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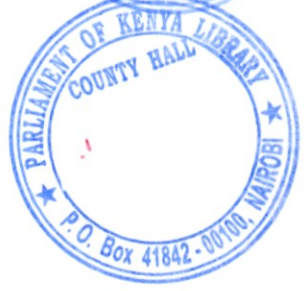
Paper laid by the  
Hon. Mutava Musyimi  
CBS, MP on Thursday  
23/3/2017



THE NATIONAL ASSEMBLY



ELEVENTH PARLIAMENT



FIFTH SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE ESTIMATES OF REVENUE  
AND EXPENDITURE FOR 2017/2018 AND THE MEDIUM TERM

22<sup>nd</sup> MARCH 2017

## PREFACE

Mr. Speaker Sir, on behalf of the Members of the Budget and Appropriations Committee and as required under Article 221 of the Constitution as well as section 39(2) of the Public Finance Management Act; it is my pleasure to present to this House the Committee's report on the 2017/2018 and the medium term Estimates of Revenue and Expenditure for the National Government, Parliament and the Judiciary which were submitted to the National Assembly on 15<sup>th</sup> of February 2017, 2<sup>nd</sup> March 2017 and 31<sup>st</sup> January 2017 respectively. This was two months before the constitutional deadline of April. As you are aware, the early submission of the budget estimates was as a result of a revised budget calendar to allow for timely deliberation and approval of the budget, taking into account the preparation of the 2017 general elections.

Mr. Speaker, this is the final budget to be prepared under the current government, as the country prepares for the general elections that will be held in August 2017. Being an election year budget, its implementation faces many risks. Some of these include an uncertain business environment that may erode investor confidence as well as increased election related spending which will mainly drive consumption and fuel inflation thereby destabilizing the macro-framework. Furthermore, there is a possibility that a new government may want to re-align the budget to reflect its manifesto, which may lead to the introduction of a supplementary budget. These risks may affect the implementation of the budget with considerable impact on the expected outcome particularly on economic growth and development. It is for this reason that the Committee has not allowed some proposals in some sectors to increase the budget as this may cause further strain on the national resources and so as to allow for some flexibility for the new government once the elections are over.

### Mandate of the Committee

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

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

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

1. Hon. Mutava Musyimi, CBS, M.P. - Chairperson
2. Hon. Mary Emaase, M.P. - Vice Chairperson

3. Hon. Phillip Rotino, M.P
4. Hon. Benjamin Langat, M.P.
5. Hon. John Mbadi, CBS, M.P.
6. Hon. Edick Omondi Anyanga, M.P
7. Hon. (Dr.) Makali Mulu, M.P
8. Hon. Ferdinand Waititu, M.P
9. Hon. Jackson Kiptanui, M.P.
10. Hon. Jamleck Kamau, E.G.H, M.P.
11. Hon. Mohamed Shidiye, M.P.
12. Hon. Moses Lessonet, M.P.
13. Hon. Moses Ole Sakuda, M.P.
14. Hon. Nelson Gaichuhie, M.P.
15. Hon. Richard Onyonka, M.P
16. Hon. Shakeel Shabbir, M.P
17. Hon. Yusuf Hassan Abdi, M.P
18. Hon. Suleiman Murunga Kasuti, M.P.
19. Hon. Abdulaziz Farah, M.P.
20. Hon. (Dr.) Reginalda Wanyonyi, M.P.
21. Hon. Abdullahi Diriye M.P
22. Hon. Ahmed.I. Abass, M.P
23. Hon. Alice Ng'ang'a, M.P.
24. Hon. Bady Bady Twalib, M.P
25. Hon. Ben Momanyi, M.P
26. Hon. Christopher Nakuleu, M.P
27. Hon. Christopher Omulele, M.P.
28. Hon. Daniel Nanok, M.P.
29. Hon. Denittah Ghati, M.P.
30. Hon. Dennis Kariuki, M.P.
31. Hon. Francis Njenga, M.P.
32. Hon. Gideon Ochanda, M.P.
33. Hon. James Gakuya, M.P.
34. Hon. James K. Bett, M.P
35. Hon. Jonathan Lelelii, M.P.

36. Hon. Jones Mlolwa, M.P.
37. Hon. Joseph Limo, M.P.
38. Hon. Kathuri Murungi, M.P
39. Hon. Kenneth Okoth , M.P
40. Hon. K.K Stephen Kinyanjui, M.P.
41. Hon. (Maj.) Marcus Muluvi, M.P
42. Hon. Moses Kuria, M.P
43. Hon. Muriuki Njagagua, M.P.
44. Hon. Nasra Ibrahim, M.P.
45. Hon. (Dr.) Njogu Barua, M.P
46. Hon. Patrick Ole Ntutu, M.P.
47. Hon. Peter Weru, M.P.
48. Hon. Priscilla Nyokabi, M.P.
49. Hon. Richard Tongi, M.P
50. Hon. Samuel Gichigi, M.P.
51. Hon. Tiyah Galgalo, M.P.

#### Examination of the Budget Estimates for Financial Year 2017/18

Mr. Speaker, the Budget and Appropriations Committee examined and discussed the estimates as submitted and has made recommendations which are contained in this report. Once approved by the House, these recommendations will form the basis for the passage of the FY 2017/18 Appropriation Act.

Mr. Speaker, in reviewing the budget proposals, the Budget and Appropriations Committee held five (5) sittings which included two (2) meetings with the National Treasury. The Departmental Committees reviewed the estimates of the various Ministries, Departments and Agencies that fall under their purview and submitted their recommendations to the Budget and Appropriations Committee. The Committee also held public consultations in four (4) centres; namely Machakos, Kajiado, Naivasha and Kiambu. The views of the public on the proposed Budget Estimates have been incorporated in this report.

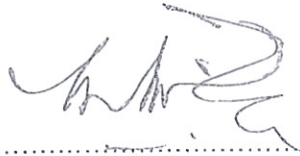
#### Acknowledgements

Mr. Speaker, the Budget and Appropriations Committee is grateful to the Departmental Committees and all Members of Parliament who participated in the process for their hard work and dedication in making sure that Parliament lives up to its budgetary oversight role. The Committee is also grateful to

the Members of the Public who took their time to attend the public hearings and present their submissions on the budget.

Mr. Speaker, the Committee is also grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the unwavering support received as it discharged its mandate of reviewing the Budget Estimates for the Financial Year 2017/18 and the medium term.

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



Signed: .....

Hon. Mutava Musyimi, CBS, MP

Chairman, Budget & Appropriations Committee

Date: ..... 22. 3. 2017 .....

## I. ADHERENCE OF THE 2017/18 BUDGET ESTIMATES TO THE LEGAL PROVISIONS

- 1) Mr. Speaker, the budget process is underpinned by various legal instruments, namely; the Constitution of Kenya, the Public Finance Management (PFM) Act as well as the Public Finance Management (PFM) Regulations. A review of the budget documents submitted to Parliament in relation to these legal provisions indicates that over the last five years, the Executive has improved substantially in ensuring that adequate information is presented to this House for purposes of approving the budget. However, in some instances, some of the information that is provided is still inadequate. For example, though the National Treasury provided a memorandum which gives an explanation of deviations from the National Assembly Budget Policy Statement (BPS) resolutions, they did not provide adequate explanation on why they did not adhere to some of these resolutions.
- 2) Mr. Speaker, when this House passed the BPS report in December 2016, we committed to reducing the fiscal deficit to 6 percent. Over the last few years, the government's fiscal strategy has been expansionary with most of the expenditure geared towards infrastructure investment. This has contributed to a significant increase in the country's debt levels. If the increasing debt is not put in check, it will continue to create inflexibility in the budget and reduce resources available for both the present and the future generations.
- 3) Mr. Speaker, the Public Finance Management Act provides that the ceilings for development expenditure and personnel spending of the national government budget approved by Parliament shall be binding for the next two years. This provision has not been adhered to which renders unpredictable, the fiscal framework for the medium term. The reason for a binding ceiling was to ensure that development projects are completed within the existing time frame. A ceiling that is not binding shows a lack of commitment towards ensuring that development projects are finalized on time.
- 4) Mr. Speaker, it is also worth noting that the Public Private Partnership (PPP) programme which has been in place for the last few years has not been captured in the Estimates of expenditure or the Appropriation Act. The PPP projects carry the risk of becoming contingent liabilities and will one day put a claim on the country's revenue. It is imperative therefore for this to be included in the budget estimates for accountability and monitoring purposes.

## II. KEY HIGHLIGHTS OF THE 2017/18 BUDGET

4. Mr. Speaker Sir, the total proposed expenditure estimates for 2017/18 is Ksh. 2.631 trillion. This comprises of the following:
  - National Government Recurrent expenditure – Ksh. 942.31 billion
  - National Government Development expenditure – Ksh. 636.03 billion
  - Parliament – Ksh. 40.21 billion
  - Judiciary and Judicial Service Commission – Ksh. 18 billion

- Consolidated Fund Services -- Ksh. 699.22 billion
  - Equalization fund - Ksh. 7.7 billion
- 5) Mr. Speaker, the committee is concerned that although most of the government's increased expenditure is geared towards infrastructure investment, other key productive sectors of the economy such as Agriculture and Manufacturing have been left behind. As such, the budget is not fully supporting rapid employment creation and economic growth.
- 6) Mr. Speaker, given the significance of development expenditure in driving economic growth and performance, the Committee is concerned by the large number of key development projects competing for limited resources which leads to thin distribution of the resources available. These projects, though important in unlocking development, are therefore being implemented thinly and the rate of completion is low.
- 7) Mr. Speaker, according to the Public Finance Management Act 2012, a minimum of 30 percent of the national government's budget should be allocated to development expenditure over the medium term. However, during the supplementary budget, the funds allocated for development expenditure in the estimates tend to be reduced, sometimes because of poor absorption. It is possible therefore, that the amount of funds actually spent on development expenditure is significantly less than 30 percent.

#### Consolidated Fund Services (CFS)

- 8) Mr. Speaker, there is a significant increase in interest payables as well as redemptions from Ksh. 466.5 billion in the FY 2016/2017 to Ksh. 621.8 billion in the FY 2017/2018. This is on account of several loans maturing such as Standard Chartered Syndicated Loan worth KSh. 79 billion as well as a loan from the AFREXIM Bank worth 21 billion.
- 9) Mr. Speaker, for the financial year 2017/18, the CFS expenditure accounts for up to 41% of the total projected revenue indicating that only 59% of total revenue will be available for other government budgetary activities. Furthermore, the pension costs component has continued to grow consistently since 2013/14 when the amount was only KSh. 33.2 billion to a new high of KSh. 77.5 billion in FY 2017/18 on account of ordinary pensions to civil servants.

### III. REALISM OF MACRO FRAMEWORK UNDERPINNING THE BUDGET

- 10) Mr. Speaker, this budget is anchored on economic growth of more than 6 percent in 2017. This growth is supported by output in agriculture, ongoing recovery of tourism, completion of key public projects in roads, rail and energy generation, strong consumer demand and private sector investment as well as a stable macroeconomic environment in the country.
- 11) Mr. Speaker, the Committee is concerned that this growth projection may not be realized. This

with regard to investor confidence, which seems to wane as the election period approaches. Furthermore, agricultural performance is still largely tied to the rain and given the ongoing drought as well as uncertainty with regard to adequate amounts of this year's rainfall, output is unlikely to increase significantly enough to drive growth. Some key capital projects have also been delayed and the benefits may therefore not be felt in the coming financial year.

- 12) Mr. Speaker, if the macro framework - which forms the basis of the budget - is unrealistic due to the highlighted risks, then the entire budget becomes vulnerable to these risks. It is partly for this reason that we keep having in year revisions of the approved estimates in the form of supplementary budgets. The macro framework should be as realistic as possible to not only reduce revenue over-estimation and the subsequent over-expenditure but also reduce the risk of expanding the budget deficit.

#### IV. FINANCING OF THE 2017/18 BUDGET AND THE MEDIUM TERM

- 13) Mr. Speaker, the total revenue projection for financial year 2017/18 amounts to KSh. 1,704.5 billion. Of this, Ordinary revenue, which excludes appropriations-in-aid (AIA) is estimated to reach KSh. 1.549 trillion in 2017/18. This is a 13 percent increase from the 2016/17 ordinary revenue estimates. Income tax is expected to be the primary driver of revenue growth in 2017/18; rising by 16 percent from the 2016/17 estimates. The other tax heads such as Excise duty and Value Added Tax are expected to grow less rapidly. Mr. Speaker, given that revenue performance in the next financial year is largely tied to efficient implementation of reforms in the income tax law, depending on how efficiently these reforms are implemented, the level of borrowing could be aggravated.
- 14) Mr. Speaker, the deficit including grants is estimated at Ksh. 519.8 billion financed through Ksh. 340.3 billion in net domestic borrowing, KSh. 205.95 billion in foreign financing which includes commercial loans.
- 15) Mr. Speaker, as indicated earlier, the country's continued fiscal expansion remains the greatest challenge towards the realization of a lower deficit. This committee has continuously highlighted this matter in previous reports but with the increasing expenditure demands there seems to be no clear policy towards fiscal consolidation.
- 16) Mr. Speaker, contingent liabilities also continue to pose a risk to the macro-fiscal framework. The statement of national government loans to state corporations, government agencies and other organizations that has been provided indicates that the non-performing loans amount to Ksh. 15.4 billion.



17) Mr. Speaker, it is also important to note that the public debt service to revenue ratio has not been provided. Instead, the National Treasury has only provided information on the external debt to revenue ratio, which is inadequate to assess the sustainability of debt.

18) Mr. Speaker, concerning the increasing level of debt, the committee still feels that with expenditure reprioritization and rationalization, the National Treasury can adhere to the fiscal deficit of 6 percent that this House approved during the passing of the Budget Policy Statement.

V. PRIORITY AREAS ARISING FROM PUBLIC HEARINGS AND CONSULTATIONS WITH DEPARTMENTAL COMMITTEES

a. Priority areas arising from the Public Hearings for FY 2017/18

19) Mr. Speaker, in line with Article 221(5) of the Constitution, the Committee also undertook public hearings in four (4) centres around the country; namely, Kajiado, Kiambu, Machakos, and Nakuru. This was undertaken with a view to ensure the inputs from the *wananchi* on priority areas in need of urgent intervention are taken into account in the broad policy areas before the budget is finalized and approved by the House as indeed has been the case over the last four financial years.

20) Mr. Speaker, this Committee also received additional submissions and memoranda from other bodies such as the Institute of Economic Affairs, Private Physiotherapy Practitioners Association of Kenya, International Institute for Legislative Affairs, Parliamentary Initiatives Network and Machakos Technical Institute for the Blind. The committee also received written submissions from committed individual Kenyans keen on their patriotic duty of having a people responsive budget. The committee has reviewed these submissions as well as the oral submissions received during the public hearings and has taken them into account in the finalization of this report.

21) Mr Speaker, the public consultations and written submissions are categorized the following thematic areas: Food Security, Infrastructure, Security, Social Sector (Health and Education) Social Safety Nets, Equity and Poverty reduction and Social Protection, Energy and Electricity Connections as well as enhancing civic education and strengthening ways of public engagement on the budgeting process. The detailed report is hereby tabled.

22) Mr Speaker, I will now highlight the concerns raised by the Members of the Public in the context of these key thematic areas:

Thematic Area 1: Food Security

23) The public proposed that funds should be set aside to cater for reviving the coffee industry including implementation of the presidential taskforce on the revival of the coffee sub-sector. Further investment was also proposed for the establishment of irrigation projects in Arid and

Semi Arid areas as well as a research institute on agriculture to train and improve agricultural skills. The public also proposed urgent implementation of labour policies that will protect employees working in the floriculture industry. The National Government was also requested to introduce subsidies and incentives that would address challenges in so far as production of dairy products is concerned and to address the accumulated debts owed to banks by farmers in the dairy sector.

#### Thematic Area 2: Infrastructure

- 24) Mr Speaker, members of the public who appeared before the committee did prioritize the area of infrastructure in light of the unique infrastructure gaps existing in the country. The public called for construction of key roads and expansion of others such as the Nakuru - Naivasha road, Ndumberi – Muthaiga road and Bomas-ongata Rongai-Kiserian road to a dual carriage road status to ease congestion and improve transportation along the road.
- 25) The public also called for interventions in overhauling and expanding sewerage systems as well as improvement of drainage systems and construction of overpasses for pedestrians and especially school going children.

#### Thematic Area 3: Security

- 26) The need to improve the security in the country was noted as one overarching concern and the public proposals centred on construction of new and expansion existing police stations, adequate provisions towards police housing as well as improvement of police patrols and mobility to urgently respond to crime and other call of duties. The public also called for policy intervention to improve employment in order to support livelihoods and reduce incidences of crime. Also, town administrators and village elders who supplement and support government programmes towards provision of security in the country should be given incentives including payment to facilitate them in carrying out their work.

#### Thematic Area 4: Frequent power outages and scaling up Electricity Connectivity

- 27) There were concerns of frequent power outages that needed to be addressed. In addition the public requested for scale up of connectivity drive across the country and initiation of policy measures to mitigate against the Kenya power monopoly in the distribution and supply sector in order to enhance effectiveness and efficiency.

#### Thematic Area 5 : Social Sector ( Health and Education)

- 28) The public called for allocation of funds for the construction of more health facilities to cater for the ever-increasing population. It was also proposed that some hospitals such as Kiambu hospital be upgraded to Level 5 status. Other health facilities such as Oloyankalani Dispensary in Kajiado county and Kayole dispensary in Nakuru County need to be upgraded and equipped including employment of health personnel. The Government needs to allocate reasonable

amounts of funds to cater for primary health care including providing for creation of awareness on cancer prevention, treatment and care.

- 29) Investment in education was also extensively discussed and there were calls for investment towards completion of the Naivasha Kenya Medical Training College, construction of more technical schools especially at ward level to admit students who do not proceed to colleges or universities levels, as well as construction of universities in Laikipia and Kajiado. The public also proposed the scaling up of allocation to cater for bursary funds in order to mitigate against high number of school drop outs; with a separate bursary fund for the disabled.
- 30) Other proposals called for the equipping of the newly constructed secondary and primary schools, the scaling up of the school feeding programme for all deserving primary schools and the provision of policy incentives to empower and support people with disabilities enrolling in technical institutions

#### Thematic Area 6: Equity, Poverty Reduction and Social Protection

- 31) Mr. Speaker, the public proposed that the allocation towards Uwezo fund be increased in order to assist more beneficiaries. The public also requested for more funds towards the programmes under National Council of People with Disability and further exempt tax on the equipment used by the disabled such as wheelchairs and walking canes in order to make it more affordable. In addition Mr. Speaker, the National Government was requested to engage ICT providers to enable the integration of ICT programmes for PWDs for instance in learning institutions, banking sector, public offices, public websites etc
- 32) Other requests included the entrenching of robust social accountability mechanisms with respect to cash transfers to older persons with a view to having proper documentation and equitable distribution across all counties. The government was also requested to provide adequate allocations to the National Drought Management Authority (NDMA) to mitigate drought related catastrophes through responsive planning both short and long term. Addressing multiple taxes on same products and the need for tax regime that will stimulate growth

#### b. Summary of Departmental Committee Submissions

- 33) Mr. Speaker, the Departmental committees held meetings with the various Ministries, Departments and Agencies and deliberated on their respective budgets. From these discussions, the committees came up with various recommendations. The reports of the various committees is hereby tabled.

- 34) The following are the key emerging issues that arose from these discussions:

#### Energy, Information and Communication

- 35) Mr. Speaker, the committee was informed that there was need to fast-track completion of on-going projects especially those under geothermal generation and exploitation, rural electrification and installation of transformers, last mile connectivity and critical transmission lines like Loyangali - Suswa line as well as development of oil related infrastructure through the early oil project and monetization.

- 36) Mr. Speaker, the Committee was also informed that the outstanding pension arrears owed by Kenya Broadcasting Corporation (KBC) would be prioritized by the ministry and time bound measures will be put in place to determine and settle obligations as quickly as possible.
- 37) In addition, Mr. Speaker, reform measures such as restructuring of the State Broadcaster will be urgently put in place in order to enhance operational efficiency and strengthening its balance sheet towards sound financial footing so that the institution can compete in the media sector and attract and retain a qualified as well as motivated staff establishment.

#### Health

- 38) Mr. Speaker, concern was raised on the Managed Equipment Service (MES) Project which was allocated Ksh. 4.5million in the BPS 2017 as having its services hampered as a result of uninstalled equipment as well as incomplete infrastructure in some facilities coupled with inadequate health staff to operate the equipment. However, despite these concerns, the programs budgetary allocation in 2016/17 of Ksh. 4.5 billion was further adjusted upwards to Ksh. 9.6 billion (an increment of Ksh. 5.1 billion ) in the supplementary expenditure estimates 1 for 2016/17.
- 39) In addition, Mr. Speaker, this committee was informed that the Ministry of Health had failed to provide to the Committee of health, the contracts for the MES project which made it difficult for the Committee to make informed decisions on the same. As such, it is recommended that the Auditor General undertakes a performance audit on the implementation of the MES programs in a bid to address any emerging challenges and ascertain value for money.

#### Agriculture, Livestock and Fisheries

- 40) Mr. Speaker, it was proposed that the National government, through the intergovernmental institution, should coordinate the various functions that are being undertaken concurrently by the two levels of government such as extensions services, fertilizer subsidy programs and marketing of produce as stipulated in the fourth schedule.
- 41) In addition, Mr. Speaker, the National government should coordinate with County governments on the future of donor support projects related to the functions under the purview of the County governments by establishing a structured mechanism for implementation of these projects. A good example is the State department of Livestock modernization program of dairy sector in the country valued at Ksh. 6.57 Billion, which is funded through a loan from Polish Government.
- 42) Finally Mr. Speaker Sir, it was reiterated that the National Government needs to provide the Counterpart Funding for donor support projects to ensure that these projects are completed on time.

## Labour and Social Welfare

- 43) Mr. Speaker, it was recommended that the State Department of Sports should initiate policy, guidelines and legislations to control the operations in the sector in order to enhance better performance.
- 44) Furthermore Mr. Speaker, it was noted that there is need for the State Department of Gender to install stringent measures that will enforce the repayment of the loans disbursed from the Uwezo Fund to enable the fund benefit a wide base of youth.
- 45) Mr. Speaker, it was also noted that cash transfers especially to the vulnerable children would require a follow up in order to enhance effectiveness and efficiency.

## Transport, Public Works and Housing

- 46) Mr. Speaker, for further transparency with regard to the collection and distribution of the Road Maintenance Levy Fund and the Railway Development Fund, it was recommended that quarterly status reports for these funds should be submitted to Parliament every financial year.
- 47) Mr. Speaker, it was also recommended that the National Treasury creates or provides for a development budget under the State Department of Maritime to facilitate the new reallocations under this vote for the development of the maritime master plan. Currently the state department has only a recurrent vote. The development budget will enable the state department to plan and implement its projects that will have an impact beyond the current financial year.
- 48) Mr. Speaker, it was also recommended that the Kenya Maritime Authority and all its functions be placed under the purview of the state department of Maritime as this will ensure effective operations by the state department. In addition Mr. Speaker, it was noted that there are functions under the state department of transport that pertain to maritime affairs and these should also be transferred to the state department for maritime.

## Education, Research and Technology

- 49) Mr. Speaker, the committee was informed that the number of girls expected to benefit from the sanitary towel Program has not been captured under the summary of Program output nor under performance indicators in the Program Based Budget. This programme has a budgetary allocation of Ksh. 400 million in 2017/18. It was recommended that the State Department for Basic Education should ensure that the purchase of sanitary towels is captured in the performance summary and indicate proper targets for easy monitoring by the Committee. Furthermore, it was recommended that the purchase of sanitary towel under the state department for basic education should be channelled through the National Government Affirmative Action Fund for effective monitoring and evaluation.

- 50) Mr. Speaker, it was also recommended that a formula for distributing the Ksh. 2 billion conditional allocation to county governments that is meant to benefit village polytechnics and home craft centres in counties should be developed to ensure equity in distribution.
- 51) Mr. Speaker, it was noted that the estimated cost of various projects being undertaken in various universities are unreasonably high and there is a possibility of improper use and loss of public funds. It was therefore recommended that universities' councils be re-engaged to determine proper costing of the various projects. It was further recommended that the Teachers Service Commission should also focus on recruiting Technical Training Institute teachers to support the expanding TVET infrastructure in the country. The Teachers Service Commission was also instructed to facilitate proper distribution of teachers in order to ensure that some areas are not overstaffed while others are in deficit.
- 52) Mr. Speaker, the Committee also proposed a review of the Higher Education Loans Board Law to ensure that Students who are yet to attain the age of eighteen years have access to loan facilities from the Higher Education Loans Board.

#### Environment and Natural Resources

- 53) Mr. Speaker, the committee was informed that the Environment Impact Assessment (EIA) fees which has been scrapped off should be reinstated as the scrapping of the Environment Impact Assessment fees goes against international treaties on Polluter pays principle to which Kenya is a signatory; and will further reduce A-I-A collected and burdening the tax payers.
- 54) Mr. Speaker, considering the impact of climate change, it was noted that there is need to invest in better and modern weather forecasting and early warning systems to enable the Kenya Meteorological Department to give accurate information on future erratic weather patterns.
- 55) Mr. Speaker, with regard to compensation claims for victims of human wildlife conflicts, it was recommended that the wildlife conservation and management act be amended to limit the compensation claims to areas of jurisdiction of the Kenya Wildlife Service. It was further recommended that the Kenya Wildlife Service should put in place measures in place to avoid leakages especially in Park fees so as to increase funds collected as A-I-A.
- 56) Mr. Speaker, this Committee was informed that there are agencies under the state department of water services which are greatly over-staffed. The Committee on environment and natural resources has repeatedly recommended the initiation of voluntary retirement programmes in order to address this matter, particularly in the Water Resources Management Authority.
- 57) Mr. Speaker, the Committee was also informed that due to the long court cases involving the implementation of Umaa and Budasa Dams and following the settlement of the court cases under

the supplementary, funds should be allocated in the FY 2017/18 for completion of these two projects.

58) Mr. Speaker, it was also noted that there was need to improve the absorption rate of donor funded projects in order to minimize the reductions in allocation of donor funded projects due to low absorption rates.

59) Mr. Speaker, it was further recommended that there is need to harmonize the water sector such that oversight of projects is more coordinated. Currently, project implementation is being monitored by multiple players which makes it difficult to keep track of the projects.

## VI. COMMITTEE RECOMMENDATIONS

### a. Policy prescriptions

60) Mr. Speaker, having considered the above matters, the committee recommends as follows:

- i) In order to strengthen the link between the Programme Based Budget framework and Itemized Budget, there is need for a review of the set of indicators, key outputs and targets in order to make them realistic and achievable. This will facilitate monitoring and evaluation of the government programmes.
- ii) In order to ensure efficiency in utilization of resources, the National Treasury should minimize in-year substantial revisions from approved allocations in terms of supplementary budgeting. There is need to ensure that the ministries improve the utilization of approved allocations especially of external funds already mobilized and committed with a view to minimizing the associated opportunity costs in form of delayed benefits to Kenyans, fiscal risks as well as contingent liabilities.
- iii) The Committee reemphasizes the need to put in place accountability framework in order to enhance transparency and accountability. The National Treasury should therefore publish online, exchequer releases in order to ensure predictability in budget implementation.
- iv) The national government should implement and operationalize the Presidential Taskforce on parastatal reforms report in order to rationalize state agencies, reduce duplication of functions.
- v) The National Government should invest heavily in provision of certified seeds alongside the fertilizer subsidy for efficiency and better results. The fertilizer subsidy initiative, which the Government started financing in 2008, has not translated to improved agricultural production due to the quality of seeds as well as seeds adaptability to varying climatic conditions

- vi) No new projects should be started except externally funded projects and/or key flagship projects under vision 2030. The MDAs should focus on fast-tracking completion of key ongoing projects and ensure that new projects are considered within the context of constrained exchequer support. In this regard under the state department of university education, it is recommended that no new projects amounting to Ksh. 2.5 billion should be started. Instead, the money should be redistributed within the vote to complete ongoing projects.
- vii) There is concern over the level of pending bills in Ministries. The government should therefore come up with a process of auditing and identifying those that can be paid and start paying them using available resources. In addition, there is need to institute a process of commitment control whereby no commitments should be entered into in the absence of resources.
- viii) Review the purchase of police vehicles as well as the contracts for the Managed Equipment Service (MES) project; and further undertake a performance audit on the implementation of MES programmes to ascertain value for money.
- ix) There is concern that some key provisions in the budget such as provision of sanitary towels are not available to all needy children. The committee therefore recommends that the provision of sanitary towels to school girls should be implemented through the National Government Affirmative Action Fund for effective monitoring and evaluation.

#### b. Financial recommendations

##### i) Re-allocations

- 61) Many Departmental Committees proposed re-allocations, which were based on their assessment of needs and were also based on discussions that these committees held with the various Ministries, Departments and Agencies (MDAs). After a careful review, the Budget Committee has approved and recommended to this House, those shown under Schedule II hereby attached.

##### ii) Additions

- 62) The Committee recommends that the Independent Electoral and Boundaries Commission (IEBC) be allocated Ksh. 200 million to cater for pending bills. This will be met from the allocation for public hearings under the Ministry of Finance.

##### iii) Inter – vote reallocations

- 63) The Committee agreed with the Departmental Committee for Education, Science and Technology to shift Ksh. 470 million from the Ministry of Education to the National Government Affirmative



Action Fund for the purchase of sanitary towels for schoolgirls. This will enhance efficiency in the implementation of this programme through a framework under the affirmative action fund.

iv) Judiciary

64) The budget of the Judiciary must be within ceiling as given by the National Treasury. The Judiciary should therefore limit their expenditure as follows:

- a. Recurrent expenditure– Ksh. 13,432,535,272 which includes an additional Ksh. 50 million for Transport Licensing Appeals Board and Ksh. 70 million for National Council for Law Reporting
- b. Capital Spending – Ksh. 4,128,900,000 having been adjusted down by Ksh. 70 million to be allocated to the National Council for Law Reporting

v) Parliamentary Service Commission and National Assembly

Vote 2041 – Parliamentary Service Commission

65) The Committee recommends that the capital budget for the Parliamentary Service Commission (Vote 2041), be limited to Ksh. 3,150,000,000 achieved through the deferment of land acquisition for the Centre for Parliamentary Studies (CPST).

66) The Net Recurrent for this vote should be limited to Ksh. 11,726,950,001; achieved through adjusting of domestic travel, allowances paid as part of salary as well as the deferment of Ksh. 500 million for Monitoring and Evaluation until a regulation framework is fully agreed upon.

Vote 2042 – National Assembly

67) The Committee recommends that the funds allocated to this vote be limited to Ksh. 21,166,033,200 by adjusting personnel emoluments to be in line with the annual growth rate of the 2016/17 baseline.

Overall Recommendation

68) The Committee recommends that this House resolves to:

- a) Approve the Report and the recommendations of the Budget and Appropriations Committee on the Budget Estimates for the National Government, the Judiciary and Parliament for the Financial Year 2017/2018
- b) Approve that Schedule I attached to this report forms the basis of the Appropriations Act 2017/2018.
- c) Approve that the National Treasury finalizes the required budget documents as per the Public Finance Management Act on detailed budget estimates.

MINUTES OF DAY, 2 MORNING SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON TUESDAY 21<sup>st</sup>, MARCH 2017 IN MOUNT KENYA CONFERENCE HALL, RADISSON BLUE HOTEL AT 9.00 A.M.

Present

1. Hon. Mutava Musyimi, CBS, M.P. -Chairperson
2. Hon. Moses Lessonet, M.P.
3. Hon. Nelson Gaichuhie, M.P.
4. Hon. Edick Omondi Anyanga, M.P
5. Hon. Moses Ole Sakuda, M.P
6. Hon. (Dr.) Makali Mulu, M.P.
7. Hon. Yusuf Hassan Abdi, M.P
8. Hon. Suleiman Murunga Kasuti, M.P.
9. Hon. Richard Onyonka, M.P.
10. Hon. Jackson Kiptanui, M.P.
11. Hon. Tiyah Galgalo, M.P.
12. Hon. Bady Bady Twalib, M.P.
13. Hon. Christopher Nakuleu, M.P
14. Hon. Francis Njenga, M.P.
15. Hon. James Gakuya, M.P.
16. Hon. Jonathan Lelelit, M.P.
17. Hon. Jones Mlolwa, M.P.
18. Hon. K.K. Stephen Kinyanjui, M.P
19. Hon. (Maj.) Marcus Muluvi, M.P
20. Hon. Abdullahi Diriye M.P
21. Hon. Kathuri Murungi, M.P
22. Hon. Muriuki Njagagua, M.P.
23. Hon. (Dr.) Reginalda Wanyonyi, M.P
24. Hon. Gideon Ochanda, M.P.
25. Hon. Nasra Ibrahim, M.P.
26. Hon. Samuel Gichigi, M.P.
27. Hon. Alice Ng'anga, M.P.

Absent

1. Hon. Mary Emaase, M. P. -Vice Chairperson
2. Hon. Phillip Rotino, M.P
3. Hon. Jamleck Kamau, M.P.

4. Hon. Shakeel Shabbir, M.P.
5. Hon. Mohammed Shidiye, M.P.
6. Hon. Christopher Omulele, M.P.
7. Hon. Daniel Nanok, M.P.
8. Hon. Kenneth Okoth, M.P.
9. Hon. Moses Kuria, M.P.
10. Hon. Peter Weru, M.P.
11. Hon. Richard Tongi, M.P.
12. Hon. Benjamin Langat, M.P.
13. Hon. (Dr.) Njogu Barua, M.P.
14. Hon. Ferdinand Waititu, M.P.
15. Hon. John Mbadi, M.P.
16. Hon. Abdulaziz Farah, M.P.
17. Hon. Ahmed I. Abass, M.P.
18. Hon. Ben Momanyi, M.P.
19. Hon. Denis Kariuki, M.P.
20. Hon. Denittah Ghati, M.P.
21. Hon. James K. Bett, M.P.
22. Hon. Joseph Limo, M.P.
23. Hon. Patrick Ole Ntutu, M.P.
24. Hon. Priscilla Nyokabi, M.P.

In attendance

#### Departmental Committee Chairpersons

1. Hon. Nelson Gaichuhie, M.P.

Vice- Chairperson, Finance,  
Planning and Trade

#### National Treasury

1. Mr. Henry Rotich
2. Mr. Kamau Thugge
3. Mr. Geoffrey Mwau
4. Mr. Francis Anyona
5. Mr. Jackson Kinyanjui
6. Mr. John Njera
7. Mr. Silas Muyeza
8. Mr. Isiah Ochelle
9. Mr. Victor Onyango

Cabinet Secretary  
Principal Secretary  
Director General, BFEA  
Director, Budget  
Member  
Member  
Member  
Member  
Member

10.Mr. Kariuki Kimemia	Member
11.Mr. Micah Origa	Member
12.Mr. George Mwachemba	Member
13.Mr. Joseph Mutuma	Member
14.Ms. Isabella Kogei	Member

### Parliamentary Budget Office Secretariat

1. Mr. Robert Nyaga	Chief Fiscal Analyst
2. Ms. Lucy Makara	Chief Fiscal Analyst
3. Mr. Frederick Muthengi	Principal Fiscal Analyst
4. Ms. Millicent Makina	Fiscal Analyst II
5. Mr. James Chacha	Fiscal Analyst III
6. Mr. Abdi Gorod	Fiscal Analyst III
7. Mr. Adan Abdi	Fiscal Analyst III
8. Ms. Julie Mwithiga	Fiscal Analyst III
9. Ms. Amran Yunis	Fiscal Analyst III
10.Ms. Catherine Burure	Fiscal Analyst III
11.Mr. Danson Kachumbo	Fiscal Analyst III
12.Mr. Allan Gituku	Sergeant –At- Arms
13.Mr. Joram Baraza	Office Attendant

### AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
  - i. Receiving submissions from Finance, Planning and Trade committees on Estimates for FY 2017/18*
  - ii. Committee decision on the public hearings*
  - iii. Meeting with National Treasury on 2017/18 Estimates*
  - iv. Adoption of the draft committee report on 2017/18 budget estimates*
5. Any Other Business

### MIN BAC/002/2017/01: PRELIMINARIES

The Chairman called the meeting to order at 9.30 a.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed the committee that they will meet that they shall receive submissions from Vice- Chair, Finance, Planning and Trade, National treasury and thereafter the committee shall make decision on public hearings report before adopting the report

### MIN BAC/002/2017/02: CONFIRMATION OF AGENDA

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

### MIN BAC/002/2017/03: MATTERS ARISING

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

### MIN BAC/002/2017/04: RECEIVING SUBMISSIONS FROM FINANCE, PLANNING AND TRADE COMMITTEES ON ESTIMATES FOR FY 2017/18

The Vice- Chair Finance informed the committee that the committee observed that National Treasury habitually disregards the House BPS ceilings by exceeding the set ceilings. Besides being illegal, the Committee was concerned that this water down the fiscal framework considerations made during BPS ceilings processing. It was also observed that National Treasury holds so many resources in its budget and that this is hardly fully utilized whereas other Agencies are starved of resources hence cannot implement crucial programmes. In addition, National Treasury has never presented any cost-benefit analysis of the Leasing of Police Vehicles.

The committee felt that leasing is costly given that there is a proposal to allocate Ksh. 8.1 billion whereas only 3280 vehicles are leased (This translates to Ksh.2.5

million per vehicle annually. It was also noted that the National Treasury is seeking for additional funds to purchase 44 vehicles instead of not pursuing leasing which they advocate is cost-effective. Pension management was noted to be inefficient and takes relatively long before the beneficiaries can be paid their dues.

The committee also observed that the National Treasury is relenting on national agenda of controlling public wage bill by proposing huge funds (over K.sh.20 billion) for salary adjustments. The long-term sustainability of the same was questioned and the Committee wondered whether SRC is really committed to its mandate.

Arising from the observations which the committee noted, the following were the committee recommendations:

- i) It was recommended that the first charge policy on pending bills should be implemented so that pending bills do not remain unsettled for long.
- ii) The National Treasury was urged to always adhere to BPS ceilings as it was noted that it habitually disregards the house resolutions on BPS as indicated by the budget estimates that largely exceeds the ceilings.
- iii) The Committee recommended that Cash flow management to be improved so that cases of exchequer delays are minimized. The Committee urged National Treasury to expedite the Treasury Single Account framework
- iv) The National Treasury was instructed to come up with strict accounting policies and procedures for internally generated revenue at the counties so as to avoid the likelihood of misappropriation and unnecessary use of resources at source.
- v) The National Treasury was instructed to do and submit to the Committee a cost- benefit analysis of the Leasing of police vehicles. Based on the analysis, the leasing of vehicles should therefore be rolled out beyond the police service and if found out to be costly should be shelved

- vi) Arising from the long time it takes before retirees get payments of their salaries, National Treasury was urged to come up with a definite short time frame under which the pensions processing is to take
- vii) Noting that IFMIS suffers from bad public image, the National Treasury was advised to educate and train the IFMIS users adequately so that they understand and appreciate its advantages
- viii) Arising from the concern that there are many parastatals under tourism yet there is a new one (Tourism Research Institute) recently established. It was recommended that there is need to merge related ones for operational cost effectiveness and effectiveness.
- ix) It was recommended that both Bomas of Kenya and Kenyatta International Convention Centre (KICC) needs to be made self-sustainable in the sense that their Appropriations in Aid should be enhanced such that they don't get additional funding from the exchequer.
- x) It was recommended that the posting of Commercial Attachés be domiciled in the state department of Trade and taken away from the State department for foreign affairs.
- xi) In conformity with the most recent executive order that reorganized the executive, it was recommended that the state department for foreign affairs should be prevailed upon to hand over all the international trade Programmes and activities that were shelved off it.
- xii) During the Economic Partnership Agreements (EPAs) negotiations, it was recommended that a lot of considerations need to be put in place so as to ensure that such agreements are mutually beneficial
- xiii) Issuance of licenses for investors to operate under Economic Processing Zones (EPZ) and Special Economic Zones (SEZ) needs to give preference to local investors. It was recommended that the local participants in these zones

must be kept reasonably high to prevent the benefits therefrom being repatriated.

xiv) Taking cognizance of the fact that there are several projects that are way behind the time planned for their completion within the department, the Committee recommended that these projects should be expedited on.

xv) Instead of developing new database, it was the Committees recommendation that the new commissioners build from where the old database. This was noted is both cost effective

#### MIN BAC/002/2017/05: COMMITTEE DECISIONS ON PUBLIC HEARINGS FOR 2017/18 FY

The chair informed the committee that in the 2017/18 budget estimates a total of kshs 1.6 billion had been allocated in the National Treasury under strategic public intervention programme. There after the chair requested the committee to deliberate on key projects that will be funded under the strategic public intervention programme.

After a lengthy deliberation, the following projects/programs were recommended by the committee;

- i) Laikipia university for establishing Samburu University Campus -kshs 60 million
- ii) Sports Safari Rally- kshs 250 million
- iii) Structured public debate- kshs 300 million
- iv) Kenya Maritime and Fisheries Research Institute for research on fisheries at the five dams along Tana river – Kshs. 60 million
- v) Tana and Athi River Development Authority (TARDA)- kshs 80 million
- vi) Transport Appeal Tribunal- kshs 50 million
- vii) Independent Electoral and Boundaries Commission (IEBC) to cater for expenses incurred during extension of mass voter registration- kshs 200 million
- viii) Coffee sector (Task force implementation)- kshs 400 million
- ix) National Council of Persons with Disability -kshs 100 million



- x) Rehabilitation of Kapenguria Museum- kshs 50 million
- xi) Rehabilitation of Lokichar house- kshs 20 million
- xii) Rehabilitation of Maralal House- kshs 20 million
- xiii) Rehabilitation of Tom Mboya Mausoleum in Rusinga Island- kshs 50 million
- xiv) Rehabilitation of Bungoma Sports House- kshs 10 million
- xv) Rehabilitation of Gusii Sports House in Gusii Stadium - kshs 10 million

#### MIN BAC/002/2017/06: MEETING WITH NATIONAL TREASURY

The Chair thanked National Treasury for appearing before the committee and informed them that the committee was in agreement that it was essential to reduce the fiscal deficit of the country going forward. In support of this, the committee agreed that the ceilings for both Judiciary and Parliament remain within the ceilings in the approved Budget Policy Statement, 2017.

Although the Chair was in support of maintaining Parliament's ceiling as per the 2017 BPS ceilings approved by the House, the Chair queried whether gratuity for the staff of Members of Parliament at constituency and county level was catered for in the 2017/18 budget estimates. National Treasury re-assured the Chair that there was a line budget for them. In addition, National Treasury also reaffirmed that the gratuity for members was also factored in the budget.

National Treasury expressed that although the court pronounced itself that DORB should be handled by both National Assembly and Senate, going forward there was need to relook at this issue so that DORB is handled by National Assembly only.

Both the Committee and National Treasury agreed that the Cabinet Secretary shall present to the Committee of Whole House the key highlights on the 2017/18 budget and revenue raising measures on 30<sup>th</sup> March, 2017.

#### MIN BAC/002/2017/07: ADOPTION OF THE DRAFT COMMITTEE REPORT ON 2017/18 BUDGET ESTIMATES

The Parliamentary Budget Office took the committee through the matrix of departmental committee recommendations and its effects to the overall budget. After deliberations, the committee adopted the report.

MIN BAC/002/2017/08: ADJOURNMENT

There being no other business the meeting adjourned at 12.00 noon

SIGNED



.....  
HON. MUTAVA MUSYIMI, M.P, CBS  
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

22-3-2017

.....  
DATE

MINUTES OF DAY 1 (AFTERNOON) SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON MONDAY 20<sup>th</sup>, MARCH 2017 IN MOUNT KENYA CONFERENCE HALL, RADISSON BLU HOTEL AT 2.00 P.M.

Present

1. Hon. Mutava Musyimi, CBS, M.P. -Chairperson
2. Hon. Edick Omondi Anyanga, M.P.
3. Hon. Moses Lessonet, M.P.
4. Hon. Moses Ole Sakuda, M.P.
5. Hon. Yusuf Hassan Abdi, M.P.
6. Hon. Suleiman Murunga Kasuti, M.P.
7. Hon. (Dr.) Makali Mulu, M.P.
8. Hon. Richard Onyonka, M.P.
9. Hon. Mohammed Shidiye, M.P.
10. Hon. Jonathan Lelelit, M.P.
11. Hon. (Dr.) Reginalda Wanyonyi, M.P.
12. Hon. (Maj.) Marcus Muluvi, M.P.
13. Hon. Abdullahi Diriye M.P.
14. Hon. Alice Ng'anga, M.P.
15. Hon. Christopher Nakuleu, M.P.
16. Hon. Francis Njenga, M.P.
17. Hon. Gideon Ochanda, M.P.
18. Hon. James Gakuya, M.P.
19. Hon. Jones Mlolwa, M.P.
20. Hon. K.K. Stephen Kinyanjui, M.P.
21. Hon. Kathuri Murungi, M.P.
22. Hon. Muriuki Njagagua, M.P.
23. Hon. Nasra Ibrahim, M.P.
24. Hon. Samuel Gichigi, M.P.

Absent

1. Hon. Mary Emaase, M. P. -Vice Chairperson
2. Hon. Phillip Rotino, M.P.
3. Hon. Jamleck Kamau, M.P.
4. Hon. Jackson Kiptanui, M.P.
5. Hon. Shakeel Shabbir, M.P.
6. Hon. Nelson Gaichuhie, M.P.
7. Hon. Christopher Omulele, M.P.

8. Hon. Daniel Nanok, M.P.
9. Hon. Kenneth Okoth , M.P
- 10.Hon. Moses Kuria, M.P
- 11.Hon. Peter Weru, M.P.
- 12.Hon. Richard Tongi, M.P.
- 13.Hon. Tiyah Galgalo, M.P.
- 14.Hon. Benjamin Langat, M.P.
- 15.Hon. (Dr.) Njogu Barua, M.P
- 16.Hon. Ferdinand Waititu, M.P
- 17.Hon. John Mbadi, M.P.
- 18.Hon. Abdulaziz Farah, M.P.
- 19.Hon. Ahmed I. Abass, M.P.
- 20.Hon. Bady Bady Twalib, M.P.
- 21.Hon. Ben Momanyi, M.P
- 22.Hon. Denis Kariuki, M.P.
- 23.Hon. Denittah Ghati, M.P.
- 24.Hon. James K. Bett, M.P
- 25.Hon. Joseph Limo, M.P.
- 26.Hon. Patrick Ole Ntutu, M.P.
- 27.Hon. Priscilla Nyokabi, M.P.

#### Chairs of Departmental Committees

1. Hon. (Dr.) Robert Pukose, M.P. Vice-chairperson, Health
2. Hon. Adan Noor, M.P. Chair, Agriculture, Livestock and Cooperatives
3. Hon. Ndungu Gethenji, M.P. Chairperson, Defense and Foreign Relations
4. Hon. Elias Bare Shill, M.P. Vice-Chairperson, Defense and Foreign Relations
5. Hon. Kamama Asman , M.P. Chairperson, Administration and National Security
6. Hon. Sabina Chege, M.P. Chairperson, Education, Research and Technology
7. Hon. Mohamed Mahamud Vice- Chairperson, Transport, Housing and Public Works
8. Hon. Moses Ole Sakuda Vice- Chairperson. Lands

9. Hon. Mohamed Elmi, M.P. Ag. Chairperson, Energy, Communication and Information
10. Hon. Peter Kaluma, M.P. Ag. Chairperson, Justice and Legal Affairs
11. Hon. (Dr.) Reginalda Wanyonyi, M.P. Ag. Chairperson, Environment and Natural Resources
12. Hon. Samuel Gichigi, M.P. Ag. Chairperson, Labour and Social Welfare

### **National Treasury**

- |                          |                        |
|--------------------------|------------------------|
| 1. Mr. Henry Rotich      | Cabinet Secretary      |
| 2. Mr. Kamau Thugge      | Principal Secretary    |
| 3. Mr. Geoffrey Mwau     | Director General, BFEA |
| 4. Mr. Francis Anyona    | Director, Budget       |
| 5. Mr. Silas Muyeza      | Member                 |
| 6. Mr. Felix Oulo        | Member                 |
| 7. Mr. Joseph Mutuma     | Member                 |
| 8. Mr. Samuel Kiiru      | Member                 |
| 9. Mr. Kasembeli Nasiuma | Member                 |
| 10. Mr. Musa Kathanje    | Member                 |
| 11. Ms. Isabella Kogei   | Member                 |
| 12. Mr. George Muthemba  | Member                 |
| 13. Mr. Micah Origa      | Member                 |
| 14. Mr. Benard Owili     | Member                 |
| 15. Mr. Isaac Sichangi   | Member                 |
| 16. Mr. John Njera       | Member                 |

### **Parliamentary Budget Office**

- |                           |                          |
|---------------------------|--------------------------|
| 1. Ms. Phyllis Makau      | Director, PBO            |
| 2. Ms. Lucy Makara        | Chief Fiscal Analyst     |
| 3. Mr. Frederick Muthengi | Principal Fiscal Analyst |
| 4. Ms. Millicent Makina   | Fiscal Analyst II        |
| 5. Mr. James Chacha       | Fiscal Analyst III       |
| 6. Mr. Abdi Gorod         | Fiscal Analyst III       |
| 7. Mr. Adan Abdi          | Fiscal Analyst III       |
| 8. Ms. Julie Mwithiga     | Fiscal Analyst III       |

9. Ms. Amran Yunis	Fiscal Analyst III
10. Ms. Catherine Burure	Fiscal Analyst III
11. Mr. Danson Kachumbo	Fiscal Analyst III
12. Mr. Allan Gituku	Sergeant –At- Arms
13. Mr. Joram Baraza	Office Attendant

## AGENDA

1. Preliminaries
2. Confirmation of the Agenda
3. Matters arising
4. Agenda:
  - i. *Receiving submissions from Departmental Committees on Estimates for FY 2017/18*
  - ii. *Meeting with National Treasury on 2017/18 Estimates*
5. Any Other Business

## MIN BAC/001/2017/01: PRELIMINARIES

The Chairman called the meeting to order at 2.30 p.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed the committee that they will meet the National Treasury and there after continue receiving submission from Departmental Committee chairpersons.

## MIN BAC/002/2017/02: CONFIRMATION OF AGENDA

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

## MIN BAC/002/2017/03: MATTERS ARISING

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

## MIN BAC/ 001 /2017/02: MEETING WITH NATIONAL TREASURY

The chair called upon National Treasury to make their presentation on the overview of FY 2017/18 budget, submitted to Parliament in February 2017. The National Treasury submitted that the 2017/18 FY budget is being prepared against a backdrop of subdued global economic growth following Brexit and uncertainty in the United States regarding whether the country will pursue a protectionist policy under the new administration.

In the Sub-Saharan, African economies, Members were told that a sharp slowdown is expected especially in countries, which are commodity exporters. However, the Kenyan economy remains resilient having attained 5.6 percent in 2015 compared to an average of 3.4 percent for Sub-Saharan Africa. Further, macro-economic performance remains broadly stable with overall inflation within target (5%), the Kenya Shilling exchange rate to US dollar remains broadly stable and the low short-term interest rates.

Conversely, the current drought situation in some parts of the country may also affect 2017/18 budget due to high inflation rates as seen in the month of February. However, the government has taken measures to mitigate the attendant risks.

The key assumptions underpinning FY 2017/18 Budget were presented as:

- ❖ Forecasted growth rate of 6.0 percent in FY2016/17, 6.2 percent in FY 2017/18. This will be supported by continued public investment and string consumer demand
- ❖ Inflation rate to remain within government target.
- ❖ Interest rates to remain stable
- ❖ Exchange Rate to remain stable
- ❖ Total revenue to improve to 20.6 percent of GDP in 2017/18
- ❖ Overall expenditure to decline from 31.3 percent in 2016/17 to 27.6 percent in FY 2017/18
- ❖ The deficit to gradually reduce from 6 percent of GDP to 4 percent of GDP
- ❖ Expected improved weather conditions
- ❖ Improved security conditions given heavy investment in the sector over the last three years.

The National Treasury informed members that the 2017/18 budget has made the following adjustments to Salaries and Wages; this was in line with SRC recommendations:

- ❖ Provision of Kshs. 20 Billion for Harmonization of public sector salaries and allowances
- ❖ Provision of Kshs. 17.9 billion to Contribution to Civil Service Pension
- ❖ Provision of Kshs. 6.5 billion for Phase 3 of House and Hardship Allowance
- ❖ Provision of Kshs. 1.5 Billion for the recruitment of 10,000 police officers
- ❖ Provision of Kshs. 2.3 billion for recruitment of 5,000 teachers
- ❖ Provision of Kshs. 1.1 billion for the implementation of allowances for doctors, nurses and other health workers.

The State Department for University Education has come up with differentiated Unit Cost (DUC) Criteria to determine funding levels in public universities with effect from FY 2017/18. Applying the (DUC) criteria has resulted to reduction in funding to some universities.

Table 1: Reduction in Funding Universities as a result of Applying DUC Criteria

	University	In KSh. Millions
1	University of Nairobi	1,720
2	Egerton University	667.7
3	Kenyatta University	259.3
4	Moi University	131.5
5	Muranga University for S&T	57.4
6	Cooperative University	39.1
7	Kirinyaga University	19.2
8	Garissa University	23.7
9	Taita Taveta University	27.6
	Total	2945.5



It was also highlighted that the overall fiscal deficit, after grants will amount to Kshs. 519 billion. The deficit shall be financed through a net foreign financing amounting to Kshs. 205.95 billion and Kshs. 313.05 billion domestic borrowing. However, the Cabinet Secretary for National Treasury cautioned that the additional requests from Parliamentary Service Commission, Judiciary and County allocation as requested by Senate in the Division of Revenue Bill (DoRB), 2017 would push the deficit to higher levels that envisaged.

In a rejoinder, the Chair informed the Members that DoRB, 2017 is likely to go through mediation process as has been the norm when the National Assembly and Senate do not agree on a similar amount for transfer to county governments.

After the presentation, the Chair opened the plenary for Members discuss in view of the submission by the National Treasury.

Members raised the following issues of concerns:

- ❖ There was need to have a sector for Oversight Institutions such as Parliament and Auditor General in the Sector Working Groups.
- ❖ Historical Pending Bills was raised as major issue since it negatively affects the smooth implementation of the budget.
- ❖ TVET institutions lack equipment and teachers after construction.
- ❖ Pending claims amounting to Kshs. 4.65 billion for victims of Human Wildlife Conflicts.

The Cabinet Secretary for National Treasury informed members that an audit would be conducted before the settling of historical pending bills. After a lengthy deliberation on member's concerns, the chair thanked the Cabinet Secretary and his team for appearing before the committee and informed him that he would need to appear before the committee again the following day in the morning before the Committee finalizes on its report on the 2017/18 budget estimates. Thereafter, the chair called upon the acting chairperson of Labour and Social Welfare to present the committee submission on 2017/18 budget estimates

MIN BAC/ 001/2017/03: THE DEPARTMENTAL COMMITTEE ON  
LABOUR AND SOCIAL WELFARE

The Chair labour committee remarked that his committee observed the following;

- ❖ The State Department of Social Protection was intending to retrench 210 social development workers who were being facilitated by a donor funding which has come to an end.
- ❖ There is no proper follow up of the cash transfers that are made to orphans and vulnerable children after they exit from the program
- ❖ Despite the Government signing international Human Counter trafficking conventions and the relevant institutions put in place locally, these institutions are not being funded.
- ❖ There were no clear guidelines and policies that informed the mode of operation in the state department for Sports development.
- ❖ Most projects being undertaken by the State departments are ongoing and this has led to accumulation of pending Bills over the years.

The chair on behalf of the land committee told the meeting that they recommend the following: -

- ❖ The Budget Estimates for the Financial Year 2017/2018 for the State Departments of Labour, Gender and National Gender & Equality Commission be adopted as printed by the National Treasury.
- ❖ The State Department of Sports initiates policy, guidelines and legislations to control the operations in the sector and to enhance better performance.
- ❖ There is need for the State Department of Gender to install stringent measures that will enforce the repayment of the loans i.e. Uwezo funds to enable the fund benefit a wide base of youths who will be assisted by the funds arising from the repayment of loans.
- ❖ There is need for a follow up of the cash transfers especially to the vulnerable children this is to enhance effectiveness and efficiency.
- ❖ The State Departments may need to put more emphasis on their completion to avoid spreading too thinly i.e invest in few projects to completion than many too 'ongoing'

The chair on behalf of the land committee told the meeting that they recommend the following;

- ❖ The Programme Social Development and children services, Head R 1185000100- Labour service field offices & Head R 1185000200- occupational Health & safety Field Services to be allocated Kshs 100 million to cater/absorb the 210 Social Development Field Officers who were being donor funded initially.
- ❖ Social development and children services Programme, sub Programme Child community support services, Head D- 1185102500 support to orphans and vulnerable children outside households, Sub Head D 11851025001-- Support to vulnerable children outside households, Item 2630200- Capital Grants to government agencies and other levels of government to be increased by Kshs 176 million
- ❖ The Programme Social Development and Children Services, Sub Programme Child Rehabilitation and custody, Head R 1185001101- Children Services to be allocated Kshs 60 million for operationalization of the Counter Trafficking in Persons Act, 2010.
- ❖ An allocation of Kshs 30 million to be made to the Culture Programme, Head D 1133100700- installation of mobile shelves, Item 3111100-Purchase of Specialized plant, Equipment and Machinery, for establishment of shelves at National Archives as records are being kept on the floor

MIN BAC/ 001/2017/04: ENVIRONMENT, WATER AND NATURAL RESOURCES

The Chair informed the committee that the following observations were made under the state departments for environment, water and natural resources;

- ❖ In the FY 2017/2018 budget, there are new projects totalling to Kshs. 157.30 million which goes against the directive of starting new projects and ensuring completion of ongoing projects with the constrained resources.
- ❖ In the FY 2017/2018, the National Environment Management Authority has a proposed allocation of Kshs. 990.16 million out of which Kshs. 90 million is to be financed through A-I-A while Kshs. 900.16 million is to be financed through Exchequer. This is against the allocation of Kshs. 1.20 billion of

- which Kshs. 800 million was through A-I-A and Kshs. 400.15 million through Exchequer allocated in the FY 2016/2017. It is therefore of concern that the A-I-A collection has reduced due to the scrapping of the EIA fee and the funding through the Exchequer has gone up. The committee further notes that not only does the scrapping of the EIA fee result in a shortfall in the operation and maintenance costs for the Authority but it also goes against international treaties on Polluter pays principle to which Kenya is a signatory.
- ❖ The pending payments for victims of human wildlife amount to Kshs.4.65 billion for the period January 2014 to January 2016.
  - ❖ The committee is concerned with the Kenya Meteorological Department's capability of giving accurate information on the erratic weather patterns which has become the new normal to avoid calamities such as drought and floods brought about by climate change.
  - ❖ The Committee in its previous engagement with the National Treasury was informed that Kshs. 195 million to Badasa Dam and Kshs. 536 million to Umaa Dam would be allocated under amendments to Supplementary Estimates I for the FY 2016/17 to cater for the pending bills arising from court cases. However, the implementation of the two projects have not been factored in the FY 2017/2018 raising doubts on the status of the projects
  - ❖ In the FY 2017/2018 budget, there are new projects totaling to Kshs. 883 million which goes against the directive of starting new projects and ensuring completion of ongoing projects with the constrained resources.
  - ❖ The State Department under the transboundary waters Programme which is a new Programme, targets to conduct ground water mapping for Turkana and Marsabit. This has been a continuous/ moving target since the FY 2014/2015 under the State Department. This is a clear indication of the lack of linkage between programmes, outputs and allocations.
  - ❖ It has come to the attention of the Committee that the due diligence has not been carried out on the Chinese firm, Geological Exploration Technology Institute (GETI) of Jiangsu Province, which is set to carry out the nationwide airborne geophysical survey
  - ❖ The Ministry headquarters' allocation towards specialized materials and supplies has increased from Kshs. 500,000 to Kshs. 32.67 million. The Ministry explained that the funds were to cater for the purchase of Satellite Images. It was however of concern that the Ministry did not provide

information on the purpose and type of satellite images (resolution of the satellite images, whether purchasing archived data) to convince the committee on the allocation

- ❖ The Ministry was allocated funds for the granite assessment project in Vihiga to conduct feasibility studies, however, the Ministry has not submitted the feasibility studies for onward project implementation.

The meeting was informed that the following recommendations was also considered by the state department for environment, water and natural resources;

- ❖ With the constrained and limited resources, the MDAs need to focus on fast-tracking completion of key ongoing projects before starting new projects
- ❖ The need to strengthen the link between the Programme Based Budget framework and Itemized Budget with respect to having a comprehensive and responsive set of indicators, key outputs and realistic targets and proper costing of programmes. There is need to have a costed approach when setting targets and expected outputs as the evidence available indicate a weak link in terms of having an effective and responsive PBB framework
- ❖ The Environment Impact Assessment (EIA) fees which has been scrapped off needs to be reinstated. The scrapping of the Environment Impact Assessment fees goes against international treaties on Polluter pays principle to which Kenya is a signatory; further to this the scrapping of the EIA fee has led to reduction in the A-I-A collected and further increasing the funds to be financed through the exchequer, burdening the tax payers.
- ❖ The committee recommends the long-term solution to amend the Wildlife Compensation Act to limit the compensation claims to areas of jurisdiction of the Kenya Wildlife Service. However, the **Kshs. 4.65 billion** pending claims for victims of human wildlife conflicts which have been forwarded should be paid;
- ❖ The Kenya Wildlife Service should put measures in place to avoid leakages especially in Park fees to ensure an increase in the A-I-A collected
- ❖ With the effect/impact of climate change, there is need to invest in better and modern weather forecasting and early warning systems to provide the Kenya Meteorological Department the capability to give accurate information on future erratic weather patterns to ensure effective adaptation and mitigation measures.

- ❖ The Department should review the staffing levels at the Water Resources Management Authority and other agencies which are greatly over-staffed. The Committee in its previous reports has urged agencies with bloated staff to initiate voluntary retirement programmes;
- ❖ Due to the long court cases involving the implementation of Umaa and Badasa Dams and following the settlement of the court cases under the supplementary, funds should be allocated in the FY 2017/2018 to restart the implementation of the two projects.
- ❖ With the reductions in allocation of donor funded projects due to low absorption rates, there is need to ensure that the ministry's improve the utilization of approved allocations especially of external funds already mobilized and committed with a view to minimize the associated opportunity costs (delayed benefits to Kenyans, fiscal risks and contingent liabilities). The ministry should also enhance efficiency in utilization to further minimize mid-stream budget revisions.
- ❖ With the constrained and limited resources, the MDAs need to focus on fast-tracking completion of key ongoing projects before starting new projects
- ❖ The need to strengthen the link between the Programme Based Budget framework and Itemized Budget with respect to having a comprehensive and responsive set of indicators, key outputs and realistic targets and proper costing of programmes. There is need to have a costed approach when setting targets and expected outputs as the evidence available indicate a weak link in terms of having an effective and responsive PBB framework
- ❖ There is need to harmonize the water sector such that oversight of projects is more coordinated. If project implementation is being monitored by many players it becomes difficult to keep track of the projects;
- ❖ The Kshs. 3 billion for the Nationwide Geophysical Survey should be reinstated. Further, the project should be done by Kenyan geologists as recommended by the Committee in its report on the consideration of the Budget Policy statement for the Financial Year 2017/2018. The Committee objects the award of the project contract to the Chinese firm, Geological Exploration Technology Institute (GETI). The Committee therefore recommends that the project be funded through the exchequer for oversight and transparency of the award;

- ❖ The satellite images to be purchased by the Ministry should be of quality in terms of the resolution to warrant such allocation.
- ❖ The committee recommends the Ministry to complete the feasibility study for the granite assessment for Vihiga and if the project is feasible do cost analysis on the capital investment required in order to start exploration works.

### Budget Committee Concerns

The committee expressed a concern with the issue of wildlife conflict compensation which was largely contributing to pending bill. The committee was also concerned of designated areas within which one can be considered for compensation. They promised to take it up with the National Treasury since the amount under consideration was huge.

The committee also brought out circumstances where all legal hicks ups arising from projects implementation is cleared with and the actual work cannot begin because there is no subsequent allocation. A case in hand was badasa and umma dam where all legal suits have been cleared at the supplementary level and yet allocation has not been made in the 2017/18 budget estimates.

The committee further raised that Kenyan experts be involved in the nationwide Geo- physical survey should they possess the required expertise.

### MIN BAC/001/2017/05: MEETING EDUCATION, SCIENCE AND TECHNOLOGY COMMITTEE

**The chair departmental Committee of education indicated that her committee made the following observations on the budget estimates 2017/18 Fy;**

- ❖ That over the last period 2013/14 and the medium term, all the Agencies under the purview of the Committee recorded an average budgetary absorption rate of 90 % and above with the Teachers Service Commission recording the highest absorption at 99 %. However, the high absorption of the Budget does not reflect on the ground in terms of service provision especially in supporting school infrastructure and easing the shortage of teachers in the country.

- ❖ The Committee observed that Kshs 400 million had been allocated for purchase of sanitary towels for school girls. However, the number of girls to benefit from this initiative has not been captured under the summary of Programmes output and performance indicators in the Program Based Budget. This has been the case in the previous financial years and the Committee has been raising this matter with the Ministry.
- ❖ The Committee observed that the State Department has also been allocated a conditional grant of Kshs 2 Billion to cater for vocational training centers support. The allocation is under the youth training and development Programme and is meant to benefit village polytechnics and home craft centres in counties.
- ❖ The Committee observed that with the ongoing education sector reforms especially on examination management at secondary school level, public university expansion need to be slowed down and attention directed towards ensuring the existing public universities are well equipped to meet the required international standards.
- ❖ The Committee noted that the estimated cost of various projects being undertaken in various universities are unreasonably high and there is a possibility of improper use and lose of public funds.
- ❖ The Committee noted that various public universities are establishing new projects yet the ongoing projects are yet to be completed and most of the ongoing projects are behind schedule. Further, some of the ongoing projects have not been funded.
- ❖ The Committee observed that there are inadequate Technical Training Teachers to support the ongoing expansion of the Technical Training Institutes Infrastructure across the country given the low number of technical training teachers recruited by TSC annually



- ❖ The Committee Observed that despite the Higher Education Loans Board (HELB) receiving an increased budgetary allocation to cater for increased number of students in universities and technical training institutes, Students who have not attained the age of eighteen years are not able to access loans from HELB
- ❖ The Committee notes that national schools that make up only 5% of the total secondary schools in Kenya receive almost the same budgetary allocation for infrastructural development with other categories of secondary schools (Extra County, County and Sub County schools).

The chair departmental Committee of education further indicated that her committee made the following Recommendations and reallocations on the budget estimates FY 2017/18:

- ❖ That the Ministry and specifically the State Department for Basic Education should ensure that the purchase of sanitary towels is captured in the performance summary and the set targets indicated for easy monitoring by the Committee.
- ❖ That purchase of sanitary towel be channeled through National Government Affirmative Action Fund for effective monitoring and evaluation.
- ❖ That a formula for distributing the Kshs 2 Billion conditional allocation to county governments meant to benefit village polytechnics and home craft centers in counties be put in place to ensure equity in distribution.
- ❖ That the State Department for University Education re-engages the various universities councils on the proper costing of the various projects being undertaken to ensure that resources are well utilized.
- ❖ That the Committee recommends the State Department for University Education should vet and ensure that public universities do not start new projects without first completing the ongoing projects unless the new projects are proved to be urgent and of strategic importance.

- ❖ That the Committee recommends that the Teachers Service Commission also focuses on recruiting Technical Training Institutes teachers to support the expanding TVET infrastructure in the country.
- ❖ That the Committee recommends the review the Higher Education Loans Board Law to ensure that Students who are yet to attain the age of eighteen years are able to access loan facilities from the Higher Education Loans Board.
- ❖ The Teachers Service Commission should ensure that the issue of distribution of teachers is addressed so as to ensure that some areas are not overstaffed while other remain with the perennial shortages.

THE CHAIR EDUCATION COMMITTEE ALSO SUBMITTED THE FOLLOWING ADDITIONAL REQUESTS;

- ❖ An additional budgetary allocation of Kshs 2.5 Billion to TSC to recruit 5,000 more teachers to bridge the current gap.
- ❖ That Kshs. 1.69 billion be allocated for recruitment of Technical Training Institutes teachers whose numbers remain low given the expansion of Technical Training Institute infrastructure in the country.
- ❖ The Committee observed that the TSC signed a Collective Bargaining Agreement signed with the teachers' unions which will cost the government Kshs 13.7 Billion. However, the TSC budgetary allocation has no provision to cater for this agreement. The Committee was of the view that Kshs. 13.7 billion is made available to avert any industrial unrest.
- ❖ Kshs. 700 million be allocated for Capacity building component under Digital Literacy Programme in the Ministry of ICT be channelled through TSC to be able to carry out the function. The committee was of the opinion that teachers training is a function of the Teachers Service Commission and cannot be left to another ministry.

The committee was informed of the following reallocations within the ministries budget; Kshs. 370 million be Reallocated from ICT Integration in Secondary Schools and be distributed as follows:

- Kshs 250 million Construction of NACOSTI Building under the State Department for University Education
- Kshs. 50 million Kenya National Commission for UNESCO
- Kshs. 70 million purchase of Sanitary towels for school going girls

In view of this, the Departmental Committee recommends that the budgetary allocation of Kshs 2.5 Billion for all new projects funded by the exchequer in public universities and university colleges be reallocated to ongoing projects in the respective universities and university colleges. This will ensure that the ongoing projects are completed in time to serve their intended purpose.

#### **Budget Committee Concerns**

- ❖ The Committee assured the chair of the Departmental Committee that all endeavors will be made to raise the allocation for the collective bargaining agreement with the National Treasury when they appear before the committee.
- ❖ The committee was also concerned that the Technical training institutes that was built long ago but were yet to be equipped with no learning taking place.
- ❖ The committee was grateful to the education committee for proposing policies that were helpful to the country including issues pertaining new projects and Teachers for TTI.
- ❖ There was also a concern around distribution of sanitary pads to schools and whether it is indeed reaching its desired target. To avert the same in future the committee was of the opinion that county women representatives implement the program under the National Affirmative Fund. Consequently, the funds meant for the program will be shared among the 47 women leaders according to the number of schools in their area.

The committee was also concerned with the issues of supervision and quality assurance at the lowest level. It was noted that despite the two levels of supervision

done by both the Ministry of education and the Teachers service commission little hardly goes in terms of the two executing their supervisory mandate over schools.

MIN BAC/001/2017/06: MEETING AGRICULTURE, LIVESTOCK AND CO-OPERATIVES COMMITTEE

The Chair Budget and Appropriations Committee welcomed the Chair Departmental Committee of Agriculture, Livestock and Cooperatives to the meeting. The Chair Agriculture committee thanked for the opportunity and indicated that his committee made the following observations on the budget estimates 2017/18 FY;

- ❖ BAC approves the budget estimates for the state department of Agriculture for the FY 2017/2018
- ❖ The National government through the intergovernmental institution should coordinate the various functions being concurrently done undertaken by the two-level government.
- ❖ The National Government should coordinate with County Governments on the future donor support programmes.
- ❖ Kshs. 900 million from the fertilizer subsidy in the crop development and management program be deducted and re-allocated.
- ❖ BAC approves the budget estimates for the state department of Livestock for the FY 2017/2018
- ❖ Kshs. 60 million be reallocated from the farm development at sheep & goat breeding farms under Livestock Production and Management.
- ❖ Kshs. 40 million be re-allocated from Disease Free Zones Programme and Kshs. 48 million from construction of Nakuru milk analysis lab.
- ❖ BAC approves the budget estimates for the state department of fisheries and blue economy for the FY 2017/2018.

- ❖ BAC approves the budget estimates for the state department of Irrigation for the FY 2017/2018
- ❖ BAC approves the budget estimates for the state department of Cooperatives Development for the FY 2017/2018.

Owing to low absorptive capacity witnessed, Members were informed that the Kshs. 900 million from the fertilizer subsidy in the crop development and management program be deducted and re-allocated as follows;

- ❖ **Kshs 400 million** to Kenya Veterinary Vaccine Production Institute under the Livestock resources management and development to modernize and upscale the production of vaccines.
- ❖ **Kshs. 500 million** to Kenya Meat Commission under Livestock Resources Management and Development.

On the reallocations from Livestock Production and Management, Disease Free Zones Program and Nakuru Milk Analysis Lab the Chair was of the view that the amount be reallocated in the following way;

- ❖ The **Kshs. 60 million** be re-allocated to Kenya Veterinary Board under the Livestock Policy Development and Capacity Building Programme.
- ❖ The **Kshs 88 million** be allocated to Kenya Dairy Board under the Livestock Policy Development and Capacity Building Programme.

The Departmental Committee chair also made an extra request of Kshs 550 million to uplift Kenya Meat Commission. He argued that the commission is doing a noble work of buying animals that will otherwise have been dying because of drought. The Budget and Appropriations Committee agreed to consider the proposed reallocations of the departmental committee.

MIN BAC/001/2017/07: MEETING ENERGY, INFORMATION AND COMMUNICATION COMMITTEE

The Chair Budget and Appropriations Committee welcomed the Chair Departmental Committee of Energy, Information and Communications to the meeting. The Chair energy committee thanked for the opportunity and indicated that his committee made the following observations on the budget estimates 2017/18 FY;

- ❖ That under the +5000 MW Plan a total of 657.5 MW of new generation capacity was installed since 2013 and further notes the composition of the extra capacity were of different sources such as geothermal, wind, solar and thermal.
- ❖ He also informed the committee the current level of generation mix was consisting of geothermal (44.3 percent), Hydro (29.43 percent), and fossil fuel (22.9 percent), and further noted reduction in fuel cost charge, a key driver of electricity cost, from Kshs 4.79 per kWh as at October 2014 to Kshs 2.31 by October 2015 before increasing to Kshs 2.85 per kWh in December 2016 which was attributed to reduced hydropower output.
- ❖ He further emphasized on the need to improve on demand and uptake of generated power through scale up of flagship projects such as last mile connectivity and street lighting as well as fast tracking the completion of high voltage transmission lines such as Loyangalani – Suswa line and inter country interconnector lines to evacuate and avail power to consumers.
- ❖ The committee was also informed of the need to finance pending bills, commitments and clearance of wayleave compensation of Kshs 20.328 billion. This shortfall affects a key flagship projects such as construction of power transmission lines by KETRACO (Kshs 11.503 billion) , rural electrification and connection of electricity to public facilities that is been undertaken by REA ( Kshs 1.527 billion), geothermal development in Menangai by GDC (kshs896million), further counterpart support to last mile connectivity project in conjunction with ADB (Kshs 2.51 billion), off grid activities and others payables (kshs 3.3 billion) and Nuclear support programs and operational activities such as grid study, and nuclear research reactors , regulatory and technology assessment (Kshs 593 million).

- ❖ The chair also took note of the need to inform measures by the ministry to ensure that consumers of electric power and petroleum fuel are cushioned against escalating prices on account of global and external factors driving the respective cost elements of those products. The ministry is putting in place modalities by way of having escrow account/ cushion funds to primarily mitigate against adverse price changes to local consumers.
- ❖ The committee was also informed of underfunding in the following areas; Current Grant to Media Council of Kenya, Current Grant to KBC, Grant to Postal Corporation of Kenya, Construction of Multi-Purpose Hall for KIMC, Construction of satellite campus in Eldoret for KIMC, Enhance Mobile Cinema unit and Digitization of KNA Multimedia assets by a tune of Kshs. 961 million.
- ❖ The chair also observed that there was need to improve overall performance and governance in KBC and that there was need by the Ministry and the Management of the State broadcaster to spearhead efforts to restructure KBC with a view to settle its pending bills and improve its balance sheet.

The chair departmental Committee of energy proposed to the members that the total allocations for the State Department of Energy and State Department of Petroleum be approved.

He also noted that the Ministry needed to fast-track completion of on-going projects especially those under geothermal generation and exploitation, rural electrification and installation of transformers, last mile connectivity and critical transmission lines like loyangali-suswa line as well as development of oil related infrastructure through the early oil project and monetization.

The Budget and Appropriation Committee inquired of the transformers that were suppose be connected to constituencies for which the chair energy confirmed that it is on course.

MIN BAC/ 001/2017/08: MEETING DEFENSE AND FOREIGN RELATIONS COMMITTEE

The Chair Budget and Appropriations Committee welcomed the Chair defense and Foreign Relations Committee to the meeting and allowed him to give his presentation on his committee's findings on the agencies they oversight.

The chair defense and foreign relations committee thanked the members for the opportunity and remarked they indeed made the following observations on the budgets of the agencies they oversight;

- ❖ That theirs is no consistency in resource allocation to some MDAs along the Medium-Term Expenditure Framework (MTEF).
- ❖ The chair highlighted that there is Inadequate funding for key priority areas like acquiring properties abroad; state visits; operationalization of the Foreign Service Academy; promotion of Nairobi as a diplomatic and an economic hub through hosting of conferences and summits; promotion of regional peace, security and stability among others;
- ❖ The chair also noted that the budget estimates as submitted to the National Assembly did not adhere to the BPS as amended by the resolutions of the House. The estimates for the Ministry of Foreign Affairs have marginally surpassed the BPS ceiling by Kshs. 137 million.

The chair departmental Committee of defense and foreign relations also indicated that his committee made the following Recommendations on the budget estimates 2017/18 FY based on the observations and the resources available;

He noted that the Committee, after careful scrutiny of the budget estimates for the Ministry of Foreign Affairs and International trade; and having received submissions from Cabinet Secretary recommends a total of Kshs. 19.34 billion as the allocation for the Ministry of Foreign Affairs and International Trade in the 2017/2018 financial year

The chair also informed the meeting that the agencies under their purview is key to the countries diplomacy and stability and they recommend a funding outside their set allocations amounting to Kshs 1.616 billion be withdrawn from the Consolidated Fund to finance the State Department of East African Community integration (Vote



1182) in the 2017/2018 financial year. He also wondered how additional state visits by the president is granted under the budget estimates for 2017/18.

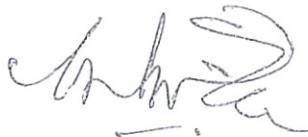
He also noted that that since terrorism has advanced in technology, the government needs to allocate more resources to the Ministry of Defense for quick modernization of their equipment and facilities to handle the versatile terrorism advances.

The Budget and Appropriations Committee has largely agreed with the committee except for the wish lists.

MIN BAC/ 001/2017/09: ADJOURNMENT

There being no other business the meeting adjourned at 6.30 p.m. The date for the next meeting was set on Tuesday, 21<sup>st</sup> March, 2016 at 9.30 am.

SIGNED



.....  
HON. MUTAVA MUSYIMI, M.P, CBS  
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

22-3-2017

.....  
DATE

MINUTES OF DAY 1 (MORNING) SITTING OF THE BUDGET AND  
APPROPRIATIONS COMMITTEE (BAC) HELD ON MONDAY 20<sup>th</sup>,  
MARCH 2017 IN MOUNT KENYA CONFERENCE HALL, RADISSON  
BLU HOTEL AT 9.00 A.M.

Present

1. Hon. Mutava Musyimi, CBS, M.P. -Chairperson
2. Hon. Edick Omondi Anyanga, M.P
3. Hon. Moses Lessonet, M.P.
4. Hon. Moses Ole Sakuda, M.P
5. Hon. Yusuf Hassan Abdi, M.P
6. Hon. Suleiman Murunga Kasuti, M.P.
7. Hon. (Dr.) Makali Mulu, M.P.
8. Hon. Richard Onyonka, M.P.
9. Hon. Mohammed Shidiye, M.P.
10. Hon. Jonathan Lelelit, M.P.
11. Hon. (Dr.) Reginalda Wanyonyi, M.P.
12. Hon. (Maj.) Marcus Muluvi, M.P
13. Hon. Abdullahi Diriye M.P
14. Hon. Alice Ng'anga, M.P.
15. Hon. Christopher Nakuleu, M.P
16. Hon. Francis Njenga, M.P.
17. Hon. Gideon Ochanda, M.P.
18. Hon. James Gakuya, M.P.
19. Hon. Jones Mlolwa, M.P.
20. Hon. K.K. Stephen Kinyanjui, M.P
21. Hon. Kathuri Murungi, M.P
22. Hon. Muriuki Njagagua, M.P.
23. Hon. Nasra Ibrahim, M.P.
24. Hon. Samuel Gichigi, M.P.

Absent

1. Hon. Mary Emaase, M. P. -Vice Chairperson
2. Hon. Phillip Rotino, M.P
3. Hon. Jamleck Kamau, M.P.
4. Hon. Jackson Kiptanui, M.P.
5. Hon. Shakeel Shabbir, M.P.
6. Hon. Nelson Gaichuhie, M.P.
7. Hon. Christopher Omulele, M.P.

8. Hon. Daniel Nanok, M.P.
9. Hon. Kenneth Okoth , M.P
- 10.Hon. Moses Kuria, M.P
- 11.Hon. Peter Weru, M.P.
- 12.Hon. Richard Tongi, M.P.
- 13.Hon. Tiyah Galgalo, M.P.
- 14.Hon. Benjamin Langat, M.P.
- 15.Hon. (Dr.) Njogu Barua, M.P
- 16.Hon. Ferdinand Waititu, M.P
- 17.Hon. John Mbadi, M.P.
- 18.Hon. Abdulaziz Farah, M.P.
- 19.Hon. Ahmed I. Abass, M.P.
- 20.Hon. Bady Bady Twalib, M.P.
- 21.Hon. Ben Momanyi, M.P
- 22.Hon. Denis Kariuki, M.P.
- 23.Hon. Denittah Ghati, M.P.
- 24.Hon. James K. Bett, M.P
- 25.Hon. Joseph Limo, M.P.
- 26.Hon. Patrick Ole Ntutu, M.P.
- 27.Hon. Priscilla Nyokabi, M.P.

### **In Attendance**

### **Chairpersons of Departmental Committees**

- |                                   |                                                   |
|-----------------------------------|---------------------------------------------------|
| 1. Hon. (Dr.) Robert Pukose, M.P. | Vice-chairperson, Health                          |
| 2. Hon. Adan Noor, M.P.           | Chair, Agriculture, Livestock and Cooperatives    |
| 3. Hon. Ndungu Gethenji, M.P.     | Chairperson, Defense and Foreign Relations        |
| 4. Hon. Elias Bare Shill, M.P.    | Vice-Chairperson, Defense and Foreign Relations   |
| 5. Hon. Kamama Asman , M.P.       | Chairperson, Administration and National Security |
| 6. Hon. Sabina Chege, M.P.        | Chairperson, Education, Research and Technology   |

- |                                        |                                                        |
|----------------------------------------|--------------------------------------------------------|
| 7. Hon. Mohamed Mahamud                | Vice- Chairperson, Transport, Housing and Public Works |
| 8. Hon. Moses Ole Sakuda               | Vice- Chairperson, Lands                               |
| 9. Hon. Mohamed Elmi, M.P.             | Ag. Chairperson, Energy, Communication and Information |
| 10.Hon. Peter Kaluma, M.P.             | Ag. Chairperson, Justice and Legal Affairs             |
| 11.Hon. (Dr.) Reginalda Wanyonyi, M.P. | Ag. Chairperson, Environment and Natural Resources     |
| 12.Hon. Samuel Gichigi, M.P.           | Ag. Chairperson, Labour and Social Welfare             |

**Ministry of Sports, Culture and Arts**

- |                           |                   |
|---------------------------|-------------------|
| 1. Mr. Hassan Wario Arero | Cabinet Secretary |
| 2. Mr. Phineas Kimathi    | Member            |
| 3. Mr. James Kahumbura    | Member            |
| 4. Mr. Boru A. Hassan     | Member            |

**Parliamentary Budget Office Secretariat**

- |                           |                          |
|---------------------------|--------------------------|
| 1. Ms. Phyllis Makau      | Director, PBO            |
| 2. Ms. Lucy Makara        | Chief Fiscal Analyst     |
| 3. Mr. Frederick Muthengi | Principal Fiscal Analyst |
| 4. Ms. Millicent Makina   | Fiscal Analyst II        |
| 5. Mr. James Chacha       | Fiscal Analyst III       |
| 6. Mr. Abdi Gorod         | Fiscal Analyst III       |
| 7. Mr. Adan Abdi          | Fiscal Analyst III       |
| 8. Ms. Julie Mwithiga     | Fiscal Analyst III       |
| 9. Ms. Amran Yunis        | Fiscal Analyst III       |
| 10.Ms. Catherine Burure   | Fiscal Analyst III       |
| 11.Mr. Danson Kachumbo    | Fiscal Analyst III       |
| 12.Mr. Allan Gituku       | Sergeant –At- Arms       |
| 13.Mr. Joram Baraza       | Office Attendant         |

## AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
  - i. *Receiving submissions from Departmental Committees on Estimates for FY 2017/18*
  - ii. *Meeting with the Ministry of Sports, Culture and Arts*
  - iii. *Meeting with National Treasury on 2017/18 Estimates*
5. Any Other Business

### MIN BAC/001/2017/01: PRELIMINARIES

The Chairman called the meeting to order at 10.00 a.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed the Committee that at the end of the sessions the Committee intends to exhaustively receive submission from all the Departmental Committee chairs and also meet officials from the Ministry of Sports, Culture and Arts. The chair further mentioned that the team from the Ministry of Sports would like to return safari rally to the Kenyan soil and it will be interesting to listen to their submission.

### MIN BAC/ 001/2017/02 MEETING WITH MINISTRY OF SPORTS, CULTURE AND

The team thanked the committee for giving them an opportunity to make their submissions. They mentioned that they will be contending to host Africa rally championship and in 2017 and safari rally world rally championship in 2018 fourteen years after Kenya was dropped from the championship due to lack of government support and local sponsorship.

They submitted that the events will popularize Kenya in the global stage since the World Rally Championship (WRC) has increasingly become a live Tv event

expecting a 50 percent live coverage over three days of action by 2017 and 80 percent in 2019 generating 5000 hours of television coverage.

They estimate that for Kenya to host the event they will require about kshs 432 million to cater for local administration, event communication and links among other things.

After examination of their budget the committee requested the team to reduce their request to Kshs 300 million and seek the rest from private partners who may be interested to partner and participate.

The committee reiterated the importance of this event as it will profile the country's positive image in the global arena.

MIN BAC/ 001/2017/03 THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

The chair informed the committee that the Office of the Attorney General had grappled with inadequate funds for the execution of its mandate in the following areas; inadequate legal framework, cross border legal practice, rising levels of insecurity, demand for legal services, cross sector linkages, implementation of the Marriage Act, 2014, establishment of the Business Registration Service, representation in Regional and International Courts, Commissions and Tribunals, and Cybercrime and Transnational Organized Crimes.

With that the Justice and Legal Affairs Committee was of the opinion that they recommend additional funds of Kshs 264 million to be applied as follows;

No.	Description	Amount
I.	Allowance of Kshs. 15,000 to employees	144,000,000
II.	Activation of National Legal Aid Scheme	20,000,000
III.	Automation of business process management system	20,000,000
IV.	Victim protection board	20,000,000
V.	GJLOs program	30,000,000

VI.	Purchase of Motor Vehicles for field officers	30,000,000
<b>Total</b>		<b>264,000,000</b>

The Committee was also informed that the Independent Electoral and Boundaries Commission had a pending bill of Kshs. 200 million as a consequence of the court order to extend voter registration period by 5 days.

The chair Justice and legal affairs committee also requested that the submissions of the committee be passed as contained in the report of the committee.

### Concerns raised by the Members

Members raised that the transport licensing tribunal needed to get an enhanced budget since it can barely run its activities. However, the chair legal responded to the fact that there was no need to lobby for the tribunal since it's catered for within the judiciary budget.

After deliberations, it was agreed that the committee will relook at the matter on the budget of the public hearing money

### MIN BAC/ 001/2017/04: THE DEPARTMENTAL COMMITTEE ON LANDS

The departmental Committee presented the following observations;

- i) That during Supplementary Estimates No. 1, 2016/17 FY, the Ministry's Development Budget was reduced by Ksh. 466 million. The following key projects/programmes were affected: Settlement of the landless (Ksh. 27,738,255); National Physical Planning (Ksh. 53,261,745); Development of Geospatial Data (Ksh.145,144,000); Survey (Ksh.125,000,000); Renovation of Land offices (Ksh.14,356,000); and Construction of Land Registries (Ksh.87,500,000). He noted that the

- reduction will adversely affect the achievement of the Ministry's set targets for the 2016/17 financial year;
- ii) The ministry's budget has been increasing over the last three years; however major cuts have been experienced at the supplementary stage affecting overall target achievement by the ministry;
  - iii) The allocation of Kshs 1.6 billion towards the processing and registration of title deeds is the same compared to year 2016/17 despite the target reducing by more than half;
  - iv) The allocation to the Kenya Coastal development project (donor funded) is zero despite it being an ongoing project
  - v) The committee was concerned about personal emoluments shortfall of **Kshs 150 million** and due to this shortfall, the Commission will not be able to employ key technical staff to serve Kenyans at the County level;
  - vi) Historical Land Injustices function has not been factored or funded in this budget as the role of the Commission was only clearly defined via Land Laws (Amendment) Act of 2016 which was enacted with effect from September 2016. The National Land Commission requires about Kshs 250 million to roll out the programmes for this function during FY 2017/18;

The chair also made an additional request of **Kshs. 6 billion** to cater for the shortfall in allocation in the Ministry. He also stated that the Committee is agreeable to the proposal that an amount of **KShs. 1,752 million** be withdrawn from the consolidated fund for National Land Commission, Vote 2021 comprising of **KShs. 1,452 million** in recurrent and **Kshs 300 million** in development in the 2017/2018 financial year.



## **Budget Committee Members Concern**

Members were of the opinion that the national land commission could lose its presence based on the court ruling that abolished the County Land Management Board. The meeting was also informed that there was consultation with the National Treasury to employ the staffs at the county level.

### MIN BAC/ 001/2017/05: THE DEPARTMENTAL COMMITTEE ON HEALTH

The departmental Committee presented the following observations;

The Committee reported that funds allocated for the slum upgrading (portable clinics), in 2017/18 BPS be reallocated for other strategic and core mandate of the Ministry noting that the clinics that was formally brought in are yet to be delivered. He also informed the meeting that his Committee noted that the Managed Equipment Service (MES) Project was allocated Ksh 4.5million in the BPS 2017 has its annual approved expenditure increased by Ksh. 1.5 billion from the Ksh. 4.5 billion in 2016/17 to Ksh. 6 billion in 2017/18 and that they concerned that the project roll out and consequently service provision continues to be hampered by uninstalled equipment and incomplete infrastructure in some facilities and inadequate health staff to operate the equipment.

He further said that despite these, the program in 2016/17 expenditure allocation of Ksh. 4.5 billion was adjusted upwards to Ksh. 9.6 billion (an increment of Ksh. 5.1 billion ) in the supplementary expenditure estimates 1 for 2016/17.

The committee observed were also based on the fact that the Ministry has failed to provide to the Committee the contracts for the MES project and as such the Committee has found it difficult to make informed decisions regarding the same.

Arising from the above, the committee recommended, the reallocation of Ksh 1 billion from the MES to other priority areas and further recommends that the

Auditor General undertake a performance audit on the implementation of the MES programmes in a bid to address any emerging challenges and ascertain value for money.

### **Budget Committee Members Concern**

The committee was worried that the slum upgrading programme was targeting urban poor areas with poor health indicators and that the committee's recommendation may stifle efforts put under to contain the same.

The committee was also concerned of the absorption and implementation capacity of the ministry between now and the elections. It was noted that most equipments are still in store and that the necessary human resource may not be available to operate on them.

### **MIN BAC/ 001/2017/06: THE DEPARTMENTAL COMMITTEE ON TRANSPORT**

The chair informed the meeting that his committee was concerned that the current rate of construction of roads it would be important to ensure that all roads are built with a purpose (to avoid the situation of roads leading to no-where) in addition, the budget for road maintenance is expected to rise substantially as such proper road maintenance policies and planning should be in place to ensure that road maintenance is done efficiently and effectively to guarantee long-life. This will require the proper review of the annual works program at the national, constituency and at the county level to guarantee that projects under construction are properly planned and will have economic benefits.

The chair also reiterated that there needs to be further transparency with the collection and distribution of the road maintenance Levy fund and the Railway

development fund that are valued at Kshs. 62 billion and Kshs. 36.2 billion if FY 2017/18. Quarterly status reports should therefore be submitted to Parliament every financial year.

The chair also informed the meeting that his committee having noted that the LAPSSERT project has been allocated 10 billion shillings which is above its absorption rate of 7 billion (as indicated under the Supplementary I Budget FY 2016/17). The committee resolves that this amount be reduced by 1 billion to remain at 9 billion for the FY 2017/18. The resultant KsSh. 1 billion to be relocated as follows:

- ❖ State department for Public Works – *KSh. 15 Million* for construction of *Ugembo Foot Bridge* – This is under the Coastline Infrastructure & Pedestrian Access Program
- ❖ Under state department of Transport – *KSh. 300 million* for *Suneka Airstrip* and *KSh. 300 million* for *Kakamega Airstrip* – These are both under the Air Transport Program
- ❖ State Department for Housing and Urban Development - *KSh. 335 million* to enhance construction of *housing units for police and prison officers* – This will increase the FY 2017/18 budgetary allocation of KSh. 1.35 to KSh. 1.685 million – This is under the Housing Development and Human Settlement Program
- ❖ Under State Department for Maritime Affairs - *Development of the maritime master plan* – *Ksh. 20 million*, *purchase of office furniture and general equipment* – *KSh. 30 million* – This state department does not have a vote for the development budget however it has only one program i.e. marine transport program

The committee also brought forward the following policy recommendations:

- ❖ The National Treasury creates or provides for a development budget under the State Department of Shipping and Maritime Affairs to facilitate the above recommendations. The state department has been allocated funds for recurrent expenditure amounting to KSh. 275 million for the FY 2017/18 and the development budget will enable the state department plan and implement projects that will have effect beyond the current financial year.
- ❖ That the *Kenya Maritime Authority* and all its functions be placed under the purview of the state department of Maritime.
- ❖ That all functions under the state department for transport that pertains to maritime affairs be transferred to the state department for maritime.

#### **Budget Committee Members Concern**

The budget committee had indeed agreed with the departmental committee that maritime functions be placed under the purview of the state department of maritime. The committee commended the departmental committee for coming up with such a good policy.

The committee had also made negotiations for prisons housing and requested that kshs 100 million be topped on what has been already allocated. After deliberations they agreed with the transport committee that kshs 100 million be reduced from Suneka air strip to top up with the 335 million already allocated.

#### **MINBAC/001/2017/08:MEETING DEFENSE AND FOREIGN RELATIONS COMMITTEE**

The Chair Budget and Appropriations Committee welcomed the Chair defense and Foreign Relations Committee to the meeting and allowed him to give his presentation on his committees findings on the agencies they oversight.

The chair defense and foreign relations committee thanked the members for the opportunity and remarked they indeed made the following observations on the budgets of the agencies they oversight;

- ❖ That theirs is no consistency in resource allocation to some MDAs along the Medium Term Expenditure Framework (MTEF).
- ❖ The chair highlighted that there is Inadequate funding for key priority areas like acquiring properties abroad; state visits; operationalization of the Foreign Service Academy; promotion of Nairobi as a diplomatic and an economic hub through hosting of conferences and summits; promotion of regional peace, security and stability among others;
- ❖ The chair also noted that the budget estimates as submitted to the National Assembly did not adhere to the BPS as amended by the resolutions of the House. The estimates for the Ministry of Foreign Affairs have marginally surpassed the BPS ceiling by Kshs. 137 million.

The chair departmental Committee of defense and foreign relations also indicated that his committee made the following Recommendations on the budget estimates 2017/18 FY based on the observations and the resources available;

He noted that the Committee, after careful scrutiny of the budget estimates for the Ministry of Foreign Affairs and International trade; and having received submissions from Cabinet Secretary recommends a total of Kshs. 19.34 billion foras the allocation for the Ministry of Foreign Affairs and International Trade in the 2017/2018 financial year

The chair also informed the meeting that the agencies under their purview is key to the countries diplomacy and stability and they recommend a funding outside their set allocations amounting to Kshs 1.616 billion be withdrawn from the Consolidated Fund to finance the State Department of East African Community integration (Vote 1182) in the 2017/2018 financial year. He also wondered how additional state visits by the president is granted under the budget estimates for 2017/18.

He also noted that that since terrorism has advanced in technology, the government needs to allocate more resources to the Ministry of Defense for quick modernization of their equipment and facilities to handle the versatile terrorism advances.

The Budget and Appropriations Committee has largely agreed with the committee except for the wish lists.

**MIN BAC/ 001/2017/09: Meeting National Security Committee**

The chair thanked the National security committee chair for coming despite tight schedule of campaigns and nominations.

In his introductory remark the chair National Security Committee brought to the attention of the members that Both the Independent Police Oversight Authority and the Public Service Commission have had unqualified audit opinion by the Auditor General making them to be some of the best financially managed public agencies.

He added that the Directorate of Criminal Investigations targets to complete the Forensic laboratory by 100 per cent in the FY 2017/18. Further noting that the target may not be achieved given that the laboratory has not been completed in Phase 1 which involves only construction. Phase II of the project which involves equipping the laboratory has not been started.

On the police housing units the chair was concerned the the National Police Service may not achieve its set target to acquire 3,000 housing units. He reiterated that number is minimal in comparison to the number of recruits every year, the Service still may not achieve this target given that in the last four years, they have achieved less than 2,000 housing units.

The chair also brought forward issues of unrealistic target on the part of security Surveillance cameras. He noted that the Office of the Inspector General targets to install 2,000 CCTV cameras in Kisumu and Nakuru over the next one year when they had only achieved 1800 over three years.

The chair also informed the committee that There is a concern regarding pending bills arising from accumulated National Hospital Insurance Fund (NHIF) arrears for the civil servants medical scheme of Kshs. 2.08 billion occasioned by unpaid premiums which have been accruing over the years due to inadequate budgetary

provisions to the State Department for Public Service and Youth to cater for the same.

From the observations of the committee the chair informed the meeting that they made the following recommendations after careful scrutiny of the budgets for the state department the committee oversights;

- Kshs. 150 million reallocated from police modernization in state department for interior to the Public Service Commission General Administration Programme to facilitate operationalization of a mortgage and car loan scheme for staff(Kshs. 100 M) and facilitate development of Citizen Delivery Charter (Kshs. 50 M).
- Kshs. 180 M be re-allocated from police modernization in state department interior to State department correctional services to facilitate payment of stipend allowance Kshs. 130M and procurement of fuel and lubricants (Kshs. 50M)
- Kshs. 390 M be reallocated from Police modernization state department Interior to State department for Public Service and Youth to cater for additional recurrent operational costs for Huduma Kenya Secretariat (Kshs. 50 M) and completion of stalled modern complex at KSG (Kshs. 340 m)
- Kshs. 65M be reallocated from police modernization to National Police Service Commission to facilitate police vetting (Kshs. 46.80 M) automation of police records (Kshs. 3.2 M) and monitoring of recruitment of police constables (Kshs. 15 M)
- Kshs. 50 Million be reallocated from Planning, Policy Coordination and support services to the independent policing oversight Authority to cater for funding of 3 newly established regional offices
- Kshs. 50 million be reallocated from Planning, Policy Coordination and support services under refurbishment of regional county and sub-county offices to IPOA to cater for funding of 3 newly established regional offices and facilitate the establishment of 3 additional regional offices
- Kshs. 50 million be re-allocated from Planning, Policy Coordination and support services under construction of newly gazetted sub-county HQs to

IPOA to cater funding of 3 newly established regional offices and facilitate the establishment of 3 additional regional offices

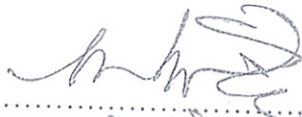
- Kshs. 50 Million be reallocated from policing services construction of Police stations and Housing for Administration to IPOA to cater for funding of staff and Board Service gratuity

The chair concluded that a further kshs 300 million be taken from police modernization to Kenya school of government in Mombasa to finish a building that is under construction.

MIN BAC/ 001/2017/10: ADJOURNMENT

There being no other business the meeting adjourned at 6.30 p.m.

SIGNED



.....  
HON. MUTAVA MUSYIMI, M.P, CBS  
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

22. 3. 2017

.....  
DATE



SCHEDULE B BUDGET ESTIMATES FOR FY 2017-18 BY PROGRAMME

Programme	Recurrent		Capital		Total	
	Estimate	Amendment	Estimate	Amendment	Estimate	Amendment
<b>Ministry of Health</b>						
0702000 P2 Cabinet Affairs	8,702,407.012	-	1,110,000.000	-	9,812,407.012	-
0703000 P3 Government Advisory Services	2,136,449.651	-	217,000.000	-	2,353,449.651	-
0704000 P4 State House Affairs	1,014,969.780	-	-	-	1,014,969.780	-
0704000 P4 State House Affairs	3,673,971.500	-	321,000.000	-	3,994,971.500	-
0734000 P5 Deputy Presidential Services	2,198,016.081	-	572,000.000	-	2,770,016.081	-
Total	106,819,293,000	-	18,601,796,889	-	125,421,089,889	-
0601000 P1 Policing Services	78,583,788.581	-	12,260,000.000	-	90,843,788.581	-
0602000 P2 Planning, Policy Coordination and Support Services	21,090,126.501	-	4,266,500.000	-	25,356,626.501	-
0603000 P3 Government Printing Services	770,983,833	-	150,000.000	-	920,983,833	-
0605000 P4 Population Management Services	6,249,244,085	-	8,174,540,974	-	14,423,785,059	-
0605000 P4 Population Management Services	6,249,244,085	-	1,925,296,889	-	8,174,540,974	-
0607000 P5 Regulatory Services	125,150,000	-	125,150,000	-	250,300,000	-
Total	21,355,369,313	-	900,000,000	-	22,255,369,313	-
0624000 P3 Betting Control, Licensing and Regulation Services	119,933,224	-	-	-	119,933,224	-
0623000 P2 Correctional Services	20,834,616,887	-	854,336,504	-	21,688,953,391	-
0623000 P2 Correctional Services	400,819,202	-	45,663,496	-	446,482,698	-
Total	1,107,800,000	-	3,539,300,000	-	4,647,100,000	-
0712000 P7 Devolution Services	822,962,634	-	2,519,300,000	-	3,342,262,634	-
0732000 P3 General Administration, Planning and Support	284,837,366	-	1,020,000,000	-	1,304,837,366	-
0732000 P3 General Administration, Planning and Support	2,519,300,000	-	2,519,300,000	-	5,038,600,000	-
Total	4,647,100,000	-	4,647,100,000	-	9,294,200,000	-
0713000 P8 Special Initiatives	1,158,276,929	-	1,158,276,929	-	2,316,553,858	-
0733000 P9 Accelerated ASAL Development	700,086,095	-	4,501,350,000	-	5,201,436,095	-
0743000 P3 General Administration, Planning and Support	294,746,976	-	18,100,000	-	312,846,976	-
Total	2,153,110,000	-	6,572,560,000	-	8,725,670,000	-
0706000 P1 Economic Policy and National Planning	1,234,437,055	-	32,005,082,400	-	33,239,519,455	-
0707000 P2 National Statistical Information Services	2,333,333,297	-	1,454,800,000	-	3,788,133,297	-
0708000 P3 Monitoring and Evaluation Services	154,476,511	-	326,450,111	-	480,926,622	-
0709000 P4 General Administration, Planning and Support	525,571,973	-	-	-	525,571,973	-
0710000 P5 Integrated Regional Development	1,362,631,164	-	4,179,631,164	-	5,542,262,328	-
0713000 P7 Integrated Regional Development	2,817,000,000	-	84,000,000	-	2,901,000,000	-
Total	103,574,400,000	-	103,619,400,000	-	207,193,800,000	-
0901000 P1 Defence	102,141,000,000	-	45,000,000	-	102,186,000,000	-
0902000 P2 Civil Aid	200,000,000	-	200,000,000	-	400,000,000	-
0903000 P3 General Administration, Planning and Support	1,233,400,000	-	-	-	1,233,400,000	-
Total	103,574,400,000	-	45,000,000	-	103,619,400,000	-
0714000 P1 General Administration, Planning and Support	17,746,000,000	-	2,000,000,000	-	19,746,000,000	-
0714000 P1 General Administration, Planning and Support	3,191,491,885	-	310,000,000	-	3,501,491,885	-
0715000 P2 Foreign Relation and Diplomacy	14,265,108,188	-	1,690,000,000	-	15,955,108,188	-
0741000 P4 Economic and Commercial Diplomacy	141,913,000	-	-	-	141,913,000	-
0742000 P5 Foreign Policy Research, Capacity Dev. and Technical Cooperation	147,486,927	-	-	-	147,486,927	-
Total	60,299,000,000	-	67,075,730,000	-	127,374,730,000	-
0501000 P1 Primary Education	17,239,329,784	-	4,600,563,500	-	21,839,893,284	-
0502000 P2 Secondary Education	34,216,459,318	-	1,722,616,500	-	35,939,075,818	-
0503000 P3 Quality Assurance and Standards	4,152,242,784	-	302,000,000	-	4,454,242,784	-
0506000 P8 General Administration, Planning and Support	4,690,968,114	-	141,550,000	-	4,832,518,114	-
Total	60,299,000,000	-	50,000,000	-	60,349,000,000	-
0507000 P9 Technical Cooperation	5,006,730,000	-	-	-	5,006,730,000	-
0508000 P9 Technical Cooperation	5,006,730,000	-	-	-	5,006,730,000	-
0509000 P9 Technical Cooperation	4,882,518,114	-	-	-	4,882,518,114	-
0510000 P9 Technical Cooperation	302,000,000	-	-	-	302,000,000	-
0511000 P9 Technical Cooperation	4,454,242,784	-	-	-	4,454,242,784	-
0512000 P9 Technical Cooperation	1,362,616,500	-	-	-	1,362,616,500	-
0513000 P9 Technical Cooperation	21,839,893,284	-	-	-	21,839,893,284	-
0514000 P9 Technical Cooperation	4,200,563,500	-	-	-	4,200,563,500	-
0515000 P9 Technical Cooperation	56,355,730,000	-	-	-	56,355,730,000	-
<b>Ministry of Education</b>						
0702000 P2 Cabinet Affairs	8,702,407.012	-	1,110,000.000	-	9,812,407.012	-
0703000 P3 Government Advisory Services	2,136,449.651	-	217,000.000	-	2,353,449.651	-
0704000 P4 State House Affairs	1,014,969.780	-	-	-	1,014,969.780	-
0704000 P4 State House Affairs	3,673,971.500	-	321,000.000	-	3,994,971.500	-
0734000 P5 Deputy Presidential Services	2,198,016.081	-	572,000.000	-	2,770,016.081	-
Total	106,819,293,000	-	18,601,796,889	-	125,421,089,889	-
0601000 P1 Policing Services	78,583,788.581	-	12,260,000.000	-	90,843,788.581	-
0602000 P2 Planning, Policy Coordination and Support Services	21,090,126.501	-	4,266,500.000	-	25,356,626.501	-
0603000 P3 Government Printing Services	770,983,833	-	150,000.000	-	920,983,833	-
0605000 P4 Population Management Services	6,249,244,085	-	8,174,540,974	-	14,423,785,059	-
0605000 P4 Population Management Services	6,249,244,085	-	1,925,296,889	-	8,174,540,974	-
0607000 P5 Regulatory Services	125,150,000	-	125,150,000	-	250,300,000	-
Total	21,355,369,313	-	900,000,000	-	22,255,369,313	-
0624000 P3 Betting Control, Licensing and Regulation Services	119,933,224	-	-	-	119,933,224	-
0623000 P2 Correctional Services	20,834,616,887	-	854,336,504	-	21,688,953,391	-
0623000 P2 Correctional Services	400,819,202	-	45,663,496	-	446,482,698	-
Total	1,107,800,000	-	3,539,300,000	-	4,647,100,000	-
0712000 P7 Devolution Services	822,962,634	-	2,519,300,000	-	3,342,262,634	-
0732000 P3 General Administration, Planning and Support	284,837,366	-	1,020,000,000	-	1,304,837,366	-
0732000 P3 General Administration, Planning and Support	2,519,300,000	-	2,519,300,000	-	5,038,600,000	-
Total	4,647,100,000	-	4,647,100,000	-	9,294,200,000	-
0713000 P8 Special Initiatives	1,158,276,929	-	1,158,276,929	-	2,316,553,858	-
0733000 P9 Accelerated ASAL Development	700,086,095	-	4,501,350,000	-	5,201,436,095	-
0743000 P3 General Administration, Planning and Support	294,746,976	-	18,100,000	-	312,846,976	-
Total	2,153,110,000	-	6,572,560,000	-	8,725,670,000	-
0706000 P1 Economic Policy and National Planning	1,234,437,055	-	32,005,082,400	-	33,239,519,455	-
0707000 P2 National Statistical Information Services	2,333,333,297	-	1,454,800,000	-	3,788,133,297	-
0708000 P3 Monitoring and Evaluation Services	154,476,511	-	326,450,111	-	480,926,622	-
0709000 P4 General Administration, Planning and Support	525,571,973	-	-	-	525,571,973	-
0710000 P5 Integrated Regional Development	1,362,631,164	-	4,179,631,164	-	5,542,262,328	-
0713000 P7 Integrated Regional Development	2,817,000,000	-	84,000,000	-	2,901,000,000	-
Total	103,574,400,000	-	103,619,400,000	-	207,193,800,000	-
0901000 P1 Defence	102,141,000,000	-	45,000,000	-	102,186,000,000	-
0902000 P2 Civil Aid	200,000,000	-	200,000,000	-	400,000,000	-
0903000 P3 General Administration, Planning and Support	1,233,400,000	-	-	-	1,233,400,000	-
Total	103,574,400,000	-	45,000,000	-	103,619,400,000	-
0714000 P1 General Administration, Planning and Support	17,746,000,000	-	2,000,000,000	-	19,746,000,000	-
0714000 P1 General Administration, Planning and Support	3,191,491,885	-	310,000,000	-	3,501,491,885	-
0715000 P2 Foreign Relation and Diplomacy	14,265,108,188	-	1,690,000,000	-	15,955,108,188	-
0741000 P4 Economic and Commercial Diplomacy	141,913,000	-	-	-	141,913,000	-
0742000 P5 Foreign Policy Research, Capacity Dev. and Technical Cooperation	147,486,927	-	-	-	147,486,927	-
Total	60,299,000,000	-	67,075,730,000	-	127,374,730,000	-
0501000 P1 Primary Education	17,239,329,784	-	4,600,563,500	-	21,839,893,284	-
0502000 P2 Secondary Education	34,216,459,318	-	1,722,616,500	-	35,939,075,818	-
0503000 P3 Quality Assurance and Standards	4,152,242,784	-	302,000,000	-	4,454,242,784	-
0506000 P8 General Administration, Planning and Support	4,690,968,114	-	141,550,000	-	4,832,518,114	-
Total	60,299,000,000	-	50,000,000	-	60,349,000,000	-
0507000 P9 Technical Cooperation	5,006,730,000	-	-	-	5,006,730,000	-
0508000 P9 Technical Cooperation	5,006,730,000	-	-	-	5,006,730,000	-
0509000 P9 Technical Cooperation	4,882,518,114	-	-	-	4,882,518,114	-
0510000 P9 Technical Cooperation	302,000,000	-	-	-	302,000,000	-
0511000 P9 Technical Cooperation	4,454,242,784	-	-	-	4,454,242,784	-
0512000 P9 Technical Cooperation	1,362,616,500	-	-	-	1,362,616,500	-
0513000 P9 Technical Cooperation	21,839,893,284	-	-	-	21,839,893,284	-
0514000 P9 Technical Cooperation	4,200,563,500	-	-	-	4,200,563,500	-
0515000 P9 Technical Cooperation	56,355,730,000	-	-	-	56,355,730,000	-
<b>Ministry of Health</b>						
0702000 P2 Cabinet Affairs	8,702,407.012	-	1,110,000.000	-	9,812,407.012	-
0703000 P3 Government Advisory Services	2,136,449.651	-	217,000.000	-	2,353,449.651	-
0704000 P4 State House Affairs	1,014,969.780	-	-	-	1,014,969.780	-
0704000 P4 State House Affairs	3,673,971.500	-	321,000.000	-	3,994,971.500	-
0734000 P5 Deputy Presidential Services	2,198,016.081	-	572,000.000	-	2,770,016.081	-
Total	106,819,293,000	-	18,601,796,889	-	125,421,089,889	-
0601000 P1 Policing Services	78,583,788.581	-	12,260,000.000	-	90,843,788.581	-
0602000 P2 Planning, Policy Coordination and Support Services	21,090,126.501	-	4,266,500.000	-	25,356,626.501	-
0603000 P3 Government Printing Services	770,983,833	-	150,000.000	-	920,983,833	-
0605000 P4 Population Management Services	6,249,244,085	-	8,174,540,974	-	14,423,785,059	-
0605000 P4 Population Management Services	6,249,244,085	-	1,925,296,889	-	8,174,540,974	-
0607000 P5 Regulatory Services	125,150,000	-	125,150,000	-	250,300,000	-
Total	21,355,369,313	-	900,000,000	-	22,255,369,313	-
0624000 P3 Betting Control, Licensing and Regulation Services	119,933,224	-	-	-	119,933,224	-
0623000 P2 Correctional Services	20,834,616,887	-	854,336,504	-	21,688,953,391	-

05050000 P.5 Technical Vocational Education and Training	2,640,500,000	5,646,000,000	8,286,500,000	2,640,500,000	5,646,000,000	8,286,500,000
05070000 P.7 Youth Training and Development	2,373,125,000	3,621,000,000	5,994,125,000	2,373,125,000	3,621,000,000	5,994,125,000
05080000 P.8 General Administration, Planning and Support Services	62,187,500	2,025,000,000	2,087,187,500	62,187,500	2,025,000,000	2,087,187,500
Total	205,187,500		205,187,500	205,187,500		205,187,500
05040000 P.4 University Education	85,724,517,529	12,298,100,000	98,019,617,529	85,724,517,529	12,298,100,000	98,019,617,529
05060000 P.6 Research, Science, Technology and Innovation	81,970,390,214	11,942,100,000	93,912,490,214	81,970,390,214	11,942,100,000	93,912,490,214
05080000 P.8 General Administration, Planning and Support Services	3,099,270,753	356,000,000	3,455,270,753	3,099,270,753	356,000,000	3,455,270,753
Total	651,856,562		651,856,562	651,856,562		651,856,562
07170000 P.1: General Administration Planning and Support Services	77,192,300,000	45,602,042,616	122,794,342,616	77,192,300,000	45,602,042,616	122,794,342,616
07180000 P.2: Public Financial Management	71,240,609,280	5,102,332,944	76,342,942,224	71,240,609,280	5,102,332,944	76,342,942,224
07190000 P.3: Economic and Financial Policy Formulation and Management	4,456,690,093	39,093,105,872	43,549,795,965	4,456,690,093	39,093,105,872	43,549,795,965
07200000 P.4: Market Competition	1,076,617,075	1,351,603,800	2,428,220,875	1,076,617,075	1,351,603,800	2,428,220,875
07400000 P.5: Government Clearing Services	340,000,000	55,000,000	395,000,000	340,000,000	55,000,000	395,000,000
Total	78,393,552		78,393,552	78,393,552		78,393,552
04010000 P.1: Preventive, Promotive & RANCAH	30,673,820,252	30,966,683,319	61,640,483,571	30,673,820,252	30,966,683,319	61,640,483,571
04020000 P.2: National Referral & Specialized Services	1,592,021,642	7,107,824,415	8,699,846,057	1,592,021,642	7,107,824,415	8,699,846,057
04030000 P.3: Health Research and Development	15,943,469,578	10,254,063,400	26,197,532,978	15,943,469,578	10,254,063,400	26,197,532,978
04040000 P.4: General Administration, Planning & Support Services	5,497,163,179	99,000,000	5,596,163,179	5,497,163,179	99,000,000	5,596,163,179
04050000 P.5: Health Policy, Standards and Regulations	5,896,464,125	2,744,137,530	8,640,601,655	5,896,464,125	2,744,137,530	8,640,601,655
Total	1,744,701,728	10,761,837,974	12,506,539,702	1,744,701,728	10,761,837,974	12,506,539,702
02020000 P.2: Road Transport	52,658,000,000	134,927,491,571	187,585,491,571	52,658,000,000	134,927,491,571	187,585,491,571
Total	6,050,700,000	96,769,432,000	102,820,132,000	6,050,700,000	96,769,432,000	102,820,132,000
02010000 P.1: General Administration, Planning and Support Services	401,321,238	782,000,000	1,183,321,238	401,321,238	782,000,000	1,183,321,238
02030000 P.3: Rail Transport	248,310,000	75,584,000,000	75,832,310,000	248,310,000	75,584,000,000	75,832,310,000
02040000 P.4: Marine Transport	367,034,881	14,300,000,000	14,667,034,881	367,034,881	14,300,000,000	14,667,034,881
02050000 P.5: Air Transport	4,587,846,823	5,803,432,000	10,391,288,823	4,587,846,823	5,803,432,000	10,391,288,823
0216000000 Road Safety	446,185,058	300,000,000	746,185,058	446,185,058	300,000,000	746,185,058
Total	275,030,000		275,030,000	275,030,000		275,030,000
02180000: Shipping and Maritime Affairs	275,030,000		275,030,000	275,030,000		275,030,000
Total	1,725,700,000	14,272,000,000	15,997,700,000	1,725,700,000	14,272,000,000	15,997,700,000
01020000 P.2: Housing Development and Human Settlement	458,603,879	5,959,000,000	6,417,603,879	458,603,879	5,959,000,000	6,417,603,879
01050000 P.5: Urban and Metropolitan Development	272,704,396	8,183,000,000	8,455,704,396	272,704,396	8,183,000,000	8,455,704,396
01080000 P.6: General Administration Planning and Support Services	267,477,103		267,477,103	267,477,103		267,477,103
02180000 P.7: Regulation and Development of the Construction Industry	726,914,622	130,000,000	856,914,622	726,914,622	130,000,000	856,914,622

1000000 P 3 Government Buildings	846,050,000	2,176,090,000	3,022,140,000	15,000,000	15,000,000	646,050,000	2,191,090,000	3,037,140,000
0104000 P 4 Coastal Infrastructure and Pedestrian Access	370,698,632	2,039,560,000	2,410,258,632	2,191,734,021	15,000,000	370,698,632	2,039,560,000	2,410,258,632
0105000 P 6 General Administration Planning and Support	-	392,147,347	392,147,347	-	-	392,147,347	392,147,347	392,147,347
1001000 P 2 General Administration, Planning and Support	646,741,158	151,000,000	797,741,158	-	-	646,741,158	151,000,000	797,741,158
1004000 P 3 Water Resources Management	1,294,534,306	4,687,600,000	5,982,134,306	1,294,534,306	-	1,294,534,306	4,687,600,000	5,982,134,306
1017000 P 4 Water and Sewerage Infrastructure Development	2,075,884,536	24,938,770,000	27,014,654,536	2,075,884,536	-	2,075,884,536	24,938,770,000	27,014,654,536
Total State Department for	955,300,000	12,208,300,000	13,163,600,000	13,163,600,000	-	955,300,000	12,208,300,000	13,163,600,000
1014000 P 4 Irrigation and Land Reclamation	945,240,088	6,378,300,000	7,323,540,088	7,323,540,088	-	945,240,088	6,378,300,000	7,323,540,088
1015000 P 1 Water Storage and Flood Control	-	5,830,000,000	5,830,000,000	-	-	5,830,000,000	5,830,000,000	5,830,000,000
1016000 P 3 General Administration, Planning and Support	10,059,912	-	10,059,912	-	-	10,059,912	-	10,059,912
Total State Department for	2,838,300,000	3,629,000,000	6,467,300,000	-	-	2,838,300,000	3,629,000,000	6,467,300,000
1002000 P 2 Environment Management and Protection	1,355,497,179	2,528,700,000	3,884,197,179	3,884,197,179	-	1,355,497,179	2,528,700,000	3,884,197,179
1010000 P 1 General Administration, Planning and Support	369,552,826	-	369,552,826	-	-	369,552,826	-	369,552,826
1012000 P 3 Meteorological Services	1,113,249,995	1,100,300,000	2,213,549,995	2,213,549,995	-	1,113,249,995	1,100,300,000	2,213,549,995
Total State Department for	13,513,000,000	3,877,320,990	17,390,320,990	17,390,320,990	-	13,513,000,000	3,877,320,990	17,390,320,990
1003000 P 3 Natural Resources Management and Protection	2,464,000,000	3,770,000,000	6,234,000,000	6,234,000,000	-	2,464,000,000	3,770,000,000	6,234,000,000
Total State Department for	2,464,000,000	3,770,000,000	6,234,000,000	6,234,000,000	-	2,464,000,000	3,770,000,000	6,234,000,000
0101000 P 1 Land Policy and Planning	2,454,000,000	3,770,000,000	6,224,000,000	6,234,290,000	19,247,000,000	2,454,000,000	3,770,000,000	6,234,290,000
Total State Department for	1,276,290,000	19,247,000,000	20,523,290,000	20,523,290,000	-	1,276,290,000	19,247,000,000	20,523,290,000
0207000 P 1 General Administration Planning and Support	287,359,425	-	287,359,425	-	-	287,359,425	-	287,359,425
0210000 P 4 ICT Infrastructure Development	370,099,795	18,697,000,000	19,067,099,795	19,067,099,795	-	370,099,795	18,697,000,000	19,067,099,795
0217000 P 5 E-Government Services	618,830,780	550,000,000	1,168,830,780	1,168,830,780	-	618,830,780	550,000,000	1,168,830,780
Total State Department for	2,095,700,000	764,000,000	2,859,700,000	2,859,700,000	-	2,095,700,000	764,000,000	2,859,700,000
0207000 P 1 General Administration Planning and Support	311,536,279	-	311,536,279	-	-	311,536,279	-	311,536,279
0206000 P 2 Information and Communication Services	1,576,713,721	543,000,000	2,119,713,721	2,119,713,721	-	1,576,713,721	543,000,000	2,119,713,721
0205000 P 3 Mass Media Skills Development	207,450,000	221,000,000	428,450,000	428,450,000	-	207,450,000	221,000,000	428,450,000
Total State Department for	2,218,475,024	540,000,001	2,758,475,025	2,758,475,025	250,000,000	2,218,475,024	560,000,001	3,028,475,025
0901000 P 1 Sports	2,218,475,024	540,000,001	2,758,475,025	2,758,475,025	250,000,000	2,218,475,024	560,000,001	3,028,475,025
Total State Department for Arts	2,938,424,896	906,978,010	3,845,402,906	3,845,402,906	-	2,938,424,896	1,045,978,010	3,984,402,906
0902000 P 2 Culture	1,357,608,608	251,978,010	1,609,584,618	1,609,584,618	170,000,000	1,357,608,608	421,978,010	1,779,584,618
0903000 P 3 The Arts	707,082,491	95,000,000	802,082,491	802,082,491	-	707,082,491	95,000,000	802,082,491
0904000 P 4 Library Services	701,958,007	560,000,000	1,261,958,007	1,261,958,007	(30,000,000)	701,958,007	530,000,000	1,231,958,007
0905000 P 5 General Administration, Planning and Support	171,777,790	-	171,777,790	-	-	171,777,790	-	171,777,790
Total State Department for	846,050,000	2,176,090,000	3,022,140,000	3,022,140,000	15,000,000	846,050,000	2,191,090,000	3,037,140,000

State Department for Industry	Total	2,052,500,000	75,166,704,310	77,219,204,310	2,052,500,000	75,166,704,310	77,219,204,310	2,052,500,000	75,166,704,310	77,219,204,310
	0211000 P 1 General Administration Planning and Support Services	354,889,337	327,000,000	681,889,337						
	0212000 P2 Power Generation	786,987,274	16,732,499,652	17,519,486,926						
	0213000 P3 Power Transmission and Distribution	790,303,295	56,892,204,658	57,682,507,954						
	0214000 P4 Alternative Energy Technologies	120,320,093	1,215,000,000	1,335,320,093						
	Total	242,010,000	5,138,500,000	5,380,510,000						
State Department for Agriculture	Total	242,010,000	5,138,500,000	5,380,510,000						
	0107000 P1: General Administration Planning and Support Services	6,288,600,000	11,201,800,000	17,490,400,000						
	0108000 P2: Crop Development and Management	3,397,732,195	593,000,000	3,990,732,195						
	0109000 P3: Agribusiness and Information Management	2,716,080,604	9,506,272,274	12,222,352,878						
	Total	174,787,201	1,102,527,726	1,277,314,927						
State Department for Livestock	Total	5,051,412,500	4,598,980,000	9,650,392,500						
	0112000 P 6: Livestock Resources Management and Development	5,051,412,500	4,598,980,000	9,650,392,500						
State Department for Fisheries and the Blue Economy	Total	2,056,300,000	854,000,000	2,910,300,000						
	0111000 P5: Fisheries Development and Management	1,580,217,170	801,000,000	2,381,217,170						
	0117000 P6: General Administration, Planning and Support Services	184,029,304		184,029,304						
	0118000 P7: Development and Coordination of the Blue Economy	292,053,526	53,000,000	345,053,526						
State Department for Tourism and Industry	Total	2,341,400,000	5,381,062,000	7,722,462,000						
	0301000 P 1: General Administration Planning and Support Services	491,312,974	180,000,000	671,312,974						
	0302000 P 2: Industrial Development and Investments	897,279,026	3,259,000,000	4,156,279,026						
	0303000 P 3: Standards and Business Incubation	952,808,000	1,942,062,000	2,894,870,000						
	Total	446,000,000	490,000,000	936,000,000						
State Department for Trade	Total	446,000,000	490,000,000	936,000,000						
	0304000 P 1: Cooperative Development and Management	2,414,400,000	327,500,000	2,741,900,000						
State Department for East African Affairs	Total	2,414,400,000	327,500,000	2,741,900,000						
	0305000 P 1: East African Affairs and Regional Integration	1,551,000,000	65,000,000	1,616,000,000						
State Department for Regional Integration	Total	2,029,900,000	1,044,100,000	3,074,000,000						
	0310000 P 5: General Administration Planning & Support Services	561,483,742		561,483,742						
State Department for Labour	Total	532,531,709	201,000,000	733,531,709						
	0306000 P 1: Promotion of the Best Labour Practice	875,884,549	843,100,000	1,718,984,549						
	0307000 P 2: Manpower Development, Employment and Training	9,327,300,000	14,919,750,000	24,247,050,000						
State Department for Social Services	Total	3,197,369,691	852,400,000	4,049,769,691						
	0309000 P 1: Social Development and Children Services	5,886,375,070	14,060,350,000	19,946,725,070						
	0314000 P 3: General Administration Planning and Support Services	243,555,039	7,000,000	250,555,039						





SCHEDULE II: APPROVED DEPARTMENTAL COMMITTEES PROPOSED REDUCTIONS, INCREASES AND RE-ALLOCATIONS

VOTE	REDUCTION	INCREASE
STATE DEPARTMENT FOR ENERGY	Kshs 200 Million from 'Geothermal Exploration and Development in Rift Valley	Kshs 100 Million to 'Nuclear Fuel Resources Exploration And Development  Kshs 100 Million to 'Off-grid Diesel Power Stations
	Kshs 100 Million from 'Lake Turkana Wind Power Project	Kshs 35 Million to 'Development of Community Small Hydro Power projects  Kshs 25 Million to 'Construction of Institutional Biogas Plants  Kshs 40 Million to 'Off-grid Diesel Power Stations
	Kshs 60 Million from 'Expansion of Energy Centres	Kshs 50 Million to 'Pilot Programme on Domestic Household Biogas Digesters  Kshs 10 Million to 'Off-grid Diesel Power Stations
STATE DEPARTMENT OF TRANSPORT	Kshs. 1 billion from LAPSSET Project:	Kshs. 300 Million for Suneka Airstrip under the Air Transport Program  Kshs. 200 Million for Kakamega Airstrip –under the Air Transport Program
STATE DEPARTMENT FOR MARITIME		Kshs. 20 Million- Development of the maritime master plan  Kshs. 30 Million –purchase of office furniture and general equipment –i.e. marine transport program
STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT		Kshs. 435 Million to enhance construction of housing units for police and prison officers
STATE DEPARTMENT FOR PUBLIC WORKS		Ksh. 15 Million for construction of Ugembo Foot Bridge
MINISTRY OF HEALTH	Kshs 1 billion from the Managed Equipment Service (MES) Project	Kshs.250 Million for Strengthening of Cancer management at KISH

	<p>Kshs. 450 Million the slum upgrading (Portable clinics)</p>	<p>Kshs. 200 Million for peripheral facilities to support operations of the Cancer bunkers</p> <p>Kshs.200 Million for East Africa community initiative for Kenya to host a Kidney Institute.</p> <p>Kshs. 42 Million to complete the KNH-Surgical Daycare Centre</p> <p>Kshs. 48 Million-for the under-funded NACC- Constituency AIDs Control Committees,</p> <p>Kshs. 200 Million for NACC- Acquisition of office space</p> <p>Kshs.260 Million for KEMRI – Research findings</p> <p>Kshs. 200 Million for KMTC Expansion of training facilities in line with MTP II</p> <p>Kshs. 50 Million for KMTC- Teaching and medical equipment as support in Expansion of training facilities in line with MTP II</p>
<p>STATE DEPARTMENT OF SOCIAL PROTECTION</p>	<p>Kshs. 14 Million Head D 1185100100- Cash Transfer for orphans and vulnerable children, Item 2211100 - Office and General supplies services</p> <p>Kshs. 48 Million Head D 1185100100- Cash Transfer for orphans and vulnerable children, item 2210300 - Domestic travel, subsistence and other transportation costs</p> <p>Kshs 54 Million Head D 1185100100- Cash Transfer for orphans and vulnerable children, item 2210700 - Training expenses</p> <p>Kshs 20 Million. Head R Cash Transfer to persons with severe disability, item 2630101</p>	<p>Kshs 176 Million Head D- 1185102500 support to orphans and vulnerable children outside households, Item 2630200- Capital Grants to government agencies and other levels of government</p> <p>Kshs. 100 Million Head R 1185000100- Labour service field offices &amp; Head R 1185000200- occupational Health &amp; safety Field Services to cater/absorb the 210 Social Development field Officers</p> <p>Kshs 60 Million Head R 1185001101- Children Services for operationalization of the Counter Trafficking in Persons Act, 2010</p>



	<p>grants to Government agencies and other levels of government</p> <p>Kshs. 20 Million Head D-1185103501, Item 3111111 - purchase of ICT networking and communication equipment.</p> <p>Kshs. 20 Million Head National Council for Children Services item 2630100- Current grants to Semi-Autonomous Government Agencies</p>	
STATE DEPARTMENT FOR YOUTH AFFAIRS	<p>Kshs 30 Million Head R 1211001000- NYS street youth Rehabilitation</p> <p>Kshs 30 Million Head R 1211000900- Yatta Complex , Sub head R 1211000901- Headquarters, item -2211000 - Specialized materials and supplies</p> <p>Kshs 100 Million Head R 1211001100- NYS Catering School/ Gilgil, Sub Head R-1211001101, Item - 2211000 specialized materials and supplies</p>	
STATE DEPARTMENT OF ARTS & CULTURE	<p>Kshs 30 Million Head D 1133101100 Library Services Programme,- Construction of an ultra-modern National Library</p>	<p>Kshs 30 Million to the Culture Programme, Head D 1133100700- installation of mobile shelves at National Archives</p>
STATE DEPARTMENT FOR BASIC EDUCATION	<p>Kshs. 370 Million from ICT Integration in Secondary Schools</p> <p>Kshs. 400 Million purchase of sanitary towel for school going girls</p>	<p>Kshs. 50 Million Kenya National Commission for UNESCO</p>
STATE DEPARTMENT FOR UNIVERSITY EDUCATION		<p>Kshs 250 Million Construction of NACOSTI Building</p>
THE NATIONAL TREASURY	<p>Ksh.34 Million from Leasing of police vehicles captured as other operating expenses</p>	
STATE DEPARTMENT OF PLANNING AND STATISTICS	<p>Kshs. 470 Million purchase of sanitary towel towards the National Affirmative Action Fund</p>	<p>Kshs. 34 Million for TARDAs</p>
STATE DEPARTMENT FOR AGRICULTURE	<p>Kshs. 900 Million from the fertilizer subsidy in the crop</p>	

	development and management program	
STATE DEPARTMENT FOR LIVESTOCK	<p>Kshs. 60 Million from the farm development at sheep &amp; goat breeding farms under Livestock Production and Management</p> <p>Kshs. 40 Million from Disease Free Zones Programme and</p> <p>Kshs. 48 Million from construction of Nakuru milk analysis lab</p>	<p>Kshs 400 Million to Kenya Veterinary Vaccine production Institute under the Livestock resources management and development to modernize and upscale the production of vaccines</p> <p>Kshs. 500 Million to Kenya Meat Commission</p> <p>Kshs. 60 Million to Kenya Veterinary Board under the Livestock Policy Development and Capacity Building Programme</p> <p>Kshs 88 million to Kenya Dairy Board under the Livestock Policy Development and Capacity Building Programme</p>
STATE DEPARTMENT FOR INTERIOR	<p>Kshs. 150 million from police modernization</p> <p>Kshs. 180 M from police modernization</p> <p>Kshs. 390 M from Police modernization</p> <p>Kshs. 65M from police modernization</p> <p>Kshs. 50 Million from policing services construction of Police stations and Housing for Administration</p> <p>Kshs. 150 Million from Planning, Policy Coordination and support services</p>	
STATE DEPARTMENT CORRECTIONAL SERVICES		<p>Kshs. 130 Million to facilitate payment of stipend allowance</p> <p>Kshs. 50 Million procurement of fuel and lubricants</p> <p>Kshs. 50 Million procurement of equipment and materials</p>
STATE DEPARTMENT FOR PUBLIC SERVICE AND		

YOUTH		costs for Huduma Kenya Secretariat  Kshs. 340 Million for completion of stalled modern complex at Kenya School of Government-Mombasa Campus
PUBLIC SERVICE COMMISSION		Kshs. 100 Million to facilitate operationalization of a mortgage and car loan scheme for staff  Kshs. 50 Million facilitate development of Citizen Delivery Charter
NATIONAL POLICE SERVICE COMMISSION		Kshs. 46.80 M to facilitate police vetting Kshs. 3.2 M automation of police records Kshs. 15 M monitoring of recruitment of police constables
INDEPENDENT POLICE OVERSIGHT AUTHORITY		Kshs. 50 Million to cater for funding of 3 newly established regional offices  Kshs. 50 Million to cater for funding of 3 newly established regional offices and facilitate the establishment of 3 additional regional offices  Kshs. 50 Million to cater funding of 3 newly established regional offices and facilitate the establishment of 3 additional regional offices  Kshs. 50 Million to cater for funding of staff and Board Service gratuity
JUDICIARY	Kshs. 70 Million from Development expenditure	Kshs. 70 Million to National Council for Law Reporting Recurrent expenditure to cater for publications
TOTAL (MILLION)	5,683	5,683

## Schedule III

Distribution of the public hearings fund; Kshs 1.660 billion

S/No.	Vote	Details of programs / Projects	Amount (Kshs Millions)
1	State Department for University Education (1065)	Samburu University	60
2	State Department for Sports Development (1132)	Safari Rally	250
3	The National Treasury (1071)	Structured Public Debate with Respect to addressing Issues Arising out of the Social Economic Audit Report and National Assembly Report On The 2010 Constitution	300
4	State Department for Fisheries and Blue Economy (1164)	Kenya Marine Fisheries Research	60
5	TARDA under the State Department for Planning and Statistics (1034)	TARDA	80
6	Judiciary	Transport Licensing Tribunal	50
7	Independent Electoral and Boundaries Commission –IEBC( 2031)	Independent Electoral and Boundaries Commission – IEBC	200
8	State Department for Agriculture (1161)	Coffee Sector - Task Force Action Point	400
9	National Council For Persons With Disabilities under the State Department for Social Protection (1185)	Persons with Disabilities	100
10	State Department for Arts and Culture (1133)	Tom Mboya Memorial – Rehabilitation and Upgrade	50
11	State Department for Arts and Culture (1133)	Kapenguria Six Facility/Museum - Rehabilitation and Upgrade	50
12	State Department for Arts and Culture (1133)	Lokitang Memorial - Rehabilitation and Upgrade	20
13	State Department for Arts and Culture (1133)	Maralal Kenyatta House - Rehabilitation and Upgrade	20
14	State Department for Sports Development (1132)	Kisii Stadium	10
15	State Department for Sports Development (1132)	Bungoma Stadium/ Sports House	10
Total			1,660

## Schedule III

## Distribution of the public hearings fund; Kshs 1.660 billion

S/No.	Vote	Details of programs / Projects	Amount (Kshs Millions)
1	State Department for University Education (1065)	Samburu University	60
2	State Department for Sports Development (1132)	Safari Rally	250
3	The National Treasury (1071)	Structured Public Debate with Respect to addressing Issues Arising out of the Social Economic Audit Report and National Assembly Report On The 2010 Constitution	300
4	State Department for Fisheries and Blue Economy (1164)	Kenya Marine Fisheries Research	60
5	TARDA under the State Department for Planning and Statistics (1034)	TARDA	80
6	Judiciary	Transport Licensing Appeals Board	50
7	Independent Electoral and Boundaries Commission –IEBC( 2031)	Independent Electoral and Boundaries Commission – IEBC	200
8	State Department for Agriculture (1161)	Coffee Sector - Task Force Action Point	400
9	National Council For Persons With Disabilities under the State Department for Social Protection (1185)	Persons with Disabilities	100
10	State Department for Arts and Culture (1133)	Tom Mboya Memorial – Rehabilitation and Upgrade	50
11	State Department for Arts and Culture (1133)	Kapenguria Six Facility/Museum - Rehabilitation and Upgrade	50
12	State Department for Arts and Culture (1133)	Lokitang Memorial - Rehabilitation and Upgrade	20
13	State Department for Arts and Culture (1133)	Maralal Kenyatta House - Rehabilitation and Upgrade	20
14	State Department for Sports Development (1132)	Kisii Stadium	10
15	State Department for Sports Development (1132)	Bungoma Stadium/ Sports House	10
Total			1,660

## Schedule III

Distribution of the public hearings fund; Kshs 1.660 billion

S/No.	Vote	Details of programs / Projects	Amount (Kshs Millions)
1	State Department for University Education (1065)	Laikipia University- Marallel Campus	70
		Masaai Mara University (Nyandarua Campus) – Acquisition of land	50
2	State Department for Sports Development (1132)	Safari Rally	250
3	The National Treasury (1071)	Structured Public Debate with Respect to addressing Issues Arising out of the Social Economic Audit Report on The 2010 Constitution	250
4	State Department for Fisheries and Blue Economy (1164)	Kenya Marine Fisheries Research Institute	60
5	TARDA under the State Department for Planning and Statistics (1034)	Tana & Athi River Development Authority ( TARDA)	100
6	Judiciary	Transport Licensing Appeals Board Tribunal	50
7	Independent Electoral and Boundaries Commission –IEBC( 2031)	Independent Electoral and Boundaries Commission – IEBC	200
8	State Department for Agriculture (1161)	Coffee Sector - Task Force Action Point	300
9	State Department for Infrastructure (1091)	Suswa-Ewaso-Kimuka-Ngong-Road	60
10	State Department for Arts and Culture (1133)	Tom Mboya Memorial – Rehabilitation and Upgrade	50
11	State Department for Arts and Culture (1133)	Kapenguria Six Facility/Museum - Rehabilitation and Upgrade	50
12	State Department for Arts and Culture (1133)	Lokitang Memorial - Rehabilitation and Upgrade	20
13	State Department for Arts and Culture (1133)	Marallel Kenyatta House - Rehabilitation and Upgrade of Cultural Centre	20
14	State Department for Sports Development (1132)	Gusii Stadium – Sports House	10
15	State Department for Sports Development (1132)	Bungoma Stadium/ Sports House	10

16	Ministry of Health (1081)	Kenya Medical Training Centre- Wajir	40
		Kenya Medical Training Centre- Mandera	20
17	State Department for Irrigation (1104)	Lower Kuja Irrigation Scheme	50
<b>Total</b>			<b>1,660</b>