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KENYA NATIONAL ASSEMBLY

TENTH PARLIAMENT – FOURTH SESSION (2011)

**DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN
RELATIONS**

**REPORT ON THE SCRUTINY OF ANNUAL ESTIMATES FOR
FINANCIAL YEAR 2011/2012 FOR THE MINISTRIES OF STATE FOR
DEFENCE; EAST AFRICAN COMMUNITY; FOREIGN AFFAIRS AND
THE NATIONAL SECURITY INTELLIGENCE SERVICE;**

(R08, R24 & D24, R04 & D04 AND R45)

**Clerks Chambers,
Kenya National Assembly,
Nairobi**

July, 2011

1.0 PREFACE

Mr. Speaker Sir,

On behalf of Members of the Departmental Committee on Defence and Foreign Relations, I feel honoured to present to the Budget Committee, the Committee's Report on the Scrutiny of Annual Estimates for the Financial Year 2011/2012 for Votes – 08, 45, 24 and 04, pursuant to provision of Standing Order No. 152 (1) and (2).

1.1 Mandate of the Committee

The Departmental Committee No. C on Defence and Foreign Relations is established pursuant to provisions of Standing Order No. 198 (1) and (2). Standing Order 198 (3) sets out the functions of the Committee as follows:

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

The Provisions of Standing Order No. 152 provide that:-

- (1) Upon being laid before the National Assembly, the Annual Estimates shall stand committed to the respective Departmental Committees according to their mandates.
- (2) Each Departmental Committee shall consider, discuss and review the Estimates committed to it under this standing order and submit its report thereon to the House within twenty one days after they were first laid before the House.

Mr. Speaker Sir,

1.2 Oversight

In executing its mandate, the Committee oversees and is mandated to consider and review the Estimates of the following Government Ministries and Department; namely: -

- (i) Defence;
- (ii) Foreign Affairs;
- (iii) East African Community; and
- (iv) National Security Intelligence Service.

Under the above Ministries, the Committee covers the following subjects;

- (i) Defence matters;
- (ii) Foreign policy;
- (iii) Treaties , Conventions and Agreements;
- (iv) International and Regional Organisations;
- (v) Bilateral and Multilateral Relations;
- (vi) Regional Cooperation policy;
- (vii) East African Community Affairs;
- (viii) National Security Intelligence.

1.3 Committee composition

The Departmental Committee on Defence and Foreign Relations comprises the following members:-

The Hon. Adan W. Keynan, MP – **Chairman**
The Hon. Benedict Fondo Gunda, MP – **Vice Chairman**
The Hon. Eugene Ludovic Wamalwa, MP
The Hon. Jeremiah Ngayu Kioni, MP
The Hon. Charles Kilonzo, MP
The Hon. Peter Edick Omondi Anyanga, MP
The Hon. Wilson Mwotiny Litole, MP
The Hon. George Omari Nyamweya, MBS, MP
The Hon. Mohamed Hussein Ali, MP
The Hon. Martin Ogindo, MP
The Hon. Julius Kiema Kilonzo, MP

Mr. Speaker Sir,

1.4 Committee undertakings and submission gathering

Pursuant to the provisions of Standing Order 152, the Committee considered and scrutinized the printed Estimates of Government Ministries and department under its mandate in four sittings undertaken between 17th June to 1st July, 2011. The Committee also met with the staff of the Budget Office of the National Assembly on 13th June, 2011. The Minutes of these meetings are appended to this report.

Mr. Speaker Sir,

The Committee received submission, presentations and other reports from the three Ministries and one Government department as follows:-

- (i) Minister and Permanent Secretary, Ministry of East African Community, accompanied by Senior Ministry officials on 17th June, 2011;
- (ii) Minister and Permanent Secretary, Ministry of State for Defence accompanied by Senior Ministry officials on 17th June, 2011;
- (iii) Acting Minister and acting Permanent Secretary, Ministry of Foreign Affairs accompanied by senior Ministry officials on 21st June, 2011.
- (iv) Director General, National Security Intelligence Service (NSIS), accompanied by the senior officers, NSIS on 1st July, 2011.

While scrutinizing the Estimates, the Committee considered the following documents: -

- (i) Vision 2030;
- (ii) Medium term plans;
- (iii) Printed Estimates for the FY 2011/2012 for votes 08, 45, 24 and 04;
- (iv) Budget Statement for 2011/2012;
- (v) Budget outlook paper for FY 2011/2012; and
- (vi) Budget Policy Statement for 2011/2012;

Mr. Speaker Sir,

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate. The Committee further wishes to thank the Ministers for Defence, Foreign Affairs, East African Community and the Director General, National Security Intelligence Service (NSIS) for responding promptly to issues raised by the Committee during the examination of the 2011/2012 Estimates.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

The Committee further wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

1.5 Recommendations

Mr. Speaker Sir,

Based on the submission, presentations and evidence adduced, the Committee makes the following recommendations, which form part of the recommendations contained in the report, that: -

1.5.1 Ministry of State for Defence

- (i) The Ministry of State for Defence should separate its budget to reflect allocations to each of the three arms of the Defence Forces and general administration.
- (ii) The Ministry should fast track its modernisation programme so as to be able to offer credible deterrence on external threats to sovereignty and defend Kenya's territorial integrity.
- (iii) The Ministry of Finance should allocate funds to the Ministry of State for Defence for security and humanitarian emergencies. This fund will enable the Ministry to be prepared to promptly intervene during emergencies.
- (iv) The Government through the Ministry of Finance should allocate more resources to the Ministry of State for Defence to enable the Ministry fast track its modernisation programme. This will enable the Kenya Defence Forces to offer credible deterrence and defence to territorial integrity and to be able to offer suitable accommodation to officers.

1.5.2 National Security Intelligence Service

- (i) The National Security Intelligence Service should in future itemise its budget for scrutiny, transparency and accountability, but to the extent that national security is not jeopardised. Appropriate legislation be put in place to guide the level of disclosure.

1.5.3 Ministry of East African Community

- (i) Ministry should in future rationalise its expenditure on travel and hospitality which take a large share of the Ministry's resources.
- (ii) Ministry to strengthen advocacy and publicity of the East African integration agenda.
- (iii) The Government should review/ harmonise budget requirements in the Constitution of Kenya and the Treaty establishing the EAC.
- (iv) The Government should increase its budgetary allocations to the Ministry's development vote to measure up to the component by the development partners. This will ensure sustainability of projects.

1.5.4 Ministry of Foreign Affairs

- (i) The Ministry be allocated funds in the next Financial Year to undertake the following crucial projects:-
 - Establishment of a Diplomatic Zone;
 - Establishment of a Fund for Technical Cooperation;
 - Implementation of the Foreign Service Allowance
- (ii) ~~The Ministry of Finance should expedite release of exchequer so as to enable~~ the Ministry implement its operations and programmes as well as to meet contractual obligations for Missions abroad.
- (iii) The Government should rescind its directive to reduce visa fees by 50%. The decrease in visa fees has negatively impacted on the Ministry's resource base and has not realised any increase in visa applicants or visitors to the country.
- (iv) The Ministry of Foreign Affairs should be moved from the Public Administration sector to the Security Sector in line with its responsibilities in Government.
- (v) In pursuit of Economic Diplomacy, the Minister for Foreign Affairs opens up Missions in Angola and Turkey.
- (vi) The Ministry of Finance should approve borrowing by diplomatic Missions from their respective and reputable bankers to enable them construct Chanceries and or houses for staff and the loans to be serviced through remittances which are used to pay rent.
- (vii) The appointing Authority be advised that the absence of a substantive Minister and Permanent Secretary for the Ministry of Foreign Affairs is affecting the operations and service delivery of the Ministry and should therefore urgently appoint a substantive Minister and Permanent Secretary to the Ministry.

The absorption capacity of the above Ministries and Government department has been affected by delays in exchequer releases. The Committee therefore recommends that the Ministry of Finance should expedite exchequer releases to aforementioned Ministries and department to enable completion of approved programmes within the agreed time frames.

And from the above,

1.5.6 The Committee is agreeable to the proposals by the Ministers for Defence, East African Community, Foreign Affairs and the National Security Intelligence Service and recommends that a sum not exceeding: -

- (i) **Kshs. 45,230,144, 830** be allocated to the Ministry of State for Defence – Vote 08 for Recurrent expenditure to finance salaries, General Administration and Planning and expenses related to the Kenya Armed Forces;
- (ii) **Kshs. 13,146,113,300** be allocated to the National Security Intelligence Service (NSIS) – Vote 45 for Recurrent to finance salaries, general administration and planning, operations, training and expenditure related to liaison services;
- (iii) **Kshs. 1,057,499,300** be allocated to the Ministry of East African Community – Vote 24 - for Recurrent and **Kshs. 9,000,000** for Development expenditure proposed in the Heads under Vote 24 and that the Ministry be allowed to raise **Appropriation-in-Aid** amounting to **Kshs. 66,400,000** to finance its operations; and
- (iv) **Kshs. 7, 275,006,500** be allocated to the Ministry of Foreign Affairs – Vote 04 - for Recurrent and **Kshs. 870,032,000** for Development expenditure, proposed in the Heads under Vote 04, and that the Ministry be allowed to raise **Appropriation-in-Aid** amounting to **Kshs. 809,487,000** to finance general administration, diplomatic representation and International Organisations;

Be approved by the House.

Mr. Spear Sir,

Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Defence and Foreign Relations, to present and recommend this report to the House for adoption.

SIGNED:


HON. ADAN W. KEYNAN, MP
CHAIRMAN
DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS

DATE: 12th July 2011

SCRUTINY OF THE ANNUAL ESTIMATES FOR THE FY 2011/2012

2.0 SCRUTINY OF VOTE 08 – MINISTRY OF STATE FOR DEFENCE (MOSD)

2.1 INTRODUCTION – BACKGROUND

National Security is a precondition for the socio-economic and political development of a country. The provision of National Security by the defence forces is important in the realization of the objectives of VISION 2030. National security is about territorial integrity, independence and the well being of citizens, embedded in the political, diplomatic, economic, socio-cultural and military elements of power to safeguard and promote the national interests of a state.

2.2 MANDATE, VISION AND MISSION

The mandate of MOSD is derived from Kenya Armed Forces Act, Cap 199 Laws of Kenya Section 3 (1) and (2).

The Vision of the Ministry is to create premier, credible and mission capable defence force deeply rooted in professionalism.

The Mission of the Ministry is to deter aggression and should deterrence fail, defend the Republic, provide support to civilian authority in the maintenance of order.

2.3 STRATEGIC OBJECTIVES

The Ministry's strategic objectives include:-

- Defence policy and strategy
- Credible deterrence
- Internal Security Operation
- Military Modernization

The Ministry appeared before the Committee on Friday, 17th June, 2011. The Minister briefed the Committee on the following specific aspects of the Ministry's budget Estimates.

2.4 ALLOCATION

The Ministry had requested Kshs. 65,940,144.830 which comprised of Kshs. 1,304,976,895 for general administration and planning and Kshs. 64,635,167,935 for the Defence Forces but was only allocated Kshs. 45, 230,144,830.

Comparative analysis of budgetary allocations

	2010/2011	2011/2012	2012/2013	2013/2014
Gross	50.394	44.429	49.782	58.095
AIA	0.421	-	0.45	0.531
Net	49.937	44.429	49.326	57.564

2.4.1 New projects

The Ministry has allocated a total of Kshs. 550 million for the National Space Secretariat which is new sub head under head 175. The Funds will be utilised for general operations of the national space secretariat, systems designs, training of engineers, construction of earth observation direct receiving station, systems engineering, qualification model and national space data infrastructure.

The San Marco Space station is located in Ngomeni, Malindi and is operated by the Italian Space Agency (ASI). The exploitation of the site is carried out by ASI and the Centro Ricerca Aerospaziali (CRA), Centro di Ricerca Progetto San Marco (CRPSM), of the University of Rome.

2.4.2 Ongoing projects

The following are the projects that are ongoing at the Ministry of State for Defence under the military modernisation programme.

- Fire power 2.3 Billion
- Mobility (KNS, Vehicles, Utility Helicopters, etc) – 1.7 Billion
- Communications (CNR) – 1.5 Billion
- Infrastructure (LAB runway, schools, KMA) – 2.5 Billion

2.4.3 Absorption capacity

The Ministry has spent Kshs. 48 billion out of Kshs. 50.4 allocated in the Fiscal Year 2010/2011. The balance of Kshs. 2.4 billion is to cater for salaries, contractual obligations and supplies for the month of June, 2011. The Ministry therefore absorbs all funds allocated to it.

2.4.4 Status of projects funded in the Financial Year 2010/2011

(a) Fire power

- APC – 80%
- Helicopter gunships – 25%
- Artillery equipment – 50%
- Engineer equipment – 40%

(b) Mobility

- Utility helicopters – 35%
- KNS Umoja and Nyayo – 60%
- Parachutes – 25%

(c) Communications

- Combat Net Radios (CNR) – 10%

(d) Infrastructure

- LAB Runway – 70%
- RTS - 100%
- Mariakani Phase I – 100%
- Embakasi (schools) – 80%
- School of Infantry – 80%
- KMA Phase I – 90%
- Single accommodation – not started due to funds

2.4.5 Projects left out of the budget

(a) Fast tracking modernization to completion. This requires Kshs. 17 billion

- (b) Anticipated salaries and allowances review at Kshs. 7.5 billion
- (c) Funds for emergency security operation along the Kenya Somalia border as tasked by the cabinet. Deployment requires extra budget for 24 hr surveillance on land, air and sea.
- (d) Funds to cater for taxes on goods imported by AFCO at Kshs. 1 Billion
- (e) migration of microwave communication network

2.4.6 State Corporation under the Ministry

The Kenya Ordnance Factories Corporation – This is the only parastatal under the Ministry. The parastatal was allocated Kshs. 135 million for capital equipment to increase production and introduce new products.

2.4.7 Desegregated budget for the Ministry

- (a) Personnel emoluments - Kshs. 24,421,248,499 – constituting 55% of the Ministry's budget.
- (b) Operations and maintenance - Kshs. 11,411,829,828 – constituting 27% of budget.
 - Kenya Army – Kshs. 3,893,686,025
 - Kenya Air Force – Kshs. 1,848,980,630
 - Kenya Navy – Kshs. 611,678,832
 - DCU's – Kshs. 5,057,484,341
- (c) Modernization – Kshs. 8,092,089,608 – constituting 18% of the Ministry's budget

Total Kshs. 43, 925,167,935

2.4.8 Challenges

- (a) Underfunding on military modernization – This has delayed construction of single accommodation for servicemen and women.
- (b) Unstable financial market - This has affected international transactions. In 2010/2011 DOD lost Kshs. 200 million due to currency fluctuations thus distorting its budget.
- (c) Lack of adequate funds to deal with emergency security operations and national disasters.

2.5 CONSIDERATION OF ESTIMATES

2.5.1 ANALYSIS OF THE RECURRENT ALLOCATIONS

Examination of Heads, by the Committee, under Vote R. 08 was as follows:-

Head 175: Headquarters Administrative Services

The proposed net expenditure under this Head is **Kshs. 1,304,967,895.**

Observation: There is a new item in the Ministry's budget sub head 302 The National Space Secretariat which is allocated Kshs. 550,000,000

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 1,304,967,895** be allocated to the Ministry for the expenditure proposed in the items under Head 175.

Head 554: KENYA ARMED FORCES

The proposed net expenditure under this Head is **Kshs 43,925,167,935**.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 43,925,167,935** be allocated to the Ministry for the expenditure proposed in the items under Head 554.

Observation: The allocations to the Head decreased from **Kshs. 49,273,493,340** in FY 2010/2011 to **Kshs. 43,925,167,935** in FY 2011/2012.

2.9.2 RECOMMENDATIONS

Arrising from the submissions by the Ministry and observations, the Committee recommends that:-

- (i) Parliament approves the budget of the Ministry of State for Defence.
- (ii) The Ministry of State for Defence should separate its budget to reflect allocations to each of the three arms of the Defence Forces and general administration.
- (iii) The Ministry should fast track its modernisation programme so as to be able to offer credible deterrence on external threats to sovereignty and defend Kenya's territorial integrity.
- (iv) The Ministry of Finance should allocate funds to the Ministry of State for Defence funds for security and humanitarian emergencies. This fund will enable the Ministry to be prepared to intervene during emergencies.
- (v) The Government through the Ministry of Finance should allocate more resources to the Ministry of State for Defence to enable the Ministry fast track its modernisation programme. This will enable the Kenya Defence Forces to offer credible deterrence and defence to territorial integrity and to be able to offer suitable accommodation to officers.

3.0 SCRUTINY OF VOTE 45–NATIONAL SECURITY INTELIGENCE SERVICE (NSIS)

3.1 Introduction – Mandate and appearance

The Director General, National Security Intelligence Service, Major General Michael Gichangi, CBS, DCO appeared before the Committee on Friday, 1st July, 2011.

The National Security Intelligence Service (NSIS) was established in 1999 pursuant to NSIS Act No. 11 of 1998 with an advisory role in matters of security intelligence. The NSIS is mandated with gathering/collecting information, collating, analyzing and disseminating intelligence to Government for decision making.

The Service's Budget falls under the National Security Sector alongside the Ministry of State for Defence.

3.2 ALLOCATION

During the Financial Year under review, the NSIS has been allocated a total of **Kshs. 13,146,113,300** which is an increase from **Kshs. 10, 616, 000, 000** in 2010/2011 Financial Year.

3.3 PROGRAMMES

The funds allocated to the department will be utilized for funding intelligence operations and modernization programmes.

Activities of the Department

The activities of the department can be broadly categorised into:-

- (i) General Administration;
- (ii) Intelligence Operation; and
- (iii) Modernisation.

3.4 ACTUAL ALLOCATIONS

Comparison of allocation

Vote	Head 585	Net approved Expenditure 2010/2011	Estimates 2011/2012
450	General Administration and Planning	10,616,000,000	13,146,113,300
Total.		10,616,000,000	13,146,113,300

3.5 CONSIDERATION OF ESTIMATES

3.5.1 SCRUTINY OF THE RECURRENT ALLOCATIONS

Head 585: Headquarters, Field Services, Training School and Liaison Office

The proposed net expenditure under this Head is **Kshs 13,146,113,300**.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 13,146,113,300** be allocated to the department for the expenditure proposed in the items under Head 585.

Observation: The allocations to the Head increased from **Kshs. 10,616,000,000** in FY 2010/2011 to **Kshs. 13,146,113,300** in FY 2011/2012 on account of Grants to Government Agencies and other Levels of Government.

3.5.2 OBSERVATIONS AND RECOMMENDATIONS

General Observations

- (i) The emerging threats in national security require modernisation of national security intelligence so as to offer actionable intelligence.

- (ii) Key programmes, namely modernisation and national security data management centre, undertaken by the department will be affected by the under funding.
- (iii) The department operates a one line budget which hampers scrutiny.
- (iv) The Committee believes that the funds approved in this Financial Year's Budget for the National Security Intelligence Service will be used prudently as provided for under the Fiscal Management Act, 2009.

Recommendations

From the submissions and observations, the Committee recommends that:-

- (i) Parliament approves the Budget of the National Security Intelligence Service.
- (ii) The National Security Intelligence Service should in future itemise its budget for accountability and transparency without jeopardising national security. Appropriate legislation be put in place to guide the level of disclosure.

4.0 SCRUTINY OF VOTE 24 – MINISTRY OF EAST AFRICAN COMMUNITY (MEAC)

The Minister for East African Community Hon. Prof Helen Sambili, EGH, MP appeared before the Committee on Friday 17th June, 2011.

4.1 Introduction – Mandate and Appearance

The Ministry is mandated to coordinate the integration of Kenya into the East African Community as espoused in the Presidential circular No. 1 of May 2008 and the treaty for the establishment of the East African Community of 2002.

Other functions of the Ministry include:-

- (i) Policy on East African Community;
- (ii) Coordination of Government participation in East African Community meetings and institutions;
- (iii) Coordination of the implementation of East African Community regional programmes and projects;
- (iv) Implementation of East African Treaty; and
- (v) Promotion and fast-tracking of East African integration.

Papers Laid

The Minister appeared before the Committee on June 17, 2011 and laid the following papers:-

- (i) The Finance Minister's statement on the FY 2011/2012 Annual Estimates;
- (ii) Presidential Circular No.1/2008
- (iii) The Treaty for the Establishment of the East African Community

4.2 ALLOCATION

The Ministry had requested Treasury to allocate it Kshs. 1,074,673,921 and Kshs. 45,500,000 for recurrent and development respectively. This was meant to cater for the needs of an expanded Ministry as well as Kenya's annual statutory contribution to the EAC secretariat. However the Ministry was only allocated Kshs. 1,057,499,300 and Kshs. 74,400,000 for recurrent and development respectively. The Development vote will comprise of Kshs. 9 million from the Government of Kenya and Kshs. 65,400,000 from the donors.

4.2.1 Allocations to new projects/programmes

The new projects that funds have been allocated include:-

- (a) Regional integration centers – Lunga Lungu, Holili, Malaba, Isebania
- (b) Base line surveys on the EAC Common Market Protocol and non tariff barriers to trade in Kenya
- (c) Operationalisation of monitoring and evaluation services.
- (d) National publicity and advocacy for EAC integration

4.2.2 Ministry's absorption capacity

The Ministry faced multifaceted challenges in absorbing the resources allocated to it in the Fiscal Year 2010/2011. The challenges include:-

- (a) Small staff size at the Ministry.
- (b) Delay in signing MOU with donors on issues surrounding the mode of funding.
- (c) Scale of activities to be undertaken.

The Ministry has however scaled up its activities by recruiting 34 technical officers, signing the MOU with the donor and reforming its mode of funding from revenue to AIA. This will enable the Ministry fully implement its mandate in the 2011/2012 Financial Year.

4.2.3 Projects left out of the Estimates

The following projects were left out of the Ministry's Estimates:-

- EAC subscription – The Ministry had requested for Kshs. 45.8 million to cater for the increased contributions to EAC secretariat. The non allocation of the funds to EAC subscription makes it difficult for Kenya to meet its statutory obligations.
- EALA country tours – The Ministry had requested for Kshs. 100 million for this purpose but was left out of the Estimates.
- EALA facilitation – The Ministry had requested for Kshs. 50 million but was allocated Kshs. 45.8 million.
- Development vote – The donor component on the development vote is based on a shilling to shilling agreement with the GOK the Ministry risks losing out on the Kshs. 65,450,000 considering that the GOK contribution is Kshs. 9,000,000.

4.3 CONSIDERATION OF THE ESTIMATES

4.3.1 SCRUTINY OF RECURRENT ALLOCATIONS

The proposed recurrent allocation for the Ministry in FY 2011/2012 is **Kshs.1,0499,300** comprising of Kshs. 272,138,731 for General Administration and Kshs. 785,360,569 for Regional Cooperation.

Sub Vote 240: General Administration

Head 119: Headquarters, Administrative Services

The proposed net allocation is **Kshs. 232, 519, 187**.

Observations: Biggest increase is in the Sub Heads, Headquarters (0000) and Aids Control Unit (0001).

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 232,509,187** be allocated to the Ministry for the expenditure proposed in the items under Head 119.

Head 500: Information Communication and Technology

The proposed net allocation under this Head is **Kshs.16, 851,124**

Observations: The increase in allocation in this Financial Year is mainly on account of foreign travel and personal allowances paid as part of salary.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 16,851,124** be allocated to the Ministry for the expenditure proposed in the items under Head 500.

Head 514: Central Planning and Monitoring unit

The proposed expenditure under this Head is **Kshs. 272,138,731** up from **Kshs.244,886, 299** in the Financial Year 2010/2011.

Observations: The increase is on account of all the items on the subhead Headquarters (0000).

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 272,138,731** be allocated to the Ministry for the expenditure proposed in the items under Head 514.

Head 072: East African Community

The proposed expenditure under this Head is **Kshs. 560,190,514** down from **Kshs. 699,099,101** in the Financial Year 2010/2011.

Observations: The expenditure has decreased on account of purchase of office furniture and general equipment, purchase of specialised equipment and membership fees and dues and subscriptions to international organisations.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 560,190,514** be allocated to the Ministry for the expenditure proposed in the items under Head 072.

4.4.2 SCRUTINY OF THE DEVELOPMENT ALLOCATIONS

The proposed development allocation for the Ministry in FY 2011/2012 is **Kshs. 9,000,000** for General Administration and planning, regional resource and integration.

The allocation will be spent on the following projects:-

- (i) Creation of regional Integration centres;
- (ii) Strengthening National Publicity and advocacy for EAC integration;
- (iii) Establishment of monitoring and evaluation services
- (iv) Establishment of research, reference and documentation centre.

Sub Vote 240: General Administration

Head 119: Headquarters Administrative Services

The proposed expenditure under this Head is **zero**.

Observations: This reflects decrease from **Kshs. 6,300,000** in 2010/2011 to **zero** in 2011/2012 Financial Year.

The Committee is agreeable to the proposal by the Minister that no money is allocated to the Ministry for the expenditure proposed in the items under Head 119.

Head 188: Regional Monitoring and Evaluation Services

The proposed expenditure under this Head is **Kshs. 500, 000**

Observations: This reflects a decrease from **Kshs. 17,200,000** in 2010/2011 to **Kshs. 50,000** in 2011/2012. The decrease is on account of grants from Foreign Governments and International Organisations.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 500, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 188.

Head 201: Regional Integration Centres

The proposed expenditure under this Head is **Kshs. 2,500, 000**.

Observations: This reflects a decrease from **Kshs. 13,000, 000** in 2010/2011 to **Kshs. 2, 500, 000** in 2011/2012 Financial Year. The increase is mainly on account of printing, advertising and information supplies and services.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 2, 500, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 201.

Head 209: National Publicity and Advocacy for EAC Regional Integration

The proposed expenditure under this Head is **Kshs. 3,000, 000**.

Observations: This reflects a decrease from **Kshs. 3, 500, 000** in 2010/2011 to **Kshs. 3, 00, 000** in FY 2011/2012. The decrease is on account of purchase of Office Furniture and General Equipment and communication supplies and services.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 3,000, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 209.

Head 234: Research /Reference Documentation Centre

The proposed expenditure under this Head is **Kshs. 9, 000, 000**.

Observations: This reflects a decrease from **Kshs. 45,500,000** in 2010/2011 to **Kshs. 9, 000, 000** in 2011/2012 Financial Year. The decrease is mainly on account of printing, advertising and information supplies and services; purchase of office furniture, purchase of specialised plant, equipment and machinery.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 9, 000, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 234.

OBSERVATIONS:-

- (i) In the Development Vote close to 50% of the expenditure totalling **Kshs. 64, 400, 000** is pegged on donor support (DFID). Most projects in the development vote are largely financed by donors
- (ii) Limited funds have been allocated for awareness creation and advocacy on the integration process.
- (iii) The Committee raised concern over the Ministry's poor performance in last years Government Ministries performance rating.
- (iv) Conflict between treaty provisions and the constitutional provisions on budget reading: The constitution requires that the budget be submitted two months prior to end of Financial Year while the EAC treaty requires that the partner states read their budgets on the same day.
- (v) Funds for facilitation of EALA Kenya Chapter have been factored in the Ministry budget.

4.5 RECOMMENDATIONS

The Committee recommends that:-

- (i) Parliament approves the Budget of the Ministry of East African Community.
- (ii) More resources need to be allocated for the sensitization/awareness creation and advocacy on the integration process.
- (iii) Ministry should strengthen advocacy and publicity of the integration agenda.
- (iv) The Government should review/ harmonise budget requirements in the constitution and the Treaty establishing the EAC.
- (v) The Government should increase its budgetary allocations to the Ministry's development vote to measure up to the component by the development partners. This will ensure sustainability of projects in case donor's pull out.

5.0 SCRUTINY OF VOTE 04 – MINISTRY OF FOREIGN AFFAIRS

The Hon. Prof. George Saitoti, EGH, MP, acting Minister for Foreign Affairs, appeared before the Committee on Tuesday, 21st June 2011 and presented the Ministry's budget Estimates.

5.1 Mandate

The Ministry's mandate is to formulate, articulate and implement Kenya's foreign policy. Its core functions include management of external relations including coordination of International cooperation and promotion of economic, external trade and investment relations, custodian of rules of engagement with the diplomatic community, administration of diplomatic services, co-ordination of Diaspora participation in development among others.

Papers Laid

The Minister appeared before the Committee and laid the following papers:-

- The Minister statement on the Estimates;
- Disaggregated Budget.

5.2.0 ALLOCATION

In the Financial Year 2011/2012 the Ministry has been allocated a **Kshs. 7,275,006,500** for Recurrent and **Kshs. 870,032,000**.

The Ministry's overall Budget has reduced by **Kshs. 188,098,140**. The decrease is attributed to the low funding and lowering of the development ceilings for the Public Administration and Internal Relations sector as well as reduction in allocations for operations and maintenance for the recurrent expenditure.

5.2.1 Key areas of expenditure for the Financial Year 2011/2012

(a) Recurrent

- Personnel emoluments – Kshs. 3,421,574,171
- Rents for leased properties – Kshs. 1,430,495,226
- Education supplement – Kshs. 425,068,582
- Contributions to international organizations – Kshs. 333,300,000
- Purchase of fixed assets – Kshs. 115,553,800
- Other operations and maintenance – Kshs. 1,546,014,721

(b) Development vote

- Construction of Chancery and Residence in Abuja – Kshs. 196,000,000
- Continuation of refurbishment of buildings in Windhoek – Kshs. 356, 000, 000
- Implementation of the virtual private network (VPN) connection between HQ and Missions abroad – Kshs. 41,487,000 made up of exchequer Kshs. 19,000,000 and UNDP grants Kshs. 22,487,000
- Capacity building for integration of Diaspora into National Development – Kshs. 30,032,000 – funded by World Bank Grant
- Refurbishment of Ministry HQ – Kshs. 16, 000, 000
- Refurbishment of residence in Ottawa – Kshs. 40, 000,000
- Other refurbishments covering 19 Missions – Kshs. 213,000,000

5.2.2 Comparison of the Ministry's allocations

Vote		2007/2008	2009/2009	2009/2010	2010/2011	2011/2012
Recurrent	Gross	6,819,541	7,826,383,361	7,729,108,884	8,320,633,316	8,062,006,500
	AIA	684,592,820	772,278,561	527,140,884	662,163,316	787,000,000
	Net	6,134,948,820	7,054,104,800	7,201,968,000	7,658,470,000	7,275,006,500
Development		979,000,000	1,817,709,080	855,000,000	466,400,000	870,032,000

The Ministry's recurrent budget for the Financial Year 2011/2012 has gone down by Kshs. 383,463,500 as compared with FY 2010/2011. The items affected by the reduction include state visits abroad Kshs. 20,873,163 shipment of personal and household effects Kshs. 50,515,003 and domestic travel Kshs. 28,446,830, scholarships and other educational benefits Kshs. 21,704,989 and other operational maintenance Kshs. 81,923,515

The Ministry's development budget is set to increase from Kshs. 466,400,000 in FY 2010/2011 to Kshs. 870,032,000 in FY 2011/2012. This amounts to an increase of Kshs. 403,632,000 which constitutes 46.4%.

5.2.3 Allocations to new projects

During sector working groups meetings the development ceiling for the public administration and international relations sector was lowered and it was indicated that there would be no funding for new projects.

5.2.3 Ministry's Absorption capacity

The Ministry's absorption capacity has been hampered by lengthy and difficult procurement procedures for Missions abroad. The late exchequer releases also affect the Ministry's absorptive capacity.

5.2.4 Areas left out of the Estimates the following projects were proposed by the Ministry for funding but were left out:-

- Review of Foreign Service Allowance – This was supposed to be implemented in the FY 2011/2012 at a cost of Kshs. 437 million but was only granted Kshs. 410 Million.
- Purchase of Motor Vehicles – The Ministry had requested for Kshs. 60 Million for the purchase of motor vehicles to replace its aging fleet of vehicles at the HQ and missions abroad. The Ministry was however allocated Kshs. 5 Million for this purpose.
- Foreign Exchange Rate Fluctuations - Loss on foreign exchange, as a result of currency fluctuation, during remittances to Missions abroad averages Kshs. 200 million annually. This affects the Ministry's budget.
- Fund for technical cooperation – The Ministry has proposed a fund for technical cooperation as a strategic soft power instrument in pursuit of Kenya's Foreign Policy goals. The fund is meant for scholarships, technical cooperation and capacity building in peace support and conflict resolution in the region. The Ministry had requested Kshs. 250 million to launch the fund.

- Demolition and construction of the High Commissioners Residence in Pretoria Kshs. 300 Million.
- Construction of Chancery and Residence in Juba - Kshs. 500 Million.
- Purchase of High Commissioners Residence in Kampala - Kshs. 450 Million.
- Purchase of building for Chancery in New York - Kshs. 768 Million.
- Redevelopment of properties in Addis Ababa - Kshs. 316 Million.
- Purchase of land for new Ministry's HQ - Kshs. 500 Million

5.2.5 Challenges

- (a) Foreign exchange regime – the depreciation of the Kenya shilling and the fluctuation in foreign exchange severely impacts on the Ministry budgetary allocations. The allocation to foreign exchange rate loss has been decreasing over the years and in the FY 2011/2012 no funds were allocated to this item which is contrary to Kshs. 200 million loss suffered by the Ministry annually.
- (b) The implementation of project and programs by Missions abroad has been affected by the public procurement and disposal act, 2005. Some of the provisions of the Act are inapplicable in some countries abroad due to the varied financial, social and cultural practices obtaining in those countries leading to slow or non implementation of projects.
- (c) Reduction in visa fees by 50-% for adults and waiver for children affected the Ministry AIA collection. The reversal of the aforementioned is yet to be communicated officially.

5.3 CONSIDERATION OF ESTIMATES – ANALYSIS OF ESTIMATES

5.3.1 SCRUTINY OF THE RECURRENT ALLOCATIONS

The net Recurrent Estimate for the Ministry for the Financial Year 2011/2012 amounts to **Kshs. 7,275,006,500**. The Ministry expects to raise **Appropriations In Aid** amounting to **Kshs. 787,000,000**.

Head 043: Headquarters and Administrative Services

Proposed net expenditure **Kshs. 1,137,495,544**

Observations: The net expenditure has reduced from **Kshs. 1, 416, 557, 565** in FY 2010/2011 to **Kshs. 1,137,495,544** in 2011/2012. The decrease is on account of Headquarters Sub Head.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 1,137,495,544** is allocated to the Ministry for the expenditure proposed in the items under Head 043

Head 184: Foreign Service Institute

Proposed net expenditure **Kshs. 23,770,270**.

Observations: slight increase in the Heads expenditure.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 23,770,270** be allocated to the Ministry for the expenditure proposed in the items under Head 184.

Head 667: Financial Management and Procurement Services

Proposed net expenditure **Kshs. 50,966,880**

Observations: General increase in the Heads expenditure.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 50,966,880** be allocated to the Ministry for the expenditure proposed in the items under Head 667.

Head 044: New York

Proposed net expenditure **Kshs. 286,831,388**

Observations: Generally the expenditure for the mission has decreased from **Kshs. 293,255,304** in 2010/2011 to **Kshs. 263, 929, 548** in 2011/2012. The increase is on account of basic salaries, hospitality supplies and services and foreign travel and subsistence, and other transportation costs.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 286,831,388** be allocated to the Ministry for the expenditure proposed in the items under Head 044.

Head 045: Washington

Proposed net expenditure **Kshs. 72,217,556.**

The Ministry proposes to raise **Appropriations-In-Aid** totalling **Kshs. 150, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased to **Kshs. 72,217,556** in this Financial Year from **Kshs. 113,265,792** in FY 2010/2011.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 72,217,556** be allocated to the Ministry for the expenditure proposed in the items under Head 045 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 150, 000, 000** to finance its programmes under Head 045.

Head 046: London

Proposed net expenditure **Kshs. 168,655,665.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 120, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has reduced from **Kshs 191,364,261** in 2010/2011 to **Kshs. 168,655,665** in 2011/2012. The reduction is on account of domestic travel and subsistence, and other transportation costs; scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 168,655,665** be allocated to the Ministry for the expenditure

proposed in the items under Head 046 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 120, 000, 000** to finance its programmes under Head 046.

Head 047: Moscow

Proposed net expenditure **Kshs. 166,837,460**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 3,200,000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 171,538,740** in 2010/2011 to **Kshs. 166,837,460** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 166,837,460** be allocated to the Ministry for the expenditure proposed in the items under Head 047 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 3,200,000** to finance its programmes under Head 047.

Head 048: Addis Ababa

Proposed net expenditure **Kshs. 93,683,816**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 3,000,000** from administrative fees and charges; sale of vehicles, plant machinery and equipment.

Observations: Generally the expenditure has decreased from **Kshs 98,043,454** in 2010/2011 to **Kshs. 93,683,816** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 93,683,816** be allocated to the Ministry for the expenditure proposed in the items under Head 048 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 3,000,000** to finance its programmes under Head 048.

Head 049: Berlin

Proposed net expenditure **Kshs. 125,476,618**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 57,000,000** from administrative fees and charges as well as VAT on domestic goods and services.

Observations: Generally the expenditure has decreased from **Kshs. 148,504,200** in 2010/2011 to **Kshs. 146,497,782** in 2010/2011. The decrease is on account of foreign travel and subsistence and rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 125,476,618** be allocated to the Ministry for the expenditure proposed in the items under Head 049 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 57,000,000** to finance its programmes under Head 049.

Head 050: Kinshasa

Proposed net expenditure **Kshs. 87,233,148.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 2,100, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs 84,137,022** in 2010/2011 to **Kshs. 87,233,148** in 2011/2012. The increase is mainly on account of rentals of produced assets and AIA.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 87,233,148** be allocated to the Ministry for the expenditure proposed in the items under Head 050 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 2,100, 000** to finance its programmes under Head 050.

Head 051: Lusaka

Proposed net expenditure **Kshs. 77,210,171.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 1,850,000** from administrative fees and charges.

Observations: Generally the expenditure has decreased to **Kshs. 77,210,171** in 2011/2012 from **Kshs. 77,828,768** in 2010/2011.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 77,210,171** be allocated to the Ministry for the expenditure proposed in the items under Head 051 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 1, 850, 000** to finance its programmes under Head 051.

Head 052: Paris

Proposed net expenditure **Kshs. 125,055,146.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 51,200,000** from VAT and administrative fees and charges.

Observations: Generally the expenditure has decreased to **Kshs. 160,829,470** in 2010/2011 from **Kshs. 125,055,146** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 125,055,146** be allocated to the Ministry for the expenditure proposed in the items under Head 052 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 51,200,000** to finance its programmes under Head 052.

Head 054: New Delhi

Proposed net expenditure **Kshs. 147,135,979.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 18, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs 136,913,629** in 2010/2011 to **Kshs. 147,135,979** in 2011/2012. The increase is mainly on account of basic wages, personal allowance, rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 147,135,979** be allocated to the Ministry for the expenditure proposed in the items under Head 054 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 18, 000, 000** to finance its programmes under Head 054.

Head 055: Stockholm

Proposed net expenditure **Kshs. 137,610,957.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 15,000,000** from VAT and administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 139,329,852** in 2010/2011 to **Kshs. 137,610,957** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 137,610,957** be allocated to the Ministry for the expenditure proposed in the items under Head 055 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 15,000,000** to finance its programmes under Head 055.

Head 056: Abuja

Proposed net expenditure **Kshs. 125,168,968.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 18,052,000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 131,945,344** in 2010/2011 to **Kshs. 125,168,968** in 2011/2012. The decrease is on account of basic salaries, domestic and foreign travel and scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 125,168,968** be allocated to the Ministry for the expenditure proposed in the items under Head 056 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 18,052,000** to finance its programmes under Head 056.

Head 057: Cairo

Proposed net expenditure **Kshs. 81,201,163.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 3, 300, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 82,383,638** in 2010/2011 to **Kshs. 81,201,163** in 2011/2012. The decrease is on account of basic salaries and scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 81,201,163** be allocated to the Ministry for the expenditure proposed in the items under Head 057 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 3, 000, 000** to finance its programmes under Head 057.

Head 058: Riyadh

Proposed net expenditure **Kshs. 74,569,444**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 6,500,000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 78,776,223** in 2010/2011 to **Kshs. 74,569,444** in 2011/2012. The decrease is on account of basic salaries and wages, personal allowance, foreign travel and subsistence and purchase of office furniture and general equipment.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 74,569,444** be allocated to the Ministry for the expenditure proposed in the items under Head 058 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 6,500,000** to finance its programmes under Head 058.

Head 059: Brussels

Proposed net expenditure **Kshs. 181,369,651**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 10, 150, 000** from VAT, administrative fees and charges and sale of vehicles and transport equipment.

Observations: Generally the expenditure has increased from **Kshs 180,347,767** in 2010/2011 to **Kshs. 181,369,651** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 181,369,651** be allocated to the Ministry for the expenditure proposed in the items under Head 059 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 10, 150, 000** to finance its programmes under Head 059.

Head 060: Ottawa

Proposed net expenditure **Kshs. 101,601,185**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 36,500, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 115,966,238** in 2010/2011 to **Kshs. 101,601,185** in 2011/2012. The decrease is on account of basic salaries, domestic and foreign travel, rentals of produced items scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 101,601,185** be allocated to the Ministry for the expenditure proposed in the items under Head 060 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 36, 500,000** to finance its programmes under Head 060.

Head 061: Tokyo

Proposed net expenditure **Kshs. 189,408,874.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 20, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 197,197,606** in 2010/2011 to **Kshs. 189,408,874** in 2011/2012. The decrease is on account of purchase of household furniture and institutional equipment, purchase of office furniture and general equipment, rentals of produced items.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 189,408,874** be allocated to the Ministry for the expenditure proposed in the items under Head 061 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 20, 000, 000** to finance its programmes under Head 061.

Head 062: Beijing

Proposed net expenditure **Kshs. 64,398,533.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 30, 500, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 65,975,739** in 2010/2011 to **Kshs. 64,398,533** in 2011/2012. The decrease is on account of scholarships and other educational benefits, rentals of produced items and personal allowance paid as reimbursements.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 64,398,533** be allocated to the Ministry for the expenditure proposed in the items under Head 062 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 30, 500, 000** to finance its programmes under Head 062.

Head 063: Rome

Proposed net expenditure **Kshs. 141,625,167.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 40, 000, 000** million from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 155,263,985** in 2010/2011 to **Kshs. 141,625,167** in 2011/2012. The decrease is on account of purchase of office furniture and refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 141,625,167** be allocated to the Ministry for the expenditure proposed in the items under Head 063 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 40, 000, 000** to finance its programmes under Head 063.

Head 064: Kampala

Proposed net expenditure **Kshs. 79,512,468.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 4, 300, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 83,364,160** in 2010/2011 to **Kshs. 79,512,468** in 2011/2012. The decrease is mainly on account of basic salaries, personal allowances paid as reimbursements, foreign travel and subsistence.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 79,512,468** be allocated to the Ministry for the expenditure proposed in the items under Head 064 and that the Ministry be allowed to raise A-I-A of **Kshs. 4,300, 000** to finance its programmes under Head 064.

Head 065: UNON

Proposed net expenditure **Kshs. 69,458,150.**

Observations: Generally the expenditure has decreased from **Kshs. 81,723,050** in 2010/2011 to **Kshs. 69,458,150** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 69,458,150** be allocated to the Ministry for the expenditure proposed in the items under Head 065.

Head 067: Harare

Proposed net expenditure **Kshs. 77,924,779.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 3, 412, 000** from administrative fees and charges.

Observations: The expenditure has decreased from **Kshs 82,624,310** in 2010/2011 to **Kshs. 77,924,779** in 2011/2012. The increase is on account of domestic travel and subsistence, hospitality supplies and services.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 77,924,779** be allocated to the Ministry for the expenditure proposed in the items under Head 065 and that the Ministry be allowed to raise A-I-A of **Kshs. 3, 412, 000** to finance its programmes under Head 065.

Head 068: Khartoum

Proposed net expenditure **Kshs. 104,010,570.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 4, 470, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 117,909,870** in 2010/2011 to **Kshs. 104,010,570** in 2011/2012. The decreases are mainly on

account of personal allowances paid as part of salary, foreign travel and subsistence, rentals of produced items and scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 104,010,570** be allocated to the Ministry for the expenditure proposed in the items under Head 068 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 4, 470, 000** to finance its programmes under Head 068.

Head 069: Abu Dhabi

Proposed net expenditure **Kshs. 139,883,635**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 13, 500, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 139,091,729** in 2010/2011 to **Kshs. 139,883,635** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 139,883,635** be allocated to the Ministry for the expenditure proposed in the items under Head 069 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 13, 500, 000** to finance its programmes under Head 069.

Head 073: Dar Es Salaam

Proposed net expenditure **Kshs. 72,035,593**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 20,319,800** from administrative fees and charges, sale of plant machinery.

Observations: Generally the expenditure has increased from **Kshs. 71,486,422** in 2010/2011 to **Kshs. 72,035,593** in 2011/2012. The increases are mainly on account of basic salaries, basic wages.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 72,035,593** be allocated to the Ministry for the expenditure proposed in the items under Head 073 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 20,319,800** to finance its programmes under Head 073.

Head 074: Islamabad

Proposed net expenditure **Kshs. 101,133,195**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 2,000,000** million from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs 101,218,224** in 2010/2011 to **Kshs. 101,133,195** in 2011/2012. The decrease is mainly on account of domestic travel, purchase of household furniture and institutional equipment.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 101,133,195** be allocated to the Ministry for the expenditure

proposed in the items under Head 074 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 2,000, 000** to finance its programmes under Head 074.

Head 075: The Hague

Proposed net expenditure **Kshs. 118,450,582.**

The Ministry proposes to raise Appropriations In Aid totalling **Kshs. 33,000, 000** from VAT and administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 108,427,675** in 2010/2011 to **Kshs. 118,450,582** in 2011/2012. The increase is mainly on account of basic wages, personal allowances paid as part of salary, rentals of produced assets and hospitality supplies and services.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 118,450,582** be allocated to the Ministry for the expenditure proposed in the items under Head 075 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 33,000, 000** to finance its programmes under Head 075.

Head 076: Geneva

Proposed net expenditure **Kshs. 313,385,539.**

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 20, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 303,689,427** in 2010/2011 to **Kshs. 313,385,539** in 2011/2012. The increase is mainly on account of basic wages, personal allowances paid as part of salary, rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 313,385,539** be allocated to the Ministry for the expenditure proposed in the items under Head 076 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 20, 000, 000** to finance its programmes under Head 076.

Head 077: Mission to Somali

Proposed net expenditure **Kshs. 52,430,540.**

Observations: Generally the expenditure has decreased from **Kshs. 53,146,940** in 2010/2011 to **Kshs. 52,430,540** in 2011/2012. The decreases is on account of basic wages, personal allowances paid as part of reimbursements.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 52,430,540** be allocated to the Ministry for the expenditure proposed in the items under Head 078.

Head 078: Los Angeles

Proposed net expenditure **Kshs. 88,906,998.**

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 20, 000, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 93,967,254** in 2010/2011 to **Kshs. 88,906,998** in 2011/2012. The decrease is on account of basic salaries, domestic and foreign travel.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 88,906,998** be allocated to the Ministry for the expenditure proposed in the items under Head 078 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 20, 000, 000** to finance its programmes under Head 078.

Head 231: Bujumbura

Proposed net expenditure **Kshs. 66,370,327**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 550, 000** from administrative fees and charges and VAT.

Observations: Generally the expenditure has decreased from **Kshs. 69,665,139** in 2010/2011 to **Kshs. 66,370,327** in 2011/2012. The decrease is on account of basic salaries, personal allowances paid as either as part of salary or reimbursements.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 66,370,327** be allocated to the Ministry for the expenditure proposed in the items under Head 231 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 550, 000** to finance its programmes under Head 231.

Head 253: Tel Aviv

Proposed net expenditure **Kshs. 148,556,056**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 3,395,500** from rents and administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 135,551,912** in 2010/2011 to **Kshs. 148,556,056** in 2011/2012. The increase is on account of basic salaries, basic wages, personal allowances paid as part of salary, rentals of produced items, foreign travel and scholarships and other educational benefits.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 148,556,056** be allocated to the Ministry for the expenditure proposed in the items under Head 253 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 3,395,500** to finance its programmes under Head 253.

Head 262: Pretoria

Proposed net expenditure **Kshs. 131,230,947**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 7,986, 000** from administrative fees and charges and sale of vehicles and transport equipment.

Observations: Generally the expenditure has decreased from **Kshs. 138,139,229** in 2010/2011 to **Kshs. 131,230,947** in 2011/2012. The increase is on account of personal allowance paid as part of salaries.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 131,230,947** be allocated to the Ministry for the expenditure proposed in the items under Head 262 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 7,986,000** to finance its programmes under Head 262.

Head 284: Vienna

Proposed net expenditure **Kshs. 160,623,876**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 4,650,000** million from receipts from administrative fees and sale of vehicles and transport equipment.

Observations: Generally the expenditure has increased from **Kshs. 159,743,530** in 2010/2011 to **Kshs. 160,623,876** in 2011/2012. The increase is mainly on account of basic wages.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 160,623,876** be allocated to the Ministry for the expenditure proposed in the items under Head 284 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 6,030,000** to finance its programmes under Head 284.

Head 299: Kuala Lumpur

Proposed net expenditure **Kshs. 88,762,544**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 1,050,000** from administrative fees and charges and sale of vehicles and transport equipment.

Observations: Generally the expenditure has decreased from **Kshs. 89,178,957** in 2010/2011 to **Kshs. 88,762,544** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 88,762,544** be allocated to the Ministry for the expenditure proposed in the items under Head 299 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 1,050,000** to finance its programmes under Head 299.

Head 369: Kuwait

Proposed net expenditure **Kshs. 84,272,396**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 1,000,000** million from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 79,764,728** in 2010/2011 to **Kshs. 84,272,396** in 2011/2012. The increases are mainly on account of basic wages, rentals of produced assets, other operating expenses.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 84,272,396** be allocated to the Ministry for the expenditure proposed in the items under Head 369 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 1, 000, 000** to finance its programmes under Head 369.

Head 370: Dublin

Proposed net expenditure **Kshs. 103,269,776**.

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 1, 500,000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 104,902,848** in 2010/2011 to **Kshs. 103,269,776** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 103,269,776** be allocated to the Ministry for the expenditure proposed in the items under Head 370 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 1, 500, 000** to finance its programmes under Head 370.

Head 378: Madrid

Proposed net expenditure **Kshs. 153,804,900**.

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 5, 050, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 151,392,059** in 2010/2011 to **Kshs. 153,804,900** in 2011/2012. The increase is mainly on account of personal allowance paid as part of salaries.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 153,804,900** be allocated to the Ministry for the expenditure proposed in the items under Head 378 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 5, 050, 000** to finance its programmes under Head 378.

Head 383: Seoul

Proposed net expenditure **Kshs. 106, 139,768**.

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 4, 500, 000** from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 105,385,912** in 2010/2011 to **Kshs. 106, 139,768** in 2011/2012. The increase is mainly on account of basic wages, domestic travel and subsistence.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 106, 139,768** be allocated to the Ministry for the expenditure proposed in the items under Head 383 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 4, 500, 000** to finance its programmes under Head 383.

Head 417: Kigali

Proposed net expenditure **Kshs. 77,140,298.**

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 744, 200** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 77,743,221** in 2010/2011 to **Kshs. 77,140,298** in 2011/2012. The decrease is mainly on account of basic salaries, scholarships, purchase of vehicles and other transport equipment.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 77,140,298** be allocated to the Ministry for the expenditure proposed in the items under Head 417 and that the Ministry be allowed to raise A-I-A of Kshs. 744,200 to finance its programmes under Head 417.

Head 420: Canberra

Proposed net expenditure **Kshs. 133,986,788.**

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 25, 300, 000** from VAT and administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 121,427,264** in 2010/2011 to **Kshs. 133,986,788** in 2011/2012. The increases are mainly on account of basic wages, personal allowances paid as part of salary, rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 133,986,788** be allocated to the Ministry for the expenditure proposed in the items under Head 420 and that the Ministry be allowed to raise A-I-A of Kshs. 25, 300, 000 to finance its programmes under Head 420.

Head 421: Tehran

Proposed net expenditure **Kshs. 79,475,206.**

The Ministry proposes to raise **Appropriation-In-Aid** totalling **Kshs. 2,010, 000** from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 80,421,555** in 2010/2011 to **Kshs. 79,475,206** in 2011/2012. The decreases are mainly on account of personal allowance paid as part of salary, domestic and foreign travel, and other operating expenses.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 79,475,206** be allocated to the Ministry for the expenditure proposed in the items under Head 421 and that the Ministry be allowed to raise A-I-A of Kshs. 2,010,000 to finance its programmes under Head 421.

Head 422: Windhoek

Proposed net expenditure **Kshs. 82,966,924.**

The Ministry proposes to raise **Appropriations In Aid** totalling **Kshs. 1,150,000** from administrative fees and charges, rents and VAT on domestic goods and services.

Observations: Generally the expenditure has decreased from **Kshs. 84,386,458** in 2010/2011 to **Kshs. 82,966,924** in 2011/2012. The decreases are mainly on account of basic salaries and purchase of vehicles and other transport equipment.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 82,966,924** be allocated to the Ministry for the expenditure proposed in the items under Head 422 and that the Ministry be allowed to raise **A-I-A** of **Kshs. 1,150, 000** to finance its programmes under Head 422.

Head 470: Brasilia

Proposed net expenditure **Kshs. 143,521,493.**

The Ministry proposes to raise Appropriations In Aid totalling Kshs. 600, 000 from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 136,426,104** in 2010/2011 to **Kshs. 143,521,493** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 143,521,493** be allocated to the Ministry for the expenditure proposed in the items under Head 470 and that the Ministry be allowed to raise A-I-A of Kshs. 600, 000 to finance its programmes under Head 470.

Head 476: Bangkok

Proposed net expenditure **Kshs. 103,639,568.**

The Ministry proposes to raise Appropriation-In-Aid totalling Kshs. 2,000,000 from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 101,874,012** in 2010/2011 to **Kshs. 103,639,568** in 2011/2012. The increases are mainly on account of basic wages, personal allowances paid as part of salary, utilities supplies and services, insurance costs.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 103, 639,568** be allocated to the Ministry for the expenditure proposed in the items under Head 476 and that the Ministry be allowed to raise A-I-A of Kshs. 2,000, 000 to finance its programmes under Head 476.

Head 566: Gaborone

Proposed net expenditure **Kshs. 76,091,221.**

The Ministry proposes to raise Appropriations In Aid totalling Kshs. 2, 560, 000 from VAT and administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 72,970,832** in 2010/2011 to **Kshs. 76,091,221** in 2011/2012. The increases are mainly on account of basic salaries, hospitality supplies and services, routine maintenance – other assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 76,091,221** be allocated to the Ministry for the expenditure proposed in the items under Head 566 and that the Ministry be allowed to raise A-I-A of Kshs. 2, 560, 000 to finance its programmes under Head 566.

Head 727: Tripoli

Proposed net expenditure **Kshs. 79,166,178**.

The Ministry proposes to raise Appropriations In Aid totalling Kshs. 100, 000 from administrative fees and charges.

Observations: Generally the expenditure has decreased from **Kshs. 81,468,360** in 2010/2011 to **Kshs. 79,166,178** in 2011/2012. The decreases are mainly on account of basic salaries, communication, supplies and services, domestic and foreign travel, insurance costs, fuel oil and lubricants and scholarships.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 79,166,178** be allocated to the Ministry for the expenditure proposed in the items under Head and that the Ministry be allowed to raise A-I-A of Kshs. 100, 000 to finance its programmes under Head 727.

Head 728: Juba

Proposed net expenditure **Kshs. 99,556,889**.

The Ministry proposes to raise Appropriations In Aid totalling Kshs. 9,900,000 from administrative fees and charges.

Observations: Generally the expenditure has increased from **Kshs. 93,486,533** in 2010/2011 to **Kshs. 99,556,889** in 2011/2012. The increases are mainly on account of basic salaries and wages, rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 99,556,889** be allocated to the Ministry for the expenditure proposed in the items under Head 728 and that the Ministry be allowed to raise A-I-A of Kshs. 9,900, 000 to finance its programmes under Head 728.

Head 729: Doha

Proposed net expenditure **Kshs. 93,871,163**.

Observations: Generally the expenditure has increased from **Kshs. 92,657,021** in 2010/2011 to **Kshs. 93,871,163** in 2011/2012. The increases are mainly on account of basic salaries, rentals of produced assets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 93,871,163** be allocated to the Ministry for the expenditure proposed in the items under Head 729.

Head 731: Muscat

Proposed net expenditure **Kshs. 5,729,473,806**.

Observations: Generally the expenditure has decreased from **Kshs. 5,856,320,109** in 2010/2011 to **Kshs. 5,729,473,806** in 2011/2012. The decreases are mainly on account of basic wages.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 5,729,473,806** be allocated to the Ministry for the expenditure proposed in the items under Head 731.

Head 070: United Nations Organisations

Proposed net expenditure **Kshs. 127,700,000**. The allocation is for Membership Fees and Dues and Subscriptions to International Organisation.

Observations: Generally the expenditure has increased from **Kshs. 100,500,000** in 2010/2011 to **Kshs. 127,700,000** in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 127,700,000** be allocated to the Ministry for the expenditure proposed in the items under Head 070.

Head 071: Commonwealth

Proposed net expenditure **Kshs. 29,000,000**. The allocation is for Membership Fees and Dues and Subscriptions to International Organisation

Observations: The expenditure remains constant at **Kshs. 29, 000, 000** in 2010/2011 and 2011/2012 Budget.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 29, 000, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 070.

Head 072: African Union

Proposed net expenditure **Kshs. 164,500,000**. The allocation is for Membership Fees and Dues and Subscriptions to International Organisation

Observations: The expenditure has decreased from **Kshs. 176,327,218** in 2010/2011 to **Kshs. 164,500,000** in 2011/2012 on account item 2620100.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding **Kshs. 164, 500, 000** be allocated to the Ministry for the expenditure proposed in the items under Head 072.

Head 087: Grants to International Organisations

Proposed net expenditure Kshs. 33,300, 000. The allocation is for Membership Fees and Dues and Subscriptions to International Organisation

Observations: The expenditure has increased from Kshs. 317,927,218 in 2010/2011 to Kshs. 333,300,000 in 2011/2012.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 33,300, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 087.

5.3.2 ANALYSIS OF THE DEVELOPMENT ALLOCATION

The net Development Estimate for the Ministry for the Financial Year 2011/2012 amounts to Kshs. 870,032,000. The allocation is for capital expenditure, including general administration and planning and diplomatic representation.

Head 043: Headquarters Administrative Services

Proposed net Expenditure Kshs. 65,032,000.

Observations: The expenditure has increased from Kshs. 40,000,000 in 2010/2011 to Kshs. 65,032,000 in 2011/2012. The increase is on account of training expenses and foreign travel.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 65,032,000 be allocated to the Ministry for the expenditure proposed in the items under Head 043 and that the Ministry be allowed to raise A-J-A of Kshs. 22,487,000 to finance its programmes under Head 043.

Head 044: New York

Proposed net Expenditure Kshs. 5, 000, 000.

Observations: The expenditure has remained the same

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 5, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 044.

Head 045: Washington

Proposed net Expenditure Kshs. 12, 000, 000.

Observations: The expenditure has increased from Kshs. 500,000 in 2010/2011 to Kshs. 12, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 12, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 045.

Head 046: London

Proposed net Expenditure Kshs. 30, 000, 000

Observations: The expenditure has increased from Kshs. 500,000 in 2010/2011 to Kshs. 30, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 30, 000, 000 be allocated to the Ministry for the proposed refurbishment of buildings in the London Mission.

Head 048: Addis Ababa

Proposed net Expenditure Kshs. 33, 000, 000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 33, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 33, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 048.

Head 049: Berlin

Proposed net Expenditure Kshs. 5, 000, 000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 5, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 5, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 049.

Head 050: Kinshasa

Proposed net Expenditure Kshs. 10, 000, 000.

Observations: The expenditure has increased from Kshs. 4, 000, 000 in 2010/2011 to Kshs. 10, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 10, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 050.

Head 051: Lusaka

Proposed net Expenditure Kshs. 10, 000, 000.

Observations: The expenditure has decreased from Kshs. 13, 000, 000 in 2010/2011 to Kshs. 10, 000, 000 in 2011/2012. The decrease is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 10, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 051.

Head 052: Paris

Proposed net Expenditure Kshs. 15, 000, 000.

Observations: The expenditure has increased from Kshs. 500, 000 in 2010/2011 to Kshs. 15, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 15, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 052.

Head 055: Stockholm

Proposed net Expenditure Kshs. 20, 000, 000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 20, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 20, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 055.

Head 056: Abuja

Proposed net Expenditure Kshs. 196, 000, 000.

Observations: The expenditure has decreased from Kshs. 240, 000, 000 in 2010/2011 to Kshs. 196, 000, 000 in 2011/2012. The decrease is on account of construction of Building.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 196, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 056.

Head 059: Brussels

Proposed net Expenditure Kshs. 11, 000, 000.

Observations: The expenditure has increased from Kshs. 8, 000, 000 in 2010/2011 to Kshs. 11, 000, 000 in 2011/2012. The increase is on account of refurbishment of Buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 11, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 059.

Head 060: Ottawa

Proposed net Expenditure Kshs. 40, 000, 000.

Observations: The expenditure has increased from Kshs. 1,000, 000 in 2010/2011 to Kshs. 40, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 40, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 060.

Head 061: Tokyo

Proposed net Expenditure Kshs. 3,000,000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 3,000,000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that Kshs. 3,000,000 is allocated under Head 061.

Head 062: Beijing

Proposed net Expenditure Kshs. 4, 000, 000.

~~**Observations:** The expenditure has remained the same as in 2010/2011~~

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 4, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 062.

Head 063: Rome

Proposed net Expenditure Kshs. 10, 000, 000.

Observations: The expenditure has increased from Kshs. 9, 000, 000 in 2010/2011 to Kshs. 10, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 10, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 063.

Head 064: Kampala

Proposed net Expenditure Kshs. 3,000,000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 3,000,000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that Kshs. 3,000,000 is allocated to the Ministry under Head 064.

Head 067: Harare

Proposed net Expenditure Kshs. 7, 000, 000.

Observations: The expenditure has increased from zero in 2010/2011 to Kshs. 7, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 7, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 067.

Head 073: Dar Es Salaam

Proposed net Expenditure Kshs. 5, 000, 000.

Observations: The expenditure has decreased from Kshs. 15,000, 000 in 2010/2011 to Kshs. 5, 000, 000 in 2011/2012. The decrease is on account of construction of building.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 5, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 073.

Head 074: Islamabad

Proposed net Expenditure Kshs. 10, 000, 000.

Observations: The expenditure has decreased from Kshs. 12, 400, 000 in 2010/2011 to Kshs. 10, 000, 000 in 2011/2012. The decrease is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 10, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 074.

Head 075: The Hague

Proposed net Expenditure Kshs. 15, 000, 000.

Observations: The expenditure has increased from Kshs. 6, 000, 000 in 2010/2011 to Kshs. 15, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 15, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 075.

Head 262: Pretoria

Proposed net Expenditure Kshs. 5,000,000.

Observations: The expenditure has increased from Kshs. 3,000,000 in 2010/2011 to Kshs. 5, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that Kshs. 5,000,000 is allocated to the Ministry under Head 262.

Head 422: Windhoek

Proposed net Expenditure Kshs. 356, 000, 000.

Observations: The expenditure has increased from Kshs. 104, 000, 000 in 2010/2011 to Kshs. 356, 000, 000 in 2011/2012. The increase is on account of refurbishment of buildings.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 356, 000, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 422.

5.4 OBSERVATIONS

The Committee observed that the Ministry faces the following challenges:-

- (i) Volatility of the exchange rate of major currencies leads to huge foreign exchange losses amounting to Kshs. 40 million when remitting funds to missions abroad.
- (ii) The Government directive to reduce visa fees by 50% has impacted negatively on the performance of the Ministry whose Missions abroad rely on AIA accrued from visa fees.
- (iii) Late disbursement of exchequer releases by treasury constraints the operations and implementation of the Ministry's programmes. The delay leads to failure to meet contractual obligations.
- (iv) Disharmony between the Public Procurement and Disposal Act, 2005 and the procurement in countries where Missions are located abroad leads to delays in implementing procurement plans.
- (v) The absence of a substantive Minister and Permanent Secretary has affected the operations and service delivery of the Ministry of Foreign Affairs.

5.4 RECOMMENDATIONS

From the submissions and observations the Committee recommends that:-

- (i) Parliament approves the Ministry's Budget
- (ii) The Ministry of Finance should expedite release of exchequer so as to enable the Ministry implement its operations and programmes as well as to meet contractual obligations.
- (iii) The Government should rescind its directive to reduce visa fees by 50%. The decrease in visa fees has negatively impacted on the Ministry's resource base and has not realised any increase in visa applicants or visitors to the country.
- (iv) The Ministry of Foreign Affairs should be moved from the Public Administration sector to the Security Sector in line with its responsibilities in Government.
- (v) Money be allocated to the Ministry to set up the Fund for Technical Cooperation.
- (vi) In pursuit of Economic Diplomacy, the Minister for Foreign Affairs opens up Missions in Angola and Turkey.
- (vii) The Ministry of Finance should approve borrowing by diplomatic Missions from their respective and reputable bankers to enable them construct Chanceries

and or houses for staff and the loans to be serviced through remittances which are used to pay rent.

(vii) The appointing Authority be advised that the absence of a substantive Minister and Permanent Secretary for the Ministry of Foreign Affairs is affecting the operations and service delivery of the Ministry and should therefore urgently appoint a substantive Minister and Permanent Secretary to the Ministry.

MINUTES OF THE 111TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS HELD ON TUESDAY, 12TH JULY, 2011 IN COMMITTEE ROOM, 2ND FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10.00 AM

PRESENT

The Hon. Adan Keynan, MP – **Chairperson**
The Hon. Benedict Gunda, MP – **Vice Chairperson**
The Hon. George Omari Nyamweya, MBS, MP
The Hon. Jeremiah Kioni, MP
The Hon. Martin Ogindo, MP
The Hon. Eugene Wamalwa, MP
The Hon. Wilson Litole, MP
The Hon. Kiema Kilonzo, MP

ABSENT WITH APOLOGY

The Hon. Mohamed Hussein Ali, MP
The Hon. Charles Kilonzo, MP

ABSENT

The Hon. Peter E. O. Anyanga, MP

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Emejan Nicholas - Clerk Assistant II

PRELIMINARIES

The Meeting started with a word of prayer.

MINUTE NO. 464/2011: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

Minutes of the 107th, 108th, 109th and 110th sittings were confirmed as true records of the meetings and signed by the Chair.

Confirmation of the Minutes of the 106th sitting was postponed to the next sitting.

MINUTE NO. 465/2011: MATTERS ARISING

Under Minute 458/2011 – The Committee was informed that the Ministry of Defence had submitted a brief on the National Space Secretariat as directed by the Committee.

Under Minute 462/2011 - The Committee deliberated on the issue of migration from the microwave system to a more secure frequency by NSIS and the funding of the migration process. The Committee resolved to seek further clarification on the matter from the NSIS, Treasury and the CCK. The Committee further resolved to pursue policy issues such as

accountability of the NSIS, declassification of information and the modernization program of the National Security Intelligence Service at a later meeting.

MINUTE NO. 466/2011: ADOPTION OF THE REPORT OF THE COMMITTEE ON THE SCRUTINY OF THE 2011/2012 ESTIMATES FOR ASSIGNED MINISTRIES AND GOVERNMENT DEPARTMENT.

The Committee considered its report on the Estimates of assigned Ministries for the Financial Year 2011/2012. The following recommendations were proposed by Members .That:-

- (i) The Ministry of Finance should approve borrowing by diplomatic Missions from their respective and reputable bankers to enable them construct Chanceries and or houses for staff and the loans to be serviced through remittances which are used to pay rent.
- (ii) The appointing Authority be advised that the absence of a substantive Minister and Permanent Secretary for the Ministry of Foreign Affairs is affecting the operations and service delivery of the Ministry and should therefore, urgently, appoint a substantive Minister and Permanent Secretary to the Ministry.
- (iii) The National Security Intelligence Service should in future itemize its budget for accountability and transparency without jeopardizing national security. Appropriate legislation be put in place to guide the level of disclosure.

Having considered the report and the proposed recommendations above, the Committee adopted its report on the Scrutiny of Annual Estimates for the Financial Year 2011/2012 for the Ministries of State for Defence; Foreign Affairs; East African Community and the National Security Intelligence Service after being proposed by Hon. Jeremiah Kioni, MP and seconded by Hon. Martin Ogindo, MP:-

MINUTE NO. 467 /2011: ADJOURNMENT

There being no other business the meeting adjourned at Forty Five minutes past ten O'clock.

Sign:signed.....

Date: ... 12th July, 2011.....

(Chairperson)

MINUTES OF THE 104TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS HELD ON FRIDAY, 17TH JUNE, 2011 IN COMMITTEE ROOM 5TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 2.30 PM

PRESENT

The Hon. Adan Keynan, MP – Chairperson
The Hon. Benedict Gunda, MP – Vice Chairperson
The Hon. George Omari Nyamweya, MBS, MP
The Hon. Charles Kilonzo, MP
The Hon. Jeremiah Kioni, MP
The Hon. Mohamed Hussein Ali, MP
The Hon. Peter E. O. Anyanga, MP

ABSENT WITH APOLOGY

The Hon. Kiema Kilonzo, MP
The Hon. Martin Ogindo, MP
The Hon. Wilson Litole, MP
The Hon. Eugene Wamalwa, MP

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Emejen Nicholas - Clerk Assistant II
Jackline Wairimu - Parliamentary Intern

MINISTRY OF STATE FOR DEFENCE

Hon. Yusuf Haji, EGH, MP – Minister
Amb. Nancy Kirui, CBS – Permanent Secretary
Lt. Gen. Joseph Karangi – Vice Chief of Defence Forces
Maj. Gen. Gordon Kihalangwa – Assistant Chief of Defence Forces P&L
Col. Mugwiria – Colonel Budget
C.K. Muhia – Senior Chief Finance Officer
Joel Ngao – Finance Office
Beatrice Thuo – Finance Officer

PRELIMINARIES

Meeting started with a word of prayer.

MINUTE NO. 438/2011: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

Confirmation of Minutes of previous sitting was postponed to the next sitting.

MINUTE NO. 439/2011: EXAMINATION OF BUDGET ESTIMATES FOR THE MINISTRY OF STATE FOR DEFENCE

The Minister thanked the Committee for working closely with the Ministry in overseeing its operations and management. The Minister presented the Ministry's Budget estimates before the Committee as follows:-

MINUTES OF THE 111TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS HELD ON TUESDAY, 12TH JULY, 2011 IN COMMITTEE ROOM, 2ND FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10.00 AM

PRESENT

The Hon. Adan Keynan, MP – **Chairperson**
The Hon. Benedict Gunda, MP – **Vice Chairperson**
The Hon. George Omari Nyamweya, MBS, MP
The Hon. Jeremiah Kioni, MP
The Hon. Martin Ogindo, MP
The Hon. Eugene Wamalwa, MP
The Hon. Wilson Litole, MP
The Hon. Kiema Kilonzo, MP

ABSENT WITH APOLOGY

The Hon. Mohamed Hussein Ali, MP
The Hon. Charles Kilonzo, MP

ABSENT

The Hon. Peter E. O. Anyanga, MP

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Emejen Nicholas - Clerk Assistant II

PRELIMINARIES

The Meeting started with a word of prayer.

MINUTE NO. 464/2011: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

Minutes of the 107th, 108th, 109th and 110th sittings were confirmed as true records of the meetings and signed by the Chair.

Confirmation of the Minutes of the 106th sitting was postponed to the next sitting.

MINUTE NO. 465/2011: MATTERS ARISING

Under Minute 458/2011 – The Committee was informed that the Ministry of Defence had submitted a brief on the National Space Secretariat as directed by the Committee.

Under Minute 462/2011 - The Committee deliberated on the issue of migration from the microwave system to a more secure frequency by NSIS and the funding of the migration process. The Committee resolved to seek further clarification on the matter from the NSIS, Treasury and the CCK. The Committee further resolved to pursue policy issues such as

accountability of the NSIS, declassification of information and the modernization program of the National Security Intelligence Service at a later meeting.

MINUTE NO. 466/2011: ADOPTION OF THE REPORT OF THE COMMITTEE ON THE SCRUTINY OF THE 2011/2012 ESTIMATES FOR ASSIGNED MINISTRIES AND GOVERNMENT DEPARTMENT.

The Committee considered its report on the Estimates of assigned Ministries for the Financial Year 2011/2012. The following recommendations were proposed by Members .That:-

- (i) The Ministry of Finance should approve borrowing by diplomatic Missions from their respective and reputable bankers to enable them construct Chanceries and or houses for staff and the loans to be serviced through remittances which are used to pay rent.
- (ii) The appointing Authority be advised that the absence of a substantive Minister and Permanent Secretary for the Ministry of Foreign Affairs is affecting the operations and service delivery of the Ministry and should therefore, urgently, appoint a substantive Minister and Permanent Secretary to the Ministry.
- (iii) The National Security Intelligence Service should in future itemize its budget for accountability and transparency without jeopardizing national security. Appropriate legislation be put in place to guide the level of disclosure.

Having considered the report and the proposed recommendations above, the Committee adopted its report on the Scrutiny of Annual Estimates for the Financial Year 2011/2012 for the Ministries of State for Defence; Foreign Affairs; East African Community and the National Security Intelligence Service after being proposed by Hon. Jeremiah Kioni, MP and seconded by Hon. Martin Ogindo, MP.

MINUTE NO. 467 /2011: ADJOURNMENT

There being no other business the meeting adjourned at Forty Five minutes past ten O'clock.

Sign:signed.....

Date: ... 12th July, 2011.....

(Chairperson)

MINUTES OF THE 105TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS HELD ON TUESDAY, 21ST JUNE, 2011 IN COMMITTEE ROOM 4TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10.00AM

PRESENT

The Hon. Adon Keynan, MP – Chairperson
The Hon. Benedict Gunda, MP – Vice Chairperson
The Hon. George Omari Nyamweya, MBS, MP
The Hon. Charles Kilonzo, MP
The Hon. Jeremiah Kioni, MP
The Hon. Wilson Litole, MP
The Hon. Martin Ogindo, MP
The Hon. Peter E. O. Anyanga, MP

ABSENT WITH APOLOGY

The Hon. Kiema Kilonzo, MP
The Hon. Eugene Wamalwa, MP
The Hon. Mohamed Hussein Ali, MP

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Emejan Nicholas - Clerk Assistant II
Jackline Wairimu - Parliamentary Intern

MINISTRY OF FOREIGN AFFAIRS

Hon. Prof George Saitoti, EGH, MP – Acting Minister
Amb. Patrick Wamoto – Acting Permanent Secretary
Joseph Ndathi – Director Administration
Dr. Margaret Gachuru – Head Asset Management Unit
A.M. Kihurani – Deputy Political and Diplomatic Secretary
Wilfred Musau – H/Human Resource
B. Khadiagala – Senior Chief Finance Officer
Kariuki Mugwe – Principal Accountant
Maurice O. A. Okoth – Head Diaspora Affairs Division
Mary Ombara – Head Public Affairs and Communication
Robert Ngei – Head Central Planning unit
Frederick Matwango – Minister's Office

PRELIMINARIES

Meeting started with a word of prayer.

MINUTE NO. 442/2011: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

Confirmation of Minutes of previous sitting was postponed to the next sitting.

MINUTE NO. 443/2011: EXAMINATION OF BUDGET ESTIMATES FOR THE MINISTRY OF FOREIGN AFFAIRS

The Hon. George Saitoti, EGH, MP Acting Minister for Foreign Affairs presented the Ministry's budget before the Committee. The Minister informed the Committee that the Ministry of Foreign Affairs is mandated to develop and implement Kenya's Foreign Policy. The Ministry formulates, articulates and implements the policy as well as continuously reviewing it.

The Ministry presented a request of Kshs. 20,049,000,000 during the sector working group. The Ministry was however allocated Kshs. 7,275,006,500 for Recurrent and Kshs. 870,032,000 for Development. This is a shortfall of Kshs. 11,903,961,500 from what the Ministry had requested.

(i) Key areas of expenditure for the Financial Year 2011/2012

(a) Recurrent

- Personnel emoluments – Kshs. 3,421,574,171
- Rents for leased properties – Kshs. 1,430,495,226
- Education supplement – Kshs. 425,068,582
- Contributions to International Organizations – Kshs. 333,300,000
- Purchase of fixed assets – Kshs. 115,553,800
- Other operations and maintenance – Kshs. 1,546,014,721

(b) Development-vote

- Construction of Chancery and Residence in Abuja – Kshs. 196,000,000
- ~~Continuation of refurbishment of buildings in Windhoek – Kshs. 356,000,000~~
- Implementation of the Virtual Private Network (VPN) connection between HQ and Missions abroad – Kshs. 41,487,000 made up of exchequer of Kshs. 19,000,000 and UNDP grants of Kshs. 22,487,000
- Capacity building for integration of Diaspora into national development – Kshs. 30,032,000 – funded by World Bank Grant
- Refurbishment of Ministry HQ – Kshs. 16,000,000
- Refurbishment of Ambassador's residence in Ottawa – Kshs. 40,000,000
- Other refurbishments covering 19 Missions – Kshs. 213,000,000

(ii) Comparison of the Ministry's allocations

Vote		2007/2008	2009/2009	2009/2010	2010/2011	2011/2012
Recurrent	Gross	6,819,541	7,826,383,361	7,729,108,884	8,320,633,316	8,062,006,500
	AIA	684,592,820	772,278,561	527,140,884	662,163,316	787,000,000
	Net	6,134,948,820	7,054,104,800	7,201,968,000	7,658,470,000	7,275,006,500
Development		979,000,000	1,817,709,080	855,000,000	466,400,000	870,032,000

The Ministry's recurrent budget for the Financial Year 2011/2012 has gone down by Kshs. 383,463,500 as compared with FY 2010/2011. The items affected by the reduction include state visits abroad Kshs. 20,873,163, shipment of personal and household effects Kshs. 50,515,003

domestic travel Kshs. 28,446,830, scholarships and other educational benefits Kshs. 21,704,989 and other operational maintenance Kshs. 81,923,515

The Ministry's development budget is set to increase from Kshs. 466,400,000 in FY 2010/2011 to Kshs. 870,032,000 in FY 2011/2012. This amounts to an increase of Kshs. 403,632,000 which constitutes 46.4%.

(iii) Allocations to new projects

During sector working groups meetings the development ceiling for the public administration and international relations sector was lowered and it was indicated that there would be no funding for new projects.

(iv) Ministry's Absorption capacity

The Ministry's absorption capacity has been hampered by lengthy and difficult procurement procedures to Missions abroad. The late exchequer releases also affect the Ministry's absorptive capacity.

(v) Areas left out of the Estimates - The following projects were proposed by the Ministry for funding but were left out:-

- Review of Foreign Service Allowance – This was supposed to be implemented in the FY 2011/2012 at a cost of Kshs. 437 million but was only granted Kshs. 410 Million.
- Purchase of Motor Vehicles – The Ministry had requested for Kshs. 60 Million for the purchase of motor vehicles to replace its aging fleet of vehicles at the HQ and Missions abroad. The Ministry was however allocated Kshs. 5 Million for this purpose.
- Foreign Exchange Rate Fluctuations - Loss on foreign exchange, as a result of currency fluctuation, during remittances to Missions abroad averages Kshs. 200 million annually. This affects the Ministry's budget.
- Fund for technical cooperation – The Ministry has proposed a fund for technical cooperation as a strategic soft power instrument in pursuit of Kenya's Foreign Policy goals. The fund is meant for scholarships, technical cooperation and capacity building in peace support and conflict resolution in the region. The Ministry had requested Kshs. 250 million to launch the fund.
- Demolition and construction of the High Commissioners Residence in Pretoria at Kshs. 300 Million.
- Construction of Chancery and Residence in Juba - Kshs. 500 Million.
- Purchase of High Commissioner's Residence in Kampala - Kshs. 450 Million.
- Purchase of building for Chancery in New York - Kshs. 768 Million.
- Redevelopment of properties in Addis Ababa - Kshs. 316 Million.
- Purchase of land for new Ministry's HQ - Kshs. 500 Million

(vi) Challenges

- (a) Foreign exchange regime – The depreciation of the Kenya shilling and the fluctuation in foreign exchange severely impacts on the Ministry budgetary allocations. The allocation to foreign exchange rate loss has been decreasing over the years and in the FY 2011/2012

no funds were allocated to this item which is contrary to Kshs. 200 million loss suffered by the Ministry annually.

- (b) The implementation of projects and programs by Missions abroad has been affected by the Public Procurement and Disposal Act, 2005. Some of the provisions of the Act are inapplicable in some countries abroad due to the varied financial, social and cultural practices obtaining in those countries leading to slow or non implementation of projects.
- (c) Reduction in visa fees by 50% for adults and waiver for children affected the Ministry's AIA collection. The reversal of the aforementioned is yet to be communicated officially.

Committee concerns

- (a) Where did the Ministry get funds for capacity building in South Sudan yet no funds were allocated for this purpose?
- (b) Why hasn't the Ministry purchased property in Kampala yet Uganda is Kenya's No. 1 trading partner?
- (c) What is the rationale for establishing Missions? Why hasn't the Ministry opened a Mission in Turkey?
- (d) Rationale for property acquisition in Missions? Sectional properties vis stand alone properties? Consider commercial financing of property acquisition?
- (e) Why are state visits abroad factored in the Ministry's budget and not State House vote?
- (f) Why has the Ministry's allocation for hospitality at Headquarters risen this Financial Year?
- (g) Plans by the Ministry for Diplomatic enclave.
- (h) Concern that Kenya does not attend national holidays for certain countries while attending others?
- (i) Ministry's role in an agreement to promote Kenya abroad?

The Minister responded as follows:

- Funds for Capacity building in South Sudan – The Ministry of Foreign Affairs partnered with the Ministry of Public Service to fund the programme since no money was allocated to the Ministry of Foreign Affairs for this purpose. The Ministry of Public Service runs a programme for training Government officials in South Sudan.
- Property for Mission in Uganda – Kenya and Uganda are in the process of exchanging plots that will be used in construction of Chancery in Uganda. The Ministry failed to purchase property in Uganda in the past due to lack of finances.
- Rationale for establishment of Missions – In establishing Missions, the Ministry takes into account both economic and diplomatic considerations. The Ministry is in the process of reviewing the policy on establishment of Missions. The Ministry is planning to open an Embassy in Turkey and Angola once requisite approval and funding is obtained. The Ministry is also planning (Cabinet paper prepared) to down grade Missions in Ireland and Namibia. The two countries do not have representation in Kenya. This will facilitate opening up of Missions in Turkey and Angola. The Ministry is also planning to upgrade Juba to a full Embassy in July 2011.
- The Ministry is in the process of reviewing the policy on property acquisition. The refurbishment of the properties in Windhoek is anticipated to bring in Kshs. 61 million at 85% occupancy. The Ambassador's residence and Chancery in Abuja are expected to be complete by January 2012 and will save the Mission Kshs. 20 million in rent. The delay in completion of construction of Chancery and residence in Islamabad is as a result of the challenge of security in Pakistan. The property will however be completed by end of June 2011. The Ministry will consider the possibility of buying floors as opposed to building or purchasing stand alone properties. Commercial borrowing to finance property acquisition

increases the public debt and must be approved by Treasury which is the guarantor of public debt.

- State visits are organized by the Ministry of Foreign Affairs as is the practice internationally. The allocation is therefore factored in the Ministry's budget but this has been reduced in the Financial Year 2011/2012.
- The Ministry's allocation for hospitality at Headquarters has risen due to the upcoming annual Ambassadors Conference.
- The Ministry has prepared a Cabinet proposal on the creation of a diplomatic enclave and is looking for suitable land for this purpose.
- There has been concern by Foreign Missions in Kenya over non attendance of their national holidays by Government. In the past there has been frustration in the designation of Ministers to national days of countries represented in Kenya, however the Ministry is developing a policy to guide handling of National days for Missions represented in Kenya as well as to guide Government dealings with diplomats.
- The Ministry of Foreign Affairs has no input in the contract for promoting Kenya abroad.

MINUTE NO. 444/2011: ANY OTHER BUSSINESS

The Chairperson informed the Hon. George Saitoti, EGH, MP that the Committee will be visiting his Constituency to inquire into the bomb that killed 5 children in Ngong area and to assess the progress in the clearance of ordnances in the area. The Minister informed the Members that as the area Member of Parliament he will be accompanying the Committee during the visit.

MINUTE NO. 445/2011: ADJOURNMENT

There being no other business the meeting adjourned at Fifty Minutes past Twelve O'clock.

Sign:signed Date:4th July, 2011.....

(Chairperson)

The Ministry had requested for Kshs. 65,940,144.830 which comprised of Kshs. 1,304,976,895 for general administration and planning and Kshs. 64,635,167,935 for the Defence Forces. The Ministry was however allocated a total of Kshs. 43, 925,167,935.

(i) Comparative analysis of budgetary allocations

	2010/2011	2011/2012	2012/2013	2013/2014
Gross	50.394	44.429	49.782	58.095
AIA	0.421	-	0.45	0.531
Net	49.937	44.429	49.326	57.564

(ii) New projects

The National Space Secretariat is a new sub head under head 175. A total of Kshs. 550 million has been allocated under the sub head.

The San Marco Space Station is located in Ngomeni, Malindi and is operated by the Italian Space Agency (ASI). The exploitation of the site is carried out by ASI and the Centro Ricerca Aerospaziali (CRA) and Centro di Ricerca Progetto San Marco (CRPSM) of the University of Rome.

The facility was established in 1964 and managed by the University of Rome until 2004, when its management was transferred to ASI. In 1993 a National Space Science Secretariat was formed to cater for the needs of space science and other related functions in Kenya. In 1995, an Inter-Governmental agreement renewed the bilateral space co-operation between Italy and Kenya. In 1996 Italy, Kenya and European Space Agency (ESA) signed a tri-lateral agreement to cooperate for the use and development of the Centre. Activities during the past 40 years of the stations existence range from rocket launches to satellite TT&C support and remote sensing image acquisition.

The launching of a satellite into space by Kenya will help in data collection on weather patterns, natural disasters, vegetation cover, resource and global warming monitoring. This will reduce the cost of information on weather estimates, navigation, vegetation and geo space among others.

The Committee was further informed that it will require 1.53 billion for a period of three years for design and construction of a satellite, launching, commissioning into orbit, calibration and validation, insurance, operations of satellite and acquisition of ground station equipment.

The Government has not benefited from the presence of the space station on Kenyan territory but is in the process of reviewing the agreement with a view of maximising gains. The department of Defence is the lead Ministry and other actors include University of Nairobi.

(iii) Ongoing projects

- Fire power 2.3 Billion
- Mobility (KNS, Vehicles, Utility Helicopters, etc) – 1.7 Billion
- Communications (CNR) – 1.5 Billion
- Infrastructure (LAB runway, schools, KMA) – 2.5 Billion

(iv) Absorption capacity

The Ministry has spent Kshs. 48 billion out of Kshs. 50.4 allocated in the Fiscal Year 2010/2011 by May, 2011. The balance of Kshs. 2.4 billion is to cater for salaries, contractual obligations and supplies for the month of June, 2011. The Ministry therefore absorbs all funds allocated.

(v) Status of projects funded in the Financial Year 2010/2011

(a) Fire power

- APC – 80%
- Helicopter gunships – 25%
- Artillery equipment – 50%
- Engineer equipment – 40%

(b) Mobility

- Utility helicopters – 35%
- KNS Umoja and Nyayo – 60%
- Parachutes – 25%

(c) Communications

- Combat Net Radios (CNR) – 10%

(d) Infrastructure

- LAB Runway – 70%
- RTS - 100%
- Mariakani Phase I – 100%
- Embakasi (schools) – 80%
- School of Infantry – 80%
- KMA Phase I – 90%
- Single accommodation – not started due to funds

(vi) Projects left out of the budget

- (a) Fast tracking modernization programme to completion - Kshs. 17 billion
- (b) Anticipated salaries and allowances review – Kshs. 7.5 billion
- (c) Funds for emergency security operation along the Kenya Somalia border as tasked by the Cabinet. Deployment requires extra budget for 24 hr surveillance on land, air and sea.
- (d) Funds to cater for taxes on goods imported by AFECO – Kshs. 1 Billion
- (e) Migration of microwave communication network

(vii) State Corporation under the Ministry

The Kenya Ordnance Factories Corporation – This is the only parastatal under the Ministry. The Parastatal was allocated Kshs. 135 million for capital equipment to increase production and introduce new products.

(viii) Desegregated budget for the Ministry

- (a) Personnel emoluments - Kshs. 24,421,248,499 – constituting 55% of the Ministry's budget.
- (b) Operations and maintenance - Kshs. 11,411,829,828 – constituting 27% of Ministry's budget.
 - Kenya Army – Kshs. 3,893,686,025
 - Kenya Air Force – Kshs. 1,848,980,630

- Kenya Navy – Kshs. 611,678,832
- DCU's – Kshs. 5,057,484,341

(c) Modernization – Kshs. 8,092,089,608 – constituting 18% of the Ministry's budget

Total Kshs. 43, 925,167,935

(ix) Challenges

- (a) Underfunding on military modernization – This has delayed construction of single accommodation for servicemen and women.
- (b) Unstable financial market - This has affected international transactions. In 2010/2011 DOD lost Kshs. 200 million due to currency fluctuations thus distorting its budget.
- (c) Lack of adequate funds to deal with emergency security operations and national disasters

(x) Status of Anglo Leasing related projects in the Ministry

The Committee was informed that Kshs. 400 million had been allocated for payment of the Nexus Project. The funds are from Treasury and the Ministry of Defence is only a conduit for the funds. Negotiations are however ongoing on the Oceanographic Survey Vessel. Treasury, the Attorney General's office and the sellers of the ship are engaged in the negotiations.

COMMITTEE CONCERN

- (a) That the National Space Secretariat has been in operation since 1962 with no funds allocated. How has it been operating and what informed the allocation of Kshs. 550 million in this Financial Year?
- (b) Benefits of Space Satellite for Kenya?
- (c) Need for emergency Operations Funds?
- (d) Ministry's budget not separated into the three arms of the Kenya Defence Force as recommended by the Committee and adopted by the House during the BPS scrutiny.
- (e) Status of the two Anglo Leasing related projects?

Committee recommendations

- (a) Treasury to allocate more funds to enable the Ministry fast track the modernization programme and especially for construction of housing for accommodation for officers.
- (b) Funds be allocated for emergency security and humanitarian operations to be available to the Ministry for use as and when such emergencies arise.
- (c) The Ministry's budget be separated into the three arms of the Defence Force as recommended by the Committee and adopted by the House.

MINUTE NO. 440/2011: ANY OTHER BUSSINESS

The Chair informed the Minister that the Committee would visit the site of the bomb that killed 5 children in Ngong to inspect progress of work in the clearance of unexploded munitions.

MINUTE NO. 441/2011: ADJOURNMENT

There being no other business the meeting adjourned at thirty Minutes past five O'clock.

Sign:Signed.....

Date:4th July, 2011.....

(Chairperson)

MINUTES OF THE 106TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS HELD IN COMMITTEE ROOM, 4THFLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON FRIDAY, 1ST JULY, 2011 AT 11.00.A.M

PRESENT.

Hon Adan W. Keynan, M.P - Chairperson
Hon. George O. Nyamweya, M.P
Hon. Martin O. Ogindo, M.P
Hon. Edick Anyanga, M.P

ABSENT.

Hon. Mohamed H. Ali, M.P
Hon. Benedict F. Gunda, M.P - Vice - Chairperson
Hon. Wilson Litole, M.P
Hon. Charles Kilonzo, M.P
Hon. Eugene Wamalwa, M.P
Hon. Kiema Kilonzo, M.P

IN ATTENDANCE

NATIONAL ASSEMBLY

Salad M. Guyo

Third Clerk Assistant

NATIONAL SECURITY INTELLIGENCE SERVICE

Maj. Gen. Michael Gichangi	- Director-General
Moses Tenai	- Director Administration
Samy Wakiaga	- Finance Department
Benard Lutomia	- Finance Department
Naphtali Rono	- Legal officer
Nyamasyo Ndola	- Finance officer
Eliud Juma Masibo	- Administration
Hannington Bulinda	- Administration
Kariuki Kimemia	- Treasury

MIN. NO. 446/2011:

PRELIMINARY

The Chairman called the meeting to order and opened by a word of Prayer.

MIN. NO. 447/2011: EXAMINATION OF 2011/2012 ESTIMATES FOR THE NATIONAL SECURITY INTELLIGENCE SERVICE

The Committee had the following issues for discussion:-

- a. What is the establishment of the service?
- b. What is the value for money accrued by the citizenry from the Service?
- c. Capacity and explicit role of the representative from the Treasury?
- d. What is the justification for the increment of Kshs. 2.8 Billion in the printed estimates?
- e. External funding for the Intelligence Service?
- f. What message the Country is communicating to the International Community without a substantive Foreign Minister?
- g. Achievement of modernisation programme in defence sector?
- h. How can the Service move from an organisation that documents but to one that also implements?
- i. Comments on Memorandum of understanding between United Kingdom and Kenya governments on Military training places?

Then Director-General responded that;

- (i) The Service is varied in Establishment; they have permanent and pensionable staff, agents, friends of the service and casuals. The service constitute a layer of operatives within and without the country and therefore the exact number could not be stated;
- (ii) On the value for money – The NSIS is a collective effort but it has no executive powers because of historical leanings. The service advises, informs and warns but compliance is an executive function. In provision of security, there is criminal justice system, if it fails to function optimally then all is lost. The Director –General gave an example of food insecurity facing the country currently in which the service warned and advised government early last year but no action was taken by the executive.
- (iii) Representative from the Treasury is the convenor on national security sector. however, the desk officer for security could not clearly state whether there was value for money on modernisation programme in the defence sector. he further said that, pay rise for the defence force was not factored in the printed estimates and yet there are some indicators of disharmony in the force.
- (iv) There is a consistent increase in allocation to the Service due to the nature of work and emerging and increased threats at any given time, for instance, leakages of examinations.
- (v) The Kshs. 2.8 Billion in the NSIS Budget is to deal with threats of increased global terrorism, narcotic trafficking, inter-ethnic strife, competition for resources, political animosity and adapting new technologies. On the deficit of Kshs. 4 Billion, the Director General informed the Committee that that the service will maximise and prioritize the resource envelope provided by the Treasury as per the requirement
- (vi) The Desk officer for the security sector at Treasury informed the Committee that the Department of Defence brought a single line budget to the Treasury. Thus Treasury could not separate the budget.
- (vii) The memoranda on military training in Samburu, Isiolo and Ngong between Britain and the Government Kenya was in favour of the British and not of much value to the Kenya. Britain attempted to black mail Kenya Government and the memoranda was signed long time before advice was given.

- (viii) Offline funding - The Director general informed the committee that there is no offline funding received by the Service, but there was a huge consignment of computers received by the NSIS through the Government and the consignment is currently in use. There was e-government project to create data centres. One of the equipment is housed within the facility of NSIS because of security matters. The Director General further informed the Committee that practice world over is that intelligence liaises and co-operates with other worldwide agencies.

MIN. NO. 448/2011: WAY FORWARD

- a) The Director General formally invited the Committee to NSIS Headquarters to give presentation on equipment bought and structures built. Date and day to be confirmed later.
- b) The Director General to personally follow up on the issue of substantive Foreign Affairs Minister and incursion of Misingo by Uganda forces.

MIN. NO. 449/2011: ADJOURNMENT

There being no other business the Chairperson adjourned the meeting at nineteen minutes to Two O'clock until Monday 4th July at 10.00 a.m.

Signed: signed.....
 (CHAIRMAN)

Date: 4th July, 2011.....