEVELOPMENT (VOTE 19);
- 4) COOPERATIVE DEVELOPMENT AND MARKETING (VOTE 22);
- 5) FISHERIES DEVELOPMENT (VOTE 56); AND
- 6) STATE FOR THE DEVELOPMENT OF NORTHERN KENYA AND OTHER ARID LANDS (VOTE 58)

PARLIAMENT BUILDINGS
NAIROBI

JULY, 2010

PREFACE

Mr. Speaker, Sir,

The Departmental Committee on Agriculture, Livestock and Cooperatives is established under Standing Order No. 198. Its mandate pursuant to Standing Order 198(3) is:-

- a) to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;**
- b) to study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;**
- c) to study and review all legislation referred to it;**
- d) to study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;**
- e) to investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House or a Minister and**
- f) to make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.**

The Committee comprises the following Members:-

1. The Hon. John M. Mututho, MP (**Chairperson**)
2. The Hon. Lucas Chepkitony, MP (**Vice Chairperson**)
3. The Hon. Benson Mbai, MP
4. The Hon. (Dr.) Victor Munyaka, MP
5. The Hon. John D. Pesa, MP
6. The Hon. Erastus Mureithi, HSC, MBS, MP
7. The Hon. (Dr.) Robert Monda, MP
8. The Hon. Evan Akula, MP
9. The Hon. Peris Chepchumba Siman, MP
10. The Hon. Frederick Outa, MP

The Hon. Kambi Kazungu, MP, ceased membership following his appointment as an Assistant Minister.

Mr. Speaker, Sir,

The Committee exercise oversight role on the work and administration of the following six Ministries and their departments:-

1. Ministry of Agriculture;
2. Ministry of Co-operative Development and Marketing;
3. Ministry of Regional Development;
4. Ministry of State for Development of Northern Kenya and other Arid Lands;
5. Ministry of Livestock Development; and
6. Ministry of Fisheries Development.

In accordance with the Second Schedule of the Standing Orders, the Departmental Committee is mandated to cover subject areas relating to:-

- (i) agriculture
- (ii) livestock
- (iii) fisheries development
- (iv) co-operatives development
- (v) production and marketing

On Thursday, 10th June 2010, the Budget estimates for the financial year 2010/2011 were tabled in the House by the Minister for Finance pursuant to the provisions of the Standing Order No. 144. In accordance with the provisions of the Standing Order No 152, the Committee considered the Printed Estimates of the assigned Ministries with their respective Ministers who were accompanied by their Ministry officials including the Permanent Secretaries as the Accounting Officers of the Ministries.

This Report contains the deliberations of the Departmental Committee on Agriculture, Livestock and Cooperatives on the Printed Estimates. In compiling this report, the Committee considered the submissions presented by the Ministers and the responses to the issues raised on those submissions by the Committee. The Committee also made its own analysis on the proposed allocation of the resources among the programmes and projects to be implemented during the 2010/2011 financial year.

In its examination of the Printed Estimates, the Committee notes with concern the following:-

- i That, the agricultural sector which contributes significantly to the Gross Domestic Product (GDP) at 23 percent, and provides an estimated 80 percent of employment has continued to suffer low budgetary allocation. The agriculture and rural development sector has been allocated an estimated 3.59 percent of the total sectoral budget in the 2010/11 year compared to 3.41 percent in the 2009/10 year

(see the Table 1 below). This is far below the critical level of 10 percent required to cause any meaningful impact in the sector as agreed under the Maputo Protocol in 2003 by the African governments. This underfunding threatens efforts being made by the Government to improve agriculture and achieve food security, and therefore the continued over-reliance on costly food imports to bridge the food deficit.

Table 1: A Summary of the Estimates by Sector in Percentage

Details of Vote	2009/10		2010/11	
	Approved Gross Estimates	% Share of Total	Gross Estimates	% Share of Total
Agriculture and Rural Development	30,243.43	3.41%	35,779.85	3.59%
Trade, Tourism and Industry	11,963.00	1.35%	11,531.80	1.16%
Physical Infrastructure	151,196.50	17.05%	182,127.57	18.27%
Environment, Water and Irrigation	39,321.70	4.43%	52,695.44	5.29%
Human Resource Development	177,544.32	20.02%	198,558.60	19.92%
Research, Innovation and Technology	62,684.46	7.07%	83,656.07	8.39%
Governance, Justice, Law & Order	81,837.91	9.23%	81,886.47	8.21%
Public Administration	45,139.55	5.09%	67,218.31	6.74%
Special Programmes	37,665.31	4.25%	37,801.72	3.79%
National Security	58,644.12	6.61%	57,835.68	5.80%
Total Discretionary Expenditure	696,240.29	78.49%	809,091.50	81.17%
CONSOLIDATED FUND SERVICES	190,777.55	21.51%	187,733.51	18.83%
TOTAL EXPENDITURE OUTLAYS	887,017.84	100.00%	996,825.02	100.00%

- ii That, the Ministry of Cooperative Development and Marketing has been allocated a small budget that will disrupt the implementation of its operations and especially the operationalization of the SACCO Act through which the SACCO Regulatory Authority has been established to regulate the mushrooming of SACCOs and make them profitable; and to make turnaround of the Co-operative College of Kenya as the centre of excellence in the cooperatives education and training in cooperative sector.
- iii That, despite the Ministry of Regional Development Authorities continuing to provide for budgetary allocations to maintain the power dams, the revenues

accruing from sale of hydropower by KENGEN has not benefited the Ministry itself and the local communities. According to the existing agreement involving the transfer of Kiambere, Turkwell, Kindaruma, Masinga and other dams, KENGEN was expected to remit an amount of Kshs. 420 million annually to the Ministry from the sale of hydropower, coupled with corporate social responsibility to the residents of the areas. To date this has not been honoured.

- iv That, the Ministry of Fisheries Development has invested in the construction of numerous fish ponds in various areas at the expense of conscious efforts to stock them with fingerlings. This may indicate the extent of the lack of priority in research by the Ministry before projects are implemented.
- v That, there is a small budgetary allocation being provided to disease management and control under the Ministry of Livestock Development, yet this sector is very central to improved livestock production and especially in the pastoral districts which predominantly rely on livestock as a source of economic livelihood.
- vi That, the Budget for the Ministry of State for the Development of Northern Kenya and Other Arid Lands is dominated by a share contribution from the development partners (94%), making the proposed programmes and projects prone to stagnation should the development partners not honour their pledges or pull out.

The detailed deliberations that proceeded on the examination of the printed estimates based on the submissions from the Ministers in charge of Ministries under the purview of the Departmental Committee on Agriculture, Livestock and Cooperatives are presented in section 2.0 of this Report.

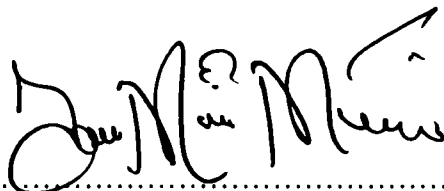
Mr. Speaker, Sir,

The Committee would particularly like to thank all the Ministers, Permanent Secretaries, Chief Executives and their technical staff of the Ministries and Departments, who made submissions during the consultative meetings. Special thanks go to the staff of the Treasury for their technical support during the examination of the budget estimates of the Ministries considered by the Committee.

The Committee further wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support and services extended to the Members to enable the Committee complete the exercise smoothly. I must also thank the parliamentary staff whose support enabled the Committee to accomplish this task.

On behalf of the Committee, I now have the honour and pleasure to present this Report on the Examination of the 2010/2011 Estimates for the six Ministries under the portfolio of the Committee.

Thank You



SIGNED

HON. JOHN M. MUTUTHO, MP
(CHAIRMAN)

DATE

10th. Aug. 2010 ,

THE PROCEEDINGS OF THE EXAMINATION OF ESTIMATES WITH THE MINISTRIES

1.0 INTRODUCTION

Mr. Speaker, Sir,

The Committee met with the six (6) Ministers under the Committee's portfolio Ministries on dates, as follows:-

1. The Ministry of Regional Development; on Thursday, 24th June, 2010
2. The Ministry of Co-operative Development and Marketing; on Friday, 25th June, 2010
3. The Ministry of Fisheries Development; on Monday, 28th June, 2010
4. The Ministry of Livestock Development; on Tuesday, 29th June, 2010
5. The Ministry of State for Development of Northern Kenya and Other Arid Lands; on Tuesday, 6th July, 2010
6. The Ministry of Agriculture; on Tuesday, 20th July, 2010.

The examination of the budget centred on the printed estimates in terms of comparative expenditures between the amounts requested for the 2010/2011 year and the previous 2009/2010 year, allocations to new programmes and projects, achievements of the previous year and the absorptive capacity of the Ministry to spend the monies allocated.

1.1 MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES (VOTE 09)

In moving the Ministry's expenditures for the 2010/2011 financial year, the Minister informed the Committee, as follows:-

1. That, inline with its Vision '**To be the leading institution in integrated basin-based Regional Development for the welfare of the people of Kenya**', the Ministry revised its Strategic Plan to provide for policies, activities and actions that meets the objectives of the vision 2030 and Medium Term Plan 2008-2012. This informed the formulation of targets for the implementation of the Performance Contract for the 2010/2011 Financial Year.
2. That, the development objective of the Ministry is '**to achieve an equitable national socio-economic development through sustainable utilization and management of basin-based resources in an integrated manner by each of the six Regional**

Development Authorities (RDAs)', namely, Ewaso Ngiro North Development Authority (EWNDA), Ewaso Ngiro South Development Authority (EWNDA), Tana and Athi Rivers Development Authority (TARDA), Lake Basin Development Authority (LBDA), Coast Development Authority (CDA) and Kerio Valley Development Authority (KVDA), and that, the activities of the six RDAs were subsequently realigned in 2009/2010 year to ensure they meet their goals and contribute to the achievement of the Vision 2030.

3. That, the achievements made in the 2009/2010 year in respect of the monies allocated to the programmes and projects in the RDAs include the implementation of:-

- i **Kimira Oluch Irrigation Project:** initiated construction of civil works activities (1474 hectares) and environmental mitigation.
- ii **Concept Papers (8 No) on integrated development programmes, e.g., High Grand Falls Multipurpose Dam Project.**
- iii Feasibility studies for **Chalbi (Marsabit) Multipurpose Wind Power Project and the Wajir Integrated Project**, which were initiated.
- iv **Ewaso Ngiro North Development Authority:** prepared the tender documents for Community water points (236 No); desilted water pans (29), drilled boreholes (9 No), established roof catchment in schools (70), planted tree seedlings (3 million), installed river monitoring stations (10 No), installed metrological stations (6 No), training of river water user associations (28 No), early warning HF radio systems (13 No), Olbolosat Catchment programmes(initiated stakeholder working groups, riverine conservation, springs conservation and training of community groups).
- v **Coast Development Authority:** constructed health centre (1), dispensary (1) and School (1) at Ngomeni in Malindi; Demonstration Centres (2 No) for processing of fruits and nuts; trained farmers (850 No) on tree nursery establishment, management and marketing; constructed fish demonstration ponds (4 No) and trained fish farmers; constructed conference facility (1 No) in Kilifi and constructed water (1 No) and check dam (1 No) for livestock and domestic purposes.
- vi **Kerio Valley Development Authority:** developed Wei Wei irrigation food security project (325 hectares), beehives (100) and honey production (16,600 tonnes), development of fisheries (150 nets, 6 canoes and provision of life jackets to Turkwell fish farmers), water pans (7) in Mogotio and Pokot), desilting of irrigation furrows (6 No) in Turkana, Pokot and Marigat), planting tree seedlings (2 million) in some parts of Baringo, Pokot, Marakwet, Mogotio and Keiyo.
- vii **Ewaso Ngiro South Development Authority:** Feasibility studies on Amboseli Dry Land Multipurpose project, Mara SME Development project (100 SME training), Tea development project (7 community nurseries of one (1) million seedlings each, Mau Integrated Conservation project (210,000 seedlings planted, Mau River conservation - 37 Km, provided 20,000 animal feeds (hay) under the Livestock Development Programme, training on pasture conservation (300 youths trained), revival of Ilkerin Leather Factory, packaged farm manure for sale (150 youths trained) and a regional semen bank at Kabete National AI Laboratory established.
- viii **Lake Basin Development Authority:** Constructed water pans (10 No) in Rachuonyo, Bondo, Nyatike, Uriri, Kimilili, Busia, and TransZoiia West; paddy purchase (3,280 tonnes in Budalangi, Ahero and West Kano; sale of high breed animals (84 No) in Lichota, Alupe, Sangalo, Muhoroni, Kapsabet and Migori; distributed 1 million fingerlings in the lake Basin region; irrigation furrows rehabilitated (8 Km) at Kano Irrigation Scheme.
- ix **Tana and Athi River Development Authority:** planted tree seedlings (1 million) in South Imenti, Yatta, Masinga, Meru South, Mathira, Nyeri Central, Kirinyaka, Mbeere south and

Machakos; desilted water pan (5 No) in Matiliku, Mashuru, Emali, Yatta and Kairungu; feasibility studies for mini hydros (160 KW) at Ikua in Tharaka; and Tana Delta Irrigation projects (include rehabilitation of canals, drains gates, roads and bush clearing; and production of maize (1000 acres).

4. That, the Ministry made achievements against background of varied challenges which included:-

- i Inadequate monitoring and evaluation capacity in the Ministry and RDAs.
- ii Regional Development Policy is not well aligned with the existing legal framework and which needs review.
- iii Slow restructuring and revitalization of the RDAs to make them viable
- iv Inadequate middle level technical staff due to brain drain and bottom heavy establishment.
- v Weak Information Technology (IT) infrastructure.

5. That, the Ministry was addressing some of the challenges through the process of restructuring RDAs and establishing mechanisms for competitive hiring of the Chief Executives and technical staff for the RDAs. The Minister revealed that while the salaries of the Chief Executives of the RDAs were reviewed in 2008 to match those offered in the public service, some workers in the lower cadres in the RDAs still continue to earn very low monthly wages at Kshs. 3000. **The Committee therefore recommended that Ministry be adequately provided with resources in the budget under Head 523 to enumerate workers and raise their motivation in order to address the low salaries of the staff of the RDAs.**

6. That, the Ministry's budget for the 2010/2011 financial year was informed by policy priorities of the Ministry which are:-

- (i) Integrated Basin Based Development
- (ii) Regional Development Planning
- (iii) Community Support and Empowerment
- (iv) Development of River banks, water bodies and catchment areas

The Minister informed the Committee that the achievements in these policy priorities would lead to **'wealth creation to the local communities, hydropower generation, irrigation, water supplies and environmental conservation'**. This would also lead to equitable distribution of financial resources to all parts of the country since the projects undertaken under the RDAs spread across the country.

7. That, although an amount not exceeding Kshs. 16,594,920,930 was requested in lump-sum from Treasury for the 2010/2011 financial year, the Ministry was actually allocated Kshs. 8,301,209,675. This reflected a 50 percent reduction in the budgeted resources to run the programmes and projects of the Ministry (see Table 2 below).

Table 2: Resource Allocation for both Recurrent and Development votes and the six Semi-Autonomous Government Agencies (SAGAs)

	2009/2010 Resources Allocated	2010/2011 Resources Requested	2010/2011 Resources Allocated	Variance
Recurrent Expenditure	835,080,400	1,346,776,545	818,776,545	(528,000,000)
Development Expenditure (Headquarters)	813,524,457	9,715,196,480	1,330,196,480	18,385,000,000
SAGAs	1,768,524,753	5,533,366,650	6,152,236,650	618,870,000
TOTAL	3,416,747,610	16,594,920,930	8,301,209,675	(8,293,711,255)

8. That, the bulk of the allocated budget would be financed by the Kenya Government at the cost of Kshs. 5, 153, 079, 804 while the balance (Kshs. 2,329,433,126) would be sourced from the development partners. The allocated budget would then be used to fund projects that include the construction of small hydro dams to generate power (about 5MW), provide water supplies and irrigation schemes (about 12 million hectares). The specific projects earmarked for development include:-

- i Research feasibility studies for the development of-
 - High Grand Falls multi-purpose Dam and Magwagwa Integrated Development Programme in Kisii under LBDA
 - Lower Ewaso Ng'iro Integrated Multipurpose project under EWSDA,
 - Mwache River Integrated Project under CDA
 - Development of Aror Integrated Multi-purpose project under KVDA (this will reduce cattle rustling in the area) and
 - Wajir Integrated Development Programme under ENNDA
- ii Construction of Wei Wei irrigation scheme (Phase III) of 325 hectares by KVDA
- iii Bio fuels and small Hydropower Generation Projects by TARDA and ENNDA
- iv Construction of Kimira Oluch Project being funded by African Development Bank (ADB)
- v Malindi Social Health Integrated Programme under construction by Italian Development Corporation under CDA
- vi Environmental Conservation Programmes of the riverines within the RDAs
- vii Economic empowerment Support Programmes of communities in the RDAs through the development of bee keeping, fisheries, livestock, fruit tree nurseries, vegetable growing, rice seed bulking etc.

In concluding, the Minister stated that the Ministry would absorb all the funds allocated to fund its programmes and projects to improve the quality of life of the people in the RDAs and to contribute to the national economy. The Minister further stated that the

development in the RDA could become an engine for growth and development in the country, but this needs adequate capital investments to be provided by the budget.

While considering the printed estimates of the Ministry and the presentations made by the Minister, the Committee noted and recommended, as follows:-

- (i) The cut by 50% of the Ministry's requested budget by the Treasury was noted to adversely affect the efforts being made by the Ministry to restructure and revitalize the six RDAs to profitability. The Committee therefore recommended that the shortfall be partially recovered during supplementary budget for the Ministry to execute its mandate and function for which it was created.
- (ii) The Committee was concerned by the revelation by the Minister that KENGEN had not to date honored its obligation to remit an amount of Kshs. 420 million per year being compensation to the Ministry of Regional Development Authorities for use of the assets of TARDA and KVDA through sale of hydropower from their dams. The Committee therefore reiterated its earlier recommendation relating to its report on printed estimates for the 2009/2010 financial year, that the KENGEN expeditiously honour its obligation and pay the Ministry of Regional Development Authorities the amount as per the terms agreed under contract for the sale of hydropower from the dams under the management of the Ministry.
- (iii) The Committee noted that the monies amounting to Kshs. 1,255,196,480 allocated to headquarters' research and feasibility studies for projects under all the six RDAs was substantial. The Committee therefore recommended that part of the money be re-allocated to fund the retrenchment exercise of excess work force in the RDAs in order to improve the terms and conditions of the retained technical work force.
- (iv) The Committee noted that the local people have not benefited from the Masinga and Turkwell projects especially in the use of the waters of these dams to meet their domestic needs. The Committee therefore recommended that KENGEN expeditiously move to undertake its corporate Social responsibility with the communities through enabling the residents use the waters for irrigation and water supplies which were part of the original works of the construction of the dams.

- (v) The Committee noted that under Recurrent Expenditure (vote R09), there were generally slight reductions in the allocations in the Heads 523, 637, 753 and 804, and slight increases in current grants to RDAs in the Heads 455, 707, 989, 992, 993 and 994, and in allocations to the Rural Development Services Coordination in the Head 573 (due to purchase of vehicles and Other Transport Equipment). Under the Development Vote (D09), the Committee further noted that there were substantial allocations in the Heads 523, 573, 994 and 707 due to huge allocations to Research and Feasibility Studies, Construction and Civil works, and Capital Grants and Construction and Civil Works, respectively; while Head 455 suffered significant decline in allocation, and Heads 707, 989, 992 and 993 reflected slight declines or increases or remained constant compared to the previous 2009/2010 year.

In concluding, the Committee agreed to the Minister's proposal that an amount not exceeding Kshs. 8,301,209,675 composed of Kshs. 818,776,545 being the budget for Recurrent Expenditure and Kshs. 7,482,433,130 being the budget for the Development Expenditure be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry of Regional Authorities. Subsequently, the Committee passed the allocated recurrent expenditures for Vote R 09 under Heads 523, 637, 753, 804, 455, 573, 707, 989, 992, 993 and 994; and the allocated development expenditures for Vote D09 under Heads 523, 455, 573, 707, 989, 992, 993 and 994.

1.2 MINISTRY OF COOPERATIVE DEVELOPMENT AND MARKETING (VOTE 22)

The Minister informed the Committee that the preparation of the budget for the 2010/2011 financial year was based on the guideline of the Medium Term Expenditure Framework for the 2010/2011 - 2012/2013 years. Subsequently, the Ministry proposed to implement the following priority areas in the 2010/2011 financial year:-

- i Operationalisation of the SACCO Act
- ii Establishment of the Ethics Commission
- iii Operationalisation of the Provincial Tribunal Services
- iv Finalization of the Sessional Paper on Cooperative Development Policy
- v Restructuring of cooperative societies through implementation of the already concluded feasibility studies and business plans
- vi Development of new cooperative ventures outside the traditional commodity and dairy cooperative societies

- vii Implementing the marketing strategy targeting value addition, market access and also the marketing information system
- viii Improving education and training facilities for Cooperative College of Kenya (CCK)

According to the Minister, the Ministry presented a budget proposal of Kshs. 1,332 billion composed of Kshs. 1,062 billion in the Recurrent Expenditure and Kshs. 270 million in Development Expenditure, as per the guidelines contained in the Treasury circular. However, the Ministry was allocated Kshs. 1, 052, 000, 520; composed of Kshs. 980, 460, 520 in recurrent and Kshs. 171, 540,000 in development in the printed estimates. This reduction was explained by the Treasury as due to the rationalization of the national budget.

The Minister informed the Committee that the reduction by Kshs. 98, 460,000-being the difference between the requested Ksh.270 million and the allocated figure of Kshs. 171, 540, 000 in the **Development Expenditure** is significant to cause an impact in the execution of new programmes being undertaken by the Ministry, such as:-

- (i) the operationalisation of the new district e.g. office accommodation expenses under **Head 709** which has suffered reduction of Kshs. 18, 480, 000
- (ii) the restructuring of cooperative institutions which has been reduced by Kshs. 45,600,000 under **Head 706**
- (iii)the refurbishment works of the offices of the Ministry at NSSF building which has been reduced by Kshs. 6, 030, 000 under **Head 571**

The Minister further informed the Committee that a reduction of Kshs. 81, 539, 480 in **Recurrent Expenditure** between the requested allocation and printed estimates of Kshs. 1, 062, 000, 000 and Kshs. 980, 460, 520 would lead to disruption in critical areas, such as domestic travel, printing, advertising and information supplies, training expenses, allowances for Cooperative Tribunal Board, office and General supplies and purchase of office furniture.

The Minister underscored the achievements made by the Ministry during the strategic plan for the financial year, 2009/2010, to include, among others:-

- 1) Training of forty officers (40) in transformational leadership
- 2) Setting up of the Sacco Society Regulatory Authority (SASRA)
- 3) Gazetting of the members of the Ethics Commission
- 4) Launching of the Marketing Strategy of the cooperative sector

- 5) Opening up of offices of the Cooperative Officers (162) and Auditors (75) in new districts
- 6) Formation of Kenya Cooperative Coffee Exporters (KCCE)
- 7) Formation of the Cooperative Alliance of Kenya as an umbrella body of the cooperative movement
- 8) Sensitization on governance guidelines in four (4) provinces
- 9) Held one (1) consultative SACCO's leaders conference
- 10) Opening up of two (2) Tribunal Services registries in Meru and Eldoret
- 11) Refurbishment of offices in NSSF

The Minister concluded by informing the Committee that the Ministry has the capacity to absorb the budgeted funds given its past trends in expenditures, as shown in table 3 below.

Table 3: Trends in Absorption Capacity of Requested Funds

	2008/2009		2009/2010	
	Allocated	Actual Spent	Allocated	Actual Spent
Development	134, 800, 000	127, 491, 097	186, 200, 000	165, 911, 000
Recurrent	850, 185, 000	829, 511, 621	940, 426, 690	940, 426, 690

In the analysis of the estimates of the Ministry, the Committee noted of the general reductions in the amounts requested by the Ministry under the various Heads both for the Recurrent and Development Expenditures, as presented in Tables 4 and 5 below. The Committee further noted the reductions could stand in the way of the efforts by the Ministry to increase the productivity of the sector.

While noting the central role the cooperative sector play in the economic growth and development, and the achievements made by the Ministry in fast tracking reforms aimed at making the sector productive, the Committee noted and recommended that:-

- a) The capital grants to the Cooperative College of Kenya under Head 711 was low to cause any meaningful development at the institution and make it a

709	District Cooperative Extension Services	slightly reduced from Ksh.14.2million to Kshs. 13.1million
710	Headquarters Cooperative Audit Services	reduced from Ksh.14.5million to Ksh.13.6million
711	Cooperatives Education and Training Programmes	capital grants increased from Ksh.25million to Ksh.59.5million

- d) Adequate budgetary allocations be provided to make the SACCO Regulatory Authority to be fully operational due to its important function in the sector.
- e) The farmers be given priority to buy shares during the proposed privatization of companies in the agricultural sector.
- f) The Cooperative Tribunal Services be adequately funded under Head 587 to enable it execute its mandate in dispute resolution in the sector and help reduce the work load of the judiciary.
- g) The Ministry of Cooperative Development and Marketing be allocated with sufficient resources for the economic stimulus package to revive the giant farmers unions (e.g., KPCU) from collapse due to political interferences.

In concluding, the Committee was agreeable to the Minister's proposal that an amount not exceeding Kshs. 1,152,000,520 composed of Kshs. 980,460,520 being the budget for Recurrent Expenditure and Kshs. 171,540,000 being the budget for the Development Expenditure be withdrawn from the Consolidated Fund to finance the work and activities of the Ministry of Cooperative Development and Marketing Regional Authorities. The Committee therefore passed the allocated recurrent expenditures for Vote R 22 under Heads 161, 571, 673, 705, 587, 589, 700, 706, 708, 709, 710, 823, 824 and 711; and the allocated development expenditures for Vote D 22 under Heads 571, 706, 708, 709, 710 and 711.

1.3 THE MINISTRY OF FISHERIES DEVELOPMENT (VOTE 56)

The Minister presented a brief background about the Ministry with regard to its mandate, mission and vision in the development and exploitation of the fish resources in the country. The Minister praised the economic stimulus package in fish development which has enabled the sector to record remarkable growth that has led to the fish sector being ranked third in income earnings to the country.

The Minister underscored the potential of fisheries sector to contribute to the national economy through employment creation, foreign exchange earnings, poverty reduction and food security. However, the full potential of the sector can not be realized without addressing its challenges which include piracy (especially off-shore fishing), poor storage facilities, insecurity and poor surveillance, illegal fishing, inadequate funds for research, inadequate and poorly remunerated staff, poor fish sales and marketing, lack of fish

centre of excellence in the cooperative education and training in the Eastern Africa region.

- b) The Cooperative College of Kenya Act be amended to make the institution autonomous and raise its own sources of revenue to meet its expenditures.
- c) The numerous SACCO societies be restructured to make them economical and make farmers reap benefits from investments in the sector.

Table 4: A table showing Vote 22 Analyses of Recurrent Estimates by Head

161	Finance and Procurement Services	slightly reduced to Kshs. 28.09 million from Kshs. 31.9 million
571	General Administration and Planning	slight increase to Kshs. 154.8 million from Kshs. 154.4 million, mainly for compensation to employees
673	Cooperative-Ethics and Governance	slight increase to Kshs. 14.5 million from Kshs. 13.5 million, mainly to compensate employees
705	Planning And Feasibility Studies	slightly reduced from Kshs 19.95 million to Kshs 18.54 million
587	Cooperative Tribunal	slightly reduced Kshs 21.09 million to Kshs 18.91 million
589	Cooperative Registration Services	slightly reduced from Kshs. 31.87 million to Kshs. 27.79 million
700	Cooperative Marketing	Slight reduction from Kshs. 13.55 million to Kshs. 12.51 million.
706	Office of the Commissioner	slightly reduced from Kshs. 103.97 million to Kshs. 99.04 million
708	Provincial Cooperative Extension services	slight reduction from Kshs. 83.92 million to Kshs 80.87 million
709	District Cooperative Extension services	significantly increased from 301.12 million to Kshs 361.21 million on account of purchase of vehicles and other transport equipment
710	Headquarters Cooperative Audit Services	slightly reduced from 20.81 million to Kshs 18.68 million
823	Provincial Cooperative Audit Services	Slightly reduced from 35.16 million to Kshs 33.36 million
824	District Cooperative Audit Services	remained unchanged at Kshs 65.million
711	Cooperatives Education and training Programmes	current grants to government agencies and other levels of government amounting of Kshs 56 million remained unchanged

Table 5: A table showing Vote 22 Analyses of the Development Estimates by Head

Head	Title	Comments/Issues
571	General Administration and Planning	decreased from Ksh.7.7million to Ksh.4.8million
706	Office of the Commissioner includes; Cooperative marketing, Management of Ethics and integrity programme, Capacity building and SACCO Societies Regulatory Authority.	decreased from Ksh.123million to Ksh.65.6 million mainly for resources to SACCO Societies Regulatory Authority as Capital grants at Ksh.33.2million
708	Provincial Cooperative Extension services	significant increase from Ksh.1.8million to Ksh.14.8million for purchase of specialized plant and machinery as a new item in all provinces

policy development and implementation, low stakeholder involvement and low priority in resource allocation, among others.

The Minister explained that, out of the 3.59 percent (or 35.7 billion) of the national budget allocated to the Agricultural Sector; the fish sector has been allocated 13 percent (or 4.551 billion). The Minister further explained the allocation would not be sufficient to make a significant turnaround in the sector due to neglect that has been witnessed in sector for long when it was falling under other ministries.

From the printed estimates, the Ministry was allocated net expenditures of Ksh.947,891,100 for Recurrent Expenditure and Ksh.3,225,900,400 for Development Expenditure compared to Kshs. 1,176,211,500 and Kshs. 1,263,559,350 for Recurrent and Development Expenditure, respectively, in the previous financial year 2009/2010. The Minister explained this reflected a net decrease of Kshs. 228,320,400 in Recurrent Expenditure, and a net increase of Kshs. 1,962,341,050 in Development Expenditure.

An analysis of the printed estimates indicated that there were slight reductions or increases across all the Heads except for Head 532 which recorded drastic reduction and Heads 537 and 645 which were significantly increased (see Table 6).

Table 6: Analysis of the Recurrent Budget for Ministry of Fisheries Development

192	Headquarters and Administrative Services	slightly scaled down from Kshs 155.29 million to Kshs 144.66 million
450	Finance, accounts and procurement services	remained unchanged at Kshs 26.42 million
438	Directorate Of Maritime And Coastal Fisheries	slightly increased from Kshs. 13.4 million to Kshs. 14.1 million
441	Directorate of Inland and Riverine Fisheries	slightly reduced from Kshs. 14.17million to Kshs. 11.4 million
443	Directorate of Aquaculture Development	slightly reduced from Kshs 10.42 million to Kshs 9.31 million
452	Directorate of Quality Assurance and Marketing	slight reduction from Kshs 33.85 million to Kshs 25.15 million
532	Directorate of Fisheries	significant reduction from Kshs 338.43 million to Kshs 72.33 million
534	Fisheries Stations	slight reduction from Kshs 247.09 million to Kshs 243.05 million
537	Fisheries and Hatchery	considerably increased from Kshs 20.34 million to Kshs 35.08 million
539	Fisheries Regional Centres	slight increased Kshs 38.40 million to Kshs 42.08 million
548	Deep sea fisheries	Slightly reduced from Kshs 6.33 million to Kshs 5.45 million
645	Marine Fisheries Research Institute	current grants slightly increased from Kshs 418.1 million to Kshs 468 million

According to the Minister, the reductions would adversely affect the extension services and especially providing furniture and equipment for the staff. The Committee was informed that the explanation given by the Treasury for the reductions in the budget estimates across all Ministries was to provide for monies to fund the Economic Recovery Poverty Alleviation and Regional Development Programme.

Table 7: Analysis of Development Budget for Ministry of Fisheries Development

443	Directorate of Aquaculture Development	A significant increase from Kshs 1135.81 million to Kshs 2866 million mainly for specialized materials and supplies, construction and civil works, and purchase of specialized plant, equipment and machinery under Economic Recovery, Poverty Alleviation And Regional Development Programme
532	Directorate Of Fisheries	A significant increase from Kshs 2.47 million to Kshs 48 million to cover expenditures for operation save the Nile Perch in Lake Victoria
534	Fisheries Stations	Significantly scaled up from Kshs 28.9 million to Kshs 137.6 million
537	Fisheries and Hatchery	Significantly increased from Kshs 5.12 million to Kshs 91.4 million
645	Kenya Marine Fisheries Research Institute	Moderately reduced from Kshs 104.43 million to Kshs 82.9 million being capital grants and construction of buildings obtain Kshs 42.9 million and 40 million respectively.

With regard to the Development Vote (see Table 7 above), the Minister was satisfied this had been adequately allocated the much needed financial resources under the budget. The Minister pointed out that some savings would be made from implementation of activities that have been over-funded following the rationalization of the budget by the Treasury which would then be reallocated to cater for the under-funded ones.

The Minister concluded by stating that the Ministry has the capacity to absorb the allocated funds and presented statistics to support the past absorption trends in expenditures as shown in the Table 8 below.

Table 8: Trends in Absorption Capacity of the Allocated Funds

	2008/2009		2009/2010	
	Allocated	Actual Spent	Allocated	Actual Spent
Recurrent	701,151,800	701,100,000 (99.9%)	1,176,211,500	1,073,000,000 (91.2%)

Development	170,626,000	135,828,600 (79.6%)	1,263,559,350	1,233,154,467 (97.5%)
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In the meanwhile, the Minister informed the Committee that the first harvest of fish under the Economic Recovery, Poverty Alleviation and Regional Development would be done in August 2010.

Emerging from the analysis of the estimates and presentation by the Minister, the Committee was concerned by the revelation that an amount of Kshs. 300 million was allocated for the purchase of liners under Head 443 in the Development Vote. This would lead to environmental pollution due to the disposal of the polythene liners used currently in the construction of fish ponds. The Committee therefore recommended that inexpensive local materials which are environment-friendly requiring the application of traditional technologies and knowledge be exploited to reduce cost and to counteract land pollution. The Committee further recommended that 30% of the allocation be apportioned to soil percolation research to mitigate the problem of relying on expensive liners.

The Committee noted that the number of staff deployed to provide extension services compared to the number of ponds in the constituencies were far inadequate to have an impact in providing solutions to the problems in the fish sector. It was pointed out that there was one staff operating in four constituencies with about 400 fish ponds. While noting that an amount of Kshs. 96 million was allocated under Head 443 to recruit three (3) workers in each constituency on a seasonal basis, the Committee recommended that the Ministry absorb those workers when their contract ends.

The Committee noted that an item under Head 645 was allocated budget from donor funding. The Committee was concerned that the project would stall if the donor failed to honour the pledge to provide the funds. The Committee therefore recommended that the Ministry budget for projects and programmes with funding from the government.

The Committee wondered why Kabonyo fish farm project which was started in 1978 continue to attract an allocation of 4 million for research every financial year yet the findings from the investment have to date not been made known. While requesting that those findings be availed to public, the Committee recommended that the monies be reallocated towards the stocking of fish ponds with fingerlings.

The Committee was concerned that the Ministry budgeted to spend Kshs. 49 million towards hiring vehicles and Kshs. 5 million towards procuring of motor cycles under Head 443. After deliberation on the two items, the Committee recommended that a total of Kshs. 40 million to be used to purchase 100 motor cycles (each with capacity of 125 CC) and the balance amounting to Kshs. 14 million be used for hiring of motor vehicles under that head.

In the meanwhile, the Committee concurred with the Minister's proposal that the name of the Ministry be changed to 'Ministry of Fisheries Development and Marine Affairs' to be in tandem with the Mandate of the Ministry.

In conclusion, the Committee was agreeable to the Minister's proposal that an amount of Kshs. 3225900400 being the budget for Development Expenditure and Kshs. Kshs.947891100 being the budget for the Recurrent Expenditure be withdrawn to finance the Ministry of Fisheries Development. Subsequently, the Committee therefore passed the allocated Recurrent Expenditures Vote R 56 under Heads 192, 450, 438, 441, 443, 452, 532, 537, 539, 548 and 645; and the allocated Development Expenditures Vote D 56 under Heads 443 (with reallocation changes on items), 532, 534, 537 and 645.

1.4 MINISTRY OF LIVESTOCK DEVELOPMENT (VOTE 19)

The Ministry of Livestock is one of the Ministries under the Agriculture and Rural Development sector. It has been allocated a total gross budget of Kshs. 6.512 billion (or 18% of the agricultural sector) to perform its work in the 2010/2011 financial year.

The mandate of the Ministry is to execute functions which include livestock policy, development of the livestock industry, range development and management, veterinary services and disease control, livestock production and extension services, livestock branding and leather and leather product development.

The Ministry hosts two technical departments, namely the Department of Livestock production and Department of Veterinary Services, and four Semi Autonomous Government Agencies (SAGAS), namely the Kenya Dairy Board, Central Artificial Insemination Station (CAIS), Kenya Veterinary Vaccines Production Institute (KEVEVAPI) and Kenya Meat Commission (KMC).

The livestock sector is noted for its contribution to the GDP (at 12%) and employing an estimated 50% of the agricultural labour force. Statistics also indicate that an estimated 10 million people living in the ASALs depends on livestock for their livelihood.

In his submissions, the Minister informed the Committee that the Ministry launched its Strategic Plan early in the year as part of its commitment to improve production in the livestock sector. The Minister further informed the Committee that, pursuant to its strategic objective of developing appropriate policy and legal framework, the Ministry had since completed the development of Sessional Papers on National Policies on Poultry, Bee Keeping and Dairy Development; and Draft Dairy Bill (2009).

The Minister outlined the challenges facing the Ministry's efforts to achieve sustainable livestock production. These include recurrent droughts (which led to loss of livestock worth Kshs. 23 billion in 2008/2009 year), insecurity in livestock producing areas due to cattle rustling and conflict over pasture, fodder and water availability, disease outbreaks, export restriction due to livestock diseases, low budgetary allocation, understaffing and inadequate transport for livestock extension officers.

In presenting the estimates for the 2010/2011 financial year, the Minister informed the Committee that the programmes that are in tandem with the Vision 2030 initiatives had been given priority in the budget. These were outlined, as follows:-

- i Livestock Diseases Management and Control
- ii Livestock Extension and Capacity Building
- iii Food Safety and Animal Products Development
- iv Vector and Pest Control
- v Livestock Production and Management
- vi Laboratory Services Quality Assurance and Bio-safety
- vii Support to Livestock Livelihoods and Early Warning Systems
- viii Livestock Products Value Addition and marketing
- ix Livestock Policy Development and Programmes Management

Subsequently, the Ministry requested a total budget of Kshs. 12.190 billion composed of Kshs. 8.382 billion in Recurrent Expenditure and Kshs. 3.808 billion in Development Expenditure. However, the printed estimates showed that the Ministry was allocated a total of Kshs. 6.512 billion composed of Kshs. 3.557 billion and Kshs. 2.955 billion in Recurrent and Development Expenditures, respectively.

The Minister explained this reflected an allocation gap of Kshs. 5.68 billion which would adversely affect the proposed programmes for implementation during the 2010/2011 financial year. The Minister further explained that, out of the allocation of the Kshs. 6.512 billion, a sum of Kshs. 1.546 billion was an extra budgetary provision for the Economic Recovery Poverty Alleviation and Regional Development Programmes. The

Minister also explained that, despite the low budgets, the projects earmarked for implementation were within the Strategic Plan of the Ministry.

The Minister concluded by stating that the Ministry has the capacity to absorb the funds allocated to it as per the past appropriation accounts presented at the Table 9 below. However, the relatively low absorption under the development was explained as due to delays by the development partners to release their contributions under the budget.

Table 9: Trends in Absorption Capacity of the Allocated Funds

	2007/2008		2008/2009	
	Allocated	Actual Spent	Allocated	Actual Spent
Recurrent	3,350,818,808	3,270,214,943 (98%)	3,565,046,560. 48	3,425,290,560. 48 (96%)
Development	1,880,635,250	888,507,661 (47%)	1,332,819,470	1,095,783,637. 91 (82%)

While considering the estimates and the submissions from the Ministry, the Committee was concerned by the revelation that the livestock disease management and control department had been allocated only Kshs. 296 million against requested sum of Kshs. 5.259 billion. The Committee observed this would render the Ministry ineffective to fight diseases and in worse case if epidemic occurred. The Committee therefore recommended that the allocation to this area be adequately catered for in future budgets.

The Committee noted that the same minimal allocation has been replicated with regard to the support to Livestock Livelihoods and Early Warning Systems in which only Kshs. 11 million was allocated against requested Kshs. 703 million. This again reduces the capability of the Ministry to prepare for disease disasters, and therefore recommended that the allocation to the item be provided according to the Ministry's requested allocation since early warning is cost effective in mitigating against disasters.

The Committee wondered what informed the decision by the Treasury to include Kshs. 1.546 billion for Economic Recovery Poverty Alleviation and Regional Development Programmes in the printed estimates of Kshs. 6.512 billion for the Ministry of Livestock yet the same was done for other Ministries. The Committee

recommended that this budgetary allocation be treated separately from the main budget allocated to implement the identified projects for the financial year.

The Committee was concerned that only a sum of Kshs. 120 million had been allocated to the Disease Free Zones (DFZ) against requested allocation of Kshs. 2.73 billion by the Ministry following a Presidential Circular urging the Treasury to provide for adequate budgets for the DFZ.

With regard to the Kenya Meat Commission (KMC), the Committee was informed that the government had invested funds in excess of Kshs. 1.9 billion yet the Corporation had not made a turnaround in its operations. The Committee therefore recommended that KMC accounts be audited to ascertain how the colossal sum of money had been utilized and that the Ministry continued to deny the Corporation more funding until it was satisfied the monies it had absorbed had been used prudently.

In concluding, the Committee was agreeable to the Minister's proposal that an amount not exceeding Kshs. 3,557,288,600 being the budget for Recurrent Expenditure and Kshs. 2,955,348,632 being the budget for the Development Expenditure be withdrawn from the Consolidated Fund to finance the Ministry of Livestock Development. Subsequently, the Committee therefore passed the allocated Recurrent Vote R56 under Heads 185, 186, 640, 641, 224, 232, 266, 280, 291, 407, 408, 451, 462, 463, 465, 466, 473, 474, 477, 478, 543, 631, 286, 290, 426, 431, 432, 437, 445, 446, 447, 448, 467, 468, 471, 472, 481, 490, 549, 551, 552 and 533; and Development Vote D56 under Heads 640, 641, 224, 232, 266, 280, 407, 408, 424, 451, 465, 473, 474, 478, 491, 286, 290, 426, 432, 445, 446, 447, 448, 467, 468, 471, 472, 481, 490 and 549.

1.5 MINISTRY OF DEVELOPMENT OF NORTHERN KENYA AND OTHER ARID LANDS

In relation to the budget estimates 2010/2011, the Minister reiterated the Government's commitment in ensuring the Northern Kenya and other Arid Lands develop at the same pace as other regions of the country. This, he indicated would **fast-track the achievement of the Millennium Development Goals (MDGs), attainment of the National Development targets while reducing current poverty levels from 74 percent as at 2005/06 to manageable levels.** According to the Minister, the Ministry's overall mandate is to facilitate and coordinate development in the region which in geographical terms covers an estimated 80 percent of Kenya's land mass.

The Minister further outlined the following areas as the specific policy emphasis that would ensure a complete turnaround in the region: Infrastructural Development, Township Planning, Livestock Development, Water Supply and Irrigation, Natural Resource Management including tapping of solar and wind energy, Mineral Resource Exploration and Development, Tourism Development and Human Resource Development.

Other specific objectives that informed the formulation of targets for the implementation in the 2010/2011 Financial Year included:-

- i. Implementation of selected vision 2030 flagship projects and programs with potential to add high value
- ii. Address policy, legal, cultural and institutional impediments to the development of the region
- iii. Offering of leadership and co-ordination activities in the region at all levels of government

The Committee was informed by the Minister, as follows:-

That, the implementation of the Performance Contract for the 2010/2011 Financial Year was also informed by the past achievements of the Ministry in line with past allocations of resources. The allocation under the Development Vote reflects a net decrease of **Kshs 355,380,790** from the total net approved figure of **Kshs 3,454,904,550** in **2009/2010** to **Kshs 3,099,523,760** in **2010/11**. On the other hand, the recurrent vote increased from **Kshs 256,433,500** in **2009/10** to **Kshs 263,031,000** in **2010/11**, a net increment of **Kshs 4,597,500** attributed to increased operational costs and additional recruitment of staff.

That, the Northern Kenya and other Arid Lands region was further allocated in 2010/11 Financial year a total development and recurrent vote amounting to **Kshs 16.269 billion** and **Kshs 671million**, respectively, to fund other planned programmes and projects through line Ministries like Education, Local Government, Water, Roads, National Heritage and Culture, Tourism, Immigration, Medical Services, Livestock Development and Regional Development. This was a substantial increment from **Kshs 291million** and **Kshs 7.169 billion** for recurrent and development respectively in 2009/2010. **At this juncture, the Committee acknowledged particular interest in 2010/11 budget focus on exploiting ASALs through construction of infrastructure and rehabilitation of facilities to boost both livestock and food production.**

That, the following were some of the achievements by the Ministry in the various sectors in 2009/2010:-

- 1) **In Education** with an allocation of Kshs 202million in 2009/10; constructed 18 classrooms and 8 dormitories in various schools, 5 science laboratories, 3 primary schools and 1 secondary school, a student hostel at Lodwar Medical Training College was completed while Science equipment was provided to 5 schools and textbooks supplied to another 5 schools.
- 2) **In Water sector** and an allocation of Kshs 349million in 2009/10; undertook the following flagship projects:-

Table 10: Major Projects Achieved in Water Sector

Project	Status	Remarks
Wajir sewerage project	Ongoing	To be completed in 3phases
Maralal Water project	Phase I completed	Phase II ongoing; involves pipeline and treatment, to be complete in 2010/11
Gotu Gardi water project	Completed	
Guyo Tendeke earth dam	Completed	
Nakamane Irrigation project 2010	95% completed	Completion in July 2010
Nakwamoru Irrigation Project	50% completed	Completion in August 2010
Kilifi Water Project	Completed	
Supply of pipes – Palakumi-Mwijo water pipeline	Completed	
Drilling of boreholes: 3 Kajiado, 6 Kyusu	Completed	Drilling completed and to be equipped in 2010-2011
Improvement of Eldas water supply	Completed	
Mandera water supply: Development of 8 boreholes	3 completed, 5 ongoing	
Kieni Water supply: Construction and augmentation of 5	Completed	Piped water supply
Sololo water supply	Completed	

In presenting the Ministry's Budget forecast for the coming financial year, the Minister explained that, based on the allocated resources which are Kshs 3.6 billion below the requested amount, the Ministry would undertake the following:-

- 1) Embark on projects as per their priority needs.
- 2) Allocate the available funds using the resource criteria that include key among them population census, poverty index, geographical coverage, level of infrastructure, level of comparative development, among others.
- 3) That, driving force for the implementation of the projects in the region would be the Vision 2030 and MTEF, the need to fast track development in the region, the need to counter effects of frequent climate variability and vulnerability of pastoral livelihoods.

- 4) With a budget allocation of Kshs 490million in 2010/11 for water and sewerage, the following would be undertaken:-
- (i) Ongoing projects; including water sewerage projects, such as Wajir, Maralal water project phase II, Turkana Irrigation projects and drilling and equipping of the 9 boreholes in Kyuso and Kajiado Districts.
 - (ii) Feasibility studies, EIAs, technical designs and supervision
 - (iii) Construction of small dams and pans
 - (iv) Construction and rehabilitation of minor rural water supplies

The Minister explained that the Ministry, in its mission to **provide direction and leadership in planning, implementation and coordination of development in Northern Kenya and other Arid Lands** was faced with myriad challenges which include:-

- i Huge area to be covered (80% of Kenya's land mass)
- ii Poor infrastructure in the region
- iii Persistence underfunding by the exchequer (**At this point, the Committee failed to comprehend why Head 298: Arid Resource Management Project was decreasing from Kshs. 2,492.6 million to Kshs. 1,240.38 million and how that would impact on the expected outcomes of the project.**)
- iv Inadequate technical staff
- v Excessive dependence on development partners and line ministries
- vi Creation of new unplanned settlements
- vii Climate variability

Nevertheless the Minister assured the Committee that measures were in place to address the challenges. For example, with regards to Project identification, feasibility studies and designs, where skeleton staff and over reliance on District Drought Management Officers continue to hamper identification of projects with greater impact, the Ministry intended to develop a clear forward planning strategy in 2010/11 so as to offer preliminary foresight in project design and implementation.

The Committee was informed that the Ministry was working with other implementing agents, like the Ministry of Water and Department of Irrigation, in joint consultative forums to work out modalities for collaboration so as minimize bottlenecks in implementation of projects and programmes. Additionally, the Ministry was determined to harmonize all actors in water development in the region to avoid duplication of efforts and maximize utilization of available resources. Water is a major cause of underdevelopment in the region.

With this regard, the Committee was concerned that other ASAL areas in the Western Kenya, for example, Nyatike, Gwasi and lower part of Migori and parts of

Eastern Province were not covered by the programmes under the Ministry. The Committee therefore recommended that those areas fell within the Mandate of the Ministry and needed to be considered in future budgets. While agreeing to this proposal, the Minister added that choice of areas to be considered ASAL fell within the work of the Ministry of Agriculture which undertake periodic reviews and communicated to the Ministry of Development of Northern Kenya.

While lauding the Ministry's efforts in undertaking projects in the education sector, the Committee agreed with the Minister that education standards in North Eastern Province was worrying. The Committee therefore urged the Ministry of Education to construct more boarding schools in the province to increase enrollment in schools.

The Committee noted the poor state of roads in the region and recommended that the Ministry of Roads provide sufficient allocations towards completion Kitale-Lodwar and Garissa-Wajir-Mandela in order to improve transport system and to help curb insecurity in the region.

While noting that the Ministry acts as a coordinating body for all stakeholder Ministries in the development in Northern Kenya and Other Arid Lands, the Committee recommended for the fast tracking of the coordinating framework at the Office of the Prime Minister charged with the coordination of the work of Ministries to avoid duplication of resources and activities.

In all, the Committee agreed to the Minister's proposal that a total net estimate of Kshs. 3,360,554,760 composed of Kshs. 261,031,000 being the budget for Recurrent Expenditure and Kshs. 3,099,523,760 being the budget for the Development Expenditure be withdrawn from the Consolidated Fund to finance the Ministry of State for the Development of Northern Kenya and Other Arid Lands. The Committee subsequently passed the Development Vote (D58) under Heads 197, 283, and 298 and the Recurrent Vote (R58) under Head 197.

1.6 THE MINISTRY OF AGRICULTURE (VOTE 10)

The mandate of the Ministry of Agriculture is to promote and facilitate production of food and agricultural raw materials for food security and incomes; advance agrobased industries and agricultural exports; formulate, implement and monitor policies and legislations; and enhance sustainable use of land resources as a basis for agricultural enterprises.

The agricultural sector provides 80% of the Kenya's employment opportunities and it accounts for more than 20% of the country's GDP. Subsequently, the agriculture sector is an asset requiring substantial amount of resources to sustainably contribute to the achievement of food security, employment creation, income generation and poverty reduction in the country.

However, the Minister informed the Committee that the Ministry received a net allocation of Kshs. 8,019,374,200 and Kshs. 8,381,263,140 in Recurrent and Development Expenditures, respectively, against requested sum of Kshs. 8,483,141,650 and 12,704,169,148 in Recurrent and Development Expenditures, respectively. The Minister explained the Ministry was not consulted, but that the Treasury unilaterally made the decision to make cuts in the requested budget.

Therefore, the sector continues to attract underfunding which defeat efforts to achieve food self-sufficiency and sustainable rural development. The whole of the agricultural sector composed of Agriculture, Livestock Development, Cooperative Development, Lands and Fisheries Development, and which is the mainstay of the economy of the country has not been given due attention. The Gross Allocation to the sector stands at Kshs. 35.8 billion (3.59% of the Total Budget) compared to the National Security sector which has been allocated 57.8 billion (5.8% of the Total Budget).

The Minister explained that two flagship projects under the Vision 2030 which informed the budget in the 2009/2010 financial continued to guide the formulation of the 2010/2011 financial estimates. The projects are:-

- (i) Enacting of a Consolidated Agricultural Reform Bill
- (ii) Undertaking a Fertilizer 3-tier cost reduction programme

The Minister further explained that the Ministry utilized the funds allocated for the 2009/2010 financial year to record achievements in the following areas:-

- 1) **In extension Services;** hosted field days and farm demonstrations which benefited 2.9 million farmers, and procured 34 motor cycles for District Agricultural Officers
- 2) **Procurement of farm inputs;** spent 500 million from GOK, 219 million from JICA and 250 million from NAAIAP to purchase seeds for farmers, and 640 million and 53 million from EU and World Bank to procure fertilizers for the small scale farmers

- 3) **Distributed Orphan Crops to farmers** including 259.06 metric tonnes of assorted food crops; 1,604,000 of cassava cuttings; and 2,828,00 sweet potato vines
- 4) **Under Njaa Marufuku;** funded 575 community groups, 24 primary schools and 32 community based organizations
- 5) Procured 5 tractors to the Agricultural Mechanization Services (AMS)
- 6) Procured plant implements for farmers- prime mover, low bed grader and wheeled grader
- 7) Purchased fungicides and insecticides for some farmers
- 8) Constructed 28 offices in various districts
- 9) Constructed 57 water harvesting pans in various districts
- 10) Under Economic Stimulus, the Ministry spent 233 million to procure farm inputs, fertilizer and chemicals
- 11) Increased crop yields e.g., maize production increased from 26 million to 27.1 million (2009 figures), yield in coffee increased from 42,000 tonnes to 54,020 tonnes in 2009/2010 year while sugar cane production rose from 5.1 million tonnes (2008/2009 figures) to 5.6 million tonnes (2009/2010 figures)

The Minister therefore requested funds to upscale these successes. In particular the Ministry proposed to spent the monies allocated to intensify extension services to cover an estimated 3.2 million farmers, absorb donor funding amounting to Kshs. 1.6 billion from the World Bank and Kshs. 250 million from GOK to procure fertilizer and other farm inputs for the farmers, procure farm machineries, construct silos and food storage facilities, and complete construction works in various districts.

The Minister outlined programmes that have not been allocated funds in the 2010/2011 financial year to include:-

- 1) Pyrethrum Board of Kenya (PBK) amounting to Kshs. 245 million under recurrent expenditure
- 2) The National Accelerated Agricultural Inputs Access Programme (NAAIAP) amounting to Kshs. 3,305,399,400 for purchase of farm inputs (fertilizer and seeds) for farmers to help raise food productivity and reduce dependence on food relief and importation
- 3) Coffee Economic Stimulus Programme amounting to Kshs. 2,300,000,000
- 4) Bulk Fertilizer procurement programme amounting to Kshs. 3 billion
- 5) Grants to Agricultural Development Corporation (ADC) amounting to Kshs. 122,269,747.80 to subsidize imported fertilizer
- 6) The National Agriculture and Livestock Extension Programme (NALEP) amounting to Kshs. 248,000,000 in accommodation allowances and travel
- 7) Farm forestry amounting to Kshs. 127 million

- 8) Construction of 5 silos with capacity of 40,000 bags each totaling Kshs. 82,500,000
- 9) Refurbishment of offices at Kilimo House at the cost of Kshs. 36 million

The Committee was informed that the non-allocations to these programmes and the significant reductions effected on various items in the budget worked to impact negatively on the operations of the Ministry of Agriculture. The Committee was further informed that the Treasury allocated funds to new programmes which the Ministry had not requested such as procurement of **30 mobile driers** and install **4 maize driers** amounting to a total of Kshs. 760 million, **hire of vehicles** amounting to Kshs. 245 million and recruitment of **contractual workers** amounting to Kshs. 216 million. **The Committee therefore recommended that the allocations to the new programmes which had not been requested by the Ministry be reallocated to meet the short fall occasioned by the reductions in the proposed expenditures for the requested projects.**

The Minister concluded by stating that the Ministry of Agriculture has the capacity to absorb the allocated funds to implement its programmes and projects. For example, the Ministry utilized 98.32% of the total allocation for the 2008/2009 financial year and consumed 96.3% of the allocated funds in the 2009/2010 financial year. This reflected a satisfactory performance in the work and activities of the Ministry which led to being ranked second in performance contracting in 2009/2010 year.

The detailed analysis of the budget estimates in recurrent and development expenditure are presented in Tables 11 and 12, respectively:-

Table 11: Analysis of the Recurrent Budget allocations by Head

Head Code	Title/Detail	Comment/Observation
190	Headquarters Administrative Services Includes Sub Heads For Aids Control Unit And Information Communication Unit	Reduced from Kshs 877.89 million to Kshs 610.22 million
191	Agricultural Attaches Offices	Marginal reduction from Kshs 93.25 million to Kshs 73.19 million
193	Development Planning Services	Slightly reduced by about 1 million
195	Agricultural Boards and Committees Services	Marginal increase from Kshs 21.77 million to Kshs 25.15 million
228	Finance and accounts department	Increased by Kshs 12 Million
198	Policy and Agricultural Development Coordination Services	A major decrease from Kshs 139.39 million to Kshs 67.81 million
230	Pesticide Control Products Board	Grants to government agencies and other levels of government of Kshs 89 million.
238	Horticultural Crops Development Authority (HCDA)	Remained unaffected at Kshs 320 million

596	Kenya Plant Health Inspectorate Service	Remained unchanged at Kshs 448 million
235	Headquarters Land and Crop Development Services	A marginal decrease from Kshs 617.67 million to Kshs 571.13 million
502	Food Security and Management Programme "Njaa Marufuku Kenya"	marginal decrease from Kshs 75.56 million to Kshs 69.46million
181	Agriculture Engineering Services	A new introduction with initial allocation of Kshs 60.51 million
183	State Corporations Unit	A new creation with a seed allocation of Kshs 21.24 million
202	Agriculture Development Headquarters Technical Services	Decreased from Kshs 617.67 million to Kshs 571.13 million
229	Agriculture Technology Development and Testing Stations	Slightly increased from Kshs. 42.57 million to Kshs 45.52 million
255	Headquarters Extension Research Liaison and Technical Buildings	Decreased from Kshs 181.42 million to Kshs 161.53 million with notable decrease in the item Printing, Advertising and Information Supplies and Services and the Foreign Travel, Subsistence and Other Transportation Costs
260	Farmers Training Stations	Rose by Kshs 10.3 from Kshs 143.66 million to Kshs 153.91 million
638	Provincial Agricultural Extension Services	Slightly decreased from Kshs 212.76 million to Kshs 190.68 million
639	District Agricultural Extension Services	Increased from Kshs 2,306.49 million to Kshs 2,245.38 million
661	Sericulture Stations:- Thika	Slightly grew from Kshs. 22.53 million from Kshs 18.83 million
759	Kenya Agricultural research Institute	Slightly increased to Kshs 1984 million from Kshs 1806
254	Agricultural Business, market Development and Agricultural Information Services	Decreased to Kshs 110.19 million from Kshs 134.12 million
257	Agricultural Information Resource Centre	Increased from Kshs 71.88 million to Kshs 81.39 million
258	Embu agricultural College headquarters	Slightly increased from Kshs 48.59 million to Kshs 53.98 million
259	Bukura Agricultural College	Grants remained unchanged at Kshs. 130.2 million
247	Land Development and Machinery	Decreased from Kshs 207.71 million to Kshs 174.06 million

Table 12: Detailed Analysis of Development Vote

Head Code	Title/Detail	Comment/Observation
190	Head quarters administrative	A significant increase to Kshs 1603.34 million from Kshs. 642.78 million depicting an increase of over 900 million
193	Development Planning Services	Remained unchanged at Kshs 2 million for research, feasibility studies and project preparation and design and supervision
198	Policy and Agricultural Development Coordination Services	Increased eight fold from Kshs 4 million to Kshs 33 million mainly for research, feasibility studies and project preparation and design and supervision
230	Pesticide Control Products Board	capital grants remained at Kshs 40 million

596	Kenya Plant health Inspectorate Service	capital grants and transfers remained at Kshs 101 million
235	Head quarters land and crop development Services	Reduced to Kshs 295.59 million from Kshs 485.79 million
502	Food security and management programme “ Njaa Marufuku Kenya”	Remained at Kshs 128 million for other current transfers, grants and subsidies
180	Small Scale Horticulture Development Project	A new allocation of Kshs 393.29 million for purchase of seeds
181	Agricultural Engineering Services	A new allocation amounting to Kshs 10 million
225	Integrated development	Allocation declined from Kshs 569.13 million to Kshs 178.61 million. The bulk of the money (kshs 152.21 million) is for earmarked for Other operating expenses. Observation: However, most of these will be financed by through external sources.
229	Agriculture Technology Development and Testing Stations	There is a slight increment from Kshs 15.94 million to kshs 16.24 million, much funds is for purchase of specialised plant, equipment and machinery.
237	Horticultural Crop Development Services	The overall allocation to the head is Kshs 526.87 million reflecting an increase from Kshs 347.7 million. The major increase is on the item construction and civil works with a projected increment to kshs 365.9 million in the next financial year.
246	National Agricultural and Livestock Extension Programme	There is a slight increment from Kshs 741.37 million to kshs 761.2 million with much funds earmarked for other operating expenses.
255	Headquarters Extension Research Liaison and Technical Building Services	A new creation under Economic Recovery, Poverty Alleviation and Regional Development programme with initial seed allocation of Kshs 363 million
260	Farmers Training Stations	Increased to Kshs 148.32 million from Kshs 131.15 million
271	National extension Project	Slight reduction to Kshs 647.07 million from Kshs 660.29 million
759	Kenya Agricultural research Institute	Reduced from Kshs 587.49 to Kshs 367.43 million
760	Soil and water Management Research	Moderately increased from Kshs 24.25 million to Kshs 31.14 million
761	National Crops and Horticultural Research Project	Increased to Kshs 96.09 million from Kshs 70.52 million
763	Veterinary Research	Moderately increased from Kshs 15.41 million to Kshs 22.19million
764	Range and Arid lands Research	Reduced drastically from Kshs 120 million to Kshs 57.45 million
765	Animal production research	Grew moderately from Kshs 7.58 million to Kshs 19.62 million
946	Kenya Agricultural Productivity and Agribusiness Project (KAPAP)	A new allocation of Kshs 2029.89 million
947	Eastern Africa Agricultural Productivity Project (EAAPP)	A new initiative with provision of Kshs 726.76 million
254	Agricultural Business market Development and Agricultural Information Services	Reduced from Kshs 2,741.74 million to Kshs 1,926.86 million
257	Agricultural Information Resource Centre	Increased from Kshs 17 million to Kshs 21 million for the purchase of specialised plant, equipment and machinery
259	Bukura Agricultural College	Total allocation to the institution of Kshs 30 million for construction of buildings
247	Land Development and Machinery	Reduced from Kshs 627.19 million to Kshs 196 million

After considering the analysis of the estimates and the submissions from the Ministry, the Committee noted and recommended, as follows:-

- 1) The Committee noted the Minister's concern that irrigation for which it has been allocated 106 million in the 2010/2011 year was not under the supervision of the Ministry of Agriculture but in the Ministry of Water and Irrigation yet irrigation formed part of the wider strategy of the Ministry of Agriculture to increase food security. The Committee therefore recommended that the irrigation sector be reverted back to Ministry of Agriculture.
- 2) The Committee was concerned by the Minister's revelation that her Ministry was not allocated any monies to purchase maize in the printed estimates but instead existed as an allocation of Khs.2 billion in the Ministry of Special Programmes to purchase maize for the Strategic Grain Reserve (SGR). The Committee noted that SGR was within the mandate of the Ministry of Agriculture, and therefore recommended the allocation for the SGR be redirected to the Ministry of Agriculture.
- 3) The Committee was concerned that the Treasury on its own without consultation with the affected Ministries allocated monies for projects which have not been considered by those Ministries. Citing the case of mobile driers which was allocated a colossal sum of Kshs. 260 million in the Ministry of Agriculture, the Committee recommended that Treasury revert to Ministries whenever such drastic decisions to allocate funds to new projects are to be made to allow for effective project implementation and efficient absorption of funds by the affected Ministry.
- 4) The Committee recommended that the allocation of Kshs. 216 million to employ extension workers on a temporary contract at constituency level by Treasury without consultation with the Ministry of Agriculture, instead be utilized to recruit extension workers at district levels on a permanent basis as per the Ministry's earlier proposal.
- 5) The Committee agreed with the Minister's submission that Agricultural Technical Institutions should not be converted into Universities because this was impacting negatively on the access by the local farmers to acquisition of extension skills. The Committee therefore recommended that such plans be stopped immediately if small scale farmers were to be empowered with the much needed extension services education to boost agricultural productivity.

- 6) **The Committee recommended that the full implementation of the East African Market Protocol which imposed duty waiver on wheat and rice by reducing it to 10% be halted to save farmers from huge losses during the current harvest season, and that the Ministry sought a three year moratorium from the East Africa Community partner States to give farmers time to make adjustments in their farming activity and respond to the new custom tariffs on crop commodities while also allowing the Ministry of Agriculture to play its role in the conclusion of the EAC protocol. This was after the Minister stated that the Ministry was not involved in the negotiations that culminated in such drastic change in the agricultural commodity policy.**
- 7) **In respect of the exportation of raw crop commodities such as Bixa, Macademia nuts and Cashew nuts, the Committee recommended that the value addition be undertaken to process the crops before export in order to maximize their value and enhance quality of the processed products, and create employment for the people in the processing factories. The Committee noted that value addition has been particularly successful in the coffee, horticulture and tea sector.**
- 8) **The Committee noted that farmers have not maximized earnings from investments in agriculture due to high Cess charged on agricultural products. Subsequently, the Committee recommended that the Cess be abolished across all agricultural produce to stimulate growth in the agricultural sector and enhance rural development.**
- 9) **The Committee noted that substantial budgets were allocated to bulk purchase of farm inputs such as chemicals and fertilizers by the Ministry of Agriculture and also from donations from the development partners in the previous 2009/2010 year. The Committee therefore recommended that these farm inputs, either subsidized or donated, be equitably distributed across the country to benefit all farmers.**

In Conclusion, the Committee agreed with Ministry of Agriculture that an amount not exceeding Kshs. 8,381,263,140 in the Development Vote (D10) under Heads: 190, 193, 198, 230, 596, 235, 502, 180, 181, 225, 229, 237, 246, 255, 260, 271, 759, 760, 761, 763, 764, 765, 946, 947, 254, 257, 259 and 247; and an amount not exceeding Kshs. 7,924,059,000 in the Recurrent Vote (R10) under Heads: 190,191, 193, 195, 228, 198, 230,238, 596, 235, 502, 181, 183, 202, 229, 255, 260, 638, 639, 661, 759, 254, 257, 258, 259, and 247; be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry.

3.0 CONCLUSION

In all, the Committee concluded that there is need for the agricultural sector to be provided with adequate resources in accordance with the Maputo Protocol in order to boost agricultural productivity, and achieve food security and sustainable rural livelihoods in the country.

MINUTES OF THE SIXTIETH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON THURSDAY, 24TH JUNE, 2010, AT 10:30 A.M.

PRESENT

Hon. John Mututho, MP	-	Chairperson
Hon. Lucas Chepkitony, MP	-	Vice Chairperson
Hon. Benson Mbai, MP		
Hon. Fredrick Outa, MP.		
Hon. John D. Pesa, MP,		
Hon. Erastus Mureithi, MBS, HSC, MP		
Hon. (Dr.) Robert O. Monda, MP		
Hon. Peris Chepchumba, MP		
Hon. (Dr.) Victor Kioko Munyaka		

ABSENT

Hon. Evans Akula, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich	-	Senior Research Officer
Mr. Evans Oanda	-	Third Clerk Assistant

TREASURY

Martin K Wamwea	-	BSD/Treasury
Joel Ngao	-	BSD/Treasury
Shillah K. Miriti	-	BSD/Treasury

MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES

Hon. Fredrick Gumo, EGH, M.P	-	Minister
Hon. Katoo Ole Metito, M.P	-	Assistant Minister
Eng. Carey Orege	-	Permanent secretary
Lucas Ahambo	-	DD/DRD
Stanslous Akwakha	-	SAS/ PA to the Minister
William Ogola	-	DD/PM
Stephen A Njue	-	SFO/MORDA
Lilian Njenga	-	SDC/MORDA

MIN. NO. 120/2010: PRELIMINARY

The meeting opened with a word of prayer followed by introductions. Thereafter, the Chairman then made reference the rules of conducting debate as provided for in the Standing Orders.

MIN. NO. 121/2010: EXAMINATION OF ESTIMATES FOR THE
MINISTRY OF REGIONAL DEVELOPMENT
AUTHORITIES FOR THE FINANCIAL YEAR
2010/2011 (VOTE 09)

The Minister informed the Committee, as follows;-

- 1) That, the resources the Ministry was supposed to collect have fallen short because KENGEN which was supposed to pay Khs. 420 million per year for using hydro dams e.g., Masinga, Turkwell and Kindaruma had not honoured its obligations. The Minister requested the Committee to assist in resolving this matter.
- 2) That, the Ministry got a low allocation against its important role in equitable regional development. In other countries, such a Ministry is the engine for growth, in that, any capital projects done must pass through the Ministry.
- 3) That, the projects that were supposed to be implemented with regard to vision 2030 required Kshs. 250 billion which are spread all over the country.
- 4) That, the main challenge facing the Ministry was resources to remunerate workers. The Minister informed the Committee that there were more workers in the Ministry than the work requirement, and that some of workers earn monthly wage of Kshs.3000 (far below the Public Service Commission scale). However, the Minister submitted that plans were underway to restructure the salary structure in the Ministry to respond to current economic needs. The Committee wondered how the Ministry's assets worth billions of shillings could be entrusted in the hands of underpaid and demotivated workers. The Minister was quick to add that only the salaries of the Managing Directors of the Regional Authorities (RDA's) were reviewed in 2008.

After deliberation on the analysis of the estimate, the Committee was concerned that the Ministry had allocated billions of shillings to feasibility studies while staff workers were underpaid. The Committee sought clarification on the allocation which was deferred to the next meeting to be convened thereafter.

MIN. NO.122/2010: ADJOURNMENT

The meeting was adjourned at exactly one o'clock to Friday, 25th June, 2010 at 2:00pm in the Committee room, 4th floor, Continental House, Parliament Buildings.

SIGNED



CHAIRPERSON

DATE

10th Aug. 2010.

MINUTES OF THE SIXTY FIRST SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON FRIDAY, 25TH JUNE, 2010, AT 10:46 A.M.

PRESENT

Hon. John Mututho, MP - Chairperson
Hon. (Dr.) Robert O. Monda, MP
Hon. Peris Chepchumba, MP
Hon. Benson Mbai, MP

APOLOGIES

Hon. Evans Akula, MP
Hon. Fredrick Outa, MP.
Hon. John D. Pesa, MP,
Hon. Lucas Chepkitony, MP - Vice Chairperson
Hon. Erastus Mureithi, MBS, HSC, MP
Hon. (Dr.) Victor Kioko Munyaka

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich - Senior Research Officer
Mr. Evans Oanda - Third Clerk Assistant

TREASURY

Martin K Wamwea - BSD/Treasury
Joel Ngao - BSD/Treasury
Shillah K. Miriti - BSD/Treasury

MINISTRY OF COOPERATIVE DEVELOPMENT AND MARKETING

Hon. Joseph Nyagah, EGH, MP - Minister
Mr. Seno Nyakenyanya, CBS - Permanent Secretary
John Odinga - DCFO
Benard Rutto - FO
Carilus Adamba - CEO, SASRA
Patrick Musyimi - DCCD
Emily Gatugutu - DA
F. Odhiambo - CCD
Kiungu Kangethe - CFO
Joseph Maina - SFO
Joel Bett - ECI
Sammy Cheruiyot - FO
Philip Gichuki - DCCD
Dr. Esther Gicheru - CEO, Cock

Kenneth Wathingiri - DDA, Cock
George Zeiro - Tribunal

MIN. NO. 123/2010: PRELIMINARY

The meeting opened with a word of prayer, followed by introductions.

**MIN. NO. 124/2010: EXAMINATION OF ESTIMATES FOR THE
MINISTRY OF COOPERATIVE DEVELOPMENT AND
MARKETING FOR THE FINANCIAL YEAR
2010/2011 (VOTE 22)**

The Minister gave brief background information about the Mandate of the Ministry and informed the Committee that the Ministry's allocation was affected by structural adjustments in 1990s when resources that were given to the Ministry reduced drastically.

The Minister told the Committee that 32% all savings in the country was held by SACCOs. He further told the Committee that the SACCO Act that was enacted last year (2009) had been allocated low budget for its operationalization at Kshs. 63million, which was far below the requested allocation.

The Minister informed the Committee that the Governance and Auditing Department of the Ministry had been underfunded. Despite this, the Cooperative Tribunal had been formed under Heads 673 and 587 to assist in dispute resolution, thereby reducing the work load of the Judiciary. The Members of the Tribunal hold positions equivalent to those of magistrate even though they were paid less owing to resource constraints.

The Minister said that the Ministry had regularized the Ethics Commission to address issues of code of conduct of employees. He further said that extension services (Heads 708 and 709) was not well developed due to inadequate resources. This has affected the capacity building of staff, more so the District Cooperative Officers.

The Minister informed the Committee that the giant farmers' unions that collapsed need to be revived but lacked resources for the exercise. He requested the Committee to assist in presenting this case to the Ministry of Finance.

The Minister informed the Committee that a training college, Cooperative Alliance of Kenya (Head 711) awarded diplomas in Corporate Management and had been in operational for two years. The college however lacked adequate staff and facilities, yet the college attracts trainees from other countries in the region; such as Tanzania, Uganda, Southern Sudan and South Africa.

The Minister informed the Committee that a Cooperative Public Private Partnership (CPPP) was started in 2009 to be a link between cooperatives and the private and public enterprises. He stated that the body had organized the sugarcane farmers from Sony,

Nzoia and Chemelil sugar factories into a cooperative to enable them buy shares when those factories were privatized.

In keeping with the strategic plan of financial year 2009/2010 of the Ministry, the Minister informed the Committee that the following advances were made:-

- i Forty officers trained in transformational leadership in 2009
- ii Sacco Society Regulatory Authority was formed
- iii Ethics Commission membership was gazetted
- iv Marketing strategy of cooperative sector launched
- v Opening up of offices in new districts which now number 162 for cooperative officers and 75 for auditors
- vi Kenya Cooperative Coffee Exporters, KCCE, formed
- vii Formation of the Cooperative Alliance of Kenya as the umbrella body of the cooperative movement
- viii Governance guidelines have been done across the country
- ix Held one consultative SACCO's leaders conference
- x Refurbishment of offices in NSSF completed

The Minister stated that the Recurrent Expenditure (vote R22) was allocated (printed estimates) a sum of **Kshs.980,460,520** which was less by **Kshs. 81,539,480** from the Ministry's submission. The Minister explained this would affect key programmes, such as:-

- Domestic travel
- Printing, advertising and information supplies
- Training expenses
- Board allowances (in respect to the tribunal)
- Office and general supplies
- Purchase of office furniture

The Minister further stated the development expenditure had been reduced to **Kshs. 171,540,000** by **Kshs. 98460000** from the Ministry's requested allocation and which would affect operations of the Ministry, for example:-

- Operationalization of the new Districts especially office accommodation due to reduction of Kshs.18,480,000, under Head 709
- Restructuring of key cooperative institutions with a reduction of Kshs. 45,600,000 under head 706
- Leased offices in NSSF wont be renovated due to reduction by Kshs. 6,030,000

Thereafter the Committee passed the printed estimates of the Ministry in all the Heads in dboth the recurrent expenditure (vote R22) and development expenditure (vote D22).

MIN. NO. 125/2010: ANY OTHER BUSINESS

The Chairman informed the Members that Tea (Amendment) Bill had been tabled in the House and was soon to be debated in its Second Reading.

MIN. NO.126/2010: ADJOURNMENT

There being no any other business, the meeting was adjourned at thirty minutes past one oclock until Monday, 28th June, 2010 at 10:00am in the Committee Room, 4th floor, Continental House, Parliament Buildings.

SIGNED



CHAIRPERSON

DATE

10th. Aug. 2010

MINUTES OF THE SIXTY SECOND SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON MONDAY, 28TH JUNE, 2010, AT 10:24 A.M.

PRESENT

Hon. John Mututho, MP - **Chairperson**
Hon. (Dr.) Robert O. Monda, MP
Hon. Peris Chepchumba, MP
Hon. Benson Mbai, MP
Hon. Fredrick Outa, MP.
Hon. John D. Pesa, MP,
Hon. Erastus Mureithi, MBS, HSC, MP
Hon. (Dr.) Victor Kioko Munyaka

ABSENT WITH APOLOGY

Hon. Lucas Chepkitony, MP - **Vice Chairperson**

ABSENT

Hon. Evans Akula, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich - **Senior Research Officer**
Mr. Evans Oanda - **Third Clerk Assistant**

TREASURY

Martin K Wamwea - **BSD/Treasury**
Joel Ngao - **BSD/Treasury**
Shillah K. Miriti - **BSD/Treasury**

MINISTRY OF FISHERIES DEVELOPMENT

Hon. Dr. Paul Otuoma, EGH, MP - **Minister**
Mr. Prof Japhet Micheni, CBS - **Permanent Secretary**
Sephone Ombachi
Isaiah Muchanji
Abraham Ilagwima
Patrick Osare
Joyce Mutugi
Santina Mwangi
Sammy Macharia
Godfrey Monor
Dedan Mungai
Raphael Mwatha
Simon Wariu

W Gichuri
Jacob Ochiewo
Jane Kinya

MIN. NO. 127/2010: PRELIMINARY

The meeting opened with a word of prayer.

MIN. NO. 128/2010: EXAMINATION OF ESTIMATES FOR THE
MINISTRY OF FISHERIES DEVELOPMENT FOR
THE FINANCIAL YEAR 2010/2011 (VOTE 56)

The Minister briefed the Committee on the mandate, mission and vision of the Ministry. He outlined the challenges facing the Ministry's attempt to achieve its objectives to include piracy on the off shores of Indian Ocean; capacity building of staff; lack of refrigeration facilities; lack of equipment for surveillance activities; illegal fishing; endangered Nile perch fish species; lack of resources for research; poor enumerated personnel; and poor fish sales and marketing.

The Minister informed the Committee that the operational budget of the Ministry was cut and this would impact negatively on its activities. For example, the Directorate of Aquaculture (Head 443) had been allocated **Kshs. 2886 million** against required budget of over **Kshs. 3 billion** needed to run it.

The Committee asked the Minister why there were a lot of resources being allocated to research now and then without result, e.g., a case of kabonyo fish project. In his response, the Minister informed the Committee that the project was done way back in 1978 and the findings then might no longer be feasible. That was why the Ministry recommended another research before implementation of any project.

The Committee was informed that **Kshs. 300 million** had been allocated for purchase of liners. This had been found expensive and required regular monitoring. The Minister further informed the Committee that no extra liners would be given because it was expensive.

The Minister told the Committee that better rain harvesting methods could be exploited for fishing and cited the success story in Subukia Constituency which has made giant strides in water management. The Minister informed the Committee that resources have been allocated to do three wells per constituency in the 2010/2011 financial year.

The Committee was informed that **Kshs. 340 million** had been allocated to provide fingerlings, while a total of **Kshs. 400 million** had been allocated for marketing of fish to promote both national and international markets under Head 452 (Directorate of Quality Assurance and Marketing).

Staff remuneration had been done for the last two years which had also been factored in the printed budget estimates for 2010/2011 financial year. However the number of staff workers was not enough to cater for the new Districts created and the Minister submitted that **Kshs. 96 million** had been allocated to recruit three workers in each constituency.

The Minister informed the Committee that Research in the Ministry was donor driven (Head 645) and there was no alternative should they pull out. He further informed the Committee that KEMFRI had been allocated marginal resources to operate. It was resolved that **30%** of the allocation to purchase of liners be apportioned to soil percolation research to mitigate the problem of relying on expensive liners.

The Minister informed the Committee that the first harvest of fish under the Economic Recovery, Poverty Alleviation and Regional Development will be done in August 2010.

The Minister proposed that the name of the Ministry be changed to Ministry of Fisheries Development and Marine Affairs to reflect the wide Mandate of the Ministry. The Committee agreed to support the proposal during the debate on its estimates in the House.

The Committee was concerned that the Ministry wanted to spend Kshs. 49 million on hiring vehicles and Kshs. 5 million for buying motor bikes. After deliberations, it was resolved that Kshs. 40 million to be used in buying hundred motor cycles of 125cc and the remaining Kshs. 14 million be used for hire under that head.

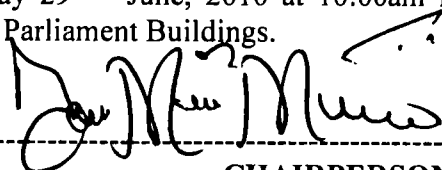
To address the issue of refrigeration, the Committee recommended that the Ministry of Livestock Development give the Ministry of Fisheries one of its many slaughter house compartments to use for the purpose.

The Committee then passed the printed estimates of the Development Vote (D56) as presented by the Minister under Heads: 443, 532, 534, 537, and 645 totaling **Kshs.3,225,900,400** (to include the changes made but not the total sum allocated); and the Recurrent Vote (R56) under Heads: 192, 450, 438, 441, 443, 452, 532, 534, 537, 539, 548 and 645, the total amount being **Kshs.947891100**.

MIN. NO.129/2010: ADJOURNMENT

There being no any other business, the meeting was adjourned at thirty minutes past one o'clock until Tuesday 29th June, 2010 at 10:00am in the Committee room, 4th floor, Continental House, Parliament Buildings.

SIGNED



CHAIRPERSON

DATE

10th. Aug. 2010

MINUTES OF THE SIXTY FOURTH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY, 29TH JUNE, 2010, AT 10:30 A.M.

PRESENT

Hon. John Mututho, MP	-	Chairperson
Hon. Lucas Chepkitony, MP	-	Vice Chairperson
Hon. (Dr.) Robert O. Monda, MP		
Hon. Peris Chepchumba, MP		
Hon. Benson Mbai, MP		
Hon. Fredrick Outa, MP.		
Hon. John D. Pesa, MP,		
Hon. (Dr.) Victor Kioko Munyaka		

ABSENT WITH APOLOGY

Hon. Erastus Mureithi, MBS, HSC, MP

ABSENT

Hon. Kambi Kazungu, MP
Hon. Evans Akula, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich	-	Senior Research Officer
Mr. Evans Oanda	-	Third Clerk Assistant

TREASURY

Martin K Wamwea	-	BSD/Treasury
Joel Ngao	-	BSD/Treasury
Shillah K. Miriti	-	BSD/Treasury

MINISTRY OF LIVESTOCK DEVELOPMENT

Hon. Aden Duale Bare, M.P	-	Assistant Minister
Prof Kennedy M. Lusaka, CBS		-Permanent secretary
Isabella Kogei	-	Finance Officer
Fred Kuboka	-	Finance Officer
Albina Koskey	-	Finance Officer
Dr. Peter Maina	-	DVs/ MOLD
Julius Kiptarus	-	DLP/MOLD
Francis Memia	-	HRM/MOLD
Patrick Ombaye	-	CLPO/MOLD
Dr. Nelson Omwayo	-	SADVs/MOLD
Moses Kembe	-	SADLP/PC-SDCP

Peter Mung'ayo	-	Budaet/MOLD
Paul Utung	-	Economist/MOLD
Dr. Akwimbi A	-	SADUS/MOLD
Dr. Benjamin Kituku	-	KMC

MIN. NO. 133/2010: PRELIMINARY

The meeting opened with a word of prayer.

MIN. NO. 134/2010: EXAMINATION OF ESTIMATES FOR THE MINISTRY OF LIVESTOCK DEVELOPMENT FOR THE FINANCIAL YEAR 2010/2011 (VOTE 19)

The Minister briefed the Committee on the key milestones the Ministry made in the last financial year. Among them were:-

- Increase in the number of livestock slaughtered by 8.7% (1892 to 2057)
- Increase in number of goats and sheep slaughtered from 5425 to 5716
- Increase in the amount of milk produced from 399 million liters to 407 million litres

The explanation for the increase of animals slaughtered was given as due to the drought in 2008/2009 period which necessitated disposal.

The Minister highlighted the key priority areas for the 2010/2011 financial year to include: -

- Livestock disease management and control;
- Livestock extension and capacity building;
- Food safety and Animal Products Development
- Vector and pest control
- Livestock production and management
- Laboratory Services Quality Assurance and Bio-safety
- Support to livestock livelihoods and early warning systems
- Livestock products value addition and marketing
- Livestock policy development and programme management

The Minister submitted that the Ministry was faced with challenges which needed addressing. These were stated to include:-

- Recurrent droughts; which killed livestock worth Kshs.23 billion in 2008 and left 14000 pastrolist without livelihood.
- Insecurity in livestock producing areas
- Feed and water availability
- Disease outbreaks
- Imposition of disease related export restrictions

- Underfunding; in which the Ministry was allocated only 23.4% of the agricultural sector budget of 35.7 billion
- Understaffing; only 6412 members of staff against an authorized establishment of 15449.
- Poor transport; old vehicles inherited from Ministry of Agriculture

The Committee was concerned that Livestock Disease Management and Control Department had been allocated only Khs. 296 million against a requested sum of Khs. 5.259 billion. This indicated that the Ministry has no capacity to fight diseases, more so during epidemics. In response, the Treasury explained the allocation were limited by the sector ceiling of 3.59% of the national budget in the agricultural sector and that resources were allocated to the Ministry for it to prioritize.

The Committee noted the same minimal allocation was seen in the early warning systems where only Kshs. 11 million was allocated against requested figures of Kshs. 703 million. This explained the incapacity on the part of the Ministry to deal with diseases. The Minister pointed out that the printed estimate of Kshs. 6.512 billion included Kshs.1.546 billion for the Economic Recovery Poverty Alleviation and Regional Development programmes. The Committee was concerned why this was done by the Treasury.

In respect of the Kenya Meat Commission (KMC), the Committee was told that the government had invested monies to a tune of Khs.1.9billion. Despite all this, KMC was still making losses which had made the Ministry to set up an audit to investigate the matter. The Committee resolved to follow up the same after the examination of estimates was concluded.

The Committee wondered whether the Kenya Dairy Board had put in place measures to ensure that there were safeguards to prevent importation of milk with dangerous compounds like melanin which had been reported at the market. The Committee was informed that there were personnel undertaking surveillance along the borders and no such milk had been detected.

The votes of the Ministry were therefore passed under Heads: 185, 186, 640, 641, 224, 232, 266, 280, 291, 407, 408, 451, 462, 463, 465, 466, 473, 474, 477, 478, 543, 631, 286, 290, 426, 431, 432, 437, 445, 446, 447, 448, 467, 468, 471, 472, 481, 490, 549, 551, 552 and 533 in Recurrent Expenditure amounting to **Kshs.3,557,288,600**; and Heads: 640, 641, 224, 232, 266, 280, 407, 408, 424, 451, 465, 473, 474, 478, 491, 286, 290, 426, 432, 445, 446, 447, 448, 467, 468, 471, 472, 481, 490 and 549 in Development Vote amounting to **Kshs. 2,955,348,632**.

MIN. NO.135/2010: ADJOURNMENT

There being no any other business, the meeting was adjourned at fifty two minutes past noon until Thursday 1st July, 2010 at 10:00am in the Committee room, 4th floor, Continental House, Parliament Buildings.

SIGNED



CHAIRPERSON

DATE

10th. Aug. 2010

MINUTES OF THE SIXTY SIX SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 2ND FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY, 6TH JULY, 2010, AT 10:23 A.M.

PRESENT

Hon. John Mututho, MP - Chairperson
Hon. Lucas Chepkitony, MP - Vice Chairperson
Hon. Erastus Mureithi, MBS, HSC, MP
Hon. Benson Mbai, MP
Hon. Fredrick Outa, MP.
Hon. John D. Pesa, MP,

ABSENT

Hon. Peris Chepchumba, MP
Hon. Kambi Kazungu, MP
Hon. Evans Akula, MP
Hon. (Dr.) Victor Kioko Munyaka
Hon. (Dr.) Robert O. Monda, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich - Senior Research Officer
Mr. Evans Oanda - Third Clerk Assistant

MINISTRY OF DEVELOPMENT OF NORTHERN KENYA AND OTHER ARID LANDS

Hon. Ibrahim Elmi Mohammed, EGH, MP - Minister
Mr. Lawrence Lenayapa, CBS - Permanent Secretary
Otunga John - DCFO
Henry Marangui - HSNP coordinator
Prof Kasim Fisel - Director, Natural Resource, Environment
and Food Security
Fatuma Abdukadir - National project coordinator Arid land
Resource Management Project
Micah Origa - Budget Officer
Kennedy Nyamao - SFO
Ruth Gathii - Finance and Administration ALRMP
David Siele - DHCD
Martha Wamukoya - D/Investment and Partnership
Ezekiel Machogu - SDS
Charles Otieno - D/infrastructure and Physical planning
Janet Chepkorir - Economist
Reinhaed Rutto - Finance Officer
Alex Mwangi - Water Engineer

MIN. NO. 1382010: PRELIMINARY

The Chairman called the meeting to order at twenty three minutes past ten o'clock. He then called for a prayer.

**MIN. NO. 139/2010: EXAMINATION OF ESTIMATES FOR THE
MINISTRY OF DEVELOPMENT OF NORTHERN
KENYA AND OTHER ARID LANDS FOR THE
FINANCIAL YEAR 2010/2011 (VOTE 58)**

Submissions from the Minister

The Minister informed the Committee that in line with its mission, vision, and functions, the Ministry submitted budgets for its proposed programmes and projects, but had been allocated minimal resources than it requested.

The net total allocation to the Ministry for 2010/2011 financial year was given as **Kshs.3360554760** composed of **Kshs. 261,031,000** in recurrent and **Kshs. 3,099,523,760** in development vote. The minister explained the allocations were far from being enough to implement any meaningful projects in the Ministry. The Committee concurred with the Minister.

The Minister provided a summary of how the allocated resources had been provided for use under various heads. He informed the Committee that the whole budget making process was not inclusive since the Ministry was not consulted when allocations were reduced especially in priority areas.

The Minister informed the Committee that there was **Kshs. 16.269 billion** allocated to development in the Northern Kenya region but through the various line Ministries. These monies were allocated to different programmes under the line Ministries they fell, as follows:-

1. Education; Kshs. 375 million
2. Local government; Kshs. 42 million
3. Northern Kenya and Other Arid Lands; Kshs. 3361 million
4. Water; Kshs.3816 million
5. Roads; Kshs. 4959 million
6. National Heritage and Culture; Kshs. 21 million
7. Tourism; Kshs.28.2 million
8. Immigration; Kshs.16.8 million
9. Medical Services; Kshs. 450 million
10. Livestock Development; Kshs.1546 million
11. Regional Development; Kshs.2325 million

The Minister informed the Committee that there was no mechanism of following the implementation of these projects cutting across the various Ministries. In the meanwhile, a Sessional paper had been done to allow the Prime Minister's Office to coordinate the process.

The Minister told the Committee that due to limited resources, the development in ASAL areas would be implemented periodically in phases based on the allocated resources. Subsequently, the Ministry would prioritize projects based on resource criteria such as population census, poverty index, geographical coverage, level of infrastructural development, effect of climate change, absorption capacity of a district, level of comparative development, number of development agencies on the ground, and natural resource availability, among others.

The Committee was concerned that other areas which are Arid and Semi arid were not included in the programmes and projects of the Ministry, such as those in Western Kenya (Nyatike, Gwasi and Lower part of Migori); and parts of Eastern province. The Minister promised the Committee that the said areas would be considered once they were categorized as ASALs.

The Minister submitted that education should be a priority in the whole of North Eastern province where education standards were appalling. He called for the government to build new primary and secondary schools in the region to improve education.

The Minister cited security as wanting in Northern Eastern Province and informed the Committee that his Ministry was working with counterpart Ministries across the borders to secure peace all the time. He stated that Early Warning Systems had been put in place to detect dangers whenever they arose, and that there were peace committees dealing with security issues along the borders.

The Minister informed the Committee that the following milestones were made in the 2009/2010 financial with respect to resources allocated within the Ministry's strategic plan:-

1) Education sector (Khs.202 million)

- 18 classrooms put in place (both primary and secondary)
- 8 dormitories in built in both primary and secondary
- 5 science laboratories in secondary schools
- 3 primary schools and one secondary school are under construction to be completed this financial year
- Hostel in Lodwar MTC
- Science equipment given to five schools
- Text books supplied to 5 schools

2) Water sector (Khs.349 million) used to implement the following projects:-

- A Wajir sewerage projects
- Maralal water project phase 11

- Turkana irrigation projects
- Drilling and equipping of 9 boreholes in Kyuso and Kajiado districts

Finally, Minister presented the printed estimates which were passed, as follows:-

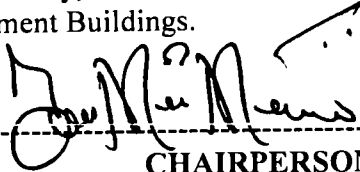
(i) Development vote (D58): Heads 197, 283, and 298 amounting to **Kshs. 3,099,523,760** inclusive of donor funding.

(ii) Recurrent vote (R58): Head 197 amounting to sum of **Kshs.261,031,000**

MIN. NO.140/2010: ADJOURNMENT

There being no any other business, the meeting was adjourned at fifty six minutes past eleven until Thursday 8th July, 2010 at 10:00am in the Committee room, 4th floor, Continental House, Parliament Buildings.

SIGNED



CHAIRPERSON

DATE

10th. Aug. 2010.

MINUTES OF THE SIXTY SEVENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY, 20TH JULY, 2010, AT 10:15 A.M.

PRESENT

Hon. John Mututho, MP	-	Chairperson
Hon. Lucas Chepkitony, MP	-	Vice Chairperson
Hon. Erastus Mureithi, MBS, HSC, MP		
Hon. Benson Mbai, MP		
Hon. John D. Pesa, MP.		
Hon. Peris Chepchumba, MP		
Hon. (Dr.) Robert O. Monda, MP		

ABSENT WITH APOLOGY

Hon. Fredrick Outa, MP.	
Hon. (Dr.) Victor Kioko Munyaka,MP	

ABSENT

Hon. Evans Akula, MP	
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IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mrs. Consolata Munga	-	Deputy Director Committee Services
Mr. Paul Ngetich	-	Senior Research Officer
Mr. Bonnie Mathooko	-	Senior Research Officer
Mr. Evans Oanda	-	Third Clerk Assistant
Miss. Wanjiru Ndindiri	-	Third Clerk Assistant

MINISTRY OF AGRICULTURE

Hon. Dr. Sally Kosgei, EGH, MP.	-	Minister
Dr. Romano Kiome, CBS	-	Permanent Secretary
Kennedy Ayula	-	DDA
Mary Kamau	-	Director Extension
Wellington Lubiru	-	CE
Benjamin Andayi	-	PAC
Mohamed Dawe	-	Finance Officer
C. I. Njeru	-	finance officer
S O Olala	-	CFO
H M Mwangi	-	DA
Eng.Jasper Nkanya	-	Ag. CE
James M Kirigwi	-	CE
Nehemiah Chepkwony	-	DDA
Joseph Kamau	-	HRM
Susan Mucheru	-	HRM
C. N Mukela	-	Finance Officer

MIN. NO. 141/2010: PRELIMINARY

The Chairman called the meeting to order at fifteen minutes past ten o'clock. He then outlined the rules of conducting the proceedings and thereafter introduced members of the Committee.

**MIN. NO. 142/2010: EXAMINATION OF ESTIMATES FOR THE
MINISTRY OF AGRICULTURE FOR THE FINANCIAL
YEAR 2010/2011 (VOTE 10)**

The Committee sought responses from the Minister on the following issues while presenting the Ministry's budget for 2010/2011 financial estimates:-

- i The specific working relationship between the Ministry of Water and Ministry of Agriculture with respect to implementation of irrigation projects in the country
- ii The Ministry's position regarding the formation of a micro finance organization by KTDA, and the Ministry's take in the Tea Amendment Bill of 2010.
- iii The predicament facing KPCU now that its assets are in the process of being auctioned.
- iv The Ministry's position in solving the challenges affecting pyrethrum industry in Kenya with specific emphasis on the on protecting the pyrethrin product formula, and development of 800 acre land in Ol Kalau and funding of Pyrethrum Board of Kenya.
- v The status of Aflatoxin management in the country and the amount allocated to the Strategic Grain Reserve.
- vi The requested resources for purchase of Mobile driers and status of seed distribution in the country.
- vii The Ministry's position on the current poor performance in the sugar industry with particular emphasis on high taxation, controversial weigh bridges, high input prices, mismanagement across the board and the privatization of sugar factories.
- viii The Ministry's position on the reduction of wheat duty by Treasury.
- ix Marketing of Horticultural products.
- x The level of distribution of extension workers in the country and the amount allocated for the same in the 2010/2011 financial year.

SUBMISSIONS FROM THE MINISTER

Under Irrigation (Head 271D): The Minister submitted that irrigation should be put in the Ministry of Agriculture and not in the Ministry of water as it was now. This would allow the Ministry to direct resources of irrigation projects towards priority areas of food production thus solving the problem of food security in the country. The Minister stated the Ministry of Agriculture has enough engineers who are underutilized.

At this juncture, the Committee asked the Minister that old small dams, especially in Ol kalau and Eldoret South Constituencies, were full of silt and wondered why instead of addressing the problem; new big dams were being constructed.

The Minister informed the Committee that the Ministry requested Khs.6.8 billion for irrigation but was allocated only Kshs.106 million, which was too low to do any meaningful work. The Committee resolved to have a joint meeting with the Committee on Land and Environment to interrogate this matter.

Hiring of vehicles: The Minister informed the Committee that the Ministry had been allocated Khs. 147 million for hiring of vehicles; the money it did not request. It requested money for vehicle maintenance allocation which was not given in the printed estimates. The Ministry of Agriculture was not consulted on this matter. The Committee expressed displeasure with Treasury's action and said it would seek explanation from the Ministry of Finance.

KPCU: The receivership at KPCU were raised by Committee and asked the Minister what was being done to address the issue. It was resolved that the auction of KPCU assets should not proceed until all pending issues were sorted out. The Committee advised that KACC, Director CID or the Attorney General should go court to stop the process of KPCU assets.

Purchase of mobile driers: The Minister submitted that the Ministry of Agriculture was not consulted by Treasury for the procurement of mobile driers shown in the printed estimates at sum of Kshs. 260 million. Had the Ministry been consulted, the Minister said she could have recommended for building of silos installed with driers to alleviate the problem of aflatoxin.

Maize purchases: The Committee was informed that the Ministry of Agriculture had not been allocated money to purchase maize, but instead there was allocation of Khs.2 billion in the Ministry of Special Programmes for purchases of maize for the Strategic Grain Reserve. According to the Minister, this was the mandate of the Ministry of Agriculture. It was therefore resolved that that money should be redirected to the Ministry of Agriculture.

Employment of extension workers: The Minister informed the Committee that Khs. 216 million was allocated to employ extension workers on a temporary contract at constituency level by Treasury. This was however done without consultation with the Ministry of Agriculture which could have recommended that extension workers be employed at District levels and on a permanent basis. The Committee resolved that the Ministry proposal to be applied.

Upgrading of Agricultural Technical Institutions to Universities: The Minister informed the Committee that the recent trend of turning Agricultural Technical Institutions into universities was disrupting the local farmers' acquisition of extension skills. It was resolved that this idea should stop immediately if small farmers have to be

empowered. Recognizing that not every member of the society will have a white collar job, there should be blue collar job workers as well, hence the need to leave the technical institutions perform the work they were set up for.

Nuts: The Committee was informed that exportation of macademia nuts was done in raw form at the moment and then processed abroad. This denied the Kenya of its market share in value addition, while leading to loss of employment opportunity for Kenyans who would be working in the processing factories. The Committee therefore recommended that export of raw nuts should stop and a processing plant installed in the country

Reduction of wheat duty: The Minister informed the Committee that the reduction of wheat duty to 10% was done by Treasury without consultation with the Ministry of Agriculture. This put farmers at a loss having spent a lot of resources in production. It was further disclosed that even the negotiation of East African Market Protocol was also done without involvement of the Ministry of Agriculture.

The Committee recommended that the full implementations of the protocol be delayed for 3 years till all duty issues were addressed.

Cess: The Committee expressed displeasure on the high Cess levied on agricultural products and recommended that all Cess levied on the agricultural produce be abolished.

VAT refund: The Committee heard that the middlemen who exported horticulture in bulk were VAT exempted under the current taxation system and ignores the local farmers. The Committee recommended that local farmers be VAT exempted as well.

Tea sector: The Minister informed the Committee that Tea Amendment Bill of 2010 by a Member of Parliament would adversely affect the gains made in the Tea sector. She further informed the Committee that the Ministry had formulated appropriate Bill to be introduced in Parliament.

Pyrethrum Industry: The Minister acknowledged the problems affecting the Pyrethrum Industry in the country. To address them, the Ministry was in a process of developing a bill to be introduced in the House. The Minister further informed the Committee that the Ministry had requested funding for Pyrethrum Board of Kenya from Treasury but was not allocated any resources in the printed estimates.

Sugar Sector: The Minister told the Committee that the challenges in the Sugar sector were well known and the Ministry needed time to study them and report back to the Committee. The Minister further told the Committee that;

- Before privatization of sugar factories is undertaken, the local farmer would be given priority in the buying of the shares.
- The management problems in the sugar sector and especially at Nzoia were being addressed.

- The poor performance of the receiver managers of both Miwani and Muhoroni factories had been noted and their contract was being reviewed before any further renewal.
- Better varieties of cane and cultivation through irrigation should be embraced

Marketing of Horticultural products: There was concern that marketing of horticultural products had been left to the trade unionist to exploit small farmers.

Value addition: The Minister informed the Committee that the Ministry was committed to value addition of all agricultural products before exportation. This she said had been successful in the coffee, horticulture and tea sectors. The Minister informed the Committee that a sum of Kshs.30 million for value addition had been allocated.

Issues affecting Ministry of Agriculture: The Minister informed the Committee that some of its important departments have been systematically removed from the Ministry making the coordination of various projects very difficult. She proposed that the following subsectors be reverted back to the Ministry:-

- Irrigation
- Strategic Grain Reserve
- Fresh Produce markets
- Recommendation for Taxation of Agricultural products
- Farm forests
- Money allocated for the Ministry of Youths and Special programmes.

Approval of the Estimates: The Committee agreed with the Minister's proposal that a sum of Kshs. **8,381,263,140** in Development (vote D10) under Heads: 190, 193, 198, 230, 596, 235, 502, 180, 181, 225, 229, 237, 246, 255, 260, 271, 759, 760, 761, 763, 764, 765, 946, 947, 254, 257, 259 and 247; and a sum of Kshs. **Khs.8,019,374,200** in Recurrent Vote (R 10) under Heads: 190,191, 193, 195, 228, 198, 230,238, 596, 235, 502, 181, 183, 202, 229, 255, 260, 638, 639, 661, 759, 254, 257, 258, 259, and 247; be withdrawn from the Consolidated Fund to finance the work and activities of the Ministry of Agriculture in the 2010/2011 year.

MIN. NO.143/2010: ADJOURNMENT

There being no other business, the meeting was adjourned at twenty one minutes past two until a later date.

SIGNED



CHAIRPERSON

DATE

10th. Aug. 2010

MINUTES OF THE SIXTY EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES HELD IN THE MEMBERS LAUNGE 7TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY, 10TH AUGUST, 2010, AT 10:00A.M.

PRESENT

Hon. John Mututho, MP - Chairperson
Hon. Lucas Chepkitony, MP - Vice Chairperson
Hon. Benson Mbai, MP
Hon. John D. Pesa, MP.
Hon. Peris Chepchumba, MP
Hon. (Dr.) Robert O. Monda, MP
Hon. (Dr.) Victor Kioko Munyaka
Hon. Fredrick Outa, MP.

ABSENT WITH APOLOGY

Hon. Erastus Mureithi, MBS, HSC, MP

ABSENT

Hon. Evans Akiia, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mr. Paul Ngetich - Senior Research Officer
Mr. Evans Oanda - Third Clerk Assistant

MIN. NO. 144/2010: PRELIMINARY

The meeting opened with a word of prayer.

MIN. NO. 145/2010: CONFIRMATION OF THE PREVIOUS MINUTES

Minutes of the 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, and 67th were confirmed and thereafter signed by the Chairman.

MIN. NO. 146/2010: ADOPTION OF THE BUDGET ESTIMATE REPORT

Members deliberated on the draft report of the examination of budget estimates on its portfolio ministries. While agreeing with its contents, the Committee made amendments, as follows:-

- 1) Under the Ministry of Agriculture, Value Addition of nuts especially cashew nuts, Macademia nuts and ground nuts should be done by the Ministry to create employment for Kenya people instead of these nuts being exported in raw form to be processed abroad.

- 2) The reduction of import duty from 35% to 10% by the Ministry of Finance affects not only wheat as indicated in recommendation number six under the Ministry of Agriculture, but also on rice. The Committee recommended that a three year moratorium should be sought from the East Africa Corporation Member states on the matter.
- 3) Inputs either donated or subsidized by the government should be supplied to small holder farmers in a fair and equitable manner.
- 4) The Cess levied on Agricultural products should be abolished with immediate effect since it is a double taxation.

MIN. NO. 147/2010: ADOPTION OF THE SUGAR REPORT

The draft report on sugar sector hearings undertaken by the Committee in September 2009 was presented for consideration and adoption. The Committee studied through and made further suggestions for improving the draft, as follows:-

Amendment of the sugar act of 2001:

- 1) The payment formula to farmers should be revised so as to be based on the sucrose content to be measured at farm gate by Kenya Sugar Board (KSB). Subsequently, the KSB should purchase equipment for the purpose of measuring the sucrose content for the farmers.
- 2) The price should be adjusted to include the by-products such as cogeneration, bagasse and molasses in the final price. Payment to farmers on the cane deliveries should be on a 14 day period failure to which the amount should attract interest.
- 3) The weigh bridges should be owned and managed by farmers themselves
- 4) Kenya Sugar Board should handle the supply of inputs to farmers so that the prices can be regulated thus eliminating cartels from the equation, thereby curbing exploitation of farmers.
- 5) Factories should sign a legal binding contract with farmers to adhere to a strict timeline of harvesting cane when cane matures to avoid cane over maturity and losses. It was noted that over mature cane compromised on its quality and content of sucrose. In the event that a factory has no capacity to harvest the farmers' cane, it should have a contract with another factory to do it on its behalf rather than farmers supplying cane on their own to the different factories.
- 6) Taxation on cane which goes up to 27% currently should be revised such that the total tax is not more than 10%. The Cess levied on cane should be abolished or the monies collected be retained in the factories for use in maintaining roads.

- 7) The proposed privatization of sugar factories be done with the farmers interests in mind. Cane farmers should be issued with automatic 30% share holding in addition to 21% share through the check off system. This will give them the majority of ownership of 51%.
- 8) The government to write off the debts of Miwani Sugar Company so that it can operate normally in the Zone.

In the meanwhile, the Committee was informed that Mumias Sugar Company and Nzoia Sugar Company had written seeking to appear before the Committee to discuss issues on sugar sector after earlier scheduled meetings did not materialize for reasons the two companies had given. The Committee responded that the report had been concluded and was satisfied issues discussed cut across all factories. The Committee noted that the written submissions from Mumias had been considered in the production of the report. The Committee agreed that the two companies would be invited at some time in future to brief the Committee on their operations.

Thereafter, the two reports were adopted (to include changes made) after they were proposed by the Hon. Benson Mbai and seconded by Hon. John Pesa.

MIN. NO. 148/2010: ANY OTHER BUSINESS

The Committee re-visited the issue of KPCU's receivership saga and resolved to invite the parties involved who have not appeared before the Committee on the matter. Among them were the Management of the Kenya Commercial Bank (KCB), the Ministry of Agriculture and Ministry of Cooperative Development and Marketing.

The Committee was informed that the Mombasa Agricultural show was on from Wednesday, 11th August, 2010. The Committee agreed that the following members could attend:-

- | | |
|------------------------------------|---------------|
| 1) Hon. John Mututho, MP | - Chairperson |
| 2) Hon. Benson Mbai, MP | |
| 3) Hon. John D. Pesa, MP. | |
| 4) Hon. (Dr.) Victor Kioko Munyaka | |

MIN. NO.150/2010: ADJOURNMENT

There being no other business, the meeting was adjourned at fifteen minutes past one until the Tuesday, 17th August, 2010 at 10.00 am at a venue to be communicated later.

SIGNED

John Mututho

CHAIRPERSON

DATE

10th. Aug. 2010

Documents for scanning

<u>No.</u>	Information Materials	Estimated number of pages
<u>1</u>	Judgements and Rulings (Lost jurisprudence judgements and Rulings available in the archive)	400,000
<u>2</u>	Native tribunals	10,000
<u>3</u>	Policies	36,000
<u>4</u>	Government Circulars	30,000
<u>5</u>	Bills	150,000
<u>6</u>	Committee reports	30,000
<u>7</u>	Votes, Petition's and Proceedings	200,000
<u>8</u>	Kenya Law Reports 1987- 1975 by Hamilton	60,000

Document type	Document details	Period covered	Quantity
Court Decisions	Kenya Law Reports from 1975-1987 by Hamilton	1975-1987	60 000 pages, equivalent to 2,000 documents
Court decisions	Lost jurisprudence judgements & Rulings in archive	1954-1970 1980-2000	400 000 pages, equivalent to 30,000 documents
Legislative Reports	Committee Reports	2000-2015	30,000 pages

Total number of pages: 490,000

Equivalent total number of documents: 32,000

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