

Approved for tabling in the house.

23/3/2022
SWA



COMPENDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON THE FY 2021/2022 SUPPLEMENTARY ESTIMATES

THE NATIONAL ASSEMBLY PARLIAMENTARY SECRETARIAT	
DATE:	23 MAR 2022 WED (PM)
TABLED BY:	HON. KAMINI KEMPT CHAIR, RAC
CLERK-AT-THE-TABLE:	UP2072

DEPARTMENTAL
COMMITTEE ON
DEFENSE & FOREIGN
RELATIONS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS

**REPORT ON THE CONSIDERATION OF SUPPLEMENTARY ESTIMATES I FY 2021/22
FOR THE MINISTRY OF DEFENCE, MINISTRY OF FOREIGN AFFAIRS, MINISTRY
OF EAST AFRICAN COMMUNITY & REGIONAL DEVELOPMENT, AND THE
NATIONAL INTELLIGENCE SERVICE**

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Clerk's Chambers
Parliament Buildings
NAIROBI**

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PART I

1.0 PREFACE

1.1 Introduction

The first supplementary estimates for the FY 2021/22 were submitted to the National Assembly on 1st February 2022 and subsequently tabled in the House. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.

Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.

In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet secretary is further mandated to issue a circular to that effect. The Regulations outlines the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including the following;

- i. Expenditure that, although known when finalizing the estimates of the original budget (In this case, the annual estimates of 2021/22) could not be accommodated within the allocations;
- ii. Tariff adjustments and price increases.

1.2 Mandate and Membership of the Committee

The Departmental Committee on Defence and Foreign Relations is established under Standing Order No. 216. Its mandate pursuant to Standing Order 216(C) is:

- a) *to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
- b) *to study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
- c) *to study and review all legislation referred to it;*
- d) *to study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*

- e) *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;*
- f) *to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment); and*
- g) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

1.3 Committee Membership

The Committee Membership is as follows:

The Hon. Richard Tongi, MP (Chairperson)
MP for Nyaribari Chache Constituency
Jubilee Party

The Hon. Memusi Ole Kanchory, MP
(Vice-chairperson)
MP for Kajiado Central Constituency
ODM Party

The Hon. Gideon Konchella, MP
MP for Kilgoris Constituency
Jubilee Party

The Hon. Adan Keynan Wehliye, MP
MP for Eldas Constituency
Jubilee Party

The Hon. Martha Wangari, MP
MP for Gilgil Constituency
Jubilee Party

The Hon. Yusuf Hassan Abdi, MP
MP for Kamukunji Constituency
Jubilee Party

The Hon. Major (Rtd.) Bashir Sheikh
Abdullah, MP
MP for Mandera North Constituency
Jubilee Party

The Hon. Charles Kilonzo, MP
MP for Yatta Constituency
Independent

The Hon. (Dr.) Lilian Gogo, MP
MP for Rangwe Constituency
ODM Party

The Hon. Stephen Mule, MP
MP for Matungulu Constituency
WDM-K Party

The Hon. Zachary Thuku, MP
MP for Kinangop Constituency
Jubilee Party

The Hon. Dido Ali Raso, MP
MP for Saku Constituency
Jubilee Party

The Hon. Moses Nguchine Kirima,
MP
MP for Central Imenti Constituency
Jubilee Party

The Hon. Maoka Maore, MP
MP for Igembe North
Jubilee Party

The Hon. Vincent Kipkurui Tuwei,
MP
MP for Mosop Constituency
Jubilee Party

The Hon. Irene Kasalu, MP
MP for Kitui County
WDM-K Party

The Hon. Ernest Ogesi Kivai, MP
MP for Vihiga Constituency
ANC Party

The Hon. Caleb Amisi, MP
MP for Saboti Constituency
ODM Party

The Hon. Asha Hussein Mohamed,
MP
MP for Mombasa County
ODM Party

1.4 Committee Secretariat

The Committee secretariat is composed of the following technical staff;

Mr. Victor Weke
First Clerk Assistant
Senior Clerk Assistant

Mr. Abdiaziz Shobay
Clerk Assistant II

Mr. Edison Odhiambo
Fiscal Analyst

Mr. Salem Lorot
Legal Counsel

Mr. Eric Kariuki
Research Officer

Mr. John Ng'ang'a
Hansard Recorder

Mr. Edwin Machuki
Fiscal Analyst

1.5 Overview of the Examination of the Supplementary Estimates I FY 2021/22

The Supplementary Estimates I for the FY 2021/22 were submitted to the National Assembly on 2nd February 2022 and subsequently tabled in the House. The preparation and approval of the Supplementary Estimates is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.

The Committee is mandated to consider and review the Supplementary Estimates in line with its mandate (Standing Order 235(4)), and among other things, took into account the need to ensure efficiency in spending, utilization of funds under 223 of the Constitution and absorption levels; challenges during the period under considerations and program status. Subsequently, the Committee submits its report to the Budget and Appropriations Committee (BAC) for onward tabling and approval in the House.

The 2021/22 Supplementary Estimates proposes to increase the gross ministerial expenditure by Kshs. 126.2 billion (6.5 percent growth) from the FY 2021/22 approved Ministerial Budget Estimates of Kshs. 1,942.0 billion to Kshs. 2,068.3 billion in ministerial expenditure and a reduction of Kshs. 17.7 billion in the consolidated services from Kshs. 1,327.2 billion to Kshs. 1,309.5 billion.

Following the tabling of the Supplementary Estimates I, the Committee held three sittings in which it was briefed by the Parliamentary Budget Office and thereafter considered the submissions from the State Department of East African Community, State Department for Regional and Northern Corridor Development, Ministry of Foreign Affairs and Ministry of Defence. The submissions from the State Departments covered budget performance and rationale underpinning the revised Supplementary

Estimates I, impact on key performance indicators, and any other matter relevant to the approval of the Supplementary I Estimates.

The Ministries, Departments and Agencies under the purview of the Committee are;

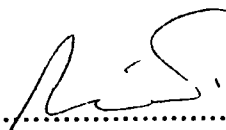
- (i) 1041: Ministry of Defence
- (ii) 1052: Ministry of Foreign Affairs
- (iii) 1221: State Department for East African Community
- (iv) 1222: State Department for Regional Development and Northern Corridor Development
- (v) 1281: National Intelligence Service

The deliberations of the meetings together with the contents of the Supplementary Estimates I, informed the Committee's compilation of this report regarding the proposed re-allocation of the resources among the programs and projects in the relevant sectors.

1.6 Acknowledgement

The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. The Committee also thanks the Ministry of Defence, Ministry of Foreign Affairs, Ministry of East African Community and Regional Development and the National Intelligence Service (NIS) for the fruitful deliberations they held with the Committee.

Finally, I wish to express my appreciation to the Honorable Members of the Committee who sacrificed their time to participate in the activities of the Committee and preparation of this report. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Defence & Foreign Relations, to present this report on the Supplementary Estimates I FY 2021/22.

Signed.....  Date: 18/02/2022

Hon. Richard Tong'i, M.P
(CHAIRPERSON)

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES I FY 2021/22

The Supplementary Estimates has been prepared to address drought-related interventions, provisions for security-related expenditure, COVID-19-related expenditure, pending bills, salary shortfall, 2022 General Elections Preparedness, Competency Based Curriculum (CBC) Infrastructure, changes in development partners-funded projects, and expenditure scaling down to achieve the targeted overall fiscal deficit level.

Generally, the overall Ministerial cumulative expenditure in the FY 2021/22 Supplementary Estimates No. 1 increased by 6.50% over the original approved Ministerial Budget Estimates for FY 2021/22. Recurrent expenditure rose by 8.89% whereas the development expenditure increased by 1.95%. This falls within the 10.00% threshold set by the PFMA, 2012.

Specifically, all the MDAs under the purview of this Committee have their budgets adjusted either upwards or downwards. For the case of State Department for East Africa Community (EAC) its budget has been adjusted downwards by 3.28% while for Ministry of Defense (MoD), Ministry of Foreign Affairs (MFA), Regional Development Agencies (RDAs) and National Intelligence Service (NIS) have their budgets adjusted upwards by 12.63%, 0.91%, 18.58% and 5.18% respectively.

As per Sections 43(2c) of the PFMA, 2012, only the adjustments for MFA, EAC and NIS are with the permissible limit of 10% across programmes while that of Defence is above this threshold. The reduction for EAC budget is on account of rationalization of excess allocation under the salary expenditure. The adjustments for MoD and RDAs are not in compliance with the PFMA, 2012 because they are above the 10% limit. The increase for MoD and RDAs is on account of support to security and salary shortfall related expenditures and drought mitigation related expenditures respectively.

The Exchequer releases to MDAs under the purview of the committee have done well with MoD, EAC and NIS registering exchequer releases of 56.31%, 51.30% and 56.70% respectively of their net approved estimates while MFA and RDAs have registered 48.57% and 42.95% respectively.

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 National Intelligence Service

The Gross Approved Estimates for the National Intelligence Service in the FY 2021/22 amounts to Kshs. 42.45 billion for current expenditure. The estimates have increased by Kshs. 2.2 billion to Kshs. 44.65 billion in the FY 2021/22 Supplementary Estimates I on account of enhanced security operations. The increase in NIS budget is 5.18% which is line with the 10% threshold. It is observed that Kshs. 1.7 billion (approval granted by National Treasury on 14/10/2021 and disbursed on 15/11/2021) has been expended in line with Article 223 of the Constitution.

3.2 Ministry of Defence

The gross Approved allocation for the Ministry of Defence in the FY 2021/22 amounts to Kshs. 119.8 billion. This comprises of Kshs. 114.7 billion and Kshs.5.1 billion for current and capital expenditures respectively. The total allocation has increased by Kshs. 15.1 billion to Kshs. 134.9 billion under Supplementary Estimates I. This comprises of Kshs. 128.7 billion and Kshs. 6.1 billion for current and capital expenditures respectively. The increase is on account of enhanced security operations, Kenya National Shipyard, revitalization of Kenya Meat Commission and personnel emoluments.

Therefore, the recurrent expenditure for the ministry is proposed to increase by Kshs. 14.1 billion from Kshs. 114.7 billion to Kshs. 128.7 billion. The Kenya Defence Forces accounts for the largest increase of Kshs. 12.2 billion followed by Kenya Meat Commission (KMC) whose budget has been increased by Kshs. 1.4 billion (297.87%) and National Air Support Department whose budget has been adjusted upwards by Kshs. 0.5 billion. The increase of the Kenya Defence Forces budget is on account of enhanced security operations and shortfall in personnel emoluments but the targets still remains the same.

The Development budget for the Ministry of Defence is set to increase from Kshs. 5,080.00 million to Kshs. 6,149.57 million on account increased foreign borrowing (drawdowns through exchequer) AIA for the modernization programme (Kshs. 69.57 million) and additional capital transfers of Kshs. 1.00 billion to the Kenya National Shipyard. Despite the increase in the budgets has shown below the targets have not been revised to reflect the variations.

3.3 Ministry of East African Community & Northern Corridor Development

3.3.1 State Department for East African Community

The approved budget for the FY 2021/2022 was Kshs.609.8M. This has since been revised to Kshs.589.8M in the Supplementary Estimates I in the FY 2021/2022, as follows;

No	Expenditure item	Approved budget FY 2021/2022 Kshs. M	Proposed Revised Estimates	Increase/ Decrease	Remarks
1	Compensation of employees	323	303	(20)	The Personal Emoluments funds were not fully utilized during the 1 st half due to delays in the recruitment process of additional staff by the Public Service Commission. This has led to the reduction of Personal Emoluments funds.
2	Operations & Maintenance	286.8	286.8	0	There was no Net change except for reallocations within the Vote.
	Total	609.8	589.8	(20)	

On financial performance, the uploaded budgetary allocation as at 31st January 2022 is Kshs.356.2 million against an expenditure of Kshs 302.9 Million. This translates to an absorption rate of 85% of the uploaded budget. The 3rd quarter allocation was yet to be uploaded.

On non-financial performance, the State Department submitted achievements as:- negotiations for admittance of Democratic Republic of Congo to the EAC, initiation of amendments to rules of procedure of the EAC, increase in Kenya's value of exports from Kshs. 130 billion to Kshs. 158.3 billion done through negotiation of removal of non-tariff barriers, amongst other achievements.

The State Department had no new projects.

They requested for additional funding of Kshs. 589,625,951 to facilitate execution of programmes and activities relating to the 22nd Summit of the EAC Heads of State, Chair of the Summit, Chair of Council, Chair of the Coordination Committee, various Sectoral Policy & Technical meetings and Operations & Maintenance to enable this State department fulfil her mandate effectively.

3.3.2 State Department for Regional & Northern Corridor Development

The gross Approved Estimates for the State Department for Regional and Northern Corridor Development in the Financial Year 2021/22 is Kshs. 3.88 billion. This comprises of Kshs.2.79 billion and Kshs.1.09 billion for current and capital expenditures respectively. The gross Approved Estimates have been revised to Kshs. 4.60 billion in the FY 2021/22 Supplementary Estimates No. I which comprises of Kshs. 2.90 billion and Kshs. 1.69 billion for the current and capital expenditures respectively. This reflects an increase of Kshs. 721.06 million (Kshs. 121.06 million for recurrent and Kshs. 550.00 million for development). The budget adjustments are mainly on account of additional funding for salary shortfall and drought mitigation efforts by TARDA, KVDA and ENSDA as well

as Kshs. 450 million being additional funding for three (3) peace dams and Kshs. 50 million on account of LAPSSSET Corridor transaction advisor. In addition, Kshs. 60 million has been reallocated from Mango Value Chain Project to Aror Multi-Purpose Dam Project being payment made under the International Court of Arbitration ICC Case No.25896/GR-1. It is observed that the outputs and targets have been reviewed upwards in line with increase in expenditures.

3.4 Ministry of Foreign Affairs

The gross Approved Estimates for the Ministry of Foreign Affairs in the FY 2021/22 amount to Kshs. 18.81 billion comprising of Kshs.17.02 billion and Kshs. 1.80 billion for current and capital expenditure respectively. The Estimates have been adjusted under Supplementary Estimates I to Kshs. 18.99 billion, comprising of Kshs. 17.70 billion and Kshs. 1.29 billion for current and capital expenditure respectively. This reflects a net increase of Kshs. 172 million. The increase in the current expenditure is on account of operations & maintenance related costs, while the decrease in the capital expenditure is on account of rationalization of expenditure.

The programmes on General Administration together with Foreign Relation and Diplomacy are set to receive additional budget of Kshs. 195.06 million and Kshs. 16.95 million respectively of their original approved budget while for the case of Economic and Commercial Diplomacy programme, its budget remains unchanged. For the case of Foreign Policy Research, Capacity Dev and Technical Cooperation programme, its budget has been proposed for reduction by Kshs. 40 million which is on account of budget rationalization of slow-moving projects.

PART III

4.0 OBSERVATIONS

1. There is no provision in the budget for payment of compensation to ex-Kenya Air Force Officers by the Ministry of Defence. The affected officers petitioned Parliament to speed up their compensation on August 30, 2021 following a High Court ruling that awarded the ten petitioners various sums of money for damages amounting to KSh. 21.2 million in 2015. The Speaker referred the matter to the Budget and Appropriation Committees (BAC) pursuant to Standing Order 227 and asked the Committee to consider necessary adjustments to the 2021/22 budget to accommodate the prayers raised by the Petitioners. However, no provision has been made on the same in this Supplementary and with the amount still being unpaid, it continues to attract interest which will result to more unnecessary expenditure for the Ministry of Defence and a risk of further legal action.
2. Targets and key performance indicators for some of the ministries have not been varied to reflect the change in allocations, specifically for the Ministry of Foreign Affairs and the Ministry of Defence. It may therefore be difficult to ascertain value for money post-facto.
3. The Appropriations in-Aid for the Ministry of Foreign Affairs was over -projected at the beginning of the financial year and has now been revised downwards from KSh. 489 million to KSh. 168 million. The over projection of such funds is not a good budgeting practice since it leads to expenditures which ought to have been covered by AIA to be financed through the Exchequer. To this end, the Ministry of Ministry Affairs has been granted KSh. 200 million to cover for reduced AIA in this proposed Supplementary I.
4. The allocation to various Regional Development Authorities on account of drought mitigation is a move towards concerted efforts owing to failed or below average rain performance across the country. The Committee has rectified allocations spread across the various regions while factoring in past allocations.

5.0 RECOMMENDATIONS

1. The Committee is agreeable to the proposed changes of Supplementary I as follows:
 - (i) Kshs. 15,126.26 million additional resources to the Ministry of Defence;
 - (ii) Kshs. 172.01 million additional resources to the Ministry of Foreign Affairs;
 - (iii) Kshs. 20.00 million resource cut for the State Department for East African Community;
 - (iv) Kshs. 721.06 million additional resources for the State Department for Regional and Northern Corridor Development;
 - (v) Kshs. 2,200.00 million additional resources for the National Intelligence Service.
2. The Committee further recommends re-allocations within Integrated basin-based development programme under the State Department for Regional Development Authorities and Northern Corridor Development.

2.1 Reductions

Reduce the allocation towards:

- a) Coast Development Authority (CDA) for the construction of Peace dams in Ijara, Garissa County by KSh. 50 million
- b) Ewaso N'giro North Development Authority (ENNDA) for the construction of Isiolo-Mert (Biligo) by KSh. 50 million
- c) Ewaso N'giro South Development Authority (ENSDA) by: -
 - i. KSh. 50 million for the construction of peace dam in Narok Kilgoris (Timendet)
 - ii. KSh. 40 million for drought mitigation
- d) Kerio Valley Development Authority (KVDA) for drought mitigation by KSh. 40 million
- e) Tana -Athi Regional Development Authority (TARDA) for drought mitigation by KSh. 40 million

2.2 Re-allocations

Re-allocate the funds towards:

- a) KSh. 40 million towards construction of Badasa Earth dam/Peace dam in Marsabit, Saku Constituency under Ewaso N'giro North Development Authority
- b) KSh. 40 million towards construction of Rhamu Peace dam in Rhamu, Mandera county under Ewaso N'giro North Development Authority
- c) KSh. 40 million towards construction of Nairabala Peace dam in Kajiado Central, Kajiado county under Ewaso N'giro South Development Authority
- d) KSh. 100 million towards construction of Boreholes by the Lake Basin Development Authority
- e) KSh. 40 million towards Kisii Central Water Catchment project, under Lake Basin Development Authority (LBDA)
- f) KSh. 10 million towards the completion of Nyakoe market, under Lake Basin Development Authority

SCHEDULE I: REDUCTIONS

RDA	Project	Treasury Proposals	Committee Amendments	Final Estimate	Justification
CDA	Construction of Peace Dams-Garissa-Ijala	150.00	(50.00)	100.00	To bring equity in resource distribution among the Regional Development Authorities
ENNDA	Construction of Peace Dams-Isiolo-Merti (Biligo)	150.00	(50.00)	100.00	
ENSDA	Construction of Peace Dams-Narok-Kilgoris (Timendet)	150.00	(50.00)	100.00	
ENSDA	Drought Mitigation	100.00	(40.00)	60.00	
KVDA	Drought Mitigation	100.00	(40.00)	60.00	
TARDA	Drought Mitigation	100.00	(40.00)	60.00	
Total		750.00	(270.00)	480.00	

SCHEDULE II: RE-ALLOCATIONS(INCREASES)

RDA	Project	Sup I Estimate	Recommended Increase	Final Estimate	Justification
ENNDA	Construction of Peace Dams-Marsabit- Saku (Badassa Earth Dam)	-	40.00	40.00	To bring equity in resource distribution among the Regional Development Authorities
ENNDA	Construction of Peace Dams-Mandera-Mandera North (Rhamu Water System Upgrade and Expansion)	-	40.00	40.00	
ENSDA	Construction of Peace Dams-Kajiado-Kajiado Central (Nairabala)	-	40.00	40.00	
LBDA	Construction of Nyakoe Market	30.00	10.00	40.00	
LBDA	Drilling of Boreholes	100.00	100.00	200.00	
LBDA	Water Catchment project -Kisii Central	-	40.00	40.00	
Total		130.00	270.00	400.00	

Signed.......... Date: 18/02/2022

Hon. Richard Tong'i, M.P
(CHAIRPERSON)

Annexures


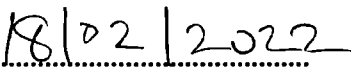
Annex 1: PBO brief on the proposed Supplementary I Estimates

Annex 2: MDA's submissions

Annex 3: Minutes of the Committee sittings

2.3 Other Financial Recommendations (Wish List)

1. Increase the allocation towards Lake Basin Development Authority by **KSh. 400 million** to mitigate the effects of drought within the Lake Victoria basin. The resources had earlier been agreed on with the CS National Treasury at State House, Nairobi.
2. Increase the allocation towards the State Department for East African Community by **KSh. 100 million** to enhance their operations.
3. Increase the allocation towards the Defence Programme under the Ministry of Defence by **KSh. 21.2 million** to facilitate compensation of Ex-Kenya Airforce Officers who had petitioned Parliament and having been awarded by the High Court in 2015.

Signed  Date: 

Hon. Richard Tong'i, M.P
(CHAIRPERSON)

DEPART M ENTAL
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**REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
TWELFTH PARLIAMENT –SIXTH SESSION**

DEPARTMENTAL COMMITTEE ON LANDS

**REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY
ESTIMATES I 2021/2022 FY FOR THE MINISTRY OF LANDS AND PHYSICAL
PLANNING – VOTE 1112 AND THE NATIONAL LAND COMMISSION VOTE –
2021**

PUBLISHED BY: -

**THE DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI**

FEBRUARY, 2022

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Annexures

Annex 1: PBO brief on the proposed 2021/22 Supplementary Estimates

Annexe2: MDA's submissions

PART I

1.0 PREFACE

1.1 Introduction

1. This is the Departmental Committee on Lands report on its consideration of the Supplementary Estimates I for the 2021/2022 Financial Year. The report contains an overview of the Supplementary Estimates for the agencies under the purview of the Committee, the deliberations between the Committee and the Cabinet Secretary Ministry of Lands & Physical Planning and the Chairperson, National Lands Commission. The observations and recommendations of the Committee to the Budget and Appropriations Committee.
2. The deliberations of the meetings, together with the contents of Supplementary Estimates I, informed the Committee's compilation of this report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

1.2 The mandate of the Committee

3. The Departmental Committee on Lands is established under the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -
 - (i) make reports and recommendations to the House as often as possible, including the recommendation of proposed legislation.
 - (ii) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments.
 - (iii) study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation.
 - (iv) study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives.
 - (v) 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.
 - (vi) study and review all legislation referred to it

The Committee oversights:

1. The Ministry of Lands and Physical Planning Vote 1112; and
2. The National Land Commission Vote 2021

1.3 Committee Membership

4. The Committee Membership is as follows:

Chairperson

Hon. Dr. Rachael Nyamai, CBS, MP

Kitui South Constituency

Jubilee Party

Hon. Benjamin Washiali, CBS, MP
Mumias East Constituency

Jubilee Party

Hon Joshua Kutuny Serem, MP
Cherangany Constituency

Jubilee Party

Hon. Mishi Mboko, MP
Likoni Constituency

Orange Democratic Movement (ODM)

Hon. Omar Mwinyi, MP
Changamwe Constituency

Orange Democratic Movement (ODM)

Hon. William Kisang, MP
Marakwet West Constituency

Jubilee Party

Hon. Ahmed Kolosh, MP
Wajir West Constituency

Jubilee Party

Hon. Ali Mbogo, MP
Kisauni Constituency

Wiper Democratic Movement (WDM)

Hon. Babu Owino, MP
Embakasi East Constituency

Orange Democratic Movement (ODM)

Hon. Caleb Kipkemei Kositany, MP
Soy Constituency

Jubilee Party

Hon George Aladwa, MP
Makadara Constituency

Orange Democratic Movement (ODM)

Hon George Risa Sunkuyia, MP
Kajiado West Constituency

Jubilee Party

Hon. John Muchiri Nyaga, MP
Manyatta Constituency

Jubilee Party

Hon. Josphat Gichunge Kabeabea, MP
Tigania East Constituency

Party of National Unity (PNU)

Hon. Lilian Tomitom, MP
West Pokot County

Jubilee Party

Hon. Owen Yaa Baya, MP
Kilifi North Constituency

Orange Democratic Movement (ODM)

Hon. Patrick Munene Ntwiga, MP
Chuka/Igambangombe Constituency

Jubilee Party

Hon. Samuel Kinuthia Gachobe, MP
Subukia Constituency

Jubilee Party

Hon. Teddy Mwambire, MP
Ganze Constituency

Orange Democratic Movement (ODM)

1.4 Committee Secretariat

5. The Committee secretariat comprises:

Lead Clerk

Mr. Leonard Machira

Senior Clerk Assistant

Mr. Ahmad Guliye

Ms. Jemimah Waigwa

Second Clerk Assistant

Legal Counsel I

Dr. Kefa Omoti

Mr. Collins Namulen

Principal Research Officer

Fiscal Analyst III

Mr. Joseph Okongo

Media Relations Officer

1.5 Overview of the Examination of the Supplementary Estimates I FY 2021/22

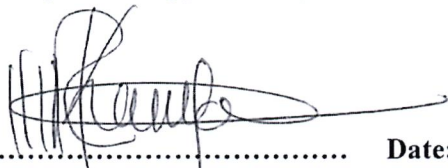
6. The First Supplementary Estimates for the FY 2021/22 were tabled in the National Assembly on Tuesday 1st February 2022 and subsequently tabled in the House. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.
7. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide sufficient detail on the supplementary estimates and format for the revised budget. The Cabinet secretary is further mandated to issue a circular to that effect. The Regulations outlines the main purposes for which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including the following:
 - i. Expenditure that, although known when finalizing the estimates of the original budget (In this case, the annual estimates of 2021/22), could not be accommodated within the allocations; and
 - ii. Tariff adjustments and price increases
8. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficient amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament unless Parliament has approved a higher percentage in exceptional circumstances.
9. The PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide sufficient detail on the supplementary estimates and a format for the revised budget. The Cabinet Secretary is further mandated to issue a circular to that effect. As per the regulations, Supplementary estimates should relate to expenditure needs that were either unforeseen or unavoidable and where no budget provision was made or was inadequate during the approval of the annual estimates. The Regulations further clarify that expenditure anticipated during the

estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered part of supplementary budgets.

10. Standing Order No. 243 provides that with necessary modifications, the same procedure applied in the processing of the Budget Estimates be applied to the processing of the Supplementary Estimates.
11. Thus, after being laid in the House, the Supplementary Estimates are committed to each Departmental Committee to deliberate upon according to their respective mandates. The Standing Orders also allows the Departmental Committees of the National Assembly to review and consider the Supplementary Estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.
12. During the consideration of the Supplementary Estimates I for 2021/2022 Financial Year, the Committee was briefed by the Parliamentary Budget Office on Tuesday 8th February 2022 on the contents and key issues regarding the Supplementary Estimates I 2021/2022 Financial Year for the Agencies under the purview of the Committee. The Committee also held discussions with the Cabinet Secretary Ministry of Lands and Physical Planning and the Chairperson National Land Commission on the same day. Finally, the Committee adopted this report on Thursday, 10th February 2022.

1.6 Acknowledgement

13. The Committee thanks the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support during its sittings. The Committee also appreciates the submissions made by the Cabinet Secretary, Ministry Lands & Physical Planning and the Chairperson, National Land Commission, during the scrutiny of Supplementary Estimates I for the FY 2020/2021.
14. Finally, I wish to express my appreciation to the Honorable Members of the Committee. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Lands, to present this report on Supplementary Estimates I for FY 2021/22.

Signed.......... Date:17/2/2022.....

Hon. Dr. Rachael Kaki Nyamai, CBS, M.P
(CHAIRPERSON)

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES I FY 2020/21

15. Supplementary Estimates No. 1 FY 2021/2022 were tabled in the National Assembly on 1st February 2022. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
16. 2021/22 Supplementary Estimates No.1 proposes to increase the overall gross Ministerial cumulative expenditure (excluding consolidated fund services and County allocation) by 6.5 percent (Ksh. 126.2 billion) from the FY 2021/22 original approved Ministerial Budget Estimates. The recurrent and development expenditures will increase by 8.9 percent (Ksh. 113.3 billion) and 1.9 percent (Ksh. 13 billion), respectively. Notably, the increase is within the 10 percent threshold required by the PFMA, 2012.
17. In the proposed supplementary No.1, the Lands Sector has a proposed reduction in Net total estimates totalling Ksh. 304.2 (5.6 percent decrease) million with the Ministry of Lands and Physical planning being the only vote affected.

3.0 Briefing by the Parliamentary Budget Office

18. The Committee held a briefing meeting on Tuesday, 8th February 2022. The brief presented to the Committee by the Parliamentary Budget Office indicated that in the proposed supplementary No.1, the Lands Sector has a proposed reduction in Net total estimates totalling Ksh. 304.2 (5.6 percent decrease) million with the Ministry of Lands and Physical planning being the only vote affected.
19. The Committee was also informed that the gross Capital estimates have a proposed decrease in allocation amounting to Ksh. 353.2 million or 14 percent of approved gross capital estimates, while current estimates have been increased marginally by Ksh. 48.9 million or 0.2 percent of approved gross current estimates. It is critical to note that the increase in gross current estimates is made up of net amendments amounting to Ksh. 28.9 million and Appropriation in Aid totalling Ksh. 20 million. The increase in A-i-A from the approved estimates of Ksh. 9 million to Ksh. 29 million in the amended, approved estimates is due to receipts from the sale of other inventories,

stocks, and commodities under the Headquarters Administration planning services sub-programme.

Table 1: Summary of Changes to MDAs under the Committees Purview

Vote		Approved Estimates (Ksh. millions)	1 st Supplementary Estimates (Ksh. millions)	Revised Estimates (Ksh. millions)	Percentage Change
Ministry of Lands and Physical Planning	Total	5,476	(304)	5,172	(5.6)
	Recurrent	3,045	48.9	3,093	0.2
	Development	2,431	(353)	2,077	(14)

Source: First Supplementary Estimates for FY2021/22

20. The changes in the revised total gross estimates will result in a decrease of 5.6 percent on the approved total gross estimates and therefore meet the 10 percent threshold according to regulation 40(9) of the Public Finance Management Regulations.
21. As a result of the proposed decrease in the gross capital estimates, 6 out of the 12 ongoing projects under the Ministry's purview will receive reduced funds from the approved capital estimates. They include Processing and registration of title deeds; Digitization of Land registries; Development of Geospatial data; Settlement of the Landless; and Geo-referencing of Land Parcels. Only the National Land Value Index project will receive additional funds in the revised capital estimates.
22. Further analysis of the change in gross capital estimates shows that the settlement of the Landless project has the highest reduction in allocation at 50 percent. At the same time, the lowest in the Georeferencing of Land Parcels project, with a decrease in funding at 11 percent. It is worth noting that the National Land Value Index had an increased allocation amounting to Ksh. 146 million (446 percent increase), which is a step forward in ensuring the affordable acquisition of land by the Government to develop critical infrastructural projects.

Table 2: Proposed budget revision in the gross capital estimates for Projects under the Ministry of Lands and Physical Planning.

Project Name	Approved Estimates (Ksh. millions)	1st Supplementary Estimates (Ksh. millions)	Change In Targets
Processing and registration of title deeds	950	(180)	Reduced from 350,000 to 250,000
Digitization of Land registries	739	(124)	Reduced from 20 to 12 land registries
Development of Geospatial data	17	(2)	Reduced from 150,000 to 110,000 parcels captured in the cadastre database
Settlement of the Landless	299	(149)	Reduced from 15,000 to 7,500 households.
Geo-referencing of Land Parcels	45	(5)	Reduced from 100,000 to 75,000 land parcels
National Physical Planning	160	(40)	Reduced from 100% to 96% of Physical Planning handbook reviewed
National Land Value Index	30	146	The target remains 14 counties
Total	2,240	(354)	

Source: Supplementary Estimates No.1 (National Treasury)

3.0 SUBMISSIONS BY MINISTRY AND THE NATIONAL LANDS COMMISSION

3.1 Ministry of Lands and Physical Planning

23. The Committee held a meeting with the Principal Secretary, State Department of Lands, Ministry of Lands and Physical Planning on Tuesday 8th February 2022. During the meeting, the Committee was informed that the Ministry's Approved Budget for FY 2021/22 was Ksh. 5,476 million, out of which Recurrent Estimates was Ksh. 3,045 million, and Development Estimates was Ksh. 2,431 million.
24. In Supplementary estimates No.1, the Ministry's approved budget was revised downwards by Ksh. 304 million to Ksh. 5,172 million, out of which recurrent estimates is Ksh. 3,094 million while Development estimates is Ksh. 2,078 million.
25. The Ministry does not have new projects under the proposed supplementary Estimates. However, the following activities in the development budget were negatively affected as follows:

Project Name	Approved Estimates (Ksh. millions)	1st Supplementary Estimates (Ksh. millions)
Processing and registration of title deeds	950	(180)
Digitization of Land registries	739	(124)
Development of Geospatial data	17	(2)
Settlement of the Landless	299	(149)
Geo-referencing of Land Parcels	45	(5)
National Physical Planning	160	(40)
Total	2,210	(500)

26. However, the Ministry received additional funding to develop the National Land Value Index amounting to Ksh. 147 million, from approved estimates of Ksh. 30 million to Ksh. 177 million.

The additional funding will finance field inspection, identify submarkets, compile value index maps, and subject it to stakeholders for the targeted 14 Counties.

27. **Settlement of the landless project:** The Principal Secretary stated that the proposed reduction of Ksh 150 million in settlement of the landless project, from the approved estimates of Ksh. 299 million will affect the implementation of the project, considering that the Ministry has already spent Ksh 150 million on the project as of 1st December 2021. Further, the Ministry required Ksh. 1,950 million for purchase of land in Kilifi county (Mazrui land/Kagaa) and Taita Taveta Teachers SACCO. However, the Committee noted that the Ministry had not utilized Ksh 250 million reallocated by the Committee in the Budget Budget Estimates for the FY2021/2022 specifically for the settlement of the landless in land owned by the Taita Taveta Teachers in Junda Ward, Kisauni Constituency.
28. **National Land Value Index Project:** The Principal Secretary reported that the Ministry had developed the land index for six Counties, namely: Nakuru, Meru, Machakos Nyamira, Kiambu and Kajiado. The Committee was also informed that the National Land Value Index project has increased allocation amounting to Ksh. 146 million, from the approved estimates of Ksh. 30.4 million to Ksh. 177 million in the revised budget for 2021/22. The allocation will facilitate the development of the land value index in 8 more counties and data collection in the remaining 34 Counties. However, the Committee noted that the ministry of lands had not revised the targets for the projects to reflect the increased allocation.
29. **Digitalization of Land Registries:** The Committee was informed that the Ministry required an additional allocation of Ksh. 300 million for the implementation of the project in metropolitan counties (Kiambu, Kajiado and Machakos).
30. **Construction of land offices:** The Principal Secretary reported that the construction of land registries in Nandi, Naivasha Samburu, and Laikipia was 98%, 80%, 70% and 75%, respectively. He added that the construction of the registries in Lunga Lunga and Mutomo was awaiting the issuance bill of quantities. The Ministry had acquired an office in Wajir to establish a registry in the County. However, the Committee noted that Kshs 50 million had been reallocated Ministry's Budget Estimates for 2021/2022 to construct land registries in Wajir, Mutomo and Lunga Lunga.
31. **Settlement of pending legal court awards:** The Committee was informed the Ministry has a pending bill of Ksh 500 million arising from court awards. The pending bills were not catered in Supplementary Estimates 1 for FY 2021/2022, but the government intended to address the matter of court awards across all departments separately.

32. The Ministry also requested additional funding from the National Treasury during Supplementary estimate as follows:

- i. Leasing of Motor vehicles to support Ministry Operations Ksh. 28 million.
- ii. Taxable Car Allowance for the Cabinet Secretary and Principal Secretary State Department of Lands amounting to Ksh. 25 million.

33. The Ministry reported having realized a total of Ksh. 7,629, 899,338.4 on revenue collection as of December 2021, as indicated in the table below.

Table 3: Summary of Revenue Collection,

Source of Revenue	Annual Target (Ksh)	Half Year Target (Ksh)	Achievement (Ksh)	Variance (Ksh)
Land Registration Fee	31,192,177	15,596,088.5	2,336,225	-13,259,863.5
Conveyance fee	8,886,286	4,443,143	5,319,450	876,307.0
Valuation Fee	6,456,878	3,228,439	1,435,572	-1,792,867.0
Land rent	914,893,001	457,446,500.5	189,389,907	-268,056,593.5
Stamp Duty	12,041,465,827	6,020,732,914	7,132,458,815	1,111,725,901.0
Stand Premium	79,837,768	39,918,884	46,593,159	6,674,275.0
Land adjudication fees	1,860,854	930,427	994,740	64,313.0
Other Revenue	1,065,771,654	532,885,827	251,371,470.4	-281,514,356.6
TOTAL	14,150,364,445	7,075,182,223	7,629,899,338.4	554,717,115.4

3.2 Submissions by the National Lands Commission

34. The Committee held a meeting with the Chairperson, National Land Commission, on Tuesday 8th February 2022. During the meeting, the Chairperson informed the Committee that the Commission approved budget for the FY 2021/2021 was not affected in the Supplementary Estimates 1 2021/22 FY. Hence there were no changes in its recurrent and development approved budget and its attendant key programmes and performance indicators.

35. The Commission requested additional funding from the National Treasury during Supplementary I estimate of **Ksh. 1,516 million as follows:**

- i. New Commission Headquarter Office partitioning – Ksh. 160 million

- ii. New Commission Headquarter Office new furniture – Ksh. 100 million
 - iii. Final Survey and Vesting of Compulsorily acquired land as per Sec 118 & 121 of the Land Act 2012 – Ksh. 300 million
 - iv. Land Dispute resolution management at National and County Level – Ksh. 140 million
 - v. State of Land Use Planning Baseline Study – Ksh. 100 million
 - vi. ICT Networking Infrastructure _ 100 million
 - vii. Pending legal bills – Ksh. 552 million
 - viii. County Coordination Offices (Devolved Units) – Ksh. 10 million
 - ix. Motor Vehicles for County Coordination and Headquarters Offices – Ksh. 54 million
36. The Committee was informed that proposal for approval of the Final survey Vesting Project to final survey and vesting of land compulsorily acquired by all government agencies to develop infrastructural projects as per sections 188 & 121 of the Land Act 2012 was still awaiting approval by the National Treasury.
37. The Committee also informed that Commission required an additional 54 million to facilitate the acquisition of motor vehicles for the Commissioners and County offices. The Commission also need additional Budgetary allocation of Ksh. 260 million to facilitate the partitioning of office space at the new Commission Headquarters.

PART III

4.0 COMMITTEE OBSERVATIONS

a) Ministry of Lands and Physical Planning – Vote 1112

The Committee made the following observations:

- i. The proposed reduction of Ksh 149 million in settlement of the landless project, from the approved estimates of Ksh. 299 million will affect the implementation of the project, considering that the Ministry has already spent Ksh 150 million on the project as of 1st December 2021.
- ii. Although the National Land Value Index project has a proposed increased allocation of Ksh. 146 million, from the approved estimates of Ksh. 30.4 million to Ksh. 177 million in the revised budget for 2021/22, the Ministry of lands and Physical Planning had not adjusted the targets for the project to reflect the increased allocation.
- iii. There is a need for the Ministry of Lands and Physical Planning to undertake civic education to address the continued user interaction concerns raised since the launch of the National Lands Information System (Ardhisasa), including, among others, the platforms sluggish integration with banks and professional organizations such as the Law Society of Kenya.
- iv. The Ministry and Physical Planning pending bills amounting to Ksh. 500 million due to court awards arose due to systemic gaps, including the actions or omissions by ministry officials.

b) National Land Commission – Vote 2021

The Committee made the following observations.

- i. The delay by the National Treasury to approve the Final survey & Vesting Project to facilitate final survey and vesting of land compulsorily acquired by the National Land Commission continued to expose the said land to grabbing. Therefore, there is a need to fast track the approval of the project to secure compulsorily acquired public land.
- ii. The request for a supplementary allocation of Ksh. 54 million to enable the commission to acquire motor vehicles for county coordination and headquarters offices and Ksh. 260 million completion of office portioning and purchase of new office furniture for the new Headquarters office was not catered for.

5. 0 COMMITTEE RECOMMENDATIONS

5.1 Non-Financial Recommendations

The Committee made the following recommendations:

- i. That the National Treasury should fast track the approval of the Final Survey and Vesting Project to facilitate the National land commission undertake the final survey and vesting of the compulsorily acquired land.
- ii. That the Ministry of Lands and Physical Planning should undertake an audit of the ballooning pending bills due to court awards to address systemic gaps, including the actions or omissions by ministry officials to mitigate the same.

5.2 Financial Recommendations

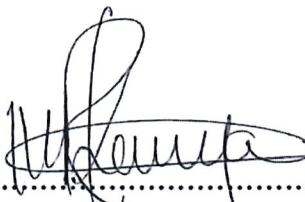
The Committee made the following recommendations:

- i. Under Vote 1112 - the Ministry of Lands and Physical Planning; the proposed changes in the First Supplementary Estimates for FY 2021/22 comprise an increase for the recurrent expenditure of Ksh. 48.9 million and a decrease in capital expenditure of Ksh. 353.2 million be approved with the following amendments:
 - a) Reduction of Ksh. 65 million under the development expenditure for the Land Value Index Project.
 - b) Increment of Ksh. 20 million under the development expenditure for the settlement of the landless project.
 - c) Increment of Ksh. 20 million under the development expenditure for the digitalization of land registries.
 - d) Increment of Ksh. 25 million under the recurrent expenditure for the O&M of the Headquarters Administration and Planning Services.

The Committee further recommends the following additional funding: National Treasury should avail additional budgetary allocation to cater for the following;

- i. The Ministry of Lands and Physical Planning under Vote 1112 is allocated additional Ksh. 149 million to be used as follows:
 - The reinstatement of Ksh. 149 million reduced under the development expenditure for the Settlement of the Landless project. The funds will facilitate the purchase of land owned by Taita Taveta Teachers Cooperative in Junda, Kisauni Constituency and Mazrui land in Kilfi County.

- ii. The National Land Commission under Vote 2021 be allocated additional Ksh. 314 million to be used as follows:
- a) Increment of Ksh. 160 million under the recurrent expenditure for partitioning the new Commission Headquarters Offices.
 - b) Increment of Ksh. 100 million under the recurrent expenditure for the purchase of furniture for the new Commission Headquarter Offices.
 - c) Increment of Ksh. 54 million under the recurrent expenditure for the purchase of Motor Vehicles for Commission Headquarters and County Coordination Offices.

Signed.....  Date: 17/02/2022

Hon. Dr. Rachael Kaki Nyamai, CBS, M.P
(CHAIRPERSON)

DEPARTMENTAL
COMMITTEE ON
COMMUNICATION,
INFORMATION
AND INNOVATION

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

**DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND
INNOVATION**

**REPORT ON THE CONSIDERATION OF SUPPLEMENTARY I ESTIMATES FY
2021/22 FOR THE**

STATE DEPARTMENT FOR ICT & INNOVATION (VOTE 1122)

STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION (1123)

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PART I

1.0 PREFACE

1.1 Introduction

The first Supplementary Estimates for the FY 2020/21 was submitted to the National Assembly on 9th February 2021 and subsequently tabled in the House. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.

Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.

In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet secretary is further mandated to issue a circular to that effect. The Regulations outlines the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including the following;

- i. Expenditure that, although known when finalizing the estimates of the original budget (In this case, the annual estimates of 2021/22) could not be accommodated within the allocations
- ii. Tariff adjustments and price increases

1.2 Mandate of the Committee

The Departmental Committee on Communications, Information and Innovation is established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows;

- a. **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. Study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
 - c. Study and review all legislation referred to it;
 - d. 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. 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;
 - f. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
- (fa) examine treaties, agreements and conventions;
- g. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - h. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - i. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - j. Examine any questions raised by Members on a matter within its mandate.

1.3 Membership of the Committee

The Departmental Committee on Communication, Information and Innovation was constituted by the House in December 2017 and comprises of the following Members-

Chairperson

Hon. Jane Wanjiku Njiru, M.P

MP for Embu County

Jubilee Party

Vice-Chairperson

Hon. Mark Nyamita,

MP for Uriri Constituency

Orange Democratic Party

Hon. George Theuri, MP
M.P for Embakasi West Constituency

Jubilee Party

Hon. Gertrude Mbeyu , MP
MP for Kilifi County

Orange Democratic Party

Hon. Alfah O. Miruka, MP
M.P for Bomachoge Chache Constituency

Kenya National Congress

Hon. Anthony Kiai, MP
MP for Mukurweini Constituency

Jubilee Party

Hon. Annie Wanjiku Kibeh, MP
MP for Gatundu North Constituency

Jubilee Party

Hon. Gathoni Wamuchomba
MP for Kiambu County

Jubilee Party

Hon. Joshua Kimilu, Kivinda, MP
MP for Kaiti Constituency

Wiper Democratic Party

Hon. Victor Munyaka, MP
MP for Machakos Town Constituency

Jubilee Party

Hon. Marwa Kitayama Maisori, MP
MP for Kuria East Constituency

Jubilee Party

Hon. Erastus Nzioka Kivasu, M.P.
MP for Mbooni

New Democrats Party

Hon. Mwambu Mabongah, MP
MP for Bumula Constituency

Independent

Hon. Innocent Momanyi Obiri, MP
Bobasi Constituency

People's Democratic Party

Hon. Maritim Sylvanus, MP
MP for Ainamoi Constituency

Jubilee Party

Hon. Godfrey Osotsi Atieno, MP
Nominated

African National Congress

Hon. Mwangaza Kawira, MP
MP for Meru County
Independent

Hon. Anthony, Tom Oluoch, MP
MP for Mathare Constituency
Orange Democratic Party

Hon. Jonah Mburu, MP
MP for Lari Constituency
Jubilee Party

1.4 Committee Secretariat

The Committee secretariat is composed of the following technical staff;

Head of the Secretariat

Ms. Hellen Kina
Clerk Assistant I

Ms. Ella Kendi
Clerk Assistant II

Mr. Salem Lorot
Legal Counsel

Mr. Donald Manyala
Research Officer II

Mr. Thomas Ogwel
Fiscal Analyst I

1.5 Legal provisions underpinning the Supplementary Estimates I FY 2021/22

1. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.
2. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
3. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. As per the regulations, Supplementary estimates should relate to expenditure needs which were either unforeseen or unavoidable and where no budget provision was made or was inadequate during the approval of the annual estimates. The Regulations, further clarify that expenditure which was anticipated during the estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered as part of supplementary budgets.
4. The State Departments under purview of the Committee are;
 - (i) State Department for ICT & Innovation(Vote 1122)
 - (ii) State Department for Broadcasting & Telecommunications(Vote 1123)
5. The deliberations of the meetings together with the contents of the Supplementary Estimates I, informed the Committee's compilation of this report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

1.6 Acknowledgement

6. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. The Committee also thanks the State Departments and the management of the relevant SAGAs domiciled in the two state departments for their respective submissions and contributions during deliberations on the proposed supplementary I Estimates.
7. Finally, I wish to express my appreciation to the Honorable Members of the Committee who sacrificed their time to participate in the activities of the Committee and preparation of this report. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Communication, Information and Innovation to present this report on the Supplementary Estimates I FY 2021/22.

HON. JANE WANJUKI NJIRU, M.P - CHAIRPERSON

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES I FOR FY 2021/22

8. The Supplementary Estimates I has been formulated in the backdrop of a myriad of prevailing circumstances in the economic, social and political frontiers. The economic outlook is on a recovery trajectory after having been adversely affected by the slowdown of activities on account of COVID-19 pandemic.
9. The Supplementary budget is a culmination of reallocations, absolute increases and reduction in various votes and sub-votes and variations in the expenditure heads.
10. Part of the expenditure have been incurred in line with Article 223 of the Constitution and subsequently have been submitted for regularization. Such include:
 - i.) Ksh.200 Million on the legal costs of the United Kingdom based Arbitration case pitting the Kenya Broadcasting Corporation (KBC) and Amjam Television Company.
11. On the overall Supplementary budget, the Supplementary I Estimates proposes to cause a net increase amounting to KSh.108.5 billion which is a 3.3% rise in total expenditure.

3.0 PRESENTATION BY PARLIAMENTARY BUDGET OFFICE

12. On the 10th February 2022 (Thursday) the Fiscal Analyst attached to the Committee made a presentation of the analytical brief on the Supplementary I Estimates for the financial year 2021/22. The presentation covered on the various thematic areas as:

Justifications for Supplementary Estimates

13. The legal underpinnings of supplementary estimates were underscored. Reference was made to the relevant provisions of the various legislations that gives the basis of supplementary estimates. It was expounded how the basis of preparation and approval of the supplementary budget as provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015 should guide the formulation of Supplementary estimates.
14. It was clarified that some of the Supplementary estimates had been granted under Article 223 of the Constitution and were only contained in the estimates to seek approval for the expenditures to be regularized.

Highlights of the 2021/22 Supplementary I Estimates

15. In overall, the Supplementary I Estimates proposes to cause a net increase amounting to KSh.108.5 billion which is a 3.3% rise in total expenditure. The proposed net is made up of variations as hereunder provided:
 - a) **The Total Ministerial Expenditure** : Additional gross estimates of KSh 126.3 billion of which KSh 113.3 billion and KSh 13 billion is for recurrent and development expenditures respectively(a 6.5% increase).
 - b) **Consolidated Fund Services (CFS)**: A reduction of KSh.17.7 billion (a decrease of 1.3%).

Summary of Analysis of the Proposed Variations in Votes under Purview of the Committee

a) Vote 1122: The state department for ICT and Innovation

16. The Supplementary I proposes to revise the total allocations to the vote to KSh.22.3 billion up from Ksh.22.8 billion of the approved estimates which translates into a net reduction amounting to KSh 526.7 Million. The proposed variation comprises of a proposed reduction on capital expenditure amounting to KSh.737 Million whereas the Recurrent Expenditure is proposed to have an increase of KSh.210.4 Million.
17. It was explained how the proposed changes is spread among the programmes and how the targets have been revised. The variation are proposed as:
 - i. The ICT Infrastructure Development Programme: This is proposed to have a net budget cut amounting to KSh.570.5 Million (a 2.7% reduction).It is the programme that consumes the lion share (on average 90%) of allocations of the entire vote.
 - ii. The E-Government Services: The programme is proposed to have an increase of KSh.46.076 Million (a 2.2 % increase). The programme is majorly made up of the Presidential Digital Talent Programme, Government shared services and connectivity to the Big 4. The targets remain unchanged.
 - iii. General Administration, Planning and Support Services: The programme is proposed to have a budget cut of KSh.2.229 million. The targets remain unchanged.

b) VOTE 1123: The State department for Broadcasting and Telecommunication

18. Under the Supplementary I estimates, the allocation to the State department is proposed to increase by a net of KSh 142.3 Million. (2 % increase; KSh 7,096 Million from KSh 6,954 Million. The variation is as a result of proposed increase of KSh 242.3 Million on the recurrent expenditure and a reduction of KSh 100 Million on Development expenditure.
 - i. Mass Media Skills Development: The programme is proposed to have a budget cut amounting to KSh 20 Million (a 6 % decrease).
 - ii. Film Development Services: The programme is proposed to have a budget cut of KSh.23.7 Million (a 2 % reduction).
 - iii. General Administration, Planning and Support Services: The program is proposed to have an increase of KSh.17.2 Million.

The Salient Issues

19. Issues of concern raised included:

- I. Some of the proposed supplementary estimates cannot be satisfactorily justified on the provisions of Article 223 of the Constitution as regards the emergency and unforeseen aspects.
- II. *The capacity to absorb the proposed increases:* In some areas, the increases are so huge that the feasibility of the implementing agencies to utilize the funds are doubtful. Such include the Digital Literacy programme proposed to have an increase of 804 %.
- III. *Erratic budget cuts:* The proposed budget cuts are on crucial items such as in Operations and Maintenance. This is an indication of inadequate consultations between the National Treasury and the respective agencies on rationalization of

expenditures. There are incidences where budget cuts have been in areas where expenditure commitments have been made. This has been noted to be resulting into accumulation of pending bills. This needs to be considered before the estimates are approved.

- IV. *Realism of set targets:* Despite the proposed changes, targets have remained more or less the same.
- V. *New Project:* The need to introduce of a new project ;The Konza Buffer Zone Inter-County physical and land use development plan(proposed to be allocated KSh.55.5 million) while some ongoing projects are more needy of financing to have them completed is imprudent. The Committee may wish to interrogate the justification for the same.
- VI. *Pending Bills:* There is accumulation of pending bills which has the effect of constraining the fiscal space in the subsequent financial years. This include the Government Advertising Agencies with pending bills amounting to KSh 331 Million as at the time of submission. Besides, there is lethargy to settle outstanding bills among the state agencies. The Postal Corporation of Kenya is owed approximately KSh.1.7 billion by the Ministry of Public Service on rent arrears for the huduma centres. There is no strategy in place to settle the bills.
- VII. Contingency Liabilities on the KSh 40 Billion Lawsuit in the United Kingdom pitting KBC and Amjam TV. Need for clarification on the status of the case and whether the KSh 200 Million proposed settles all the pending bills of the legal costs.

4.0 SUBMISSIONS BY THE STATE DEPARTMENTS AND AGENCIES (Annexed)

4.1 STATE DEPARTMENT FOR ICT & INNOVATION

Overview of the Proposed Variations

20. The Principal Secretary for the State Department Jerome Ochieng, CBS and a team of management of various SAGAs domiciled in the department appeared before the Committee on the 9th February 2022 and made submission on the Supplementary I (FY 2021/22). The submissions were on the proposed budget revisions and the likely impacts of the changes on realization of targets. The proposed changes were submitted and verified as:
21. On the Recurrent Expenditure, the State Department recurrent expenditure is proposed to be revised upwards to KSh 1,795 Million from KSh 1,585 million. The increase is on account of the following:
 - (i) KSh 20 Million to cater for Personnel Emoluments for newly recruited drivers and ICT Officers
 - (ii) KSh 168 Million current grants to ICTA to cater for Personnel Emoluments for Digital Literacy Programme
 - (iii) KSh 50 Million as current grants to Konza Technopolis Development Authority for innovation activities.
22. The reduction amounting to KSh.27 Million is proposed on various items of Operations and Maintenance at the headquarters.

23. Under the development expenditure, the allocation is proposed to be reduced by a net of KSh 737 Million from KSh 21,104 Million to KSh.20, 467 Million. The proposed reduction comprises of KSh 586 Million in GoK from various projects, KSh 800 Million in loan revenue and Appropriation in Aid and an increase of KSh.563 Million in Digital Literacy Programme.
24. The changes seeking regularization of reallocation of funds upon approval by the National Treasury were reported in the following areas:
- (i) KSh 55.5 Million to the New Project of Konza Buffer Zone Inter-County Physical and Land Use Development Plan
 - (ii) KSh 7.5 Million to cater for renewal of WEBEX license
 - (iii) KSh 5.9 Million for settlement of Pending Bills under ICT Shared services

First Half Year Budget Implementation

Recurrent Expenditure

25. The Financial Performance for the half-year ending 31st December 2021 was reported at an average of 76% for both recurrent and development expenditure. This is as a culmination of actual expenditure of KSh 8.5 Billion out of the approved estimates of KSh.11.4 billion for the period.
26. The absorption of the recurrent vote was noted to be on course and relatively higher at 84%. A breakdown of the absorption on account of economic classification indicated that compensation of employees was at 99%, Current transfers to SAGAs at 83%, Operations and Maintenance at 75% and Appropriation in Aid (AiA) at 62%.

Development Expenditure

27. The Committee was taken through the absorption rates of the 22 projects under implementation within the vote. Most of the projects' financial performances registered over 50% which was an indication of full absorption if the momentum is maintained at least at the same level.
28. In total, out of the proportionate approved estimates of KSh.10.5 billion for half year, KSh. 7.5 billion had been spent translating into an absorption rate of 75 % for the period.
29. The low absorption in the Maintenance and rehabilitation of Last Mile County Connectivity Project and of NOFBI II at 18% and 27% respectively were explained to be on account of a delayed resolution on withholding tax issues that has since be resolved and has accelerated the absorption in the last half of the financial year.

Non-Financial Performance

30. As at 31st December 2021, the State department reported having met the following targets:
- (i) Developed/reviewed the key policies and legal frameworks which include: Digital Economy Strategy for Kenya, ICT Sector Competition policy and Data Protection Act and Regulations
 - (ii) Maintained 630 Km of the Fibre Networks from Eldoret to Nadapal South Sudan border
 - (iii) Completed laying 200 Km of new (144 core) optic fibre cable from Eldoret to Nadapal for redundant network
 - (iv) Maintained 4,600 Km of fibre Optic Cable Network at sub-counties

- (v) Recruited and trained 400 ICT graduates on high end skills under the Presidential Digital Talent Programme
- (vi) Operationalized the Office of the Data Protection Commissioner
- (vii) Relocated the fibre optic cables along Nairobi Expressway
- (viii) Completed Construction of Konza Complex Phase I
- (ix) Equipped 203 Constituency Innovation Hubs
- (x) Trained over 50,000 youths on online jobs and connected 1.3 million youth on online dignified jobs
- (xi) Completed Construction of 40% of Konza Horizontal Infrastructure
- (xii) Connected total of 18 level 4-5 hospitals country wide under Universal Healthcare. An additional 16 level 4-5 hospitals are underway and civil works ongoing.

New Projects

31. Under the vote, there is only one new project namely; Konza Buffer Zone Inter-County Physical and Land Use Development Plan proposed to be allocated KSh 55.5 Million funded through internal reallocation of funds.
32. The project details were provided and the justification for the need to introduce it in the Supplementary I Estimates. The purpose of the project was pointed out is to protect the Konza Technopolis from the risks of uncontrolled developments around the city. The Committee was informed this project was a culmination of various engagements with the County Governments of Machakos, Kajiado and Makueni.

Impacts of the Proposed Variations on the Projects

33. The proposed budget reduction of KSh 737 million was indicated would slow down project implementation as is revealed by the downscaled completion rates in the Supplementary programme based budget. This was noted would extend the period of completion of the projects hence delay in the provision of the envisaged public service delivery. The reduction shall attract litigation due to delayed or non-payment to contractors and created pending bills whose accumulation of interest charges may lead to cost over-runs of the contracts. This shall be majorly on projects such as those associated to Universal Health Care and Maintenance and rehabilitation of various fibre optic networks like National Optic Fibre Backbone Infrastructure (NOFBI II).

4.2 THE STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION

34. The Principal Secretary for the State Department Esther Koimett and a team of management of various SAGAs domiciled in the department appeared before the Committee on the 9th February 2022 and made submission on the Supplementary I (FY 2020/21). The submissions were on the proposed budget revisions and the likely impacts of the changes. The submission covered various thematic areas as:

Overview of the Proposed Variations

35. The proposed revision of the budget was pointed out will result into a net increase amounting to KSh.142.27 Million representing a 2% increase. The Net increase is as a result of a proposed

increase in recurrent expenditure of KSh 242.27 Million and a reduction of KSh 100 Million under the development expenditure.

36. It was reported that the State Department had submitted a resource requirement of KSh 2.359 billion in supplementary Estimates. These requirements were intended to fund activities to support the 2022 general election, settle pending bills under Government Advertising Agency (GAA) and to cater for salary shortfalls.
37. Under the recurrent expenditure, the variations are proposed in the following areas:
 - (i) KShs.38.65 Million to bridge the shortfall on staff salaries at the Headquarters
 - (ii) KSh 39.5 Million arising from enhanced Appropriation in Aid due to contract renewal with GAA
 - (iii) KSh 200 Million to Kenya Broadcasting Corporation (KBC) which was granted under Article 223 as had been approved by the National Treasury to cater for arbitration on pending court case in the United Kingdom, London
 - (iv) KSh. 36 Million as budgets under Operations and Maintenance. Expenditure items affected include; Communication (KSh 2 Million), Travel (KSh 12 Million), Training (KSh 2 Million), Hospitality (KSh 8.4 Million), Fuel (KSh 4 Million) and General Office and Supplies (KSh.5 Million).
38. Under the Development expenditure, the breakdown of the proposed reduction of KSh 100 Million were provided as : KSh 40 Million from the KBC Analogue digital migration, KSh 20 Million from Radio Mashinani, KSh 10 Million from the Construction of Kenya Institute of Mass Communication Eldoret Campus, KSh 10 Million from the Construction of the Kenya Film Classification Board Theatre , KSh 10 Million from the automation of the Kenya Yearbook Editorial Board and KSh 10 Million from the construction of the Kenya Film School.

First Half Year Budget Implementation Performance

39. As at the 31st December 2021, it was reported that out the total proportionate approved expenditure of KSh 3.48 billion, KSh 3.3 billion had actually been spent which represents a 96% absorption rate for the period. This was contributed to by a 96% rate in recurrent expenditures and a 90% in development expenditure.
40. The underperformance in absorption rate under recurrent expenditure was on account of delays in exchequer releases to finances the Authority to Incur Expenditures (AIEs) to field officers. In development vote, the underperformance was justified on the basis of the delayed remittances of expenditure returns relating to AIEs totaling to KSh 23 Million that were issued to information field stations.

Non-Financial Performance

41. As at 31st December 2021, the State department reported its key achievements as:
 - i. Drafted three policies and two bills: National Communications Policy, National Addressing System Policy and Bill, Digital Economy Strategy and National Film Bill.

- ii. Gathered packaged and disseminated over 150 TV Clips to media houses
- iii. Convened 15 Community engagement forums to create awareness on various Government policies, programmes and projects
- iv. Published 25 weekly My Gov Publications on Standardized Government advertisements
- v. Initiated the preparation of 2021 Kenya Yearbook
- vi. Initiated the establishment of 2 studio mashinani in Kisii and Uasin Gishu Counties
- vii. Accredited 944 journalists and sensitized 1071 journalists on election reporting
- viii. Continued with the rollout of Digital TV Broadcast Infrastructure project
- ix. Produced 96 films that were shot in Kenya
 - x. Classified 329 films and issued 360 licenses to film makers
- xi. Produced and disseminated 40 Film documentaries on Government programmes, culture and heritage
- xii. Trained 500 mass media practitioners under Kenya Institute of Mass College(KIMC)
- xiii. Trained 47 film making professionals at Kenya Film School

New Projects

42. The State Department did not introduce any new project during Supplementary I Estimates for the FY 2021/22.

Pending Bills

43. The State department reported to have had made a resource requirement request of KSh 1,522 Million however the allocation was only KSh 1.191 billion resulting to a deficit of KSh 331 Million . The non-provision of the outstanding deficit has adversely affected the Department of GAA from meeting the advertisements demands of the Ministries, Departments and Agencies in the FY 2021/2022 given the allocation is KSh.244 million.

Impacts of the Proposed Variations on the Projects on Outputs and Targets

Recurrent Vote

44. The budget adjustments under Operations and Maintenance was reported will affect the programmes by having adverse effects on the realization of the targets in the following manner:

Administrative and Support Services Programme

- i. Finalization of 3 Policies and 2 Bills targeted in the financial year will be delayed
- ii. Induction of newly recruited Information and Public Communication Officers may not take place
- iii. Oversight and Monitoring of Programmes and Projects may not be carried out as planned

Information and Communications Services Programme

- i. Failure to timely communicate Government policies, programmes and projects
- ii. Production of documentaries will not be achieved as planned
- iii. News and Information gathering, packaging and dissemination will be adversely affected due to rationalized travel, fuel and vehicle maintenance
- iv. Non-settlement of pending bills on Government Advertisement in MyGov weekly

Film Development Service Programme

- i. Training of students will be affected due to non-procurement of planned essential equipment

Development vote

45. The proposed budget reduction of KSh 100 million was indicated would slow down project implementation as is revealed by the downscaled completion rates in the Supplementary programme based budget. This was noted would extend the period of completion of the projects hence delay in the provision of the envisaged public service delivery.
46. The proposed reductions shall lead to the downward revisions of the completion levels of the projects as:
- (i) KBC Analogue to Digital TV Migration from 96.8% to 96.2%
 - (ii) KBC Studio Mashinani from 34.9% to 33.3%
 - (iii) KYEB Automation Services from 22% to 20.7%
 - (iv) KIMC Eldoret Campus from 2.5% to 1.9%
 - (v) Refurbishment of the Nairobi Cinema Theatre from 25.7% to 23.5%

Other relevant Information

General Election Preparedness

47. The State Department had made a request of Sh. 1,586 Million for consideration under the Supplementary estimates I for the purpose of facilitating various agencies and technical departments undertake public and the media engagements, monitoring and regulation as part of preparations of the 2022 General Elections. However, no allocation was provided. Details of the requested allocations were as:
- (i) KSh 300 Million to the Office the Government Spokesperson
 - (ii) KSh 200 Million to the Government Advertisement Agency
 - (iii) 50 Million to the Department of Information
 - (iv) KSh 10 Million to the Film Services
 - (v) KSh 259 Million to the Kenya Broadcasting Corporation
 - (vi) KSh 642.5 Million to the Media Council of Kenya
 - (vii) KSh 125 Million to the Kenya Film Classification Board

PART III

5.0 COMMITTEE OBSERVATIONS

48. Based on the review and scrutiny of the Supplementary Estimates I for FY 2021/22 and supporting documents as well as engagements with State Departments and respective agencies, the Committee made the following key observations; -

a) State Department for ICT & Innovation

- I. The digital literacy program has so far not yielded the envisaged value for public money and continues to face various challenges in its implementation. Key among the challenges include: lack of electricity power due to connectivity challenges or power disconnections due to unsettled bills, insecurity risks in rural regions, rapid technological advancements rendering the devices obsolete and delays in distribution of procured devices by ICTA.
- II. The total allocations to the Digital Literacy Programme which falls under development vote was reported to have all along included the compensation of employees. The National Treasury in this Supplementary I has now extracted the compensation of employees which is now proposed to be allocated KSh 168 Million as current grants transfer to ICTA.
- III. The justification given for introducing a new project (The Konza buffer zone physical development plan) in the supplementary I estimates was not satisfactory. The estimated total cost for the project is KSh 55 Million of which the actual expenditure was reported to be at KSh 25.3 Million.
- IV. Despite the proposed substantial budget cuts in various programmes and projects, the targets remain unrevised. This casts doubt on the accuracy and appropriateness of the set targets. For example, the sub-programme of ICT Infrastructure connectivity is proposed to have a 30% budget cut (reduction of KSh.1.06 Billion largely on foreign funding) whereas the targets remain unchanged. Given that this sub-program largely deals in rehabilitation and maintenance of the ICT cables, it may imply that the costings for the works are always inflated.
- V. The consultation on the proposed rationalization of expenditures between the National Treasury and the respective MDAs is not adequate. This is manifested by incidences where the proposed cuts are on crucial items such as fuel oil and lubricants, domestic and foreign travel and subsistence, and training expenses. Oftentimes, this leads to budget cuts on expenditures that have already been committed and therefore results into accumulation of pending bills

b) State Department for Broadcasting and Telecommunications

- I. Kenya Broadcasting Corporation (KBC) is facing a lawsuit estimated at KSh.40 billion in London UK for termination of a contract it had with Amjam TV which later incorporated British Virgins Islands. The ongoing arbitration case continues to accumulate legal fees which KBC is unable to raise. In the Supplementary I, under Article 223 of the Constitution, KSh 200 Million was granted to cater for the same.

- II. The KBC Analogue to Digital TV Migration project upon completion shall enhance its competitiveness in the media market. However, this project's financial performance has been derailed by budget cuts. It is proposed to have a budget cut of KSh 40 Million in the Supplementary I.
- III. The Independent Electoral and Boundaries Commission (IEBC) utilizes substantial resources on media related expenditures during the period of a general election. KBC has not leveraged on this opportunity to enhance its business by competitively positioning itself.
- IV. The Government Advertising Agency (GAA) is in the process of reviewing its advertisement model to enhance its cost effectiveness. The current advertisement model lacks a robust Monitoring and Evaluation framework that can effectively facilitate the evaluation of value for public money.
- V. The Postal Corporation of Kenya is owed substantial amount of money estimated at KSh 1.7 billion by the Ministry of Public Service on account of outstanding rental bills for hosting Huduma centres across various regions. The Corporation is considering evicting the huduma centres from operating within its premises.
- VI. The proposed reduction under the recurrent expenditure items such as communication, travel, fuel and hospitality shall have dire adverse effects on the discharge of the department's core mandate. This is a manifestation of weak consultative engagements between the National Treasury and budget implementation agencies in formulation of the budgets.
- VII. The mandates of the agencies domiciled under the State department demands that they enhance their activities during this high political season. However, there are no indications of preparedness to effectively undertake public and media engagements, monitoring and regulations during the 2022 general elections. The department reported that it had requested for supplementary budget of KSh.1.586 Billion but no allocation has been provided (Breakdown on how the proposed respective resource requirements per the agencies is annexed; the submission from the State department).

6.0 RECOMMENDATIONS

49. Policy Recommendations include

a) State Department for ICT & Innovations

- I. The Ministry in collaboration with ICTA and the Ministry of Education to undertake performance audit of the Digital Literacy Program since its inception. The report to aim at evaluating the success and failure of the program. The report to be submitted to the Committee before the processing of the estimates of 2022/23 is concluded.
- II. The State department to institute a robust Monitoring and Evaluation framework on the Maintenance and rehabilitation works of the existing ICT Infrastructure (NOFBI II Cable and Last Mile County Connectivity Networks) and to make a submission on the same to the Committee by end of the financial year 2021/22.

b) State Department for Broadcasting and Telecommunications

- I. Adequate funds from the 2022/23 appropriated funds to the Ministry of Public Service (where huduma activities are domiciled) to be ring-fenced for full settlement of the accrued rental pending bills owed to the Postal Corporation of Kenya. The National Treasury to prioritize the disbursement of these funds upon appropriation.
- II. The agencies under the State department whose responsibilities play crucial role in facilitating preparedness of the 2022 general elections to come up with the strategies for optimal public service delivery. The strategies to be presented to the Committee by end of May 2022. The agencies include: Office of Government Spokesperson, Government Advertising Agency, Kenya Broadcasting Corporation, Media Council of Kenya, department of Information, department of Film Services and Kenya Film Classification Board.
- III. The State department for Broadcasting and Telecommunication in collaboration with Government Advertising Agency to finalize the ongoing review of its business model and ensure that the proposed model incorporates a robust Monitoring and Evaluation framework. The input of this Departmental Committee to be sought before the roll out of the new model being developed.

6.1 Financial Recommendations

50. The Committee proposes reallocations within votes under its purview as follows:

Proposed Committee Reductions

The proposed Committee reductions are entirely on the development vote

Vote	Programme/Ar ea/ Item	Proposed reduction (KSh. mlns)	Justifications
1122: ICT & Innovation	1122101000 ICT Infrastructure Development Programme :Digital Literacy Programme(DLP)	563	The programme faces various implementation challenges which impairs the achievement of its envisaged outcome. Key among the challenges include: lack of electricity power due to connectivity challenges or power disconnections due to unsettled bills, insecurity risks in rural regions, rapid technological advancements that in the past has rendered some of the devices obsolete and delays in distribution of procured devices by ICTA. The ability to absorb the proposed funds in acquisition and distribution of the targeted 19,833 devices and having 600 public schools installed with the digital devices before the end of this financial year was not demonstrated.
	1122102200: Konza Buffer Zone Inter- County Physical & land Development Plan(Sub- Programme: ICT & BPO Development)	30	The necessity of introducing the new project under the Supplementary was not justified. The need to protect the 10 Kms radius of the Konza Techno polis could have been foreseen and budgeted in the Main Budget Estimates process. Out of the proposed allocation of KSh 55.5 Million to the project, KSh 25.5 Million was reported to have been incurred on Surveying costs. The remaining amount to be included in the budget estimates.
Total Proposed Reductions		593	

Proposed Increases

The Proposed increases are entirely on the recurrent votes

Vote	Program/Area/Item	Proposed increases (KSh. mlns)	Justifications
1123: Broadcasting & Telecommunication.	Information and Communication Services Programme :Office of the Government Spokesperson	50	<p>To undertake publicity and awareness campaigns relating to government projects programmes and other initiatives during the period of high political activities in preparation for the general election. This shall stem the adverse effect of misinformation on government projects as well as create a more informed citizenry.</p> <p>The initiatives shall be in areas such: TV/ Radio content development and activation, social mobilization, social media management, Physical Monitoring of the campaigns impact, outdoor advertisement ,transport and logistics for communication Coordination</p>
	Information and Communication Services Programme :Media Council of Kenya	288	<p>The additional resources is needed to enhance Media monitoring during the electioneering period. The additional resources shall be utilized in areas such as:</p> <p>Media monitoring of hate speech and fake news in 200 media outlets including on local language and online platforms</p>
	Information and Communication Services Programme : Government Advertising Agency (GAA)	100	<p>This is to enhance the advertisement capacity of the Agency on account of the increased advertising needs during this electioneering period. Such enhanced needs shall be in various public entities such as the Office of Registrar of Political Parties.</p>

Vote	Program/Area/Item	Proposed increases (KSh. mlns)	Justifications
			The additional resources are to meet costs for placement of editorial content like stories, print and electronic feature materials on government projects, programs and initiatives. Besides, the additional resources are to cater for procuring the services of monitoring the publication and distribution of MyGov publications.
	Film Development Services Programme : Kenya Film Classification Board (KFCB)	119	<p>To purchase Film and Broadcast content regulatory systems to ensure that only appropriate content is aired and avert the proliferation of incidences hate speech which usually increase during electioneering period. This shall be apportioned as:</p> <ul style="list-style-type: none"> a) KSh 37.6 Million for acquisition of hardware and software for monitoring equipment (servers and antennas) b) KSh 25 Million to cater purchase of monitoring tracking tracking equipment c) KSh 41.4 Million for Media screens ,laptops and equipment d) KSh 15 Million for special training in preparation for enhanced film content monitoring
	General Administration and Support Services Programme: State Department Headquarters	36	To reinstate KSh 36 Million under expenditure items for communication travel, fuel and hospitality which are critical for discharge of the Ministry's core mandate.
	Total Proposed Increases	593	

Wishlist

Based on the Submissions and the justifications for the resource requirements requests, the Committee recommends additional funding to be made to the following agencies should the fiscal space allows to facilitate general election preparedness :

- i. KSh 250 Million to the Office the Government Spokesperson
- ii. KSh 100 Million to the Government Advertisement Agency
- iii. 50 Million to the Department of Information
- iv. KSh 10 Million to the Film Services
- v. KSh 259 Million to the Kenya Broadcasting Corporation
- vi. KSh 354.5 Million to the Media Council of Kenya
- vii. KSh 6 Million to the Kenya Film Classification Board

SIGNED.......... DATE.....17/2/2022.....

HON. JANE WANJUKI NJIRU, MP
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON COMMUNICATION,
INFORMATION AND INNOVATION

Annexures

- Annex 1: PBO brief on the proposed 2020/21 Supplementary Estimates
- Annex 2: MDA's submissions
- Annex 3: Minutes of the Committee sittings
- Annex 4: Adoption List

Mini Schedule indicating the final ceilings per programme

Program	Suppl.I Estimates			Proposed Committee Amendments			Final Estimates		
	Rec	Dev.	Total	Re c	Dev .	Tota l	Rec	Dev.	Total
Vote 1122 : State Depart of ICT & Innovation									
Gen Admin	257.5		257.5				257.5		257.5
ICT Infrast. Devt	573.6	19,338.9	19,912.5		593	593	573.6	19,931.9	20,505.5
E-Govt Services	964.6	1,128.0	2,092.7				964.6	1,128.0	2,092.7
Vote Total	1,795.7	20,466.9	22,262.7				1,795.7	21,059.9	22,855.7
1123: State Department for Broadcasting and Telecommunication									
Gen Admin	215.0		215.0	36		36	215.0		215.0
Info. & Comm. Services	5,372.5	211.4	5,583.9	438		438	5,810.5	211.4	6,021.9
Mass Media Skills Devt	224.5	100.5	325.0				224.5	100.5	325.0
Film Devt Services	887.1	85.0	972.1	119		119	1,006.1	85.0	1,091.1
Vote Total	6,699.1	396.9	7,096.0	593		593	7,292.1	396.9	7,689

DEPART MENTAL
COMMI TTEE ON
JUSTICE A ND
LEGAL AFF AIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

.....

TWELFTH PARLIAMENT

SIXTH SESSION - 2022

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON CONSIDERATION OF THE FY 2021/22 SUPPLEMENTARY ESTIMATES I

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

FEBRUARY 2022

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LIST OF ABBREVIATIONS AND ACRONYMS

BPS	-	Budget Policy Statement
CAJ	-	Commission on Administrative Justice
CFS	-	Consolidated Fund Services
DJ	-	Department of Justice
DPP	-	Directorate of Public Prosecutions
EACC	-	Ethics and Anti-corruption Commission
FY	-	Financial Year
IEBC	-	Independent Electoral and Boundary Commission
IFMIS	-	Integrated Financial Management System
JSC	-	Judicial Service Commission
JPIP	-	Judicial Performance Improvement Project
KNCHR	-	Kenya National Commission on Human Rights
OAG	-	Office of the Attorney General
RPP	-	Registrar of Political Parties
TNA	-	Training Needs Assessment
WPA	-	Witness Protection Agency

CHAIRPERSON'S FOREWORD

The proposed Supplementary Estimates I for the 2021/22 Financial Year was tabled in the House on Tuesday, 1st of February 2022 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

Standing Order 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees for scrutiny and report to the Budget and Appropriations Committee which reports to the House.

The Committee held a total of two (6) sittings scrutinizing the supplementary budget Estimates and considering and adopting its report. All agencies under the Committee's oversight appeared before the Committee on Tuesday 8th February, 2022 and made submissions concerning the proposed supplementary budget. The Committee considered and unanimously adopted its report on 17th February, 2022.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed 2021/22 Supplementary Budget Estimates successful. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Justice and Legal Affairs, it is my pleasant privilege and duty to present to the Budget and Appropriations Committee a report of the Committee on the scrutiny of the Supplementary Estimate I of the FY 2021/22.

HON. CLEMENT MUTURI KIGANO, M.P.

PART 1

1.0 PREFACE

1.1. Introduction

1. This is the Committee report on its consideration of the Supplementary Estimates I for the FY 2021/2022 in accordance with Article 223 of the Constitution of Kenya and section 43(2) and 44 of the Public Finance Management Act 2012, Section 40 of the Public Finance Management National Government Regulations and Standing Order 243. The Departmental Committee on Justice and Legal Affairs held meetings with the Departments and Agencies under its purview to scrutinize their Supplementary Estimates on 8th February 2022 at Trademark Hotel, Kiambu County. The Committee then consolidated its recommendations for submission to the Budget Committee pursuant to the provision of Standing Order 207(6).

1.2. Mandate of the Committee

2. The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides for the functions of Departmental Committees as follows-
- (a) 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) study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
 - (c) study and review all legislation referred to it;
 - (d) 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) investigate and enquire 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;
 - (f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments)
 - (g) examine treaties, agreements and conventions;
 - (h) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - (i) consider reports of Commissions and Independent Offices submitted to the House pursuant to provisions of Article 254 of the Constitution; and
 - (j) Examine any questions raised by Members on a matter within its mandate.
3. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows-
- (a) Constitutional affairs;
 - (b) The administration of law and Justice
 - (c) The Judiciary;
 - (d) Public prosecutions;
 - (e) Elections;
 - (f) Ethics, integrity and anti-corruption; and
 - (g) Human rights.

1.3. Committee Membership

Chairperson

Hon. Clement Muturi Kigano, M.P.
Kangema Constituency
Jubilee Party

Vice Chairperson

Hon. Tom Joseph Francis Kajwang, M.P.
Ruaraka Constituency
ODM - Party

Hon. John Olago Aluoch, M.P.
Kisumu West Constituency
FORD-Kenya

Hon. George Peter Kaluma, M.P.
Homa Bay Town Constituency
ODM-Party

Hon. Roselinda Soipan Tuya, M.P.
Narok County
Jubilee Party

Hon. Junet Sheikh Mohammed, M.P.
Suna East Constituency
ODM-Party

Hon. Emmanuel Wangwe, M.P.
Navakholo Constituency
Jubilee-Party

Hon. W. Kamoti Mwamkale, M.P.
Rabai Constituency
ODM-Party

Hon. Josephine Naisula Lesuuda, M.P.
Samburu West Constituency
KANU-Party

Hon. Zuleikha Hassan, M.P.
Kwale County
ODM-Party

Hon. Jennifer Shamalla, M.P.
Nominated MP
Jubilee Party

Hon. Robert Gichimu Githinji, M.P.
Gichugu Constituency
Jubilee-Party

Hon. Anthony Oluoch M.P.
Mathare Constituency
ODM-Party

Hon. Daniel Kipkogei Rono, M.P.
Keiyo South
Jubilee -Party

Hon. George Gitonga Murugara, M.P.
Tharaka Constituency
Democratic Party (DP)

Hon. Anthony Githiaka Kiai, M.P.
Mukurueni Constituency
Jubilee-Party

Hon. John Kiarie Waweru, M.P.
Dagoretti South Constituency
Jubilee-Party

Hon. Japheth Mutai, M.P.
Bureti Constituency
Jubilee-Party

Hon. Adan Haji Yussuf, M.P.
Mandera West Constituency
Economic Freedom Party

1.4. Committee Secretariat

4. The Committee secretariat is as follows-

	Mr. Abenayo Wasike Principal Clerk Assistant Lead Clerk	
Mr. Denis Abisai Deputy Director – Legal Services		Ms. Halima Hussein Clerk Assistant II
Emma Essendi Legal Counsel I		
Mr. Donald Manyalla Research Officer		Mr. Omar Abdirahim Fiscal Analyst II
Mr. Clive Oyunge Clerk Assistant III	Mr. Nickson Mutai Audio Officer	
Ms. Roselyne Ndegi Serjeant-at-Arms I		Ms. Noelle Chelegat Media Liaison Officer

5. Minutes of Committee sittings on scrutiny of the Supplementary Estimates I are attached to this report as annexure I.

1.5. Overview of the Examination of the Estimates

6. The Committee held three (6) sittings in examining the estimates. The first sitting took place on 8th February, 2022 where the Committee discussed the estimates with the Parliamentary Budget Office before interacting with the State agencies.

7. The subsequent sittings where the Committee met with the officials from the state agencies that include; the Judiciary and Judicial Service Commission, the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR) and the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Office of the Director of Public Prosecutions, the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), and Witness Protection Agency. The last sitting was held on 10th of February, 2022 where the Committee met and adopted its report.

1.6. Acknowledgements

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2021/22 Supplementary Estimates.

9. Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this report.

10. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the FY 2021/22 Supplementary Estimate I.

PART 2

2.0 INTRODUCTION

11. The Supplementary Estimates I FY 2021/22 was tabled in the House on Tuesday, 1st of February 2022 pursuant to Article 223 of the Constitution, Section 44 of the Public Finance Management Act, 2012, Section 40 of the Public Finance Management Regulations, 2015 and Standing Orders 243 of the National Assembly.
12. The second schedule of the Standing Orders for the National Assembly also mandates the Departmental Committee on Justice and Legal affairs to consider matters relating to -
 - (a) Constitutional affairs;
 - (b) The administration of law and Justice
 - (c) The Judiciary;
 - (d) Public prosecutions;
 - (e) Elections;
 - (f) Ethics, integrity and anti-corruption; and
 - (g) Human rights.
13. It is from this perspective that this Committee is now mandated to scrutinize the Supplementary Estimates II for the following agencies-
 - (i) Judiciary
 - (ii) Judicial Service Commission (JSC)
 - (iii) Office of the Attorney General and the Department of Justice (OAG&DJ)
 - (iv) Ethics and Anti-corruption Commission (EACC)
 - (v) Directorate of Public Prosecutions (DPP)
 - (vi) Registrar of Political Parties (RPP)
 - (vii) Witness Protection Agency (WPA)
 - (viii) Kenya National Commission on Human Rights (KNCHR)
 - (ix) Independent Electoral and Boundaries Commission (IEBC)
 - (x) Commission on Administrative Justice (CAJ)

2.1 THE LEGAL FRAMEWORK FOR SUPPLEMENTARY BUDGET

14. The legal framework is articulated in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National government Regulations. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.
15. The PFM Act and its regulation provide for the details and format of the Supplementary Budget. PFM Act ensures that the Supplementary Budget should include a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

2.2 OVERVIEW OF FY 2021/22 SUPPLEMENTARY ESTIMATES FOR THE GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR

2.3 Overview of the MDA's Budget Implementation for the 1st Half of FY 2021/22

16. The gross approved estimates for the Justice and Legal the subsector as at the start of the financial year 2021/22 was Kshs 47.5 billion, which comprised of Kshs 44.7 billion and Kshs 2.9 billion for recurrent and development expenditures respectively. In addition, the sector's approved net estimate was Kshs 46.5 billion and appropriation in aid (A-i-A) was Kshs 0.989 billion. However, under the Supplementary I estimate for financial year 2021/22 estimates the Net estimates were revised to Kshs 56.9 billion. The sector is largely funded from the consolidated fund with minimal external financing.
17. According to cumulative net exchequer issues as at the end of December 2021, the sector received a total of approximately Kshs 17.7 billion. The bulk of the releases were for recurrent expenditure which stood at Kshs 16.9 billion while development received a total of Kshs 742.7 million during the same period. The EACC has received the highest exchequer release at 54% and the IEBC has received the lowest exchequer at 13.3%. The subsector, balance to the end of the financial year was approximately Kshs 39.2 billion. The sector's development budget comprises largely of the Judiciary development budget which amounts to Kshs 2.3 billion. The Justice and Legal Affairs' Budget Implementation status as at January 2021 is given in the table below.

Table 1: Overview of the MDA's Budget Implementation for the 1st Half of FY 2021/22

Ministries/Departments	Original Gross Estimates	Original Net Estimates	Revised Net Estimates	Exchequer Issues as at end of Dec.	Balance to June 2020	% Absorption Rate
State Law Office & DJ	5,159.7	4,609.1	4,559.1	1,936.4	2,622.7	42.5%
O/w Recurrent	4,978.3	4,427.8	4,427.8	1,901.7	2,526.1	42.9%
O/w Development	181.3	181.3	131.3	34.7	96.6	26.4%
The Judiciary	17,336.4	16,898.0	18,000.2	7,311.0	10,689.2	40.6%
O/w Recurrent	15,003.0	15,003.0	15,846.3	6,665.5	9,180.8	42.1%
O/w Development	2,333.4	1,895.0	2,153.9	645.5	1,508.4	30.0%
EACC	3,326.0	3,326.0	3,326.0	1,805.0	1,453.0	54.3%
O/w Recurrent	3,258.5	3,258.5	3,258.5	1,805.2	1,453.3	55.4%
O/w Development	67.5	67.5	67.5	-	-	-
Office of the DPP	3,276.2	3,276.2	3,476.3	1,394.7	2,081.6	30.0%
O/w Recurrent	3,126.0	3,126.0	3,326.0	1,378.4	1,947.6	41.4%
O/w Development	150.3	150.3	150.3	16.3	134	10.8%
Office of the RPP	1,961.7	1,961.7	2,285.7	1,178.4	1,111.3	51.6%
Witness Protection	489.0	489.0	510.2	272.8	237.4	53.5%
KNCHR	408.7	408.7	408.7	190.9	217.8	46.7%
IEBC	14,351.7	14,351.7	23,065.6	3,058.3	20,007.3	13.3%
O/w Recurrent	14,226.7	14,226.7	22,940.6	3,012.1	19,928.5	13.1%
O/w Development	125.0	125.0	125.0	46.2	78.8	37.0%
JSC	581.8	581.8	631.8	221.6	410.2	35.1%
The CAJ	614.8	614.8	634.8	303.5	331.3	47.8%
TOTAL	47,506.0	46,517.0	56,898.4	17,671.9	39,181.3	31.1%

Source: PBO

2.4 Overview of Supplementary I for FY 2021/22

18. The Justice and Legal Affairs sub sector approved budget for the financial year 2021/22 was Kshs 47.6 billion, which comprised of Kshs 44.7 billion and Kshs 2.9 billion for recurrent and development expenditures respectively. This forms the baseline for Supplementary I budget estimates for the financial year 2021/22.
19. The approved budget for the sector have been revised upwards by Kshs 10.4 billion which comprise of recurrent expenditure Kshs. 10.2 billion and development expenditure amounting to Kshs. 208.9 million within the sector. The increase in recurrent expenditure is mainly on account of additional provision of Kshs 8.8 billion for Independent Electoral and Boundaries Commission to finance election related activities while the additional provision under the development vote is meant for the judiciary to fast-track the completion of the World Bank funded projects. More details on the Agencies are provided below.

2.4.1 The State Law Office and Department of Justice

20. The gross Approved Estimates for the State Law Office and Department of Justice for the FY 2021/22 amounts to Kshs. 5.2 billion. This comprises of Kshs. 5 billion for Current expenditure and Kshs. 181.3 million for Capital expenditure.
21. The Approved Estimates have been adjusted to Kshs. 5.1 billion comprising of Kshs. 5 billion for Current Expenditure and Kshs. 131.3 million for Capital expenditure. The changes under the Vote are on account of rationalization of Capital expenditure and additional budgetary provision of Kshs. 34.3 million for Current expenditure to cater for shortfall in personnel emoluments and refurbishment for newly acquired office spaces for Business Registration Services.

Table 2: A Summary of the Departments Affected Projects

No.	Description	Approved Estimates	Amendments Kshs	Revised Estimates
1.	Ultra-Modern Library & Moot Court-Kenya School of Law-Karen	53,500,000	(8,500,000)	45,000,000
2.	Refurbishment of Sheria House 7 company's registry – Nairobi	49,000,000	(20,000,000)	29,000,000
3.	Refurbishment of Regional Offices – Machakos	5,500,000	(1,750,000)	3,750,000
4.	Refurbishment of Regional Offices – Kisii	4,500,000	(1,250,000)	3,250,000
5.	Refurbishment of Regional Offices - Kisumu	5,000,000	(1,500,000)	3,500,000
6.	Refurbishment of Regional Offices - Malindi	1,000,000	-	1,000,000
7.	Installation of local area network - LAN	25,801,536	(16,000,000)	9,801,536
8.	Programme for Legal Empowerment & Aid Delivery in Kenya (PLEAD)	37,000,000	(1,000,000)	36,000,000
Total		181,301,536	50,000,000	131,301,536

Source: Budget Estimate, National Treasury

22. The decrease under the development expenditure of Kshs 50 million is on account of budget rationalization for various projects under implementation. The budget cut will adversely affect the ongoing construction of Ultra- Modern Library and Moot Court at the Kenya School of law which is at 87% completion. The budget cuts will also affect some earmarked activities under the refurbishment of both regional offices and headquarter (Sheria House). The planned activities include

repair of the second lift, drainage system and refurbishment of the 9th floor at Sheria House, repair of electrical works and re-roofing of AG's chambers.

2.4.2 The Judiciary

23. The gross Approved Estimates for Judiciary for the FY 2021/22 amounts to Kshs. 17.3 billion. This comprises Kshs. 15 billion for Current and Kshs. 2.3 billion for Capital expenditure, respectively.
24. The Approved Estimates have been adjusted to Kshs. 18.4 billion under Supplementary Estimates No. 1, comprising Kshs. 15.8 billion for Current and Kshs. 2.6 billion for Capital expenditure. This reflects an increase of Kshs. 1.1 billion comprising of Kshs 843 million for recurrent expenditure to cater for shortfall in operations and maintenance, procurement of motor vehicles for the newly appointed Judges, settlement of outstanding court awards, and Kshs 258.9 million for development expenditure to cater for implementation of donor funded projects.
25. The Judiciary's recurrent Budget has been increased by Kshs 843 million affecting several budget heads within judiciary including the following; general administration and planning, Supreme Court, Court of Appeal, Council on Administration of Justice, Auctioneers Licensing Board, High Court of Kenya, Magistrates and Kadhis Courts. The table below shows the affected head.

Table 3: Summary of the Supplementary Recurrent Estimate FY 2021/22

Head/ Description	Amount
1261000100 High Court Administrative Services	(2,997,500)
1261000200 Headquarters (General)	188,524,151
1261000500 Court of Appeal	110,000,000
1261000600 Council on Administration of Justice	(605,500)
1261001300 Employment & Labour Relations Court	230,000,000
1261001400 Directorate of Finance	(5,627,662)
1261001600 Directorate of Human Resources and Administration	219,138,500
1261001700 Directorate of Inform. & Communication Technology	(380,100)
1261001800 Directorate of Supply Chain Management	(1,232,900)
1261001900 Directorate of Security Services	109,537,596
1261002000 Directorate of Planning and Organizational Performance	(3,036,200)
Total	843,320,385

Source: Budget Estimate, National Treasury

26. On the other hand, the development expenditure for the Judiciary had been increased by Kshs 258.9 million. The allocation is specifically meant for Judicial Performance Improvement Projects to fast-track the World Bank funded projects whose implementation is expected to be completed in the FY 2021/22. The approval for the additional provision of Kshs 258.9 million was granted under Article 223 of the Constitution.

2.4.3 The Independent Electoral & Boundaries Commission

27. The gross Approved Estimates for the Independent Electoral and Boundaries Commission in the FY 2021/22 is Kshs. 14.4 billion comprising of Kshs. 14.2 billion and Kshs. 125 million for Current and Capital expenditures, respectively.
28. The Approved Estimates have been adjusted to Kshs. 23.2 billion under Supplementary Estimates No.1 comprising of Kshs. 23.0 billion and Kshs. 125 million for Current and Capital expenditures, respectively. This reflects an increase of Kshs. 8.8 billion translating a percentage increase of 61%.

29. The additional funding is meant for Mahoo Member of County Assembly by-election, enhanced AIA collection and General Elections preparedness. The Vote has also been amended to accommodate shortfalls in personnel emoluments, medical insurance as well as replacement of critical staff for the upcoming General Elections. In particular, the budget for the secretariat was enhanced by Kshs 5.2 billion, Information and communication technology – Kshs 2.2 billion, voter education – Kshs 197.8 million, voter registration – Kshs 1.2 billion and regional election coordination services - Kshs 47.1 million

Table 4: Summary of the Supplementary Recurrent Estimate FY 2021/22

Head/ Description	Approved Estimate	Changes	Revised Estimate
2031000100 Secretariat	4,228,266,682	5,209,233,157	9,437,499,839
2031000200 Information and Communication Technology	3,226,001,511	2,177,799,784	5,403,801,295
2031000700 Voter Education	1,111,354,873	197,842,383	1,309,197,256
2031000800 Voter Registration	2,779,410,186	1,181,943,893	3,961,354,079
2031001200 Regional Election Coordination Services	2,073,918,476	47,084,340	2,121,002,816
Total	13,418,951,728	8,813,903,557	22,232,855,285

Source: Budget Estimate, National Treasury

2.4.4 The Office of Director of Public Prosecutions

30. The gross Approved Estimates for the Office of the Director of Public Prosecutions for the FY 2021/22 amounts to Kshs. 3.3 billion. This comprises of Kshs. 3.1 billion for Current and Kshs. 150 million for Capital expenditure, respectively.
31. The Approved Estimates have been adjusted to KShs.3.5 billion under Supplementary Estimates No.1 for FY2021/22. This comprises of Kshs. 3.3 billion for Current expenditure and Kshs. 150 million for Capital expenditure. The change is on account of additional budgetary provision of Kshs. 200 million for activities related to general election preparedness. The approval for the additional provision of Kshs 200 million was granted under Article 223 of the Constitution.
32. There are no changes to the outputs and targets in the Public Prosecution Services programme in line with the changes in expenditures.

2.4.5 The Office of the Registrar of Political Parties

33. The gross approved allocation for the Office of the Registrar of Political Parties for the FY 2021/22 is Kshs. 1.96 billion for recurrent expenditure.
34. The Approved Estimate has been adjusted to Kshs. 2.3 billion under Supplementary Estimates I. This reflects an increase of Kshs. 324 million on account of enhanced provision for general election preparations.
35. There will be changes to the outputs and targets of the Registration, Regulation and Funding of Political Parties programme in line with the changes in expenditure. In particular, the agency will train 4,700 political parties candidate agents on political parties code of conduct, 450 Political Parties official trained on nomination rules.

2.4.6 The Witness Protection Agency

36. The gross approved allocation for the Witness Protection Agency for FY 2021/22 is Kshs. 489 million under current expenditure. The Approved Estimate has been adjusted to Kshs. 510.2 million

under Supplementary Estimates I. This reflects an increase of Kshs. 21.1 million on account of enhanced provision for the witness protection programme.

37. There will be changes to the outputs and targets of the Witness Protection Programme in line with the changes in expenditure. In particular, the number of witnesses under protection will increase from 65 witnesses to 95 witnesses.

2.4.7 The Judicial Service Commission

38. The gross approved allocation for the Judicial Service Commission for the FY 2021/22 is Kshs. 581.8 million under the current expenditure. The Approved Estimate has been adjusted to Kshs. 631.8 million under Supplementary Estimates I. This reflects an expenditure increase of Kshs. 50 million on account of additional funds to cater for capacity building of Magistrates and Judges on election disputes resolution, and recruitment of Judiciary staff to support the newly appointed Judges and Magistrates. In turn, this will lead to changes to the outputs and targets of the General Administration, Planning and Support Services programme in line with the proposed changes in expenditure.

2.4.8 The Commission on Administration Justice

39. The gross approved allocation for the Commission on Administration Justice for FY 2019/20 is Kshs. 614.8 million for current expenditure. The Approved Estimates have been revised to Kshs. 634.8 million reflecting a net increase of Kshs. 20 million under FY 2021/22 Supplementary Estimates I.
40. The changes are on account of additional budgetary provision of Kshs. 20 million to cater for finalization of Access to Information Regulations and monitoring during electioneering period and rationalization of allocation under personnel emolument.

PART 3

3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

3.1 OBSERVATIONS

3.1.1 Judiciary and Judicial Service Commission

- a) The Judiciary's approved estimate for the FY 2021/22 is Kshs 17.3 billion comprising of Kshs 15.0 billion for recurrent expenditure and Kshs 2.3 billion for development expenditure.
- b) In the proposed supplementary budget, the department's budget has been increased by Kshs 1.1 billion comprised of Kshs 843 million for recurrent expenditure and Kshs 258 million for the development expenditure translating to an overall increase of 6.4%.
- c) The proposed allocation under the supplementary budget for recurrent expenditure will cater for the following areas; election preparedness and related expenses – Kshs 106.5 million, probono services – Kshs 10 million, roll out of small claims courts – Kshs 83.5 million, medical cover – Kshs 60 million, Mortgage – Kshs 120 million, fuel and vehicle maintenance – Kshs 70 million, Arbitration and compensation payments – Kshs 53 million and administrative allowance – Kshs 340 million.
- d) The department's World Bank funded projects approved budget was Kshs 997 million. However, in the proposed supplementary estimate the allocation for the projects was enhanced by Kshs 258 million. The additional allocation is meant to fast-track the ongoing World Bank funded projects.
- e) The Committee has also observed that the department's actual expenditures as at the end of December, 2021 stands at Kshs 8.66 billion representing an absorption rate of 50.1%. The expenditure is comprised of Kshs 7.73 billion for recurrent expenditure and Kshs 927 million for development expenditure.
- f) The Office has a total pending bill of Kshs 1.36 billion comprising of the following; merchants' bills – Kshs 256.5 million, Court Awards – Kshs 1.1 billion, and allowances and reimbursements – Kshs 16.4 million.
- g) The Committee has observed the office requires additional funding for the following budget items; purchase of motor vehicles – Kshs 451.3 million, operationalization of 22 gazetted courts – Kshs 385 million, facilitation of the retired CJs/DCJs – Kshs 108.1 million, and office space (rent) – Kshs 50 million.
- h) Court Deposits - By June 30, 2021, the Judiciary held court deposits and other funds held in trust for third parties amounting to Kshs. 6.8 billion. This was an increase from the Kshs 6.7 billion that was held at the end of FY 2019/20. The Judiciary has raised Kshs 207.8 million in the last three financial years (2019/20-2021/22) as interests from court deposits held in commercial banks. The office has negotiated with the banks an interest rate of 4% on its deposits and has promised to improve further the rate earned by the agency currently.
- i) The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, delays in release of exchequer and delays in processing title documents for lands belonging to the Judiciary.
- j) Judicial Service Commission was allocated Kshs 581.8 million in the FY 2021/22. In the proposed supplementary budget, the department's budget has been revised to Kshs 631.8 million representing an increase of 8.6%. The funds will cater for capacity building of magistrates and judges on election disputes resolution and recruitment of judiciary staff to support the newly appointed judges and magistrates.

- k) In addition, the Commission has requested for an additional allocation of Kshs 80 million to facilitate the finalization of the recruitment of court assistants to operationalize the offices of the newly appointed 34 judges and 66 magistrates and training of judges and judicial officers on election preparedness.

3.1.2 Office of the Attorney General and Department of Justice

- a) The approved budget for the Office in the FY 2021/22 is **Kshs 5.16 billion** comprising of **Kshs 4.978 billion** for recurrent and **Kshs 181.3 million** for development expenditure.
- b) In the proposed supplementary 1 budget, the department's recurrent budget has been increased by **Kshs 34.3 million** representing 0.7% decrease on the department budget. The development budget has been adjusted downwards by **Kshs 50.0 million** translating to a decrease of 27.6% of the approved allocation for development. In overall terms, the net effect is a decrease of **Kshs 15.7 million** representing a percentage change of 0.3%.
- c) In addition, the proposed reductions under the development budget will affect the following development projects; Ultra-Modern Library & Moot Court-Kenya School of Law Karen – (Kshs 8.5 million), Refurbishment Sheria House and Company's Registry Nairobi – (Kshs 20 million), and Refurbishment of Regional offices - Machakos, Kisii, Kisumu & Malindi – (Kshs 21.5 million).
- d) The office has a budgetary shortfall in its operation and maintenance budget. In particular the Office has requested for additional allocation of **Kshs 12 million** as reimbursements of per-diems for its legal counsels who are engaged in field activities.
- e) The Office total expenditure as at the end of the first half of FY 2021/22 is Kshs 2.031 billion comprising of Kshs 1.94 billion for recurrent expenditure and Kshs 57.3 million for development expenditure.
- f) The Office has a total pending bill of Kshs 136.9 million emanating from FY 2020/21 and prior years, out of which Kshs 89.3 million have been uploaded in IFMIS portal for payment process and Kshs 47.6 million are being subjected to further verifications.

3.1.3 Independent Electoral and Boundaries Commission

- a) The Commission was allocated Kshs. **14.47 billion** in the FY 2021/22 comprising of the following budget items; personnel emoluments - Kshs 2.574 billion, operations and maintenance - Kshs 1.812 billion, strategic interventions (General elections) – Kshs 10 billion and Kshs 87 million for development expenditure.
- b) The Commission's total expenditure as at 31st December, 2021 stood at Kshs 4.834 billion against an approved budget of Kshs 14.4 billion translating to 34% of the total approved allocation. The Committee was concerned about the lower than expected absorption rate of 50% though some of the procurement processes of some strategic materials are still ongoing.
- c) In the proposed supplementary estimate 1, the Commission budget was revised to Kshs 23.3 billion. In particular, the recurrent budget was increased by Kshs 8.8 billion and the development budget was not revised.
- d) The following budget items were funded under the supplementary budget; Mass Voter Registration – Kshs 1,282.1 million, General Election Materials – Kshs 5054.3 million, Covid-19 budget – Kshs 88 million, voter education, partnership and corporate communication affairs – Kshs 197.8 million, and ICT – Kshs 2,177.8 million.

- e) The Commission is in the processes of constructing warehouses in Isiolo, Kakamega, Garissa, Machakos and Wajir. The budget for the development of the warehouses was not affected under the supplementary budget.
- f) The Committee noted with concern that the Commission has pending bills amounting to Kshs 2.3 billion of which legal fees accounts for Kshs 1.3 billion, ICT Budget - Kshs 0.8 billion, and other invalidate bills – Kshs 184.6 million. The Committee stressed the need for the Commission to engage in-house lawyers to undertake some of the petitions.
- g) The Committee cognizant of its oversight mandate has also directed the Commission to submit before the Committee primary documents in support of the pending bills especially on ICT and legal bills for consideration and scrutiny to ascertain whether the Auditor General should undertake a special audit.

3.1.4 Commission for Administrative Justice

- a) The gross Approved Estimates for the Commission on Administrative Justice in the FY 2021/22 amounts to Kshs 614.8 million for current expenditure. The allocation has been increased to Kshs 634.8 million under Supplementary Estimates No.1. This reflects a increase of Kshs 30 million under the recurrent expenditure.
- b) The additional allocation of Kshs 30 million under supplementary budget is meant to cater for the finalization of the Access to Information (ATI) Draft Regulations 2022, and monitoring of the electioneering period, to address emerging issues on administrative justice and the right to access information.
- c) As at 31st January 2022, the Commission had expended a total of Kshs 330.5 million out of the total allocation of Kshs 614.8 million for the 2021/2022 financial year; representing absorption rate of 54%.
- d) The Committee stressed the need for the commission to create awareness on its mandate particularly in ensuring the citizen right to quality service both at the national and county level of government is not compromised.

3.1.5 Witness Protection Agency

- a) The gross Approved Estimates for the Witness Protection Agency in the FY 2021/22 amounts to Kshs 489.0 million out of a projected budget of Kshs 631.9 million. In the proposed supplementary estimate for FY 2021/22,
- b) The Approved Estimate has been adjusted to Kshs. 510.2 million under Supplementary Estimates I. This reflects an increase of Kshs. 21.1 million on account of enhanced provision for the witness protection programme.
- c) The Agency's total expenditure as at 31st December, 2021 stood at Kshs 272.8 million against an approved budget of Kshs 489.0 million representing an absorption rate of 55.8%.
- d) The Committee acknowledges the critical role the office plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses and further noted that the office has played crucial role in the prosecution of complex corruption and terrorism related cases in the recent past.
- e) The Agency has also requested for additional allocation for the Witness Protection Programme by Kshs 39.99 million. This will increase the capacity of the Agency in responding to witness needs especially in light of the upcoming election in August 2022.
- f) The Agency has also requested that they be given a one line budget item. However, the Committee had reservations against the request since the Agencies that were granted one line

budget such as EACC are facing considerable challenge in implementing their budget since the implementation of budget is not guided clear itemized budget.

3.1.6 Kenya National Commission on Human Right

- a) The gross Approved Estimates for the Kenya National Commission on Human Rights in the FY 2021/22 amounts to Kshs. 408.7 million for current expenditure.
- b) The Approved Estimates have not been adjusted under Supplementary Estimates No.1. However, the commission is requesting to be considered for additional funding to cater for internet connections and rent budget shortfalls.
- c) The following budget items require additional funding of Kshs 9.1 million to cater for the following shortfall; Rent – Kshs 5.58 million, and internet connections – Kshs 3.51 million.
- d) As at 31st December, 2021, the Commission's expenditure stood at Kshs 242.2 million (59%) out of the total allocation of Kshs 408.7 million. The commission also received additional funds of Kshs 93.1 million from development partner's i.e EU, Royal Norwegian Embassy, Royal Netherlands Embassy, Uraia Trust, GIZ and Swiss embassy.

3.1.7 Ethics and Anti-Corruption Commission

- a) The gross Approved Estimates for the Ethics and Anti-Corruption Commission in the FY 2021/2022 amounts to Kshs 3.326 billion comprising of Kshs 3.259 billion and Kshs 67.5 million for current and capital expenditures respectively.
- b) The Approved Estimates have not been adjusted under Supplementary Estimates No. 1. However, the Commission requires additional funding of Kshs 360.0 billion for effective execution of its mandate in the current financial year. The additional funding will cater for the following areas; integrity suitability verifications for persons seeking elective and appointive positions – Kshs 50 million, implement targeted investigations and undercover operations on high priority programmes at national and county level – Kshs 130 million, increased corruption prevention programmes and public awareness on ethics and integrity – Kshs 80 million, and acquisition of investigative tools and motor vehicles to facilitate field operations – Kshs 100 million.
- c) As at 31st December, 2021, the Commission had expended a total of Kshs 2,165.1 million (65%) out of the total allocation of Kshs 3,326.0 million. The expenditure comprises of Kshs 2,127.4 million for recurrent expenditure and Kshs 37.6 million for development expenditure.
- d) The Committee observed that the commission plays a critical role in the Big Four Agenda since it will be useful in abetting corruption as the government undertakes the big four projects.

3.1.8 Office of the Director of Public Prosecution

- a) The gross Approved Estimates for the Office of the Director of Public Prosecutions for the FY 2021/22 amounts to Kshs. 3.3 billion. This comprises of Kshs. 3.1 billion for Current and Kshs. 150 million for Capital expenditure, respectively.
- b) The Approved Estimates have been adjusted to Kshs.3.5 billion under Supplementary Estimates No.1 for FY2021/22. This comprises of Kshs. 3.3 billion for Current expenditure and Kshs. 150 million for Capital expenditure. The change is on account of additional budgetary provision of Kshs. 200 million for activities related to general election preparedness. The approval for the additional provision of Kshs 200 million was granted under Article 223 of the Constitution.
- c) The gross absorption rate in the first half of 2021/22 stands at 45%. The available budgetary resources amounted to Kshs 1.85 billion against absorption of Kshs 1.47 billion. The Office expects the absorption rate to improve significantly in the 2nd half with operations picking up as a result of significant expenditure outlays such as final payment of certificates for the ongoing

construction at the PTI, outlays on the ODPP staff medical cover and transfer to mortgage and car loan fund.

- d) The Committee further observed that the Office is a key player towards improving the national security, strengthening good governance and fight against corruption and requires increase in resource allocation to enable the Office execute its mandate.

3.1.9 Registrar of Political Parties

- a) The gross Approved Estimates for the Office of the Registrar of Political Parties in the FY 2021/22 amounts to Kshs 1.961 billion for current expenditure. The budget comprises of Kshs 471.5 million for office operations, Kshs 1475.3 million for political parties fund and Kshs 14.99 million to cater for the operation of the Political Parties Liaison Committee which is established under Section 38 of the Political Parties Act, 2011.
- b) The Approved Estimate has been adjusted to Kshs. 2.3 billion under Supplementary Estimates I. This reflects an increase of Kshs. 324 million on account of enhanced provision for general election preparations.
- c) The office made a passionate appeal to the Committee for an additional allocation of **Kshs 249.9 million** to cater for budgetary shortfall in the following areas; Purchase of Heavy Duty Multipurpose Photocopying Machines to certify the membership register of all political parties for purposes of elections - Kshs 22 million, Media engagement – Kshs 25.8 million, dialogue forums for political parties liaison committee at the national and county level – Kshs 15.4 million, training of young aspirants especially women and special interest groups – Kshs 88.7 million, and procurement of five (5) vehicles – Kshs 78.1 million.
- d) During the first half of 2021/2022 financial year, the office actual expenditure stood at **Kshs 1,162.5 million** against a half year allocation of **Kshs 1,230.8 million**. This represents an absorption rate 94.4%.

3.2 Recommendations

3.2.1 Proposed Reductions

The Committee recommends a reduction of **Kshs 170.6 million** from the proposed allocation of **Kshs 8.8 billion** under the supplementary estimate 1 for the Programme of Management of Electoral Process in Kenya.

Vote	Programme	Proposed Reduction	Justification
Independent Electoral and Boundaries Commission	Management of Electoral Process in Kenya	Reduce Kshs 170.6 million from the Programme of Management of Electoral Process in Kenya	The Committee recommends a reduction of Kshs 170.6 million from the proposed allocation Kshs 8.8 billion under the supplementary estimate 1 to the Programme of Management of Electoral Process in Kenya. The Commission has budgeted for the general election on the basis of registering 26 million voters however the Commission has only managed to register 22 million voters. Therefore, the Commission is likely to make considerable savings in its budget especially on the budget for general election materials which was budgeted to be Kshs 7.57 billion .

3.2.2 Proposed Increases

The Committee recommends the funds deducted from the budget of Independent Electoral and Boundaries Commission be reallocated to the following three agencies as shown in the table below;

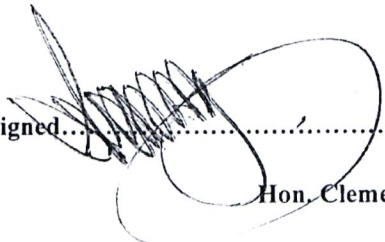
Vote	Programme	Proposed Increase	Justification
Office of the Registrar of Political Parties	Registration and Regulation of Political Parties and Funding Political Parties	Increase the allocation for the Programme of Registration and Regulation of Political Parties and Funding Political Parties by Kshs 90.7 million .	The additional allocation will cater for the following unfunded critical areas that are crucial in the upcoming general election. i. Kshs 22 million for the purchase of Heavy Duty Multipurpose Photocopying Machines to certify the membership registers of all political parties for purposes of elections as per Section 34(c) of the newly enacted Political Parties (Amendment) Act, 2021. ii. Kshs 68.7 million for the training of Political aspirants especially the special interest groups, political party agents, and chief political party agents.
State Law Office and Department of Justice	Governance, Legal Training and Constitutional Reforms	Increase the allocation for Governance, Legal Training and Constitutional Reforms by Kshs 40.5 million .	i. Kshs 8.5 million for completion of the ultra-modern library and moot court at the Kenya School of Law which is at 87% complete. ii. Kshs 20 million for Refurbishment of Sheria House and Company's Registry Nairobi. ii. Kshs 12 million for reimbursements of per-diems for its legal counsels who are engaged in field activities.

Witness Protection Agency	Witness Protection Programme	Increase the allocation for the Witness Protection Programme by Kshs 39.9 million .	The additional allocation of Kshs 39.9 million for the Witness Protection Programme will increase the capacity of the Agency in responding to witness needs especially in light of the upcoming election in August 2022.
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3.2.3 Proposed Reallocation

The Committee recommends a reallocation of funds under the Office of the Director of Public Prosecution and the Judiciary as shown in the table below.

Vote	Programme	Proposed Reallocation	Justification
Office of the Director of Public Prosecution	Public Prosecution Services	The Committee recommends a reallocation of Kshs 58.3 million from refurbishment of ODPP County Offices to the ongoing development at the Prosecution Training Institute (PTI).	The proposed reallocation of Kshs 58.3 million will provide for the improvement of the existing administration block, securing the PTI land by fencing and construction of a gate house.
Commission on Administrative Justice		The Committee recommends a reallocation of Kshs 5 million from the proposed budget of Kshs 15 million for finalization of the Access to Information (ATI) Draft Regulations 2022 to African ombudsman & mediators association activities.	The Chairperson of the Commission was recently appointed to be the Chairperson of African Ombudsman & Mediators Association. The reallocation is meant to finance the activities of African Ombudsman & Mediators Association.
Judiciary	Dispensation of Justice	The Committee recommends a reallocation of Kshs 229.9 million from slow moving projects to those that have better performance and are nearing completion.	Allocation of funds to capital projects is usually guided and based on prioritization of ongoing projects over new projects. Notably 90% of the Judiciary's projects have been ongoing for a considerable period of time. This has been attributed to poor performance by contractors occasioned by delayed payments due to either insufficient allocations or budget cuts whenever austerity measures are implemented. Therefore, contractors have abandoned sites, contracts for most of the projects have expired, and works have generally stalled. Consequently, the re-allocation of funds is to move funds from the slow moving projects to those that have better performance and are nearing completion. This is aimed at improving performance of the capital projects, increase budget absorption, avoid accumulation of pending bills and complete some of the projects.

Signed..........Date..17/02/2022.....
Hon. Clement Muturi Kigano, M.P.
Chairperson
Departmental Committee on Justice and Legal Affairs

DEPART MENTAL
COMMI TTEE ON
HEA LTH



REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY BUDGET
ESTIMATES I FOR FY 2021/2022 MINISTRY OF HEALTH-VOTE 1081

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PART I

1.0 PREFACE

1.1 Introduction

1. This is the Departmental Committee on Health report on the scrutiny of the supplementary budget estimates I for FY 2021/2022 for the Ministry of Health and Agencies, which fall under the health sector. The Report results from deliberations between the Committee and the Ministry of health on the contents of the supplementary budget estimates tabled in the House.
2. Of importance, the Report contains the observations and recommendations of the Committee as regards the proposed supplementary budget estimates I FY 2021/2022 for the Health sector. The Sector is made up of the Ministry of Health alongside its Semi-autonomous Government Agencies (SAGAs).

1.2 Mandate of the Committee

3. The Departmental Committee on Health is established under Standing Order 216 and mandated to consider all matters relating to the health Sector. The Committee covers the Ministry of Health alongside its Semi-Autonomous Government Agencies (SAGA's) in terms of budget oversight.
4. The SAGA's are: Kenya National Hospital (KNH);Moi Teaching and Referral Hospital (MTRH);Kenyatta University Teaching, Research and Referral Hospital (KUTRRH);Kenya Medical Training College (KMTC);Kenya Medical Supplies Agency (KEMSA);Kenya Medical Research Institute (KEMRI);National Aids Control Council (NACC);National Hospital Insurance Fund (NHIF) and Kenya Nuclear Regulatory Authority (KENRA)

1.3 Committee Membership

Chairperson

Hon. Sabina Chege, MP
Murang'a County

Jubilee Party

Vice-Chairperson

Hon. Joshua Kutuny, MP
Cherangan'y Constituency

Jubilee Party

Members

Hon. (Dr.) Eseli Simiyu, MP
Tongaren Constituency
Ford Kenya Party

Hon. Gideon Ochanda, MP
Bondo Constituency
ODM Party

Hon. (Dr.) James Nyikal, MP
Seme Constituency
ODM Party

Hon. Alfred Agoi Masadia,
MPSabatia Constituency
ANC Party

Hon. (Dr.) James K, Murgor, MP
Keiyo North Constituency
Jubilee Party

Hon. Muriuki Njagagua, MP
Mbeere North Constituency
Jubilee Party

Hon. (Dr.) Mohamed D. Duale, MP
Daadab Constituency
KANU Party

Hon. Beatrice Adagala, MP
Vihiga County
ANC Party

Hon. James G Wamacukuru
Kabete Constituency
Jubilee Party

Hon. Prof. Mohamud Sheikh, MP
Wajir South
Jubilee Party

Hon. Sarah Puleta Korere, MP
Laikipia North Constituency
Jubilee Party

Hon. Capt. Ruweida Mohamed, MP
Lamu County
Jubilee Party

Hon. Kipsengeret Koros, MP
Sigowet-Soin Constituency
Independent Party

Hon. Martin Peters Owino,
MPNdhiwa Constituency
ODM Party

Hon. Joyce Ekai Emanikor, MP
Turkana County
Jubilee Party

Hon. Said Hirabe, MP
Galole Constituency
Ford Kenya Party

Hon. Tongoyo Gabriel Koshal, MP
Narok West Constituency
CCM Party

1.4 Committee Secretariat

The following members of the Secretariat support the Committee;

- | | | |
|-------------------------------|---|--------------------|
| 1. Mr Douglas Kadho | - | Clerk Assistant I |
| 2. Mr Muyodi Meldaki Emmanuel | - | Clerk Assistant II |
| 3. Ms Christine Odhiambo | - | Legal Counsel I |
| 4. Mr Eric Kanyi | - | Fiscal Analyst II |
| 5. Mr. Hiram Kimuhu | - | Fiscal Analyst III |
| 6. Mr Ahmed Yakub | - | Media Officer |
| 7. Mr. Nimrod Ochieng | - | Audio Officer |

1.5 The Examination of the Supplementary Estimates I 2021/22

- 2 On Tuesday 1st February 2022, the Supplementary Estimates I for 2021/22 were tabled in the National Assembly pursuant to the provisions of the Constitution and the Public Finance Management Act, 2012. The Standing Order 232 (4) provides that the Departmental Committee is to deliberate on the supplementary estimates in a similar manner in which the main budget estimates are processed with necessary modifications.
- 3 Thus, Supplementary Estimates were referred to the Committee for consideration and subsequent reporting to the Budget and Appropriations Committee. Following the tabling of the supplementary estimates 1 for 2021/22, the Departmental Committee on Health was briefed on its content and thereafter proceeded to hold consultative meetings with the Ministry of Health as well as its SAGA's.
- 4 The Committee deliberated on the supplementary estimates as proposed and subsequently adopted this report containing both the observations and recommendations.

1.6 Acknowledgement

- 2 The Committee is thankful to the Speaker's Office, and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Supplementary Budget Estimates I FY 2021/2022.
- 3 Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Health, to present this Report on the Supplementary Budget Estimates I FY 2021/2022 to the Budget and Appropriations Committee.

HON. SABINA WANJIRU CHEGE, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH)

PART II

2.0 OVERVIEW OF THE SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2021/2022
FOR THE MINISTRY OF HEALTH

Mr. Chairman,

As indicated below, the overall effect of the adjustments made to the approved 2021/22 budget for the Ministry of Health an increment of Kshs 14.9 Billion. The recurrent budget has been increased by Kshs 862 Million whereas the development budget has been increased by Kshs 14.1 Billion.

Programmes	Approved Estimates			Supplementary Estimates I			Revised Estimates		
	Recc	Dev	Total	Recc	Dev	Total	Recc	Dev	Total
Preventive, Promotive & RMNCAH	3,020	22,498	25,519	(22)	8,563	8,541	2,998	31,061	34,059
National Referral & Specialized Services	36,103	11,595	47,698	608	1,461	2,069	36,711	13,056	49,767
Health Research and Development	9,665	788	10,453	400	900	1,300	10,065	1,688	11,753
General Administration, Planning & Support Services	5,938	1,060	6,998	765	-	765	6,703	1,060	7,763
Health Policy, Standards and Regulations	10,142	20,278	30,421	(888)	3,165	2,277	9,254	23,443	32,697
Total	64,868	56,219	121,089	863	14,089	14,952	65,731	70,308	136,039

Mr. Chairman,

The budget is moving from 121.6 to 136.6. An increment of 14.9 b.

According to the National Treasury, the increment in allocation to the Ministry of Health is meant to provide resources to the following areas:

Relevant

- Personnel emoluments;
- Establishment of Biovax facility;
- Construct modern Neuropsychiatric National Teaching and Referral Hospital
- Acquisition of the Covid-19 vaccine
- Construction of 50 new level III hospital;
- Increased donor commitments to fund ongoing donor supported projects.

Mr. Chairman,

The key recurrent items affected by the recurrent budget adjustment is as follows:

- Headquarters Administrative and technical Services - an increase of Kshs 817 Million on personnel emoluments;
- KMTC- Increment of Kshs 300 Million;
- KEMRI- Increment of Kshs 100 Million;
- KU Hospital- Increment of Kshs 600 Million;
- Spinal Injury Hospital- Increment of Kshs 55 Million;
- Mathare Referral Hospital- A reduction of Kshs 46 Million;
- UHC Coordination management Unit- A reduction of Kshs 897 Million - current grants;

Mr. Chairman,

The development budget has been increased by Kshs 14.9 Billion on account of increased donor commitment to the ongoing projects as well as introduction of new capital projects. The major ongoing capital projects affected are:

- Clinical Waste Disposal Project- Increment of Kshs 200 Million donor funded;
- Clinical laboratory and Radiology services- Increment of Kshs 500 Million donor funded;
- Transforming Health System for UHC- An increment of Kshs 1.4 Billion donor supported
- Kenya COVID 19 response project- An increment of Kshs 8.1 Billion;
- Vaccines and immunization- An increment of Kshs 1.5 Billion GOK funded
- Supply of Medical Equipment – Kshs 1 Billion donor supported;
- KNH burns and pediatrics – A reduction of Kshs 139 Million which is donor funded;
- Construction of cancer centre at Kisii level 5 hospital- A reduction of Kshs 100 Million;
- GESDesk COVID 19 response project- A reduction of Kshs 2 Billion donor funded;
- 9th GOK/UNFPA country programme- A reduction of Kshs 103 Million;
- Human Vaccine production (KBVI) - Kshs 900 Million;
- New psychiatric National Teaching and Referral Hospital - Kshs 1 Billion;
- Construction of 50 level III hospitals - Kshs 1.5 Billion;
- Infrastructure support to Narok Hospital - Kshs 200 Million;

3.0 SUBMISSION BY THE MINISTRY OF HEALTH AND ITS VARIOUS SAGAS

Mr. Chairman,

The Ministry of Health appeared before the Committee and took the Committee through the proposed supplementary estimates 1 for 2021/22. The following are the highlights of the submissions made by the Ministry of Health as well as its various Semi Autinomus Agencies (SAGAs). Detailed presentations are annexed in this report.

Mr. Chairman,

On the overall adjustments to the Ministry of Health 2021/22 budget estimates, the Ministry submitted as follows:

- i.) The total budget allocation for the Ministry of Health in the FY 2021/22 amounts to Kshs.121.09 billion. This comprises of Kshs.64.87 billion and Kshs.56.22 billion for recurrent and capital expenditures respectively. The proposed Supplementary Estimates No. 1 has a total of Kshs.136.04 billion comprising of Kshs.65.73 billion under recurrent and Kshs.70.31 billion development.
- ii.) The total recurrent budget has increased by Kshs.862 million from Kshs.64.87 billion to Kshs.65.73 billion. This is a net increase as a result of various reductions and increments.
- iii.) The reductions in the Supplementary estimates No.1 are expected to negatively affect service delivery. The cuts in operations and maintenance budget items which facilitate communication services and movement will curtail COVID-19 response activities. The key areas affected by the reduction include the following:
 - Mathari National Hospital-Kshs.45.81 million for operations and medical commodities
 - UHC Recurrent- Kshs.897.28 million.
 - Kenya Health Professions Oversight Authority- Kshs.15.51 million for operations.
 - Kenya Health Human Resource Advisory Council - Kshs.11.71 million for operations.
 - Fuel and Lubricants Kshs.16.9 million
- iv.) The reductions in Mathari hospital will affect service delivery of the hospital which continues to struggle with less funding despite offering specialized services. The Health Act created KHPOA and KHHRAC to offer oversight and coordination in the health-related professions. The low

funding which is now being reduced will further affect their operationalization and implementation of the Health Act.

v.) The Ministry appreciates the proposed increments for the following areas mainly to provide for salaries shortfalls at the Ministry's headquarters, KMTC, KUTRRH and operations of Kenya Biovax Institute

- Personnel Emolument at HQ- **Kshs.826.30 million**
- Kenya Medical Training College-**Kshs.300 million**
- Kenyatta University Teaching Referral & Research Hospital-**Kshs.600 million**
- Kenya Biovax Institute- **Kshs.100 million**

vi.) The development budget has increased by Kshs.14.09 billion from Kshs.56.22 billion to Kshs.70.31 billion. The GoK budget increase from Kshs.32.02 billion to Kshs.37.08 billion while budget for externally funded programmes/projects increased from Kshs.24.20 billion to Kshs.33.23 billion.

vii.) The increase of development budget is attributed to funding for COVID-19 vaccines programme and other specific interventions, including; Kenya Bio Vax Institute, Neuropsychiatric National Teaching & Referral Hospital and Construction of New Level III Hospitals.

viii.) The notable reduction in development is Kshs.2 billion for French Development Agency (AFD) funded GESDeK COVID-19 Response Project. The reduction has left zero budget for implementation of this project. The project is meant to support COVID-19 response by providing; oxygen plants in Lamu, Tana River, Samburu and Narok; PPEs for health workers; test kits and laboratories consumable; risk communication to enhance COVID-19 vaccines campaign and address vaccines hesitancy; isolation facilities; thermal scanners for points of entry; and recruitment of additional workers to enhance capacity of human resource for health. The Ministry has made progress in implementation of the activities with some of the procurements at advance stage.

ix.) The Supplementary Estimates No.1 proposes additional funding for capital programmes/projects as shown in the table below;

Project Code & Title	Budget Allocation for FY 2021/22	Supplementary Estimates I for FY 2021/22	Variance (Increase)
	Kshs.		
GoK Funding			
Ministry Headquarters			
1081105502 Acquisition of COVID-19 Vaccines	0	362,694,528	362,694,528
COVID-19 Vaccine Acquisition & Deployment-KEPSA	0	1,100,000,000	1,100,000,000
Human Vaccine Production (KBVI)	0	900,000,000	900,000,000
Neuropsychiatric National Teaching & Referral Hospital (NNTRH)	0	1,000,000,000	1,000,000,000
Construction of 50 New Level III Hospitals	0	1,500,000,000	1,500,000,000
Infrastructure Support to Narok Hospital	0	200,000,000	200,000,000
Externally Funded Projects			
Transforming Health Systems for Universal Care Project	3,463,799,990	4,863,799,990	1,400,000,000
PHG-Case Study on Integrated Delivery of Selected NCD	0	57,908,634	57,908,634
Kenya COVID-19 Emergency Response Project	6,032,400,000	14,108,255,286	8,075,855,286
Primary Health Care in the Devolved Context	802,197,000	867,297,500	65,100,500
Clinical Waste Disposal System Project	0	200,000,000	200,000,000
Clinical Laboratory And Radiology Services Improvement	0	500,000,000	500,000,000
Customized Ambulances for COVID-19 Response	0	40,000,000	40,000,000

x.) The Ministry requests the support of this Committee to ensure the allocation in the key areas is maintained to ensure continuity in service delivery. In addition, we also request your consideration in funding other areas that remain unfunded.

xi.) The key Strategic Interventions that will be greatly affected and should be considered for retention are as follows;

Item Description	Reason for Retention
Recurrent O&M Budget cuts	The cuts in operations and maintenance budget items totaling to Kshs.108 million including fuel which facilitate communication/airtime services and movement will curtail COVID-19 response activities and affects operations at Mathari hospital.
GESDeK COVID-19 Response Project- AFD	The Ministry has undertaken the procurement of services/goods including <ul style="list-style-type: none"> • New oxygen plants in Lamu, Tana River, Narok, and Samburu • PCR test kits and reagents • Enhance HR at the points of entry for Covid 19 surveillance • Risk communication to address vaccine hesitance and promote vaccination to be settled using this funding. Reduction of the funding to zero will affect implementation. The total budget of Kshs.1,895,498,017 should therefore be reinstated.

xii.) The Ministry has received additional funding as shown below to implement Presidential interventions for Economic Stimulus Programme and key Strategic Health investments. However, the proposed reduction will affect their implementation and timely completion.

No	Vote Name	Approved Additional Funding	Estimates in Supplementary Budget No.I	Proposed Supplementary Budget No.I
1	Establishment of a Human Vaccine Production plant by BIOVAX <ul style="list-style-type: none"> • provision of expert consultancy services for certification, qualification and validation of equipment and assembly at installation site • Design, build, commission a manufacturing facility 	2,000,000,000	1,000,000,000	550,000,000
2	Modern Neuropsychiatric National Teaching & Referral Hospital for Mental Health	2,500,000,000	1,000,000,000	1,000,000,000
3	Construction of fifty (50) Level III Hospitals in all the Counties	2,100,000,000	1,500,000,000	1,500,000,000

xiii.) The ministry has analyzed the budget with aim of determining the capacity to utilize funds within the remaining period of the current FY2021/22 and taking into consideration procurement procedures in identified areas where savings could be realized subsequently the following areas of savings were made as follows:

No	Vote Name	Approved Additional Funding	Supplementary Budget No.I	Variance (Savings)	Source of Funds
1	Covid-19 Vaccines Programme- World Bank (Vaccines, cold chain storage facilities, mass vaccination campaigns)	8,075,855,286	5,697,552,344	2,378,302,942	Donor
2	Kenya Mental Health Board-Grant (Board is not operational)	100,000,000	0	100,000,000	GoK
3	Establishment of BIOVAX (Staff Recruitment, Operations & Maintenance)	900,000,000	550,000,000	350,000,000	GoK
Total				2,828,302,942	

xiv.) Based on the above rationalization informed by the capacity to absorb the funds within the remaining period, the following reallocation of savings is proposed.

No	Vote Name	Approved Budget	Supplementary Budget No.I	Proposed Supplementary Allocation	Source of Funds
1	GESDeK COVID-19 Response Project-AFD (Oxygen plants, PCR test kits, POE staff, risk communication)	2,000,000,000	0	1,895,498,017	Donor
2	Funds for Emergency and Operations (O&M for MOH supporting the Covid	0	0	250,000,000	GoK

No	Vote Name	Approved Budget	Supplementary Budget No.I	Proposed Supplementary Allocation	Source of Funds
	19 response)				
3	Kenya National Blood Transfusion, Tissue & Human Organ Transplant Service (Blood consumables)			100,000,000	GoK
4	Supply of Medical Equipment and Associated Services (Maternal and infant project by the FSE)			369,729,699	Donor
	Total			2,615,227,716	

xv.) There is need to consider additional funding totaling to Kshs.1.362 billion in the following critical areas;

Item Description	Reason for Additional Funding
KNH-Othaya Salary Requirement	The Hospital has expanded the ICU (from 6 to 26 units), renal unit (from 6 to 13 units), theatre (from 2 to 4 suits), diagnostic services and increased the number of specialized clinics/services from 16 to 21. The clinics are however underutilized due to insufficient staffing. The hospital therefore requires an additional 122 employees at an estimated cost of Kshs.262 million to effectively operate the clinics.
Moi Teaching and Referral Hospital Salary Requirement	There is a PE shortfall of Kshs.500 million
Kenya Medical Supplies Authority Salary Shortfall	The Authority depends on A.I.A for its operations which include payment of personnel emoluments and operations and maintenance. The projected A.I.A for FY 2021/2022 will result in a shortfall of Kshs.600 million due to exit of the USAID-KEMSA Medical Commodities Programme in April 2021; Low sales volume as counties rely on UHC drawing rights allocations which have been fully utilized; Tied up capital on receivables by Counties and other development partners at Kshs.5 billion; Tied capital on inventory-high stock holding especially slow moving and COVID-19 emergency stocks whose selling prices are on a downward trend; and Low operations due to low order fill rate
Kenya National Blood Transfusion, Tissue & Human Organ Transplant Service	Funding of Kshs.832, 239,763.47 required to enhance blood services through provision of health products and technologies to meet the supply gap of blood and blood components

PART III

4.0 COMMITTEE OBSERVATIONS

16. The Committee made the following observations during the review and scrutiny of the 2020/21 supplementary Estimates:

- i. There is a notable reduction of Kshs.2 billion for the French Development Agency (AFD) funded GESDeK COVID-19 Response Project. The project is meant to support the COVID-19 response. The Ministry has made progress in implementation of the activities with some of the procurements at the advance stage; hence the reduction will affect the earmarked activities adversely;
- ii. The supplementary budget has provided resources amounting to Kshs 10.4 Billion (both GoK and external) towards COVID 19 mitigation, such as procurement of vaccines, provision of medical equipment, the establishment of Biovax and COVID 19 testing. This will boost the ongoing response against the COVID 19 pandemic;
- iii. Despite the various adjustments made to various programmes and projects in terms of resource allocation, most of the set targets remain unrevised, which is against the tenets of programme-based budgeting;
- iv. There is a general lack of consultation between the National Treasury and the Ministry of Health in the preparation of the supplementary budget estimates. This has resulted in budget re-arrangement by the National Treasury that is against the priorities of the Ministry hence affecting service delivery ;
- v. Given the time remaining to the end of the current FY 2021/22 and taking into consideration procurement procedures involved, the proposed allocation to some projects may not be fully utilized hence need to be rationalized;

- vi. Critical institutions such as the Kenya Medical Practitioners and Dentists Council (KMPDC) and the Nursing Council of Kenya (NCK), which are vital in ensuring the quality of healthcare in the country is not compromised, are not funded adequately. These two institutions are charged with assessing health facilities and regulating critical professionals in the health sector. There is a need to support these institutions to support the delivery of UHC through the provision of quality healthcare and moreso at the county level;
- vii. That the supplementary has introduced a number of presidential interventions in the health sector to support the delivery of UHC. The projects are the establishment of Human Vaccine production by BIOVAX, the establishment of Neuropsychiatric National Teaching and referral hospital and construction of 50 level III health facilities;
- viii. Despite being a premium and oldest, National Referral facility, the Kenyatta National Hospitals facilities are dilapidated and in a bad state. The facility requires urgent refurbishments of its facilities, including dysfunctional lifts, upgrade of the sewerage works, lighting, painting, among others. These refurbishments will improve patients and visitors experience while seeking services from this hospital as well as improve the working conditions of the KNH staff.

B.

5.0 COMMITTEE RECOMMENDATIONS

The Committee having received submissions from the Ministry of Health and having had lengthy and insightful deliberations on the proposed supplementary budget estimates 1 for 2021/22, makes the following recommendations: -

(a) Financial recommendations

The Committee makes the following reallocations within the Ministry of Health proposed 2021/22 supplementary budget estimates:

a) Proposed Reductions

Programme	Area/Item	Reduction	Justification
Health Research and Development	Establishment of Human Vaccine Production plant by BIOVAX	Kshs 400 Million (development)	The Ministry of Health will not be able to absorb the allocated resources to this project in the next four months, given the procurement processes involved.
Health Policy Standards and Regulations	Infrastructure support to Narok Hospital	Kshs 200 Million (development)	This is a new project, and the Ministry was not involved/consulted on funding it under the supplementary budget; hence there is no justification for its funding in a supplementary budget.
	Mental Health Board	Kshs 100 Million (recurrent)	Kenya Mental Health Board is not yet operational; hence, the funds are reallocated for emergency operations in the country's management of health emergencies.
General Administration, Planning and Support services	Headquarters administrative and technical services	Kshs 20 Million (Recurrent)	Reduction in non-core areas of spending within the Ministry of Health headquarters
National Referral and Specialized Services	Establishment of Neuropsychiatric National Teaching and Referral Hospital	Kshs 200 Million (Development)	Absorption challenges in the remaining four (4) months of the financial year, and also no commitments have been made.
Total reductions		Kshs 920 Million	

b) Proposed increments

Programme	Area/Item	Increment	Justification
National Referral and Specialized Services	Kenyatta National Hospital (KNH)	Kshs 200 Million (Development)	To support the ongoing refurbishments/renovations in the facility, which include, among other electrical, paint works, upgrading of lifts and sewerage/plumbing works. This will improve the client experience and enhance the working environment of the KNH staff.
	Kenya National Blood Transfusion (consumables)	Kshs 100 Million (Development)	To ensure that critical blood commodities and consumables are available in the country. This allocation will enhance blood services through the provision of HPT's to meet the supply gap of blood and blood components, including their storage.
General Administration, Planning and Support services	Headquarters administrative and technical services	Kshs 250 Million (Recurrent)	Funds for emergency and operations supporting the COVID 19 response and payment of pending bills relating to the rollout of UHC.
	Kenya Medical Practitioners and Dentists Council (KMPDC)	Kshs 300 Million (Recurrent)	To enhance the capacity of KMPDC on surveillance of health facilities and health professionals to ensure that the quality of health in the country is not compromised. Further, KMPDC is currently taking a lead role in discussions of the cost of healthcare in the country to find a solution to this pertinent issue, hence the need for resources to bring all stakeholders to this discussion.
	Nursing Council of Kenya (NCK)	Kshs 70 Million (Recurrent)	To enhance the capacity of NCK to effectively carry out surveillance and regulate the nursing professional to augment existing efforts of ensuring quality healthcare service is maintained in the country.
Total increments		Kshs 920 Million	

Mr. Chairman,

The Committee proposes the reinstatement of the following donor funded project which was also agreed by the National Treasury:

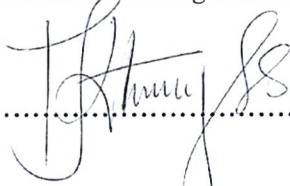
- i.) **The GESDek COVID 19 response project.** The project is meant to support COVID-19 response by providing; oxygen plants in Lamu, Tana River, Samburu and Narok; PPEs for health workers; test kits and laboratory consumables; risk communication to enhance COVID-19 vaccines campaign and address vaccines hesitancy; isolation facilities; thermal scanners for points of entry; and recruitment of additional workers to enhance capacity of human resource for health. The Ministry has already implemented a number of the activities with some of the procurements being at advance stage hence the reduction will affect the earmarked activities adversely. The Committee recommends the reinstatement of Kshs 2 Billion under this project.

Mr. Chairman,

The Committee recommends that the Budget and Appropriations Committee to consider allocating resources towards the following areas:

- **Kshs 800 Million** - to allow the NACC finalize the process of acquisition of a new building. The National AIDS Control Council (NACC) is currently hosted in a leased premises. The NACC annual rental expenditure is approximately Kshs 63 million for its offices. This current annual rental expenditure therefore affects the amount of funding to the other core programmatic areas which is not sustainable in the long run as it keeps rising/ growing.
- **Kshs 600 Million** - to support the revival of KU children project hospital which is currently stalled. Upon completion, this will be a first health facility in the country dedicated on addressing children and infant diseases through research and treatment.

SIGNED.....



DATE.....

8/02/2022

HON. SABINA WANJIRU CHEGE, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH)

ANNEXURES

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Annex 2: Adoption minutes of the Committee sittings

Annex 3: PBO brief on Supplementary Estimates

Annex 24: MOH submissions on the Supplementary Estimates

DEPARTMENTAL
COMMITTEE ON
AGRICULTURE
& LIVESTOCK

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

**DEPARTMENTAL COMMITTEE
ON
AGRICULTURE AND LIVESTOCK**

**REPORT ON THE SCRUTINY OF THE FY 2021/22 SUPPLEMENTARY ESTIMATES
NO. 1 FOR THE FOLLOWING SPENDING AGENCIES:**

State Department for Livestock,
State Department for Fisheries, Aquaculture and Blue Economy,
State Department for Crop Development & Agricultural Research

**DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI**

FEBRUARY, 2022

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1.0 Preface

1.1 Establishment and Mandate of the Committee

1. The Departmental Committee on Agriculture and Livestock is one of the fifteen (15) Departmental Committees of the National Assembly established under *Standing Order 216* and mandated to :-
 - i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
 - ii. study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
 - iii. study and review all the legislation referred to it;
 - iv. study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
 - v. 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;
 - vi. vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
 - vii. examine treaties, agreements and conventions;
 - viii. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - ix. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - x. Examine any questions raised by Members on a matter within its mandate.
2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of; Agriculture, Livestock, Fisheries development, production and Marketing.
3. In executing its mandate, the Committee oversees the following government Departments;
 - i. The State Department for Crop Development & Agricultural Research
 - ii. The State Department for Livestock
 - iii. The State Department for Fisheries, Aquaculture and the Blue Economy

1.2 Committee Membership

4. The Departmental Committee on Agriculture and Livestock was reconstituted by the House in July, 2020 and comprises of the following Members:-

Hon. Silas Kipkoech Tiren, MP- Chairperson

Moiben Constituency

Jubilee Party

Hon. Abdikhain Osman M.P – Vice - Chairperson

Fafi Constituency

Kanu Party

Hon. Maison Leshomo, M.P

Samburu County

KANU

Hon. Dr. Chrisantus Wamalwa, CBS, M.P

Kiminini Constituency

FORD Kenya Party

Hon. Gabriel Kago Mukuha, M.P

Githunguri Constituency

Jubilee Party

Hon. Jude Njomo, M.P

Kiambu Constituency

Jubilee Party

Hon. Janet Jepkemboi Sitienei, M.P

Turbo Constituency

Independent

Hon. (Dr.) John Mutunga, M.P

Tigania West Constituency

Jubilee Party

Hon. Ferdinand Wanyonyi, M.P

Kwanza Constituency

FORD Kenya Party

Hon. Simba Arati, M.P

Dagoreti North Constituency

Orange Democratic Movement Party

Hon. Cecily Mbarire, MGH, M.P

Nominated Member

Jubilee Party

Hon. Adan Haji Yusuf, M.P

Mandera West Constituency

EFP Party

Hon. Julius Kibiwott Melly, M.P

Tinderet Constituency

Jubilee Party

Hon. Geoffrey Odanga, M.P

Matayos Constituency

Orange Democratic Movement Party

Hon. Martin Peters Owino, M.P
Ndhiwa Constituency
Orange Democratic Movement Party

Hon. Yegon Brighton Leonard, M.P
Konoin Constituency
Jubilee Party

Hon. Katoo Ole Metito M.P
Kajiado South Constituency
Jubilee Party

Hon. Joyce Kamene, M.P
Machakos County
WDM-Kenya Party

Hon. Majimbo Kalasinga, M.P
Kabuchai Constituency
Ford Kenya Party

Committee Secretariat

5. The Committee is facilitated by the following Members of the Secretariat:

	Mr. Ahmad Kadhi	
	Senior Clerk Assistant – Head of Secretariat	
Mr. Nicodemus Maluki		Ms. Clara Kimeli
Second Clerk Assistant		Legal Counsel I
Ms. Faith Makena		Mr. Robert Ngetich
Sergeant At Arms		Fiscal Analyst II
Mr. David Ngeno		
Research Officer II		

1.3 Acknowledgement

6. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2021/22 Supplementary Estimates I.
7. Finally, I wish to express my appreciation to the Honourable Members of the Committee together with Secretariat who made useful contributions towards the preparation and production of this report.
8. On behalf of the Departmental Committee on Agriculture and Livestock and pursuant to provisions of standing order number 207 (6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its Considerations of the Supplementary Estimates I for 2021/22.

HON. SILAS KIPKOECH TIREN, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK

2.0 INTRODUCTION

9. The 2021/22 supplementary estimates No. 1 was submitted to the National Assembly on February 1, 2022 and tabled in the House. The preparation and approval of the Supplementary Budget is provided for in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Regulation 40 of the PFM (National Government) Regulations 2015.
10. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.
11. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstance Parliament has approved a higher percentage.

3.0 SUBMISSIONS BY PARLIAMENTARY BUDGET OFFICE ON THE 2021/22 SUPPLEMENTARY ESTIMATES I

12. The overall allocations to the three state departments in 2021/22 is Kshs. 67,015 million. The supplementary budget proposes to reduce the total allocations by Kshs. 777 million. The supplementary allocations for livestock department is reduced by Kshs. 1,291 million, while that of Crops Development and Agriculture Research is enhanced by Kshs. 5,180 million on account of provision for economic stimulus expenditure and enhanced donor funding. The allocation for fisheries is declining by Kshs. 4,666 million. The table below summarizes the overall expenditures.

State Department		2021/22 Approved Estimates	Supplementary I Estimates	changes	% changes
Livestock	Current	3,428,178,143	3,866,698,143	438,520,000	13
	Capital	5,651,076,726	3,921,151,526	(1,729,925,200)	-31
	Total	9,079,254,869	7,787,849,669	(1,291,405,200)	-14
Crop Dev. & Agric. Research	Current	13,436,419,328	13,333,329,328	(103,090,000)	-1
	Capital	31,496,699,987	36,779,896,105	5,283,196,118	17
	Total	44,933,119,315	50,113,225,433	5,180,106,118	12
Fisheries and Blue Economy	Current	2,267,372,675	2,252,102,675	(15,270,000)	-1
	Capital	10,736,200,000	6,085,200,000	(4,651,000,000)	-43
	Total	13,003,572,675	8,337,302,675	(4,666,270,000)	-36
		67,015,946,859	66,238,377,777	(777,569,082)	-1

2021/22 Supplementary Estimates I.

2.1 State Department for Livestock

13. The State Department for Livestock is implementing one programme called Livestock Resources Management and Development programme with five sub-programmes. The programme is supposed to deliver the following outputs; Promotion of commercial Feedlot and livestock export zones, Kenya Livestock Insurance Project, Livestock Disease and Pest Control, Promotion of leather development, Smallholder Dairy Commercialization Project, Regional Pastoral Livelihood Resilience Project, Integrated Agricultural Research for Development, and Disease free zones.

14. The 2021/22 total approved allocation for the state department is Ksh. 9,079 million comprising of Ksh. 3,428 million for recurrent expenditure and KSh. 5,651 million for development expenditure. The 2021/22 Supplementary I proposes to adjust the allocation to Ksh. 7,787 million comprising of Ksh. 3,866 million recurrent expenditure and Ksh 3,921 million development expenditure. This is a reduction in the total allocation to the department by Ksh. 1,291 million which represents 14% reduction.

DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK – SUPPLEMENTARY 1, FY 2021/22 REPORT

	Approved Estimates	Supplementary 1 Est.	Changes	% change
Current	3,428,178,143	3,866,698,143	438,520,000	13
Capital	5,651,076,726	3,921,151,526	(1,729,925,200)	-31
Total	9,079,254,869	7,787,849,669	(1,291,405,200)	-14

15. The department's recurrent expenditure is proposed to rise by a net of Ksh. 438 million which represents a 13% increase from an approved allocation of Ksh. 3,428 million to Ksh. 3,866 million. The key changes are on account of: Provision of Ksh. 500 million for livestock off-take; reduction of Ksh. 10 million on Veterinary Headquarters' allocation for compensation to employees; reduction of Ksh. 7 million on AHITI – Kabete's allocation for compensation to employees and reduction of Ksh. 6 million on Livestock Master Plan Development
16. Capital expenditure is proposed to reduce by a net of Ksh. 1,729 million which represents 31% reduction from allocation of Ksh. 5,651 million to Ksh. 3,921 under supplementary estimates 1. Among the key projects affected include: Kenya Livestock Insurance Scheme- added Ksh. 240 million to make Ksh. 489 million; Kenya Livestock Commercialization Programme (KeLCoP)- allocation reduced by Ksh. 270 million from Ksh. 455 million to Ksh. 185 million; Establishment of Livestock Export Zone in Lamu - a reduction of Ksh. 1,740 million from an allocation of Ksh. 3,000 million to Ksh. 1,259.
17. There is a provision of Ksh. 500 million for Livestock Off-take program. The allocation is meant for livestock restocking to assist pastoral communities affected by drought to mitigate loss. The 2022 BPS had indicated an amount of Ksh. 1,500 million.
18. Additional Ksh. 240 million has been provided for Livestock Insurance but the targets are not changing.
19. As at end of the first half of the Fy 2021/22, the department had insured no livestock farmer as the allocation for the FY had been utilized to settle 2020/21 insurance pending bill.

2.2 State Department for Fisheries, Aquaculture and Blue Economy

20. The Department is implementing three programmes namely; Fisheries Development & Management, General Admin. Planning & Support Services, and Development & Coordination of the Blue Economy. The changes in allocation is as shown in the following table.

2021/22 Supplementary 1 programme Allocations (Ksh)			
	Approved 2020/21	Supplementary Estimates	Changes
Fisheries development and management	9,315,839,374	6,459,576,972	(2,856,262,402)
General administration, planning and support services	237,905,881	228,239,319	(9,666,562)
Development and coordination of Blue economy	3,449,827,420	1,649,486,384	(1,800,341,036)
Total	13,003,572,675	8,337,302,675	(4,666,270,000)

21. The approved allocation to the department is Ksh. 13,003 million which comprises of Ksh. 2,267 million recurrent and Ksh. 10,736 capital expenditure. The 2021/22 supplementary estimates proposes an allocation of Ksh. 8,337 million composed of Ksh. 2,252 million recurrent and Ksh. 6,085 million development expenditure. The allocation is a reduction of Ksh. 4,666 million representing a 36 reduction.

Table: Showing Changes as per 2021/22 Supplementary Estimates I (Ksh.)				
	Approved Estimates	Supplementary 1 Est.	Changes	% change
Current	2,267,372,675	2,252,102,675	(15,270,000)	-1
Capital	10,736,200,000	6,085,200,000	(4,651,000,000)	-43
Total	13,003,572,675	8,337,302,675	(4,666,270,000)	-36

22. Allocation for Recurrent expenditure is proposed to reduce by a net of Ksh. 15 million from approved allocation of Ksh. 2,267 million to Ksh. 2,252 million under supplementary 1. The changes in the recurrent allocation are on account of rationalization of expenditure and the reallocation Ksh. 31.7 million from the State Department for Fisheries, Aquaculture and the Blue Economy to Kenya Fisheries Service to cater for staff salaries.

23. Development budget is reducing by Ksh. 4,651 million (43%) from Ksh. 10,736 million to Ksh. 6,085 million. The following table shows areas of deductions. Key reductions are on:

- i. Lamu Fish Processing Plant- its allocation of Ksh. 1,000 million is reduced to Ksh. 500 million. The completion rate changes from a target of 100% to 50%.
- ii. Liwatoni Ultra-Modern Fish Hub- its allocation of ksh. 1,800 million is reduced to Ksh. 500 million _ a reduction of Ksh. 1,300 million. The completion rate changes from a target of 100% to 30% by end of the FY 2021/22.
- iii. Reduction in donor funded funds to Aquaculture Business Development Project (ABDP) (Ksh. 795 million) and Kenya Marine Fisheries & Social -Economic Development Project (Ksh. 2,056 million).

24. The allocation for development expenditure is reducing by Ksh. 4,665 million (43% reduction), which will significantly affect the implementation of projects.

25. The allocation for Lamu Fish Processing Plant is reduced by Ksh. 500 million from an allocation of Ksh. 1,000 million. The completion rate changes from a target of 100% to 50%.
26. The allocation of Liwatoni Ultra-Modern Fish Hub which has an allocation of ksh. 1,800 million is reduced to Ksh. 500 million _ a reduction of Ksh. 1,300 million. The completion rate changes from a target of 100% to 30% by end of the FY 2021/22.
27. The completion of the Liwatoni Ultra-Modern Fish Hub and Lamu Fish Processing Plant is critical in the realization of the economic potential of the Exclusive Economic Zone (EEZ).

2.3 State Department for Crop Development & Agricultural Research

28. The Department is implementing four programmes namely; the General Administration, Planning and Support Services; Crop Development and Management; Agricultural Research & Development; and Agri-Business and Information Management.
29. The approved allocation for the department is Ksh. 44,933 million which is comprised of Ksh. 13,436 million for recurrent expenditure and Ksh. 31,496 for development expenditure. The 2021/22 Supplementary estimates 1 is proposing an allocation of Ksh. 50,133 million comprising of Ksh. 13,333 million recurrent allocation and Ksh. 36,779 million development expenditure. This is an increase of Ksh. 5,180 million allocation to the department. The increase is to gather for the economic stimulus interventions under the tea, coffee, and sugar sector.

	Approved Estimates	Supplementary 1 Est.	Changes	% change
Current	13,436,419,328	13,333,329,328	(103,090,000)	-1
Capital	31,496,699,987	36,779,896,105	5,283,196,118	17
Total	44,933,119,315	50,113,225,433	5,180,106,118	12

30. The department's recurrent expenditure is proposed to reduce by a net of ksh. 103 million from an allocation of Ksh. 13,436 million to Ksh. 13,333 million representing a 1% reduction. The changes are on account of:
 - i. Provision of Ksh. 150 million for Tea Board of Kenya;
 - ii. Reduction of Ksh. 150 million on allocation for Agriculture and Food Authority (AFA) where the Tea directorate was domiciled.
 - iii. reduction of Ksh. 89 million on allocation for compensation to employees
 - iv. reduction of Ksh. 16 million on allocation for Use of Goods and Services
31. The approved development allocation of Ksh. 31,496 million is proposed to rise by Ksh. 5,283 million to an allocation of Ksh. 36,779 million under supplementary 1. Among the key projects affected include:
 - i. Sugar Reforms Support Project- added Ksh. 1,500 million;
 - ii. Crop Insurance- allocation reduced by Ksh. 21 million from ksh. 280 million to Ksh. 259 million;
 - iii. Kenya Climate Smart Agriculture Project (KCSAP)- enhanced by Ksh. 2,791 from Ksh. 8,969 million to Ksh. 11,760 million;

- iv. Coffee Industry Revitalization- provision of Ksh. 1,000 million;
- v. Enhancing Capacity of Kenya School of Agriculture – its allocation of Ksh. 150 million removed;
- vi. Irish Potatoe Production Revitalization Project- a new project allocated Ksh. 94 million.
- vii. National Value Chain Support Programme (e-voucher subsidy)– the allocation is proposed to increase by a net of Ksh. 714 million from Ksh. 1,580 to Ksh. 2,294. The changes include:

- ✓ a reduction in allocation for fertilizer subsidy by Ksh. 551 million;
- ✓ a provision of Ksh. 1,035 million for Tea fertilizer subsidy;
- ✓ a reallocation of Ksh. 230 million to other expenditure items;

Changes in allocation to E-Voucher Input Management System		
	2021/22 Approved	Supplementary 1
Subsidies to Financial Private Enterprises	1,580,000,000	1,028,793,024
KTDA fertilizer subsidy	-	1,035,456,000
Training Expenses	-	68,500,000
Fuel Oil and Lubricants	-	5,600,000
Other Operating Expenses	-	68,000,000
Routine Maintenance- Vehicles & Other Transport Equip.	-	2,000,000
Purchase of Office Furniture and General Equipment	-	11,000,000
Purchase of Specialized Plant, Equipment and Machinery	-	10,000,000
E-Voucher Subsidy	1,580,000,000	2,294,249,024

32. Ksh. 3.5 billion has already been spent as per Article 223. This include: Ksh. 1 billion for fertilizer subsidy to tea farmers dispersed on 17/11/2021; Ksh. 1.5 billion for sugar sector reforms disbursed on 25/11/2021; and Ksh. 1 billion for coffee sector disbursed on 04/01/2022.
33. There is a reduction on the allocation for e-voucher input by Ksh. 551 million which will affect the provision of subsidized agricultural inputs including fertilizers.
34. The e-voucher has performed dismally so far and has left farmers suffering huge input prices. There is a need to relook at the input management system and how it can be made to work.
35. The department is reallocating Ksh. 230 million from the allocation for e-voucher inputs to non-priority expenditures including Purchase of Office Furniture and General Equipment, Training Expenses, Fuel Oil and Lubricants, and Routine Maintenance- Vehicles amongst others. These expenditure items can be provided under recurrent expenditures.

36. There is an introduction of a new project- Irish Potatoe Production Revitalization Project with an allocation of Ksh. 94 million. Public Finance Management Regulation 40(8) provides that no new program or policy can be introduced in the supplementary budget.
37. Ksh. 1.5 billion has been provided as economic stimulus for Sugar Reforms Support Project. The key target according to supplementary estimates is renovation of 4 sugar factories but according to the 2022 BPS the funds were meant for factory maintenance and payment of farmer's arears. No amount is factored for payment of farmer's areas.

4.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

4.1 State Department for Livestock

38. The department's approved recurrent allocation is Kshs. 3,428.2 million. Gross estimates have increased by 12.8% under Supplementary 1 as a result of increase in current transfers (KShs. 500 Million). Reductions are on Personnel Emoluments (KShs. 33.8 Million) and Operations (KShs. 27.7 Million).
39. The departments' development allocation is Ksh. 5,651.1 million and is proposed to reduce to Ksh. 3,921.2 million. Net reduction under GoK is KShs. 1,500 Million while Donor is KShs.229.9 Million. Establishment of Lamu Export Zones has a reduction of KShs. 1,741 Million while Kenya Livestock Insurance Project has an increase of KShs. 240.9 Million. Regional Pastoral Livelihood Resilience Project has a proposed increase of KShs. 40 Million under Loan Revenue. Kenya Livestock Commercialization Project surrendered a total of KShs. 269.9 Million donor funds which include KShs. 55 million grant since the project could not absorb the full allocation due to delay in disbursement of funds from IFAD.
40. As at end of the first half of the FY, the department had utilized **Ksh. 1,664.2** million of its recurrent budget of **Kshs. 3,428.2** million representing 49% absorption. Current transfers to SAGAs as at first half was at **Kshs. 682.7** million. Net Transfers include: KLDC-KShs. 102 Million; KVB-KShs. 60 Million; KDB-KShs. 280 Million; VMDC-KShs. 47 Million, KEVEVAPI KShs. 183.7 Million. Compensation to employees: Interns for veterinary surgeons and paraprofessionals and casual employees were paid a total of KShs. 111 Million in addition to IPPD amount of KShs. 610.6 Million therefore total of KShs. 721.6 Million on compensation to employees.
41. As at end of the first half of the FY, the department had utilized Ksh. 1,428.3 million of its development allocation of Kshs. 5,651.1 million representing 25% absorption. Absorption of GoK is low due to preliminary activities being undertaken under Lamu Export Zones which is a new project being implemented by the State Department in the current Financial Year. Absorption on grants is zero due to delays in disbursement of funds by the donor to the TWENDE project account.
42. Pending bills as at 30th June 2021 amounted to **KShs. 558 Million**. **KShs. 2.3 Million** were Recurrent in nature whereas **KShs. 555.5 Million** were Development.
43. Pending bills that have been processed and paid as at 25th January 2022 amount to **KShs. 529 Million** and those awaiting finalization of processes amount to **KShs. 28.7 Million**.
44. Pending Court Awards **KShs. 4,029 million** comprising of Halal (**4 billion**), Associate Architects Awards (**25 million**), Accident Compensation (**4 million**)

Particulars of Affected Programmes

45. Reduction of KShs. 33.8 million on Personnel Emoluments earmarked for recruitment, will affect replacement of 258 technical staff in the current Financial Year. The State Department is awaiting approval from the Public Service Commission to recruit.
46. Reduction of KShs. 27.68 million on Operations & Maintenance will affect field related activities mainly: timely disease and pest control investigations; development of Livestock Master Plan; collection of samples for milk testing; and other activities.

47. Addition of KShs. 500 million as current transfers will assist pastoral communities affected by drought by restocking of livestock to mitigate the effects of drought.
48. Kenya Livestock Commercialization Project (KeLCOP) surrendered **KShs. 269.9 million** under Loans since the project could not absorb the allocation due to delays in disbursement of donor commitments under Loan Revenue and Loan AiA.
49. The reduction of **KShs. 1,740.8 million** under Lamu Livestock Export Zones will delay completion of infrastructure works especially Marshalling Yard.

4.2 State Department for Fisheries, Aquaculture, and Blue Economy

50. The State Department for Fisheries, Aquaculture and the Blue Economy was allocated Kshs. 13,003,572,675 comprising of Kshs. 2,267,372,675 and Kshs. 10,736,200,000 for recurrent and development expenditures respectively in the Approved Estimates FY 2021/22. The proposed Supplementary Estimates will have a reduction of **Kshs 15,270,000** on Recurrent Budget and **Kshs 4,651,000,000** on Development Budget. The reduction will negatively impact the State Departments' delivery of its obligation and mandate in the remaining part of the FY 2021/22.
51. The proposed Supplementary Recurrent budget had a reallocation of Personnel Emoluments of Kshs **31,700,000** being transfer from the State Department to Kenya Fisheries Service and a reduction of **Kshs 15,270,000** operation and maintenance allocation.
52. Development Vote- the State Department had an allocation of Kshs. 4,964,000,000 which included Kshs. 350,000,000 AIA in the Approved Estimates FY 2020/21. In the Supplementary Estimates, the allocation has been reduced by Kshs. 1,969,220,000 to Kshs. 2,994, 780,000; a 40% reduction. The State Department had an allocation of Kshs. 2,480,501,000 for implementation of capital projects during the first half of the FY 2020/21. During this period, Kshs. 1,286,576,832 was absorbed translating to a utilization rate of 52%.
53. State Department had a first half allocation of Kshs. 1,128,686,337 out of which Kshs. 1,074,374,842 had been absorbed as at the end of the first half FY 2021/22. This translates to an absorption rate of 95%. The under-expenditure was largely due to delays in the receipt of approval of recruitment by PSC and the National Treasury.
54. The State Department had an allocation of **Kshs. 5,474,513,710** for implementation of capital projects during the first half of the FY 2021/22. During this period, Kshs. **1,108,984,949** was absorbed translating to a utilization rate of 28%.
The under absorption was occasioned by;
 - KEMFSED Delay in approval of Annual work plan by the World Bank,
 - ABDP- Delay in approval of Annual work plan by IFAD and Lengthy procurement procedures (delayed no objection approval).
 - Lamu Fish Processing plan-A request for reallocation of the funds to Marine fish stock assessment due to the land issue in the project site.
 - Liwatoni-the tendering process was on-going during the first Half and implementation was earmarked for the second half after evaluation and tender awards.
55. The State Department had requested for the following additional funding:

- (i) The State Department purchased project motor vehicles of Kshs. 26,970,000 during the FY 2020/21. However this was not paid due to budgetary cuts and therefore a pending bill to date.
- (ii) Ksh. 99 million for Personnel Emoluments under Kenya Marine Fisheries Research Institute (KMFRI) for implementation of the approved human resource policy instruments under KMFRI annual budget FY2021/22.
- (iii) Ksh. 65 million for Operationalization of Kenya Fishing Industries Corporation (KFIC) following appointment of Board.
- (iv) Ksh. 1 Billion for undertaking Marine Fish Stock Assessment exercise. The State Department requested the National Treasury to approve reallocation from Lamu Fish Processing Plant to cater for the activity.
- (v) Ksh. 2.1 Billion for training of fishers and hire of vessels as this was a strategic intervention.
- (vi) Ksh. 86.5M under Kenya Fisheries Service to cater for implementation of its approved salary structure by State Corporation Advisory Committee.
- (vii) Ksh. 120M under Kenya Fisheries Service to cater for operations and maintenance
- (viii) Ksh. 30 Million to cater for GoK counterpart funding for Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED) as per the donor agreement.

4.3 State Department for Crop Development & Agricultural Research

- 56. The state department has an approved allocation of Kshs. 44,933 million which comprises of Ksh. 13,436 million recurrent expenditure and Kshs 31,496 million as development expenditure.
- 57. Recurrent expenditure is proposed to be reduced by Ksh. 103 million comprising of a reduction of Kshs. 88 million on Compensation to Employees and a reduction of Kshs. 15 million in Operations and Management.
- 58. Development expenditure allocation is proposed to increase by Kshs. 5,283 million from an allocation of Kshs. 31,496 million to Kshs. 36,779 million.
- 59. The department has fertilizer pending bills of Kshs. 6.7 billion relating to PIF loan which KCB utilized to import subsidized fertilizers. The interest continues to accrue at a penalty rate of 22.5% translating to Kshs. 3 million per day and Kshs. 90 million per month.
- 60. The department has maize subsidy pending bills of Ksh. 1,923 million owed to millers, merchants and farmers. The pending bills relate to maize subsidy programme and local maize purchased in the FY 2017/18.
- 61. Smallholder Horticulture Empowerment Project – the allocation to the project has been reduced from Kshs. 145 million to Kshs. 45 million Ksh. 100 million reduction on donor component. The project has already spent 45million donor funds. The reduction to Ksh. 20 Million will affect implementation significantly.
- 62. Allocation to Fall Army Worm Mitigation is proposed to reduce by Kshs. 11 million from an allocation of Kshs. 150 million to Kshs. 139 million. The department requires Kshs. 200 million for effective pest mitigation measures for March-June crop season. The allocation will ensure that food production is not compromised through pre-harvest losses.

63. The current allocation of Ksh. 60 million for Aflatoxin Management is not adequate. The department requires an additional Kshs. 20 million to ensure adequate measures are implemented for the control of aflatoxin in maize and post-harvest losses.
64. Ksh. 1,500 million provided for Sugar Reforms will be used for factory maintenance and payment of farmers' arrears in SONY, Chemilil, Muhoroni and Nzoia sugar companies.
65. Ksh. 1,000 million provided for Coffee Industry Revitalization will be utilized for New KPCU inputs subsidy and settlement of cooperative debts through the Coffee Cherry Advance Revolving Fund to 82,650 farmers.
66. Ksh. 1,035 million provided to KTDA Fertilizer Subsidy is meant to subsidize 85,000MT NPK fertilizer for tea farmers of year 2021.
67. Kshs. 94 million allocation for Revitalization of Irish Potato Project is a donor funded project meant to support small-scale potato farmers affected by COVID-19 pandemic in ELGEYO-Marakwet, Meru and Nyandarua Counties.

4.0 COMMITTEE OBSERVATIONS

4.1 General Observations

69. The proposed 2021/22 Supplementary 1 budget reduces allocations to critical programs that are essential in promoting agricultural productivity. Key reductions that affect investment in the sector include allocations for: Livestock Master Plan Development; Crop Insurance; Food Security and Crop Diversification; e-voucher input subsidy; and Fall Army Worm Mitigation among others. These reductions are being met on programs when they are already underfunded.

4.2 State Department for Livestock

70. Ksh. 500 million has been provided for Livestock Off-take program. The allocation is meant for livestock restocking to assist pastoral communities affected by drought to mitigate loss.
71. The establishment of Livestock Export Zone – Lamu is at the early stages of implementation and the department will not be able to utilize the allocated resources. Sites inspection, engagement of stakeholders and identification of the sites for Lamu Livestock Export Zone have just been concluded. Designs are awaiting finalization in collaboration with Kenya Ports Authority to inform the construction stage. Land documentation processes for holding grounds and farms ongoing. In addition, the project has unresolved land issues.
72. The allocation for development of a Livestock Master Plan has been reduced by Ksh. 11 million. The project is already under funded and therefore a reduction will affect Stage 1- data collection and analysis at the 7 counties which is on-going. Stage 2- Actual development of the LMP- County specific on livestock Investment plans.
73. The department has historical pending bills of Ksh. 4,025 million: Court Awards to Halal Meats Limited-KShs. 4 Billion, and to Expert Associate Architects KShs. 25 Million. There seem to be no plan or commitment to settle the pending bill which could result into more cost or penalties.

4.3 State Department for Crops Development and Agricultural Research

74. The allocation to the state department is proposed to increase by Kshs. 5,180 million with a reduction of reduction of Ksh. 103 million in recurrent expenditure and an increment of Ksh. 5,283 in development allocation. The increase in development allocation is on account of Economic stimulus expenditure on: tea fertilizer subsidy- Ksh. 1,035 million; Ksh. 1,500 million on sugar reforms for factory maintenance and payment of farmers' arrears; and Ksh. 1,000 million for coffee input subsidy.
75. The e-voucher input management system has been performing poorly for the third year in a row. In the FY 2019/20, the programme did not achieve any outputs despite an allocation of Ksh. 1,500 million. In the FY 2020/21, the programme availed only 849 out of the targeted 200,000 MT of fertilizers which benefited only 18,000 out of the targeted 300,000 beneficiaries in 12 out of the targeted 38 counties. As at end of the first half of the FY, only 5,824 out of 200,000 farmers were supported with agricultural inputs.
76. Following the underperformance of the e-voucher system and considering that it is a planting season, there is a need for an urgent intervention measure to cushion farmers from

- the high cost of fertilizers. The cost of fertilizer is currently retailing between Ksh. 6,000 to Ksh. 6,700 per 50Kg bag.
77. The department has long outstanding pending bills of Kshs. 6.7 billion relating to PIF loan which KCB utilized to import subsidized fertilizers. The interest continues to accrue at a penalty rate of 22.5% translating to Kshs. 3 million per day and Kshs. 90 million per month.
 78. The department has maize subsidy pending bills of Ksh.1,923 million owed to millers, merchants and farmers. The pending bills relate to maize subsidy programme and local maize purchased in the FY 2017/18.
 79. Smallholder Horticulture Empowerment Project – the allocation to the project has been reduced from Kshs. 145 million (GoK-25; Donor 120) to Kshs. 45 million (GoK-25; Donor 20). Ksh. 100 million has been reduced on donor component. The project has already spent 45million donor funds. The reduction to Ksh.20Million will affect implementation significantly.
 80. Allocation to Fall Army Worm Mitigation is proposed to reduce by Kshs. 11 million from an allocation of Kshs. 150 million to Kshs. 139 million. The department requires Kshs. 200 million for effective pest mitigation measures for March-June crop season. The allocation will ensure that food production is not compromised through pre-harvest losses.
 81. The current allocation of Ksh. 60 million for Aflatoxin Management is not adequate. The department requires an additional Kshs. 20 million to ensure adequate measures are implemented for food safety and management of post-harvest losses.
 82. Allocation for Sugar Reforms Project be enhanced for improvement of cane testing units. The Kenya Sugar industry is shifting from Weight to Quality cane payment system so as to become competitive in the increasingly liberalized and globalized sugar market. The quality-based cane payment system aims to provide a strong incentive to growers to maximize sugar content in cane and Millers to maximize sugar recovery. The cane testing units will enable paying farmers on the basis of sucrose content instead of weight.
 83. The strategic food reserve stock is empty and there are no funds to purchase food stock reserve. The 2021/22 supplementary 1 estimates has no proposed allocation for strategic food reserve. The Strategic Food Reserve Fund which was created in 2015 to stabilize food supply and prices and maintain adequate strategic food reserve was wounded up in 2020 and its fund balances transferred to the National Exchequer.

4.4 State Department for Fisheries, Aquaculture, and Blue Economy

84. The allocation for development expenditure is reducing by Ksh. 4,665 million (43% reduction), which will significantly affect the implementation of projects.
85. The implementation of the Lamu Fish Processing Plant is facing land issue challenges and therefore may not be implemented this FY.
86. The allocation of Liwatoni Ultra-Modern Fish Hub has not utilized any funds. The tendering process, evaluation and tender awards are ongoing.
87. The completion of the Liwatoni Ultra-Modern Fish Hub and Lamu Fish Processing Plant is critical in the realization of the economic potential of the Exclusive Economic Zone (EEZ).
88. The maritime fishing industry in Kenya faces an acute shortage of skilled fishing crew for employment on the deep sea fishing vessels. As a result, the fishing vessels engage international fishing crew who are more expensive and are not readily available due to

logistical challenges depriving locals, employment opportunities that would be accessible with adequate training.

5.0 COMMITTEE RECOMMENDATIONS

The Committee having scrutinized and reviewed the 2021/22 Supplementary Budget Estimates I, recommends the following:

5.1 Policy Recommendations

89. The National Treasury to provide funds to settle all historical outstanding pending bills within the departments. Livestock department has historical pending bills of Ksh. 4,025 million while the department for Crop Development and Agricultural Research has historical pending bill of Ksh. 8.7 billion.
90. The state departments to improve on the efficiency of utilization of the development budget allocations while adhering to relevant laws so as to ensure that projects are completed within the planned duration and that expected returns and services are achieved the soonest.

5.2 Financial recommendations/Proposed reallocations

Livestock Department

Proposed Reductions:

91. **Kshs. 1,259 million** from the allocations for the Establishment of Livestock Export Zone – Lamu. The project is at the early stages of implementation and the department will not be able to utilize the resources. Sites inspection, engagement of stakeholders and identification of the sites for Lamu Livestock Export Zone have just been concluded. Designs are awaiting finalization in collaboration with Kenya Ports Authority to inform the construction stage. Land documentation processes for holding grounds and farms ongoing. In addition, the project has unresolved land issues.
92. **Ksh. 40 million** from the allocation for Kenya Livestock Insurance Scheme.
93. **Ksh. 10 million** from the Construction and equipping of Bio Safety Level 3 Laboratory-Kabete.
94. **Ksh. 15 million** for Construction of learning facilities at AHITI Nyahururu. The reduction is on account prioritization of allocations.
95. **Ksh. 20 million** for Construction and Refurbishment-Leather Science Institute. The reduction is on account prioritization of allocations.
96. **Ksh. 30 million** from the Construction of Dairy Veterinary Board (KVB) Headquarters offices
97. **Ksh. 60 million** from the Livestock Production 'Big Four' Interventions
98. **Ksh. 41 million** from the Development of Leather Industrial Park – Kenanie. The reduction is on account prioritization of allocations.
99. **Ksh. 10 million** from the allocation for Construction and Refurbishment of Infrastructure at AHITI-Kabete. The reduction is on account prioritization of allocations.
100. **Ksh. 10 million** from the allocation for Construction and Refurbishment of Infrastructure at AHITI - Ndomba. The reduction is on account prioritization of allocations.

Proposed Increases

101. **Ksh. 40 million** on the allocation for Livestock Policy Research and Regulations. This is to reinstate the allocations for the development of the Livestock Master Plan which is critical in ensuring planned, effective and efficient investment in the Livestock Sector leading to increased contribution of the sector to the national economy, food and nutrition security and improved livelihoods.

State Department for Crops Development and Agricultural Research

Proposed Reductions:

102. **Kshs. 85 million** from the allocation for Crop Insurance.
103. **Kshs. 150 million** from the allocation for Food Security and Crop Diversification Project- Other Crops.
104. **Ksh. 230 million** from the allocation for National Value Chain Support provision for: Training Expenses; Fuel Oil and Lubricants; Other Operating Expenses; Routine Maintenance- Vehicles & Other Transport Equip; Purchase of Office Furniture and General Equipment; Purchase of Specialized Plant, Equipment and Machinery; and Research, Feasibility Studies, Project Preparation and Design.

Proposed Increases

105. **Ksh. 40 million** counterpart GoK funding for Irish Potatoe Production Revitalization Project. The project has a donor funding of Ksh. 94 million and requires GoK component to commence.
106. **Ksh. 400 million** for Sugar Reforms Project to enable the completion of the 11 cane testing units. Additional allocations will see the improvement of cane quality through rehabilitation and maintenance of testing units. The cane testing units will enable paying farmers on the basis of sucrose content instead of weight which provides a strong incentive to growers to maximize sugar content in cane. With improved sucrose content, domestic production will increase and therefore less imports.
107. **Ksh. 1,430 million** to Agriculture and Food Authority for provision of subsidized fertilizers to maize farmers. Ksh. 1,400 million is for fertilizer subsidy while Ksh. 30 million is for operation and monitoring and evaluation on the project. This is meant to provide urgent intervention to the high cost of fertilizers in the country. This is a short term measure as we await the Cabinet direction on reducing the high cost of fertilizers.
108. **Ksh. 50 million** to Fall Army Worm Mitigation is proposed to reduce by Kshs. 11 million from an allocation of Kshs. 150 million to Kshs. 139 million. The department requires Kshs. 200 million for effective pest mitigation measures for March-June crop season. The allocation will ensure that food production is not compromised through pre-harvest losses.
109. **Ksh. 30 million** to Aflatoxin Management -The current allocation of Ksh. 60 million is not adequate as the department requires an additional Kshs. 30 million to ensure adequate measures are implemented for the control of aflatoxin in maize and post-harvest losses.

110. **Ksh. 170 million** to Development of Agriculture Technology Innovation Centers. This is meant to enhance the capacity of SMEs in agro processing and aimed at solving the current marketing challenges of agricultural products and the final product value which translates into revenue to the farmers.

Additional Requests

The Departmental Committee further recommends the following allocations:

111. **Kshs. 100 million** donor fund for Smallholder Horticulture Empowerment Project – the allocation to the project has been reduced from Kshs. 145 million (GoK-25; Donor 120) to Kshs. 45 million (GoK-25; Donor 20). Ksh. 100 million has been reduced on donor component. The project has already spent 45million donor funds.
112. **Ksh. 130 million** donor fund for Irish Potatoe Production Revitalization Project. The project has additional Ksh. 130 million donor funds which needs to be included in the allocation.
113. **Ksh. 10,880 million** for strategic food reserve. The National Cereals and Produce Board is currently seeking to form the National Food Reserve (NRF) and requires Ksh. 10,880 million for stocking NFR commodities.

State Department for Fisheries, Aquaculture, and Blue Economy

The Departmental Committee recommends the following:

Proposed Reductions:

114. **Kshs. 500 million** from the allocation for Lamu Fish Processing Plant. The implementation of the project is facing land issue challenges and therefore will not be implemented this FY.
115. **Kshs. 100 million** from the allocation for Liwatoni Ultra-Modern Fish Hub. The project has not utilized any funds so far. The tendering process, evaluation and tender awards are ongoing.

Proposed Increases


116. **Ksh. 400 million** to Blue Economy Capacity Building to facilitate the training of deep sea fishers. This is direct source of employment to 1,000 Kenyans who are currently enrolled for training. Kenya faces an acute shortage of skilled fishing crew for employment on the deep sea fishing vessels. As a result, the fishing vessels engage international fishing crew depriving locals of employment opportunities.

Additional Requests

The Departmental Committee recommends an additional allocations for:

117. The State Department purchased project motor vehicles of Kshs. 26,970,000 during the FY 2020/21. However this was not paid due to budgetary cuts and therefore a pending bill to date.

118. **Ksh. 99 million** for Personnel Emoluments under Kenya Marine Fisheries Research Institute (KMFRI) for implementation of the approved human resource policy instruments under KMFRI annual budget FY2021/22.
119. **Ksh. 362 million** for towards L. Victoria landing sites to enable completion of two landing sites in this FY.
120. **Ksh.1 Billion** for undertaking Marine Fish Stock Assessment exercise.
121. **Ksh.2.1 Billion** for training of fishers and hire of vessels as this was a strategic intervention.
122. **Ksh.86.5M** under Kenya Fisheries Service to cater for implementation of its approved salary structure by State Corporation Advisory Committee.

Signature:  Date: 18/02/2022

HON. SILAS KIPKOECH TIREN, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK

DEPARTMENTAL
COMMITTEE ON
ADMINISTRATION
& NATIONAL
SECURITY

106
REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

THE DEPARTMENTAL COMMITTEE
ON
ADMINISTRATION & NATIONAL SECURITY
REPORT
ON
THE EXAMINATION OF THE SUPPLEMENTARY BUDGET
ESTIMATES NO. I FOR THE YEAR ENDING JUNE 2022
FOR

1. EXECUTIVE OFFICE OF THE PRESIDENT
2. STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
3. STATE DEPARTMENT FOR CORRECTIONAL SERVICES
4. STATE DEPARTMENT FOR PUBLIC SERVICES
5. STATE DEPARTMENT FOR SPECIAL PROGRAMS
6. NATIONAL POLICE SERVICE COMMISSION
7. PUBLIC SERVICE COMMISSION
8. INDEPENDENCE POLICE OVERSIGHT AUTHORITY

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBER,
PARLIAMENT BUILDINGS,
NAIROBI.

FEBRUARY 2022

**MINUTES OF THE 5TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
ADMINISTRATION AND NATIONAL SECURITY HELD ON SATURDAY 12TH
FEBRUARY, 2022 AT NOON AT WHITE SANDS HOTEL, MOMBASA**

PRESENT

1. Hon. Peter Mwathi, CBS, MP - *Chairperson*
2. Hon. Fatuma Gedi Ali, CBS, MP - *Vice-Chairperson*
3. Hon. Dr. Makali Mulu, MP
4. Hon. Peter George Kaluma, MP
5. Hon. Aduma Owuor, MP
6. Hon. Peter Masara, MP
7. Hon. Dr. Tecla Chebet Tum, MP
8. Hon. Halima Mucheke, MP
9. Hon. Oku Kaunya, MP
10. Hon. William Kamuren Chirchir Chepkut, MP
11. Hon. Rozaah Buyu, MP
12. Hon. Ngunjiri Wambugu, CBS, MP
13. Hon. Dr. Swarup Mishra, MP
14. Hon. Col (Rtd) Geoffrey King'ang'i, MP
15. Hon. Jeremiah Ekamais Lomurukai, MP
16. Hon. Nimrod Mbithuka Mbai, MP
17. Hon. Marselino Malimo Arbelle, MP
18. Hon. Abdi Omar Shurie, MP
19. Hon. Munene Wambugu, MP

IN ATTENDANCE-

COMMITTEE SECRETARIAT

1. Mr. Adan Gindicha - Senior Clerk Assistant
2. Mr. Joshua Ondari - Clerk Assistant
3. Ms. Brigitta Mati - Legal Counsel
4. Mr. Edison Odhiambo - Fiscal Analyst
5. Ms. Delvin Onyancha - Research Assistant Officer
6. Ms. Eva Kaare - Serjeant-At-Arms
7. Mr. Rodgers Kilungya - Audio Recording Officer

MIN No. 10/2022:-

**PRELIMINARIES AND COMMUNICATION FROM
THE CHAIRPERSON**

The Chairperson called the meeting to order at fifteen minutes past noon with a word of prayer.

MIN No. 11/2022:-

**ADOPTION OF THE REPORT ON THE
SUPPLEMENTARY BUDGET ESTIMATES 1 FOR
THE FINANCIAL YEAR ENDING JUNE 2022**

The Committee considered the report and came up with the following observations and recommendations-

Observations

Executive Office of the President

1. The Executive Office of the President had introduced two new projects under the Nairobi Metropolitan Services Programme namely Rehabilitation and Upgrading of Uhuru and Central parks and Construction of Small Claim's courts at an estimated cost of KSh. 1.2 billion. The projects were national government intervention.
2. The Office had a huge shortfall in operation expenses amounting to KSh. 1.7 billion.

State Department for Interior and Citizen Services

1. The State Department had introduced a new project contrary to Section 40(8) of the PFM Regulations at KSh. 200 million.
2. The following expenditures were noted to be critical but not funded: -
 - a) Equipping of the forensic laboratory at KSh. 2 billion
 - b) NTSA deployment of Huduma Centers at KSh. 150 million
 - c) Digitization of Immigration records at KSh. 100 million
 - d) Shortfall in compensation to employees for Private Security Regulatory Authority at KSh. 20 million
 - e) Enhanced operations for Director of Criminal Investigations at KSh. 600 million ahead of the 2022 General elections
 - f) Enhanced operations for National Authority for the Campaigns Against Alcohol and Drug Abuse by KSh. 200 million

State Department for Correctional Services

1. The State Department had introduced a new project on construction of Magereza Level IV Hospital at KSh. 400 million
2. The State Department had low absorption of Development Expenditure. Out of the approved budget of KSh. 909 million for development expenditure, the Department had expended KSh. 39 million giving a budgetary absorption rate of 4 percent. With a revised budget of KSh. 630 million, the revised absorption rate is 6 percent.
3. The Historical Pending Bills amounting to KSh. 1.9 billion had not been paid to the beneficiaries on account of incomplete documents and investigations by the Ethics and Anti-Corruption Authority.
4. The resources for recruiting 4,000 prison officers were not provided for in the proposed supplementary despite the State Department having advertised for the positions.

State Department for Public Service

1. KSh. 60 million had been expended in line with Article 223 of the Constitution. The spending was towards the 60th anniversary of *Maendeleo ya Wanawake*.
2. The Margaret Kenyatta Institute for Gender and Social Development was set to be opened but there were no resources for its operationalization amounting to KSh. 41.5 million.

Public Service Commission

1. KSh. 10 million towards compliance with the Nairobi Employment and Labor Relations Court Order on Petition No. E161 of 2021
2. KSh. 20.9 million for additional Human Resource Requirement for medical cover and pension contributions

National Police Service Commission

The NPSC has earmarked automation as a key ingredient to re-engineer efficiency and effectiveness in NPS and NPSC. Further the process of automation will cover the HR services including recruitment, Promotion and transfers, Appeals, Bulk SMS, security among others. They requested for KSh. 5 million to start the process.

Independent Policing Oversight Authority

1. There was need for decentralization of services by establishing satellite offices in 15 Huduma Centres at the county Headquarters at KSh. 50 million.
2. **Gratuity:** - The Authority requires Kshs.22.1m to pay service gratuity to five members of management whose contract terms shall be lapsing in the third quarter against the accessible budget of KSh. 10.8m. Delay in access to budget will lead to delay in payment of the gratuity. Further, The Authority further requires Kshs.50 m to cater for the midterm gratuity of the Board for the three years the Board has been in service. This amount is not provided for in the printed estimates.

Recommendations-

Reductions

Executive Office of the President

Reduce the allocation towards Nairobi Metropolitan Services Programme, Development expenditure by:-

- a) **KSh. 720 million** on Environmental and Solid Waste Management Head- 1011102900 (Rehabilitation of Uhuru and Central Parks)
- b) **KSh. 100 million** on Land Housing and Development Head- 1011103200 (Construction of small claims courts)

State Department for Interior and Citizen Services

- a) Reduce the allocation towards Police Modernization by **KSh. 100 million**, Development expenditure under the State Department for Interior, Policing Services Programme.
- b) Reduce the Allocation towards National Integrated Identity and Management System by **KSh. 328.5 million** under General Administration and Support Services Programme, (KSh. 208.5.5 million Recurrent and KSh. 120 million Development)

State Department for Correctional Services

Reduce the allocation towards construction of Magereza level IV Hospital by **KSh. 200 million**, Development expenditure under the Programme Correctional Services. The reduction is on account of low absorption of development expenditure by the State Department for Correctional services and being a new project.

Increases

Executive Office of the President

Increase the allocation towards State House Affairs Programme by **KSh. 500 million**, Recurrent Expenditure for enhanced operations by the Executive Office of the President.

State Department for Interior and Citizen Services

1. Increase the allocation towards Policing Services Programme by: -
 - a) KSh. 300 million, recurrent expenditure to facilitate the operations of the Directorate of Criminal Investigation ahead of the 2022 General elections.
 - b) KSh. 50 million, Development expenditure to facilitate the completion of stalled projects within the Administration Police Service.
2. Increase the allocation towards Road Safety programme by:-
 - a) KSh. 150 million, Recurrent expenditure towards deployment of NTSA desk in 52 Huduma centers.
 - b) KSh. 50 million, Development expenditure towards renovation NTSA offices.
3. Increase the allocation towards General Administration and Support Services Programme by:-
 - a) KSh. 150 million, Development expenditure to facilitate the opening of security roads within the Boni Forest area to counter the resurgence of Al-Shabaab in Northern Kenya.
 - b) KSh. 20 million, Recurrent expenditure towards President's Delivery Unit (PDU) to enhance their operations.
4. Increase the allocation towards Policy Coordination Services Programme by: -
 - a) KSh. 20 million towards Private Security Regulatory Authority to take care of shortfall in personnel emoluments in the new regional offices of Mombasa, Kisumu and Eldoret.
 - b) KSh. 45 million towards National Authority for Campaign Against Drugs and Alcohol Abuse (NACADA) for enhanced operations on Research and Development and advocacy against drug abuse.
 - c) KSh. 100 million, Development expenditure towards completion of Miritini Rehabilitation Centre
5. Increase the allocation towards Population Management Services by KShs. 6 million, Recurrent expenditure to facilitate the operationalization of 30 Civil Registries across the country.

State Department for Public Service

Increase the allocation towards Public Service Transformation by KSh. 20 million, Recurrent expenditure to facilitate the operationalization of the Margaret Kenyatta Institute for Gender and Social Development under the Kenya School of Government.

Public Service Commission

Increase the allocation towards General Administration, Planning and Support Services by:-

- a) KSh. 10.8 million towards implementation of the Nairobi Employment and Labor Relations Court Ruling on Petition No. E161 of 2021.

- b) KSh. 20.9 million for additional Human Resource Requirement for medical cover and pension contributions.

National Police Service Commission

Increase the allocation towards National Police Service Human Resource Management Programme by

- a) KSh. 5 million for automation of Human Resource records, Recurrent expenditure.
b) KSh. 10 million towards counselling services, Recurrent expenditure.

Independent Policing Oversight Authority

Increase the allocation towards Policing Oversight Services Programme by KSh. 10.8 million to enhance the allocation for payment of Gratuity to five members of the management whose term is lapsing in the third quarter of 2022.

The report was adopted unanimously after having proposed and seconded by Hon. William Kamuren Chirchir Chepkut, MP and Hon. Dr. Makali Mulu, MP respectively.

MIN No. 12/2022:-

ADJOURNMENT

There being no other the Chairperson adjourned the meeting at 1.00 pm, the next meeting will be by notice.

Signed.....

Chairperson

Date.....

14th Feb. 2022.

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1.0 PREFACE

On behalf of the Departmental Committee on Administration & National Security and pursuant to provisions of Standing Order 232, it is my pleasant privilege and honour to present to the Budget and Appropriations Committee, the Report on its consideration of the Supplementary Budget Estimates I for the Ministry's and State Departments that fall under its purview. The Supplementary Budget Estimates I was tabled before the House on Tuesday, 1st February, 2022 pursuant to Standing Order No. 232 and thereafter committed to relevant Departmental Committees for deliberation according to respective mandates.

1.1 MANDATE OF THE COMMITTEE

Mr. Chairman, the Departmental Committee on Administration & National Security is established pursuant to the provisions of Standing Order No. 216. The mandate and functions of the Committee is to:-

- I) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
- II) Study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
- III) Study and review all legislation referred to it;*
- IV) Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;*
- V) 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;*
- VI) Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and*
- VII) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

The Departmental Committee is mandated to cover the functions of the Ministry in accordance with the Fourth Schedule of the Constitution. As such, the Committee exercises oversight role on the work and administration of the Ministry alongside the SAGAs that fall under its purview.

The second schedule of the Standing Orders for the National Assembly mandates the Committee on Administration and National Security to consider matters relating to National security, Police services, home affairs, Public Administration, Public Service, prisons, Immigration and the management of natural disasters. It is from this perspective that the Committee scrutinized seven votes namely:-

- (i) The Presidency
- (ii) State Department for Interior
- (iii) State Department for Correctional Services
- (iv) State Department for Special Programs
- (v) Public Service Commission
- (vi) National Police Service Commission
- (vii) Independent Police Oversight Authority
- (viii) State Department for Public Service

1.2 COMMITTEE MEMBERSHIP

Chairperson

Hon. Peter Mwathi, CBS, MP
Limuru Constituency

Jubilee Party

Vice-Chairperson

Hon. Fatuma Gedi, CBS, MP
Wajir County

PDR Party

Hon. Peter Kaluma, MP
Homa Bay Town
ODM Party

Hon. (Dr.) Tecla Tum, MP
Nandi County
Jubilee Party

Hon. Dr. Makali Mulu, MP
Kitui Central Constituency
Wiper Party

Hon. Joshua Aduma Owuor, MP
Kitui Central Constituency
Wiper Party

Hon. Nimrod Mbai, MP
Kitui East Constituency
Jubilee Party

Hon. Rozaah Abuyu, MP
Kisumu County
ODM Party

Hon. Ngunjiri Wambugu, MP
Nyeri Town Constituency
Jubilee Party

Hon. Jeremiah Lomurukai, MP
Loima Constituency
ODM Party

Hon. Abdi Shurie Omar, MP
Balambala Constituency
Jubilee Party

Hon. Mishra Swarup, MP
Kesses Constituency
Jubilee Party

Hon. Halima Mucheke, MP
Nominated Member
Jubilee Party

Hon. Col. (Rtd) Geoffrey King'ang'i, MP
Mbcere South Constituency
Jubilee Party

Hon. Oku Kaunya, MP
Teso North Constituency
ANC Party

Hon. Arbelle, Marselino Malimo, MP
Laisamis Constituency
Jubilee Party

Hon. William Chepkut, MP
Ainabkoi Constituency
Independent Party

Hon. Peter Masara, MP
Suna West Constituency
Independent Party

Hon. Munene Wambugu
Kirinyaga Central
Jubilee Party

Secretariat

Mr. Adan Sora Gindicha,
Team Leader-Secretariat

Mr. Joshua Ondari
Clerk Assistant

Ms. Brigita Mati
Legal Counsel

Mr. Edison Odhiambo
Fiscal Analyst

Mr. Josphat Bundotich
Serjeant-at-Arms

Ms Eva Kaare
Serjeant-at-Arms

Mr. Yakub Ahmed
Media Liaison Officer

Ms. Delvin Onyancha
Research/Policy Analyst

2.0 OVERVIEW OF THE EXAMINATION OF THE FY 2021/22 SUPPLEMENTARY ESTIMATES NO. I

The overall Ministerial cumulative expenditure in the FY 2021/22 has been proposed to increase by 6.5 per cent from the approved FY 2021/22 budget. The National security sector expenditure is set to increase by 10.7 per cent, an increase higher than the average increase. The Recurrent Expenditure when adopted by the House will increase by 8.9 percent while the Development Expenditure will increase by 1.9 percent.

Recent Supplementary budgets including this one largely comprises of reallocations, absolute increases, and reduction of expenditure. For example, the State Department for Correctional Services and Independent Policing Oversight Authority have seen their budget reduced by 2 percent and 0.6 percent respectively while the state Departments of Interior, Public Service and the National Police Service Commission and the Special Programmes under the State Department of Devolution have seen their estimates go up. The implication of such changes is threefold: either, that the estimates for the agencies were not correctly set during budget approval, or that the agencies facing budgetary cuts can accommodate the reduction by using the remaining funds efficiently, or by reducing the performance targets, and that agencies getting increases will deliver more services to Kenyans.

Like the previous supplementary, part of the expenditure has been incurred in line with Article 223 of the Constitution. A notable example is the KSh. 1 billion already spent by the Executive Office of the President on enhancement of operations and maintenance for State House Affairs Programme. Another broad observation is that some of the programmes have been amended by more than 10 percent contrary to PFM Act 44(1).

Following the tabling of the Supplementary Estimates I, the Committee held five sittings in which it was briefed by the Parliamentary Budget Office and thereafter considered the submissions from the MDAs under its purview.

Acknowledgements

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. I take this opportunity to thank all the Members of the Committee for their input.

The Committee 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. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Administration and National Security, to present this Report on Supplementary I to the Budget and Appropriations Committee pursuant to the provisions of Section 44 of the PFM Act and SO

Thank You

SIGNED.....

**HON. PETER MWATHI, MP
(CHAIRPERSON)**

DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

3.0 BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET ESTIMATES NO. I

1. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.
2. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
3. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. As per the regulations, Supplementary estimates should relate to expenditure needs which were either unforeseen or unavoidable and where no budget provision was made or was inadequate during the approval of the annual estimates. The Regulations, further clarify that expenditure which was anticipated during the estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered as part of supplementary budgets.

4.0 SUBMISSION FROM MINISTRIES, DEPARTMENTS AND AGENCIES

The Committee held consultative meetings with the MDAs under their purview and it was submitted across the MDAs as follows:-

I. EXECUTIVE OFFICE OF THE PRESIDENT

1. The proposed gross allocation for the Executive Office of the President for the FY 2021/22 Supplementary Estimates I amounts to **KSh.37,923.56 Million** from **Kshs. 34,594.96 Million**. This represents a 9.62 percent change from the Approved estimates of the FY 2021/22. This comprise of a recurrent net change in estimates of **Kshs.1, 913.99 Million** and development net change in estimates **Kshs. 1,412.60 Million**.
2. The changes in estimates under the recurrent budget is mainly attributed to additional funding to cater for payments for both the gratuity to officers whose contracts were coming to an end during the Financial Year as well as shortfall in the operations and maintenance expenditure across the departments. The shortfall emanated from payments of pending bills as the first charge on the FY 2021/22 budgetary provision. The change in estimates under the Development budget is mainly attributed to additional funds allocated to the Nairobi Metropolitan Services as National Government intervention measures to facilitate the implementation of projects as well rehabilitation of the dilapidated physical infrastructure within the State Houses and State Lodges.
3. Under the NMS Supplementary No.I Estimates of 2021/22 FY the development budget has a total net change of **Kshs.1,284 million** representing **14%** change from the Approved development Budget Estimates of 2021/22 FY. The additional funding was the National Government intervention to support construction of four (4) small claim courts and rehabilitation of works at the Central and Uhuru Park.
4. The National Government intervention was based on Article 5.1 of the Deed of Transfer of Functions which provided that the financing for the transferred functions be drawn from both the Consolidate Fund (CF) and the County Revenue Fund (CRF); therefore, both the National Government and County Government plays the oversight role.
5. Nairobi City County Government had previously prioritized rehabilitation of the parks in the County Integrated Development Plan (CIDP) but lacked funding. Since NMS was established, the project was prioritized in the Annual Development Plan (ADP) and the Institution's Draft Strategic Plan under the Directorate of Environment within the four functions transferred under the deed of transfer while the construction of small courts was out of the National Government bid to decongest the backlog in the judicial system of small claims valued at KSh. 1 million and below.
6. The estimated project cost for the two (2) parks is Ksh. 1 billion. NMS requested the National Treasury for the consideration of the funds to undertake the project which was granted but was to be accessed through 2021/22 Supplementary I budget process and not under Article 223. However, NMS has not been able to access the funds since the approval for access has not yet been granted. Critical to note is that the preliminary works have been done by NMS using the internal capacity as well as savings of materials from other completed projects.



II. STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

1. The State Department for Interior and Citizen Services was allocated **Kshs. 138,589.1 million** comprising of **Kshs. 131,356 million** for recurrent and **Kshs.7,233 million** for development expenditure in the current FY 2021/22 which has been revised to **Kshs. 140,318.06 million** with **Kshs. 132,714 million** for recurrent expenditure and **Kshs. 7,604 Million** for development expenditure.
2. In analysis of the programmes there was a decrease in policing services by **Kshs. 1,463 million** and an increase in most programmes with the General Administration and Support Services having **Kshs. 1,876 million** increase.
3. The major increases were for the following key areas under O&M amounting to **KSh. 1,918 million**.

a) Security Operations HQ	Kshs.200Million
b) National Celebrations	Kshs.200Million
c) Multi Agency-Security Operation	Kshs.340Million.
d) NIIMS	Kshs.548Million
e) KNFP	Kshs.30Million
f) Government Printer	Kshs.40Million
g) PDU	Kshs.30Million
h) NRB	Kshs.300Million
i) NCIC	Kshs.200Million
j) NTSA	Kshs.30Million
4. The following were the key areas affected by the Development Supplementary Estimates
 - a) Construction of Police Hospital **Kshs.200Million**
 - b) Security Roads and Airstrips **Kshs.50Million**
 - c) Improvement of Civil Registration System **Kshs.5Million-UNICEF**
 - d) Horn of Africa Gateway Development Project **Kshs.500Million- World Bank**
 - e) Provision of Facial Recognition and Behavior Detection Solution **Kshs.500Million- JICA**
 - f) Police Modernization Programme (**Kshs.100Million**)
 - g) Constructions Police stations and Police Housing for the Kenya Police (**Ksh20Million**)
 - h) Construction of Sub- County Headquarters (Kshs.100Million)
 - i) Purchase of e-Passport books (**Kshs.59.6Million**)
 - j) IPRS Upgrade and Roll-out (**Kshs20Million**)
 - k) NIIMS (**Kshs.584Million**)
5. The shortfalls which could not be accommodated within the supplementary estimates were:-

General Election Preparedness-HQS and NGAO

(Kshs. Millions)
3,032.57

I	
b) General Election Preparedness -NCIC	278.60
c) General Election Preparedness-NPS	5,750.47
d) Recruitment of 5,000 Police Officers	5,200.00
e) Pending bill on Group Life Cover	574.00
f) NPS Group Life cover-shortfall for 2021/22fy	5,800.00
g) National Secure Communication Network and Surveillance System	538.00
h) Multiagency Security Operations	500.00
i) Presidential directive to issue special AIEs to NGAOs	84.50
j) Purchase of Ministry's ICT related equipment	500
k) Huduma Namba budget – NIIMs	1,200.00
l) Police Uniform and clothing	2,531.09
m) Fuel and lubricants for NPS & Headquarters motor vehicles not under Lease programme	563.30
n) Repairs and maintenance of motor vehicles, motor cycles, MRAPS and APCS	429.90
o) Replacement of the aging Presidential Escort unit (peu) fleet	582.00
p) Analytical equipment LC/MS/MS, AAS for Government Chemist	50.00
q) Firearm Licensing Board– Rent Arrears & Vetting of Firearms dealers and individuals & renewal of Licenses	17.40
r) Operationalization of newly gazetted NGA offices	300.00
s) Operationalization of newly gazetted Police Stations	500.00
t) Security roads and airstrips	200.00
u) Digitization of immigration records	100.00
v) Equipping of the forensic laboratory	2,000
w) Private Security Regulatory Authority	45.00
x) National Crime Research Centre (Recruitment of additional 25 officers & crime management)	121.6
y) Fight against Drug and Substance Abuse	200.00
z) Completion of Miritini Rehabilitation Center	650.00
aa) NNTSA-Deployment of services to Huduma Centres	150.00

III. STATE DEPARTMENT FOR CORRECTIONAL SERVICES

1. The gross Approved Estimates for the State Department for Correctional Services during the FY 2021/22 amounts to KSh.29.7 billion. This comprises of KSh.28.7 billion and KSh.909 million for Current and Capital expenditures respectively. The allocation has reduced by KSh.603 million to KSh.29.1 billion under Supplementary Estimates No.1 for the FY 2021/22. The decrease is on account of personnel emoluments and rationalization of Capital expenditures. Other changes are on account of reallocation of funds
2. The major projects affected by rationalization of capital expenditures include security in penal facilities, construction of probation office blocks and maximum security level facility among others.
3. The State Department has one new Project of building Magereza Level 4 Hospital with an estimated cost of **Kshs. 800 Million**, and **Kshs. 400 Million** has been allocate under supplementary I
- IV. The State Department had only expended KSh. 39 million out of the budgetary provision of 909 million on capital expenditures.

V. STATE DEPARTMENT FOR PUBLIC SERVICE

1. The Approved Estimates for the State Department for Public Service amounts to Ksh.18.9 billion which comprises of Ksh.18.3 billion and Ksh.568 million for Current and Capital expenditure respectively.
2. The Gross Approved Estimates have been proposed to be revised to Kshs.20 billion in the FY 2021/22 supplementary Estimates No.1 which comprises of Ksh.19.5 billion and Ksh.568 million for Current and Capital expenditure respectively
3. There is a huge shortfall of **Kshs. 1.3 billion** towards insurance cost for public servants amongst other shortfalls.

VI. NATIONAL POLICE SERVICE COMMISSION

1. The gross Approved Estimates for the National Police Service Commission during the Financial Year 2021/22 amounts to KSh.794.1 million for the Current expenditure. The allocation has increased by KSh.19.6 million to KSh.813.7 million in the FY 2021/22 Supplementary Estimates No. 1. The increase is on account of personnel emoluments and reallocation of funds
2. The Commission is seeking to decentralize the NPSC psychosocial support services to cater for the counselling needs of the Police Officers. To this end, NPSC has set up a regional office in Mombasa which will also act as a Counselling and Wellness Center and deployed staff to the Mombasa Office. Further, The Commission has earmarked decentralization of Counselling and Wellness services in a phased approach to Kisumu and Nakuru in order to reach most Police Officers. There was however a budgetary deficit of KSh.46 million to realize this initiative.

3. The Commission was unable to take care of the mobility needs for the Headquarter and field counselling offices optimally. The Commission implored on the Committee to allocate resources amounting to KSh. 20 million for purchase of new motor vehicles or leasing with accordance to the National Treasury leasing contracts . Further there was need to get vehicles for the field offices which have been earmarked for establishment.
4. The first half year budget implementation gives an overall expenditure of KSh. 360.5 million against a budgetary allocation of KSh 813.7 million.

VII. PUBLIC SERVICE COMMISSION

1. During the FY 2021/22, the Commission was allocated a total of Kshs. **2,391.47** Million; comprising Kshs. **2,372.17** Million under Recurrent Estimates and Kshs. **19.3** Million under Development Estimates.
2. The overall actual financial performance (budget absorption levels) for the Commission during the first half of the financial year 2021/22 stood at **Kshs. 1,018.93** Million (representing 42.61% of the allocated budget); with Kshs. **1,012.45** Million (42.68%) for Recurrent Estimates and **Kshs. 6.49** Million (33.62%) under Development Estimates
3. The budget allocations in a few key operational areas were underfunded while in others, there arose emerging circumstances in the course of budget implementation necessitating the need for additional funding. The Commission therefore submitted a request of **Kshs. 50.1** Million to the National Treasury through the proposed the Supplementary Estimates I for consideration on the following but could not be granted. Some of the areas which could not be funded but were critical included:-

- a) **compliance with the Nairobi Employment and Labour Relations Court Order :-**
The Employment and Labour Relations Court in Nairobi under Petition No. E161 of 2021 delivered a judgement on 25th January 2022 on the constitutional mandate of the Commission over State Corporations and directed the Commission to remedy the situation within 365 days from the date of the ruling. To ensure compliance with the court directive, the Commission requires budgetary support to Put in place internal structures to be able to abide by the court decision; Establish positions within the Commission and recruit staff to be able to fully undertake the constitutional responsibilities of the Commission for the over 300 State Corporations; Facilitate the Commission's exercise of its functions and powers over State Corporations across the country specifically the function of monitoring and evaluation of the administration, organization and personnel practices in the State Corporations; and The organizational structures, staffing levels, capacity building and other technical support programmes will be key areas of intervention. The Commission requested the National Assembly to intervene and appropriate **KSh. 10.9 million** to kick start the process.



- b) **additional Human Resource Requirements for medical cover and pension contributions:** The recruitment process for an additional Thirty (30) Secretariat Staff to replace officers who have exited the Commission, was ongoing under the allocated budget for Financial Year 2021/22. However, there were budget shortfalls for the additional staff in terms of their provisions for Medical Insurance cover and Employer Pension Contributions which are contractual and statutory obligations. The Commission requested for additional **KSh. 20.9 million**
- c) **mid –Term Review of PSC Strategic Plan (2019-2024):** The current Five-year Strategic Plan for the Commission was launched in September 2019 and was therefore due for Mid-Term Review during the current Financial Year 2021/22. The review was a key priority activity to identify gaps in view of emerging circumstances on the mandate and functions of the Commission to mitigate against failure of the Commission to align with the prevailing realities impacting on the mandate. The additional funding will cater for an internal evaluation of the various strategies and necessary documentation within the current Financial Year 2021/22. The Commission requested for additional **KSh. 5 million.**

VIII. INDEPENDENT POLICING OVERSIGHT AUTHORITY

1. In the proposed FY 2021/22 Supplementary Estimates No.1 the Authority's approved budget estimates of Kshs. 949.76 million has been revised downwards by Kshs. 6m to Kshs. 943.6 million due to savings on Personnel Emolument cost arising from delay in replacement of technical officers who exited the Authority. The delay was necessitated by decline of appointments by successful applicants.
2. In November 2021, the Authority requested for additional resources amounting to Kshs. 455m to cater for short fall in critical operational areas, however the request was rejected by the National Treasury and were advised to review and rationalize the additional requirement within its approved budget.
3. The Authority has revised the additional resource requirement from Kshs. 455 million to Kshs 259.25 million however only Kshs. 24.3 was accommodated within its the approved budget through a reallocation and a short fall of Kshs. 234.95 million is remaining.
4. Accordingly, the Authority requests for additional funds amounting to Kshs. 234.9 million to cater for the following critical activities within the Authority which included:- monitoring police operations in the pre-election at Kshs. 23.75 million but were given only KSh.13.15 million; Gratuity for both management and Board members at KSh. 100 million; Gratuity at KSh. 100 million; Acquisition of Motor Vehicles at KSh. 60 million; Partitioning of regional offices at KSh.35 million and decentralization of regional offices at KSh.50 million among others.

IX. STATE DEPARTMENT FOR SOCIAL PROTECTION (SPECIAL PROGRAMMES)

1. During the preparation of Supplementary 1 Estimates of FY 2021/22, Relief and Rehabilitation Programme was allocated additional **Ksh.2.4 billion** for Drought Emergency Intervention. The first allocation of **Kshs. 1.2 billion** was provided under Article 223 of the Constitution for Drought Emergency interventions in the 23 ASAL counties. The balance of **Ksh. 1.2 billion** was captured during preparation of Supplementary 1 Estimates and has been submitted for parliamentary approval

5.0 COMMITTEE OBSERVATIONS

Executive Office of the President

1. The Executive Office of the President had introduced two new projects under the Nairobi Metropolitan Services Programme namely Rehabilitation and Upgrading of Uhuru and Central parks and Construction of Small Claim's courts at an estimated cost of KSh. 1.2 billion. The projects were national government intervention.
2. The Office had a huge shortfall in operation expenses amounting to KSh. 1.7 billion.

State Department for Interior and Citizen Services

1. The State Department had introduced a new project contrary to Section 40(8) of the PFM Regulations at KSh. 200 million.
2. The following expenditures were noted to be critical but not funded: -
 - a) Equipping of the forensic laboratory at KSh. 2 billion
 - b) NTSA deployment of Huduma Centers at KSh. 150 million
 - c) Digitization of Immigration records at KSh. 100 million
 - d) Shortfall in compensation to employees for Private Security Regulatory Authority at KSh. 20 million
 - e) Enhanced operations for Director of Criminal Investigations at KSh. 600 million ahead of the 2022 General elections
 - f) Enhanced operations for National Authority for the Campaigns Against Alcohol and Drug Abuse by KSh. 200 million

State Department for Correctional Services

1. The State Department had introduced a new project on construction of Magreza Level IV Hospital at KSh. 400 million
2. The State Department had low absorption of Development Expenditure. Out of the approved budget of KSh. 909 million for development expenditure, the Department had expended KSh. 39 million giving a budgetary absorption rate of 4 percent. With a revised budget of KSh. 630 million, the revised absorption rate is 6 percent.
3. The Historical Pending Bills amounting to KSh. 1.9 billion had not been paid to the beneficiaries on account of incomplete documents and investigations by the Ethics and Anti-Corruption Authority.
4. The resources for recruiting 4,000 prison officers were not provided for in the proposed supplementary despite the State Department having advertised for the positions.

State Department for Public Service

1. KSh. 60 million had been expended in line with Article 223 of the Constitution. The spending was towards the 60th anniversary of *Maendeleo ya Wanawake*
2. The Margaret Kenyatta Institute for Gender and Social Development was set to be opened but there were no resources for its operationalization amounting to KSh. 41.5 million.

Public Service Commission

1. KSh. 10 million towards compliance with the Nairobi Employment and Labor Relations Court Order on Petition No. E161 of 2021
2. KSh. 20.9 million for additional Human Resource Requirement for medical cover and pension contributions

National Police Service Commission

1. The NPSC has earmarked automation as a key ingredient to re-engineer efficiency and effectiveness in NPS and NPSC. Further the process of automation will cover the HR services including recruitment, Promotion and transfers, Appeals, Bulk SMS, security among others. They requested for KSh. 5 million to start the process.

Independent Policing Oversight Authority

1. There was need for decentralization of services by establishing satellite offices in 15 Huduma Centres at the county Headquarters at KSh. 50 million.
2. **Gratuity:** - The Authority requires Kshs.22.1m to pay service gratuity to five members of management whose contract terms shall be lapsing in the third quarter against the accessible budget of KSh. 10.8m. Delay in access to budget will lead to delay in payment of the gratuity. Further, The Authority further requires Kshs.50 m to cater for the midterm gratuity of the Board for the three years the Board has been in service. This amount is not provided for in the printed estimates.

6.0 RECOMENDATIONS

6.1 REDUCTIONS

1. Executive Office of the President

Reduce the allocation towards Nairobi Metropolitan Services Programme, Development expenditure by:-

- a) **KSh. 720 million** on Environmental and Solid Waste Management Head- 1011102900 (Rehabilitation of Uhuru and Central Parks)
- b) **KSh. 100 million** on Land Housing and Development Head- 1011103200 (Construction of small claims courts)

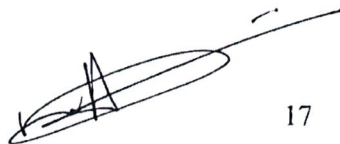
2. State Department for Interior and Citizen Services

- a) Reduce the allocation towards Police Modernization by **KSh. 100 million**, Development expenditure under the State Department for Interior, Policing Services Programme.
- b) Reduce the Allocation towards National Integrated Identity and Management System by **KSh. 328.5 million** under General Administration and Support Services Programme, (KSh. 208.5.5 million Recurrent and KSh. 120 million Development)

3. State Department for Correctional Services

Reduce the allocation towards construction of Magereza level IV Hospital by **KSh. 200 million**, Development expenditure under the Programme Correctional Services. The reduction is on account of low absorption of development expenditure by the State Department for Correctional services and being a new project.

6.2 INCREASES



Executive Office of the President

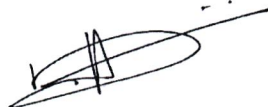
1. Increase the allocation towards State House Affairs Programme by **KSh. 500 million**, Recurrent Expenditure for enhanced operations by the Executive Office of the President.

State Department for Interior and Citizen Services

2. Increase the allocation towards Policing Services Programme by: -
 - a) KSh. 300 million, recurrent expenditure to facilitate the operations of the Directorate of Criminal Investigation ahead of the 2022 General elections.
 - b) KSh. 50 million, Development expenditure to facilitate the completion of stalled projects within the Administration Police Service.
3. Increase the allocation towards Road Safety programme by:-
 - a) KSh. 150 million, Recurrent expenditure towards deployment of NTSA desk in 52 Huduma centers.
 - b) KSh. 50 million, Development expenditure towards renovation NTSA offices.
4. Increase the allocation towards General Administration and Support Services Programme by:-
 - a) KSh. 150 million, Development expenditure to facilitate the opening of security roads within the Boni Forest area to counter the resurgence of Al-Shabaab in Northern Kenya.
 - b) KSh. 20 million, Recurrent expenditure towards President's Delivery Unit (PDU) to enhance their operations.
5. Increase the allocation towards Policy Coordination Services Programme by: -
 - a) KSh. 20 million towards Private Security Regulatory Authority to take care of shortfall in personnel emoluments in the new regional offices of Mombasa, Kisumu and Eldoret.
 - b) KSh. 45 million towards National Authority for Campaign Against Drugs and Alcohol Abuse (NACADA) for enhanced operations on Research and Development and advocacy against drug abuse.
 - c) KSh. 100 million, Development expenditure towards completion of Miritini Rehabilitation Centre
6. Increase the allocation towards Population Management Services by KSh. 6 million, Recurrent expenditure to facilitate the operationalization of 30 Civil Registries across the country.

State Department for Public Service

7. Increase the allocation towards Public Service Transformation by KSh. 20 million, Recurrent expenditure to facilitate the operationalization of the Margaret Kenyatta Institute for Gender and Social Development under the Kenya School of Government.



Public Service Commission

8. Increase the allocation towards General Administration, Planning and Support Services by:-

- a) KSh. 10.8 million towards implementation of the Nairobi Employment and Labor Relations Court Ruling on Petition No. E161 of 2021.
- b) KSh. 20.9 million for additional Human Resource Requirement for medical cover and pension contributions.

National Police Service Commission

9. Increase the allocation towards National Police Service Human Resource Management Programme by

- a) KSh. 5 million for automation of Human Resource records, Recurrent expenditure.
- b) KSh. 10 million towards counselling services, Recurrent expenditure.

Independent Policing Oversight Authority

10. Increase the allocation towards Policing Oversight Services Programme by KSh. 10.8 million to enhance the allocation for payment of Gratuity to five members of the management whose term is lapsing in the third quarter of 2022.

SIGNED.....



HON. PETER MWATHI, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

SCHEDULE I: REDUCTIONS

Vote/Programme	REC	DEV	TOTA	JUSTIFICATION
1. Executive Office of the President		820	820	
Nairobi Metropolitan Services (Rehabilitation of Uhuru and Central Parks		820	820	This is a new project. The allocation may not be absorbed. The project was not in the CIDP
2. State Department for Interior	228.5	220	448.5	
Policing Services (Police Modernization)		100	100	The Modernization programme has an allocation of KSh. 1 billion which is yet to be expended
General Administration and Support Services(NIJMS)	228.5	120	348.5	This is a reduction of Development expenditure that was re-allocated to Recurrent expenditure and introduced as a new cost center.
3. State Department for Correctional Services		200	200	
Correctional Services(Construction of Magereza level IV Hospital)		200	200	This is a new project which has been introduced contrary to Section 40(8c) of PFM Regulations. Further the absorption of Development expenditure for the State Department stands at 4 percent as at 31 st January 2022.
	228.5	1,240	1,468.5	

SCHEDULE II: INCREASES

1. Executive Office of the President	500		500	
State House Affairs	500		500	The expenditure is towards enhancing the Operations of State House.
2. State Department for Interior and Citizen Services	541	350	891	
Policing Services	300	50	350	KSh. 300 million to facilitate the operations of the DCI ahead of 2022 General Elections. KSh. 50 million towards the completion of Stalled projects by the APTC in Embakasi
National Transport and Safety Authority	150	50	200	KSh. 150 million towards setting up NTSA desks in 52 Huduma Centres to accelerate service delivery and KSh. 50 million towards Refurbishment of NTSA filed offices
Policy Coordination Services	65	250	315	KSh. 20 million towards bridging shortfall in PE for Private Security Regulatory Authority in the newly established offices in Mombasa, Kisumu and Eldoret. KSh. 45 million towards Research and Development under NACADA and KSh. 150 million for security roads and KSh. 100 million towards Miritimi Rehabilitation Centre, a presidential directive back in 2014 and a key project in fight against drug and substance abuse.
Population Management Services	6		6	Operationalization of 30 Civil Registration Centres across the country

General Administration and Support Services		20		20	To enhance operations of Presidential Delivery Unit(PDU)	
3.	State Department for Public Service	20		20		
	Public Service Transformation	20		20		To facilitate operationalization of the Margaret Kenyatta Institute for Gender and Social Development, under Kenya School of Government
4.	Public Service Commission	31.7		31.7		
	General Administration, Planning and Support Services	31.7		31.7		KSh. 10.8 million towards implementation of the Nairobi Employment and Labor Relations Court Ruling on Petition No. E161 of 2021, KSh. 20.9 million for additional Human Resource Requirement for medical cover and pension contributions
5.	National Police Service Commission	15		15		
	National Police Service Human Resource Management	15		15		Automation of Human Resource records
6.	Independent Policing Oversight Authority	10.8		10.8		
	Policing Oversight Services	10.8		10.8		Towards payment of Gratuity for Senior Management whose terms are coming to an end before the end of FY 2021/22
		1,118.5	350	1,468.50		



DEPART MENTAL
COMMI TTEE ON
FINA NCE &NATI
ONAL PLANNING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY
TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

**REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY
ESTIMATES NO. 1 FOR FY 2021/22:**

The National Treasury – VOTE 1071

State Department for Planning - VOTE 1072

Ministry of Devolution VOTE -1032

Office of the Controller of Budget - VOTE 2121

Commission on Revenue Allocation - VOTE 2061

Salaries and Remuneration Commission – VOTE 2081

Published by:

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NAIROBI

February 2022

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List of Abbreviations/Acronyms

FY – Financial Year

ICD - Inland Container Depot

KRA – Kenya Revenue Authority

MCC – Millenium Challenge Corporation

MDAs – Ministries, Departments and Agencies

NGCDF – National Government Consituency Fund

NHIF – National Hospital Insurance Fund

O & M – Operations and Maitenance

PFMA - Public Finance Management Act, 2012

PPP Act – Public-Private Partnersrship Act, 2021

SOEs - State Owned Enterprises

TNT - The National Treasury

PART I

1 PREFACE

1.1 Introduction

1. The supplementary budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the PFMA; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose is insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at programmes level.
2. The National Assembly Standing Orders assigns the Departmental Committee on Finance and National Planning the mandate to consider matters in relation to *public finance, monetary policies, public debt, financial institutions(excluding those in security exchange), investment and divestiture policies, pricing policies, banking, insurance, population, revenue policies,national planning, and development.*
3. In that regard, the Committee is mandated to analyze, scrutinize and approve the supplementary estimates for the following government agencies under its purview:
 - i. Vote 1071: The National Treasury
 - ii. Vote 1034: State Department for Planning
 - iii. Vote 1032: State Department for Devolution
 - iv. Vote 2121: Office of the Controller of Budget
 - v. Vote 2061: Commission of Revenue Allocation
 - vi. Vote 2081: Salaries and Remuneration Commission

1.2 Mandate of the Committee

4. The Departmental Committee on Finance & National Planning is one of the fifteen Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:

- i. *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;*
- ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. *To study and review all the legislation referred to it;*
- iv. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v. *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;*
- vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);*
- vii. *To examine treaties, agreements and conventions;*
- viii. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
- ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
- x. *To examine any questions raised by Members on a matter within its mandate.*

5. In executing its mandate, the Committee oversees the following government Ministries and departments:

- i. The National Treasury
- ii. State Department for Planning
- iii. Ministry of Devolution
- iv. Office of the Controller of Budget
- v. Commission on Revenue Allocation
- vi. Salaries and Remuneration Commission

1.3 Committee Membership

6. The Departmental Committee on Finance and National Planning was reconstituted by the House in July, 2020 and comprises of the following members:

Chairperson

Hon. Gladys Wanga, CBS, MP
Homabay County
ODM Party

Vice-Chairperson

Hon. Isaac W. Ndirangu, MP
Roysambu Constituency
Jubilee Party

Members

Hon. Jimmy O. Angwenyi, MGH, MP
Kitutu Chache North Constituency
Jubilee Party

Hon. Christopher Omulele, CBS, MP
Luanda Constituency
ODM Party

Hon. Shakeel Shabbir Ahmed, CBS, MP
Kisumu East Constituency
Independent Member

Hon. Daniel Nanok, MP
Turkana West Constituency
Jubilee Party

Hon. (Dr.) Christine Ombaka, MP
Siaya County
ODM Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. David Mboni, MP
Kitui Rural Constituency
CCU Party

Hon. Francis Kimani, MP
Molo Constituency
Jubilee Party

Hon. Joseph Oyula, MP
Butula Constituency

ODM Party

Hon. Joshua Kandie, MP
Baringo Central Constituency
MCC Party

Hon. Stanley Muthama, MP
Lamu West Constituency
MCC Party

Hon. Edith Nyenze, MP
Kitui West Constituency
WDM-K

Hon. Catherine Waruguru, MP
Laikipia County
Jubilee Party

Hon. James Mwangi, MP
Tetu Constituency
Jubilee Party

Hon. (Prof.) Mohamud Mohamed, MP
Wajir South Constituency
Jubilee Party

Hon. Peter Lochakapong, MP
Sigor Constituency
Jubilee Party

Hon. Qalicha Gufu Wario, MP
Moyale Constituency
Jubilee Party

1.4 Committee Secretariat

7. The Committee is facilitated by the following secretariat:

Ms. Leah W. Mwaura
Principal Clerk Assistant II/Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Services

Ms. Lauren Wesonga
Clerk Assistant II

Mr. Josephat Motonu
Senior Fiscal Analyst

Mr. Chelang'a Maiyo
Research Officer II

Mr. Luka Mutua
Serjeant-At-Arms II

Mr. Yaqub Ahmed
Media Relations Officer III

Ms. Terry Ondiko
Fiscal Analyst III

Mr. George Ndenjeshe
Fiscal Analyst III

Ms. Christine Maeri
Audio Officer

1.5 Overview on the Examination of the Supplementary Estimates I for FY 2021/22

8. The Supplementary Estimates I for FY 2021/22 was tabled in the House on Tuesday, 1st February 2022 and thereafter referred to Departmental Committees for consideration.
9. Parliament is required to scrutinize the supplementary estimates and the programmes that the various spending agencies are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.
10. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and Government Agencies that it oversees to consider their Supplementary Estimates I for FY 2021/22. The Committee held a total of four sittings to consider the Supplementary Estimates I for FY 2021/22.

1.6 Acknowledgement

11. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates I for FY 2021/22
12. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the National Treasury, the State Department for Planning, the Ministry of Devolution, Office of the Controller of Budget, Commission on Revenue Allocation and Salaries and Remuneration Commission for the useful contributions they made towards the preparation and production of this report.
13. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

**HON. GLADYS WANGA, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING**

PART II

2 BROAD OVERVIEW OF POLICIES CONTAINED IN THE SUPPLEMENTARY ESTIMATES I FOR FY 2020/21

14. The Supplementary Estimates No. 1 for FY 2021/22 proposes an overall budget increase of KSh. 108.5 billion (3.3% increase) with an increase of KSh. 126.3 billion in Ministerial Expenditure and however, a decrease of KSh. 17.7 billion in the Consolidated Fund Services.
15. The increase in the Ministerial Expenditure is primarily attributed to increase in A-i-A, 2022 General Elections, drought related expenditure, security related expenditure, support to SOEs and provision of COVID-19 related expenditures. The recurrent estimates have increased by KSh. 113.3 billion an equivalent of 8.9% whereas the development estimates have increased by KSh. 13 billion an equivalent of 1.9%.
16. The gross approved allocation for the state departments under the purview of the Committee was KSh. 208.8 billion where KSh. 64.6 billion for recurrent and KSh. 144.2 billion for development. The allocation is proposed to be increased by KSh. 14.3 billion to KSh. 223.1 billion.

2.1 Key programmes being implemented by specific MDAs overseight by the Committee

17. The National Treasury will implement the following programmes:
 - i. General Administration, Planning and Support Services whose objective is to enhance institutional and human resource capacity for quality delivery of services;
 - ii. Public Financial Management whose objective is to increase the reliability, stability and soundness of the financial sector;
 - iii. Economic and Financial Policy Formulation and Management whose objective is to ensure stable macroeconomic environment;
 - iv. Market Competition whose objective is to promote and sustain competition;
 - v. Government Clearing Services;
 - vi. Rail Transport; and
 - vii. Marine Transport.
18. State Department for Planning will implement the following programmes:
 - i. Economic Policy and National Planning with the objective of strengthening the linkage between planning, policy formulation and budgeting at all levels of government;
 - ii. National Statistical Information Services which will enhance evidence based decision making for socioeconomic development;
 - iii. Public Investment Management, Monitoring and Evaluation Systems which will improve tracking of implementation of development policies, strategies, and programmes and projects; and
 - iv. General Administration, Planning and Support Services whose objective is to enhance efficient and effective service delivery in programmes implementation.
19. The Ministry of Devolution will implement the following programmes:
 - i. Devolution Support Services in order to facilitate effective implementation of the devolved system of government;
 - ii. General Administration, Planning and Support Services in order to provide efficient administrative services that would ensure effective execution of technical mandates of the state department; and
 - iii. Special initiatives which provides relief and rehabilitation.

20. The Office of the Controller of Budget will implement the programme on control and management of public finances with the objective of promoting prudent public financial management by authorizing withdrawals from public funds and reporting on budget implementation to National and County Governments through Parliament and county assemblies.
21. The Commission on Revenue Allocation will implement the programme on Inter-Government Revenue and Financial Matters which will ensure equitable vertical and horizontal sharing of resources; promote good financial management; enhance revenue collection by both levels of government; and narrow marginalization gap.
22. The Salaries and Remuneration Commission will implement the programme on Salaries and Benefits Management in the Public Service with the aim of ensuring a dynamic and harmonized competitive remuneration structure in the public service that rewards productivity, attracts and retains required skills; is transparent and also fiscally sustainable.

2.2 Proposed sector ceilings for each vote

23. The Supplementary Estimates I for FY 2020/21 proposes the following ceilings for the MDAs oversighted by the Committee:
 - i. The National Treasury: **KSh. 170,236 million;**
 - ii. State Department for Planning: **KSh. 46,726.1 million;**
 - iii. State Department for Devolution: **KSh. 4,633 million;**
 - iv. Office of the Controller of Budget: **KSh. 656.1 million;**
 - v. Commission on Revenue Allocation: **KSh. 465.6 million; and**
 - vi. Salaries and Remuneration Commission: **KSh. 621.4 million.**

PART III

3 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

The MDAs submitted as follows when they appeared before the Committee:

3.1 The National Treasury

The PS TNT, Mr. Julius Muia, PhD, CBS appeared before the Committee on Thursday 17th February, 2022. He submitted as follows:

24. The Supplementary Estimates No. I for FY 2021/22 proposes to increase the National Treasury's budget to **KSh. 170,236 million** from **KSh. 157,745.4 million**, a difference of **KSh. 12,490 million**.

25. The budgetary allocation for Treasury's programmes will change as follows:

- i. General Administration, Planning and Support Services: Reduced from KSh. 62,660 million to KSh. 61,462 million;
- ii. Public Financial Management: Increased from KSh. 35,382 million to KSh. 61,943 million;
- iii. Economic and Financial Policy Formulation and Management: Increased from KSh. 1,588 million to KSh. 2,264 million;
- iv. Market Competition: Remained unchanged at KSh. 332 million;
- v. Government Clearing Services: Reduced from KSh. 74.76 million to KSh. 65.96 million;
- vi. Rail Transport: Increased from KSh. 34,494 million to KSh. 35,994 million; and
- vii. Marine Transport: Reduced from KSh. 23,214 million to KSh. 8,174 million.

26. Under the use of Goods and services, there is an increase of **KSh.3,876.2 million** on account of insurance for civil servants in the NHIF which has been allocated under Article 223. The reason the allocation was not factored when the estimates were being prepared because TNT had not obtained data on the specific number of civil servants were required to be covered.

27. The training budget has a proposed additional allocation of **KSh. 40 million** to cater for the training of the newly recruited auditors and accountants.

28. Under the same sub-vote on the use of goods and services **KSh.57 million** is proposed for increase to cater for hospitality supplies and services to meet the cost of meetings especially budget preparation activities including development of sector reports and sector hearings. In addition, there is a proposed additional allocation of **KSh 40 million** for office and general supplies services. This additional allocation is proposed to cater for printing of budget documents.

29. In the Sub-vote Grants and other transfers, **KSh.6,3499.10** is proposed to be allocated out of which **KSh. 2,690 million** is for Budget reserves and other transfers and **KSh. 3,875.76 million** is allocated to KRA as part of Revenue Enhancement Initiatives.

30. A further proposed increase is of **KSh. 164 million** meant for the acquisition of Fixed and Capital Assets.

31. In terms of proposed reductions in the TNT recurrent budget , the allocation on the compensation to employees as salary adjustments to civil servants is to be adjusted by KSh. 6.7 billion as the funds have been distributed to various ministries to cater for salary adjustments and realignment of the payroll. In addition, use of goods will be reduced by KSh. 546.6 million as follows:

- i. foreign travel, subsistence and other transportation costs –34.3 million
 - ii. domestic travel and subsistence and other transportation costs – KSh. 9.2 million
 - iii. security operations (leasing of police motor vehicles) – KSh. 480 million
 - iv. communication supplies and services – KSh. 12 million
 - v. printing and advertising – KSh. 11.1 million
32. Under the development expenditure, the Supplementary Estimates proposes an increase of KSh. 27,833.35 million on account of the following items :
- i. Contingency fund - KSh.
 - ii. Construction of Naivasha ICD (Kenya Railway Line) – KSh. 1500 million (*Amount already spent under Article 223*)
 - iii. Kenya Financing Locally Led Climate Action Programme – KSh. 517 million
 - iv. Financial Sector Support Project (FSSP) – **KSh. 1,816.35 million**. The programme is an ongoing World Bank supported project which was earmarked for implementation in the medium term and by the time the budget for FY 2021/22 was being prepared, TNT had not received any confirmation from the development partner that the programme would be extended. The funds are required to pay pending bills on the project. FSSP covers a number of project including, but not limited to supply and installation of a central Securities Depository System, development of a comprehensive legal and regulatory framework for medical health insurance and consultants to develop oversight framework on supervision of SROs, upgrade of IRA Electronic Regulatory System and review of ICT requirements for an RBSS.
 - v. Implementation of an e-procurement system – KSh. 300 million
 - vi. Strategic Investments in public enterprises (Kenya Airways) – KSh. 20,000 million
33. The Development expenditure proposes to reduce by KSh. 14,840 million in the following items:
- i. Kenya Affordable Housing Project – KSh. 2,800 million
 - ii. Dongo Kundu Special Economic Zone- – KSh. 4,980 million
 - iii. Mombasa Port Development project – 7,060 million . The reduction is due to donor support not being forthcoming as expected hence the need to scale down the budget.

34. The expenditure head of Infrastructure Finance and Public Private Partnership Project (IF PPP) is proposed to have an increase of KSh 300 million (GoK funded), which represents an increase of 87%. The funds are required as seed money for the Project Facilitation Fund established by the PPP Act, 2021. Previously, the TNT was relying on donor funds to ensure the PPP Directorate scrutinizes all the PPP projects. The objective of the Fund is to support contracting authorities and the PPP Directorate in the preparation, appraisal and tendering phase of the PPP projects; support the activities of the PPP Directorate; extend viability gap finance to PPP Projects and to provide a source of liquidity to meet any contingent liabilities arising from a PPP project.

3.2 State Department for Planning

The Principal Secretary of State for Planning, Mr. Saitoti Torome, CBS accompanied by other officials appeared before the Committee on Thursday 10th February, 2022. He submitted as follows:

35. The State Department had requested KSh. 6.004 billion for inclusion in the supplementary estimates, out of which KSh. 873.46 million was for recurrent expenditure and KSh. 5.13 billion was for the development expenditure. However, through the Supplementary Estimates No. 1 FY 2021/22 they only got an allocation of KSh. 46,726.1 million (KSh.42.726 development expenditure and KSh. 3.974 being recurrent expenditure).
36. The Supplementary Estimates No. I for FY 2021/22 therefore proposes to increase the State Department for Planning's budget to **KSh. 46,726.1 million** from **KSh. 45, 985.2 million** in the printed estimates representing a net increase of **KSh. 740.9 million** (KSh.376.339 Recurrent expenditure; 364.547 development expenditure).
37. The State Department requires additional funding of **KSh. 5,922 million** to cater for the following:
 - i. KSh. 272.4 million for O & M in National Government planning offices in 29 counties;
 - ii. KSh. 190 million for shortfall funding requirement to undertake first phase for preparation of the Fourth Medium Term Plan 2023-2027, its 25 sector plans and build consensus;
 - iii. KSh. 5.1 million to cater for the shortfall for development of the MCC threshold programme for Kenya;
 - iv. KSh. 89.5 million for synergized and coordinated Government Communication on achievements of Kenya Vision 2030 goals;
 - v. KSh. 85 million to cater for the funding shortfall for purchase of vehicles at the HQ to replace the old and unserviceable fleet
 - vi. KSh. 9 million to cater for the training for career progression courses for officers.
 - vii. KSh. 31 million for enhancement of the operations and maintenance budget for the newly recruited economists, accountant and ICT officers;
 - viii. KSh. 4,976.75 million for NG-CDF arrears for FY 2011/12, 2013/14 and 2014/15; and
 - ix. KSh. 80 million for economic empowerment programme which involves conducting the 6th Participatory Poverty Assessment (PPA) to provide qualitative data on the impact of the various policies, strategies, programmes and projects aimed at reducing poverty and improving welfare of Kenyans.

3.3 Ministry of Devolution

The Principal Secretary Ministry of Devolution , Mr. Julius Korir, CBS appeared before the Committee on Thursday 10th February. He submitted as follows:

38. The Supplementary Estimates No. I for FY 2021/22 proposes to increase the Ministry of Devolution budget for FY 2021/22 from **KSh. 3,243.6 million** to **KSh. 4,633 million**, a difference of **KSh. 1,389.6 million**.

39. The Ministry was allocated a gross total of KSh. 3.243 in the approved Budget Estimates for the FY 2021/22 comprised of KSh. 1.753 billion recurrent expenditure and KSh 1.489 billion development expenditure.
40. During the same Financial Year, the Ministry also received additional funding under Article 223 of the Constitution amounting to KSh. 1.45 billion being KSh. 1.2 billion recurrent expenditure and KSh. 250 million development expenditure. In terms of specifics under the increases within the Ministry's allocation KSh. 1.2 billion was allocated to the programme under the Special Initiatives programs. The programme increased by KSh. 1.2 billion with the increase attributed to addressing the food security situation in 23 ASAL counties through drought mitigation expenditures. KSh. 250 million under the development expenditure is an allocation under devolution services, which is for the construction of the Kisumu Convention Centre to facilitate the 9th AfriCities Conference taking place from Tuesday 17 May, 2022 - Saturday 21 May, 2022. The conference will provide Kenya with an opportunity to share its experiences in implementing the devolved system of government.
41. The Supplementary Estimates No. 2 FY 2021/22 has also proposed decreases in both recurrent and development expenditure. The net reduction in recurrent expenditure budget (excluding relief funds) of KSh. 15,089,157 mainly under grants and transfer and use of goods and services. In addition, development expenditure has a reduction of KSh. 98.4 million under the donor revenue. The net increase is thus 179.67 million
42. The Ministry requested for additional funding of **KSh. 1,289 million** to cater for the following:
- i. **Personal Emoluments (HQ)**

The Ministry requires this additional funding to pay service gratuity to CS, CAS and supernumerary staff amounting to KSh. 49.4 million and KSh.10 million for taxable car allowance for the former CAS Hon. Gedion Mungaro. The total additional funds required under this item is KSh. 59.39 million.
 - ii. **Recruitment of 15 new staff for IGTRC**

The Ministry had requested for KSh. 25,871,758 million for the recruitment of 15 additional staff at the IGTRC. However, TNT approved KSh. 15 million, which subsequently, the IGTRC recruited 12 officers who started working in October, 2021. However, the approval by the National Treasury has not been factored in the Supplementary Estimates. The Ministry therefore requested that KSh. 15 million be provided as additional funding.
 - iii. **Coordination of valuation and transfer of land and other equipment of the defunct local authorities and National Government (devolved functions)**

In the printed estimates, KSh 180 million was provided for the valuation and transfer of land and other equipment of the defunct local authorities and national government. Due to the urgency to complete the activity on time, the Ministry requested the TNT approval

for full year's access which was granted. Consequently, the Ministry transferred the funds to IGTRC in October and November 2021. However, in the proposed Supplementary Estimates the same allocation has been reduced by KSh. 16,762,000 million despite the expenditure having been incurred. The Ministry thus requested for reinstatement of **KSh. 16.76 million**.

iv. Council of Governors operating costs

The Council of Governors had requested for KSh 119 million. However, only KSh. 10.47 was allocated through the Supplementary Estimates. In view of this, COG requires an additional KSh. 108.5 million to be able to execute its mandate effectively. The critical thematic areas that will be affected by this shortfall is the County Performance on Devolved Functions. The funds are required to review the current County Performance Management guidelines, sensitising counties and monitor the implementation of the performance contracts. In addition, the Knowledge Management (operationalization of the Maarifa Centre will not be implemented if the funds are not availed. These funds will be utilized for identification, packaging, documentation, and sharing best practices through peer to peer learning amongst county governments through the Maarifa Centre Platform. COG also requires the additional funds for administration expenses.

v. Construction of Kisumu Convention Centre

The Ministry requires additional KSh. 641 million for the balance needed for the completion of the Kisumu convention centre for the upcoming 9th Africa Cities conference. The bulk of the money will be for settling certificates that have been invoiced.

vi. Pending bill for Spenco (K) Limited

This is a historical pending bill which relates to contracts signed between Spenco (K) Limited and the then Ministry of Local Government for the construction of the Mombasa Sewerage. The amount was previously KSh. 3.2 billion but was substantially negotiated to KSh. 453 million through a negotiation process between the Ministry, the Attorney General and the representatives of Spenco (K) Limited. The Ministry and the AG were questioning the legality of the Supplementary Award made on 17th November, 2010 on the ground that the Arbitrator had exhausted his mandate when he delivered the first two awards. Thus the Ministry requires KSh. 453 million additional funds to settle the bill. The Ministry has consequently been notified that unless the sum of KSh. 453 million is paid to Spenco (K) Limited within the next thirty days. If the funds are not paid, then Spenco will abandon the negotiated amount and revert the claim to the amount awarded by the arbitrator of KSh. 3.2 billion.

3.4 Office of the Controller of Budget

The Controller of Budget, CPA Dr. Margaret Nyakang'o, appeared before the Committee on Thursday 10th February, 2022. She submitted as follows:

43. The Supplementary Estimates No. I for FY 2021/22 proposes to reduce the Office of the Controller of Budget's budget from **KSh. 689.1 million** to **KSh. 656.1 million**, a difference of **KSh. 33 million**. The Office was satisfied with the changes proposed in the Supplementary Estimates as the initial allocation was done in anticipation of a recruitment process in FY 2021/22 which did not take place hence the revision

3.5 Commission on Revenue Allocation

The Chairperson for CRA , Dr. Jane Kiringai accompanied by other officials of CRA appeared before the Committee on Thursday 10th February, 2022. She submitted as follows:

44. The Supplementary Estimates No. I for FY 2021/22 proposes to reduce the Commission on Revenue Allocation's budget from **KSh. 485.6 million** to **KSh. 465.6 million**, a difference of **KSh. 20 million**.
45. The Commission requested that their budget be reinstated by **KSh. 20.41 million** to cater for:
 - i. **Personnel Emoluments (PE)**
Under PE KSh. 600,000 is required to cover the gap introduced by Supplementary Estimates No.1 and cater for the approved salary structure.
 - ii. **Printing and dissemination of OSR and inequality reports**
CRA requires reinstatement of KSh 3 million to facilitate printing and dissemination of the Own Source Revenue and Inequality Reports which cannot be supported by the current allocation.
 - iii. **Conferencing and consultancy**
CRA requires KSh. 3.32 million to be reinstated since it is in the process of finalizing the review of the operational procedure's manual (Finance, IIR and procurement). These resources are necessary for engagement with key stakeholders during the validation process.
 - iv. **Office and General Supplies**
An additional allocation of KSh. 1.5 million is required to facilitate operational expenditures which were not sufficiently provided for due to budgetary constraints.
 - v. **Finalization of the county fact sheet and end term report**
A reinstatement of KSh. 6 million under the programme Equitable Sharing of Revenue be included in the Supplementary Estimates for the finalization of the county fact sheet and end term report.
 - vi. **Request for incorporation of A-i-A of KSh. 5.9853 million in CRA Supplementary Estimates**
CRA requires KSh. 5.9853 million to be incorporated into the Supplementary Estimates No. 1 being AIA. The UN Women in partnership with UNDP supported the Commission to strengthen counties OSR mechanisms and effective public participation in the budgeting process through CBEFs. A financing agreement has been signed by the CS TNT and the donation of KSh. 5,985,300 was provided for the execution of earmarked projects.
46. Given that most of the Commissions' mandate is supported by the technical subprogramme which requires public participation, the reduction in the allocation will risk impeding the commission in undertaking its constitutional mandate.

3.6 Salaries and Remuneration Commission

The Chairperson for the Salaries and Remuneration Commission, Mrs. Lyn Mengich accompanied by the Chief Executive Officer and other officials appeared before the Committee on Thursday 10th February, 2022 to make a presentation on the Supplementary Estimates No. 1 Fy 2021/22. She submitted as follows:

47. The Salaries and Remuneration Commission was allocated KSh. 621 million in the printed estimates against a resource requirement of KSh. 891.87 million presented during the MTEF.
48. The Supplementary Estimates No. I for FY 2021/22 proposes to retain the Salaries and Remuneration Commission's budget at **KSh. 621.4 million** made up of KSh. 313.26 million for use of goods and services and KSh.55.3 million for staff mortgage and car loan schemes.
49. The Commission did not request for additional funding through the supplementary estimates.

PART IV

4 COMMITTEE OBSERVATIONS

After considering the Supplementary Estimates No. 1 for FY 2021/22, the Committee observed that:

General Observation

50. The 2021/22 Supplementary Budget proposes overall budget increase of **KSh. 108.5 billion** (3.3% increase) with an increase of **KSh. 126.3 billion** (6.5% increase) in Ministerial Expenditure and however, a decrease of **KSh. 17.7 billion** (1.3% decrease) in the Consolidated Funds Services.

The National Treasury

51. The Supplementary Estimates No. 1 for FY 2021/22 propose to increase the National Treasury's budget by **KSh. 12,490 million** to **KSh. 170,236 million** from **KSh. 157,745.4**.
52. Some of the withdrawals authorized by the National Treasury under Article 223 of the Constitution do not qualify to be emergencies. Accounting Officers of the various MDAs have relied on Article 223 of the Constitution to implement long term projects. These should not be ideally funded under Article 223 since they are not emergencies. The process of under Article has been used to undermines the credibility of the approved budget. Most of the additional requests ought to have been funded in line with the MTEF process so as to give an opportunity to Parliament to interrogate the expenditures.
53. Article 223(5) of the Constitution limits the national government expenditure to 10 % of the sum appropriated by Parliament for that FY unless in special circumstances , Parliament has approved a higher percentage. There is no clarity whether the 10 % applies to each vote head or the to the total budget.

State Department for Planning

54. The Supplementary Estimates propose to increase the State Department for Planning's budget by **KSh. 740.9 million** from **KSh. 45, 985.2 million** to **KSh. 46,726.1**. Most of the additional funding is meant to cater for the Programme, National Statistical Information Services.
55. The NG-CDF arrears for Financial Years 2011/12, 2013/14 and 2014/15 of **KSh. 4,976.75 million** were not factored in Supplementary Estimates No. 1 for FY 2021/22. The arrears have had a negative impact in the implementation of projects under the Fund in constituencies.

State Department for Devolution

56. The State Department's budget is proposed to be increased by **KSh. 1,389.6 million** from **KSh. 3,243.6 million** to **KSh. 4,633 million**. The increment is mainly on account of The Special Initiatives program for the emergency humanitarian relief due to the drought that has been experienced in some parts of the country which received a **KSh. 1.2 billion** increase in gross current estimates, accounting for an **868.2%** increase in gross total estimates.

Office of the Controller of Budget

57. The Supplementary Estimates No. 1 of 2021/22 proposed to reduce the Office's budget by KSh. 33 million mainly on account of personnel emoluments. This is because the Office was supposed to recruit new staff at the beginning of the financial year but the recruitment process was still ongoing and new staff would be employed either in March or April 2022. The savings therefore were as a result of late recruitment.

Commission on Revenue Allocation

58. The Supplementary Estimates No. 1 of 2021/22 proposed to reduce the Commission's budget was reduced by KSh. 20 million on account of personnel emoluments because of excess provision of personal emoluments.

Salaries and Remuneration Commission

59. The Supplementary Estimates No. 1 of 2021/22 propose reallocations to the Commission's budget but does not alter with the ceiling of the Commission. The Commission's ceiling therefore remains KSh. 621.4 million as approved in the Budget Estimates for FY 2021/22.

PART V

5 COMMITTEE RECOMMENDATIONS

Having examined the Supplementary Estimates, the Committee made the following Policy and Financial Recommendations:

5.1 Policy Recommendations

1. The National Treasury to enhance its consultations with the Ministries, Departments and Agencies (MDAs) during the formulation of the supplementary estimates so as to prevent incidences of budget cuts in crucial areas that substantially and adversely affect the execution of the core mandates of the MDAs.
2. The Public Finance Management Act and attendant Regulations should be reviewed to provide guideline on the budget items that should be funded under Article 223 of the Constitution.
3. There is need for the National Treasury to provide a specific budget line for the special initiatives programme to be domiciled the Ministry of Devolution and not the National Treasury, to be funded through the MTEF process given that over the year the programme has been funded through the supplementary yet famine and drought is an yearly phenomena.
4. The National Treasury should work on rigorous fiscal consolidation by way of reducing non-essential expenditure especially hospitality and travel expenses.

5.2 Financial recommendations/Proposed reallocations

Based on the consultations with the MDAs, the Committee Recommends THAT: -

2.1 Financial recommendations

The Committee recommends THAT: -

I. Proposed Committee Decreases

Vote	Programme	Project/ Item/ Head	Proposed changes in Supplementary Estimates 1 2021/22	Proposed committee Reductions (Kshs. Millions)	Explanation
1071 The National Treasur	Public Financial Managemen t	Budgetary Supply Department	2,000	1,365 (Rec)	Supplementary Estimates I 2021/22 provided for KSh. 2,000 million for Budget

Vote	Programme	Project/ Item/ Head	Proposed changes in Supplementar y Estimates 1 2021/22	Proposed committee Reduction s (Kshs. Millions)	Explanation
y					Reserves emergency
		Infrastructur e Finance and Public Private Partnership (IF-PPP) Project	300	200 (Devt)	It was not clear whether the amount can be fully absorbed before the end of the FY 2021/22. The committee felt that KSh.100 million can be used in the mean time
Total				1,565	

II. Proposed Committee Increases

Vote	Program	Project/ Item/ Area	Proposed changes in Supplementary Estimates I 2021/22 (KSh Million)	Proposed committe e increases (KSh Million)	Justification
1071: The National Treasury	Marine Transport	Marine School in Kisumu	-	200 (Devt)	To provide for the operationalization of the Marine School as it begins to admit and train students. This was commissioned by the President in May 2021.
	Rail Transport	Kisumu- Butere railway	-	300 (Devt)	To facilitate the upgrading the railway line.
		Constructio n of Naivasha ICD long railway link	1,500	210 (Devt)	To accelerate the upgrading of the railway line.
	Public Financial Management	Public participatio n	-	250 (Devt)	To enhance public participation in budget making process

Vote	Program	Project/ Item/ Area	Proposed changes in Supplementary Estimates I 2021/22 (KSh Million)	Proposed committe e increases (KSh Million)	Justification
1072: The State Department for Planning	Economic Policy and National Planning	Phase I of the preparation of the 4 th Medium Term Plan	-	190 (Rec)	To accelerate the completion of the 4 th Medium Term Plan (Vision 2030) since there is still more work to be done as the end of implementation of the MTP III fast approaches.
1032: The State Department for Devolution	Devolution Services	Spenco Kenya Limited	-	200(Devt)	For partial settlement historical Pending bills that relates to contracts signed between Spenco Ltd and the defunct Ministry of Local Government for the construction of Mombasa Sewerage Project. This is on account of negotiated agreement that involved the office of Attorney General.
		Constructio n of Kisumu Convention Centre	250	200 (Devt)	In preparation for the Africities Summit that is planned to be held in May 2022.
2061: The Commissio n on Revenue Allocation	Inter- Government Transfers and financial matters	Administrat ive Services	(20)	15 (Rec)	To cater for the inadequacy in crucial areas including salaries and O&M
Total				1,565	

III. Additional Resource Request

The NG-CDF outstanding balance of KSh. 4.9 billion be incorporated in the Supplementary Estimates I 2021/22 as agreed with the National Treasury.

SIGNED:  DATE: 18th February 2022

For: HON. GLADYS WANGA, CBS, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING)

Annex 1 : Mini Schedule

Programmes	SUPPLEMENTARY I 2021/22			COMMITTEE AMENDMENTS			FINAL ESTIMATES		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
1032: State Department for Devolution									
0712000 Devolution Services	1,314.8	1,328.9	2,687.9	-	400. 0	400.0	1,314. .8	1,728.9	3,043.7
0732000 General Administration, Planning and Support Services	415.8	4.7	417.4	-	-	-	415.8	4.7	420.5
0713000 Special Initiatives	1,233.2 2	105	1,338.2 2	-	-	-	1,233 .22	105	1,338.2 2
Vote 1032 Total	2,963. 77	1,438.6 2	4,402.4 0		400	400	2963. 78	1838.6 2	4,802.4 0
1071: The National Treasury									
0203000 Rail Transport	-	35,994	35,994		510	510	0	36,504	36,504
0204000 Marine Transport	-	8,174	8,174		200	200		8,374	8,374
0717000 General Administration Planning and Support Services	50,456. 7	11,005. 7	61,462. 4	-					
0718000 Public Financial Management	8,741.7	53,201. 5	61,943. 3	-1,365.0	50	- 1,315. 0	7,376 .7	53,251. 5	60,628. 3

Programmes	SUPPLEMENTARY I 2021/22			COMMITTEE AMENDMENTS			FINAL ESTIMATES		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
0719000 Economic and Financial Policy Formulation and Management	1,161.5	1,102.8	2,264.3						
0720000 Market Competition	302.1	30	332.1						
0740000 Government Clearing Services	65.96	-	65.96						
Vote 1071 Total	60,727 .97	109,50 8.05	170,23 6.02	(1,365.00)	760	-605	7,376 .74	110,26 8.05	169,63 1.02

1072: State Department for Planning

0706000 Economic Policy and National Planning	1,950. 4	42,079. 5	44,029. 9	190.0	0.0	190.0	2,140 .4	42,079. 5	44,219. 9
0707000 National Statistical Information Services	1,527.6	585.7	2,113.3				1,527 .6	585.7	2,113.3
0708000 Public Investment Management Monitoring and	157.2	86.5	243.7				157.2	86.5	243.7

Programmes	SUPPLEMENTARY I 2021/22			COMMITTEE AMENDMENTS			FINAL ESTIMATES		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Evaluation Services									
0709000 General Administration Planning and Support Services	339.1	-	339.1				339.1	-	339.1
Vote 1072 Total	3,974.4	42,751.7	46,726.1	190.0	0.0	190.0	4,164.4	42,751.7	46,916.1

2061: Commission on Revenue Allocation

0737000 Inter Governmental Transfers and Financial Matters	465.6	-	465.6	14.4	-	14.4	480.0	-	480.0
Vote 2061 Total	465.62	-	465.6	-	-	-	-	-	480.0

Annexures

Annex 1: PBO Supplementary Estimates No. 1 for FY 2021/22

Annex 2: MDA's submissions

Annex 3: Minutes of the Committee sittings

Annex 4: Adoption List

DEPART MENTA L
COMMI TTEE O N
TRANS PORT,
PUBLIC WORKS
AND HO USING



**REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY**

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING

**REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC
WORKS AND HOUSING ON THE CONSIDERATION OF THE SUPPLEMENTARY
ESTIMATES I FOR THE FINANCIAL YEAR 2021/2022 FOR THE FOLLOWING
VOTES;**

1091 - STATE DEPARTMENT FOR INFRASTRUCTURE

1092- STATE DEPARTMENT FOR TRANSPORT

1093- STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

1094- STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

1095- STATE DEPARTMENT FOR PUBLIC WORKS

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI**

FEBRUARY, 2022

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1.0 INTRODUCTION

1.1 Committee Mandate

1. The Departmental Committee on Transport, Public Works and Housing is established under Standing Order 216(1) whose mandate, pursuant to the Standing Order 216 (5), is as follows;
 - a. *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. *study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;*
 - c. *study and review all legislation referred to it;*
 - d. *study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - e. *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;*
 - f. *to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - f(a). *examine treaties, agreements and conventions;*
 - g. *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - h. *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - i. *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - j. *examine any questions raised by Members on a matter within its mandate.*
2. Further, the Second Schedule to the Standing Orders mandates the Committee to consider matters relating to the following subjects: -
 - a) Transport;
 - b) Roads;
 - c) Public works;
 - d) Construction and maintenance of roads, rails and buildings;
 - e) Air and seaports; and
 - f) Housing.
3. In executing this mandate, the Committee oversees various State Departments, namely:
 - a) The State Department of Transport;
 - b) The State Department of Infrastructure;
 - c) The State Department of Housing and Urban Development;
 - d) The State Department of Public Works; and
 - e) The State Department of Shipping and Maritime Affairs.

1.2 Committee Membership

4. The Committee on Transport, Public Works and Housing as constituted by the House comprises of the following members:

Chairperson

Hon. David Pkosing, C.B.S., M.P.
Pokot South Constituency
Jubilee Party

Vice-Chairperson

Hon. Mercy Wanjiku Gakuya, M.P.
Kasarani Constituency
Jubilee Party

Members:

Hon. Abdul Rahim Dawood, M.P.
North Imenti Constituency
Jubilee Party

Hon. David Njuguna Kiaraho, M.P.
Ol Kalou Constituency
Jubilee Party

Hon. Johnson Many Naicca, M.P.
Mumias West Constituency
Orange Democratic Movement Party

Hon. Omar Mwinyi Shimbwa, M.P.
Changamwe Constituency
Orange Democratic Movement Party

Hon. Peris Tobiko, C.B.S., M.P.
Kajiado East Constituency
Jubilee Party

Hon. Samuel Arama, M.P.
Nakuru Town West
Jubilee Party

Hon. Ahmed Abdisalan Ibrahim, M.P.
Wajir North Constituency
Orange Democratic Movement Party

Hon. Ahmed Bashane Gaal, M.P.
Tarbaj Constituency
Peoples Democratic Party

Hon. Ali Wario Guyo, M.P.
Garsen Constituency
Orange Democratic Movement Party

Hon. Dominic Kipkoech Koskei, M.P.
Soitik Constituency
Jubilee Party

Hon. George Aladwa Omwere, M.P.
Makadara Constituency
Orange Democratic Movement Party

Hon. Gideon Mutemi Mulyungi, M.P.
Mwingi Central Constituency
Wiper Democratic Party

Hon. Kulow Maalim Hassan, M.P.
Banisa Constituency
Economic Freedom Party (EFP)

Hon. Moses Malulu Injendi, M.P.
Malava Constituency
Jubilee Party

Hon. Janet Wanyama Nangabo, M.P.
Trans-Nzoia County
Jubilee Party

Hon. Shadrack John Mose, M.P.
Kitutu Masaba Constituency
Jubilee Party

Hon. Tom Mboya Odege, M.P.
Nyatike Constituency
Orange Democratic Movement Party

1.3 Committee Secretariat

5. The Committee secretariat comprise the following:

Ms. Chelagat Tungo Aaron
Senior Clerk Assistant
Head of Secretariat

Mr. Ahmed Salim Abdalla
Second Clerk Assistant

Mr. Ronald Walala
Legal Counsel I

Mr. Abdinasir Moge Yussuf
Fiscal Analyst I

Mr. Eric Kariuki
Research Officer III

Ms. Zainabu Wario
Serjeant-at-Arms

Mr. Yeziel Jilo
Serjeant-at-Arms

Mr. Yaqub Ahmed
Media Relations Officer

Mr. Collins Mahamba
Audio Recording Officer

PART 1

1.4 FOREWORD

This is a report on the consideration of the Supplementary Estimates 1 of the financial year 2021/22 by the Departmental Committee on Transport, Public Works and Housing submitted to Budget and Appropriations Committee on the 18th February, 2022. The report is as a result of deliberations between the Committee and various State Departments under its purview.

The Supplementary Estimates I for the FY 2021/2022 were tabled in the House on Tuesday 1st, February 2022 and committed to the relevant Departmental Committees for consideration in accordance with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4). The Committees are required to consider the Supplementary Estimates I for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Budget and Appropriations Committee within fourteen (14) days.

The Departmental Committee on Transport, Public Works and Housing held four (4) meetings to consider the proposed Supplementary Estimates 1 for FY 2021/22. The Committee met with the spending agencies and received their submissions in meetings that were held between the 8th and 9th February, 2022. Thereafter, the Committee proceeded to compile its report for submission to Budget and Appropriations Committee.

The report contains the discussions, observations and recommendations of the Committee as regards to the proposed supplementary estimates for all the votes as well as SAGAs under its oversight. The Budget and Appropriations Committee is expected to consider the Committee's observations and recommendations and make part of its final consolidated report to be tabled in the House.

1.5 Acknowledgement

The Committee is grateful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its Sittings. Equally, the Committee extends its gratitude to all members of the Committee, members of the secretariat and all the State Departments led by their respective Principal Secretaries. On behalf of the Committee, it is therefore my pleasant duty and privilege, to present this report on scrutiny of the Supplementary Estimates I for FY 2021/22 for the respective votes to the Budget and Appropriation Committee pursuant to provisions Section 44(1) of the Public Finance Management Act, 2012 and Standing Order 232 (4).

SIGN



Date

17/02/2022

HON. DAVID PKOSING, CBS, M.P.

**CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS & HOUSING**

PART II

2.0 BROAD OVERVIEW OF 2021/22 SUPPLEMENTARY ESTIMATES 1

The 2021/22 supplementary budget proposes an overall budget increase of Kshs. 108.5 billion to from Kshs. 3,269 billion in the approved estimate to Kshs. 3,377 billion. The overall budget increase comprises an increase of **Kshs. 126.3 billion** (6.5%) in ministerial expenditure and a decrease of Kshs. 17.7 billion (1.3%) in the consolidated services compared to the original approved budget.

With regards to the subsectors of Transport, the impact of Supplementary Estimates 1 is as captured under each State Department as follows:

a) State Department for Infrastructure

The estimates for the State Department of Infrastructure have been revised upwards to Ksh.202.50 billion in the Supplementary estimates 1 from the gross approved estimates of Kshs.195.20 billion reflecting an overall increase of Kshs. 7.30 billion. The revised estimates of Kshs. 202.50 billion comprises of Kshs. 74.50 billion for recurrent expenditure and Kshs. 127.99 billion for Development expenditure.

The recurrent expenditure increases by **Kshs. 17.33 billion** from the approved allocation of Kshs. 57.17 billion to Kshs. 74.51 billion proposed through supplementary estimates 1. This is as a result of an increase Kshs. 17.40 billion AIA from the fuel levy and Kshs. 27 million from Materials Department as an additional AIA collection and net reduction of Kshs. 93 million.

The development is proposed to reduce by **Kshs. 10.03 billion** majorly on account of rationalization of capital expenditure. Whereas the overall development expenditure has reduced, **it is to be noted a number of projects, some new, have seen substantial upward review of their approved budgets.**

b) State Department for Transport

The approved estimates for the State Department for Transport have been adjusted to Kshs. 11,352 million under Supplementary estimates I up from the Kshs. 10,774 million in the approved estimates. This consists of Kshs. 10,368 million and Kshs. 984 million for Current and Capital expenditures respectively.

This reflects a net increase of KShs.578 million resulting from of Kshs.940 million under recurrent and a reduction of Kshs.262 million under development expenditure. The increase in recurrent is on account of Kshs. 1,000 million support to Kenya Airport Authority while the reduction in expenditure is due to rationalization of Capital expenditure.

The adjustments majorly affect the Air transport programme. It is to be noted that the reduction in development expenditure affected airports and airstrips by reducing their approved budget by 50% all the nine (9) funded in the approved estimate.

c) State Department for Shipping and Maritime

The Estimates have been adjusted downwards by Kshs.28 million as result of an increase of Kshs. 62 million under recurrent and a reduction of Kshs.90 million under development expenditure.

The increase in recurrent is on account of additional A.I.A collection from Bandari Maritime Academy and a downward adjustment of the capital expenditure on account low absorption under the Kisumu shipyard construction whose allocation reduced by Kshs.80 million from approved Kshs.90 million to Kshs.10 million.

d) State Department for Housing and Urban Development

The approved estimates have been revised upwards to Kshs. 18,536 million from Kshs. 15,290 million reflecting a net increase of Kshs. 3,246 million. the recurrent expenditure has a net reduction of Kshs. 73 million mainly on account of excess personnel emoluments whereas the development expenditure has a net increase of Kshs. 3,319 million mainly on account provision for Kazi Mtaani initiative (**Kshs. 3,500 million**) and Ruai whole sale market (**Kshs. 200 million**) which is a new project.

e) State Department for Public Works

The approved estimates for the State Department of Public Works is proposed to reduce by Kshs.88 million from Kshs. 4,239 million to Kshs. 4,151 million. The recurrent expenditure is increasing by Kshs.12 million whereas the development expenditure is reducing by Kshs.100 million.

The increase in recurrent majorly affects the General Administration, Planning and Support programme on account of provision pensions and other recurrent. **The programmes changes by 15%.**

The increase in development expenditure majorly affects Coastline Infrastructure & Pedestrian Access programme on account of provision for construction of foot bridges on account of additional allocation to footbridges

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

The Committee engaged all State Departments with regards to the Supplementary Estimates 1 for FY 2021/22. The submissions are as follows:

3.1 State Department for Infrastructure

The Principal Secretary submitted that the gross Proposed 1st Revised Budget for 2021/2022 for the state Department for Infrastructure is **Kshs. 202 billion** made up of Recurrent and Development Votes as shown below:

Description	Printed Budget 2021/22	1 st Revised Budget 2021/22	Change
Recurrent	57,169,918,367	74,438,123,186	17,268,204,819
Development	138,033,707,987	127,998,694,327	(10,035,013,660)
Total	195,203,626,354	202,436,817,513	7,233,191,159

The Department informed the Committee that the 1st Revised Development budget reduction is mainly due to a net off of the following:

- Increase in net GOK of **Kshs. 7.3 billion** for flagship Projects
- Increase for the Annuity Fund of **Kshs. 3.2 billion**
- Reduction in net GOK of **Kshs. 4.5 billion**
- Reduction in Development Partner Component

The PS submitted that The State Department has one programme - Road Transport against which targets and key performance indicators are derived. Based on the physical output achievements of the first half of the Financial Year and a reduction in budget provision amounting to **Ksh. 4.5 billion** under the 1st Supplementary Budget, the State Department has revised downwards its key output targets of Construction and Rehabilitation of Roads. The revised outputs are considered commensurate with the available funding while at the same time considering the outputs to be financed by debt from Contractors in form of outstanding bills for works to be certified in the 2nd half of the Financial Year June 2022 on Projects with insufficient budget to finance the certified works. The **Ksh.4.5 billion** net GOK reduction mostly affected Low Volume Seal Roads.

The revised outputs and targets resulting from the revised budgets are tabulated bellow

No.	Sub-Programme	Key Outputs	Printed 2021/22	1 st Revised 2021/22	Remarks
1.	Construction of Roads and Bridges	KM of Roads Constructed	2,039	1,506	Output has been slowed down mainly due delayed payments to Contractors

		No. of Bridges Constructed	30	18	Output has been slowed down mainly due delayed payments to Contractors
2.	Rehabilitation of Roads	KM of Roads Rehabilitated	85	54	Output has been slowed down mainly due delayed payments to Contractors

The Ps noted that The State Department has under achieved in all its physical outputs as at the end of the first half of the Financial Year 2021/2022 due to budget insufficiency to finance ongoing Contracts.

In terms of projects introduced through the supplementary, the PS submitted that the State Department has two new Projects that have been introduced in the Supplementary Estimates as follows;

- a) Dualling of Nairobi Eastern Bypass;
- b) Construction of Garissa-Isiolo (A10) Road to Gravel Standards

In his parting short, the Principal Secretary requested that Parliament and The National Treasury consider an additional net GoK Development Budget allocation of **Kshs. 100 billion** in the current Financial Year 2021/22 to enable the State Department pay off some of the outstanding bills and finance a portion of the works up to June 2022.

The Committee raised concerns on the slow pace of implementation of road projects in the country citing examples of roads where contractors have demobilized. In his response the PS informed the committee that it all boils down to the capacity of the Contractor where some established contractors continue with their works as wait for the payments whereas others, especially local ones, have to halt until their certificates are honored.

3.2 State Department for Transport

The Principal Secretary informed the committee that the State Department for Transport was allocated Grand Total of **Kshs. 10,624,500,336** to finance projects, activities and programs under the State Department purview. Out of this amount, **Kshs. 9, 428,200,336** was in respect to the Recurrent Vote and **Kshs.1, 196,300,000**, was to cater for Development Expenditure.

However, in the released Revised Supplementary Budget Estimates NO.1 for 2021/2022 FY, there are significant budget cuts. The State Department for Transport has been allocated a reduced amount totaling to **Kshs.10, 368,515,862**

The PS submitted that the reduction of **Kshs. 52,822,249 in recurrent** affects crucial items for Operations and Maintenance was deducted by the National Treasury. This will greatly hamper operations in the implementation of the Performance Contract for the Financial Year ending 30th June 2022.

The PS further submitted that there was an Additional amount of **Kshs. 1,000,000,000**, being the Current Grant and Transfer to the **Kenya Airports Authority** to [KAA], to cater for existing Pending Bills and other obligations in the State Cooperation.

The State Department for Transport appealed to the **Departmental Committee on Transport, Public Works and Housing**, to request the National Assembly and the National Treasury to kindly restore the Allocation amounting to **Kshs. 278,419,249** in the Revised Supplementary Budget Estimates 2021/2022. This will enable the State Department to fully implement the named Priority Projects and Programs.

The Committee observed with concern the reduction of the approved budget for rehabilitation of Airstrips/airports across the country.

3.3 State Department for Shipping and Maritime

The PS submitted that the supplementary I budget proposal for the financial year 2021/22 for the State Department as analyzed in the following table

Budget	Kshs. Millions		
	Printed Estimates FY 2021/22 (A)	SUPPLEMENTARY I (B)	Variance (C= A-B)
		FY 2021/22	
Recurrent	2,037	2099	62
Development	750.2	660.2	(90)
Total	2,787.2	2,759	(28)

The PS informed the Committee that there was an increase of A.I.A of Kshs.80M from BMA is due to an increased uptake of the modular and short courses. The Academy has also expanded the course portfolio due to increased demand for training in the maritime sector. The additional resources will be used to facilitate the resource persons.

The PS further submitted with regards to the following projects;

- **Multinational Lake Victoria Maritime Communications & Transport Project – the reduction of GoK component by Ksh.148Million** is informed by delayed commencement of the project activities planned for the FY 2021/2022 occasioned by the ongoing finalization of the Project’s Mid-Term Review and restructuring by the African Development Bank (AFDB). The Decision of the Development Partner (AFDB) on the mid-term review outcome was expected by October, 2021 but to date, its yet to be communicated. The loan component was also reduced by Ksh.10 million to

Kshs. 100 million based on the market survey for search and rescue Boats that were intended to be acquired through donor funding.

- **Construction of Kenya Maritime Authority Headquarters-** the Increment by Kshs.138 million was occasioned by carry-overs from the FY 2020/21. The project's completion date was April, 2021, but due to challenges in procurement of aquarium and water proofing works which lie in the critical path of the project, the completion date was delayed, Project disbursement slowed down and the Project spilled into the FY 2021/22.

3.4 State Department for Housing and Urban Development

The Principal Secretary submitted that the budget for the State Department for Housing and urban Development has been reviewed upwards from Kshs. 15 billion to Kshs. 18.5 billion. He noted the additional resources is for Kazi Mtaani programme which is about to roll out its third phase. He further, the budget rationalization affected a number of ongoing projects with pending certificates to be honored.

The PS informed the Committee that the National Treasury adjusts the budgets for the State Departments without consulting them. This adds to the cries of most of the other accounting officer's claiming that the National Treasury does not consult the user departments during review of the approved budgets leading to unnecessary pending bills.

The Committee raised concern on how the Kazi Mtaani initiative is implemented. The discussion revolved around identification of beneficiaries, possibility of nonexistent beneficiary, and abuse by local administrator as well as concentration of the programme activities in urban centres.

3.5 State Department for Public Works

The Principal Secretary informed the Committee the Gross Supplementary Estimates I for FY 2021/22 is **Kshs. 4.15 billion** for both Recurrent and Development vote is shown in the table below:

Economic Item & Title	Gross Estimates FY 2021/22 (Kshs. Millions)	Revised Estimates FY 2021/22 (Kshs. millions)	Variance (Kshs. millions)	% Change
Recurrent	3,111	3,124	13	0.4%
Development	1,127	1,027	(100)	-8.8%
Total	4,238	4,151	(87)	-2.1%

The PS further noted that the gross recurrent budget increased by **Kshs. 13 million** from **Kshs. 3,111 million** to **Kshs. 3,124 million**. The increase is on account of revision of AIA projection

from Ksh.4Million to Ksh.24Million. However, the net decrease in recurrent allocation under revised budget is **Kshs. 7 million** on account of budget rationalization.

The gross development budget declined by Kshs.100Millionfrom Ksh.1,127 to Ksh.1,027. The decline is on account of budget rationalization. The Supplementary 1 estimate affected the implementation of County Headquarters, Big Four Agenda projects and some footbridges

The Principal Secretary Submitted that the State Department have various bills and claims which remain unsettled due to inadequate funds. These include;

- i) **Legal Claims** - The State Department continues to receive requests from the Attorney General to settle legal claims emanating from various court awards. The current year allocation is only Kshs. 600,000. Although Kshs. 3.6 million has been provided during the current revise budget, we continue to hold claims of over Kshs. 20 million. We are seeking for your support on this area.
- ii) **Subscription to professional bodies-** The State Department has been in arrears in honoring membership fees and subscription to professional bodies for various cadres of technical staff. The current allocation of Ksh.2.4Million is not sufficient to cater for requirement.
- iii) **Pending bills:** Total outstanding bills as at 31st January 2022 is Kshs. 466 million broken down as shown in the table below. The unpaid bills will have pressure in the FY 2022/23 budget allocation

PART III


4.0 COMMITTEE OBSERVATIONS

- i. The Committee observed that the State Department for Infrastructure has accumulated pending bills amounting to Kshs. 114 billion as at 31st December 2021. This situation is worsened by the reduction of Kshs. 4,500 million from the ongoing low Volume Seal Roads resulting into downward review targets that were to be achieved by the end of financial year 2021/22.
- ii. The Committee notes with concern that the consultation on the proposed rationalization of expenditures between the National Treasury and user departments is not adequate. This is manifested by incidences where the proposed cuts are on crucial items under operations and maintenance as well as development expenditures. This leads to budget cuts on expenditures that have already been committed and therefore results into accumulation of pending bills.
- iii. The Committee observed that the budget cuts for the development expenditure of the State Department for Transport affected ongoing construction and rehabilitation of Airports/Airstrips across the country. It is noted that ongoing works on some of these projects were at advanced stages to an extent of raising certificates for payments.
- iv. The Committee observed that the Approved allocation of Kshs. 30 million for maintenance of Transom House which serves as Headquarters of the Ministry was reduced to zero despite the urgency of some components of the works including maintenance and rehabilitation of lifts.

5.3 Summary of Observations and Recommendations

S/No.	Observation	Policy Recommendation for Supplementary	Financial Recommendation
1.	The Committee observed that the State Department for Infrastructure has accumulated pending bills amounting to Kshs. 114 billion as at 31 st December 2021. This situation is worsened by the reduction of Kshs. 4,500 million from the ongoing low Volume Seal Roads resulting into downward review targets that were to be achieved by the end of financial year 2021/22.	That the National Treasury, after adoption of this report, ensures that the Kshs.75 billion infrastructure bond floated by the Central Bank of Kenya (CBK) be exclusively used to finance road projects.	<p>a) Decrease</p> <p>i. Kshs. 2,000 million from the project (1091128000 Annuity Low Volume Seal Roads) in the roads Transport programme</p> <p>b) Increases</p> <p>ii. Increase Kshs. 2,000 million for Low Volume Seal Roads in the road Transport programme as development support to ongoing projects.</p>
2	The Committee notes with concern that the consultation on the proposed rationalization of expenditures between the National Treasury and user departments is not adequate. This is manifested by incidences where the proposed cuts are on crucial items under operations and maintenance as well as development expenditures. This leads to budget cuts on expenditures that have already been committed and therefore results into accumulation of pending bills.	That during formulation of subsequent supplementary estimates, the National Treasury ensures proper and exhaustive consultations are done with the user Departments of affected budgets	
3	The Committee observed that the budget cuts for the development expenditure of the State Department for Transport affected ongoing construction and rehabilitation of Airports/Airstrips across the country. It is noted that ongoing works on some of these projects were at advanced stages to an extent of raising certificates for		<p>a) Decrease</p> <p>iii. Kshs. 185.5 million from the recurrent liquidity support to Kenya Airports Authority in the Air Transport Programme</p> <p>b) Increases</p> <p>iv. increase Kshs. 180.5 million to development and rehabilitation of</p>

	payments.		Airstrips/Airports in the Air transport programme as reinstatements of the budget cuts
4.	The Committee observed that the Approved allocation of Kshs. 30 million for maintenance of Transcom House which serves as Headquarters of the Ministry was reduced to zero despite the urgency of some components of the works including maintenance and rehabilitation of lifts.		<p>Increases</p> <p>v. Kshs. 5 million for refurbishment of lifts at Transom House in the General Administration Planning and Support Services in development vote</p>

SIGNED.....  DATE 17/02/2022
HON. DAVID PKOSING, CBS, M.P

**CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS & HOUSING**

6.0 Annexures

Annex 1: Mini Schedule indicating the final ceilings per programme

Annex 2: PBO brief on the Supplementary Budget

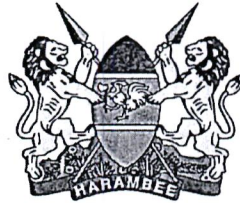
Annex 3: MDA's submissions

Annex 4: Minutes of the Committee sittings

Annex 5: Adoption List

DEPARTMENTAL
COMMITTEE ON
EDUCATION AND
RESEARCH

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

COMMITTEE ON EDUCATION AND RESEARCH

REPORT ON THE CONSIDERATION OF THE 2021/22 SUPPLEMENTARY BUDGET
ESTIMATES I FOR THE MINISTRY OF EDUCATION AND THE TEACHERS
SERVICE COMMISSION

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PART I

1.0 PREFACE

1.1 Introduction

This is the report of the Departmental Committee on Education and Research on the scrutiny of the Supplementary Budget Estimates 1 for 2021/22 for the Ministry of Education and the Teachers Service Commission. The report is as a result of deliberations between the Committee and the Ministry of Education and the Teachers Service Commission.

The report contains the observations and the recommendations of the Committee as regards the proposed supplementary budget estimates for the education sector.

1.2 Mandate of the Committee

The Departmental Committee on Education and Research is established under Standing Order 216 and mandated to consider all matters relating to the Education Sector. Thus, in terms of budget oversight, the Committee covers the Ministry of Education and the Teachers Service Commission. Thus, the Committee has its oversight role covering the following Agencies:

- i. State Department for Early Learning Basic Education
- ii. State Department for University Education and Research
- iii. State Department of Vocational and Technical Training
- iv. State Department for Post Training and Skills Development
- v. State Department for Implementation of Curriculum Reforms
- vi. Teachers Service Commission.

1.3 Committee Membership

The Committee comprises of the following Members: -

Chairperson

1. Hon. Florence Mutua, MP
Busia County

Orange Democratic Movement Party

Vice Chairperson

2. Hon. Ngunjiri Wambugu
Nyeri Town Constituency

Jubilee Party

3. Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
Orange Democratic Movement Party
4. Hon. (Dr.) Pamela Ochieng, MP
Migori County
Orange Democratic Movement Party
5. Hon. (Eng.) Nzambia Kithua, MP
Kilome Constituency
Wiper Democratic Movement Kenya
6. Hon. (Prof.) Zadoc Abel Ogutu, MP
Bomachoge Borabu Constituency
Independent
7. Hon. Eric Muchangi Njiru, MP
Runyenjes Constituency
Jubilee Party
8. Hon. Eve Obara, MBS, MP
Kabondo Kasipul Constituency
Orange Democratic Movement Party
9. Hon. Jackson Lekumontare, MP
Samburu East Constituency
KANU Party
10. Hon. Jerusha Momanyi, MP
Nyamira County
Jubilee Party
11. Hon. Joseph Tonui, MP
Kuresoi South Constituency
Jubilee Party
12. Hon. Omboko Milemba, MP
Emuhuya Constituency
Amani National Congress
13. Hon. Peter Lochakapong, MP
Sigor Constituency
Jubilee Party
14. Hon. Wilson Sossion, MP
Nominated Member
15. Hon. Wilson Kogo, MP
Chesumei Constituency
Jubilee Party
16. Hon. (Dr.) Daniel Kamuren Tuitoek, MP
Mogotio Constituency
Jubilee Party
17. Hon. Gichuki Mugambi, MP
Othaya Constituency
Jubilee Party
18. Hon. Paul Mwirigi, MP
Igembe South Constituency, **Independent**
19. Hon. Ali Lokiru Mohammed
Turkana East Constituency
Orange Democratic Movement Party

1.4 Committee Secretariat

The Committee secretariat comprise of:-

Mr. Philip Lekarkar
Clerk Assistant II

Ms. Grace Wahu
Clerk Assistant III

Mr. Eric Kanyi
Fiscal Analyst II

Ms. Winnie Kulei
Research Officer II

Ms. Mercy Wanyonyi
Legal Counsel

Ms. Catherine Mukunyi
Sergeant At Arms

Mr. Collins Mahamba
Audio Officer

1.5 Overview on the Examination of the proposed 2020/2021 Supplementary Budget Estimates I

The 2021/22 Supplementary Budget Estimates were submitted to the National Assembly pursuant to Article 223 of the Constitution on Tuesday 9th February, 2022. The Constitution and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Supplementary Budget Estimates and make recommendations to the Budget and Appropriations Committee.

Thus, as has been the practice and guided by the provision of the Standing Orders, the Supplementary Estimates were committed to the Committee to deliberate upon according to its mandate and make recommendations to the Budget and Appropriation Committee.

Following the tabling of the Supplementary Budget Estimate, the Departmental Committee on Education and Research was apprised on the contents of the Estimates as proposed and thereafter proceeded to hold consultative meetings with the five Departments within the Ministry of Education and the Teachers Service Commission.

1.6 Acknowledgement

The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2021/22 Supplementary Budget Estimates I.

On behalf of the Departmental Committee on Education and Research, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the proposed 2021/22 Supplementary Budget Estimates I for the Ministry of Education and the Teachers Service Commission.

HON. FLORENCE MUTUA, CBS, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH)

PART II

2.0 OVERVIEW OF THE 2021/22 SUPPLEMENTARY ESTIMATES 1 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

Mr. Chairman,

As indicated below, the 2021/22 gross approved budget for the Education sector which has six (6) spending agencies amounts to Kshs. 503 billion. The 2021/22 supplementary estimates has revised this allocation to Kshs 522 billion which represents an increase of Kshs 18.4 Billion.

Table 1: 2021/22 approved budget (Kshs Millions)

Vote	Approved Estimates	Supplementary Estimates 1	Revised Estimates
Vocational and Technical Training	23,295	(291)	23,004
University Education and Research	95,413	8,584	103,997
Early Learning & Basic Education	103,290	3,093	106,383
Post Training and Skills Development	268	36	304
Implementation of Curriculum Reforms	-	88	88
Teachers Service Commission	281,704	6,909	288,613
Total	503,970	18,419	522,389

Mr. Chairman,

The 2021/22 budget for the State Department for Vocational and Technical Education has been reduced by Kshs 291 million. This brings the revised allocation to Kshs 23 Billion. The recurrent budget has been increased by Kshs 349 Million whereas the development budget has been reduced by Kshs 640 million.

The overall recurrent estimates have been increased by Kshs 349 Million. This is on account of increase in AIA in National Polytechnics and allocation to cater for personnel emoluments. The following key items have been affected by the recurrent budget adjustments:

- Directorate of Technical Education- an increase of Kshs 131 million on the compensation of employees' component.
- Technical Training Institutes - a reduction of Kshs 50 Million.

- TVET Authority- an increase of Kshs 50 Million
- Sigalagala Polytechnic- Increase of Kshs 137 Million (AIA)
- Gusii Polytechnic- increase of Kshs 89 Million (AIA)

The overall development budget has been adjusted downwards by Kshs 640 Million. The adjustments is on account of reduced donor commitments. Some of the key reductions in the capital projects are as follows:

- GOK/ADB 38 TTI's equipping project – a reduction of Kshs 220 Million
- GOK/China equipping of 134 TTI's- an increment of Kshs 200 million
- EA Skills Transformation and Regional Integration (World Bank) - reduction of 350 Million. The project is aimed at supporting selected national polytechnics to be centres of excellence in technical education.
- GOK/ADB TVET and Entrepreneurship- a reduction of Kshs 300 Million

Mr. Chairman,

The overall 2021/22 budget for the **State Department for Early Learning and Basic Education** has been increased by Kshs 3.1 billion. This brings the revised allocation to Kshs 106.4 Billion. The adjustment has affected both the recurrent and the development estimates. The recurrent budget has been increased by Kshs 1.9 billion whereas the development budget has been increased by Kshs 1.1 billion.

The recurrent estimates have been increased by Kshs 1.9 billion on account of providing resources for KCSE examinations in terms of compensation of teachers who will mark and supervise the examinations and towards support to the school feeding programme. The following are the key items affected:

- Secondary and tertiary education services- Increment Kshs 997 Million on other operating expenses
- School feeding programme- Increment of Kshs 1 Billion

The overall development estimates have been increased by Kshs 1.1 billion. The increment is on account of provision of funds to construct CBC classes as well as increased donor commitments. The key projects affected are:

- Secondary school infrastructure improvement – Increment of Kshs 1 Billion
- Kenya Primary Education project (GPE) donor funded project – increment of Kshs 1.4 Billion
- School Infrastructure in North Nyamira/Borabu (Donor)- a reduction of Kshs 300 Million
- Kenya Secondary Quality Improvement Project (SEQIP)- Kshs 1.6 Billion
- Kenya GPE COVID 19 learning continuity in basic education (Donor funded project) - increment of Kshs 564 Million
- ICT to support Competency Based Assessment (CBA) - Kshs 53 Million

Mr. Chairman,

The overall 2021/22 approved budget for the **State Department for University Education and Research** has been increased by Kshs 8.5 Billion. The recurrent estimates have been increased by Kshs 8.6 billion whereas the development budget has been reduced by Kshs 136 million.

The recurrent estimates have been increased by Kshs 8.5 billion on account of upward revision of AIA (local income) collected by public universities (Kshs 8.3 Billion) and GOK exchequer to various universities totaling Kshs 200 Million to cater for the CBA.

Other items affected under recurrent are:

- Department of Research Development – an increment of Kshs 25 Million for personnel emoluments;
- Headquarters Administrative Services – a reduction of Kshs 16 Million;

The development estimates have been reduced by Kshs 36 million. The reduction is mainly due to reduced donor commitments. Some of the projects affected are:

- University of Nairobi- Africa coordinating centre for the abandonment of FGM- New project with an allocation of Kshs 17 Million (donor support)
- University of Nairobi- Generating evidence for population dynamics- A reduction of Kshs 4 Million (Donor project);
- Maseno University- Construction of tuition and administration block- an increment Kshs 50 Million;
- Cooperative University- Kenya Rural Transformation centre digital platform- New project with an allocation of Kshs 51 Million (Donor project);

- Science and Technology park initiatives- a reduction of Kshs 50 Million;
- Construction of centres of excellence- a reduction of Kshs 100 Million;

Mr. Chairman,

The 2021/22 overall budget for **this State Department for Post Training and Skills Development** has been reduced by Kshs 35 million and this brings the revised allocation down to Kshs 233 million. The reduction is on non-core areas of expenditure.

Mr. Chairman,

This is the new **State Department for Implementation of Curriculum Reforms** had no allocation in the approved budget in 2021/22. The Department has now been allocated a recurrent budget of Kshs 88 Million to implement one programme. This allocation is mainly for operationalization.

Mr. Chairman,

The 2021/22 overall budget for the **Teachers Service Commission** has been increased by Kshs 6.9 Billion and this brings the revised allocation to Kshs 288.1 Billion. As indicated below, the recurrent budget of the Commission has increased by Kshs 6.9 Billion whereas the development budget has reduced by Kshs 130 Million.

The recurrent estimates have been increased on account of enhanced allocation to cater for teachers' personnel emoluments. The key head items affected are:

- Teacher resource management – increment of Kshs 6.9 Billion to cater for personnel emolument shortfalls as well as recruit 1,800 secondary school teachers for ASAL areas;
- Field Administrative Services – reduction of Kshs 22 Million

3.0 SUBMISSION BY THE MINISTRY OF MINISTRY OF EDUCATION AND TEACHERS SERVICE COMMISSION

Mr. Chairman,

The Ministry of Education and the Teachers Service Commission appeared before the Committee on to deliberate of the contents of the supplementary estimates. The detailed presentations made to the Committee are annexed to this report. The below section outlines a summary of the

presentations made by each state Department within the Ministry of Education and the Teachers Service Commission.

1) STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION

Overview of the Recurrent Budget

Budget item	2021/22 FY Printed Estimates (Kshs)	2021/22FY Supp. Estimates I (Kshs)	Net Effect of Supp. Estimates
Primary Education	16,871,153,177	17,863,688,266	992,535,089
Secondary Education	66,389,444,764	67,387,050,616	997,605,852
Quality Assurance and Standards	3,701,012,495	3,700,205,423	-807,072
General Administration Planning and Support Services	4,602,097,804	4,594,103,818	-7,993,986
Total Recurrent Budget	91,563,708,240	93,545,048,123	1,981,339,883

Under the Recurrent Budget, the State Department received an additional allocation of **Kshs.1 billion** for School Examination and Invigilation Fees to cater for Secondary School Examinations. The School Feeding Program also received additional **Kshs. 1 billion** and **Kshs.20 million** was also provided to cater for car purchase allowances for the PS for Implementation of Curriculum Reforms and the Chief Administrative Secretary. The State Department lost **Kshs. 38,660,117** under other Operations & Maintenance. Overall, there is a net increase of **Kshs. 1,981,339,883**.

Overview of the Development Budget

Budget item	2021/22 FY Printed Estimates (Kshs)	2021/22FY Supp. Estimates I (Kshs)	Net Effect of Supp. Estimates
Primary Education	2,171,200,000	3,835,122,991	1,663,922,991
Secondary Education	8,830,400,000	8,224,800,000	-605,600,000
Quality Assurance and Standards	650,000,000	703,000,000	53,000,000
General Administration Planning and Support Services	75,000,000	75,000,000	0
Total Development Budget	11,726,600,000	12,837,922,991	1,111,322,991

Under the Development Budget, the State Department received an additional allocation of Kshs.1.6 billion under the Primary Education Program in Supplementary I to cater for the Implementation of Primary Education Development Project (PRIEDE) and COVID-19 Learning Continuity in Basic Education Project. These Funds were accessed under Article 223 of the constitution. Under the Secondary Education Program, the State Department received a net decrease of Kshs.605.6 million.

The State Department lost Kshs.1 billion which was meant for provision of locally fabricated desks, on the other hand, Kshs.2 billion was provided for construction of 10,000 classrooms under the Competency Based Program CBC project.

The Secondary School Infrastructure program also received an additional Kshs. 15 million for construction of sub-merged schools while the SEQIP project had a budget reduction of Kshs.1.62 billion.

Under the Quality assurance and Standards program, the State Department received an additional Kshs.53 million for ICT Infrastructure to support Competency Based Assessment.

A number of projects have been adversely affected by the proposals in the budget estimates I for 2021/22 FY. Key among them are as follows:

- (i) Competency-based Curriculum Assessment: - CBC school-based assessment for grades 3,4 and 5 in March, 2022 and Summative Assessment for Grade 6 Scheduled for November however the process starts in May, 2022. The programme was not funded in the budget and requires Kshs. 411 million.
- (ii) Construction of CBC classrooms: - A finding of Kshs. 4 billion is required under Phase I to cater for infrastructure requirements at Junior Secondary. This was a Presidential Directive to construct 10,000 classrooms at a cost of Kshs. 8 billion. The National Treasury approved Kshs. 4 billion (Kshs. 2 billion under Article 223 of the Constitution and Kshs. 2 billion to be processed during the Supplementary Budget Estimates I).
- (iii) Sanitary towels: - The program is intended to procure 6,288,653 sanitary towels to school going girls. The program promotes retention and reduced absenteeism among school going girls. The program requires a further allocation of Kshs. 200 million in addition to initial allocation of Kshs. 270 million allocated in the FY 2021/22 Budgets Estimates.

- (iv) School Feeding Programme: - There is a need for additional funding for Kshs. 1.130 billion to feed 151 days of the school calendar year. In addition, to cater for the urban slums school ongoing children by providing food. In the proposed supplementary Budget, Kshs. 1 billion has been provided. An additional Kshs. 130 million to enhance the School Feeding Program budget to Kshs. 2.986 billion is required.
- (v) Primary Special Needs Education (SNE): - Additional funding of 629 million to cater for 36,141 learners at the proposed rate of Kshs.30, 000 for provision of SNE kits, infrastructure and staffing is required.
- (vi) Primary Schools Infrastructure under the ESP: - Additional funding OF Kshs. 1.2 billion is required cater for construction of more WASH facilities and Classrooms. Some primary schools will be converted into junior secondary schools. In this regard, extra facilities will ensure social distancing in public schools is observed in line with the Post Covid-19 measures. Further, infrastructural facilities will be provided to schools affected by flooding disasters experienced in specific areas.
- (vii) Secondary Schools Infrastructure under the ESP: - The government initiative of 100% transition from primary to secondary education has increased the target enrollment of school learners hence the need to expand infrastructural facilities to reduce congestion in public schools at an additional cost of Kshs. 1.5 billion.
- (viii) Free Day Secondary Education: - The enrolment of learners has increased due to the government initiative to achieve 100% transition to secondary schools. The current enrollment in public secondary schools is 3,289,885 students. The cost per child is Kshs. 22,244 therefore translates to a total requirement of Kshs.73.180 billion in 2021/22. An addition Kshs. 10.739 billion is required to fund all students.
- (ix) Primary Teacher Training Colleges: - An additional funding of Kshs. 350 million is to prepare the institutions to transit to diploma training colleges by upgrading the current infrastructure, building & equipping of laboratories and libraries. The colleges are being used for retraining of teachers in line with the requirements for competency-based curriculum.
- (x) Quality Assurance and Standards: - increase capacity and scale of assessments and quality assurance and to ensure effective delivery of CBC at school level the State Department requires an additional funding of Kshs. 400 million.

- (xi) Domestic Travel and other transportation Costs: - The proposed reduction of Kshs.16.15 million in the supplementary budget estimates under local travel be reinstated as the reduction adversely affect monitoring of national examinations which will be undertaken between March and April.
- (xii) Monitoring Construction of CBC Infrastructure: - The DLI reimbursement is as a result of meeting the agreed targets under the development of policy guidelines on management of learner capitation and other grants at primary school level during the implementation of the just concluded PRIEDE project. The State Department requests Kshs. 113 million on monitoring the construction of CBC infrastructure

2) STATE DEPARTMENT FOR IMPLEMENTATION OF CURRICULUM REFORMS

The State Department for Implementation of Curriculum Reforms formally begun its operations on 6th May 2021.

The State Department was allocated Kshs. 87.6 million under Article 223 of the Constitution a created a Vote Head No. 1069. This is against a requirement of Kshs. **574 million** for the State Department with an allocation that is required operationalize the State and carry out the critical mandate.

The State Department has one programme w which is Coordination of the Curriculum Reforms Implementation and two sub-programmes namely Coordination of Curriculum Reforms and General Administration, planning and support services

The affected key activities under the programme are: -

- (i) Implementation of policies, frameworks and standards for curriculum reforms implementation.
- (ii) Operationalization and capacity building of the CBC National Steering Committee, County Transition Committee, Sub-County Transition Committee; and School Sub-Committees on Transition.
- (iii) Strengthening institutional capacities to implement the CBC through Sensitization of County Governments, managers and stakeholders of Pre-Primary Education and VTCs on the curriculum reforms.

- (iv) Research, monitoring, evaluation and reporting on baseline survey to inform status of curriculum reform
- (v) Vehicles: - The State Department being very new has not a single motor vehicle for operations. Currently, it is relying on Early Learning and Basic Education to facilitate transport needs.
- (vi) Office Space: - The State Department has no office space. Currently it is housed by the State Department for Early Learning and Basic Education who also have shortage of office space. It is becoming increasingly difficult to accommodate all staff members as the number of officers being posted rises.

Requests for consideration by the Committee

- (i) Allocation of Kshs. 67 million to procure six vehicles for the State Department to facilitate the officers including the Principal Secretary as Department does not have any vehicles.
- (ii) Allocation of additional Kshs. 11 million for establishing functional offices and Kshs. 9 million to do office partitioning.
- (iii) Allocation of Kshs. 13 million to undertake the necessary procurement for office equipment. The State Department does not have the necessary office equipment to facilitate its officers to undertake their work effectively. Currently the State Department is sharing furniture, printers, photocopiers, workstations and old computers with the State Department for Early Learning and Basic Education. This has consistently posed challenges in work performance.

3) STATE DEPARTMENT FOR UNIVERSITY EDUCATION AND RESEARCH

The State Department for University Education and Research is mandated to promote University Education Policy, University Education Management, Management of Continuing Education (excluding TVETs), Public Universities and Constituent Colleges Management and Education Research and Policy.

The proposed FY 2021/2022 Supplementary Estimates No. I will result to an increment in the gross budget of the State Department by Ksh. 8.6 billion. It is noted that the Supplementary increase is largely from increased AIA arising from requests by a number of SAGAs in the sub-sector.

In addition to the above increase in AIA, there is proposed budget rationalization on operations despite this item being underfunded. This will paralyze the implementation of planned activities.

The State Department's budgetary provision was quite low. The proposed rationalization will therefore most likely paralyze the operations and Monitoring and Evaluation considering that the 39 universities and university colleges are geographically sparsely spread across the country.

The State Department has very old motor vehicles that require replacement with new ones which are more fuel and maintenance efficient. The State Department has very old equipment and other ICT facilities.

The proposed Supplementary revision for each Programme is as shown in the table below:

Proposed amendments by Programme

S/No	Name of Programme	Gross Printed Estimates FY2021/22(Ksh)	Proposed amendments (Ksh)	Gross Supplementary Estimates No.1 FY2021/22 (Ksh)
1.	University Education	94,228,849,632	8,601,694,362	102,830,543,994
2.	Research, Science, Technology and Innovation	940,995,156	40,768,770	981,763,926
3.	General Administration, Planning and support services	242,970,516	(20,114,651)	222,855,865
Total		95,412,815,304	8,622,348,481	104,035,163,785

Additional Ksh. 200 million for CBA to Public Universities to cater for the balance of the 2017-2021 CBA that was yet to be paid. Additional Ksh. 28.6 million for compensation to employees to cater for new staff employed in the Technical Directorates of University Education and Research, Science & Technology. Reduced budget for Headquarters Operations and Acquisition of Non-Financial Assets amounting to Ksh. 26.6 million.

The proposed changes are on donor funding for projects implemented in the following universities:

- (i) Reduction of Kshs. 100 million from the construction of centres of excellence by the World Bank in Moi University, Egerton University and Jaramogi Oginga Odinga.
- (ii) Reduction of Kshs. 4 million from a project on Generating Evidence for Population Dynamics (ADB) and Kshs. 17,401,400 from Africa Coordinating Centre for the Abandonment of FGM (ADB) both project by the University of Nairobi.
- (iii) Reduction of Kshs. 51 million from a project on Kenya Rural Transformation Centres Digital Platform (ADB) to be implemented by Co-operative University.

The State Department has introduced the following new projects through the proposed FY 2021/2022 Supplementary Estimates No. I

- (i) Africa Coordinating Centre for the Abandonment of FGM in the University of Nairobi at estimated cost of Kshs. 17 million. Kshs. 3.4 million has already been provided under Article 223 of the Constitution. The National Assembly is requested to approve additional funds of 13.6 million to complete the project.
- (ii) Kenya Rural Transformation Project in Cooperative University at an estimated cost of cost of Kshs. 80 million of which Kshs. 6 million has already been provided under Article 223 of the Constitution. The National Assembly is requested to provide Kshs. 45 million to facilitate project implementation.

The proposed Supplementary Estimates I will negatively affect the General Administration, Planning and Support services Programme through budget rationalization of Ksh. 26.6 million.

This will highly compromise the service delivery in the sub sector. The most affected activities are planned purchase of ICT equipment, Monitoring & Evaluation and co-ordination of activities in the annual work plan and performance contract.

The State Department requests as follows:-

- (i) Underfunding of Headquarter activities: - The State Department has consistently been underfunded in its operations and maintenance budget. The further proposed reduction in the operations budget by Ksh. 26.6 million implies that planned activities, for example, routine Monitoring and Evaluation, facilitation of preparing the fourth Medium Term Plan (MTP

IV), local and foreign travel, and critical training for employees on skills and competence development cannot be undertaken and this will ultimately compromise realization of the core mandate of the State Department. Reinstatement of the operations budget that has been rationalized and additional funding for Operations and Maintenance; Ksh.100 million of which Ksh.50 million is proposed for lease of motor vehicles pending boarding and disposal of old unserviceable ones.

- (ii) Inadequate Infrastructure: - A number of infrastructure projects have suffered frequent budget rationalization (cuts) over the last two years. This has led to low progress of implementation, pending bills (certificates), court cases by contractors, court awards, stall projects and congestion of students. The State Department had requested the National Treasury to provide additional Ksh.3.3 billion in the Supplementary Budget. The Committee to consider increasing funding for ongoing projects in public universities and constituent colleges.
- (iii) Inadequate Student Loan Allocation: - A large number of students' loan applicants remain unfunded in the current Financial Year. The Committee is requested to enhance budgetary provision to HELB by Ksh.3 billion.
- (iv) Low Funding for Research, Science, and Technology & Innovation: - The budget for National Research Fund (NRF) has been reducing from Ksh.1.86 billion in FY 2018/19 to the current budget of Ksh.323 million. This has affected the funding of research in universities and constituent colleges. The Committee is requested to consider additional funding to National Research Fund (NRF) of Ksh.100 million and Ksh.20 million to Kenya National Innovation Agency (KENIA) to spur growth of collaborative research and commercialization of research output.
- (v) The Committee is requested to consider provision of Supplementary Budget to the following SAGAs to enable them bridge budgetary gaps arising from low capitation, statutory obligations and court awards and aadjustment of AIA for Kaimosi Friends University College, Commission for University Education and Kenya National Innovation Agency by Ksh. 23.1 million, Kshs 67 million and Ksh. 16 million respectively and proposes.

4) STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING

The Gross Resource allocation for Recurrent vote has been increased by Kshs 349,232,911 and the Gross Resource allocation for Development vote has been reduced by Kshs 639,978,665 totaling to a net reduction of Kshs. 290,745,754 for the Vote as shown in the table below:-

Vote	2021/22 FY Printed Estimates (Kshs)	2021/22FY Supplementary Estimates I (Kshs)	Decrease/Increase (Kshs) in NET
Recurrent	18,647,469,071	18,996,701,982	349,232,911
Development	4,648,436,000	4,008,457,335	(639,978,665)
Total Vote	23,295,905,071	23,005,159,317	(290,745,754)

The total recurrent vote was enhanced under the Supplementary estimates by a total of Kshs. 349,232,911 from the 2021/22 FY printed estimates figure of Kshs. 11,269,381,591 to Ksh. 11,618,614,502 in the 2021/22 FY Supplementary Estimates I as follows:-

Under the Recurrent vote, Personnel Emoluments was increased by Kshs 132,859,708 from Kshs. 6,470,000,000 to Kshs. 6,602,859,708 to cater for leave allowance, recruited trainers not in payroll awaiting PSC numbers and promotions of trainers.

Operations and Maintenance items were greatly affected by austerity measures leading to a reduction of Kshs.9, 804,051 across the recurrent vote from Kshs. 106,381,591 to Kshs. 96,577,540. This will seriously affect general operations especially on AIEs issued to County Directors, procurement of essential items and Monitoring and Evaluation.

AIA has also increased by Kshs. 226,177,254 from Kshs. 4,693,000,000 to Kshs. 4,919,177,254 as a result of increased enrolment and enhanced generation capacity in two National Polytechnics. Kisii National Polytechnic has increased its AIA by Kshs 88,977,254 and Sigalagala National Polytechnic by Kshs 137,200,000.

The overall development budget has been adjusted downwards by Kshs 639,978,665. The adjustments is on account of reduced donor commitments. This has affected projects implemented by the State Department.

Some of the key reductions in the capital projects are as follows:

- (i) GOK/ADB 38 TTI's equipping project – a reduction of Kshs 220 Million
- (ii) GOK/China equipping of 134 TTI's- an increment of Kshs 200 million
- (iii) EA Skills Transformation and Regional Integration (World Bank) - reduction of 350 Million.
The project is aimed at supporting selected national polytechnics to be centres of excellence in technical education.
- (iv) GOK/ADB TVET and Entrepreneurship- a reduction of Kshs 300 Million.

Due to the proposed changes in the Supplementary Budget, two programmes were affected namely:

- (i) Technical Vocational Education & Training programme-The proposed additional funding was to cater for operationalization of regional offices in Eldoret, Kisumu and Mombasa
- (ii) General Administration, planning and support services programme- The proposed reductions under this programme will severely affect operations& maintenance at the Ministry Headquarters especially on overseeing TVET institutions through Monitoring & Evaluation exercises.

The relocation of KTTC, funding constraints under Capitation, recruitment of trainers and lack of equipment in 70 newly completed institutions are key priority areas that require resources which have not been provided under the Supplementary Estimates as shown below:

- (i) Technical and Training Services: - Government has directed that KTTC be relocated to a location to be identified in Ngong. The State Department will require Kshs 71 Million for immediate requirements during the Supplementary estimates No 1 of the FY 2021/2022 and Kshs 4.5 Billion in the subsequent financial years. Tentative detail costings are provided in the relocation plan supporting the financial requirements. However, this requirement has not been provided in this supplementary, the State Department requests for allocation of funds for the relocation.
- (ii) Accreditation and Quality Assurance: - Following the introduction of Capitation, the number of trainees enrolled has outstripped the available budgetary allocation. The current allocation can only cater for 173,000 trainees whereas the current enrolment numbers of 259,184 trainees require Kshs 7.775 Billion leading to a shortfall of 2.575 Billion. As a result, the State Department will not be in a position to provide the 4th quarter capitation as this deficit has

not been catered for in this supplementary.

- (iii) Recognition of Prior Learning (RPL):- This is a key priority area as envisaged by the Presidential directive of 1st June, 2021. RPL- is a process used to identify, assess and certify a candidate's competencies regardless of when, where and how they were acquired against prescribed standards or learning outcomes. The policy has been approved by Cabinet, however there are no funds for implementation which is estimated at Kshs 100 Million per year.
- (iv) Infrastructure Development and Equipping of Completed Technical Training Colleges: - The are 70 newly operationalized and completed institutions that lack equipment. Funds were not provided in the Sector due the huge amounts required. The State Department wrote to the National Treasury on 10th September, 2021 requesting for additional through Strategic intervention amounting to Kshs 9.35 Billion since no resources were provided during the SWG. The National treasury advised a phased approach and procurement of the equipment through government budgetary allocations. However, no funds have been provided under this supplementary.

5) STATE DEPARTMENT FOR POST-TRAINING AND SKILLS DEVELOPMENT

The 2021/22 overall budget for this State Department has been revised downwards from an approved budget of Ksh. 268,000,000 to Ksh. 232,120,000, a decrease by Ksh. 35,880,000 which is an equivalent reduction by 13.4% as shown in the table below:-

S/No.	Economic Item	Approved Estimates (Kshs. M)	Supplementary No.1 Estimates (Kshs. M)	Increase/Decrease (Kshs. M)
1.	Compensation to Employees	76,000,000	81,000,000	5,000,000
2.	Use of Goods and Services	156,407,000	115,527,000	(40,880,000)
3.	Acquisition of Non-financial Assets	35,593,000	35,593,000	0
Total Allocation		268,000,000	232,120,000	(35,880,000)

The Supplementary Estimates No.1 estimates leaves the Department with a revised budget expenses amounting to Kshs. 232,120,000 to implement the planned programmes. This will affect

the programmes as follows:

- (i) Management of skills development had an approved budget of Kshs. 24,465,469. In the ongoing supplementary the amount is revised downwards to Kshs. 16,450,539, this reflects a budget reduction by Kshs. 8,014,930. This budget decrease will negatively impact on the development of the National Skills Occupational Standards; and completion of the National Education-Industry Linkages Policy.
- (ii) Work Based Learning services had an approved budget of Kshs. 60,552,482. In the ongoing supplementary the decrease is revised downwards to Kshs. 48,213,205, this denotes a budget decrease by Kshs. 12,339,277. The proposed decrease will negatively impact on the following three National Apprenticeship Programme, National Talent Programme and Entrepreneurship programme.
- (iii) Management of National Skills Inventory had an approved budget of Kshs. 14,050,756 before the proposed supplementary of Kshs. 10,343,484. The decrease is by Kshs. 3,707,272. This decrease will affect the completion of the National Skills Inventory which the Department intends to undertake.
- (iv) Skills and Employment Data-Based Management Services had an approved budget of Kshs. 32,969,960 before the proposed revision to Kshs. 27,191,586. This deduction of Kshs. 5,778,374 will impede development of the National Skills Management Information System.
- (v) Planning and Administrative Services had an approved budget of Kshs. 135,961,333, whereas in the ongoing supplementary No. I the budget is Kshs. 129,921,186. This depicts a decrease by Kshs. 6,040,147. The Department had an undertaking to review the draft Strategic Plan during the Financial Year 2021/22 and thus with the revision this will never happen. The operational costs (telephone, travel expenses, general office stationery, fuel among others) are also affected.
- (vi) The State Department is operating on a very lean budget and requests to be exempted from the proposed deductions and restoring the original budget of **Kshs. 285,000,000** which constitutes restoration of the approved budget of **Kshs 268,000,000** and request for additional **Kshs. 17,000,000** to cater for personnel emoluments deficit.

6) TEACHERS SERVICE COMMISSION

The 2021/2022 Supplementary Estimates I has been prepared at Kshs. 288.1 billion for recurrent expenditure and Kshs. 515.1 million for development expenditure. This represents an overall increase of Kshs. 6.9 billion to be utilized as follows:-

- (i) To cover the shortfall in personnel emoluments of Kshs. 5.7 billion
- (ii) To offset a deficit of Kshs. 600 million which is a carry forward from the 2020/2021 budget estimates on personnel emoluments.
- (iii) Payment of additional Kshs. 500 million for employer contribution to compulsory staff health insurance schemes for teachers to cater for additional teacher and Covid-19 related expenses which were not covered in the initial contract.
- (iv) Payment of service gratuity for teachers employed on contract to teach North Eastern Region amounting to Kshs. 200 million.
- (v) Appropriation in Aid (A-I-A) has been increased by Kshs. 10 million and will be utilized for payment of construction of County Office in Bomet at Kshs. 20 million, refurbishment of TSC building at Kshs. 400 million and additional provision of Kshs. 40 Million for Group Personal for teachers.

On recurrent expenditure, the Commission actual absorption was Kshs. 145.125 billion being Kshs. 144.161 billion as compensation to employees and Kshs. 964.343 million on operation and maintenance. The absorption rate for the period was 98 % for compensation to employees, and 88 % for operations and maintenance.

On development expenditure, the Commission absorbed Kshs. 2.5 million against the half year allocation of Kshs. 22.5 million on GOK funds and Kshs. 61.3 million against half year allocation of Kshs. 300 million for SEQIP funds. This gives an overall absorption rate of 20 %.

The Commission had introduced construction of County Office in Bomet in the Supplementary Budget Estimates I for the FY 2021/2022. The project is now 100 % complete. An amount of Kshs. 20 million has been included being final payment for the project.

The following programmes will be affected by the Supplementary Estimates I: -

General Administration planning and support services budget was reduced by 38.9 million which

will adversely affect operations at the headquarters and field offices. This includes timely dispensation of pending discipline cases and monitoring of teaching standards,

Reduction of Kshs. 1.5 million from the governance and standards programmes will affect proper monitoring of Teacher Performance Appraisal and Development (TPAD) and performance Contract Implementation and oversight as required by section 11 (c) of the TSC Act, 2012.

Reduction of Kshs. 150 million from SEQIP will affect set targets as per approved work plan which the Commission is already implementing.

Request for additional funding

The Commission requests that the following key areas be considered for funding:-

- (i) Personnel emoluments requirement not funded amounting to Kshs. 2.7 billion made up of shortfall in personnel emoluments at Kshs. 2 billion and shortfall in medical insurance for teachers for teachers Kshs. 700 million.
- (ii) Additional allocation of Kshs. 300 million for Teacher Capacity Development on Competency Based Curriculum.
- (iii) Reinstate the Kshs. 40.9 Million reduced from operation and maintenance and Kshs. 150 million reduced the Secondary Education Quality Improvement Programme (SEQIP) to enable the Commission discharge its mandate.

PART III

4.0 COMMITTEE OBSERVATIONS

Mr. Chairman,

The Committee having scrutinized the 2021/22 Supplementary Budget Estimates for the education sector and also having considered the various submissions during the scrutiny, made the following observations:

- i. The 2021/22 gross approved budget for the Education sector which has six (6) spending agencies amounts to Kshs. 503 billion. The 2021/22 supplementary estimates has revised this allocation to Kshs 522 billion which represents an increase of Kshs 18.4 Billion. The various Departments have been affected as follows:
 - State Department for Early Learning and Basic Education – An increment of **Kshs 3.1 Billion**
 - State Department for Vocational and Technical Training – a reduction of **Kshs 291 Million**
 - State Department for Post Training and Skills Development – a reduction of **Kshs 36 Million**
 - State Department for University Education and Research – An increment of **Kshs 8.6 Billion**
 - Teachers Service Commission- Increment of **Kshs 6.9 Billion**
- ii. The government has provided Kshs 2 Billion for construction of classrooms as part of expanding CBC infrastructure which targets to build 10,000 classrooms at a cost of Kshs 8 Billion. The target is to have in place 2,500 classrooms and the construction process is currently ongoing. However, the Committee is concerned about the criteria applied to allocate resources to construct classrooms despite the geo-physical differences (terrain) in the country as well as lack of land especially in schools within urban settings which might require construction of storey buildings;

- iii. The TSC has been provided resources to recruit 1,800 teachers for ASAL and hard to staff areas including urban areas. This is commendable since it will go a long way in addressing teacher shortages in this areas and support delivery of quality teaching;
- iv. The Appropriations in Aid (AIA) for various public universities has been revised upwards at the request of individual universities. This is an indication that the fortunes of the public universities are changing and when they are well supported in a comprehensive reform package they will be able to well navigate the challenges being faced;
- v. The Competency Based Curriculum (CBC) school-based assessments for grades 3, 4 and 5 in March, 2022 and the summative assessment for grade 6 is scheduled for November 2022. To allow for adequate preparation, there is need to provide resources to towards this critical milestones for the CBC;
- vi. The State Department for Implementation of Curriculum reforms has been operationalized with an allocation of Kshs 88 Million. This Department which was created in 2021 and is critical given its role in guiding the implementation of CBC. One of the areas which this Department needs to focus as it settles down to work is to rollout public awareness campaigns to ensure that CBC gets support and is appreciated by the public.
- vii. There is a general neglect of Teachers Training Colleges (TTC's) in terms of infrastructure improvement despite these institutions poised to play a very critical role as the CBC is being rolled out. These institutions are mandated to train teachers on the new methodologies of delivering the CBC curriculum. There is need to improve and expand the infrastructure and amenities in these institutions to ensure that primary school teachers are adequately trained;
- viii. The government has provided Kshs 200 Million towards the Collective Bargaining Agreement (CBA) for the University academic staff. This allocation will be part of the first tranche where Kshs 2.2 Billion was agreed upon hence Kshs 200 Million was remaining, which has now been provided under this supplementary. The implementation of the CBA is important to avert industrial action in universities.

- ix. There is lack of consultation between the National Treasury and the Ministry of Education in the preparation of the supplementary budget estimates. This has resulted to budget re-arrangement by the National Treasury that is against the priorities of the Ministry hence affecting service delivery. This lack of consultations has majorly affected donor funded projects where commitments have already been entered in to yet the National Treasury has rationalized donor support;

- x. Given the time remaining to the end of the current FY 2021/22 and taking into consideration procurement procedures involved, the proposed allocation to some projects may not be fully utilized hence need to be rationalized and priority given to other merging areas of need within the sector;

4.0 COMMITTEE RECOMMENDATIONS

Mr. Chairman,

The Committee having received submissions from the Ministry of Education and the Teachers Service Commission, makes the following recommendations regarding the 2021/22 Supplementary Budget Estimates for the Education Sector. The recommendations are mainly based on the emerging needs in the sector.

a) Proposed reallocations (Reductions and Increments)

i. State Department for Early Learning and Basic Education

The Committee proposes reductions in the following areas:

Programme	Area/Item	Reduction	Justification
Primary Education	Procurement of desks for primary schools	Kshs 900 Million (Development)	To support other urgent priorities in the sector given that the procuring process of the desks has not begun and it is unlikely to be completed in the remaining few months of the financial year. Further in 2020/21 desks were procured and in 2022/23 there are plans to procure more desks with an allocation of Kshs 1.5 Billion.
	Digital Literacy Programme (DLP)	Kshs 110 Million (Development)	The planned project activities for the current financial year has not begun hence the allocation will not be absorbed.
	School feeding programme	Kshs 520 Million (recurrent)	The Ministry is yet to complete and undertake re-mapping on areas to benefit from the programme hence the proposed increment will only cover the existing areas based on the old criteria where there are equity issues.
	Tom Mboya TTC and Muhoho TTC	Kshs 60 Million (Development)	There is an agreement that this allocation be channeled to primary and secondary school infrastructure in the same areas.
Total	Kshs 1,590 Million		

The Committee proposes increments in the following areas:

Programme	Increment	Institution (s)	Justification
Primary Education	Kshs 100 Million for CBC assessments (Recurrent)	Competency Based Curriculum (CBC) Assessments	CBC school-based assessments for grades 3, 4 and 5 in March, 2022 and Summative Assessment for Grade 6 Scheduled for November but the process starts in May, 2022.
	Kshs 410 Million towards infrastructure support to public Teachers Training Colleges (TTC) (Development)	The following TTC to get Kshs 32 Million each. Bondo TTC, Kenyena TTC, Kaimosi TTC, Aberdare TTC, Narok TTC, Garrissa TTC, Galana TTC, Seme TTC, Bishop Mohan TTC and Chesta TTC . The following TTC's to get Kshs 25 Million each. Kibabii TTC and Lugari TTC. Kagumo TTC- Kshs 20 Million Ikanga TTC- Kshs 20 Million	Most of the public TTC in the country have been neglected and are in dire need of infrastructure improvement and this will assist as the country prepares to rollout the CBC and this institutions will play a key role in training teachers at Diploma level to guarantee quality
	Kshs 100 Million (recurrent)	Support to Naconek	NACONEK is implementing Hunger and attrition of Pupils in Emergency programme. The additional funds will cater for fortified porridge for school going children in the targeted regions. Further, there is need to fully operationalize Naconek as it prepares to takeover entire school feeding programme as the implementing agency.
	Kshs 50 Million for	Kshs 20 Million to support infrastructure	Funds reallocated from Tom Mboya TTC and Muhoho TTC

Programme	Increment	Institution (s)	Justification
	Primary and secondary school Infrastructure (Development)	improvement in the following schools: Nyamuga Primary- Kshs 4 Million Mbita High school- Kshs 5 Million Hon. Millie Aringo girls- Kshs 4.5 Million Wasaria Primary school- Kshs 4.5 Million Mawanga Art Mfangano- Kshs 2 Million Kshs 30 Million to support infrastructure improvement in the following schools: St. Rita Wamwangi High School- Kshs 10 Million Githuya secondary school- Kshs 10 Million Muthiga Girls High School- Kshs 10 Million	
	Kshs 100 Million to support KISE (Recurrent)	Kenya Institute of Special Education (KISE)	Under the CBC education system, the functions of KISE have been expanded to among others include empowering/ retooling teachers, assessment officers and parents of SNE learners. In this regard, KISE is undergoing restructuring and adaptation of her programmes to effectively offer services as expected under the new education system.
	Kshs 10 Million to support Kenya	Kenya Girl Guides Association	This is a national wide movement that empowers girls with life skills such as making

Programme	Increment	Institution (s)	Justification
	Girl Guides Association (Recurrent)		handcrafts and community work as well as instilling important values including how to support one another, appreciating diversity and being active citizens. The additional funds will facilitate the Association to upscale their programmes in order to reach out to more targeted members.
Quality Assurance and Standards	Kshs 90 Million support to KICD for construction of Education resource centre (Development)	Kenya Institute of Curriculum Development (KICD)	To support the completion of this building which will be a one stop shop for curriculum developers and end users to evaluate and develop ideas to improve processes and systems in teaching and learning especially with the implementation of CBC.
General Administration, Planning and Support Services	Kshs 30 Million for office supplies including supplies such as printing papers, toners among others (Recurrent)	Headquarters Administrative services	To support the daily operations of the Department
	Kshs 2 Million to New York Education Office (Recurrent)	New York Education Office	To cater for accommodation for the new Education Attache/
Secondary Education	Kshs 100 Million to procurement of laboratory consumable by Science Equipment Production Unit (SEPU) (Recurrent)	Science Equipment Production Unit (SEPU)	The additional funds will be utilized for restocking the finished goods stores with laboratory equipment and chemicals purchase laboratory equipment and chemicals in order to enhance and promote universal quality and standardized basic science education in Kenya.
Total	Kshs 992 Million		

ii. State Department for Vocational and Technical Training

The Committee proposes increments in the following areas:

Programme	Increment	Institutions	Justification
Technical Education	Kshs 135 Million Infrastructure support to Technical Training Institutes (TTI's) (Development)	Eregi TTI- Kshs 20 Million Mathare TTI - Kshs 20 Million Ugenya TTI- Kshs 20 Million Navakholo TTI - Kshs 15 Million Ikutha TTI- Kshs 15 Million Wajir South TTI- Kshs 10 Million Waresa TTI- Kshs 10 Million Kerio Valley TTI - Kshs 10 Million Kilome TTI -Kshs 10 Million Garbatulla TTI - Kshs 5 Million	To support ongoing projects in the TTI's.
Total	Kshs 135 Million		

iii. State Department for University Education and Research

The Committee proposes **increments** in the following areas:

Programme	Area/Item	Increment	Justification
University Education	Kshs 260 Million infrastructure support to small and upcoming universities (Development)	Garissa University- Kshs 30 Million Kaimosi University College- Kshs 100 Million for perimeter wall project Masinde Muliro- Kshs 50 Million University of Nairobi- Kshs 70 Million Butula Centre for Education Research and Development - Kshs 10 Million	To support the ongoing projects in the listed public universities.
	Kshs 200 Million support to government sponsored students in private Universities (Recurrent)	Support to government sponsored students in private universities	To cater for capitation deficits of government sponsored students admitted to private universities where the number currently stands at 70,000
Total	Kshs 460 Million		

The Committee recommends that the National Treasury allows the State Department of Early Learning and Basic Education to utilize **Kshs 113 Million** under the Kenya Primary Education Project (GPE) project to support the monitoring and evaluation of the construction of the CBC infrastructure. The Department has this funds in their account and requires authorization to spend it.

b) State Department for Implementation of Curriculum Reforms

The Committee approves the proposed Supplementary Budget Estimates I for 2021/22 for the State Department for Implementation of Curriculum Reforms.

c) State Department for Post Training and Skills Development

The Committee recommends the following internal re-allocations of the State Department for Post Training and Skills Development Supplementary Estimates I for 2021/22 as follows:

a) Proposed Reductions

Programme	Area/Item	Reduction
General Administration, Planning and Support Services	Headquarters Administrative Services	Reduce Kshs 2 Million on the refurbishment of the non-residential buildings (Recurrent)
		Reduce Kshs 4 Million from refurbishment of the non-residential buildings (Recurrent)
Workplace Readiness Services	Work-Based Learning Services	Reduce Kshs 1.2 Million from purchase of Uniforms and Clothing (Recurrent)
Post Training Information Management	Skills and Employment Data-Based Management Service	Reduce Kshs 3 Million from purchasing of Networking and Communications Equipment (Recurrent)
Total	Kshs 10.2 Million	

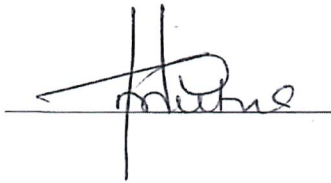
b) Proposed Increments

Programme	Area/Item	Increment	Justification
General Administration, Planning and Support Services	Headquarters Administrative Services	Increase by Kshs 2 Million Domestic Travel (Recurrent)	To support the review of the draft strategic plan
Workplace Readiness Services	Work-Based Learning Services	Increase Kshs 5.2 Million for Capacity building (Recurrent)	To support the National programme on National Apprenticeship
Post Training Information Management	Skills and Employment Data-Based Management Service	Increase Kshs 3 Million for capacity building (Recurrent)	To support the National Programme on National Talent Programme for youths
Total	Kshs 10.2 Million		

c) Teachers Service Commission

The Committee approves the proposed Supplementary Budget Estimates I for 2021/22 for the Teachers Service Commission.

SIGNED



DATE

18.2.2022

HON. FLORENCE MUTUA, CBS, MP

**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION AND
RESEARCH**

ANNEXURES

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Annex 2: Adoption List

Annex 3: PBO brief on the Supplementary Estimates

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DEPART M ENTAL
COMMI T TEE ON
SPORTS, T OURISM
& CU LTURE



REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

THE DEPARTMENTAL COMMITTEE

ON

SPORTS, CULTURE AND TOURISM

**REPORT ON THE CONSIDERATION OF THE 2021/2022 SUPPLEMENTARY
ESTIMATES 1 FOR THE FOLLOWING SPENDING AGENCIES:**

Vote 1202- State Department for Tourism
Vote 1132- State Department for Sports
Vote 1134- State Department for Culture and Heritage

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

FEBRUARY, 2022

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PART I

1. PREFACE

1.1 Introduction

1. This is the Committee's report on its consideration of the Supplementary Estimates 1 for the FY 2021/2022 in accordance with Article 223 of the Constitution of Kenya and section 43(2) and 44 of the Public Finance Management Act 2012, Part 40 of the Public Finance Management National Government Regulations and Standing Order 243. The Departmental Committee on Sports, Culture and Tourism held meetings with the Ministries, Departments and Agencies under its purview to scrutinize their Supplementary Estimates on 8th February, 2022. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee pursuant to the provision of Standing Order 207(6).

1.2 Mandate of the Committee

2. The Departmental Committee on Sports, Culture and Tourism is one of the fifteen departmental committees of the House established pursuant to Article 124 of the Constitution of Kenya 2010 and Standing Order 216 of the National Assembly and mandated to:
 - a) 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) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
 - c) study and review all legislation referred to it;
 - d) 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) 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;
 - f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (*Committee on Appointments*); and
 - g) Make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.
3. The Committee is charged with the following subject matter as provided for in the Second Schedule of the National Assembly Standing Orders No. 216 (M): - Sports, culture, language, arts, national heritage, betting and lotteries, tourism promotion and management.

Programme	Approved Estimates 21/22	Supplementary Estimates 21/22	Changes	% Change
Sports, Arts and Social Development Fund	257.44	257.44		0%
Central Planning and Project Monitoring Unit (CPPMU)	8.96	7.48	(1.48)	(17)%
Sports Registrar	25.59	22.74	(2.86)	(11)%
Total	1,338.85	1,301.66	(37.19)	

Sources: Supplementary Estimates No. 1 2021/22.

2.2 State Department for Heritage- Vote 1134

16. The State Department implements its activities through four programmes namely the Culture/Heritage, Arts, Library Services and General Administration, Planning and Support Services.
17. The approved allocation for the State Department was Kshs. 2,987.09 million, comprising of Kshs. 2,931.19 million for recurrent expenditures and Kshs. 55.9 million for capital expenditure. However, the allocation is proposed to increase by Kshs. 113.3 million in the recurrent expenditure representing an increase of 3.8% to a total estimated allocation of Kshs. 3,044.49 million. There are no changes in allocation in the capital expenditures.
18. The increase in current expenditure is due to more funds allocated to the National Museums of Kenya to compensate for a decrease in A.I.A, as well as additional funds provided to the State Department to cover for operating costs and personnel emoluments.

Table 3: Summary of Supplementary Budget Estimates for the state department for Culture and Heritage (Kshs. Millions)

		culture/heritage	the arts	library services	General administration, planning and support services	State Department for Culture and Heritage
Approved 2021/22	Rec	1,880.23	142.29	791.52	117.16	2,931.19
	Dev	43.60	-	11.00	1.30	55.90
	Total	1,923.83	142.29	802.52	118.46	2,987.09
Supplementary 2021/22	Rec	1,940.94	135.67	789.73	178.15	3,044.49
	Dev	43.60	-	11.00	1.30	55.90
	Total	1,984.54	135.67	800.73	179.45	3,100.39
Proposed Change	Rec	60.71	(6.61)	(1.78)	60.99	113.30
	Dev	-	-	-	-	-
	Total	60.71	(6.61)	(1.78)	60.99	113.30
% change Total		3.2%	(4.6)%	(0.2)%	51.5%	3.8%

Sources: Supplementary Estimates No. 1 2021/22.

19. The programme for Museums Headquarters and Regional Museums has a revised estimate of A-I-A reduced from Kshs. 300 million to Kshs. 160 million and more allocation of Kshs. 200 million.

20. Kenya National Library Service has a revised estimate in A-I-A with an increase from Kshs. 64 million to Kshs. 119.2 million. However, the programme's allocation has been reduced by Kshs. 59.4 million.
21. Headquarters Administrative Services (Arts & Culture) had an increased allocation of Kshs. 57.5 million representing an increase of 64%, Financial Management Services and Central Planning and Project Management Unit also have their allocation increased in the supplementary estimates No. 1 by Kshs. 1.8 million (11% percent) and Kshs. 1.689 million (14% percent) respectively.

Table 4: Summary of Supplementary Budget Estimates per programme

Programme	Approved Estimates 2021/2022	Supplementary Estimates 2021/2022	Changes	% Change
	Kshs.	Kshs.	Kshs.	
National Archives	71,046,397	69,263,101	1,783,296)	(3)%
National Archives Field	42,236,868	42,922,410	685,542	2%
Museums Headquarters and Regional Museums	1,608,010,000	1,668,010,000	60,000,000	4%
Permanent Presidential Commission On Music	47,981,898	49,616,655	1,634,757	3%
Headquarters Cultural Services	106,802,277	105,056,421	1,745,856)	(2)%
Kenya Cultural Centre	79,800,000	72,800,000	(7,000,000)	(9)%
Kenya National Library Service	766,010,000	761,810,000	(4,200,000)	(1)%
Library Services	25,508,439	27,924,314	2,415,875	9%
Department of Arts	14,503,800	13,254,898	(1,248,902)	(9)%
Department of Records	13,516,001	13,775,776	259,775	2%
Headquarters Administrative Services (Arts & Culture)	89,382,617	146,884,794	57,502,177	64%
Financial Management Services	16,108,480	17,909,324	1,800,844	11%
Central Planning & Project Management Unit	11,668,040	13,356,940	1,688,900	14%
Ushanga Initiative	38,613,730	41,908,050	3,294,320	9%
Total	2,931,188,547	3,044,492,683	113,304,136	

Sources: Supplementary Estimates No. 1 2021/22.

2.3 State Department for Tourism - Vote 1202

22. The State Department implements only one programme; Tourism Development and Promotion with three (3) sub-programmes namely: Tourism Promotion and Marketing, Niche tourism product development and diversification, Tourism Infrastructure Development.
23. The approved allocation for the State Department was Kshs. 5,682.32 million, comprising of Kshs. 5,207.32 million for recurrent expenditures and Kshs. 475 million for capital expenditure. However, the allocation is proposed to increase by Kshs. 1,853.52 million in

the recurrent expenditure to an estimated allocation of Kshs. 7,060.84 million which represented an increase of 33%, the projected increase is caused by a projected revenue from A-in-A. There were no changes in allocation in the capital expenditures with the allocation remaining at Kshs. 475 million.

Table 5: Summary of Supplementary Budget Estimates for the state department for Tourism (Kshs. Millions)

		Agency	Programmes
		State Department for Tourism	Tourism Development and Promotion
Approved 2021/22	current	5,207.32	5,207.32
	capital	475	475
	Total	5,682.32	5,682.32
Supplementary 2021/22	current	7,060.84	7,060.84
	capital	475	475
	Total	7,535.84	7,535.84
Proposed Change	current	1,853.52	1,853.52
	capital	0	0
	Total	1,853.52	1,853.52
% change Total		33%	33%

Sources: Supplementary Estimates No. 1 2021/22.

24. The table below shows the overall increase of Kshs. 1.853 billion in the recurrent expenditure and is a result of an upward projection of A.I.A. The additional A.I.A is on account of Tourism Fund Kshs. 668.75 million; Bomas of Kenya Kshs. 62.34 million; Tourism Promotion Fund Kshs. 1.088 billion; and Kenyatta International Convention Centre Kshs. 40 million.

Table 6: Summary of Supplementary Budget Estimates per programme

Programme	Approved Estimates 2021/2022	Supplementary Estimates 2021/2022	Changes	% Change
	Kshs.	Kshs.	Kshs.	
Headquarters Administrative Services	378,466,694	338,741,106	(39,725,588)	(10)%
Central Planning and Project Monitoring Unit	17,553,040	16,203,218	(1,349,822)	(8)%
Tourism Services Headquarters	89,575,904	93,738,799	4,162,895	5%
Tourism Regulatory Authority	405,599,000	405,599,000		0%
Tourism Research Institute - (TRI)	113,700,000	113,700,000		0%
Finance Management Services	35,405,794	39,941,494	4,535,700	13%
Bomas of Kenya	264,897,548	327,241,000	62,343,452	24%
Kenya Tourism Board	310,190,000	310,190,000		0%
Kenya Utalii College	276,393,750	276,393,750		0%

Programme	Approved Estimates 2021/2022	Supplementary Estimates 2021/2022	Changes	% Change
	Kshs.	Kshs.	Kshs.	
Tourism Fund	1,700,000,000	2,398,751,163	698,751,163	41%
Mama Ngina Waterfront Management Board	15,035,445	11,169,972	(3,865,473)	(26)%
Tourism Promotion Fund (TPF)	643,000,000	1,731,672,000	1,088,672,000	169%
Kenyatta International Convention Centre	715,783,415	755,783,415	40,000,000	6%
Tourism Finance Corporation	241,718,562	241,718,562		0%
Total	5,207,319,152	7,060,843,479	1,853,524,327	

Sources: Supplementary Estimates No. 1 2021/22.

25. In the capital expenditures, there were no changes in allocation in Supplementary Estimates No. 1. However, several programmes had changes in allocation. The Construction of Ronald Ngala Utalii College has reduced in the allocation by kshs. 50 million while the Coastal Beach Management Programme has an increase of Kshs. 49.6 million from an allocation of Kshs. 59 million to Kshs. 108.6 million in order to complete the Beach market stalls from a target of 35% in the approved estimates to 40% completion in the supplementary estimates.

26. Mama Ngina Beach Management has been allocated Kshs. 400,000 in Supplementary Estimates No. 1. The funds will be used to complete the Mama Ngina waterfront to 100% completion.

Table 7: Summary of Supplementary Budget Estimates per programme

Programme	Approved Estimates 2021/2022	Supplementary Estimates 2021/2022	Changes	Status Of Project
	Kshs.	Kshs.	Kshs.	
Open Space Office Modelling and Security System Fitting	61,000,000	61,000,000		On-going
Construction of Ronald Ngala Utalii College	200,000,000	150,000,000	(50,000,000)	On-going
Sustaining New Markets & Siting Booths in Tourism Target Markets- KTB	55,000,000	55,000,000		On-going
Mama Ngina Beach Management	0	400,000	400,000	On-going
Coastal Beach Management Programme	59,000,000	108,600,000	49,600,000	On-going
Rehabilitation of Basic Facilities at Bomas of Kenya	100,000,000	100,000,000		On-going
Total	475,000,000	475,000,000	0	

Sources: Supplementary Estimates No. 1 2021/22.

3. SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 State Department for Sports- Vote 1132

27. In FY 2021/22 Printed Estimates, the State Department for Sports was allocated **Kshs. 1.338 billion** and **Kshs. 15.147 billion** under recurrent and development votes respectively.
28. Supplementary Estimates I has revised the budget to **Kshs.1.301 billion** and **15.147 billion** under recurrent and development votes respectively resulting to a decrease of **Kshs. 37.186 million** under recurrent vote.
29. The summary of the printed allocation versus Supplementary Estimate is as shown in the tables below:

Table 8: Summary of Supplementary 1 Estimates

Vote	Printed Budget (KShs.)	Supplementary 1 Estimates (KShs.)	Change in Estimates (KShs.)	% Variance
Recurrent	1,338,850,782	1,301,664,773	(37,186,009)	-2.77%
Development	15,147,791,399	15,147,791,399	-	-%
TOTAL	16,486,642,181	16,449,456,172	(37,186,009)	-0.22%

30. The overall performance for the first half was average despite financial challenges among other impeding factors. However, the effect of the Covid-19 Virus has continuously reduced performance and remains a threat to effective achievement of the annual set targets.
31. The State Department as at December 31st December 2021 had absorbed **47.40 %** of its FY 2021/22 allocated budget on account of a shortfall on exchequer issues and effects of COVID-19.
32. The state department Programmes will adversely be affected by the envisaged cuts in implementation of the following Sub-programmes,
- i.) Sports Training and competitions
 - ii.) General Administration Planning and Support Services
33. The detailed information on the affected programmes, Sub-programme and projects and the impact is as shown in table below.

Table 9: Report on affected programmes and sub-programmes including any changes to KPIs, Outputs and Targets

Programme	Delivery unit	Key outputs	Key Performance Indicators	Printed Estimates Target 2021/22	Revised targets Supp 1	Impact
S.P 1.1: Sports Training and Competitions	Sports Registrar	Regulated Sports Organizations and Professional sports bodies and persons	No. of Sports Organizations registered	150	105	The reduction in budget will limit the full coverage of targets as required by the Sports Act
			No. of new professional sports persons licensed	55	39	
			No. of new Professional sports bodies licensed	10	7	
			No. of new Sports organizations Inspected	20	14	
			No of sports administrators and officials sensitized in Counties on Sports Act and other relevant laws	300	210	
			% of Court Cases managed and handled	100	70	
S.P 1.1: Sports Training and Competitions	Department of Sports	International and National Sports programs and events	Number of sports programs for vulnerable groups implemented	7	5	The reduction in budget will affect the implementation of their key activities
S.P 2.3: General Adm'n Planning and Support Services	General Administration	M&E reports	No. of M&E reports prepared	4	2	

Current Grants		2,453.82	2,514.70	60.88	This is a net increase in Current grants to the four SAGAs
Operation and Maintenance	Use of Goods	240.97	270.69	29.72	There is an increase of Kshs. 55.2M under rent to facilitate payment of rent arrears to KNLS. However, there was a reduction of Kshs. 25.49M in various items including: Communication, Supplies and Services, Domestic Travel, Foreign Travel, Training Expenses, Hospitality Supplies, Office and General Supplies, Fuel Oil and Lubricants and Routine Maintenance - Vehicles leaving a net increase of Kshs. 29.72M
	Social Benefits	1.80	6.00	4.20	The increase is to facilitate payment of Gratuity to top management when they fall due
	Acquisition Of Non-Financial Assets	9.40	4.12	(5.28)	There was a general reduction of acquisition of non- financial assets including: - Purchase of Computers, Printers and Purchase of Office Furniture and Fittings
Total		2,931.19	3,044.49	113.30	

46. The total AIA Collection has reduced from **Kshs. 408.5M to 316.7M**. The National Museums of Kenya has reduced the AIA collection by **Kshs. 140 million** Kenya Cultural Center reduced the AIA collection by **Kshs.7 million** the Kenya National Library services has increased by **Kshs. 55.2 million** while the AIA for archives and PPMC has remained the same.
47. The State Department's pending bills as at 30th June 2021 amounted to **Kshs. 74,437,396.04**. The Department has since settled **Kshs. 13,408,718.10**. leaving a balance of **Kshs. 60,725,677**.
48. There is a reduction of **Kshs. 27 million** in the State Departments Operations and maintenance budget.
49. The State Department is a service department and the reduction of the budget will greatly affect its operations. Field offices (Archives) are also underfunded and are unable to operate efficiently. The reduction will grossly affect the State Departments' Operations especially which are already underfunded.
50. The State Department moved to new offices that required furniture, portioning and fittings hence the reduction of Purchase of Office Furniture and General Equipment by **Kshs. 5,278,644** will hamper the process which was to be completed with the planned budget. In

addition, the State Department had requested for additional **Kshs. 18.21M** in supplementary estimate No. I.

3.3 State Department for Tourism - Vote 1202

51. Overall, the Gross Recurrent Budget for the State Department for Tourism has been increased from **Kshs.5.682 B** to **Kshs.7.535 B**. The increase is attributed to the increment of A.I.A from the approved **Kshs.3.834B** to **Kshs.5.724B**.
52. On the other hand, the Net allocation has been reduced from **Kshs. 1.848 B** to **Kshs. 1.811B**. The entire reduction in net (**Kshs. 36.2 M**) allocation is on recurrent Budget. The proposed reduction should not be effected.
53. The increase in the Gross Budget of the FY 2021/22 is as result of an enhancement of Kshs. 1,088,672,000 in AIA from Tourism Promotion Fund and Kshs. 698,751,163 from Tourism Fund.
54. The Net Estimates have been reduced by Kshs. 36,242,288 in the FY 2021/22 Supplementary Estimates.
55. The State Department request for additional funding of Kshs. 85,750,000 for Purchase of Motor Vehicles to be utilized in the office of the Cabinet Secretary, Principal Secretary and Chief Administrative Secretary, Kshs. 62,000,000 to support local and international activities for Tourism Promotion and Marketing. These include Kshs. 60 million for hosting Afri-Cities conference and Kshs. 2 million to pay for hosting international delegates such as the Gambia Benchmarking Visit.
56. The State Department has pending bills which need to be settled to avoid accumulation of interest as illustrated in the table below:

Table 12: Status of the Pending Bills

Name of MDA	Amount in Kshs. Million	Remarks
State Department for Tourism	1,472,783	The pending bill relates to Telkom Kenya
Tourism Fund	923,070,241.78	Kshs.742.9M relates to contractors and consultants for Ronald Ngala Building Kshs.136.7M is for contractors and consultants for Tourism Fund Building Kshs.43.4M is for other vendors
Bomas of Kenya	502,114,561.31	The pending bill is at Kshs.30 th January 2022.
Kenya Utalii College	147,567,539.26	The bill relates to various supplies as per the attached list.

2. That, there is a reduction of **Kshs. 27 million** in the State Departments Operations and maintenance budget.
3. That, the total AIA collection has reduced from **Kshs. 408.5M to 316.7 million** as follows: the National Museums of Kenya **Kshs. 140 million**, Kenya Cultural Center **Kshs.7 million**. However, the Kenya National Library Services A.I.A has increased by **Kshs. 55.2 million**.
4. That, the State Department's pending bills as at 30th June 2021 amounted to **Kshs. 74,437,396.04**. The Department has since settled **Kshs. 13,408,718.10** leaving a balance of **Kshs. 60,725,677**.

4.3 State department for Tourism

1. That, the Gross Recurrent Budget for the State Department has been increased from **Kshs. 5.682 Billion** to **Kshs.7.535 Billion**. The increase is attributed to the increment of A.I.A from the approved **Kshs. 3.834 Billion** to **Kshs. 5.724B**.
2. That, the Net allocation has been reduced from **Kshs. 1.848 billion** to **Kshs. 1.811 billion**. The entire reduction in net (**Kshs. 36.2 Million**) allocation is on recurrent Budget.
3. That, **Kshs. 50 million** for Ronald Ngala Utalii College has been reallocated in the Supplementary Estimates 1 to fund Mama Ngina Beach programme at **Kshs. 400,000** and Coastal Beach Programme at **Kshs. 49.6 million**.
4. Bomas of Kenya requires funding to refurbish its facilities that will be used to cater for the activities undertaken in preparation for the general elections. The facility will serve as a national tallying centre in the upcoming general elections.
5. That, the State Department has pending bills amounting to **Kshs. 1,574.22 million**, with **Kshs 1.47 million** owed to Telkom Kenya, **Kshs. 923.07 million** for Tourism fund, **Kshs. 502.11 million** for Bomas of Kenya and **Kshs. 147.57 million** for Kenya Utalii College.

5. RECOMMENDATIONS

5.1 Financial Recommendations/ Proposed reallocations

i. Proposed Reallocations on the Proposed Allocations – Kshs Million

Vote	Programme/Area/item	Proposed Reduction (Millions)	Justification
State Department for Tourism	Coastal Beach Management Programme	Deduct Kshs. 50 million from the Development Budget of the State Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The project is not likely to take off in the current financial year.	The allocation of Kshs. 234 million is meant to rehabilitate and refurbish facilities at Bomas of Kenya in preparation for the general elections. The facility is likely to be used as a national tallying centre for the upcoming general elections.
	Construction of Ronald Ngala Utalii College	Deduct Kshs. 100 million from the Development Budget of the State Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The project is getting sufficient funding from Tourism promotion fund – TPF to the tune of Kshs. 1.5 billion in the current financial year.	
	Sustaining New Markets & Siting Booths in Tourism Target Markets-KTB	Deduct Kshs. 20 million from the Development Budget of the State Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The project is getting sufficient funding from the Tourism Fund – TF to the tune of Kshs. 250 million in the current financial year	
	Tourism Regulatory Authority	Deduct Kshs. 30 million from the Recurrent Budget of the State Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The Agency will fund its activities through its Appropriation in Aid (A-I-A).	
	Tourism Research Institute - (TRI)	Deduct Kshs.20 million from the Recurrent Budget of the State	

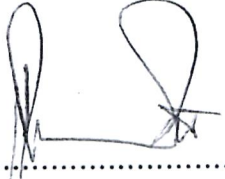
		Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The personnel emolument is handled by the headquarters and the remaining allocation is adequate for the research functions of the agency.	
	Headquarters Administrative Services	Deduct Kshs. 14 million from the Recurrent Budget of the State Department Headquarters and reallocate it to the Bomas of Kenya - Niche Tourism and Diversification Program. The reallocation was necessitated by an over provision for the purchase of calendars.	
State Department for Culture and Heritage	Library Services	Deduct Kshs. 40 million from the Recurrent Budget of the Kenya National Library Services and reallocate to the Kenya Cultural Center - Mandatory Operation and Maintenance and Personnel Emoluments	The allocation will help renovate the spaces and carry out core mandate in terms of developing the creative economy sector and also cover the cost of Mandatory Expenses. It will also cater for installation of a tent to help the upcoming artists who cannot afford any of the indoors spaces find a conducive space to rehearse and perform. This space can also be rented to those who prefer outdoor spaces for their activities hence improving revenue for the Center.
	Institute of Primate Research – Infrastructure Upgrade	Deduct Kshs. 20 million from the Recurrent Budget of the Institute of Primate Research and reallocate to the Kenya Cultural Center - Mandatory Operation and Maintenance and Personnel Emoluments	

ii. Proposed increments on the proposed ceilings

Vote	Programme/Area/item	Proposed Increments (Millions)	Justification
State Department for Sports	Anti-Doping Agency of Kenya	Allocate Anti-Doping Agency of Kenya an additional Kshs. 45 million (Kshs. 15 million for Testing & Education and Kshs. 30 million for independent unit)	The Anti-Doping Agency of Kenya is required to carry out mandatory Testing and Anti-Doping Education and is under mandatory obligation to set up an independent unit; Results Management Panel (RMP) in line with the Anti-Doping Act (Amended in 2020) and World Anti-Doping Code 2021 and non-compliance exposes the Country to a ban. The Agency require Kshs. 45 million to carry out the tests and education and to establish the unit.

	Kenya Academy of Sports	Allocate an additional Kshs. 20 million for Acquisition of Motor Vehicles	An approval had been granted to the Kenya Academy of Sports to purchase two motor vehicles at a cost of Kshs. 20 million . However, this has not been provided for in the estimates. The Committee therefore is recommending an additional allocation of the same to facilitate smooth transport activities.
		Allocate an additional Kshs. 30 million for Furniture and Office Equipment	The Academy is scheduled to relocate to its newly completed building and needed to acquire new furniture. Currently, the Academy is hosted by Sports Kenya with rented office furniture.
		Allocate an additional Kshs. 30 million to Kenya Academy of Sports for preliminary activities including tendering and advertising and finalization of feasibility studies for establishment of Constituency Academies	Kenya Academy of Sports is in the process of establishing Constituency sports academies in 10 regions hence an urgent need to roll out talent development programs in those regions as stipulated in MTP III. In this regard, the Academy requires Kshs. 30 million for preliminary activities including tendering and advertising and finalization of feasibility studies.
	Sports	Allocate an additional Kshs. 200 million to the State Department Headquarters	The Care Taker Committee under Football Federation was formed in November 2021 by the Cabinet Secretary. As result the operations expenses and allowance were not covered in budget for 2021/2022. Noting that Kenya is facing challenges of being banned by CAF and FIFA in football competition especially Harambee Starlets who stands a better chance to qualify for World Cup, the Department requires an additional allocation of Kshs. 200 million to facilitate the operations of the Care Taker Committee including dialogue with the CAF.
State Department for Tourism	Headquarters Administrative Services – Legal Dues/fees, Arbitration & Compensation Payment	46	Reinstate the Recurrent budget of Kshs. 46 million for the State Department Headquarters Administrative Services. The expenditure has already been incurred hence the budget cut would create a negative/pending bill and an audit query.
	Bomas of Kenya - Niche Tourism and Diversification Program	Allocate an additional of Kshs. 502.11 million to Bomas of Kenya	The Bomas of Kenya incurred Kshs. 502.11 million in rehabilitating the existing cultural infrastructure to promote performing art activities under the Niche Tourism and Diversification Program. The State Department requires an additional Kshs.

			502.11 million to caution the department from incurring further losses inform of penalties and interests occasioned by the delay in payment.
	Tourism Fund – A.I.A Collection	40	Move the Kshs. 40 million A.I.A anticipated collection from the State Department Headquarters to the Tourism Fund. This is because the receipts are raised by the parastatals and not the Headquarters as indicated in the revised estimates. The headquarters will therefore not be able to collect the anticipated A.I.A.

Signature:  Date: 12/22

(THE HON. PATRICK MAKAU KING'OLA, M.P.)

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS, CULTURE AND TOURISM

DEPART ME NTAL
COMMI TT EE ON
LABOU R AND
SOCIAL W ELFARE

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2021/2022
SUPPLEMENTARY ESTIMATES (NO.1) FOR THE FOLLOWING STATE AGENCIES:

1. Vote 1035 – The State for Development of the ASALs
2. Vote 1184 – The State Department for Labour
3. Vote 1185 – The State Department for Social Protection, Senior Citizens Affairs and Special Programmes
4. Vote 1211 – The State Department for Youth Affairs
5. Vote 1212 – The State Department for Gender Affairs
6. Vote 1213 – The State Department for Public Service (National Youth Service)
7. Vote 2141 – The National Gender and Equality Commission

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February 2022

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ACRONYMS/ABBREVIATIONS

BLA	-	Bilateral Labour Agreement
FSA	-	Foreign Service Allowance
KYEOP	-	Kenya Youth Employment Opportunities Project
NEA	-	National Employment Authority
NITA	-	National Industrial Training Authority

PART I

PREFACE

1.1. Introduction

1. The First Supplementary Estimates for the FY 2021/22 was tabled in the National Assembly on 1st February 2022. The preparation and approval of the Supplementary Budget is undertaken pursuant to Article 223 of the Constitution, Sections 43 (2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.
2. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
3. The Supplementary Budget has been prepared to take care of post-COVID-19 related interventions, drought-related expenditures, payment of pending bills, salary adjustment, 2022 elections preparedness, CBC infrastructure, changes in development partners funded projects and rationalization of the Budget among other challenges.

4.1 Mandate of the Committee

4. The Committee on Labour and Social Welfare is one of the Departmental Committees of the National Assembly established pursuant to Standing Order 216 and mandated –
 - 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;*
 - f) *to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and;*
 - g) *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

5. The Committee is mandated to consider the following subjects: -

- (i) *Labour;*
- (ii) *Labour relations;*
- (iii) *Manpower or Human Resource Planning;*
- (iv) *Gender;*
- (v) *Youth;*
- (vi) *Social Welfare and Security;*
- (vii) *Children's Welfare; and*
- (viii) *Persons with Disabilities.*

6. The Committee oversees the following government Ministries, Departments and/or Agencies –

- a) *the State Department for Labour;*
- b) *the State Department for Social Protection;*
- c) *the State Department for Gender;*
- d) *the State Department for Youth;*
- e) *the State Department for Arid and Semi-Arid Lands; and*
- f) *the National Gender and Equality Commission.*

4.2 Committee Membership

7. The Committee comprises of the following members -

The Hon. Josphat Kabinga Wachira, OGW, M.P. (**Chairperson**)
M.P for Mwea Constituency
Jubilee Party

The Hon. Gideon Koske Kimutai, M.P (**Vice-Chairperson**)
M.P for Chepalungu Constituency
Chama Cha Mashinani (CCM)

The Hon. James Onyango Koyoo, MP
M.P for Muhoroni Constituency
Orange Democratic Movement (ODM)

The Hon. Janet Marania Teyiaa, MP
M.P for Kajiado County
Jubilee Party

The Hon. Nelson Koech, MP
M.P for Belgut Constituency
Jubilee Party

The Hon. Ronald Kiprotich Tonui, MP
M.P for Bomet Central
Jubilee Party

The Hon. Moses Malulu Injendi, MP
M.P for Malava Constituency
Jubilee Party

The Hon. Tom Odege, MP
M.P for Nyatike Constituency
Orange Democratic Movement (ODM)

The Hon. Rose Museo, MP
M.P for Makueni County
Wiper Democratic Movement (WDM)

The Hon. Caleb Amisi, MP
M.P for Saboti Constituency
Orange Democratic Movement (ODM)

The Hon. Omboko Milemba, MP
M.P for Emuhaya Constituency

The Hon. Charles Kanyi Njagua, MP
M.P for Starehe Constituency

Amani National Congress Party (ANC)

The Hon. Fabian Kyule Muli, MP
M.P for Kangundo Constituency

Muungano Party

The Hon. Titus Mukhwana Khamala, MP
M.P for Lurambi Constituency

Amani National Congress Party (ANC)

The Hon. Ole Sankok David, MP
Nominated M.P

Jubilee Party

The Hon. Gideon Keter, MP
Nominated M.P

Jubilee Party

Jubilee Party

The Hon. Abdi Mude Ibrahim, MP
M.P for Lafey Constituency

Economic Freedom Party (EFP)

The Hon. Safia Sheikh Adan, MP
M.P for Marsabit County

Jubilee Party

The Hon. Wilson Sossion, MP
Nominated M.P

Orange Democratic Movement (ODM)

4.3 Committee Secretariat

8. The Committee secretariat comprises the following members of staff:-

- | | | |
|-------------------------|---|---|
| 1. Ms. Susan Maritim | - | Principal Clerk Assistant II (<i>Team Leader</i>) |
| 2. Mr. John Mugoma | - | Clerk Assistant II |
| 3. Ms. Doreen Karani | - | Legal Counsel II |
| 4. Mr. James Muguna | - | Research Officer |
| 5. Ms. Winfred Kiziah | - | Media Liaison Officer |
| 6. Ms. Sheila Jebotibin | - | Senior Serjeant-at-Arms |
| 7. Mr. Nickson Kibet | - | Audio Officer |

4.4 Legal Provisions underpinning the Supplementary Estimates I FY 2021/22

9. The preparation and approval of the Supplementary Budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.
10. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.
11. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 per cent of the total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
12. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide sufficient detail on the purpose of the Supplementary Estimates as well as the format for the revised Budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. As per the Regulations, Supplementary Estimates should relate to expenditure needs that

were either unforeseen or unavoidable and where no budgetary provision was made or was inadequate during the approval of the Annual Estimates. The Regulations further clarify that expenditure that was anticipated during the Estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered as part of Supplementary Budgets.

13. The deliberations of the meetings together with the contents of the Supplementary Estimates I, informed the Committee's compilation of this Report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

4.5 Acknowledgement

14. The Committee is thankful to the office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded during its Sittings. Further, the Committee is also thankful to the MDAs and the secretariat for availing the necessary information needed in the processing of the First Supplementary Budget FY 2021/22.
15. Therefore, on behalf of the Committee, and pursuant to Standing Order 199(6) it is my pleasant duty and privilege, to submit this Report on the FY 2021/22 Supplementary Estimates I for the State Departments for Labour, Social Protection, Senior Citizens Affairs and Special Programmes, Youth Affairs, Gender Affairs, Development of Arid And Semi-Arid Lands, the National Youth Service and the National Gender and Equality Commission.

THE HON. JOSPHAT KABINGA WACHIRA, OGW, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE)

PART II

ANALYSIS OF THE PROPOSED CHANGES IN THE SUPPLEMENTARY BUDGET (NO. 1) FOR FY 2021/22

4.6 State Department for Development of the ASALs

16. The State Department for Development of the ASALs approved allocation for FY 2021/22 was Kshs. 10,141 million comprising Kshs. 1,061.1 million for Recurrent Expenditure and Kshs. 9,080 million for Development Expenditure.
17. In the Supplementary Estimates I for FY 2021/22, the National Treasury is proposing an increase of Kshs 1,145.5 million in the Department's Budget. This comprises Kshs. 13.2 million for Recurrent Expenditure and Kshs. 1,132.3 million for Development Expenditure.
18. The increase in current expenditure is to cater for personnel emoluments and rent shortfall while the increase in the capital expenditure is on account of increased donor funding on drought interventions.
19. The monies are allocated through the National Drought Emergency Fund with a target to support 100 households to recover from the effects of drought and a further 20 Counties receiving funds for timely and effective response to drought. The Fund also covers the project geared toward ending drought emergencies ecosystem-based adaptation in ASAL which seeks to build the resilience of ASAL Counties through various projects.

4.7 State Department for Labour

20. The approved gross budget for the Department for FY 2021/22 amounts to Kshs 5,343.4 million comprised of Kshs 2,680.9 million for recurrent expenditure and Kshs 2,897.4 million for development expenditure.
21. In the proposed Supplementary Estimates I for FY 2021/22, the Estimates have been revised to Kshs 3,610.8 million comprising Kshs 2,680.9 million and Kshs 1,270.6 million for Recurrent and Capital expenditure respectively. This reflects a gross total reduction of Kshs 1,732.3. The reduction is on the program Manpower Development, Employment and Productivity Management which has reduced by 39.7 per cent. Table 2 below is an analysis of the proposed Supplementary I for the State Department of Labour.
22. The reduction is mainly on account of Kenya Youth Empowerment and Opportunities Project that was transferred to the State Department for Youth Affairs. The Project seeks to improve youth employability with a target to recruit 2,000 master craftsmen to train informal sectors workers and produce 10 Assessment Guidelines for Master Craftsman.
23. The Project is a World Bank-funded that started in 2017 and expected to end in 2022 at an estimated cost of Kshs. 5.8 billion. The Project had an allocation of Kshs. 493 million in the FY 2018/19, Kshs.2.37 billion in the FY 2019/20 and Kshs 1.033 billion in the FY 2020/21. This project has been allocated significant resources since its inception and is on course.

4.8 State Department for Social Protection and Senior Citizens Affairs

24. The approved gross allocation to the State Department for Social Protection and Senior Citizens Affairs in the FY 2021/22 amounts to Kshs 33,567.9 million. This comprises Kshs 30,485.3 million and Kshs 3,082.6 million for Recurrent and Capital expenditure respectively.

25. The Approved Estimates have been revised to Kshs.35.6 billion which comprises Kshs. 32.9 billion and Kshs. 2.7 billion for Recurrent and Capital expenditure respectively in the FY 2021/22 Supplementary Estimates No.1.
26. The increase in the Recurrent Expenditure is on account of additional funds of Kshs. 2.4 billion to cater for relief food to support families affected by the drought, Kshs. 2 million for personnel emoluments and on the other hand a reduction of donor funds amounting to Kshs. 400 million under Capital Expenditure. The Kshs 2.4 billion is for relief and rehabilitation support to vulnerable groups where 1.5 million beneficiaries were targeted in 500,000 households.
27. The Kshs 400 million reduction is on account of the reduction of targets for the Kenya Social and Economic Inclusion Project from a target of support on economic inclusion from 7500 beneficiaries to 7000 beneficiaries. The project is financed by World Bank and DFID and targets vulnerable and drought-affected households under emergency scale up during drought. The project is 25 per cent complete with a completion target of 5 years.
28. The expenditures on drought mitigation have been disbursed. The Programme affected by the changes is the National Safety Net Programme where Kshs 2.4 billion has been added to the recurrent expenditure and Kshs 400 million reduced from its Capital Expenditure.

4.9 State Department for Gender

29. The approved gross allocation to the State Department for Gender in the FY 2021/22 amounts to Kshs 3,723.5 million. This comprises Kshs 1,091.5 million and Kshs 2,632 million for Recurrent and Capital expenditure respectively.
30. The approved Estimates have been revised in the FY 2021/22 Supplementary Estimates No.1 to KShs.3.6 billion of which KShs.1.1 billion is for Recurrent Expenditure and Kshs.2.5 billion for Capital Expenditure. The increase in the current expenditure is on account of additional funds for settlement of pending bills, personal emoluments shortfall for the National Government Affirmative Action Fund, International Day of Zero Tolerance to FGM and Kuria Elders Declaration on FGM, while the decrease in the Capital expenditure is on account of a reduction of donor funds. The country is on a scaled-up fight to eradicate female genital mutilation by 2022 according to the Budget Policy Statement 2022.
31. The reduction is on the gender empowerment program which changes by 3.08 per cent.

4.10 State Department for Youth Affairs

32. The gross Approved Estimates for the State Department for Youth Affairs during the FY 2021/22 amount to Kshs. 4.7 billion comprising Kshs.1.4 billion and Kshs.3.2 billion for current and capital expenditure respectively. The Approved Estimates have been revised in the FY 2021/22 Supplementary Estimates No.1 to Kshs.6.7 billion.
33. Changes are in the Capital Expenditure which has increased by Kshs. 2.1 billion on account of additional funding for the Kenya Youth Employment Opportunities Project and a decrease in the Recurrent Expenditure of **Kshs 28.44 million**. The addition is on account of budget alignment from the State Department for Labour. This has a net effect of changing the Youth Empowerment Program by 44.5 per cent.

4.11 State Department for Public Service

34. The approved gross allocation to the National Youth Service in the FY 2021/22 amounts to Kshs 10,023.7 million. This comprises Kshs 9,973.7 million and Kshs 50 million for current and capital expenditure respectively.
35. The approved Estimates have been adjusted to Kshs 11,023.7 million under Supplementary Estimates No. I. reflecting an overall increase of Kshs 1,000 million. This adjustment is on account of an additional provision for paying pending bills. The matter of historical pending bills for the National Youth Service (NYS) has remained unsolved for five consecutive years i.e., from the financial year 2013/14 to 2017/18. However, there is a strong resolve to clear all pending bills with an allocation of Kshs 4 billion in the 2022 budget policy statement and now a further Kshs 1 billion in the Supplementary Estimates 1.

PART III

SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

4.12 State Department for Labour

36. The Ministry of Labour led by Mr. Simon Chelugui, Cabinet Secretary, appeared before the Committee on Wednesday 9th February, 2022 to present submissions on the Supplementary Estimates. He informed the Committee that under the Medium-Term Expenditure Framework (MTEF) Budget, the Ministry has three programmes namely: Promotion of Best Labour Practices; Manpower Development, Employment and Productivity Management; and General Administration, Planning and Support Services.
37. In the proposed Supplementary Budget Estimates 1 for the FY 2021/22, the Ministry has lost **Kshs. 1.7 billion**, which comprises **Kshs. 101.8 million** under Recurrent Vote and **Kshs. 1.6 billion** under the Development Vote as shown in the table below:

Expenditure Type		Approved Budget FY 2020/21	FY 2021/22 (Million)		
			Printed Estimates	Supp. Budget Estimates 1	Increase/Decrease
Recurrent	Net	1,742.04	1,869.35	1,767.58	101.76
	A-in-A	893.42	913.42	913.42	-
	Gross	2,635.46	2,782.77	2,681.00	101.76
Development	GoK	107.50	173.05	173.05	-
	Donor (Loan Revenue)	1,124.47	2,387.67	756.91	1,630.76
	Gross	1,231.97	2,560.72	929.96	1,630.76
Total		3,867.43	5,343.49	3,610.96	1,732.52

38. The Development Vote reflects the Ministry's submissions and incorporates approved reallocations as well as a reduction of the Kenya Youth Employment Opportunities Project (KYEOP) allocations as a result of the revision of the overall project cost by the World Bank.
39. The budget cuts under the Recurrent Vote may compromise, constrain and in some cases paralyze office operations and implementation of planned activities in the Ministry as shown in the table below.

Item Description	Item Code	Printed Estimates	Supp. Budget Estimates 1	Decrease/ Increase
Compensation of Employees	2100000	812.00	769.76	(42.24)
Use of Goods and Services	2200000	486.85	428.78	(58.07)
Grants and other Transfers	2600000	1,472.84	1,471.84	(1.00)
Other Recurrent	3100000	11.08	10.62	(0.45)
Total Gross Expenditure		2,782.77	2,681.00	(101.76)

40. The budget cuts on compensation to employees' items of **Kshs. 42.24 million** is on account of newly recruited officers who had not reported during the first 4 months of the Financial Year. The officers reported in November 2021.
41. The field and foreign missions budget faced a 50% budget cut on the O&M items totalling to **Kshs. 50.95 Million**. This will paralyze operations that are already constrained during the 2nd half of the Financial Year since both 1st and 2nd quarter A.I.Es have already been issued and utilized.
42. Other budget cuts ranging from 20% to 50% amounting to **Kshs. 11.44 Million** under various O&M items across the budget heads will compromise the implementation of planned activities for an already constrained budget; and
43. An already approved reallocation of **Kshs. 17 million**, which was meant to cater for settlement of pending payments, has also faced the budget cut, which may result in pending bills at the end of the Financial Year.
44. The adverse effects of the above budget austerity measures are not feasible and particularly for field and foreign missions services. Reinstatement of the budget may therefore need to be considered to support the Ministry in delivering on its mandate.
45. In the printed Estimates for Financial Year 2021/2022, the State Department had been allocated **Kshs. 5,343.49 Million** which includes **Kshs. 2,782.77 Million** under Recurrent and **Kshs. 2,560.72 Million** under Development. The Recurrent Budgetary Allocation includes A-in-A of **Kshs. 913.42 Million** out of which **Kshs. 855.32 Million** is expected to be generated by National Industrial Training Authority (NITA), **Kshs. 50 Million** will be generated by National Employment Authority (NEA) while **Kshs. 8.1 Million** is to be generated by the State Department.
46. The State Department's projects are funded by GOK and World Bank. Out of the allocated budget under Development in FY 2020/21 amounting to **Kshs. 2,560.72 Million** a total of **Kshs. 2,387.67 Million** is in respect to World Bank, International Development Association (WBIBA) funded under the "Kenya Youth Employment Opportunities Project (KYEOP) component I and III" while **Kshs. 173.05 Million** is under GOK.

47. In the last four Financial Years, there has been a consistent reduction in the budget for foreign missions from initial Kshs. 50 Million to an average of Kshs. 32 Million per station. The big chunk of the budget allocation goes towards Foreign Service Allowance (FSA), rent and utilities leaving an average balance of **Kshs. 4.9 Million** per station annually for operations and maintenance, which has affected service delivery in these stations.
48. The budget cut under O&M has reduced by Kshs. 8.2 Million is quite significant. With the signing of additional BLAs, more Kenyan migrant workers will continue to secure employment opportunities in the GCC countries which will lead to an increase in operating costs across the vast region. There is a need therefore to reinstate the budget allocation for the Labour Attaché's offices.
49. The Ministry has 109 field offices in 44 counties. Currently, the field offices are receiving between **Kshs. 50,000 - Kshs. 125,000** per Quarter for operations and maintenance which is inadequate to cover their operations. The current budget cut by half will paralyze the operations of the field offices which are already constrained. To enable them to cover diverse geographical locations with diverse economic activities, there is a need to increase their O&M to approximately **Kshs 250,000** per quarter.
50. The current institutions of Social Dialogue such as the National Labour Board and Wages Councils although in place, are not fully institutionalized owing to a lack of operational secretariat and not able to hold statutory meetings due to extreme low funding. This will be worsened by the current budget cut making it difficult to deliver on their mandates. Further, the Ministry intends to revitalize and operationalize the National Labour Board to enable it to engage in public policy discourse with key bodies of government and private organizations. In this regard, to effectively operationalize these institutions the Ministry will require additional funding amounting to Kshs. 20 million.
51. The Cabinet Secretary appealed that the cuts be reversed on GOK funds under Recurrent Vote to enable the clearing of pending bills and effectively deliver on its mandate.

4.13 State Department for Social Protection, Senior Citizens Affairs and Special Programmes

52. The State Department for Social Protection, Senior Citizens Affairs and Special Programmes led by the Principal Secretary Mr. Nelson Marwa appeared before the Committee on Wednesday, 9th February, 2022 to present the Department's proposals to the Committee.
53. He informed the Committee that the State Department's approved Budget for the Financial Year 2021/22 was **Kshs. 33,568,071,321**; comprising **Kshs. 30,485,432,498** and **Ksh.3, 082,638,823** for Recurrent and Development Expenditure respectively. Under the Supplementary Estimates No.1 of the financial year 2021/22, the allocation for Recurrent Expenditure decreased by **Kshs. 21,147,492** to **Kshs. 30,464,285,006** and that for Development Expenditure decreased by **Kshs. 400,000,000** to **Kshs. 2,682,638,823**; hence a total reduction of **Kshs. 421,147,492**. Below is the Recurrent Expenditure and Development as of 31st December, 2021-

Recurrent Expenditure

Name of the Programme	Approved Estimates (Net)	Total Payment Commitments	Balance	Absorption Rate (%)
Social Development and Children Services	3,870,926,619	1,983,468,648	1,887,457,971	51.24
National Safety Net	26,394,323,516	10,079,467,600	16,314,855,916	38.19
General Administration	220,182,363	86,443,064	133,739,299	39.26
Total	30,485,432,498	12,149,379,312	18,336,053,186	39.85

Development Expenditure

Name of the Programme	Approved Estimates (Net)	Total Payment Commitments	Balance	Absorption Rate (%)
Social Development and Children Services	263,333,823	126,594,412	136,739,411	48
National Safety Net	2,819,305,000	402,690,619	2,416,614,381	14.30
Total	3,082,638,823	529,285,031	2,143,208,792	17.20

54. The Programmes affected by the Supplementary Estimates and their outputs are:-

55. That **Kshs. 21,147,492** was deducted from the State Department under Recurrent Expenditure and **Kshs. 400,000,000** under Development Expenditure will adversely affect the discharge of the State Department's mandate as follows:

- i. the needs and requirements of children in the Statutory Children's institutions across the country will not be met.
- ii. Operations of Boards and Committees established under various legislation will be curtailed.
- iii. Targeting and updating of data under the Inua Jamii Programme will not be adequately catered for.
- iv. There will be inadequate funds for field operations by the State Department at the County and sub-County levels.
- v. The work plan of the Kenya Social and Economic Inclusion Project (KSEIP) will not be fully implemented due to the **Ksh400million** reduction.

4.14 State Department for Youth Affairs

56. The Cabinet Secretary for ICT, Innovation and Youth Affairs, Mr. Joseph Mucheru appeared before the Committee on 10th February, 2022 and submitted as follows:-

57. That in the current FY2021/2022, the State Department for Youth Affairs has been appropriated a gross budget of **Kshs. 4.65billion** to implement the activities under the Youth Empowerment Programme. As of 31st December, 2021, the levels of absorption were **96.56%** and **67.73%** for Current and Capital expenditure respectively as shown in the below.

FY 2021/22 First Half Allocation and Absorption Level				
Vote	Approved Estimates (KShs million)	First Half Budget (KShs million)	Absorption Level (KShs million)	Percentage
Recurrent	1,439.99	719.99	695.21	96.56%
Development	3,210.49	2,364.26	1,601.33	67.73%
Gross Total	4,650.48	3,084.25	2,296.54	74.46%

58. For Development Vote, the State Department was allowed full access to some expenditures for Sub-Items to clear pending claims, thus the first half budget is KShs. 2,364.26 million instead of KShs.1, 605.25million.

59. The Gross Approved Estimates for the State Department for Youth Affairs in the FY 2021/22 amount to **KShs.4.65billion** comprising of **KShs.1.44billion** and **KShs.3.21billion** for Current and Capital expenditure respectively

60. The approved estimates have been revised under FY 2021/22 Supplementary Estimates No. I to **KShs.6.72 billion**. This comprises **KShs.1.41 billion** and **KShs.5.31billion** for Current and Capital expenditure respectively as shown in the table below.

Title	FY 2021/22		
	Printed Estimates (KShs.million)	Revised Estimates (KShs.million)	Change in Estimates (KShs.million)
Current Expenditure	1,439.99	1,411.55	(28.44)
Capital Expenditure	3,210.49	5,310.49	2,100.00
Total	4,650.48	6,722.04	2,071.56

61. The State Department is only implementing the Youth Empowerment Programme in the FY2021/22, which has been reduced by **KShs.28.44million**. The reduction amounts to **KShs.16.35million** and **KShs.12.09million** for Youth Development Services and Administration and Support Services Sub-Programmes respectively.

62. That the budget provision on Compensation to Employees has increased by **Kshs.11.2million**. This is on account of under-provision resulting from the promotion of officers under the Succession Management exercise conducted by the Public Service Commission. The budget provision on the Use of Goods and Services and Acquisition of Non-Financial Assets has been reduced by **Kshs.35.35million** and **Kshs.4.31million** respectively.

63. The reduction of the Recurrent Budget especially under Youth Development Services will negatively impact on service delivery. Currently, the State Department is not able to support the Regional and County Youth Offices adequately while the situation is dire for the Sub County Offices which are not funded. There is a need to inject enhanced funding to make Youth work more robust for Youth Officers interacting with the youth at the grassroots level.

64. The Youth Development Services Sub-Programmes has been affected by changes with a net increase of Kshs.2.1 billion. Analysis of the changes in the Development budget is outlined below:

i) Kenya Youth Empowerment and Opportunities Project-KShs.2.2billion

The project which is funded by the World Bank has increased by KShs.2.2billion in the following areas:

- a) Trainee allowance- **KShs.352million**
- b) Medals Awards and Honors- **KShs.775million**
- c) Other Operating Expenses (Contracted Professional and Technical Services) - **KShs.1.04billion.**
- d) Purchase of Motor Vehicles- **KShs.6.38million**
- e) Research and Feasibility Studies- **KShs.25million**

ii) Youth Empowerment Centres (YECs)-(KShs.100million)

The allocation for Youth Empowerment Centres (YECs) has been reduced by a net of **KShs.100 million** broken down as follows:

- a) Routine Maintenance of Assets,- (**KShs.52.38million**)
- b) Construction of Buildings- (**KShs.46.73million**)
- c) Refurbishment of Buildings-(**KShs.71.38million**)
- d) Purchase of Office furniture and General Equipment -(**KShs.15million**)
- e) Purchase of specialized Plant, Equipment and Machinery-**KShs.85.48million-** The increase under this area is a reallocation to cater for the full operationalization of 25 Youth Empowerment Centres.

65. The reduction of the budget for YECs will affect the planned upgrading of 25 YECs of which the procurement process is already in progress. The State Department has Development Pending Bills amounting to **Kshs.27million** which have been verified and require to be settled once the Second Half budget is uploaded in IFMIS. In order to accommodate the pending bills which, relate to construction, and cater for other expenditures affected by the budget reduction, the State Department requests the committee to approve a reallocation of **KShs.38,066,245** to cater for the budget shortfall as shown in the table below.

Hends/Sub-Heads	Title	Estimates 2021/2022
		KShs.
1214100800 Youth Empowerment Centres.		
Areas from Where Savings will be made		
1214100801 Youth Empowerment Centres	2220206 Maintenance of Civil Works	(5,849,000)
	2220209 Minor Alterations to Buildings and Civil Works	(12,079,195)
	3110302 Refurbishment of Non-Residential Buildings	(20,138,050)
	Total Savings	(38,066,245)
Areas to Where Savings will be reallocated		
	3110202 Non-Residential Buildings (offices, schools, hospitals, etc..)	38,066,245
	Total Reallocation	38,066,245

iii) VIVA Youth Programme-KShs.67.33million

66. That the allocation for VIVA Youth Programme remains unchanged at **KShs.331.67million**. However, the mode of financing has changed with **KShs.67.33 million** of the allocation being converted from Grants Appropriations in Aid to Grant Revenue.

67. The total resource gap for the FY 2021/22 amounts to **KShs.3.17billion** comprising of **KShs.2.87billion** and **KShs.300million** for Recurrent and Development expenditure respectively.

4.15 State Department for Gender

68. The Principal Secretary, Prof. Collette Suda appeared before the Committee on 9th February, 2022 and submitted as follows:-

69. A breakdown of the State Department's F/Y 2021/22 Recurrent and Development Supplementary Estimates No.1 by economic classification is shown below:-

Recurrent Budget

Economic Classification	Approved Estimates FY 2020/21 (Kshs Million)	Revised Estimates FY 2020/21 (Kshs Million)	(Decrease)/Increase (Kshs Million)
Gross	1,035.8	1,133.6	97.8
A.I.A	135.0	135.0	-
NET	900.8	998.6	97.8
Compensation to employees	287.04	288.04	1
Current Transfers	588.32	666.14	77.82
Other Recurrent (O&M)	160.44	179.42	18.935

70. **Compensation to employees** indicates an increase in **Kshs. 1 Million** to cater for the actual requirement for salaries and allowances as per the Integrated Payroll & Personnel Database (IPPD).

71. Current Transfers: The current transfers to SAGAs shows an increase of **Kshs. 77.82 Million**.

This is as a result of the allocation of **Ksh.55, Million** to the NGAAF to cater for salaries for their officers and **Kshs. 22, Million** increase in allocation to the Anti FGM Board to implement the presidential directive to end FGM by 2022.

72. Operations and maintenance: Kshs 18.9 Million shown as an increase in Other Recurrent (O&M) is to cater for FY 2020/21 pending bills that arose due to lack of exchequer.

Development Budget

Programme	Approved Estimates FY 2020/21 (Kshs Million)	Revised Estimates FY 2020/21 (Kshs Million)	(Decrease)/Increase (Kshs Million)
NGAAF	2,130	2,130	-
UWEZO	62	62	-
WEF	120	120	-
Gender based Violence & Reproductive Health Rights (UNFPA)	-	24.9	24.9
Strengthening Prevention and Response to Gender Based Violence(GBV) in Kenya(Government of Finland)	320	120	(200)
GOK Counterpart funding	-	18.95	18.95

73. The reduction in the funding from the Government of Finland was due to a lack of GoK counterpart funding in the first half of FY 2021/22. The Government of Finland has so far spent approximately **Kshs. 6.4 Million** mainly for program launch, the salary of the recruited Chief Technical Advisor, recruitment of staff expenses. However, **Kshs. 18.95 Million** has been allocated in Supplementary Estimates No.1 for the implementation of the half-year work plan.

74. The **Kshs 24.9 million** was donor funding from UNFPA provided under Article 223 to support the programme of Gender-Based Violence and Reproductive Health Rights. Affected Programmes as a result of Supplementary 1 are:-

a) **Presidential Acceleration Plan to End FGM:** The Programme has been allocated **Kshs 22 million** in the supplementary estimates no 1 whereby an amount of Kshs 13 million will be used to implement **The Kuria declaration to end FGM** and the remaining 9 Million will fund the **International day of zero tolerance against FGM**.

b) **National Government Affirmative Action Fund:** The National Government Affirmative Action Fund requested for Kshs 55 million in the recurrent budget. This is to cater for the gratuity of staff Kshs. 29 million and an additional Kshs 26 million for compensation to employees.

- c) **Continuation of The Inter-Agency Programme to prevent and Respond to GBV:** The Programme has been allocated Kshs 18.9 Million to cater for pending bills incurred in the FY 2020/21 due to lack of exchequer. The balance of **Kshs 100 Million** requested for the continuation of the programme activities has not been allocated hence the programme activities will not be implemented in the current FY 2021/22
- d) **Programme to prevent and Respond to GBV in Kenya:** The donor funding for the project has been reduced from **Kshs 320 Million** to **Kshs 120 Million**. The project has been allocated **Kshs 18.9 Million** counterpart funding in supplementary estimates no.1 FY 2021/22. The lack of counterpart funding in the first half of FY 2021/22 resulted in the non-implementation of Quarters 1, 2 and 3 activities. However, the State Department provided the requisite staff and office space and carried out online consultations with the focus counties. With the allocation of the counterpart funding, the State Department will hold physical consultative meetings with GBV duty bearers, gender sector working groups for the three counties and GBV service providers resulting in the launch and signing of MOU with the respective counties.
- e) **UNFPA – Prevention and Response to GBV Including FGM and Child Marriages:** This programme was allocated **Kshs 24 Million** through Article 223 of the Constitution. This has been affected in the Supplementary Estimates No.1 of FY 2021/22 and has been duly utilized by the Anti-FGM Board and the Anti-GBV Directorate in the State Department for the following; capacity building of duty bearer against FGM, the celebration of the International Day of the Girl Child, Capacity building of Anti FGM Steering Committees, sensitization of *bodaboda* operators against FGM and GBV, sensitization for responsible media reporting and community dialogues against GBV and FGM.
- f) **Kenya’s Commitment to advancing Gender Equality and Ending All Forms of Gender-Based Violence and Female Genital Mutilation:** H.E the President announced 12 key commitments at the generation Equality Forum, in Paris on the 30th of June 2021 that are deemed critical for increasing the National and global momentum towards ending GBV and FGM. The department had requested for additional funding of **Kshs 1,208 Million** which was not provided in the Supplementary Estimates.

4.16 National Youth Service

75. The State Department for Public Service led by Ms. Mary Kimonye and the Director-General of the National Youth Service Ms. Matilda Sakwa appeared before the Committee on Wednesday, 9th February 2022 to make submissions regarding the First Supplementary Budget 2021/22.

Financial Performance First Half

Financial Performance First Half				
S/no	Item	First Half Approved Estimates (Kshs.)	First Half Total Expenditures (Kshs.)	Absorption (%)
1.	Recurrent	4,986,898,337	3,567,984,273	72
2.	Development	25,000,000	25,000,000	100
Total		5,011,898,337	3,592,984,273	72

76. That the low absorption in the Recurrent Expenditure is a result of unprocessed payment of fees to TVET institutions for the newly admitted students and the ongoing student’s reconciliation data with TVET institutions to determine the accuracy of fee payments of all students in TVET.

77. Regarding the Supplementary Budget Estimates 1 for Financial Year 2021/2022, the Director-General stated that Service requested for Kshs. 5,449,350,316.75 in the Supplementary Budget 1 to settle verified payable claims of historical pending bills as per the Cabinet Memo on the National Youth Service Pending Bills in the State Department for Public Service, August 2021. **Kshs.1billion** was granted leaving a deficit of **Kshs. 4,449,350,316.75** which has also been provided in the budget forward budget of FY 2022/2023. The **One billion** will be paid based on needy and desperate cases including those with - illnesses; bank loans (on the verge of being auctioned); tax obligations; and litigation cases against NYS.
78. The matter of historical pending bills for the National Youth Service (NYS) remains unresolved from FY 2013/14 to 2017/18. The first Multiagency Committee verified and recommended payment of claims worth **Kshs.3.5billion**. This still left the Service with huge claims that were not cleared in the first verification exercise due to poor documentation and record-keeping evidenced by missing LPOs, LSOs, Certificates, contracts and minutes of various Procurement Committees.
79. The Cabinet, in its 6th meeting held on 19th December 2019 directed the National Treasury to constitute a Pending Bills- Multi-Agency Team (PB-MAT) to review all Pending Bills for the National Government Ministries, Departments and Agencies (MDAs) and make appropriate recommendations. Thus, a second-team on the Pending Bills- Multi-Agency Team (PB-MAT) was appointed to vet the remaining NYS historical pending bills.
80. The Second Multi Agency Team - Pending Bills- Multi-Agency (PB-MAT) conducted verification and cleared claims worth **Kshs. 5,449,350,316.75** out of presented claims of **Kshs. 15,578,137,713.75**. There is therefore a balance of **Kshs 10,128,787,379.00** in form of claims which still requires direction.

4.17 State Development for Development of Arid and Semi-Arid Lands

81. The State Development for Development of Arid and Semi-Arid Lands led by the Principal Secretary Mr. Micah Powon appeared before the Committee on Wednesday, 9th February 2022 present its submission on the First Supplementary Budget for FY 2021/22.
82. He informed the Committee that in the FY 2021/2022, the State Department had been allocated Kshs.1,061.15 million and Kshs.9,080.07 million in the **Recurrent** and **Development** budget respectively which has been revised to Kshs.1,074.38 million and Ksh.10,212.43 million for the Recurrent and Development budget respectively. The Vote therefore increased by **Ksh.13.22** million and Ksh.1,132.37 million in the Recurrent Vote and Development Vote respectively.
83. The increase in the Recurrent Expenditure is made up of Ksh.3.5 million for gratuity for the contracted employees retiring out of the service and Ksh.9.75 million provided to cater for other operations and maintenance.
84. The increase in the Development Expenditure is due to the new Projects, i.e., the Integrated Response and Recovery of Livelihoods Affected by Crisis Ksh.150 Million (UNDP grant), the National Drought Emergency Fund (NDEF) **Kshs 300** million GOK, Ksh.186 million for **TWENDE** project- Grant revenue from GCF, additional funding of Ksh.447 million for **EDE II** from E.U and Ksh.178 million grant revenue from DANIDA for KDRDIP project. The detailed analysis is as indicated in the tables below –

	Approved Estimates (KSHS Millions)	Revised Estimates (Kshs) millions	Decrease (Kshs) Millions
Recurrent	1,061.15	1,074.38	13.21
Development	9,080.07	10,212.43	1,132.37
Total	10,141.22	11,286.81	1,145.58

Revised Recurrent Estimates by Sub-Programme

	Approved Estimates	Revised Estimates	(Decrease)/Increase
NDMA (Drought Management)	692,340,000	692,340,000	0
ASAL Development	154,343,388	172,164,254	17,820,866.0
General Administration	194,795,950	194,159,738	(636,212)
Peace & Community Integration	19,672,009	15,711,413	(3,960,596)
Total	1,061,151,347	1,074,375,405	13,224,058

Revised Development Estimates by Sub-Programme

	Sub-Programme/ Project	Approved Estimates in millions	Revised Estimates in millions	Difference In millions
	<i>ASAL Development</i>			
1.	Enhancing Community Resilience Against Drought (ECORAD II) (JICA)	142.00	30.0	(112.0)
2.	Consolidating Gains and Deepening Devolution in Kenya (UNDP Grant Revenue)	16.87	0	(16.87)
	Sub- Total	158.87	30	(128.87)
	<i>Peace & Community Integration</i>			
3.	Kenya Development Response to Displacement Impact	3,700.00	3,878.24	178.24
	Sub- Total	3,700	3,878.24	178.24
	<i>Drought Management</i>			
4.	Ending Drought Emergencies: Support to Resilient Livelihood II	379.00	826.00	447.00
5.	Ending Drought Emergencies, Ecosystem Based Adaptation in ASAL – TWENDE	0	186.00	186.00

	Sub-Programme/ Project	Approved Estimates in millions	Revised Estimates in millions	Difference In millions
6.	Integrated Response and Recovery of Livelihoods Affected by Crisis	0	150.00	150.00
7.	National Drought Emergency Fund – NDEF	0	300.00	300.00
	<i>Sub- Total</i>	379	1162	1,083.00
	<i>Total</i>	907.00	5,070.24	1,132.37

85. The Principal Secretary appealed for the return of the amount deducted under Austerity Measures of **kshs.16.7 million** to enable us to operate optimally.

4.18 National Gender and Equality Commission

86. The National Gender and Equality Commission led by the Chairperson of the Commission, Dr. Joyce Mutinda appeared before the Committee on Wednesday, 9th February 2022 to present the Commission’s submission on the Supplementary Budget No.1.

87. She informed the Committee that the approved Estimates for the first half of FY 2020/21 was **KES 261.2 million** the cumulative expenditure for the same period was **KES 225.6 million** translating to 86% absorption.

88. The Commission has only **KES 1.6m** available to undertake field interventions. No Programmes have been adversely affected by the supplementary budget, however, the Commission has been running on a low budget and therefore not able to successfully execute its mandate. The Commission has not been able to meet some of its set targets due to inadequate budgets.

89. During the remaining half of the year, the Commission proposes to undertake critical interventions that promote greater and meaningful participation of Special Interest Groups in the forthcoming General Elections 2022. These interventions are:

- a) Monitor the participation and inclusion of SIGs in the electoral process including Political Party Primaries - Special Interest Groups including women, PWDs, minorities/marginalized, the elderly and youth face structural and institutional barriers that contribute to their exclusion in political and decision-making processes in Kenya. The Commission in line with its mandate of coordinating and facilitating mainstreaming of issues of gender, persons with disability and other marginalized groups in national development and to advising the Government will monitor the participation and inclusion of these groups. To deploy monitors in several counties the Commission will require **(23M)**.
- b) In readiness to the 2022 General Election, the Commission will seek to operationalize the NGENC (Complaints Handling Procedure) Regulations. The Commission’s (Complaints Handling Procedure) Regulations, 2021 are ready for gazette and in the remaining half year, the Commission plans to create awareness in preparation for receiving and determining complaints on gender inequality and discrimination that are anticipated with the forthcoming 2022 General election **(10M)**

PART IV

5.0 COMMITTEE OBSERVATIONS

5.1 State Department for Labour

- 1) The Department has a budgetary reduction of Kshs. 1.7 billion both in Development and Recurrent Votes. The budget cut under recurrent may compromise or paralyse office operations and implementation of planned activities.
- 2) The KYEOP was transferred to the State Department for Youth Affairs. This might affect the performance of the project which was being administered through NITA.
- 3) Institutions of Social Dialogue such as the National Labour Board and Wages Councils are not fully institutionalized due to lack of operational secretariat and not able to hold the statutory meetings due to extremely low funding.
- 4) There has been consistent reduction in the budget for foreign mission from the initial Kshs. 50 million to an average of Kshs. 32 Million per station. The big chunk of the budget allocation goes towards Foreign Service Allowance (FSA), rent and utilities leaving an average balance of Kshs. 4.9 Million per station annually for operations and maintenance, which has affected service delivery in these stations.

5.2 State Department for Social Protection, Senior Citizens Affairs and Special Programmes

- 5) The Supplementary Budget No. 1 has net additional amount of **Ksh 2,358,852,508** under Recurrent Expenditure which will be utilized to support the Drought Emergency Intervention(s). However, the State Department was deducted **Ksh.400 million** which should be re-instated.
- 6) Expenditure of the first allocation of **Ksh. 1.2 billion** provided under Article 223 of the Constitution for drought emergency interventions was disbursed.
- 7) The State Department is seeking for the approval of an additional Kshs 1.2 billion to support 400,000 households in the affected 23 ASAL counties to facilitate payments of the current and additional households into the payroll for January 2022 and subsequent payments.
- 8) The State Department does not have new projects, hence no allocation for the same has been captured in the Supplementary Estimates No 1 of the financial year 2021/2022.

5.3 State Department for Youth Affairs

- 9) The budgetary allocation for the Youth Enterprise Development Fund should be enhanced to enable more youths to access the fund so as to address the huge number of unemployed youths.
- 10) Some of the youth funds were devolved but the functions were not transferred. There is, therefore, need for it to be addressed through the Inter-Government Technical Committee.

5.4 State Department for Gender Affairs

- 11) H.E the President announced 12 key commitments at the Generation Equality Forum in Paris on the 30th June 2021 that are deemed critical for increasing the national and global momentum towards ending GBV and FGM. The Department had requested for additional funding of Kshs 1,208 Million which was not provided in the Supplementary Estimates. This means that the Department lacks resources for eradicating the FGM by 2022.

- 12) The Department ought to develop a clear policy towards the completion of projects given that the resources available for their implementation are far below their total estimated costs.
- 13) The Department has a budgetary increase of Kshs. 141.65 in both Recurrent and Development budget out of which Kshs. 18.95 million is GoK counterpart funding for the fight against Gender Based Violence (GBV).
- 14) The committee observed that there is need to have a clear transition of assets and loans as the term of the current Uwezo Fund comes to an end. The committee noted a request to allocate Kshs 80 million for this activity ought to have been provided as this affects the smooth operation of the subsequent constituency committees.
- 15) There is a reduction in the funding from Government of Finland amounting to Kshs. 120 million. This is due to lack of GoK counterpart funding in the first half of FY 2021/22.

5.5 National Gender and Equality Commission

- 16) The Commission proposes to undertake critical interventions that promote greater and meaningful participation of Special Interest Groups in the forthcoming General Elections 2022 which requires a funding of **Kshs. 33 million**

5.6 National Youth Service

- 17) The NYS has several programs that it is carrying out including, stitching of uniforms for the disciplined forces, producing food, packaging water, breads, cotton production etc however their impact is not felt due to low publicity and non- involvement of the public. The committee observed that a concerted effort to engage Public Private Partnership is required to revamp the effort from the service in terms of engaging enterprise activities.
- 18) In this Supplementary Budget, **Kshs. 1 billion** has been granted to NYS leaving a deficit of **Kshs. 4,449,350,316.75** which has also been provided in the Budget for FY 2022/2023. The list of the beneficiaries of the **Kshs. 1 billion** is annexed in this Report. The committee could only ascertain up to **Kshs 850 million** upon considering the report.

5.7 Arid and Semi-Arid Lands Development

- 19) In the Supplementary Estimates I for FY 2021/22, the National Treasury is proposing an increase of Kshs 1,145.5 million in the Department's Budget. The increase in current expenditure is meant to cater for personnel emoluments and rent shortfall while the increase in the capital expenditure is on account of increased donor funding on drought interventions.
- 20) The monies on drought interventions have a target to support 100 households to recover from the effects of drought and a further 20 Counties receiving funds for timely and effective response to drought. The Fund also covers the project geared toward ending drought emergencies ecosystem-based adaptation in ASAL which seeks to build the resilience of ASAL Counties through various projects.
- 21) The National Drought Emergency Fund have also been allocated a seed capital of Kshs 300 million to start its operations and attract donor support in the future.

6.0 COMMITTEE RECOMMENDATIONS

6.1 Financial Recommendations/Proposed Reallocations

i. Proposed reductions of the proposed Supplementary

S/No.	Vote/ departments	State	Programme/Area/item	Proposed Reduction (Kshs)	Justification
1.	ASAL Development		Accelerated Development ASAL	150,000,000	The reduction is on the National Drought Emergency Fund. The committee is of the opinion that the allocation was meant to trigger the operationalization of the Fund and the same will be reinstated at the estimates.
2.	Public Service		National Youth Service (NYS)	150,000,000	The reduction is on the payment of pending bills. The committee is of the opinion that the issue of historical pending bills required careful scrutiny and was only convinced to the tune of Ksh 850 million.
3.	Youth Affairs		Youth empowerment	38,066,245	This is a saving from Youth empowerment Centers to on; maintenance of civil works- Kshs 5,849,000 ; minor alterations to buildings and civil works-12, 079, 195; Refurbishment of non-residential buildings-20. 138,050

ii. Proposed increments on the proposed Supplementary

S/No.	Vote/State departments	Programme/Area/item	Proposed Increases (Kshs)	Justification
1.	Gender	Gender Affairs	20,000,000	As the term of the current Uwezo Fund Constituency management committees come to an end there is need to train them on preparation for smooth transition for assets and loans and prepare legacy reports. If this is not done it will affect the operation of the subsequent Constituency committees.
2.	Social Protection, Senior Citizens Affairs and Special Programmes	Social Development and Children Services	280,000,000	The Child Welfare Society of Kenya requires safe custody for children in need of special protection. This cannot be achieved without adequate budget to complete construction of the ongoing foster care centres across the country which requires estimated Kshs 2.1 billion. However, the committee gave preference to the three centers of Isiolo, Muranga and Nanyuki with this reallocation.
3.	Youth Affairs	Youth empowerment	38,066,245	This is a reallocation on the saving from Youth empowerment Centers to non-residential buildings- (offices, schools and hospitals)

iii. Requests for Additional Funding

1. The National Gender and Equality Commission wishes to undertake a core mandate of ensuring the participation of interest groups in the coming elections. This activity is not funded and must be executed before August 2022 for which the only remedy is this supplementary. The commission requested for a budget of **Kshs 33 million** for this purpose.
2. Institutions of Social Dialogue such as the National Labour Board and Wages Councils under the State departments for Labour are not fully institutionalized due to lack of operational secretariat and not able to hold the statutory meetings due to extremely low funding. The committee requests for an additional funding of **Kshs 20 million** for this purpose.
3. **Kshs 25 million** for operations of committees and/ or boards such as ministerial Audit Committee, Adoption Committee, Counter trafficking in Persons Advisory Committee and Board of Trustees of the National Assistance Trust Fund for Victims of Trafficking.

SIGNED.....



DATE.....

18/2/2022

HON. JOSPHAT KABINGA WACHIRA, OGW, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE)

DEPARTMENTAL
COMMITTEE ON
ENVIRONMENT &
NATURAL
RESOURCES





REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT & NATURAL
RESOURCES

REPORT ON THE SUPPLEMENTARY BUDGET ESTIMATES 1 FOR THE FY
2021/22 FOR THE: -

- VOTE 1203: STATE DEPARTMENT FOR WILDLIFE;
VOTE 1119: MINISTRY OF PETROLEUM AND MINING (DIRECTORATE OF
MINING);
VOTE 1108: MINISTRY OF ENVIRONMENT AND FORESTRY; AND
VOTE 1107: MINISTRY OF WATER & SANITATION AND IRRIGATION.

DIRECTORATE OF DEPARTMENTAL COMMITTEES,
CLERK'S CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI.

FEBRUARY, 2022

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PART I

1.0 PREFACE

1.1 Introduction

1. This report details the consideration by the Departmental Committee on Environment and Natural Resources of the Supplementary Budget Estimates I for the FY 2020/2021 in line with Article 221 of the Constitution, section 37(2) of the Public Finance Management Act 2012, and Standing Order 235(4). The Committee held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Estimates on 9th February, 2022. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, pursuant to Standing Order 207(6).

1.2 Mandate of the Committee

2. The Departmental Committee on Environment and Natural Resources is established under the National Assembly Standing Orders No. 216. The functions and mandate of the Committee include, among others, **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.**
3. The subject matter of the Departmental Committee on Environment and Natural Resources are stated in the Second Schedule of the National Assembly Standing Orders No. 216 (f) as follows: climate change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.

1.3 Oversight

4. In executing its mandate, the Committee oversees the following Government Ministries and Departments: the Ministry of Environment and Forestry; the Ministry of Water, Sanitation and Irrigation; the State Department for Wildlife; and the State Department for Mining.

1.4 Committee Membership

5. The Committee comprises the following Members:

Chairperson

The Hon. Sophia Abdi Noor, M.P.

MP for Ijaara Constituency

Party of Development and Reforms (PDR)

The Hon. David Kangogo Bowen, M.P.
Marakwet East Constituency

Jubilee Party

The Hon. Francis Chachu Ganya, M.P.
North Horr Constituency

Frontier Alliance Party (FAP)

The Hon. Ali Wario Guyo, M.P.
Garsen Constituency

Wiper Party

The Hon. Benard Masaka Shinali, M.P.
Ikolomani Constituency
Jubilee Party

The Hon. David Gikaria, M.P.
Nakuru Town East Constituency
Jubilee Party

The Hon. George Macharia Kariuki, M.P.,
Ndia Constituency
Jubilee Party

The Hon. Charity K. Chepkwony, M.P.
Njoro Constituency
Jubilee Party

The Hon. Simon Ng'ang'a King'ara, M.P.
Ruiru Constituency
Jubilee Party

The Hon. Peter Kimari Kihara, M. P.
Mathioya Constituency
Jubilee Party

The Hon. Janet Ongera, MP.
Kisii County
Orange Democratic Movement (ODM)

The Hon. Charles Ong'ondo Were, M.P.
Kasipul Constituency
1.5 Committee Secretariat

Orange Democratic Movement (ODM)

The Hon. Nasri Sahal Ibrahim, M.P.
Nominated,
Forum for Restoration of Democracy-K

The Hon. Rozaah Buyu, M.P.
Kisumu County
Orange Democratic Movement (ODM)

The Hon. Said Hiribae, M.P.
Galole Constituency
Forum for Restoration of Democracy- K

The Hon. Hassan Oda Hulufu, M.P.
Isiolo North Constituency
Kenya Patriots' Party (KPP)

The Hon. Amin Deddy Mohamed Ali, M.P.
Laikipia East Constituency
Jubilee Party

The Hon. Rehema Hassan, M.P.
Tana River County
Maendeleo Chap Chap Party (MCC)

The Hon. (Eng.) Paul M. Nzengu, M.P.
Mwingi North Constituency
Wiper Party

6. The Committee is serviced by the following Members of Staff:

Ms. Esther Nginyo
First Clerk Assistant
Lead Clerk

Mr. Dennis Mogare Ogechi
Second Clerk Assistant

Dr. Benjamin Ngimor
Senior Fiscal Analyst

Ms. Linet Otieno
Legal Counsel I

Mr. Eugene Apaa
Research Officer II

1.6 Overview on the Examination of the Supplementary Budget 1 for FY 2021/2022

7. The estimates of revenue and expenditure and other budget documents for the fiscal year 2020/21 were submitted to the National Assembly in line with Article 221 of the Constitution and section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on **Tuesday, 1st February, 2022**. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and examination pursuant to Standing Order 235(4).
8. The Departmental Committee on Environment and Natural Resources held a sitting on 9th February, 2022 for a briefing on Supplementary Estimates by the Parliamentary Budget Office. The Committee, thereafter held its Sittings to scrutinize and deliberate on the Estimates with the Ministries, Departments and Agencies under its purview on the same day.

1.7 Acknowledgement

9. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. Further, the Committee appreciates the Ministries and State Departments that appeared before it to make their submissions.
10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Environment and Natural Resources, to present the Report to the Budget and Appropriation Committee pursuant to the provisions of section 37 of the Public Finance Management Act (PFM Act) and Standing Order 207 (6).

Hon. Sophia Abdi Noor, M.P.

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET 1 FOR THE FY 2021/2022

11. The First Supplementary Estimates for FY 2021/22 were table in the National Assembly on Tuesday 1st February 2022. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Order No. 243 of the National Assembly.
12. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Orders No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programmes or projects that is affected by the proposed supplementary budget.
13. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.
14. This report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: Ministry of Environment and Forestry; Ministry of Water, Sanitation and Irrigation; Ministry of Petroleum and Mining; and State Department of Wildlife.
15. The Supplementary Estimates No.1 for the FY 2021/22 proposes to increase the gross ministerial expenditure by Kshs. 126.2 billion (6.5 percent growth) from the FY 2021/22 approved Ministerial Budget Estimates. This change comprises of an increment in the recurrent expenditure by Kshs. 113.3 billion (8.9 percent growth), an increment in the development expenditure by Kshs. 13.0 billion (1.9 percent growth) and a reduction in the Consolidated Fund Services (CFS) by Kshs. 17.7 billion (1.3 percent reduction) respectively. Notably, these increases are within the 10 percent threshold of increase in the budget estimates as required by the PFM Act, 2012.

16. The budget for the Ministry of Water, Sanitation and Irrigation is set to increase by Kshs. 4.2 billion. This comprises of a reduction of Kshs. 68.47 million for recurrent expenditure and an increment of Kshs. 4.2 billion for development expenditure.
17. The total budget for the State Department for Wildlife is set to decrease by Kshs. 391.2 billion. This comprises of a reduction of Kshs. 578.0 million for recurrent expenditure and an increment of Kshs. 186.8 million for development expenditure.
18. The total budget for the Department of Mining under the Ministry of Petroleum and Mining is set to decrease by Kshs. 230.8 million. This comprises of a reduction of Kshs. 16.8 million for recurrent expenditure and a reduction of Kshs. 214.0 million for development expenditure.
19. The budget for the Ministry of Environment and Forestry is set to decrease by Kshs. 20.4 million (0.1% reduction). This comprises of an increment of Kshs. 68.47 million for recurrent expenditure and a reduction of Kshs. 88.9 million for development expenditure.

Table 1: Summary of Changes to MDAs under the Committees Purview

Vote		Approved Estimates (Kshs. millions)	Revised Estimates (Kshs. millions)	Supplementary Estimates (Kshs. millions)	Percentage Change
Ministry of Water, Sanitation and Irrigation	Recurrent	6,395.7	6,321.3	(74.4)	(1.2%)
	Development	71,218.5	75,447.7	4,229.2	5.9%
	Total	77,614.2	81,769.1	4,154.8	5.4%
State Department of Wildlife	Recurrent	7,611.8	7,033.8	(578.0)	(7.6%)
	Development	632.8	819.6	186.8	29.5%
	Total	8,244.6	7,853.4	(391.2)	(4.7%)
Department of Mining	Recurrent	629.6	612.8	(16.8)	(2.7%)
	Development	276.7	62.7	(214.0)	(77.3%)
	Total	906.3	675.5	(230.8)	(25.5%)
Ministry of Environment and Forestry	Recurrent	10,481.6	10,550.1	68.5	0.7%
	Development	4,245.4	4,156.5	(88.9)	(2.1%)
	Total	14,727.0	14,706.6	(20.4)	(0.1%)

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

20. The Departmental Committee on Environment and Natural Resources held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Supplementary Budget 1 for the FY 2021/22 on Wednesday 9th February, 2022. The MDAs included: The Ministry of Petroleum and Mining, The State Department for Wildlife, the Ministry of Environment and Forestry, and the Ministry of Water, Sanitation and Irrigation. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 The Ministry of Petroleum and Mining (Directorate of Mining)

21. The Principal Secretary Ministry of Petroleum and Mining, Mr. Andrew N. Kamau, CBS appeared before the Committee on Wednesday 9th February, 2022 and briefed as follows:

22. He provided an updated status report on the implementation of the approved budget for FY 2021/2022. In terms of Financial Performance, he indicated that the approved budget for the Mining Directorate was Kshs. 906,339,767, comprising of Kshs. 629,601,695 in recurrent and Kshs. 276,738,072 in Development. The total expenditure up to 31st December, 2021 was Kshs. 232,187,541 comprising of Kshs. 200,160,847 in recurrent and Kshs. 32,026,694 in Development. He also gave a breakdown of Non-Financial Performance as at 31st December 2021 for the various programs run by the Directorate of Mining.

23. The Directorate had pending bills of Kshs. 65,784,775 as at 30th June, 2021. The outstanding balance as at 31st December 2021 was Kshs. 65,784,775. The Ministry was making efforts to ensure that the pending bills are cleared.

24. In terms of the programs and projects affected by the supplementary budget (additions and deductions) and the effect thereof, he stated that:

- a) The total recurrent budget decreased by **Kshs. 16,844,872** from **Kshs. 629,601,695** to **Kshs. 612,756,823**.
- b) The total development budget reduced by **Kshs. 214,000,000** from **Kshs. 276,738,072** to **Kshs. 62,738,072**.
- c) The effect of proposed FY 2021/22 Supplementary Estimates No. I on the projects at the Directorate was as tabulated below:

Project	Printed Estimates FY 2021/22	Supplementary Estimates I FY 2021/22	Addition/ (Reduction)	The Effects of the Budget Cuts
Geological Data Bank	27,338,072	7,338,072	(20,000,000)	The budget cut will delay automation and safe storage of Geoscience information & Mineral data.
Mining Cadastre Portal	28,200,000	3,200,000	(25,000,000)	The Ministry will not be able upgrade cadaster thus impact on efficiency and

Project	Printed Estimates FY 2021/22	Supplementary Estimates I FY 2021/22	Addition/ (Reduction)	The Effects of the Budget Cuts
				effectiveness of licensing
Mineral Audit Support	22,000,000	12,000,000	(10,000,000)	The Ministry will not be able to procure Revenue Management and Mineral testing equipment
Mineral Certification Lab	29,000,000	4,000,000	(25,000,000)	The Ministry will not be able to procure most of the intended laboratory equipment
Geological Mapping & Mineral Exploration	49,200,000	2,200,000	(47,000,000)	The Ministry will not be able to pay a pending bill of Kshs. 16.898 million which was incurred for drilling equipment and; will not be able to purchase survey equipment and conduct geological mapping activities
Gemstone Centre-Taita Taveta	20,000,000	10,000,000	(10,000,000)	The budget cut will affect equipping and full operationalization of the centre
Granite Processing Centre In Vihiga	13,000,000	5,000,000	(8,000,000)	The budget cut will result to pending bills since the contract for civil works has been awarded
Rehabilitation Of Madini Hse	27,000,000	2,000,000	(25,000,000)	The reduction will affect the intended civil works-repairs.

Project	Printed Estimates FY 2021/22	Supplementary Estimates I FY 2021/22	Addition/ (Reduction)	The Effects of the Budget Cuts
Kisii Soapstone Value Addition Centre	13,000,000	3,000,000	(10,000,000)	The budget cut will not affect the implementation of the project this financial year
Kakamega Gold Refinery	13,000,000	9,000,000	(4,000,000)	The project implementation will not be affected by budget cut
Geo Technical Site Investigations in Support of Big 4 Agenda	35,000,000	5,000,000	(30,000,000)	The budget cut will affect geotechnical site investigations which is crucial for development of infrastructural projects thus derailing implementation of infrastructural Big 4 Projects.
Total	276,738,072	62,738,072	(214,000,000)	

3.2 Ministry of Environment and Forestry

26. The Director of Administration, Ministry of Environment and Forestry, Mr. Joel Kitili appeared before the Committee on Wednesday 9th February, 2022 and briefed it as follows:
27. He provided an updated status report on the implementation of the approved budget for FY 2021/2022 (both Financial and Non-Financial performance).
28. The Ministry and its SAGAs has pending bills totaling to Kshs 4.673B. Pending bills totaling to Kshs 4.033B relates to unremitted tax claims to KRA from sale of timber products by the Kenya Forest Service while bills totaling to Kshs 640M relates to court claims and awards against the Ministry headquarters. The Ministry has given priority to pending bills by effecting them as a first charge in the current financial year.
29. On the programmes and projects affected by Supplementary Budget (Deductions and Additions), he provided the tabulation below:

PROGRAMME	PRINTED ESTIMATES (KSHS)	SUPPLEMENTARY ESTIMATES (KSHS)	INCREASE/(DECREASE) (KSHS)
General Administration, Planning and Support Services	421,731,505	508,769,997	87,038,492
Environment Management and Protection	3,318,000,000	3,495,389,742	177,389,742
Meteorological services	1,435,000,000	1,324,300,000	(110,700,000)
Forest and Water Towers Conservation	9,552,300,000	9,378,167,426	(174,132,574)
Grand Total	14,727,031,505	14,706,627,165	(20,404,340)

30. The following were identified as the emerging issues in budget implementation:

- a) Rising water levels in lakes, rivers and dams has created socio economic impacts in many regions in the country thus requiring urgent attention. Understanding drivers of this scenario is important in designing short and long term measures against the impacts
- b) Covid-19 (Management of COVID-19 waste PPE, re-allocation of funds from core mandate activities to COVID-19 prevention measures and interventions for Covid-19 without allocating funds for management of Waste PPEs)
- c) The World is transitioning from a Brown/Linear Economy to a Green/Blue/Circular Economy that tackles global challenges like climate change, biodiversity loss, waste and pollution by employing reuse, sharing, refurbishment, remanufacturing and recycling to create a closed-loop system, minimizing the use of resource inputs and the creation of waste, pollution and carbon emissions.

31. On the challenges affecting the Ministry in implementing the FY2021/22 budget and the recommendations thereof, he stated that:

- a) Inadequate funding and budget cuts. He recommended that additional funding be availed to the Ministry in the FY 2021/2022 to be utilized to: Facilitate implementation of Presidential Directive of 10% Forest Cover, Cater for the maintenance and security of KMD specialized equipment acquired as part of the departments modernization exercise and installed in its more than 47 field offices, Promote green projects to mitigate climate change and enhance climate change adaptation, Undertake Programmes in Wetlands Conservation and Protection, Funding river riparian rehabilitation such as Nairobi river riparian and Urban rivers in the country in line with presidential directive as they feed into major Man-made and Natural Water Reservoirs including Dams, and facilitate Ministry Taskforces and other ad hoc committees set up to address urgent issues of priority to the government.
- b) There was high staff turnover through transfers, natural attrition and retirements without replacement. He recommended the lifting the freeze on recruitment to allow succession management in critical areas. The Scheme of service should be revised to allow upward movement in career growth for staff to avoid stagnation.

- c) Climate Change - The effects of climate change and associated extreme weather events threaten sustainable development and impacts negatively on the sector. Recurrent flooding and droughts affect food production, water supply, housing access, and general livelihoods of the people. He recommended intensified implementation of the National Climate Change strategy, National Climate Change Act, National Climate Change Action Plan 2018-2022 (NCCAP 2018-2022); and Operationalization of the National Climate Change Council. There should further be increased investment in technologies aimed at mitigating impacts of climate change and enhanced resources to address climate change related mitigation measures and interventions.

3.3 State Department for Wildlife

34. The Cabinet Secretary, Ministry of Tourism and Wildlife, the Hon. Najib Balala, EGH appeared before the Committee and briefed it as follows:
35. He provided a summary of both the financial and non-financial performance during the FY 2021/22 Budget Implementation as at 31st December 2021.
36. The State Department for Wildlife had a Printed Estimates budget of **Kshs. 8,245 million** which had since been reduced to **Kshs. 7,853 million**. This represents a reduction of **Kshs. 392 million**. The reduction is majorly occasioned by austerity measures as well as reduction in AIA collections by Kenya wildlife service due to negative impact COVID-19 pandemic.

37. A summary of the supplementary estimates is provided hereunder:

Vote	Approved Estimates 2021/22	Supplementary I Estimates 2021/22	Variance	Remarks
Gross Recurrent	7,611,813,774	7,033,804,764	-578,009,010	
AIA	3,218,776,887	1,733,000,000	-1,485,776,887	AIA reduction due to COVID 19 Pandemic
GOK/NET Gross Development	4,393,036,887	5,300,804,764	907,767,877	Additional funds to KWS
Grants	632,810,000	819,610,000	186,800,000	
GOK/NET	58,810,000	20,000,000	-38,810,000	Kshs 100 million for Nairobi Safari Walk Development and outreach project and Kshs. 86.8 million for exchange of Endangered Wildlife between Kenya and Tanzania
GOK/NET	574,000,000	799,610,000	225,610,000	
Total	8,244,632,774	7,853,414,764	-391,209,010	

38. On the effects of the supplementary estimates on allocations to projects in the state department, he provided the following summary:

Name of the Project	Approve Estimates FY 2021/22 (Kshs million)	Supplementary Estimates FY 2021/22 (Kshs. Million)	Variance
Modernization of Antipoaching Technology	45	45	0
Conservation of Biodiversity of Northern Kenya	40	40	0
Human Wildlife Conflict Mitigation Programme	180	187	7
Ranger housing programme	70	70	0
Maintenance of Access Roads in National Parks	150	150	0
Nairobi safari walk development and education outreach	0	100	100
Plastic ban in Parks & Reserves	19	12	-7
Wildlife Resource learning centres	15	15	0
Combating Poaching and Illegal Wildlife Trafficking	98	98	0
Exchange of Endangered Wildlife Between Kenya and Tanzania	0	87	87
Refurbishment of NSSF Building	15	15	0
Total	633	820	187

39. On critical issues not covered by Supplementary I Estimates, he highlighted them as being:
- Kshs. 600 million for payments of pending Human Wildlife Conflict compensation claims, to reduce the current pending bill of Kshs 2.6 billion
 - Wildlife Research and Training Institute Total Recurrent budget FY 2021/22 is Kshs. 150 m which is insufficient to cater for Board expenses, operationalization expenses and administrative expenses. We are requesting additional Kshs 33 million to cover the shortfall.
 - Exemption of austerity measure on Fuel, domestic and foreign travel for Headquarters- this because wildlife office is required to travel to parks and attend Multinational Environmental Agreements which have been ratified by the Government.
 - KWS has a total Kshs.5.948 million budget but require Kshs. 7,833 million to cover salaries and operations hence we are requesting an additional Kshs. 1,885 million to support salaries shortfall and operations.

3.4 Ministry of Water, Sanitation and Irrigation

40. The Water Secretary, Ministry of Water, Sanitation and Irrigation, Eng. Samuel Alima, appeared before the Committee on Wednesday 9th February, 2022 and briefed it as follows:
41. He provided a detailed non-financial performance per capital project indicating the Key Performance Indicators, targets and actual performance for first half of the FY 2021-2022.
42. On financial performance for FY 2021-2022, He provided the following summary:

Description	Printed Estimates (KSHS)	Expenditure as at 31st December, 2021 (KSHS)	Balance (KSHS)
Recurrent Vote	6,395,728,930	2,937,489,982	3,458,238,948
Development Vote	71,218,500,000	15,412,194,903	55,806,305,097
Total	77,614,228,930	18,349,684,885	59,264,544,045

43. The Recurrent budget has reduced by Kshs. 74.4 million (Kshs.47.1 million personnel emoluments and Kshs. 27.3 million Operations & Maintenance). The reduction will negatively affect the Ministry's operations since there will be no sufficient funds for operations. The reduction in Personnel Emoluments relates to delayed recruitment of new staff in line with the new staff establishment that's in the process of being approved by Public Service Commission.

44. On development estimates supplementary I budget allocation FY2021/22, he provided the summary below:

	Printed Estimates FY 2021/22	Supplementary I Estimates FY 2021/22	Changes
GoK	20,945,500,000	22,751,500,000	1,806,000,000
Donor Revenue	12,760,000,000	13,186,500,000	426,500,000
Donor AiA	37,513,000,000	39,509,730,862	1,996,730,862
Total	71,218,500,000	75,447,730,862	4,229,230,862

45. The Ministry's Development budget increased by Kshs.4.229 billion from Kshs.71.218 billion to Kshs. 75.447 billion.

46. This increase comprises of Kshs. 1,806,000,000 GoK, Kshs. 1,996,730,862 Donor AiA and Kshs. 426,500,000 Donor Revenue.

47. Despite the increase in GoK allocation there was reduction in some of the current project's allocation. This will adversely affect their completion since contractors had already been engaged based on the FY 2021/22 approved budget. Additionally, some of these projects already have pending bills, therefore, reducing the allocation will further exacerbate the situation.

48. On key capital projects allocation, he presented the following summary:

Project Name	Printed Estimates FY2021/2022	Project Name	Printed Estimates FY2021/2022
118700-National Expanded Irrigation	3,105	3,105	-

programme			
115800-Cross- County Bulk water & Sanitation Improvement project	1,114	1,114	-
118500-Community Based Irrigation Projects	712	712	-
119800-Household Irrigation projects	1,420	1,420	-
115500-Water for Schools	270	200	(70)
119000-National Water Harvesting & Ground Water exploitation	800	600	(200)

49. As at 31st December 2021, the Ministry had received a total exchequer amount of Kshs.16.356 billion against an expected exchequer amount of Kshs.18.858 billion representing 86.73% of the expected exchequer receipts.

- a) RECURRENT-Kshs 1.920 billion against an expected exchequer of Kshs.2.005 billion representing 95.76% of the total exchequer expected.
- b) DEVELOPMENT-Kshs14.436 billion against Kshs.16.853 billion representing 85.66% of the total exchequer expected.

50. The Ministry's pending bills stands at Kshs. 2.163 billion. Kshs.0.563 billion relates to Legal pending bills, Kshs. 1.60 billion relates to historical bills including statutory deductions owed by Water Resources Authority and National Water Harvesting & Storage Authority. The bills have remained outstanding due to lack of budgetary allocation.

51. On budget implementation challenges, he identified the following: delays in exchequer releases, delays in processing of the taxation master-lists, land, way-leaves acquisition challenges and delays in finalization of the resettlement action plans, mid-year budget cuts, Litigation- delaying project implementation, failure by water service providers to implement last mile connectivity which is a devolved function, effect of covid-19 on the water revenues and water service provision, and inadequate budgetary allocation.

PART III

4.0 COMMITTEE OBSERVATIONS

31. The Committee having considered the submissions by the Ministries, Departments and Agencies under its purview made the following observations:

4.1 Ministry of Environment and Forestry

38. The FY 2021/22 budget for the Ministry has been reduced by Kshs. 20.4 million comprising of an increase Kshs. 68.5 million for recurrent expenditure and a decrease of Kshs. 88.9 million for development expenditure. The increment in recurrent expenditure will be funded by an increase in GoK exchequer, while the reduction in development expenditure is largely due to a reduction in donor funding.

The Committee noted that there were reductions for of funds in critical activities and projects under the Ministry that will adversely affect its outputs and strategic plans. There is a proposed reduction of Kshs. 55.7 million for the recurrent expenditure of the Kenya Meteorological Department which will affect salaries and O&M of the department. The reduction will affect among others, the ongoing Kshs. 10 million contracts with Telkom Kenya on data exchange communication as well as Kshs. 32 million contracts on security and cleaning services.

39. The Kenya Forest Research Institute (KEFRI) has a reduction of Kshs. 10 million in the development expenditure, which will affect construction and mapping of tree seed processing units.

40. The Kenya Water Towers Agency (KWTA) has a reduction of Kshs. 20 million in the development expenditure, which will affect the fencing of the Maasai Mau forest.

41. The reduction of Kshs. 10 million in the development expenditure of the National Environment Management Authority (NEMA) which will affect the national solid waste management project.

4.2 State Department for Wildlife

42. The FY 2021/22 budget for the State Department has been reduced by Kshs. 391.2 million comprising of a decrease of Kshs. 578 million for recurrent expenditure and an increase of Kshs. 186.8 million for development expenditure. The reduction in recurrent expenditure is mainly on account of a decrease in Appropriations-in-Aid (A-i-A) collection by the Kenya Wildlife Service (KWS) while the increment in development expenditure is due to an increase in donor funding.

33. Parliament had provided Kshs. 600 million to cater for Human Wildlife Conflicts (HWC) claims in the FY 2021/22 and the funds were exhaustively utilized in the first half of the year. Currently, the Ministry has verified and approved pending HWC claims amounting to Kshs. 2.578 billion as of January 2021. It is also observed that some of the pending bills are for cases that date as far back as FY 2017/18. The Committee observed that there is need to allocate some funding in the supplementary estimates to cater for part of these claims before the end of this financial year while the rest of the claims will be catered for in the budget for FY 2022/23.

5.0 COMMITTEE RECOMMENDATIONS

48. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Budget Policy Statement for the FY 2022/23, the Committee recommends the following:

5.2 FINANCIAL RECOMMENDATIONS

49. The committee recommends THAT:

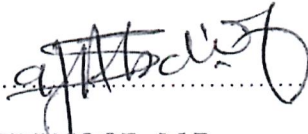
- a) For the **Ministry of Environment and Natural Resources**, the proposed changes in the First Supplementary Estimates for the FY 2021/22 comprising of an increment for recurrent expenditure amounting to Kshs. 68.5 million and a reduction in development expenditure amounting to Kshs. 88.9 million **be approved**.
- b) For the **State Department for Wildlife**, the proposed changes in the First Supplementary Estimates for the FY 2021/22 comprising of a reduction for recurrent expenditure amounting to Kshs. 578 million and an increment in development expenditure amounting to Kshs. 186.8 million **be approved**.
- c) For the **Department of Mining (under the Ministry of Petroleum and Mining)**, the proposed changes in the First Supplementary Estimates for the FY 2021/22 comprising of a reduction for recurrent expenditure amounting to Kshs. 16.8 million and a reduction in development expenditure amounting to Kshs. 214 million **be approved**.
- d) For the **Ministry of Water, Sanitation and Irrigation**, the proposed changes in the First Supplementary Estimates for the FY 2021/22 comprising of a reduction for recurrent expenditure amounting to Kshs. 74.4 million and an increment in development expenditure amounting to Kshs. 4.2 billion **be approved with the following amendments:**
 - i) Reduction of Kshs. 265 million under development expenditure for the 'water & sewerage infrastructure development' programme. A list of projects which will be affected by this reduction is provided in Schedule 1.
 - ii) Reduction of Kshs. 5 million under the development expenditure for the 'water harvesting & storage for irrigation' programme. The project which will be affected by this reduction is provided in Schedule 1.
 - iii) Increment of Kshs. 270 million under the development expenditure for the 'water storage & flood control' programme.

50. The Committee further recommends for the following additional funding:

- a) The Ministry of Environment and Forestry be allocated additional Kshs. 95.7 million to be used for the following:
 - i) Reinstatement of Kshs. 55.7 million reduced for recurrent expenditure of the Kenya Meteorological Department that was to be used to pay salaries and O&M.
 - ii) Reinstatement of Kshs. 10 million reduced for development expenditure of the Kenya Forest Research Institute (KEFRI) to be used for construction and mapping of tree seed processing units across the country.

- iii) Reinstatement of Kshs. 20 million reduced for development expenditure of the Kenya Water Towers Agency (KWTA) to be used for fencing of the Maasai Mau Forest.
 - iv) Reinstatement of Kshs. 10 million reduced for development expenditure of the National Environment Management Authority (NEMA) for the National Solid Waste Management project.
- b) The State Department for Wildlife be allocated additional Kshs. 533 million which will be used for the following:
- i) Increment of Kshs. 500 million for recurrent expenditure for settlement of Human Wildlife Conflict (HWC) pending claims. The current verified and approved pending claims as of 30th January 2021 amounts to Kshs. 2.578 billion and the Committee proposes that some funding should be provided to settle part of these claims while the rest will be accommodated in the budget for FY 2022/23.
 - ii) Increment of Kshs. 33 million for recurrent expenditure of the Wildlife Research and Training Institute (WRTI) to be used for O&M.

0
SIGNED



HON. SOPHIA ABDI NOOR, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES)

DATE

17/2/2022

PROPOSED ANNEXURES

- 1. Minutes**
- 2. Adoption List**
- 3. PBO Brief**
- 4. MDAs presentations**



MINISTRY OF WATER, SANITATION AND IRRIGATION

WORKPLAN FOR WATER FOR SCHOOLS - 2020/2021 FINANCIAL YEAR

S/No	Agency	County	Constituency	Project Name	Scope of Works	Target Population	Total Budget (Kshs.)	1st half allocation
1	North Rift Valley WwDA	Turkana	Turkana Central	Nakurio Girls Secondary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1,500	8,000,000.00	4,000,000.00
					Sub total		8,000,000.00	4,000,000.00
2		Homa Bay	Karachuonyo	Nyahera Gendia Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1,500	8,000,000.00	4,000,000.00
3	LVSWWDA	Bomet		Ngerit Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00
4		Nyamira	Kisii	Nyakwerema Secondary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00
5	LVSWWDA	Homabay	Karachuonyo	Simburi Girls Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1,500	8,000,000.00	4,000,000.00
					Sub total		32,000,000.00	16,000,000.00
6		Nandi	Mosop	Kaptumek Secondary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00
7		Bungoma	Tongereni	Naitiri Girls Secondary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00

S/No	Agency	County	Constituency	Project Name	Scope of Works	Target Population	Total Budget (Kshs.)	1st half allocation
8	NWHSA	Kakamega	Mumias West	Ingesi Primary/Secondary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2,000	8,000,000.00	4,000,000.00
9		Homa Bay	Ndhiwa	Kamasii Primary School borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2,000	8,000,000.00	4,000,000.00
10		Siaya	Ugunja	Ndenga Primary School borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1400	8,000,000.00	4,000,000.00
11	NWHSA	Nandi	Aldai	Kapsamoch Primary School	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1200	8,000,000.00	4,000,000.00
12		Kakamega	Butua	Butula TTI Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2,500	8,000,000.00	4,000,000.00
13		Homabay	Ndhiwa	Rambusi Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
14	NWHSA	Homa Bay	Rangwe	Lwaho Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00
15		Homabay	Kabondo Kasipul	Got Sibuur Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00
16		Kisumu	Seme	Seme TTI Borehole	Drill and equip 1 boreholes. well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00
17		Siaya	Gem	Mindhine Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00

S/No	Agency	County	Constituency	Project Name	Scope of Works	Target Population	Total Budget (Kshs.)	1st half allocation
18		Siaya	Ugenja	Ngunya Girls School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00
					Sub total		104,000,000.00	52,000,000.00
19		Nyandarua	Kinangop	Matundura Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
20		Nyandarua	Olkalou	Kanjuri Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
21		Nyandarua	Olkalou	Kainbaga Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
22	CRWWDA	Nyandarua	OloroDrok	Kihoo Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
23		Nyandarua	OloroDrok	Olororok borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	8,000,000.00	4,000,000.00
24		Baringo		Kap Kiamo Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00
25		Nandi	Chesumei	Nandi Primary School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00

S/No	Agency	County	Constituency	Project Name	Scope of Works	Target Population	Total Budget (Kshs.)	1st half allocation
26		Nyandarua	Various	Presidential Directive Boreholes	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	2000	15,000,000.00	7,500,000.00
					Sub total		71,000,000.00	35,500,000.00
27	NWDA	Mandera	Mandera West	Gulami Primary School	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
					Sub total		8,000,000.00	4,000,000.00
28	AWDA	Muranga	Maragwa	Irembu primary school.	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
29		Muranga	Mathioya	Runyeki secondary school	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
30		Muranga	Gatanga	Mwaniambogo primary school	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
31	AWDA	Muranga	Marangwa	Kianjirumi primary school	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
32		Muranga	Kigumo	Mwema Nursery School Borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00
33		Muranga	Kigumo	Kiriangoro Secondary School borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1200	8,000,000.00	4,000,000.00
					Sub total		48,000,000.00	24,000,000.00
34	LYNWDWA	Kakamega		Embwanbwa Primary school borehole	Drilling, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	8,000,000.00	4,000,000.00
					Sub total		8,000,000.00	4,000,000.00

S/No	Agency	County	Constituency	Project Name	Scope of Works	Target Population	Total Budget (Kshs.)	1st half allocation	
35		Nyeri	Mukurweini	Matuo Primary School borehole	Drilling , well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00	
36		Nyeri	Kieni	Gatei Primary School borehole	Drilling, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1000	8,000,000.00	4,000,000.00	
37	TANA WWDA	Embu	Mbeere North	Kune Secondary School borehole	Drill and equip 1 borehole well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	800	7,000,000.00	3,500,000.00	
38		Embu	Mbeere South	Makawani Primary School and Mamba Community Boreholes	Completion of 2 boreholes. well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	4000	8,000,000.00	4,000,000.00	
39		Embu	Mbeere North	Kavaci Primary and secondary School Borehole	Drill and equip 1 borehole, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00	
40		Embu	Mbeere North	Kianthenge Secondary and Primary Borehole	Drilling, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	1500	8,000,000.00	4,000,000.00	
41		Embu	Runyenyjes	Nhagalya Primary School Borehole	Drill and equip 1 borehole, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	500	8,000,000.00	4,000,000.00	
42		Embu	Mbeere North	Kanyonga Primary Borehole	Drill and equip 1 borehole, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	500	8,000,000.00	4,000,000.00	
43		Embu	Manyatta	Gikingire Community Borehole	Drill and equip 1 borehole, well development, casing and test pumping, equip with solar system and supply and installation of 10,000 ltrs plastic tank with allied works	500	8,000,000.00	4,000,000.00	
		GRAND TOTAL				Sub total		71,000,000.00	35,500,000.00
							350,000,000.00	175,000,000.00	



DEPARTMENTAL
COMMITTEE ON
ENERGY



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON ENERGY

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I FOR
FY 2021/2022 FOR THE FOLLOWING VOTES:

VOTE 1152- MINISTRY OF ENERGY

VOTE 1194- MINISTRY OF PETROLEUM AND MINING (PETROLEUM
DEPARTMENT)

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February, 2022

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Appendix

1. Adoption List
2. Minutes
3. Submissions

Abbreviations

AiA	Appropriation in Aid
BAC	Budget and Appropriation Committee
EPRA	Energy and Petroleum Regulatory Authority
FY	Financial Year
GDC	Geothermal Development Corporation
KenGen	Kenya Electricity Generating Company
KETRACO	Kenya Electricity Transmission Company
KPLC	Kenya Power & Lighting Company
Kshs.	Kenya Shillings
LPG	Liquefied Petroleum Gas
MoE	Ministry of Energy
MoPM	Ministry of Petroleum and Mining
MP	Member of Parliament
MTP	Medium Term Plan
MW	Megawatts
NEMA	National Environmental Management Authority
NOCK	National Oil Corporation of Kenya
NuPEA	Nuclear Power and Energy Agency
REREC	Rural Electrification and Renewable Energy Corporation
SAGAs	Semi-Autonomous Government Agencies
S. O	Standing Order



PART I

1.0 PREFACE

1.1 Mandate of the Committee

The Departmental Committee on Energy is established pursuant to the provisions of Standing Order No. 216. The Committee is mandated to;

- a. 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. study the program and policy objectives of Ministries and departments and the effectiveness of the implementation;
- c. study and review all legislation referred to it;
- d. study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- e. 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;
- f. to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
- fa. examine treaties, agreements and conventions;
- g. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- h. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- i. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- j. examine any questions raised by Members on a matter within its mandate.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters relating to the Fossil Fuel Exploration, Development, Production, Maintenance and Regulation of Energy.

1.2 Oversight

In executing this mandate, the Committee oversees the following Ministries, Departments and Agencies (MDAs):

- i. The Ministry of Energy; and
- ii. The Ministry of Petroleum and Mining (Petroleum Department).

1.3 Committee Composition

The Departmental Committee on Energy comprises the following Members:

Chairperson

The Hon. Jeremiah Kioni, M.P.
Ndaragwa Constituency

Jubilee Party

Vice Chairperson

The Hon. Gladwell Cheruiyot, MP
Baringo County Women Representative

Kenya Africa National Union (KANU)

The Hon. Joseph Kirui Limo, MP
Kipkelion East
Jubilee Party

The Hon. Ekomwa Lomenen James, MP.
Turkana South Constituency
Jubilee Party

The Hon. Joseph Wathigo Manje, MP.
Kajiado North Constituency
Jubilee Party

The Hon. Lemanken Aramat, MP.
Narok East Constituency
Jubilee Party

The Hon. Rashid Kassim Amin, MP.
Wajir East Constituency
Wiper Democratic Movement- Kenya

The Hon. (Eng.) Vincent Musyoka Musau, MP.
Mwala Constituency
Maendeleo Chap Chap Party

The Hon. Amina Gedow Hassan, MP.
Mandera County Women Representative
Economic Freedom Party

The Hon. Ali Wario, MP
Bura Constituency
Jubilee Party

The Hon. Mary Wamau Njoroge, MP.
Maragua Constituency
Jubilee Party

The Hon. Elisha Odhiambo, MP
Gem Constituency
Orange Democratic Movement (ODM)

The Hon. Elsie Muhanda, MP
Kakamega County Women Representative
Orange Democratic Movement (ODM)

The Hon. Annie Wanjiku Kibeh, MP
Gatundu North Constituency
Jubilee Party

The Hon. Julius Mawathe, MP
Embakasi South Constituency
Wiper Democratic Movement – Kenya

The Hon. Richard Ken Chonga, MP
Kilifi South Constituency
Orange Democratic Movement (ODM)

The Hon. Michael Mwangi Muchira, MP
Ol Jorok Constituency
Jubilee Party

The Hon. Walter Owino, MP
Awendo Constituency
Orange Democratic Movement (ODM)

The Hon. Pavel Oimeke, MP
Bonchari Constituency
Orange Democratic Movement (ODM)



1.4 Committee Secretariat

The Committee has the following technical staff, representing the Office of the Clerk:

Ms. Rose M. Wanjohi
Senior Clerk Assistant I (Team Leader)

Ms. Mary Lemerelle
Clerk Assistant II

Dr. Benjamin N'gimor
Senior Fiscal Analyst

Mr. Sidney Lugaga
Legal Counsel I

Mr. Thomas Ogwel
Fiscal Analyst I

Mr. David Ngeno
Research Officer II

Mr. Brian Njeru
Fiscal Analyst III

Ms. Noelle Chelagat
Media Relations Officer III

Ms. Mercyllyn Kerubo
Audio Recording Officer III

Ms. Sheila Chebotibin
Sergeant at Arms I

1.5 Overview on the Examination Supplementary Estimates I

The Supplementary Estimates I for the FY 2021/22 were submitted to the National Assembly on 2nd February 2022 and subsequently tabled in the House. The preparation and approval of the Supplementary Estimates is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.

Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

The Committee is mandated to consider and review the Supplementary Estimates in line with its mandate (Standing Order 235(4), and among other things, took into account the need to ensure efficiency in spending, utilization of funds under 223 of the Constitution and absorption levels; challenges during the period under considerations and program status. Subsequently, the Committee submitted its report to the Budget and Appropriations Committee (BAC) for onward tabling and approval in the House.

The 2021/22 Supplementary Estimates propose to increase the gross ministerial expenditure by Ksh. 126.2 billion (6.5 percent growth) from the FY 2021/22 approved Ministerial Budget Estimates (to Ksh. 2068.3 billion in ministerial expenditure and a reduction by Ksh. 17.7 billion in the consolidated services).

The Committee held four (4) sittings in which the Committee was briefed by the Parliamentary Budget Office and thereafter considered the submissions from the Ministry of Energy and Ministry of Petroleum and Mining (Department of Petroleum). The submissions from the State Departments covered budget performance and rationale underpinning the revised Supplementary Estimates I, impact on key performance indicators, and any other matter relevant to the approval of the Supplementary I Estimates.

1.6 Acknowledgement

The Committee is grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly, and the Secretariat for their invaluable support to the Departmental Committee on Energy as we discharge our oversight mandate on budget implementation.

On behalf of the Members of the Departmental Committee on Energy and pursuant to the Public Finance Management Act, 2012 and S. O. 199 (6), it is my pleasant duty, to submit to the Budget and Appropriation Committee, the Committee's report on Supplementary I Estimates FY 2021/22.

SIGNED:



DATE: 21/02/2022

HON. JEREMIAH KIONI M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2.0. OVERVIEW OF THE FY 2021/22 SUPPLEMENTARY ESTIMATES I

1. Supplementary Estimates I were submitted when the Country recovered from the effects of COVID 19 epidemic as well as the targeted completion of projects especially those of the big four Agenda.
2. On the other hand, the total expenditure and net lending for the period under review totaled to Kshs. 1,305.4 billion against a target of Kshs. 1,451.2 billion with the resultant under expenditure of 10.0% (Kshs. 145.8 billion) being majorly as a result of lower absorption recorded in development expenditures (foreign-financed) by the National Government and below target transfers to County Governments.
3. The Supplementary Estimates I proposes an overall budgetary increase of Kshs. 108.5 Billion. This is composed of Kshs. 126.2 Billion (6.5% change) in ministerial expenditure i.e. an increment in recurrent – Kshs. 113.3 Billion and Development – Kshs. 13.0 Billion, and a reduction of Kshs. 17.7 Billion (1.3 percent reduction) in the consolidated services.
4. Based on engagements with key stakeholders, this report reviews the impact of the Supplementary Estimates I, on the State Department of Energy and State Department of Petroleum and provides appropriate recommendations to the Budget & Appropriations Committee.

3.0. SUBMISSIONS BY PARLIAMENTARY BUDGET OFFICE, MINISTRIES, DEPARTMENTS AND AGENCIES

3.1. Submissions by the Parliamentary Budget Office

Budget Implementation

5. The cumulative revenue collection including AIA for the first half (July – December 2021) amounted to Kshs. 1.0 trillion against a target of Kshs. 989.7 billion indicating an over-performance of Kshs. 16.6 billion (1.7 percent). On the other hand, the total exchequer releases for the same period amounted to Kshs. 1.3 trillion against a target of Kshs. 1.5 trillion, indicating an under-performance of Kshs. 145.8 billion (10.0 percent). This underperformance is largely attributed to the lower utilization of foreign funds utilized by development projects under various MDAs.
6. With respect to the MDAs under the purview of the Committee, both votes have significant exchequer releases for recurrent expenditure in the first half of the FY 2021/22 with the Ministry of Energy being allocated 48 percent of its approved net estimates while the Department for Petroleum being allocated 41 percent. However, the performance for development expenditure is rather low with the Ministry of Energy being allocated only 26 percent of its approved net estimates while the Department for Petroleum has been allocated 32 percent.

Table 1: Analysis of Exchequer Issues to MDAs under the Committees Purview

Vote		Approved Estimates (Ksh. millions)	Net	Exchequer Issues as at 31 st Dec 2021 (Ksh. millions)	Percentage of Exchequer Issues to Net Estimates
Ministry of Energy	Recurrent		1,580	760	48%
	Development		22,390	5,912	26%
	Total		23,970	6,672	28%
Department for Petroleum	Recurrent		739	302	41%
	Development		770	243	32%
	Total		1,508	545	36%

3.1.1 Analysis of the Supplementary I Estimates for the State Department for Energy

7. The budget for the Ministry of Energy is set to increase by Kshs. 84 million. This comprises an increment of Kshs. 9.8 billion for recurrent expenditure and a reduction of Kshs. 9.7 billion for development expenditure. The increment for recurrent expenditure is mainly for transfers to the Kenya Power. On the other hand, the reductions under the development expenditure mainly affect donor funded projects.
8. The Ministry of Energy implements four programmes and all of them have been affected by the supplementary changes with the exception of the 'General Administration Planning and Support Services' programme. The largest changes are witnessed under the 'Power Transmission and Distribution' programme whose overall allocation has increased by Kshs. 1.7 billion (3 percent growth) and the 'Alternative Energy Technologies' programme whose overall allocation has been reduced by Kshs. 1.3 billion (47 percent reduction). Table 4 gives a summary of these changes per programme.

Table 2: Changes in Programmes for the Ministry of Energy (Kshs. Millions)

Programme		Approved Estimates (Ksh. millions)	Supplementary Estimates (Ksh. millions)	Revised Estimates (Ksh. millions)	Percentage Change
Power Transmission and Distribution	Recurrent	3,744	9,643	13,387	258%
	Development	54,693	(7,901)	46,792	-14%
	Total	58,437	1,741	60,178	3%
Alternative Energy Technologies	Recurrent	212	(19)	193	-9%
	Development	2,537	(1,274)	1,263	-50%
	Total	2,749	(1,293)	1,456	-47%
Power Generation	Recurrent	2,267	193	2,460	9%
	Development	9,888	(558)	9,330	-6%
	Total	12,155	(365)	11,790	-3%
General Administration Planning and Support Services	Recurrent	413	0	413	0%
	Development	130	0	130	0%
	Total	543	0	543	0%
	Recurrent	6,636	9,817	16,453	148%

Total	Development	67,248	(9,733)	57,515	-14%
Expenditure	Total	73,884	84	73,968	0%

Source: FY 2021/22 Supplementary I Estimates

9. The largest changes for the recurrent expenditure are under the 'Power Transmission and Distribution' Programme whose allocation has increased by Kshs. 9.6 billion (258 percent growth) and the 'Power Generation' programme whose allocation has increased by Kshs. 193 million (9% growth). The main items being affected by the changes in recurrent expenditure are:
- i) Increment of Kshs. 9.1 billion for Kenya Power and Lighting Company (KPLC). However, no information has been provided on what this money is meant for and no targets have been introduced or revised for KPLC.
 - ii) Increment of Kshs. 597 million for the Rural Electrification & Renewable Energy Corporation (REREC). This change is attributed to an increase in the Appropriations-in-Aid (A-i-A) collection by REREC. However, no targets have been introduced or revised for REREC.
 - iii) Increment of Kshs. 200 million for the Nuclear Power and Energy Agency (NUPEA). However, no targets have been introduced or revised for NUPEA.
10. The largest changes for the development expenditure are under the 'Power Transmission and Distribution' programme whose allocation has been reduced by Kshs. 7.9 billion (14 percent reduction), the 'Alternative Energies Technologies' programme whose allocation has been reduced by Kshs. 1.3 billion (50 percent reduction) and the 'Power Generation' programme whose allocation has been reduced by Kshs. 558 million (6 percent reduction). These changes are occasioned by increments and reductions in on-going projects, and also introduction of new projects.
11. The changes in the budgets for on-going projects are largely due to changes in donor funding commitments. The main on-going projects that have been affected by the changes in development expenditure include:
- Increments*
- i) Kenya Power Distribution System Modernization and Strengthening Project – the project has an increment of Kshs. 3.8 billion which is due to an increase in donor funding. It is noted that part of this funding (Kshs. 3.0 billion) has already been approved by the National Treasury under Article 223 of the Constitution.
 - ii) Olkaria-Lessos-Kisumu Power Lines Construction project – the project has an increment of Kshs. 1.1 billion which is due to an increase in donor funding.
- Reductions*
- iii) National System Control Centre and Makindu SS - the project has a reduction of Kshs. 3.1 billion which is due to a decrease in donor funding.
 - iv) Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP) – the project has a reduction of Kshs. 3 billion which is due to a decrease in donor funding
 - v) Electrification of Economic Zones - the project has a reduction of Kshs. 2.2 billion which is due to a decrease in donor funding
 - vi) Ethiopia-Kenya Interconnector – the project has a reduction of Kshs. 1.5 billion which is due to a decrease in donor funding.
 - vii) Last Mile Electricity Connectivity – the project has a reduction of Kshs. 1.2 billion which is due to a decrease in donor funding.
 - viii) Olkaria 1 units 1, 2, 3, Geothermal Power Plant Rehabilitation Project - the project has a reduction of Kshs. 1 billion which is due to a decrease in donor funding

- ix) Kenya Power Transmission Expansion Project - the project has a reduction of Kshs. 850 million which is due to a decrease in donor funding
 - x) Retrofitting of mini grids – the project has a reduction of Kshs. 800 million which is due to a decrease in donor funding
12. There are four projects introduced in the supplementary estimates that had not been provided for funding in the Approved Estimates for FY 2021/22. These projects are:
- i) Mombasa-Nairobi Transmission Line – This project has been allocated Kshs. 800 million. This project is 100 percent complete but had a pending bill of Ksh. 1.7 billion as of June 2021. Therefore, the funds provided will be used to settle pending bills and will be sourced from the exchequer.
 - ii) Turkwel – Ortum – Kitale Transmission Line – This project has been allocated Kshs. 464 million. This project was 92 percent complete as of June 2021 and needed Kshs. 986 million to complete it. The funds provided in the supplementary estimates are sourced from both the exchequer and donors.
 - iii) Garissa- Dadaab Transmission Line – This project has been allocated Kshs. 200 million. This is a new project and no details of the project cost, its start date and expected completion date have been provided.
 - iv) Garissa – Modogashe Transmission Line – This project has been allocated Kshs. 200 million. This is a new project and no details of the project cost, its start date and expected completion date have been provided.

3.1.2 Analysis of the Supplementary Estimates I for State Department for Petroleum

13. The department implements one programme whose allocation has increased by Kshs. 24.7 billion. This comprises an increase in recurrent expenditure amounting to Kshs. 25.0 billion and a reduction in development expenditure amounting to Kshs. 248 million.

Table 3: Changes in Programmes for the Department of Petroleum

Programme		Approved Estimates (Ksh. millions)	Supplementary Estimates (Ksh. millions)	Revised Estimates (Ksh. millions)	Percentage Change
Exploration and Distribution of Oil and Gas	Recurrent	336	24,980	25,316	7,434%
	Development	2,649	(248)	2,401	-9%
	Total	2,985	24,731	27,717	828%

14. The increase in recurrent is mainly on account of additional Kshs. 25.0 billion for stabilization of oil market prices. The funds will be utilized for compensation of oil exporters due to their loss in revenue when the government maintained the pump price at a lower rate than its actual market price. **It is noted that these funds have already been approved by the National Treasury under Article 223 of the Constitution.**
15. The reduction in the development estimates for the Department has affected three projects namely:
- i) Kenya Petroleum Technical Assistance Project (KEPTAP) – this project has a reduction of Kshs. 62 million which is due to a decrease in donor funding.
 - ii) Exploration and Distribution of Oil and Gas – this project has a reduction of Kshs. 158 million and is due to a decrease in exchequer funding.
 - iii) Fuel Marking – this project has a reduction of Kshs. 28 million and is due to a decrease in exchequer funding.

3.2 Submissions by the State Departments

16. In its letter dated 3rd February 2022, the Committee invited the Ministry of Energy and the Ministry of Petroleum and Mining (Petroleum Department) to its sittings set for 9th and 10th 23rd February 2022 to deliberate on expenditures contained in the Supplementary I Estimates for the FY 2021/22. Particulars for discussion included:- the provision of summary brief on the proposed Supplementary Estimates I; first half budget implementation progress; a list of new projects included in the Supplementary Estimates I, a report on particulars of affected programs and any other relevant information. Whilst the summary is provided below, the submissions by both States Departments are annexed to this report.

3.2.1 Submissions by the State Department for Energy (Full submission as Annexed)

Maj. Gen.(Rtd) Dr. Gordon Kihlangwa, the Principal Secretary, Ministry of Energy accompanied by ; Chief Executive Officers of the State Corporations under the Ministry's purview and other Ministry officials appeared before the Committee and made the following submissions.

17. In its presentation, it was indicated that the resource allocation has been increased by Kshs. 9,817 million in recurrent vote and a decrease of Kshs. 9,733 million in development vote (See annex).

Table 4: Ministry of Energy Supplementary I Estimates

(AMOUNT Kshs.)			
	PRINTED ESTIMATES 2021/22 FY	SUPPLEMENTARY I ESTIMATES 2021/22 FY	NET CHANGE
RECURRENT	6,636,000,000	16,453,000,000	9,817,000,000
DEVELOPMENT	67,248,000,000	57,514,541,425	(9,733,458,575)
VOTE 1152 GROSS EXPENDITURE	73,884,000,000	73,967,541,425	83,541,425

Source: State Department for Energy

18. Recurrent Budget changes are Kshs. 9,220 million which relates to exchequer under KPLC Kshs 9,050 million, REREC Kshs. 597 million, NuPEA Kshs. 200 million and Salaries has been reduced by Kshs. 30 million as per the current staff establishment. Development budget changes are shown in the table below

Table 5: 2021/22 FY Supplementary I Development Estimates per programme

Development	PRINTED ESTIMATES 2021/22 (Kshs.)	SUPPLEMENTARY I 2021/22 (Kshs.)	NET CHANGES 2021/22 (Kshs.)
General Administration, Planning and Support services	130,000,000	130,000,000	0
Power Generation	9,888,000,000	9,330,000,000	(558,000,000)
Power Transmission and Distribution	54,693,000,000	46,791,541,425	(7,901,458,575)
Alternative Energy Technology	2,537,000,000	1,263,000,000	(1,274,000,000)
Total Gross	67,248,000,000	57,514,541,425	(9,733,458,575)

Source: Ministry of Energy

New projects (if any) introduced through the proposed Supplementary Estimates 1 for 2020/21 and the justification.

19. The State Department for Energy indicated that there were two new projects introduced under the Supplementary Estimates I, which are being financed by the GoK. The justification is that they are security enhancement projects
- i. Garissa- Dadaab Transmission Line allocated Kshs. 200 Million
 - ii. Garissa- Modogashe Transmission Line allocated Kshs. 200 Million

Impact on Big Four Agenda Projects

20. It was reported that the Supplementary Estimates I will have an impact on the capacity of the Ministry to support implementation of the Big Four Agenda primarily manufacturing and affordable Housing. This is because the total allocation for the Big four agenda had been reduced by Kshs. 2.47 billion. The projects primarily affected included; Electrification of Health facilities (Isiolo County, reduced by Kshs. 50 Million), Electrification of Level Economic zones by Kshs 2.2 Billion, Electrification of food processing plants by Kshs 30 Million and Affordable Housing by Kshs 186 Million .

Table 6: Big Four Agenda Projects (Kshs.)

Implementing Agency	Project Title	PRINTED ESTIMATES 2021/22	SUPPLEMENTARY I EST. 2021/22	Net Change
1. Universal Health Care				
Kenya Power	1152108800 Electrification of Health facilities in counties	200,000,000	150,000,000	(50,000,000)
	1152108900 Electrification of Level 4 & Level 3 Hospitals	380,000,000	380,000,000	0
2. Manufacturing (Electrification of Economic Zones)				
KETRACO/ Kenya Power	1152109000 Electrification of Economic Zones	3,001,000,000	797,000,000	(2,204,000,000)
4. Food Security				
Kenya Power	1152109100 Electrification of Food Processing Plants	100,000,000	70,000,000	(30,000,000)
5. Affordable Housing				
Kenya Power	1152109200 Electrification of Government Housing Schemes	490,000,000	304,000,000	(186,000,000)
TOTAL		4,171,000,000	1,701,000,000	(2,470,000,000)

Source: State Department for Energy

Pending Bills for the Ministry and its SAGAs

21. The Ministry reported that the pending bills listed below were as 31st December 2021

Table 7: Pending Bills as at 31st December 2021

KENYA ELECTRICITY TRANSMISSION COMPANY LTD- KETRACO			
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NO	PROJECT	SUPPLIER	AMOUNT-KES	DESCRIPTION
1	Menengai-Soilo	NARI	227,878,164.00	Transmission Line & Substations
2	Mombasa-Nairobi	KALPATARU POWER TRANSMISSION CO LTD	1,813,395,157.20	Transmission Line & Substations
3	Isinya-Suswa	PROJECT AFFECTED PERSONS	199,122,583.36	Wayleave compensation
4	Lessos-Tororo TL	INABENSA	4,493,926,836.98	Arbitration award (EURO 37,365,691)
5	Olkaria-Lessos-Kisumu TL	KALPATARU	1,626,870,054.70	Transmission Line claims
6	Olkaria-Lessos-Kisumu TL	WAYLEAVE	1,876,570,075.91	Wayleave compensation
7	Eastern Electricity Highway Project	WAYLEAVE	425,317,913.30	Wayleave compensation
8	Eastern Electricity Highway Project	LARSEN & TOUBRO	1,152,555,805.50	Contractors claims
9	Eastern Electricity Highway Project	KALPATARU	1,594,810,481.00	Contractors claims
10	Eastern Electricity Highway Project	KEC	798,450,016.10	Contractors claims
11	Turkwel-Ortum-Kitale	KEC	105,788,991.00	Contractors claims
12	Loiyangalani Suswa TL	NARI -PCGE	1,057,614,262.70	Contractors claims
		GRAND TOTAL	15,372,300,341.74	-
KPLC				
	1. KPLC Subsidy and RES Capital Jobs	10,000,000		The amount received so far inadequate to cover all schemes
	2. RES projects Maintenance	16,400,000,000		Awaiting budget provision in the FY 2021/22
	3. REREC Primary Schools	248,000,000		Awaiting exchequer funding
REREC				
	Garissa Solar power plant	17,000,000		

22. The Ministry reported that the projects contained in the table below were affected by reductions. Reducing budget provisions will end up creating pending bills given that they are on-going, and projects have already been designed, commenced and terminating them halfway will create stalled projects which will not deliver any benefit to the public.

Table 8: Projects Affected by the Budget Cuts (Amount Kshs.)

S/NO.	Project Title	Printed Estimates 2021/22 (Amount Kshs.)	Supplementary Estimates 2021/22 (Amount Kshs.)	Net Change (Amount Kshs.)	Justification/Effect to Projects
		Gross	Gross	Net	
	KETRACO				
1.	1152100200 Nanyuki-Isiolo-Meru	340,000,000	200,000,000	(140,000,000)	

2.	1152100300 Sondu Homabay Ndhiva Awendo Electrification Project	514,000,000	100,000,000	(414,000,000)	The loan expired thus the reallocation to Turkwel Ortum
3.	1152100700 Transmission line Mombasa-Nairobi	0	800,000,000	800,000,000	For payment of outstanding pending bills of Kshs.
4.	1152101300 Olkaria Lessos Kisumu Power Lines Construction Project	961,000,000	2,100,000,600	1,139,000,000	For payment of Pending bills
5.	1152101400 Turkwell- Ortum-Kitale	0	464,000,000	464,000,000	For payment of outstanding pending bills
6.	1152101800 Eastern Electricity Highway Project (Ethiopia - Kenya Interconnector)	7,222,000,000	5,728,000,000	(1,494,000,000)	Donor reduction
7.	1152103100 Multi-National Kenya-TZ Power Interconnection Project.	948,000,000	738,000,000	(210,000,000)	
8.	1152107100 Nairobi City Centre E.H.V & 66 KV Network Upgrade & Reinforcement	1,000,000,000	500,000,000	(500,000,000)	Approved reallocation
9.	1152103900 Power Transmission System Improvement project	160,000,000	90,000,000	(70,000,000)	
10.	1152107800 Kenya Power Distribution System Modernization & Strengthening Project	1,021,000,000	4,831,000,000	3,810,000,000	For payment of Priority project
11.	1152107900 Kenya Power Transmission Expansion Project	2,600,000,000	1,750,000,000	(850,000,000)	Approved reallocation
12.	1152108700 Rabai-Kilifi Transmission Line	1,030,000,000	980,000,000	(50,000,000)	
13.	1152108100 220KV Kamburu-Embu-Thika transmission Line	1,100,000,000	575,000,000	(525,000,000)	An approved reallocation
14.	1152109400 Gilgil-Thika-Konza 400 KV Transmission Line	450,000,000	300,000,000	(150,000,000)	Reduction will affect the counterpart funding loan precedent
15.	1152109500 Loiyangalani-Marsabit 400 KV Transmission Line	1,188,000,000	1,094,000,000	(94,000,000)	Reduction will affect the counterpart funding loan precedent
16.	1152110400 National System Control Centre & Makindu SS	3,334,000,000	246,000,000	(3,088,000,000)	
17.	1152111300 Garissa - Dadaab Transmission Line	0	200,000,000	200,000,000	Big Four Priority project
18.	1152111400 Garissa - Modogashe Transmission Line	0	200,000,000	200,000,000	Big Four Priority project
	GDC				
1.	1152102200 Menengai Geothermal Development project	1,640,000,000	1,875,000,000	235,000,000	The allocation of Kshs. 260 M will help reduce the

					pending bills although the agency might not be in a position to collect it. The reduction of Kshs .25 M will result in pending bills
2.	1152100500 Bogoria Silali Geothermal Project.	2,398,000,000	2,765,000,000	367,000,000	
	KPLC				
1.	1152102700 Last Mile Electricity Connectivity	6,493,000,000	5,330,000,000	(1,163,000,000)	For Donor reduction-delay in procurement activities of Phase IV. For GOK-project implementation will be affected. It will have pending bills associated with it.
2.	1152103200 Kenya Electricity Modernization Project	5,721,000,000	5,036,000,000	(685,000,000)	Donor reduction based on work plan
3.	1152103500 Street-lighting.	201,000,000	151,000,000	(50,000,000)	
4.	1152103600 Connectivity Subsidy	100,000,000	50,000,000	(50,000,000)	
5.	1152107200 Retrofitting of Mini-Grids	1,800,000,000	1,000,000,000	(800,000,000)	
6.	1152108800 Electrification of Health care Facilities in Counties	200,000,000	150,000,000	(50,000,000)	
7.	1152109000 Electrification of Economic Zones	3,001,000,000	797,000,000	(2,204,000,000)	
8.	1152109100 Electrification of Food Processing Plants	100,000,000	70,000,000	(30,000,000)	
9.	1152109200 Electrification of Government Housing Schemes	490,000,000	304,000,000	(186,000,000)	No effect,
10.	Rural Electrification Schemes	1,000,000,000	0	0	The required Gok budget was Kshs. 12 B. Kshs. However, Kshs. 5B was allocated in FY 2019/20 and Kshs. 1 B in FY 2020/21, therefore a balance of Kshs. 6 B.
	REREC				
1.	1152104400 Electrification of Public Facilities	6,263,000,000	6,553,541,425	290,541,425	Donor increase is for payment of pending bills

2.	1152104600 Solar Maintenance Programme	75,000,000	65,000,000	(10,000,000)	
3.	1152106900 Installation of Transformers in Constituencies	598,000,000	459,000,000	(139,000,000)	Some constituencies may miss out on the installation of transformers Project as planned.
	NUPEA				
1.	1152105100 Nuclear Power Plant Siting	100,000,000	55,000,000	(45,000,000)	The reduction by Ksh 200 million will have a negative impact on the implementation of the Agency's projects activities and implementation of the ERP system to digitalized the Agency's operations for the FY 2021/22
2.	1152105200 Strategic Environmental Assessment	115,000,000	30,000,000	(85,000,000)	
3.	1152108300 Nuclear Policy and Legislation	100,000,000	30,000,000	(70,000,000)	
	RENEWABLE ENERGY-MOE				
1.	1152107300 Sustainable Energy For All	184,000,000	56,000,000	(128,000,000)	The Donor reduction has existing invoices which will result in pending bills.
2.	1152108000 Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP)	5,400,000,000	2,401,000,000	(2,999,000,000)	The projects procurement activities in process
	KENGEN				
1.	1152109300 East Africa Skills for Transformation & Regional Integration Project	414,000,000	314,000,000	(100,000,000)	Budget reduced due to the delayed procurement of the master plan consultant.
2.	1152109600 Ol Karia I Units 1,2,3 Geothermal Power plant Rehabilitation Project	2,487,000,000	1,487,000,000	(1,000,000,000)	Budget reduced due to delayed procurement caused by the ongoing court case.
3.	1152100800 Olkaria I and IV	2,000,000,000	2,140,000,000	140,000,000	Additional budget is for the Loan grant to be used for geothermal activities
	Total	61,748,000,000	52,014,541,425	(9,733,458,575)	

Source: State Department for Energy

3.2.2 Submissions by the Ministry of Petroleum and Mining (Petroleum Department) (Full submission as Annexed)

Mr. Andrew Kamau, Principal Secretary, Ministry of Petroleum and Mining(Petroleum Department) accompanied by Mr. Mathew Musyoka, Head of Finance and other Ministry Officials appeared before the Committee and made the following submissions.

23. The allocations for the State Department for Petroleum will increase by Kshs. 24.97 Billion, from Kshs. 2.98 Billion to Kshs. 27.71 Billion. This as a result of a Kshs. 24.97 Billion increase on recurrent budget. The total recurrent budget increased by **Kshs. 24,979,829,081** from Kshs. 336,000,000 to **Kshs. 25,315,829,081**. This was brought about by an additional budget for the Oil Market Price Stabilization (Kshs. 24,985,575,711) and reduction across various items amounting to **Kshs. 5,746,630**. There is a Kshs. 248 Million reduction on the development budget.

Table 9: Recurrent and Development (Kshs.)

Vote	Printed Estimates FY 2021/22	Supplementary Estimates I FY 2021/22	Addition/ (Reduction)
Recurrent	336,000,000	25,315,829,081	24,979,829,081
Development	2,649,400,001	2,400,984,214	(248,415,787)
Total	2,985,400,001	27,716,813,295	24,731,413,294

Source: Petroleum Department

24. The Development Expenditure reduction by Kshs. 248,415,787 from Kshs. 2,649,400,001 to Kshs. 2,400,984,214 arises from cuts from the following items/programs:

- i. KEPTAP (Kenya Technical Petroleum and Assistance Project) – Allocation was reduced by Kshs. 62,415,787, from Kshs. 500,000,001 to Kshs. 437,584,214. This project came to an end on 31st August, 2021. The allocated budget is to cater for pending bills under the project.
- ii. Fuel Marking – Allocation of Kshs. 45 Million was reduced by Kshs. 28 Million to Kshs. 17 Million from the budget. This is a transfer to the Energy and Petroleum Regulatory Authority meant for fuel marking activities.
- iii. Preparatory Activities for the Lokichar- Lamu Crude Oil Pipeline – The allocation was reduced from Kshs. 425 Million to Kshs. 417 Million.
- iv. LPG Distribution and Infrastructure – Allocation was reduced from Kshs. 305 Million to Kshs. 155 Million.

Performance report (Financial & Output) as at 31st December 2021

25. The approved budget for the State Department of Petroleum was Kshs. 2,985,400,001; comprising Kshs. 336,000,000 in recurrent and Kshs. 2,649,400,001 in Development. The total expenditure up to 31st December 2021 was Kshs. 1,004,739,174 comprising Kshs. 119,918,851 in recurrent and Kshs. 884,820,323 in Development. The non-financial budget finance parameters are provided in the overall report annexed.

Table 10: State Department Budget Performance – 31st December 2021, (Kshs.)

	Printed Estimates FY 2021/2022	Total Expenditure as at 31 st December 2021	Absorption Rate	Remarks

DEPART ME NTAL
COMMI TT EE ON
TRADE, I N D USTRY
& COOP E RATIVES



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

**REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I
FOR THE FINANCIAL YEAR 2021/22 FOR**

**STATE DEPARTMENT FOR INDUSTRIALIZATION,
STATE DEPARTMENT FOR TRADE; AND
STATE DEPARTMENT FOR COOPERATIVES**

**The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI**

February, 2022

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PART I

1.0 PREFACE

1.1 Introduction

The report contains the Committee consideration of Supplementary Estimates I for FY 2021/2022 which was tabled in the National Assembly on the 1st February 2022. The processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit supplementary budget to parliament for approval, Likewise, Standing Orders No. 243 indicates that the National Government shall submit to the National Assembly for approval a supplementary budget in support of money spent under Article 223 of the Constitution.

The PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as the format for revised budget in which the Cabinet secretary is further mandated to issue a circular to that effect. The Regulations outlines the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including expenditure that, although known when finalizing the estimates of the original budget (in this case, the annual estimates of 2021/22) could not be accommodated within the allocations and tariff adjustments or price increases.

Approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage.

The report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: **State Department for Cooperatives, State Department for Trade and Enterprise Development and State Department for Industrialization.**

1.2 Establishment of the Committee

The Departmental Committee on Trade, Industry and Cooperatives is one of the fifteen Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:

- i. 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;
- ii. *To study the programs and policy objectives of Ministries and departments and the effectiveness of their implementation;*

- iii. To study and review all the legislation referred to it;
- iv. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- v. 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;
- vi. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);
- vii. To examine treaties, agreements and conventions;
- viii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- ix. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- x. To examine any questions raised by Members on a matter within its mandate.

1.3 Mandate of the Committee

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee the following areas:

- i. Trade
- ii. securities exchange
- iii. consumer protection
- iv. pricing policies
- v. commerce, and industrialization including special economic zones
- vi. enterprise promotion and development including small and medium-size enterprises
- vii. intellectual property
- viii. industrial standards
- ix. anti-counterfeit policies
- x. Co-operatives development.

In executing its mandate, the Committee oversees the Ministry of Industrialization, Trade and Enterprise Development and the State Department for Co-operatives.

1.4 Committee Membership

The Committee was constituted by the House in July, 2020 and comprises of the following Members:

Chairperson

Hon. Adan Hajj Ali, MP,
MP for Mandera South Constituency

Jubilee Party

Vice-Chairperson

Hon. Wangari Mwaniki, MP, Vice Chairperson
MP for Kigumo Constituency

Jubilee Party

Members

Hon. William Cheptumo, MP
MP for Baringo North Constituency
Jubilee Party

Hon. Kareke Mbiuki, MP
MP for Nithi Constituency
Jubilee Party

Hon. Anab Mohamed Gure, MP
MP for Garissa County
Jubilee Party

Hon. Andrew Mwadime, MP
MP for Mwatate Constituency
ODM Party

Hon. Shariff Athman Ali, MP
MP for Lamu East Constituency
Jubilee Party

Hon. Daniel Maanzo, MP
MP for Makueni Constituency
Wiper Party

Hon. Fred Odhiambo Ouda, MP
MP for Kisumu Central Constituency
ODM Party

Hon. Christopher Nakuleu, MP
MP for Turkana North Constituency
Jubilee Party

Hon. Jones Mlolwa, MP
MP for Voi Constituency
ODM Party

Hon. Raymond Kipruto Moi, MP
MP for Rongai Constituency
KANU

Hon. Jared Okelo, MP
MP for Nyando Constituency
ODM Party

Hon. Gichimu Robert, MP
MP for Gichugu Constituency
Jubilee Party

Hon. Patrick Wainaina Jungle, MP
MP for Thika Town Constituency
Independent Member

Hon. Khatib Mwashetani, MP
MP for Lungalunga Constituency
ODM Party

Nduati Joseph Ngugi, MP
MP for Gatanga Constituency
Jubilee Party

Hon. Wachira Rahab Mukami, MP
MP for Nyeri County
Jubilee Party

Hon. (Dr.) Wilberforce Oundo, Phd, MP
MP for Funyula Constituency
ODM Party

1.5 Committee Secretariat

The Committee is facilitated by the following Secretariat:

Mr. Daniel Mutunga
Principal Clerk Assistant I/Team Leader

Ms. Christine Ndiritu
Clerk Assistant II

Ms. Nuri Kitel Nataan
Clerk Assistant II

Ms. Marlene Ayiro
Senior Legal Counsel

Ms. Winfred Kizia
Media Relation Officer

Mr. Joseph Ndirangu
Fiscal Analyst I

Ms. Rahab Chepkilim
Audio Officer

Mr. Chelang'a R. Maiyo
Research Officer II

Mr. Richard Sang
Sgt. At Arm

1.6 Overview on the Examination of the Supplementary Estimates I for FY 21/22

The Supplementary Estimates I for FY 21/22 was tabled before the House on Tuesday 1st February 2022 pursuant to Standing Order No. 243 and thereafter committed to relevant Departmental Committees for deliberation according to respective mandates.

Following the tabling of the Supplementary Estimates I for FY 21/22, the Departmental Committee on Trade, Industry and Cooperatives held a briefing session with the Parliamentary Budget Office and subsequently held consultative meetings with the ministries and agencies under its docket and on which it exercises oversight.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of Standing Order 243, it is my pleasant privilege and honour to present to the Budget and Appropriation Committee, the Report on its consideration of the Budget Policy Statement for the Ministries, State Departments and Agencies that falls under its purview.

1.7 Acknowledgement

The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. The Committee also thanks the State Department for Industrialization, State Department for Trade & Enterprise Development and the State Department for Cooperatives for the fruitful deliberations they held with the Committee.

Finally, I wish to express my appreciation to the Honorable Members of the Committee for active participation in the preparation of this report. It is therefore, my pleasant duty and privilege, to present this report.

HON. ADAN HAJI ALI, MP

**(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND
COOPERATIVES)**

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES

1. The 2021/22 Supplementary Estimates No.1 proposes to increase the overall gross Ministerial cumulative expenditure (excluding consolidated fund services and County allocation) has increased by 6.5 percent (Ksh. 126.2 billion) from the FY 2021/22 original approved Ministerial Budget Estimates. The recurrent and development expenditures will increase by 8.9 percent (Ksh. 113.3 billion) and 1.9 percent (Ksh. 13 billion) respectively. Notably, the increase is within the 10 percent threshold as required by the PFMA, 2012.
2. The total proposed budget for the State Department for Cooperatives is set to decrease by Kshs. 198.36 million (11.3%) comprising of an increase of Kshs. 1.63 million (0.1%) in recurrent expenditure and a decrease of Kshs. 200 million (38.1%) in development expenditure. The reduction in the total budget is on account of low absorption of budget.
3. The total proposed budget for the State Department for Trade and Enterprise Development is set to increase by 809 million (20.1%) comprising of an increase of Kshs. 111.1 million (4.9%) in recurrent expenditure and Kshs. 697.9 million (40.1%) in development expenditure. The increase in the total budget is on account of adjustment of donor funded projects.
4. The total proposed budget for the State Department for Industrialization is set to decrease by 65.58 million (1%) comprising of an increase of Kshs. 134.4 million (4.3%) in recurrent expenditure and a decrease of Kshs. 200 million (6.1%) in development expenditure.
5. The State Department for Cooperatives and the State Department for Industrialization did not have an incremental budget while the State Department for Trade and Enterprise Development increased above the 10 percent threshold. The State Department for Trade and Enterprise Development does not comply with Article 223(5) of the Constitution.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

6. In considering the Supplementary Estimates I for FY 21/22, the Departmental Committee on Trade, Industry and Cooperatives held three consultative meetings with the Ministry, State Departments and agencies under its docket and on which it exercises oversight.

3.1 State Department for Industrialization

The Committee held a briefing meeting with a delegation from the State Department for Industrialization on 8th February 2022. The PS submitted that: -

7. The State Department has three Programmes and Six Sub-Programmes.
8. Under the Government's Economic Transformation Agenda, the State Department is charged with driving the manufacturing sector pillar of the Big Four Agenda and Medium Term III (2018 -2022). Government has prioritised the manufacturing sector given the critical role it plays in generating quality jobs, technology and innovation transformation, foreign exchange earnings through exports and the creation of wealth.
9. The Big Four (4) aspirations for the manufacturing sector pillar are:
Aspiration 1: Raise manufacturing contribution to GDP to 15%;
Aspiration 2: Increase the foreign direct investment inflows by five times;
Aspiration 3: Create 1,000,000 additional jobs; and
Aspiration 4: Attain top 50 rankings in the Ease of Doing Business ranking.
10. The gross budget for **FY 2021/22** is **Kshs.6.83 billion** where **Kshs. 3,246.85 billion** is recurrent and **Kshs.3.72 billion** is Development budget. The revised budget has an increase in recurrent budget of **Kshs. 134.42 Million**, the increase is due to an upward revision of AIA and new Personnel in the State Department. The development budget has been decreased by **Kshs. 200 million** due to donor funding to Kenya Industry and Entrepreneurship Project being reduced by **Kshs. 400 million** and allocation of **Kshs. 200 million** to Development of Various Small and Medium enterprises in Kenya.
11. **KIE** Recurrent Budget is **Kshs 392.34 Million** against a requirement of **Kshs 422 Million** translating to a shortfall of **Kshs 30 Million** for personal emoluments. The shortfall was initially captured in supplementary II of FY 2020/21 but was not reflected in the printed estimates for **FY 2021/22**.
12. The **KIEP** World bank donor funded project is supposed to have a counterpart funding of **10 percent** translating to **Ksh.92.1Million** as per the financing agreement signed with the World-Bank. Therefore, the Department require an addition of at least **Ksh.36 million** to efficiently implement and monitor various components of the project.

3.3 State Department for Cooperatives

The Committee held a briefing meeting with a delegation from the State Department for Trade and Enterprise Development on 8th February 2022. The PS submitted that:

20. The Gross Revised Estimates I FY 2021/22 for the State Department for Co-operatives is **Kshs. 1,552,530,187** compared to Approved Estimates of **Kshs. 1,750,890,884**, a gross reduction of **Kshs. 198,360,697**. In terms of net expenditure, the total reduction is **Kshs 198,360,697** representing **13%** budget cut.
21. The Recurrent Budget for the SAGAs under the State Department are largely funded from Appropriations-In-Aid (AIA) and did not experience a budget cut under the Supplementary I.
22. However, under Development budget KNTC and New KPCU have a Budget cut of Kshs 37.5 Million and Kshs 15.0 Million equivalent to the second half of their allocation.
23. The State Department Development Budget has been negatively affected by the proposed Supplementary Estimates I FY 2021/22 cuts.
24. The total expenditure as at 31st December, 2021 was **Kshs 984,275,202** against the approved budget of **Kshs 1,750,890,884**. In terms of Net expenditure, the total Expenditure was **Kshs 195,998,062** against net budget of **Ksh 195,145,442**. This translates to 100% absorption rate.
25. Under the Administration Services Rentals of Produced Assets are proposed to get an increment of Ksh 8.5 Million. This amount is to cater for additional office accommodation for 35 new Cooperative officers who were recruited/ deployed to the Headquarters from Counties in the Month of January 2021. The process for acquisition of additional space was ongoing, and the lease agreements were not ready by the time of Sector Working Group (SWG) meetings.
26. The Coffee Cherry Advance Revolving Fund (CCARF) has disbursed over **kshs 150million** to date and over 10,000 coffee farmers have benefited. The implementation of CCARF had a slow start after establishment, due to low sensitization to farmers. The major challenge in CCAF utilisation is lack of resources (Human and Financial) to operationalise the Fund.
27. Mopping up/Purchases from farmers (Period 1st January, 2020 to 31st January, 2022) of Rice from Kano and Mwea in terms of quantity was 106,118 and 203,781 of 50 Kgs bags valued at **Ksh 1,930,385,567**. The major challenge is the delays in payment by Government Entities after supplies have been done and cheap import of Rice that is competing the locally grown Rice.

5.0 COMMITTEE RECOMMENDATIONS

Following the consideration of the presentation from PBO and the MDAs, the Committee made the following policy and financial recommendations:-

Policy recommendations

- 1 That before the submission of the FY 2022/23 Annual Estimates, the Ministry of Industrialization, Trade and Enterprise Development should submit to the National Assembly all the agreements and proposed implementation matrix for the ongoing donor funded projects.
- 2 That before the submission of the FY 2022/23 Annual Estimates, the Ministry of Industrialization, Trade and Enterprise Development should submit to the National Assembly the report on the status of mapping all the villages in the country under the One Village One Product (OVOP) programme and the report on the implementation of the pilot phase of the project that was undertaken in five counties.
- 3 That before the submission of the FY 2022/23 Annual Estimates, the State Department for Trade and Enterprise Development should table a paper on the criteria of posting of Trade attaches' and the status of the current postings.
- 4 That for seamless coordination of the country's representation in trade fairs and exhibitions in the external markets, the Kenya Export Promotion and Branding Agency (KEPROBA), should take the lead role and receive financial resources for such activities. In addition, relevant MSMEs from across the country should be identified and facilitated to participate in the trade fares and exhibitions.

Financial recommendations

**That the proposed Reductions:
State Department for Industrialization**

Programme	Project	Reduction (Kshs. millions)	Justification
Industrial Development and Investments	Kenya Industrial Training Institute (KITI).	(90)	On account of low absorption
	Modernization of NMC's Foundry Plant & Fabrication Workshop	(35)	On account of low absorption
	modernization of RIVATEX	(165)	On account of low absorption
	Freeport & Industrial parks- Special Economic Zone Mombasa	(25)	On account of low absorption
	Development of SEZ Textile Park Naivasha	(25)	On account of low absorption

That the proposed Increases:
State Department for Trade and Enterprise Development

Programme	Project	Increases (Kshs millions)	Justification
Trade development and promotion	Weights and Measures- Headquarters Administration Services	20	Undertake its operations at the headquarters
	Central Planning and Project Monitoring Unit	20	Undertake its operations at the headquarters
	Kenya Export Promotion and Branding Agency (KEPROBA)	60	For the upcoming Specialty Coffee Expo in April, 2022 in Chicago and Poland so as to enable participation of relevant MSMEs in the said fairs.
	Construction of Constituency Industrial Development Centres (CIDCs)	65	For completion of project



State Department for Industrialization

Programme	Project	Increases (Kshs millions)	Justification
Standards and Business Incubation	Kenya Industrial Estates (KIE)	30	To cater for shortfall in personnel emoluments
	Nyando Apparels and Value Addition Centre	80	To cater for the operationalization of the textile unit

State Department for Cooperatives

Programme	Project	Increases (Kshs millions)	Justification
Cooperative Development and Management	New Kenya Planters Cooperative Union	65	For operationalization of Coffee Cherry Fund of which; Kshs. 60 million is for Coffee Cherry Fund operationalization and Kshs. 5 million for New KPCU Strategic Plan.

9

Further, the Committee requests that the Budget and Appropriations Committee finds resources to fund the following urgent needs:

State Department for Industrialization

- 1 Kshs. 539 million under development expenditure for Export Processing Zones Authority (EPZA) , Athi River for effluent treatment plant that they are jointly undertaking with Kenya Leather Development Council
- 2 Kshs. 100 million under development expenditure for Export Processing Zones Authority (EPZA), Athi River for Construction of sheds due to high demand by investors to acquire export processing go downs

State Department for Cooperatives

- 1 Kshs. 200 million under development expenditure for the rice fund under Kenya National Trading Corporation (KNTC) to cater for the lag period /delay in payments by debtors thus facilitate prompt payment to farmers.
- 2 Kshs. 37.5 million under development expenditure for KNTC to facilitate the completion of refurbishment of the warehouses to guarantee higher uptake of excess produced rice and thus reduce post-harvest losses.

SIGNED



DATE

21/02/2022



HON. ADAN HAJI ALI, MP
CHAIRPERSON

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

