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NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT –FOURTH SESSION – 2025

LIAISON COMMITTEE

A COMPENDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON BUDGET POLICY STATEMENT FOR FY 2025/2026 AND THE MEDIUM TERM.

THE NATIONAL ASSEMBLY
PAPERS LAID
DAY. TUESDAY
DATE 18 MAR 2025
MARCH, 2025
TABLED BY: CHAIRPERSON, LIAISON COMMITTEE Hon. Gladys J. Boss, MGH, MP
CLERK-AT THE-TABLE: Getrude Chebet

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT



REPUBLIC OF KENYA

PARLIAMENTARY BUDGET OFFICE

BRIEF ON THE BUDGET POLICY STATEMENT 2025

PRESENTED TO

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

FEBRUARY 2025

PARLIAMENTARY BUDGET OFFICE
PROTECTION HOUSE, 10TH FLOOR
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1.0 INTRODUCTION

1. This brief presents an analysis of the Budget Policy Statement (BPS). The BPS is a key budget document that lays out the broad strategic priorities and policy goals that guides the National Government and County Governments in developing budgets for the upcoming financial year and the Medium-Term.

2. The BPS is published in accordance with Section 25 (2) of the Public Finance Management Act CAP 412A and Standing Order 232 which requires the National Treasury to submit the BPS to Parliament by 15th February each year. In preparing the BPS, the National Treasury is required to include the following: -

    a) A review of the economy's current situation, including macroeconomic forecasts;
    b) The financial outlook for the following fiscal year and the medium term in terms of government revenue, spending, and borrowing;
    c) The proposed expenditure ceilings for national government including those of Parliament and the Judiciary, as well as indicative transfers to county government; and
    d) The principles of fiscal prudence and financial objectives for the medium term, including total annual debt limits.

3. The brief focuses on the Policy priorities and key areas of spending that will guide budgetary allocation in FY 2025/26 and the medium term on Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely:

    a) State Department of Devolution; and
    b) State Department for ASALs and Regional Development

4. Therefore, processing the BPS by the Committee provides an opportunity for the Committee to engage with the Ministries, Departments and Agencies (MDAs) it

oversees and other stakeholders and make recommendations for submission to the Budget and Appropriation Committee for further processing and decisions before laying the report in the House for approval.

1.1 Highlights of the BPS 2025

5. The 2025 BPS themed **"Consolidating Gains under Bottom-up Economic Transformation Agenda for Inclusive Green Growth"** is the third one to be prepared under the Kenya Kwanza Administration. It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The five core thematic areas include (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry. Additionally, the 2025 BPS also outlines key enablers for the envisaged outputs under the core pillars, among them is manufacturing, water and irrigation sub-sectors.

6. Kenya's economy has remained resilient, with government interventions under BETA driving recovery. Growth is estimated to reach 5.3% in 2025 from 4.6% in 2024 primarily driven by agriculture, a strong services sector and continued policy implementation.

7. Further, the Government's fiscal policy for FY 2025/26 focuses on fiscal consolidation to reduce debt vulnerabilities while ensuring essential public services. This will be achieved through expenditure rationalization and revenue mobilization. Key strategies include tax administration and policy reforms to expand the tax base, minimize tax expenditures, leverage technology, seal revenue loopholes, and enhance efficiency. Additionally, non-tax revenues from government services will be emphasized. Further, efforts will also be made to improve accountability, transparency, and a more efficient, equitable, and progressive tax regime under the Medium-Term Revenue Strategy.

8. The total budget for FY 2025/26 is projected at **Kshs. 4,336.07 billion**. The allocations to the three arms of government including sharable revenue to the County Governments is summarized in Table 1.

Table 1: Summary of Proposed MTEF allocations (Kshs. Billions)

No.	Details	Approved 2024/25	BPS 2025	% Change	Projections	
				Vs Approved Est. 2024/25	FY 2026/27	FY 2027/28
1	**National Government**	**2,300.53**	**2,562.00**	**11.4%**	**2,859.19**	**3,194.63**
	Executive	2,237.16	2,493.77	11.5%	2,786.31	3,116.73
	Parliament	40.87	42.49	4.0%	44.61	46.09
	Judiciary	22.51	25.75	14.4%	28.27	31.82
2	**Consolidated Fund Services (CFS)**	**1,237.23**	**1,368.99**	**10.6%**	**1,389.16**	**1,428.79**
3	**County Government**	**410.84**	**405.07**	**(1.4%)**	**416.99**	**429.38**
	Total	**3,948.59**	**4,336.07**	**9.8%**	**4,665.34**	**5,052.79**
	Share in Total Allocation					
1	**National Government**	**58.3%**	**59.1%**		**61.3%**	**63.2%**
	Executive	56.7%	57.5%		59.7%	61.7%
	Parliament	1.0%	1.0%		1.0%	0.9%
	Judiciary	0.6%	0.6%		0.6%	0.6%
2	**Consolidated Fund Services (CFS)**	**31.3%**	**31.6%**		**29.8%**	**28.3%**
3	**County Government**	**10.4%**	**9.3%**		**8.9%**	**8.5%**

Source: National Treasury, 2025

9. Regarding MTEF Sector classification in the BPS 2025 ceilings, the Education sector accounts for more than a quarter of the total budgetary allocation with an allocation share of 28.25% of the total budget compared with 29.63% share in FY 2024/25. The GECA sector accounts for the least allocation of 2.31% representing a 0.33% increase from its share in FY 2024/25. A summary of the budgetary allocation for the 10 MTEF sectors is summarized in Table 2.

Table 2: Summary MTEF Sector Budget Allocations (Kshs. Millions)

S/No.	Sector	Approved Budget 2024/25	Share	BPS 2025	Share
010	Agriculture, Rural and Urban Development (ARUD)	73,933.0	3.21%	77,671.6	3.03%
020	Energy, Infrastructure, and ICT	444,289.6	19.31%	504,604.1	19.70%
030	General Economic and Commercial Affairs (GECA)	45,625.5	1.98%	59,139.2	2.31%
040	Health	118,856.3	5.17%	204,494.8	7.98%
050	Education	681,722.8	29.63%	723,890.0	28.25%
060	Governance, Justice, Law and Order (GJLO)	234,860.7	10.21%	265,872.7	10.38%
070	Public Administration and International Relations (PAIR)	311,795.4	13.55%	286,759.0	11.19%
080	National Security	219,303.1	9.53%	257,023.1	10.03%
090	Social Protection, Culture and Recreation	68,942.5	3.00%	78,785.8	3.08%
0100	Environment Protection, Water and Natural Resources	101,196.9	4.40%	103,764.6	4.05%
	Grand Total	**2,300,525.7**	**100.00%**	**2,562,004.8**	**100.00%**

Source: The National Treasury, 2025

2.0 REVIEW OF RECENT POLICY PRIORITIES AND BUDGET PERFORMANCE

2.1 Policy Priorities of the State Departments

State Department for Devolution

10. The Devolution Services programme is to enhance management and implementation of the devolved system of government. In the 2025 BPS, the Government seems to maintain the previous priorities interventions as set out in the 2024 BPS. This is illustrated in table 3.

Table 3: 2024 and 2025 BPS Policy priorities intervention for Devolution

No.	2024 BPS	2025 BPS	Remarks
1	Complete transfer of all functions constitutionally earmarked to counties	Complete transfer of all functions constitutionally earmarked to counties	Ongoing
2	Develop a framework for ensuring that state-owned firms carrying out devolved or shared functions adhere to the principles of governance and ensure that the principle of funding-follows-functions is adhered to with respect to all devolved functions	Develop a framework for ensuring that state-owned firms carrying out devolved or shared functions adhere to the principles of governance and ensure that the principle of funding-follows-functions is adhered to with respect to all devolved functions	Ongoing

Source: The National Treasury, 2025

State Department for ASALs & Regional Development

11. In the 2024 BPS, the State Department played a crucial role in advancing the government's Bottom-up Economic Transformation Agenda through focusing on enhancing economic growth in ASAL regions. Key priorities include supporting vulnerable households to recover from drought shocks through cash transfer programs, improving water access by rehabilitating water sources and rangelands, and enhancing food security with irrigation projects. Additionally, the State Department aimed to boost manufacturing and value addition ultimately fostering resilience, job creation, and sustainable development in the ASALs.

2.2 Non-Financial Performance of the State Departments

12. In the achievement of its targets through its programmes, the State Department for Devolution experienced some challenges during the implementation period which included; inadequate funding that hindered for instance the valuation of defunct local authorities devolved functions. Table 5 shows the key non-financial achievements of the State Department between FY 2021/22 and 2023/24.

Table 5: Summary of key targets under the State Department for Devolution for FY 2021/22 – 2023/24

Programme	Key Output	Planned Target			Achieved Target			Remarks
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
Capacity Building & Technical Assistance	No. of counties sensitized on civic education framework and reviewing public participation guidelines	0	0	30	0	0	30	Target achieved
Management of Intergovernmental Relations	Devolution conference	1	0	1	1	0	1	Target achieved
	Intergovernmental sector forums convened	6	4	50	7	4	1	Inadequate budget allocation
	Registrable assets of defunct local authorities and devolved functions valued	94,123	71,793	68,022	22,330	3,771	34,011	Lack of exchequer
	No. of youth sensitized for tree growing	0	0	3,000	0	0	3,500	Target achieved

Source: Sector Report – PAIR, 2025

13. Table 5 presents some of the recent achievement for the State Department for ASALs & Regional Development for the period FY 2021/22 – 2023/24. However, the State Department did not achieve some of its targets as a result of weather patterns and the delay in the disbursement of funds which affected construction, procurement and implementation of the planned activities.

Table 5: Summary of key targets under the State Department of ASALs & Regional Development

Programme	Key Output	Planned target			Achieved Target			Remarks
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
Integrated Basin based Development	% completion of Wei Wei Phase III irrigation infrastructure	81	96	90	77	80	95	Target achieved.
	% completion of Mango value chain	80	85	95	75	85	95	Target achieved.
	% completion of Oloitokitok agro-processing factory	75	100	100	55	70	70	Delay in the disbursement of funds.
Accelerated ASAL Development	No. of primary schools implementing nutrition improvement activities	0	0	10	0	0	15	Target achieved.
	No. of beneficiary households under regular programme	110,000	125,850	125,850	94,684	118,803	129,000	Target surpassed.
	No. of beneficiaries receiving non-food items	0	0	200,000	0	0	818,370	Target surpassed.

Source: Sector Report – GECA & Social Protection, 2025

2.3 Budget Performance

14. The budgetary allocation for the State Department for Devolution over the period FY 2021/22 – 2023/24 was Kshs. 4,402.4 million, Kshs. 1,807.8 million and Kshs. 2,378.0 million. Over the same period, actual expenditure was Kshs. 3,397.5 million, Kshs. 1,665 million and Kshs. 2,085.1 million representing an absorption rate of 77%, 92% and 88% respectively.

15. The budgetary allocation for the State Department for ASALs & Regional Development over the FY 2021/22 – 2023/24 was Kshs. 10,954.8 million, Kshs. 20,805 million and Kshs. 30,465.4 million respectively. Over the same period, actual expenditure was Kshs. 10,336 million, Kshs. 14,228.1 million and Kshs. 30,465.4 million representing an absorption rate of 94%, 68% and 83% respectively. The average absorption rate for the State Department stood at 82%.

Table 6: Past Performance - FY 2021/22 – 2023/24 (Kshs. Millions)

State Department	Details	2021/22	2022/23	2023/24	Average absorption
Devolution	Approved Budget	4,402.4	1,807.6	2,378.0	86%
	Actual Expenditure	3,397.4	1,664.8	2,085.0	
	Absorption Rate	**77%**	**92%**	**88%**	
ASALS & Regional development	Approved Budget	10,954.8	20,805.1	30,465.4	82%
	Actual Expenditure	10,336.0	14,228.1	25,223.0	
	Absorption Rate	**94%**	**68%**	**83%**	

Source: Sector Report, 2025

16. The below target absorption may have contributed to accumulation of pending bills by the State Departments as presented in table 7.

Table 7: Pending Bills 2021/22 – 2023/24 (Kshs. Million)

Vote	Details	Due to lack of Exchequer			Due to lack of provision		
		2021/22	2021/22	2022/23	2023/24	2022/23	2023/24
Devolution	Recurrent	574.2	1.8	11.9	-	-	-
	Development	-	6.9	-	2,132.1	-	-
	Total	**574.2**	**8.7**	**11.9**	**2,132.1**	**-**	**-**
ASALS & Regional development	Recurrent	-	-	2,243.5	-	-	-
	Development	-	-	8,534.6	-	-	-
	Total	**-**	**-**	**10,778.1**	**-**	**-**	**-**

Source: Sector Report, 2025

3.0 BPS 2025 POLICY PRIORITIZATION AND CEILINGS

3.1 Policy Priorities in the BPS

State Department for Devolution

17. The key objective of the Devolution services programme under the State Department is to enhance management and implementation of the devolved system of government. In the 2025 BPS, the Government will continue to strengthen devolution through the State Department through:

    a) **Completion of Devolution of Functions** – Transferring all functions constitutionally assigned to counties to enhance the efficiency of service delivery at the local level. The Government will cost and transfer four (4) devolved functions.

    b) **Governance Framework for State-Owned Enterprises (SOEs)** – Developing a governance framework to ensure that SOEs carrying out devolved or shared functions adhere to good governance and funding principles. The Government will prioritize identification and transfer of 36% of assets and liabilities in parastatals to counties.

    c) **Strengthening Intergovernmental Cooperation** – Enhancing collaboration between the National and County Governments through convening seven (7) intergovernmental forums, the Intergovernmental Budget and Economic Council, and two (2) national and county government summits held to improve coordination and policy alignment.

State Department for the ASALs & Regional Development

18. The State Department will play a key role as an enabler in delivery of the Government's Bottom-up Economic Transformation Agenda by through the enhancing water availability and support agricultural practices through various water harvesting,

irrigation and infrastructure projects. This will be achieved by the Government through the programmes in the State Department through:

a) **Enhancement of water access:** The Government plans to implement water harvesting projects to provide safe and clean water for domestic use and to recharge groundwater in ASAL regions. The Government will facilitate the construction of the following multi-purpose dams: Arror, Kimwarer, High Grand Falls, Muny, Lower Ewaso Ng'iro, Ewaso Ng'iro North River and Oloshoibor; 2,130 households with access to water under TARDA; and two (2) dams at Kieni Integrated Irrigation Project.

b) **Promotion of livelihoods of vulnerable households:** Through the State Department, the Government will scale up the Hunger Safety Net Programme for provision of cash transfers to households in ASALs. This support aims to target 142,600 households in FY 2025/26 from 129,000 households achieved in the FY 2023/24.

c) **Promote manufacturing and value addition:** Through the programmes within the State Department, focus has been drawn to manufacturing and promotion of value addition within agro-processing and leather industries. The Government will achieve this through construction of a fruit and vegetable processing plant through Kimira Oluch Smallholder Farm Improvement Project Phase II, construction of a sugar mill through the Tana Delta Sugar Irrigation Project and optimization of Ewaso Ng'iro South Development Authority tannery to produce finished leather products.

3.2 Fiscal Risks related to the Sector

19. **Crystallization of Contingent liabilities:** Contingent liabilities pose a significant fiscal risk as they are often not recorded in the budget, making their financial impact unpredictable until they materialize. The key concern is that contingent liabilities may not be recorded in the financial statements unless they are probable and estimable.

Thus, it is crucial for to effectively monitor and quantify contingent liabilities to mitigate unexpected budgetary pressures and ensure financial stability. As at June 2024, court awards relating to the **State Department for Devolution** amounted to approximately **Kshs. 453 million** and **Kshs. 863 million** relating **State Department for ASALs & Regional Development**.

20. **Natural Disasters and Man-made Hazards** - The Government is strengthening its disaster management framework by implementing the National Disaster Risk Management Policy and updating the Disaster Risk Financing Strategy (2023-2027) to enhance response capabilities at both national and county levels. A key priority is establishing the Public Finance Management (Disaster Risk Management Fund) Regulations, 2025, to ensure efficient resource mobilization for disaster response. Further, to address the lack of a legal framework for disaster risk management, the Government is fast-tracking the enactment of the Disaster Risk Management Bill (No. 24 of 2023) to provide a comprehensive legal foundation for disaster preparedness, response, and recovery.

3.3 Expenditure Ceilings

State Department for Devolution

21. The State Department for Devolution has a proposed ceiling of **Kshs. 4.4 billion** of which **Kshs. 1.5 billion** is recurrent expenditure while **Kshs. 2.9 billion** is development expenditure.

22. The State Department implements its activities through one programme, namely, Devolution services. Some of the key outputs for the programme include: two (2) sensitization forums on management of devolution services, 100% completion of the Kisumu Convection Centre, four (4) devolution sector working groups coordination forums held, four (4) devolved functions costed and transferred, thirty (30) counties sensitized on local economic development framework and 1.4 million trees grown within catchment areas.

23. Table 8 shows a breakdown of the proposed ceiling in the 2025 BPS, the deviation from the FY 2024/25 budget as well as the MTEF for the State Department.

Table 8: Proposed allocations for the State Department (Kshs. Millions)

DETAILS	2024/25 ESTIMATES	BPS 2025	DEVIATION	FY 2026/27	FY 2027/28
1032: STATE DEPARTMENT FOR DEVOLUTION					
Devolution Services	**4,095.9**	**4,394.9**	**298.0**	**8,138.3**	**6,011.9**
Recurrent	1,442.9	1,518.9	76.0	1,593.0	1,676.7
Development	2,653.0	2,876.0	223.0	6,545.3	4,335.2
Total for Vote 1032	**4,095.9**	**4,394.9**	**298.0**	**8,138.3**	**6,011.9**

Source: The National Treasury, 2025

24. From table 8, the proposed ceiling for the Devolution services is Kshs. 4.4 billion comprising of Kshs. 1.5 billion for recurrent expenditure and Kshs. 2.9 billion in the development expenditure. The overall allocation in the programme will increase by Kshs. 298 million (7.3%).

State Department for the ASALs and Regional Development

25. The State Department for the ASALs and Regional Development has a proposed ceiling of **Kshs. 7.4 billion** of which **Kshs. 4.8 billion** is recurrent expenditure while **Kshs. 2.5 billion** is development expenditure. The identified programmes for implementation under the State Department for FY 2025/26 are:

    i. **Accelerated ASAL Development:** This programme has a proposed ceiling of Kshs. 4.6 billion of which Kshs. 2.8 billion is for recurrent expenditure while Kshs. 1.8 billion is for development expenditure. Some of the key performance indicators and outputs for the FY 2025/26 include: 142,600 vulnerable and drought affected households provided with cash transfers; 650 self-help groups funded to undertake livelihood activities; 200 hectares of degraded land rehabilitated; 200,000 households receiving non-food items; 10 market facilities constructed under the KDRDIP; 100 water,

sanitation and hygiene facilities rehabilitated and constructed; 44,000 alternative energy saving devices distributed and 200 school facilities equipped under KDRDIP.

ii. **Integrated Regional Development:** This programme has a proposed ceiling of Kshs. 2.5 billion of which Kshs. 1.8 billion is for recurrent expenditure while Kshs. 0.7 billion is for development expenditure. Some of the key performance indicators and outputs for the FY 2025/26 include: 14.8 million propagation of fruit tree seedlings; 100% completion of the RDA policy; 100% completion of the Integrated Regional Development Masterplan 2023-2053; 18 MSMEs supported on food security and climate change mitigation and adaptation; 1,550 farmers trained and supported in WeiWei, Napuu & Lomut; 1.9 million tree seedlings planted in Cherangany; 30% completion of Arror multipurpose dam; 100% completion of Ewaso Ng'iro Tannery and Leather factory and 25% completion of Dembwa multipurpose dam.

iii. **General Administration, Planning and Support Services:** This programme has a proposed ceiling of Kshs. 291 million which is entirely recurrent expenditure. Some of the key performance indicators and outputs for the FY 2025/26 include: four (4) monitoring and evaluation reports and budget implementation reports produced.

26. Table 9 shows a breakdown of the proposed ceiling in the 2025 BPS, the deviation from the FY 2024/25 budget as well as the MTEF for the State Department. The proposed ceiling for the State Department is Kshs. 7.4 billion, comprised of Kshs. 4.8 billion for recurrent expenditure and Kshs. 2.5 billion for development expenditure. In overall terms, the allocation is projected to reduce by Kshs. 1.4 billion.

Table 9: Proposed allocations for the State Department (Kshs. Millions)

DETAILS	2024/25 ESTIMATES	BPS 2025	DEVIATION	FY 2026/27	FY 2027/28
1036: STATE DEPARTMENT FOR THE ASALs AND REGIONAL DEVELOPMENT					
Accelerated ASALs Development	**4,623.7**	**4,582.5**	**223.00**	**7,070.8**	**7,591.9**
Recurrent	2,809.3	2,774.8	(34.50)	2,833.0	2,944.1
Development	1,814.3	1,807.7	(6.60)	4,237.8	4,647.8
Integrated Regional Development	**3,695.5**	**2,505.5**	**(1,190.00)**	**3,566.2**	**4,203.7**
Recurrent	1,582.3	1,780.9	198.60	1,459.1	1,792.8
Development	2,113.2	724.6	(1,388.60)	2,107.1	2,410.9
General Administration, Planning and Support Services	**414.1**	**291.0**	**(123.10)**	**318.3**	**316.3**
Recurrent	414.1	291.0	(123.10)	318.3	316.3
Total for Vote 1036	**8,733.30**	**7,379.00**	**(1,354.30)**	**10,955.20**	**12,111.90**

Source: The National Treasury, 2025

Proposed Dissolution of RDAs

27. In January 2025, Cabinet approved recommendations for dissolution of the six (6) RDAs given they have outdated mandates based on the requirements of the devolved system of governance. The proposed reforms will affect budgetary allocations to these authorities; the 2025 BPS shows a reduced funding to the Integrated Regional Development programme which will be implemented by these RDAs.

4.0 SUMMARY OF KEY ISSUES

1. **Proposed reforms in the Regional Development Authorities** – In January 2025, Cabinet approved recommendations aimed at dissolution of the six (6) regional developments authorities so as to align it to the new dispensation of governance. The proposed dissolution will likely affect the ongoing operations of the RDAs including ongoing works. The Committee should be informed on the roadmap to the dissolution of these six (6) regional developments authorities.

2. **Pending bills** remain a major concern to the MDAs under the committee purview with State Department for Devolution having pending bills amounting to Kshs. 2.7 billion and State Department for ASALs and Regional Development having pending bills amounting Kshs. 10.8 billion. The MDAs to clarify the steps they are taking to clear the existing pending bills.

3. Inadequate funding, delays in disbursement of funds, budget cuts, and non-allocation of funds to ongoing programs have resulted in stalled and delayed projects implementation, accumulating pending bills, penalties, and cost overruns.

THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

ADOPTION LIST

DATE: 27/02/2025 TIME: From. 10:30am To. 12:11PM

VENUE: 3rd Floor Room No. 20 Bunge Tower

AGENDA: Adoption of the report on the consideration of the 2025 Budget Policy Statement (BPS)

We the undersigned adopt the report on the consideration of the 2025 Budget Policy Statement (BPS)

NO.	NAME	SIGNATURE
1.	Hon. Lochakapong Peter, M.P. – **Chairperson**	
2.	Hon. Njoroge Mary Wamaua Waithira, M.P. – **Vice Chairperson**	
3.	Hon. Kombe Harrison Garama, M.P.	
4.	Hon. Mawathe Julius Musili, M.P.	
5.	Hon. Kalasinga Joseph Majimbo, M.P	
6.	Hon. Nabulindo Peter Oscar, M.P.	
7.	Hon. Cherorot Joseph Kimutai, M.P.	
8.	Hon. Maj. (Rtd.) Dekow M. Barrow, M.P.	
9.	Hon. Khamis Chome Abdi, M.P.	
10.	Hon. Letipila Dominic Eli, M.P.	
11.	Hon. Maina Amos Mwago, M.P.	
12.	Hon. Paul Abuor, M.P.	
13.	Hon. Siyad Amina Udgoon, M.P.	
14.	Hon. Tungule Charo Kazungu, M.P.	
15.	Hon. Yakub Farah Salah, M.P.	

Forwarded by:

Signature..... Date: 27/02/25

Committee Clerk Mohamed Boru

Approved by:

Signature: ..... Date.....

Director Departmental Committees: .....

THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

ATTENDANCE REGISTER

AGENDA: CONSIDERATION OF 2025 BPS

DATE: 27/02/2025 **TIME: From** 10:30am **To** 12:11pm

VENUE: BUNGE TOWER 3RD FLOOR RM 20

NO.	NAME	SIGNATURE
1.	Hon. Lochakapong Peter, M.P. – **Chairperson**	
2.	Hon. Njoroge Mary Wamaua Waithira, M.P. – **Vice Chairperson**	
3.	Hon. Kombe Harrison Garama, M.P.	—
4.	Hon. Mawathe Julius Musili, M.P.	—
5.	Hon. Kalasinga Joseph Majimbo, M.P.	—
6.	Hon. Nabulindo Peter Oscar, M.P.	
7.	Hon. Cherorot Joseph Kimutai, M.P.	
8.	Hon. Maj. (Rtd.) Dekow M. Barrow, M.P.	
9.	Hon. Khamis Chome Abdi, M.P.	—
10.	Hon. Letipila Dominic Eli, M.P.	—
11.	Hon. Maina Amos Mwago, M.P.	—
12.	Hon. Paul Abuor, M.P.	
13.	Hon. Siyad Amina Udgoon, M.P.	
14.	Hon. Tungule Charo Kazungu, M.P.	—
15.	Hon. Yakub Farah Salah, M.P.	

Forwarded by:

Signature..... Date: 27/02/25

Committee Clerk... MAhamed BDW

Approved by:

Signature: ..... Date.....

Director Departmental Committees: .....

MINUTES OF THE 2ND SITTING OF THE DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT HELD ON MONDAY, 24TH FEBRUARY 2025 AT 11:00 A.M. IN THE MAIN CHAMBER, PARLIAMENT BUILDINGS

MEMBERS PRESENT

1. Hon. Lochakapong Peter, M.P. - *Chairperson*
2. Hon. Mawathe Julius Musili, M.P.
3. Hon. Cherorot Joseph Kimutai, M.P.
4. Hon. Letipila Dominic Eli, M.P.
5. Hon. Paul Abuor, M.P.
6. Hon. Yakub Farah Salah, M.P.

MEMBERS ABSENT WITH APOLOGY

1. Hon. Njoroge Mary Wamaua Waithira, M.P. - *Vice Chairperson*
2. Hon. Kalasinga Joseph Majimbo, M.P.
3. Hon. Nabulindo Peter Oscar, M.P.
4. Hon. Maj. (Rtd.) Dekow M. Barrow, M.P.
5. Hon. Khamis Chome Abdi, M.P.
6. Hon. Maina Amos Mwago, M.P.
7. Hon. Siyad Amina Udgoon, M.P.
8. Hon. Tungule Charo Kazungu, M.P.
9. Hon. Kombe Harrison Garama, M.P.

IN ATTENDANCE

SECRETARIAT

1. Mr. Douglas Katho - Clerk Assistant I
2. Mr. Mohamed Boru - Clerk Assistant I
3. Mr. Sisto Gichuhi Macharia - Clerk Assistant III
4. Mr. Tom Mutali - Fiscal Analyst III
5. Mr. Samuel Otieno - Assistant Serjeant at Arms
6. Mr. Jared Onyancha - Public Communications Officer III
7. Ms. Nelly Chelangat Korir - Audio Intern

STATE DEPARTMENT FOR THE ASALS AND REGIONAL DEVELOPMENT

1. As per the annexed attendance list

AGENDA

1. Prayers;
2. Preliminaries;
3. Confirmation of the previous minutes;
4. Submissions on the 2025 Budget Policy Statement (BPS) by the State Department for the ASALs and Regional Development;
5. Any Other Business; and
6. Adjournment.

MIN. NO. NA/DC-RD/ 008/ 2025: PRELIMINARIES

The Chairperson called the meeting to order at twenty minutes past eleven o'clock with a prayer followed by self-introductions.

The agenda of the meeting was then adopted having been proposed by Hon. Cherorot Joseph Kimutai, M.P, and seconded by Hon. Letipila Dominic Eli, M.P.

MIN. NO. NA/DC-RD/ 009/ 2025: CONFIRMATION OF THE PREVIOUS MINUTES

Agenda deferred.

MIN. NO. NA/DC-RD/ 010/ 2025: SUBMISSIONS ON THE 2025 BUDGET POLICY STATEMENT BY THE STATE DEPARTMENT FOR THE ASALS AND REGIONAL DEVELOPMENT

The Committee was taken through the 2025 BPS by the Principal Secretary for the State Department, who submitted as follows:

1. On Budget Implementation Status for the financial year 2024/2025, the State Department was allocated a total budget of KSh.11.804 Billion out of which Kshs. 7.927 Billion is under recurrent while Kshs. 3.877 billion is under development vote. Out of the Kshs. 7.927 Billion, Kshs.3.6 Billion is attributable to additional allocation received under Article 223 of the Constitution for emergency relief interventions.

2. The State Department total expenditure as at 31st December 2024, is Kshs. 7.329 Billion which comprise Kshs.6.434 Billion under recurrent while Kshs. 894.76 million is under the development vote. The above expenditure represents a total absorption rate of 62.09%. The low rate of absorption of 23.08% under development vote is a result of undisbursed capital transfers to SAGAs which have since been transferred.

3. On the actual outputs achieved relative to the approved targets, the State Department had the below key outputs as at 31st December 2024;

    i. 1 million beneficiaries were supported with relief food while 500,000 beneficiaries received non-food items under the Relief assistance provided to needy population under the directorate of Special programmes.
    ii. 1Million persons received relief assistance during flood and other disasters under Relief and Humanitarian Emergency Response and this was mainly because of the rains.
    iii. Seven Primary schools/ECD were facilitated with cowpeas seedlings to engage in school vegetable lunch programme in Nutrition improvement activities under the Food and Nutrition security improvement programme.
    iv. Ten community households were trained on vegetable production and value addition under the Food and Nutrition security improvement programme.
    v. 120 water sources were mapped through Continuous Data Updating System(CODUSYS) under the Rangeland and Water resources development and management programme.

vi. Eight new pasture reseeding sites were identified and developed for pasture reseeding for the Rangeland Management and Development.
vii. Five community groups were trained on pasture production and vegetable production
viii. 15 staff from the County Government in Narok and Tharaka Nithi were trained on Continuous Data Updating System(CODUSYS)
ix. 72 Drought Early Warning Bulletins and 24 Food Security Assessment Reports were produced and disseminated towards the relay of Drought and Food Security information
x. 72,801 households benefited under regular programme to Vulnerable and drought affected households supported through cash transfer.
xi. 1,214,419 fruit tree seedlings were propagated towards the attainment of the 5Billion fruit tree seedlings propagated by 2032 presidential directive
xii. 200 Tonnes of seed maize were harvested in Wei wei phase III Integrated Project
xiii. 41,170 Square feet of leather were produced at Ewaso Ng'iro Tannery and Leather Factory.

4. On the status of capital projects, he noted that following the Supplementary Estimates No. 1 budget rationalization, the capital projects implemented by the State Department had significantly reduced.

5. On Budget Estimates for the Financial Year 2025/2026 and the Medium-Term, the State Department required a total of KSh. 53.21Billion but was allocated KSh. 7.38Billion. Out of the total allocation of 7.38Billion, the recurrent budget allocation is KSh. 4.84Billion while KSh.2.53Billion is under the development vote. The allocation is against a total requirement KSh. 53.21Billion of which KSh.16.39Billion and KSh.36.82Billion is for recurrent and development budget respectively.

6. The Principal Secretary indicated that the State Department has the below policies that will underline the expenditure ceilings in the financial year 2025/26 and the medium-term;
   I. State Department for ASALs and Regional Development Strategic plan 2023- 2027
   II. Bottom-Up Transformation Agenda
   III. Fourth Medium Term Plan 2023-2027
   IV. Kenya Vision 2030
   V. ASALs Policy
   VI. The National Relief Assistance Policy
   VII. Partnership coordination Framework (PCF)
   VIII. Resilience Programming Framework (RPF)
   IX. Economic Development Master Plan for the ASALs (EDMP)

7. During the Financial Year 2025/26 the State Department will be implementing 3 programmes and 5 sub programmes as below:

   Programme 1; Accelerated Asals Development

   Sub-programme 1: ASAL Development

   Sub-programme 2; Drought Management

Sub-programme 3; Peace Building and Conflict Management

Programme 2; Integrated Regional Development

Sub-programme; SP. Integrated Basin-based Development

Programme 3; General Administration and Support Services

Sub-programme; General Administration & Support services

8. In the financial year 2025/26, the State Department will implement 22 projects totaling Ksh 2.532billion as follows;
    I. Kimira Oluch Smallholder Farm Irrigation Project
    II. Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II
    III. Gum Arabic and Resins Integrated Development Programme-BETA.
    IV. Ewaso Ng'iro Leather Factory
    V. Wei Wei Phase 3 Irrigation
    VI. Wananchi Cottages in Kilifi County
    VII. Tana Delta Rice Irrigation Project (TDIP)
    VIII. Malindi Integrated Social Health Development Programme - Phase II
    IX. Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWENDE)
    X. Kenya Social and Economic Inclusion Project (KSEIP)
    XI. Dryland Climate Action for Community Drought Resilience (DCADR)
    XII. Sustainable Food Systems & Resilient Livelihood Activities
    XIII. Intergrated Resilience for sustainable Food Systems
    XIV. National Drought Emergency Fund (NDEF)
    XV. Integrated Programme on Peace Building and Resilience for Asal Communities- (Indigenous Movement for Peace Advancement and Conflict Transformation - IMPACT)
    XVI. Integrated Peace and Resilience Building Programme for ASALs communities & Cossborder - Free Pentecostal Fellowship in Kenya (FPFK)
    XVII. Improvement of Food and Nutrition Security through Building Adaptative Capacity to Climate Change in Asals.
    XVIII. Production of 5Billion Fruit Tree seedling
    XIX. Resilience Approaches in Natural Rangeland Ecosystems (RANGE)
    XX. ASALs fodder production
    XXI. Kenya Pastrolist Feedlot Systems Programme
    XXII. Integrated Food Security and Access to Water Project

9. The Principal Secretary further stated that the State Department has unfunded priorities amounting to Kshs.36.30Billion;

A. Unfunded Recurrent Priorities

I. Regional Development Authorities

The Cabinet resolution to dissolve the Six Regional Development Authorities will affect their operations since during transition, these Agencies will still be in operation until when they are wound up. They are still obligated to pay for their Salaries, board expenses, utilities, contractual obligations, and insurance. The State Department therefore requires a total of KShs. 1,478,185,082.20 to meet their obligations until they are fully dissolved.

II. Operations and Maintenance

Over the years and including the FY2025/26 budget allocation, the State Department has received low budgetary allocation for its operations and maintenance. The State Department mandate on the development of the vast ASALs region, requires adequate operations and maintenance budgetary allocation.

The State Department therefore requests for an additional Kshs. 100 million under the operations budget to effectively fulfill its mandate.

III. Kenya Hunger Safety Net Programme

The Kenya Hunger Safety Net Programme implemented by the National Drought Management Authority supports shock responsiveness due to drought. The Programme currently has an approved allocation of Kshs.1,531,859,000 against a requirement of Kshs.5,465,600,000 for regular cash transfers and Kshs.700,000,000 for the scaleup cash transfers to cover all the enlisted households for the full year. The total State Department requests for the funding deficit amounting to Kshs.4,633,741,000 to fully respond to recurrent shocks due to drought by supporting the affected households.

B. Unfunded Development Priorities

Under the development vote the State Department has a financing GoK gap of Kshs. 18.092 billion that will continue to derail the implementation of projects since the funds allocated are insufficient to cover the planned activities.

10. On implementation status of the Cabinet resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhance service delivery and reduce reliance on the exchequer, the Principal Secretary indicated that on 7th March, 2024, the Cabinet directed that the role of the Regional Development Authorities (RDAs) be appraised and their functions be transferred to either the counties or the National Government as applicable based on the fourth schedule of the constitution.

    Subsequently, the Chief of Staff and Head of Public Service constituted a multi-sectoral working Committee to undertake the appraisal and develop a roadmap for the transfer of RDAs functions to either level of government in a phased manner. The Intergovernmental Relations Technical Committee (IGRTC) was assigned to Chair the committee.

    During the meeting held on 21 January, 2025 the Cabinet approved reforms of various State corporations whereby the RDAs were tagged for dissolution/divesture.

Subsequently, the Cabinet Secretary for The Ministry of East African Community, the ASALs and Regional Development has developed a Cabinet Memorandum, which will be tabled in the next Cabinet meeting.

In his conclusion, the Principal Secretary appealed to the Committee to consider allocating more resources to the State Department to enable it to perform its statutory roles, especially the current drought situation in the country and the need for escalated response interventions.

Further, there is a need for the government to make a deliberate effort to put more investments in ASALs as this is the only way to unlock the potential of these areas. The State Department is more focused on building resilience through the design and support implementation of livelihood diversification programmes to ensure that the ASAL communities become self-reliant.

Committee Observations

The Committee made the following observations:

1. The Cabinet's decision to dissolve the Regional Development Authorities (RDAs) was opposed by leaders from the regions where they are mandated to undertake their development activities. The leaders indicated that they were not consulted before the decision on dissolution was reached. Committee Members stated that there was widespread support for the continued operation of the Regional Development Authorities.
2. The State Department of ASALs is working on a Cabinet memo seeking to retain the Regional Development Authorities without Exchequer support. This is in recognition of the important role the RDAs play in various parts of the country and demand from residents in these regions.
3. The State Department received funding totaling to Kshs. 1Billion under Article 223 in January and February 2025 to provide relief to counties affected by displacements, in accordance with the presidential directive.
4. The State Department requested for timely release of development funds to ensure projects are implemented adequately. The low absorption rates of development funds was attributed to the delayed Exchequer releases.
5. Tana and Athi River Development Authority (TARDA) and Kerio Valley Development Authority (KVDA) were not receiving their full Appropriations in Aid (AIA) from KenGen due to historical disputes between the entities following the transfer of RDA power generating assets to KENGEN. Further, the amounts they received from KENGEN - Kshs. 58 Million for TARDA and Kshs. 45 Million for KVDA - were being taxed by the Kenya Revenue Authority (KRA) as the Authority classifies the funds as revenue for leased assets and not grants as was the case at transfer.
6. The RDAs bear the depreciation costs of the power-generating dams, negatively affecting their financial accounting, despite getting meagre returns from their investments in the dams.

Committee Recommendations

The Committee made the following recommendations:

1. The Government to consider increasing financial allocation to the State Department, especially the development vote.
2. The Committee to recommend for retaining the Regional Development Authorities following consultations with leaders from the regions where the RDAs operate.
3. The Departmental Committee on Energy to intervene in the dispute between KVDA, TARDA, and KenGen.

MIN. NO. NA/DC-RD/ 012/ 2025: ANY OTHER BUSINESS

No other business arose.

MIN. NO. NA/DC-RD/ 013/ 2025: ADJOURNMENT

There being no other business to transact, the sitting adjourned at 12.51 p.m. The next sitting to be held at 2.00 p.m. at the same venue.

Signed..... **Date** 4/3/2025

HON. LOCHAKAPONG PETER, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

MINUTES OF THE 3RD SITTING OF THE DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT HELD ON MONDAY, 24TH FEBRUARY 2025 AT 1:00 P.M. IN THE MAIN CHAMBER, PARLIAMENT BUILDINGS

PRESENT

1. Hon. Lochakapong Peter, M.P. - *Chairperson*
2. Hon. Mawathe Julius Musili, M.P.
3. Hon. Cherorot Joseph Kimutai, M.P.
4. Hon. Letipila Dominic Eli, M.P.
5. Hon. Paul Abuor, M.P.
6. Hon. Yakub Farah Salah, M.P.

ABSENT WITH APOLOGY

1. Hon. Njoroge Mary Wamaua Waithira, M.P. - *Vice Chairperson*
2. Hon. Kalasinga Joseph Majimbo, M.P.
3. Hon. Nabulindo Peter Oscar, M.P.
4. Hon. Maj. (Rtd.) Dekow M. Barrow, M.P.
5. Hon. Khamis Chome Abdi, M.P.
6. Hon. Maina Amos Mwago, M.P.
7. Hon. Siyad Amina Udgoon, M.P.
8. Hon. Tungule Charo Kazungu, M.P.
9. Hon. Kombe Harrison Garama, M.P.

IN ATTENDANCE

SECRETARIAT

1. Mr. Mohamed Boru - Clerk Assistant I
2. Mr. Sisto Gichuhi Macharia - Clerk Assistant III
3. Mr. Tom Mutali - Fiscal Analyst III
4. Mr. Samuel Otieno - Assistant Serjeant at Arms
5. Mr. Jared Onyancha - Public Communications Officer III
6. Ms. Nelly Chelangat Korir - Audio Intern

STATE DEPARTMENT FOR DEVOLUTION

1. As per the annexed attendance list

AGENDA

1. Prayers;
2. Preliminaries;
3. Confirmation of the previous minutes;
4. Submissions on the 2025 Budget Policy Statement (BPS) by the State Department for Devolution;
5. Any Other Business; and
6. Adjournment.

MIN. NO. NA/DC-RD/ 014/ 2025: PRELIMINARIES

The Chairperson called the meeting to order at twenty minutes past eleven o'clock with a prayer followed by self-introductions.

The agenda of the meeting was then adopted having been proposed by Hon. Paul Abuor, M.P, and seconded by Hon. Yakub Farah Salah, M.P.

MIN. NO. NA/DC-RD/ 015/ 2025: CONFIRMATION OF MINUTES

Agenda deferred.

MIN. NO. NA/DC-RD/ 016/ 2025: SUBMISSIONS ON THE 2025 BUDGET POLICY STATEMENT BY THE STATE DEPARTMENT FOR DEVOLUTION

The Committee was taken through the 2025 BPS by the Chief Finance Officer (CFO), of the State Department for Devolution who submitted as follows:

1. The mandate of the State Department as envisaged under Article 190 of the constitution, sec 121 of the County Governments Act 2012 and Executive Order No. 1 of 2023 includes inter alia; management of devolution affairs, fostering intergovernmental relations, capacity development and technical assistance to county governments, management of civic education & public participation, management of devolution collaborations, partnerships and linkages. further, the department coordinates the rehabilitation and restoration of Nairobi river ecosystems

2. The State Department for Devolution has one programme and six sub-programmes as follows;

   Programme-Devolution Services

   Programme Objective: To enhance management and implementation of the devolved system of government.

   Sub-Programmes

   i. Management of Devolution Affairs
   ii. Intergovernmental Relations
   iii. Capacity Building and Civic Education
   iv. Administrative Services
   v. Finance Management Services
   vi. Information Communication Technology Service

3. During the first half of FY 2024/25 the State Department achieved the following;
   i. Draft Framework For Implementation Of Concurrent Functions
   ii. Implementation of the Second Kenya Devolution Support Program (KDSP II);
      a. Annual Performance Assessment Framework Developed
      b. Program M&E Baseline Survey Undertaken
      c. Signing of the participation agreement by 47 counties
      d. All Counties provided with capacity and technical assistance for the program implementation
      e. 17 MDAs Supported to Implement the Program
      f. Development of the Intergovernmental Sector Forums Framework

g. Development of draft county project stock-taking guidelines

iii. Policy on the devolved system of government was reviewed and 6 sensitization forums were held on the same.
iv. Coordination of development partners in the devolution space -
v. Development Partners Database Developed and
vi. A Partnership Forum held
vii. Resource mobilization strategy for devolution sector developed- under implementation
viii. Draft County Assemblies Service Act, 2017
ix. Forums with MCDAs amendment bill for the intergovernmental sector forums
x. An intergovernmental sports forum held
xi. Regulations on the transfer of functions between the national and county governments finalized
xii. Alternative Compendium of Best Practices Developed and Published
xiii. Implementation of Nairobi Recovery plan unclogging of river and removal of waste
xiv. Coordination and implementation of climate works program
xv. Completed the Identification and verification of Assets and Liabilities of the 14 devolved functions in 47 counties and a register/report submitted to the County Government and line ministries for implementation
xvi. Developed Alternative Dispute Resolution (ADR) regulations and 27 Intergovernmental disputes were resolved using ADR
xvii. Transfer of outstanding devolved functions in twelve (12) sectors were further unbundled to ensure improved service delivery by the two levels of government in the implementation of their functions through the provision of functional clarity, identification of attendant resource transfer of the function
xviii. Unbundling of the Regional Development Authorities functions is ongoing
xix. Transfer of Museum function to resources to 14 Counties and handing over of movable assets of Library Function to 33 Counties

4. On capital projects being implemented by the State Department for the financial year 2024/25, he stated that only one project was being implemented, the Kenya Devolution Support Programme II (KDSP II)

5. The CFO submitted the following as the Key Policies underlying the expenditure ceilings in 2025 BPS;
   i. Management of Intergovernmental Relations
   ii. Management of Devolved System of Government
   iii. Performance of devolved functions

6. On FY 2025/26 BPS proposed budgetary allocation, he informed the Committee that the State Department had an approved budget of Kshs. 20.86 billion against an allocation of Kshs. 17.60 billion.

7. He provided the indicative performance targets linked to the policies and Programmes in the BPS as follows;
    i. Assessment of selected policies and laws in relation to devolved functions
    ii. Policy and Legal Framework;
        a. Finalization of the County Assemblies Service Act amendment bill
        b. Development of regulations on concurrent functions framework
        c. County government amendment bill
        d. Regulations on Intergovernmental Relations Act
        e. Regulations on County Government Act
        f. Amendment Bill on Assumption of the Office of the Governor Act, Cap 265A
    iii. Complete construction of the Kisumu Convention Center
    iv. Implementation of the Second Kenya Devolution Support Program (KDSP II)
    v. Convening of two Intergovernmental sector forums for devolved functions
    vi. Development of Intergovernmental Relations Resolutions Tracker
    vii. Holding of Bi-annual Devolution Conference and Implementation of resolutions
    viii. Development of alternative dispute resolution mechanism
    ix. Finalization of Valuation and Transfer of Registrable Assets
    x. Development of a training Manual/Module For Capacity Building of Governors
    xi. Development of Guidelines for Dispute Resolution among Counties
    xii. Costing and Transfer of unbundled devolved functions in 12 Sectors
    xiii. Resolution of Intergovernmental/Intra Governmental Disputes
    xiv. Capacity building Of Counties on the Devolution Performance Results Framework
    xv. Preparation of annual State of Devolution Report
    xvi. Development of compendium of best practices

8. On the Proposed Projects, he stated that the Kenya Dévolution Support Programme II, Construction of Kisumu Convention Centre and Maarifa Centre for Knowledge Management among Counties have been allocated Kshs. 250, 40 and 20 millions GOK respectively for the FY 2025/2026.

9. He stated that the State Department had the following unfunded priority Programmes in FY 2025/26;
    i. Development of regulations for devolution Laws (County Assemblies Act, Intergovernmental Relations Act and County Government Act)
    ii. Bi-annual Devolution Conference
    iii. Second Kenya Devolution Support Programme (KDSP II)
    iv. Kisumu Convention Centre
    v. Convening of Council of Governors Affairs Sectorial Committees
    vi. Service gratuity for Contract that are expiring at IGRTC

vii. Evaluation of performance of National and County Governments development Plans
viii. Communication Unit Budget- Directive from National Treasury
ix. United Cities and Local Governments of Africa (UCLG-A) East Africa Regional Office.

10. He also informed the Committee that the State Department was not affected by the Cabinet Resolution on reforming State Corporations.

Committee Observations
The Committee made the following observations:

1. The Committee observed that the submission from the State Department had incorrectly captured the BPS ceiling for the FY 2025/26. The correct allocation for development expenditure, as per the BPS tabled in Parliament was Kshs. 2.88 billion, not Kshs. 16.08 billion as initially indicated. Consequently, the development resource gap for the State Department stands at Kshs. 14.49 billion which may significantly impact its planned development projects.
2. IGRTC's current annual budget allocation is at Kshs. 411.7 million. This budgetary allocation is only sufficient to meet the non-discretionary items of IGRTC, resulting to over-reliance on Supplementary Budgets for the programme activities of the institution in performing its mandate. The institution thus requested for additional budgetary enhancement of Kshs. 250 million under its normal recurrent budget in-order to meet its legal and constitutional mandate. Additionally, a requirement of Kshs 125 million for the gratuity of the members exiting service in the FY 2025/26 was placed before the Committee.
3. The Committee was further informed that the Council of Governors (COG) has been greatly underfunded over the years operating, receiving the recurrent budget only. The Committee was therefore requested to enhance budgetary allocation to the Council.
4. Casual wages for Nairobi Rivers Commission were unutilized due to pending hiring. Proposed for reallocation to O&M in Supplementary Estimates No. II for FY 2024/25. The Nairobi Rivers Commission has since moved to the State Department for Housing and Urban Planning through an Executive Order. The two State Departments reached an agreement to have the Commission finalize its FY 2024/2025 activities under the State Department for Devolution.
5. The IGRTC Report on unbundling and transfer of functions of the RDAs to County Governments guided the Cabinet communication on their dissolution. The report equally identified respective functions that would be linked to the national government functions as per the constitutionally aligned functions.

6. The KDSP II which includes counterpart funding which makes it crucial for the exchequer contribution to be secured. Timely and adequate funding will be essential for the successful and ultimate completion of the project.

Committee Recommendations

The Committee made the following recommendations:

a. The Government to consider increasing financial allocation to the State Department, and its Agencies during the Supplementary Estimates II.

MIN. NO. NA/DC-RD/ 017/ 2025: ANY OTHER BUSINESS

1. Proposed report writing retreat - The Committee Members were asked to confirm their availability for the report writing retreat in Naivasha, from 27th February, 2025 to 2nd March, 2025.

MIN. NO. NA/DC-RD/ 018/ 2025: ADJOURNMENT

There being no other business to transact, the sitting adjourned at 2.15 p.m. The next sitting to be held on notice.

Signed..... **Date** 4/3/2025

HON. LOCHAKAPONG PETER, M.P.

CHAIRPERSON DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

MINUTES OF THE FIFTH (5TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT HELD ON THURSDAY, 27TH FEBRUARY 2025 AT 10:30 A.M. IN COMMITTEE ROOM NO. 20 ON 3RD FLOOR, BUNGE TOWER

MEMBERS PRESENT

1. Hon. Lochakapong Peter, M.P. - *Chairperson*
2. Hon. Njoroge Mary Wamaua Waithira, M.P. - *Vice Chairperson*
3. Hon. Nabulindo Peter Oscar, M.P.
4. Hon. Cherorot Joseph Kimutai, M.P.
5. Hon. Maj. (Rtd.) Dekow M. Barrow, M.P.
6. Hon. Paul Abuor, M.P.
7. Hon. Siyad Amina Udgoon, M.P.
8. Hon. Yakub Farah Salah, M.P.

MEMBERS ABSENT WITH APOLOGY

1. Hon. Kombe Harrison Garama, M.P.
2. Hon. Mawathe Julius Musili, M.P.
3. Hon. Kalasinga Joseph Majimbo, M.P.
4. Hon. Khamis Chome Abdi, M.P.
5. Hon. Letipila Dominic Eli, M.P.
6. Hon. Maina Amos Mwago, M.P.
7. Hon. Tungule Charo Kazungu, M.P.

IN ATTENDANCE

SECRETARIAT

1. Mr. Mohamed Boru - Clerk Assistant I
2. Mr. Nebert Ikai - Clerk Assistant I
3. Mr. Sisto Gichuhi Macharia - Clerk Assistant III
4. CPA. Cyrille Mutali - Fiscal Analyst III
5. Mr. Moses Mwariri - Legal Counsel
6. Mr. Jared Onyancha - Public Communications Officer
7. Ms. Nelly Korir - Audio Intern

AGENDA

1. Prayers;
2. Preliminaries;
3. Confirmation of the previous minutes;
4. Consideration and adoption of the report on the 2025 Budget Policy Statement;
5. Legal brief on the Fire and Rescue Services Professionals Bill, 2023 (Senate Bill No. 55 of 2023)
6. Any Other Business; and
7. Adjournment.

MIN. NO. NA/DC-RD/ 020/ 2025: PRELIMINARIES

The meeting was called to order at 10.30 a.m. by the Chairperson followed by a word of prayer and introductions. The agenda of the meeting was then adopted having been proposed by Hon. Paul Abuor, M.P., and seconded by Hon. Cherorot Joseph Kimutai, M.P.

MIN. NO. NA/DC-RD/ 021/ 2024: CONFIRMATION OF THE PREVIOUS MINUTES

Agenda deferred and therefore no matter arose.

MIN. NO. NA/DC-RD/ 022/ 2024: CONSIDERATION AND ADOPTION OF THE COMMITTEE REPORT ON THE 2025 BPS

The Committee considered the report on the 2025 BPS and made the following observations and recommendations;

Committee observations

A. State Department for Devolution

a) According to the State Department's submission, the total resource requirements for FY 2025/26 is **Kshs. 20.86 billion** comprising of **Kshs. 3.49 billion** recurrent expenditure and **Kshs. 17.37 billion** development expenditure. As per the BPS tabled in Parliament, the BPS proposed ceiling for the State Department was **Kshs. 4.39 billion** of which **Kshs. 1.52 billion** is recurrent expenditure and **Kshs. 2.88 billion** is development expenditure. As per the State Department's submission, they had incorrectly captured the BPS ceiling for the FY 2025/26 as **Kshs. 17.60 billion** comprising of **Kshs. 1.52 billion** as recurrent expenditure and **Kshs. 16.08 billion** as development expenditure. The difference is attributed to the development expenditure where the BPS tabled in Parliament presented a ceiling of Kshs. 2.88 billion and not Kshs. 16.08 billion as submitted by the State Department. This difference in allocation is attributed to a donor funded project known as Kenya Devolution Support Program (KDSP).

b) The KDSP II is World Bank program aimed to support capacity building and technical assistance at the county level. In the FY 2025/26, the project's resource requirement is Kshs. 15.8 million. Given the proposed allocation of Kshs. 2.6 billion in the 2025 BPS, the implementation of level 1 and level 2 of the program will likely be affected.

c) The KDSP II financed by the World Bank and the Government is currently being implemented at the county level. It is crucial for the government financing to be secured in the next financial year so as to ensure the successful and ultimate completion of the project.

d) The Committee noted that IGRTC is requesting for an additional Kshs. 375 million in there FY 2025/26 budget to cater towards its operations.

e) The IGRTC Report on unbundling and transfer of functions of the RDAs to County Governments guided the Cabinet communication on their dissolution. The report equally identified respective functions that would be linked to the national government functions as per the Constitutionally aligned functions.

f) According to the State Department for Devolution, the Nairobi Rivers Commission which was initially under the State Department is now domiciled at the State Department for Housing and Urban Development through a Gazette Notice No. 13907.

g) The Committee noted that the Council of Governors did not have adequate funding for its sectorial committees and thus requesting an additional allocation on its recurrent budget of Kshs. 75 million in the FY 2025/26.

h) World Scout Parliamentary Union, with over 2.5 million Kenyan youth members, supports BETA by promoting national values, complementing formal curriculum, supporting climate change mitigations,providing digital skills, cybercrime safety, and data training.

Non-financial recommendations

a) The Intergovernmental Relations Technical Committee (IGRTC) to provide the Committee with a detailed roadmap and timelines on the proposed dissolution of the six (6) regional development authorities and the eventual transfer of assets, liabilities and personnel to the two levels of government by June 2025.

b) The Cabinet Secretary for the National Treasury and Economic Planning should facilitate the transfer of funds for the Nairobi River Commission to the State Department of Housing and Urban Development, in accordance with Gazette Notice No. 13907, for the FY 2025/26.

c) The Cabinet Secretary for National Treasury and Economic Planning to ensure that the GoK counterpart funding for the KDSP II are fully incorporated into the FY 2025/26 budget.

Financial Recommendations

1. The BPS ceiling for the State Department for Devolution of **Kshs. 4.39 billion** comprising of **Kshs. 1.52 billion** for recurrent expenditure and **Kshs. 2.88 billion** for development expenditure **be approved without amendments**.

B. State Department for the ASALs and Regional Development

a) The proposed ceiling for the State Department for the ASALs and Regional Development FY 2025/26 is **Kshs. 7.38 billion** of which **Kshs. 4.85 billion** is recurrent expenditure and **Kshs. 2.53 billion** is development expenditure.

b) The State Department resource requirement for FY 2025/26 is **Kshs. 53.21 billion** of which **Kshs. 16.39 billion** is recurrent and **Kshs. 36.82 billion** is development translating to 75% financing gap.

c) The State Department is in the process of developing a Cabinet Memo that will aim at outlining how RDAs can become self-sustaining and reduce their reliance on exchequer funding.

d) The Committee noted that the State Department raised concerns that there was insufficient stakeholder engagement in the unbundling and transfer of functions of RDAs to county governments. However, the Committee is mindful of the functions of County Governments as outlined in the Fourth Schedule of the Constitution.

e) The Committee observed with concern the continued defunding of the RDAs, a decision guided by a Cabinet Memo, which significantly undermines their ability to fulfill their mandate of facilitating regional development and natural resource management. The persistent budget cuts not only weaken ongoing projects but also jeopardise service delivery to the communities that rely on these authorities. Further, the lack of adequate funding may result in stalled projects, delayed project implementation and thus leading to accumulation of pending bills, penalties, and cost overruns.

f) Pending bills remain a key issue for the State Department for the ASALs and Regional Development as they have pending bills amounting Kshs. 10.8 billion as per the sector report September 2024.

g) The Committee noted that there exists a dispute between KenGen and two RDAs (KVDA and TARDA) on the annual amounts paid by the electricity generating company. KVDA and TARDA receive Kshs. 45 million and 58 million respectively.

Non-Financial Recommendations

a) The Principal Secretary State Department for the ASALS and Regional Development to enhance collaboration with the county governments during implementation of their projects in FY 2025/26 in order to ensure sustainable, inclusive and well coordinated regional development.

b) The RDAs in conjuction with the State Department for Devolution and the State Department for ASALs and Regional Development should come up with a resource mobilization framework and report to Parliament and the National Treasury by the end of FY 2025/26 that will enable them mobilize resources required to undertake their activities without them relying on government funding due to the constraint fiscal space.

Financial Recommendations

1. The BPS ceiling for the State Department for the ASALs and Regional Development of **Kshs. 7.38 billion** comprising of **Kshs. 4.85 billion** for recurrent expenditure and **Kshs. 2.53 billion** for development expenditure be **approved without amendments**.

Request for Additional Funding

The Committee further proposed additional funding in the sector of **Kshs. 1,736 million** as per the schedule below.

State Department for Devolution

Programme	Project/ Delivery Unit	Amount (Kshs.)	Reason for Additional Funding
State Department for Devolution			
Recurrent			
0712000 Devolution Services	1032000413 World Scout Parliamentary Union	50 million	This allocation will enable WSPU-K in hosting the 11th General Assembly in 2025 and also fund other scouting programmes in environmental conservation, national values, mentorship, leadership and governance.
Total		**50 million**	

State Department for the ASALs & Regional Development

Programme	Project/Delivery Unit	Amount (Kshs.)	Reason for Additional Funding
State Department for the ASALs & Regional Development			
Recurrent			
0743000 General Administration, Planning and Support Services	10360000300 General Administrative Services	100 million	This allocation will improve the operations and maintenance budget allocation to assist in the running of the ASALs related operations
Total		**100 million**	
Development			
1013000 Integrated Regional Development	1036108100 - Kimira Oluch Smallholder Farm Irrigation Project	350 million	This allocation will cater towards construction of additional reservoirs to store excess floodwater during the rainy season and build dykes to protect farmers from floods.
	1036103300 Gum Arabic and Resins Integrated Development Programme-BETA	60 million	This allocation will be key to enhance livelihoods of pastoral communities through value addition to promote diversification of livelihoods.
	1036103801 Ewaso Ng'iro Leather Factory	130 million	This allocation will enable the construction and machine installation including additional water supply infrastructure.
	1036104100 Wei Wei Phase III Irrigation	226 million	This funds will enable the project operationalize the entire 1,500 acres of irrigated land and thus address food security.
	1036105700 Wananchi Cottages in Kilifi County	120 million	This funds will enable the modernization of this cottages.
	1036103601 Tana Delta Rice Irrigation Project (TDIP)	700 million	The allocation will enhance food security and improve livelihoods through opening up 12,000 ha.
Total		**1,586 million**	

MIN. NO. NA/DC-RD/ 023/ 2024: ADOPTION OF THE REPORT ON 2025 BPS FOR THE STATE DEPARTMENT OF ASALs AND REGIONAL DEVELOPMENT AND THE STATE DEPARTMENT FOR DEVOLUTION

The Committee unanimously adopted the report on the BPS 2025 having been proposed by Hon. Yakub Farah Salah, M.P. and seconded by Hon. Paul Abuor, M.P.

MIN. NO. NA/DC-RD/ 024/ 2024: LEGAL BRIEF ON THE FIRE AND RESCUE SERVICES PROFESSIONALS BILL, 2023 (SENATE BILL NO. 55 OF 2023)

The Legal Counsel briefed the Committee on the Bill and submitted as follows;

1. The Brigade and Rescue Services Bill, 2023 (Senate Bill No. 55 of 2023) is a Senate Bill published in the Kenya Gazette No. 239 of 2023. The Bill seeks to establish a regulatory and institutional framework for the fire and rescue services professionals and to provide for the registration, licensing, and training of the fire and rescue services professionals. The Bill also aims at providing uniform professional standards for the regulation of fire and rescue services professionals across all counties.

2. In the Senate, the Bill was sponsored by Senator Mohammed Abass Sheikh, M.P, Senator for Wajir County and has been forwarded to the National Assembly for consideration in line with Article 110(4) of the Constitution having been read a First Time on 13th February, 2025.

3. **Clause 1-2** of the Bill contains provisions relating to preliminary provisions including the short title and the interpretation clause. The interpretation clause provides for the definition of terms used in the Bill including, Board, Cabinet Secretary, fire and rescue services consulting firm, fire and rescue services professional, private fire brigade firm, Register, and the Registrar.

4. **CLAUSE 3** of the Bill provides for the objects of the Bill which are to –
    a. provide a framework for standards for professional practice and their enforcement;
    b. facilitate the delivery of quality fire and rescue professional services;
    c. promote the delivery of quality professional training and education for fire and rescue service professionals;
    d. protect the public from unethical professional practice in fire and rescue services; and
    e. promote realization of the right to the highest attainable standard of health for every person in relation to prevention, response and mitigation of unintentional injuries resulting from fire, accidents, emergencies, disasters and calamities.

5. **CLAUSE 4** of the Bill establishes a Board known as the Fire and Rescue Services Professionals Board. The Board is a body corporate with perpetual succession and a common seal capable of suing and being sued; taking, purchasing, holding, charging or disposing of movable and immovable property; receiving, borrowing and lending money; entering into contracts; and doing or performing all such other things or acts necessary for the proper performance of its functions under this Act, which may lawfully be done or performed by a body corporate.

6. **CLAUSE 5** of the Bill provides for the composition of the Board. The Bill provides that the Board shall comprise of –
    a. a non-executive Chairperson who shall be appointed by the President;
    b. the Principal Secretary in the Ministry responsible for matters relating to fire and rescue services or their representative appointed in writing by the Principal Secretary;
    c. the Principal Secretary in the Ministry responsible for finance or their representative appointed in writing by the Principal Secretary,
    d. the Principal Secretary in the Ministry responsible for technical and vocational education and training or their representative appointed in writing by the Principal Secretary;
    e. three persons nominated by the Council of County Governors;
    f. two persons nominated by the association representing the largest number of professional firefighters in Kenya, one of whom shall be a representative of volunteer firefighters in Kenya;
    g. one person nominated by the umbrella body of emergency responders in Kenya;
    h. one person representing private sector organizations in Kenya; and the registrar who is an ex-officio member.

    The Bill further provides that persons nominated by the Council of Governors, the association representing the largest number of professional firefighters in Kenya, the person nominated by the umbrella body of emergency responders and private sector organizations shall all be appointed by the Cabinet Secretary by notice in the *Gazette*.

7. **CLAUSE 6** of the Bill provides that the headquarters of the Board is situated in Nairobi, while **CLAUSE 7** provides for the functions of the Board. The functions of the Board shall include —
    a. protect public interest by ensuring that its members observe highest standards of professional and ethical conduct;
    b. advise the National and County Governments on fire prevention and fire and rescue services matters;
    c. collaborate with fire and rescue services training institutions, professional associations, fire brigade organizations and other relevant bodies in matters relating to training and professional development of fire and rescue services professionals;
    d. license and regulate fire and rescue services professionals in Kenya;
    e. register fire and rescue services professionals in Kenya;
    f. supervise and discipline fire and rescue services professionals in Kenya;
    g. develop a code of conduct for fire and rescue services professionals in Kenya;

8. **CLAUSE 8** of the Bill provides for the powers of the Board. It provides that the Board shall have powers as necessary for the proper discharge of its functions.

9. **CLAUSE 9** of the Bill gives the Board the power to establish committees consisting of such number of persons as the Board may deem appropriate to perform its duties and functions. The Bill requires that the Board shall appoint chairperson of the committees from among its members, and may where it considers appropriate co-opt persons from outside the members of the Board to be members of the Committees.

10. **CLAUSE 10** of the Bill provides for delegation of powers by the Board. It provides that by resolution the Board may delegate to any committee of the Board or any member, officer or employee or an agent of the Board the exercise of any of the functions and duties.

11. **CLAUSE 11** of the Bill provides that the conduct and business affairs of the Board shall be in accordance with the Schedule.

12. **CLAUSE 12** of the Bill provides for the tenure and vacation of office. The Bill provides that a member of the Board except the ex-officio member shall hold office for a term of **three years** but shall be eligible for one further term. However, the Bill provides that a member maybe removed from office by the Cabinet Secretary on recommendation of the Board if the member has been convicted of a criminal offence or sentenced for a term of six months without an option of fine or ceases to be a registered person under the Act. The Bill further provides that a person may be removed if has been absent from three consecutive meetings of the Board, or the person is incompetent or otherwise resigns from office in writing to the Cabinet Secretary.

13. **CLAUSE 13** of the Bill provides that the Board shall pay its members such remuneration or allowances as the Cabinet Secretary in consultation with the Salaries and Remuneration Commission may determine.

14. **CLAUSE 14** of the Bill provides for the appointment of the Registrar. The Bill provides that the Registrar shall be competitively recruited by the Board and appointed by the Cabinet Secretary. The Bill further requires that the Registrar shall hold office for such period of term as the Board may determine and that the Registrar shall be the chief executive officer responsible for the day to day management of the Board. In addition, the Bill provides that a person shall not be appointed as a Registrar unless the person—
    a. is registered as a fire and rescue services professional;
    b. is of good professional standing;
    c. has a degree recognized in Kenya in fire management or fire rescue management, disaster management, engineering, operations, logistics, medicine, para-medicine, sociology, law, psychology, project management, safety and security, environment, health and physical planning;
    d. have at least ten years' experience in the field of fire and rescue, five years' experience in leadership in public or private sector,
    e. has knowledge and experience in policy formulation; and
    f. meets the requirements of Chapter six of the Constitution.

15. **CLAUSE 15** of the Bill provides for the functions of the Registrar. The Bill provides that the Registrar shall—
    a. maintain the Register of persons registered in accordance with this Act;
    b. sign, issue, renew and cancel certificates of registration and licenses as may be directed by the Board;
    c. keep all documents and records including records of all assets of the Board; prepare all documents due for gazettement as directed by the Board;
    d. take and keep minutes of the Board meetings;
    e. enforce decisions of the Board; keep the seal of the Board in such custody as the Board may direct;
    f. in consultation with the Board, be responsible for the affairs and transactions of the Board;
    g. be responsible for the management of the staff of the Board;
    h. manage the budget of the Board to ensure that its funds are properly expended and accounted for; and
    i. exercise and perform any other functions which the Board may determine from time to time.

16. **CLAUSE 16** of the Bill provides for limitation of liability. It provides that a member of the Board shall not be personally liable for any act or default of the Board done or omitted in good faith in the course of carrying out the functions or exercising the powers conferred upon the Board under the Bill. Further, the Bill provides that the Board shall not be relieved its liability to pay compensation to any person for any injury caused as a result of the exercise of any power conferred by the Act.

17. **CLAUSE 17** of the Bill provides for the registration of fire and rescue services professionals. The Bill provides that person shall not practice as a Fire and Rescue Service professional, manage a fire and rescue services consulting firm or provide fire and rescue consultancy and advisory services unless the person is registered in accordance with this Act.

    Further, the Bill provides that to practice as a fire and rescue service professional the same shall include—

    (a) providing fire and rescue professional services such as fire prevention, operating fire equipment for purposes of extinguishing fire where such a process requires a rescue professional;
    (b) carrying out or holding oneself as a fire and rescue service professional, or certifying or authorizing any process where a fire and rescue service professional is required under any law or administrative procedure to certify or authorize.

18. **CLAUSE 18** of the Bill provides that a person shall be qualified as a fire and rescue services professional if the person—

    a. has a degree, diploma or certificate in a fire and rescue services course from a recognized institution in Kenya or equivalent qualifications from a recognized foreign Institution; and

    b. has undertaken and received practical and experiential learning in fire and rescue service practice for a period.

19. **CLAUSE 20** of the Bill provides for registration of Fire and Rescue Services Consulting Firms. The Bill provides that a person may register a fire and rescue services consulting firm, if the firm has a certificate of registration of a business name or a certificate of incorporation and has at least one partner or principal shareholder who is registered as a fire and rescue services professional.
    Further, the Bill provides that Board may register fire and rescue services consulting firms in different categories and disciplines based on the criteria as shall be established by the Board.

20. **CLAUSE 21** of the Bill provides for the consideration of the application for registration. The Bill requires that the Registrar shall bring before the Board every application for consideration, and that the decision of the Board on an application for registration shall be communicated in writing to the applicant by the Registrar within 21 days working day from the date of such decision. The Bill further requires that a person who has complied with the provisions of the act to be registered and issued with a certificate bearing the seal of the Board.

21. **CLAUSE 23** of the Bill provides for the custody of the Register. It provides that the Registrar shall keep and maintain a Register of all registered persons and firms in such

a manner as the Board may prescribe. The Bill further provides that any person may inspect the Register and obtain from the Registrar a copy of or an extract from the Register, on payment of a prescribed fee.

22. **CLAUSE 24** of the Bill provides that the Registrar may alter or make changes to the Register which shall be made after receiving the authenticated notification.

23. **CLAUSE 25** of the Bill provide for the removal of persons from the Register. It provides that the Registrar shall remove from the Register the name of any person found to be of unsound mind; a person who requests that his name be removed from the register; a person convicted of an offence, declared bankrupt, whose registration has been revoked through a disciplinary process and whose name has been fraudulently been entered in the Register.

24. **CLAUSE 26** sets out the funds of the Board. The Bill provides that the funds of the Board shall consist—
    a. such monies or assets as may accrue to or vest in the Board in the course of the exercise of its powers or performance of its functions under this Act;
    b. such monies as may be payable to the Board pursuant to this Act or any other written law;
    c. donations, gifts and endowments from lawful organizations or sources;
    d. proceeds of any investments by the Board; and
    e. grants.

25. **CLAUSE 27** of the Bill provides for preparation of annual estimates. It provides that at least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of revenue and expenditure for that financial year. The Bill further provides that the estimates shall make provisions for all estimated expenditure of the Board which shall include among others payment of allowances of the Board and the members of the Board.

26. **CLAUSE 28** of the Bill provides that the Board shall cause to be kept, proper books of account, assets and other liabilities of the Board. The Bill requires that the Board shall submit to the Auditor-General the accounts of the Board within three months after the end of each financial year.

27. **CLAUSE 29** of the Bill provides for false registration and licensing. The Bill proposes that any person who wilfully procures or attempts to procure registration by making false of fraudulent representation or declaration commits an offence and shall be liable upon conviction to a fine not exceeding two hundred thousand or to imprisonment for a term not exceeding three years or both. The Bill further proposes that where an offence has been committed by a legal person, that legal person shall be liable on conviction to a fine of not less than five hundred thousand shillings.

28. **CLAUSE 30** of the Bill provides for offences relating to professional misconduct. The Bill proposes that a person who is licensed as a fire and rescue services professional commits an offence of professional misconduct if that person—
    (a) deliberately fails to follow the standards of conduct and practice of the fire and rescue services profession set by the Board;
    (b) commits gross negligence in the conduct of his professional duties;
    (c) allows another person to practice in his name, where that person—

(i) is not registered or a holder of a license under this Act;

(ii) takes advantage of any person by abusing their position of trust, expertise or authority;

(iii) lacks regard or concern for client's needs or rights; or

(iv) shows incompetence or inability to render professional fire and rescue services;

The Bill further requires that a person who commits an offence under this clause, shall be de-registered, or suspended and his name removed from Register for such a period as the Board may determine.

29. **CLAUSE 31** of the Bill provides for offences by persons or training institutions. The Bill proposes that a person in charge of an institutions which is not recognized by the Board as an institution registered or seeking registration under the Bill commits an offence and is liable upon conviction to a fine of one million shillings or to imprisonment for a term not exceeding three years, or both.

30. **CLAUSE 32** of the Bill provides for the prohibition of the use of the term "fire and rescue services professional by unregistered persons. The Bill requires that the term fire and rescue services professional" and "fire and rescue services consultant" are protected under the Act and shall only be applied to persons or bodies fulfilling the requirements of the Act.

31. **CLAUSE 33** of the Bill provides for prohibition of employment of unregistered person. It requires that a person shall not employ or continue to employ any person to offer professional fire and rescue services if that person is not registered under the Bill. The Bill further provides that a person who contravenes the above provision commits an offence.

32. **CLAUSE 34** of the Bill provides for complaints and disciplinary proceedings of the Board. The Bill provides that a person who being dissatisfied with any professional fire and rescue services offered or alleging a breach of the standards of conduct, may make a written complaint to the Board. The Bill further provides that where the Board is satisfied that any person registered or licensed has committed an offence or is guilty of a negligence, the Board may direct the name of such person be removed from the Register or issue a written warning or reprimand.

    The Bill further provides that the person whose conduct is being inquired into shall be accorded an opportunity to be heard.

33. **CLAUSE 35** of the Bill provides for an appeal mechanism. The Bill provides that a person who shall be aggrieved by the decision of the Board may appeal to the High Court within thirty days from the date of the Board's decision. The Bill further provides that the High Court may either annul or vary the decision as it considers necessary.

34. **CLAUSE 36** of the Bill provides provisions relating to delegated powers. For the purposes of Article 94(6) of the Constitution the purpose and objective of delegation is to enable the Cabinet Secretary to make regulations to provide for the better carrying into effect of the provisions of the Act.

35. **CLAUSE 37** of the Bill provides for transition provisions. The Bill provides that a

person who prior to the date of commencement of the Act, was practicing as a fire and rescue service practitioner and does not hold the prescribed academic qualifications for registration under the Act shall have one year to comply with the requirements of the Act.

The Bill further provides that a person who prior to the date of commencement of this Act was practicing as a fire and rescue service practitioner and holds the required academic qualifications, shall apply for registration within one year of coming into force of the Act.

36. **SCHEDULE** - the Schedule to the Bill provides for provisions as to the conduct of business and affairs of the Board. It gives effect to Clause 11 of the Bill. The Schedule proposes that the Board at its first meeting shall elect a vice-chairperson from among its members and that the Board shall meet at least four times in each financial year and not more than four months shall lapse between one meeting and the next meeting. The quorum for conduct of business of the Board shall be six members and the decision of the Board shall be by a majority of votes, with the presiding person having the casting vote. Further, the Schedule provides for a declaration of conflict of interest where a member or a staff of the Board is required to declare personal interests which conflict with the official duties.

EFFECTS OF THE BILL

The enactment of the Bill will provide for the establishment, registration, licensing, and training of fire and rescue services professionals.

MIN. NO. NA/DC-RD/ 025/ 2024: ANY OTHER BUSINESS

The Committee resolved the following:

a. The Cabinet Secretary for Energy and Petroleum to be invited to brief the Committee on the existing dispute between KENGEN and Tana and Athi River Development Authority (TARDA) and Kerio Valley Development Authority (KVDA);

b. The Cabinet Secretary for the National Treasury to be invited to brief the Committee on the status of the Kenya Development Response to Displacement Impacts Project (KDRDIP);

c. The Head of Public Service and the Intergovernmental Relations Technical Committee (IGRTC) to be invited by the Committee to shed more light on the Inter-Agency report on the dissolution of the Regional Development Authorities (RDAs)

d. The Secretariat to fast-track the planning of the benchmarking visits to other countries hosting refugees;

e. The Committee to get public views on the Fire and Rescue Services Professionals Bill, 2023 (Senate Bill No. 55 of 2023);

f. The Secretariat to plan for the Committee's visit to the Ewaso Ng'iro North Development Authority (ENNDA); and

g. The Principal Secretary for the State Department for Immigration and Citizen Services to be invited by the Committee for a status update on the refugee affairs in the country.

MIN. NO. NA/DC-RD/ 026/ 2024: ADJOURNMENT

There being no other business the meeting was adjourned at 12.11 p.m. The date of the next sitting will be communicated through a notice.

Signed..... **Date** 4/8/2024

HON. LOCHAKAPONG PETER, MP

CHAIRPERSON DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

DEPARTMENTAL COMMITTEE ON LABOUR



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION

DEPARTMENTAL COMMITTEE ON LABOUR

REPORT ON THE BUDGET POLICY STATEMENT 2025

ON

VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE

VOTE 2071- PUBLIC SERVICE COMMISSION

VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

VOTE 2081- SALARIES AND REMUNERATION COMMISSION

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MARCH 2025

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ABBREVIATIONS

AiA	Appropriation in Aid
BAC	Budget and Appropriation Committee
BPS	Budget Policy Statement
FY	Financial Year
GDP	Gross Domestic Product
Kshs.	Kenya Shillings
MDA	Ministries, Departments and Agencies
MP	Member of Parliament
MTP	Medium Term Plan
MTEF	Medium Term Economic Framework
PBO	Parliamentary Budget Office
PSC	Public Service Commission
SAGAs	Semi-Autonomous Government Agencies
S.O	Standing Order
SRC	Salaries and Remuneration Commission
SWGs	Sector Working Groups

APPENDIX

1. Adoption List
2. Minutes
3. Submissions by MDAs and Independent Commissions
4. Brief by the Parliamentary Budget Office (PBO)

CHAIRPERSON'S FOREWORD

The 2025 Budget Policy Statement was tabled in the House on Thursday 13th, February 2025 and subsequently referred to the relevant Departmental Committees for consideration, the Departmental Committee on Labour being one of them.

Following the referral of the Budget Policy Statement to the Departmental Committees, the Departmental Committee on Labour was briefed by the Parliamentary Budget Office on the contents of the Budget policy Statement with regard to the Departments and Agencies (MDAs) under the purview of the Committee namely: State Department for Labour and Skills Development, the State Department for Public Service, the Public Service Commission (PSC) and the Salaries and Remuneration Commission (SRC).

Thereafter, the Committee engaged the relevant stakeholders and met with the Cabinet Secretaries and Accounting Officers of the various agencies under the purview of the Committee and reviewed their ceilings as proposed under the 2025 Budget Policy Statement.

Emanating from those discussions and reviews, the Committee made several observations and recommendations as contained in part 4 and 5 of the Report.

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 in execution of its mandate. The Committee wishes to thank all the State Departments and Independent Commissions under its purview for their participation in scrutinizing the 2025 Budget Policy Statement.

Finally, I wish to express my appreciation to the Honourable Members of the Committee for their contributions towards the preparation and production of this report.

It is my pleasant duty and privilege on behalf of the Departmental Committee on Labour and pursuant to Standing Order 199 and the Guide by the Honourable Speaker, dated 18th February 2025, to submit the Report on the consideration of the 2025 Budget Policy Statement to the Liaison Committee for consideration.

HON. ERIC MUCHANGI KAREMBA, CBS, M.P.

PART 1

1.0 PREFACE

1.1. ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Labour was established pursuant to the provisions of Standing Order 216 and Standing Order 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.

2. The subjects under the Committee's mandate are the:

   a. State Department for Labour and Skills Development;
   b. State Department for Public Service;
   c. Public Service Commission (PSC; and
   d. Salaries and Remuneration Commission (SRC)

1.2. COMMITTEE MEMBERSHIP

3. The Departmental Committee on labour was constituted by the House on 27th October, 2022 and comprises of the following Honourable Members-

Chairperson
Hon. Eric Muchangi Karemba, CBS, MP
Runyenjes Constituency
UDA Party

Vice-Chairperson
Hon. Fabian Kyule Muli, MP
Kangundo Constituency
GDDP

Members

Hon. James Onyango K'Oyoo, MP
Muhoroni Constituency
ODM Party

Hon. Ernest Ogesi Kivai Kagesi, MP
Vihiga Constituency
ANC Party

Hon. Richard Kiti Chonga, MP
Kilifi South Constituency
ODM Party

Hon. Joseph Samal Lomwa, MP
Isiolo North Constituency
Jubilee Party

Hon. George Aladwa Omwera,
Makadara Constituency
ODM Party

MP Hon. Catherine Wambiliaga, MP
Bungoma County
FORD-K

Hon. Amina Dika Abdullahi, MP
Tana River County
KANU

Hon. Dorice Aburi Donya, MP
Kisii County
WDM-K

Hon. Patrick Simiyu Barasa, MP
Cherangany Constituency
DAP-K Party

Hon. Mangale Munga Chiforomodo, MP
Lunga Lunga Constituency
UDM Party

Hon. Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon. Leah Sopiato Sankaire, MP
Kajiado County
UDA Party

Hon. Lilian Chebet Siyoi, MP
Trans Nzoia County
UDA Party

1.3. COMMITTEE SECRETARIAT

4. The Committee secretariat comprises of the following members of staff-

Mr. Abenayo Wasike
Principal Clerk Assistant I/Head of Secretariat

Mr. Joseph Ndirangu
Fiscal Analyst I

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Colletah Sigilai
Senior Legal Counsel

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Ms. Faith Njiru
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Intern

1.4. COMMITTAL OF 2025 BUDGET POLICY STATEMENT TO DEPARTMENTAL COMMITTEES

5. The 2025 Budget Policy Statement (BPS) was submitted to National Assembly on 13th February 2025 and subsequently committed to the various Departmental Committees for consideration and reporting to the Liaison Committee.
6. The Committee on Labour is mandated to review and scrutinize the BPS for the State Department for Labour and Skills Development (Vote 1184), State Department for Public Service (Vote 1213), Public Service Commission (vote 2071) and Salaries and Remuneration Commission (Vote 2081) as well as the Agencies under the respective votes.
7. The Committee is equally tasked with the responsibility of scrutinizing budget related policies, programmes and their objectives as well as the comprehensiveness and effectiveness of such programmes.

1.5. COMMITTEE'S CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT

8. The Committee held Three (3) sittings examining the estimates on **Thursday 20th February, 2025** and **Tuesday, 25th February 2025**. The sittings were preceded by a briefing on the 2025 BPS by the Parliamentary Budget Office. The Committee held sittings with Cabinet Secretaries and accounting officers from the State Department of Public Service, Public Service Commission (PSC), Salaries and Remuneration Commission (SRC) and the State Department for Labour and Skills Development.
9. The Committee's consideration of the 2025 Budget Policy Statement was guided by the Parliamentary Budget Office and submissions from the agencies under the Committee purview.

PART 2

2.0 BACKGROUND

2.1 Overview of the 2025 Budget Policy Statement

10. The 2025 Budget Policy Statement (BPS), which is the third to be prepared under the Kenya Kwanza administration, highlights the progress made in the implementation of the strategic interventions articulated in the Bottom-up Economic Transformation Agenda (BETA). The theme of the Budget Policy Statement is **"Consolidating gains under the Bottom-Up Economic Transformation Agenda (BETA) for Inclusive Green Growth"**.
11. The agenda is geared towards economic turnaround through a value chain approach. This BPS is focusing on consolidating the gains realised under the BETA for inclusive green growth with a special focus on the following six (6) objectives:
    i. bringing down the cost of living,
    ii. eradicating hunger;
    iii. creating jobs;
    iv. expanding the tax base;
    v. improving foreign exchange balances; and
    vi. fostering inclusive growth.
12. Emphasis will be placed on promoting investment in BETA core pillars and enablers and harnessing implementation of the targeted interventions through a value chain approach. The value chain approach targets to enhance production, value addition, market access, and attract local and foreign investments.
13. The total budget for FY 2025/2026 is proposed at **Kshs. 4,336.1 Billion**. The allocations to the three arms of Government including sharable revenues to the County Governments are summarized in Table 1 below.

	Approved Budget 2024/2025 (Kshs. Billions)	**BPS Ceiling 2025/2026 (Kshs. Billions)**	**% share for 2025/26**
National Government	2,301	2,562	59.1
o/w Executive	2,237	2,493.7	57.5
o/w Parliament	40.8	42.5	1
o/w Judiciary	22.5	25.7	0.6
County Govt. (Shareable Revenue)	410.8	405.1	9.3
Consolidated Funds Services (CFS)	1,237	1,368	31.5

Total Budget	**3,948.5**	**4,336.1**	**100**

Table 1Summary Budget Allocations for the FY2025/26

Source: BPS 2025

2.2 Sectoral allocations and priorities

14. The Ministries, Departments and Agencies (MDA's) under the purview of the Labour Committee fall under the Public Administration and International Relations Sector (State Department for Public Service, Public Service Commission and Salaries and Remuneration Commission) while the State Department for Labour and Skills Development falls under the Social Protection, Culture and Recreation Sector.
15. The 2025 BPS provides for the resource allocation among the budgetary sectors. It is important to note that the budgetary sector level is the point at which MDAs bind for resources for the next financial year and the medium term.
16. Education sector has received the biggest share of allocation at 28.3% followed by Energy, Infrastructure and ICT sector at 19.7%, General Economic and Commercial Affairs (GECA) Sector which supports trade and manufacturing received the least resources with a share of 2.3%.
17. The Public Administration and International Relations (PAIR) and the Social Protection, Culture and Recreation, which play critical role Kenyan economy contributing to excellence in public policy administration and international relations and the creation of a socially inclusive, prosperous, just and equitable society, received a share oof 11.2 % and 3.1 respectively.

2.3 Budget policy prioritization for 2025/2026 and the medium-term and alignment to the Fourth Medium Term Plan

18. The State Department for Labour and Skills Development is categorized under the Social Protection, Culture and Recreation Sector while the State Department for Public Service, Public Service Commission and the Salaries and Remuneration Commission are under the Public Administration and International Relations Sector. Table 2 below shows the priorities as included in the 2025 BPS, as laid out in the Sector report and as spelt out in the Fourth Medium Term Plan.

BPS 2025	Sector Report 2024	Fourth Medium Term Plan
To enhance savings rate and reduce old age poverty continuing to prioritize retirement contributions to National Social Security Fund (NSSF)	Place job seekers in gainful employment both locally and Abroad	Kenya Migrant Workers Welfare Fund (KMWWF) Established.

Strengthening of National Informal Sector Retirement Savings Scheme that is administered through the Kenya National Entrepreneurs Savings Trust.	Negotiate 12 Bilateral Labour Agreements with key labour destination countries;	To enhance social security coverage
Strengthen implementation of ongoing reforms to transform the Public Service that is centred on performance management and productivity.	Undertake medical examination of workers in hazardous occupations and inspect hazardous equipment;	12 Bilateral Labour Agreements
Introduction of a robust and integrated performance management architecture that provide for standardised tools for measuring service delivery across the Public service, including State corporations and public universities, and across both levels of Government through employing the Whole-of-Government Approach to revamp, re-institutionalise and drive a citizen-centric performance management system.	Provide pre-departure training to potential migrant workers.	Assessment of skills in demand in destination countries conducted
Piloting a new Human Resource Management System which will be rolled out to all National Government Ministries and Departments as well as all County Governments in order to improve the management of the wage bill, including statutory payroll deductions.	Train persons in relevant industrial skills;	Social Insurance Based Employment Injury Scheme (SIBEIS) established
implement a Unified Personal Identification system for all personnel working across all the arms of Government, including constitutional commissions.	Establish a psychological assessment center to enrich, supplement and promote the effectiveness of the provision of mental health services in the public service;	Career Progression Guidelines Framework for MDAs and Counties

Implement the Public Service Emerging Leaders Fellowship (PSELF) and Public Service Internship Programme (PSIP)	Provide Comprehensive Medical Insurance Schemes for Civil Servants and state officers and senior public servants	Integrated OSH Information Management System (OSHIMS) established and operationalized
Improve the sustainability and institutionalisation of the Public Service Internship Programme by developing framework to partner with Private sector organisations; and anchoring the programme in law by amending the Public Service Commission Act.	Develop human capital systems that are consistent with merit-system principles, including modernizing policies and practices for recruitment, retention, training, and development.	A strategy to harness and transfer knowledge, skills and competencies in the public service developed and implemented
		KSG capacity strengthened
	Upgrade the ICT infrastructure for Huduma Service Delivery Platforms to support MDAs in offering digitized services;	Masterplan on scarce and high priority skills developed and implemented
		Access to Training Revolving Fund (TRF) enhanced
		MDACs trained on Business Process Re-engineering (BPR)

Table 2 : Linkage of the priorities

Source: MTP IV, Sector Reports and 2025 BPS

2.4 Proposed Ceilings to State Departments and Independent Commissions

Vote 1213- State Department for Public Service

19. The State Department for Public Service comprises five (5) divisions; Human Resource Management Policy, Human Resource Development, Management Consultancy Services, Public Sector Reforms and Transformation, Administrative Support Services and Huduma Kenya Programme.
20. In addition, the State Department has three Semi-Autonomous Government Agencies (SAGAs) namely, Kenya School of Government (KSG), National Youth Service (NYS), Institute of Human Resource Management (IHRM) and Human Resource Management Professionals Examination Board (HRMPEB).
21. The 2025 BPS proposes a ceiling of **Kshs 21,071.2 million** for the department which consists of **Kshs. 19,876.2 million** for recurrent expenditure and **Kshs 1,195.0 million** for development expenditure. When compared to the approved allocation for the FY 2024/2025 **Kshs 19,022.4** Million, the proposed ceiling is higher by **Kshs. 2,048.80 million** which represents a 9.7 % increase.

Vote 1184- State Department for Labour And Skills Development

22. The institutions under the Vote as per the Executive order are: National Social Security Fund (NSSF); National Employment Authority (NEA); National Industrial Training Authority (NITA); National Productivity and Competitiveness Centre (NPCC); Kenya National Labour Board and the Wages Council; National Council for Occupational Safety and Health; Directorate of Occupational Safety and Health Services (DOSHs); Migrant Workers Welfare Fund and Department of Labour Migration Management.
23. At the close of FY 2023/24 the State Department had a pending bills of **Ksh. 48.64 million** under Recurrent while all the Historical bills of **Ksh. 27.28 million** were forwarded to the Pending bills verification Committee domiciled at the National Treasury.

	Amount in (Kshs. Millions)				**Total**
	Recurrent Vote		**Development Vote**		
	FY 2023/24	**Prior Years**	**FY 2023/24**	**Prior Years**	
Pending bills (Goods & Services)	48.64	0.91	0	0	**49.55**
Historical pending bills	0	2.22	0	27.28	**29.50**
Outstanding Balance	**48.64**	**3.13**	**0**	**27.28**	**79.05**

Table 3: Analysis of Pending Bills

24. The 2025 BPS proposes a ceiling of **Kshs. 6,221** million for the State Department. The State Department has 3 budgetary programmes namely; General Administration, Planning, and Support Services that have a proposed allocation comprised of **Kshs 540.5 million** recurrent; this represents an increase of 8.5% as compared to the approved allocation for the FY 2024/2025 of **Kshs. 494.4** million.

25. Labour, employment and safety services have a proposed allocation of **Kshs. 1,671.5 Million** of which **Kshs. 1,165.1 Million** for recurrent and **Kshs. 506.4 Million** for Capital which represents an increase of 31.5% as compared to the approved allocation for the FY 2024/25 of **Kshs. 1,144.5**.
26. Manpower development, industrial skills and productivity management have a proposed allocation of Kshs. 4,009 Million of which Kshs. 2,632 is recurrent while Kshs. 1,376 is capital this represents an increase of 31.9% as compared to the approved allocation for the FY 2024/2025 of Kshs. 2,729.6 million. Table 5 below shows the proposed ceilings for the State Department.

Vote 2071 - Public Service Commission

27. The 2025 BPS proposes a ceiling of **Kshs 3,600.5 million** for the Commission which consists of **Kshs. 3,565.2 million** for recurrent expenditure and **Kshs 35.3 million** for development expenditure. When compared to the approved allocation for the FY 2024/2025 **Kshs 3,476.5 million,** the proposed ceiling is higher by **Kshs. 124 million** which represents a 3% increase.

Vote 2081- Salaries and Remuneration Commission

28. The 2025 BPS proposes a ceiling of **Kshs 481.0 million** for the Commission which consists of **Kshs. 481.0 million** for recurrent expenditure. When compared to the approved allocation for the FY 2024/2025, the proposed ceiling is higher by **Kshs. 28.3 million** which represents a 5.9% increase.

2.5 Summary of Key Issues and Policy Options

29. The following are the key issues arising from the BPS 2025:

i. There is lack of linkage of key priorities among the Fourth Medium Term Plan, the Sector Reports and the Budget Policy Statement (BPS).

ii. The respective State Departments and commissions have a huge funding gap yet over the years their mandate has expanded and this may negatively affect attainment of their respective mandates. e.g., The Public Service Commission mandate has expanded over time through legislation to include recruitment of senior management of public universities.

iii. In addition, the ruling delivered on 21st December, 2022 by the Court of Appeal at Nairobi in **Civil Appeal No. E638 of 2014** affirmed the Commissions mandate with regard to management of human resource in State Corporations. Further, the human resource function of TVET trainers was transferred to the Commission from the Teachers Service Commission. However, these additional functions have not been supported with corresponding funding.

iv. There is perennial lack of attainment of targets in the various Statement Departments and the i.e., bilateral labour agreements, completion of the occupation and safety

health institution the Kabete National Employment promotion centre and labour market surveys.

v. The PFM regulations, 2015 (National (25 (1) and County Governments Regulation 25(1) (a) and (b)) provides that the National and County Governments expenditures on wages and benefits for public officers shall not exceed thirty-five percent (35%) of the respective government's revenue. This fiscal rule has never been complied to highlighting the necessity for a firm policy decision to be made to ensure the established threshold is compiled to including and not limited to roll out of a national and government workforce downsizing through a buyout offer.

PART 3

3.0 SUBMISSION BY STATE DEPARTMENTS AND COMMISSIONS

3.1 State Department for Public Service

30. The Cabinet Secretary and Principal Secretary, State Department for Public Service, accompanied by other officials from Ministry of Public Service and Human Capital Development appeared before the Committee and highlighted the Ministry's interventions to facilitate implementation of the Bottom-up Economic Agenda (BETA). The initiatives include:
    i. Policies to build a highly skilled, agile and responsive public sector workforce with appropriate roles for civil servants;
    ii. Enhanced government service delivery through digitization and automation of all government critical services.;
    iii. Design of a one stop shop policy to provide services under the Huduma Kenya delivery channels; and Youth skilling, employment and wealth creation through development of internship and volunteer policies.
31. The Principal Secretary, State Department for Public Service, submitted as follows

The implementation Status of the Financial Year 2024/25 budget as at 31st December 2024 comprising of;

32. In the Financial Year 2024/25, the State Department has a total allocation of **Ksh.8,732 million** out of which **Ksh.8,368 million** is Recurrent Expenditure and Ksh.364 million for Development Expenditure in the Revised Budget Estimates.
33. The half year allocation as at 31st December 2024 was **KSh. 6,812.49 million** comprising of **Ksh. 6,630.52** Recurrent and **Ksh.181.97** Development. The Half year actual expenditure stood at **KSh. 5,605.18 million** out of which **KSh. 5,554.23 million** was recurrent expenditure and **KSh. 50.94 million** Development expenditure.
34. The absorption rate stood at **84%** Recurrent and **30%** Development based on the allocation and expenditure as at 31st December 2024.

Name of the Programme & Sub-Programme	Budget Allocation as at 31st December 2024 (KSh. Million)			Gross Expenditure as at 31st December 2024 (KSh. Million)			Absorption (%)
	Recurrent	Development	Total	Recurrent	Development	Total	
1.General Administration Planning and Support Services							
(a)Human Resources and	164.90	-	164.90	154.25	-	154.25	94%

Support Services							
(b) Financial Management Services	29.17	-	29.17	24.30	-	24.30	83%
(c) Information Communications Services	1.54		1.54	1.40	-	1.40	91%
(d)Headquarter Administrative Services	0.28	-	0.28	0.14	-	0.14	50%
Sub-Total	195.89	-	195.89	180.09		180.09	92%
2.Public Service Transformation							
(a)Human Resource Management	4,449.63	-	4,449.63	3,913.31	-	3,913.31	88%
(b)Human Resource Development	976.61	130.47	1,107.09	1,037.80	50.94	1,088.75	98%
(c)Management Consultancy Services	53.70	-	53.70	53.58	-	53.58	100%
(d)Huduma Kenya Service Delivery	932.84	51.50	984.34	350.34	-	350.34	36%
e) Public Service Reforms	21.85	-	21.85	19.11	-	19.11	87%
Sub-Total	6,434.63	181.97	6,616.60	5,374.14	50.94	5,425.08	82%
Total Vote	**6,630.52**	**181.97**	**6,812.49**	**5,554.23**	**50.94**	**5,605.18**	**82%**

Table 4 : Summary of Cumulative Budget Performance as at 31st December 2024

2025 Budget Policy Statement Ceilings for the State Department

35. The State Department has proposed budget ceiling of **KSh. 9,896.1 million** for the financial year 2025/26 composed of KSh. **8,816.1** million Recurrent and **KSh. 1,080 million** Development. In the same period, the State Department had requirement of KSh.24,170 million composed of KSh.19,283.8 million and KSh.4,886.2 million Recurrent and Development respectively.
36. The proposed ceiling is 40.9% of total requirement in the same financial year. This low budget will adversely affect the operation of the ministry especially in the development of Human Resource

Actual Outputs achieved relative to the Approved Targets

37. The principal Secretary further highlighted the achievements for the State Department in the first half of the Financial Year 2024/25, including;
    i. Provided medical cover to 145,000 out of the targeted 145,300 civil servants;
    ii. Cumulatively developed 4 of the targeted 3 modules of Human Resource Information management system;
    iii. A total of 451 out of the targeted 300 Public service Counselling Champions trained;
    iv. Provided 9,500 of the targeted 8,000 officers with counselling and wellness services;
    v. A total of 5.13 million out of the targeted 14 million customers served by Huduma Kenya service delivery platforms; among others
38. Full details of the achievements are attached under **Annex 1** of the Written submissions by the State Department.

Status of Capital Projects

39. The State Department has projects under Huduma Kenya Secretariat, Kenya School of Government and the foreign funded Japanese Scholarship programme. The construction projects under Kenya School of Government did not receive funds this financial year, leading to stalling of the activities.
40. Construction of the Proposed Convention Centre at KSG Embu Campus has a pending bill of Ksh.321 million that has been outstanding since the FY 2022/23.
41. In Matuga and Baringo Campuses, the pending bills for the ongoing construction projects amount to Ksh.170 million. Eventually this may lead to stalling of the projects and subsequent litigations. The contractor for Embu Campus has imposed a Ksh.60 million interest on delayed payment.
42. However, financing will resume next financial year with proposed allocation to all the projects. Below is a summary of the implementation status of the projects.

No.	Ongoing Project	Total Project Cost (KSh. Mn)	Project Budget FY 2023/24 (KSh. Mn)	Project Budget FY 2024/25 (KSh. Mn)	Last Year Project Was Funded	% Completion
1.	Implementation of Huduma Service Delivery Channels	25,030	497	-	2023/24	35%
3.	Construction of Tuition complex at KSG Matuga	745	40	-	2023/24	33%
4.	Construction of hostels 112 bed capacity single rooms at KSG-Embu	1,200	130		2023/24	27%
5.	Construction of Tuition Complex at KSG Baringo	624	56		2023/24	33%
6.	Upgrading of GHRIS	560	60		2023/24	30%
7	Japanese Project for Human Resource Development Scholarship Programme	958	260.9	260.9	2024/25	10.3%
8.	Construction of Huduma Centre at in Malindi Constituency	23		23	2024/25	Project at Initial stages
9	Construction of Huduma Centre in Kaloleni Constituency	23		23	2024/25	Project at Initial stages
10	Construction of Huduma Centre in Ganze constituency	23		23	2024/25	Project at Initial stages
11	Maua Town Huduma Centre	24		24	2024/25	Project at Initial stages
12	Construction of Ikolomani Huduma Centre	10		10	2024/25	Project at Initial stages
13	Construction of Huduma Centre-Molo	86	28		2023/24	33%

Table 5 : Summary of Capital Project Status as at 31st December 2024

Key Sectorial Policies underlying the expenditure ceilings in 2025 Budget Policy Statement

43. The Budget Policy statement highlighted some of the following key issues requiring interventions for a robust and agile Public Service:
    i. The quality of the human resource to drive the Government Transformative Agenda will be required to be highly skilled, agile, responsive and well equipped with requisite skills, knowledge attitudes and competencies;
    ii. The Bottom -Up Economic Transformation Agenda for economic turnaround and inclusive growth. The turnaround will require Kenya to build a highly skilled, agile and responsive public sector workforce well equipped with requite skills, knowledge, attitudes and competencies needed to realize these objectives.
    iii. The public service that will be driven by innovative, creative, flexible and adaptive to the needs of the country and by extensions, the needs of the citizens in view of the nation development priorities;
    iv. The Government will focus on building human capital consistent with merit system principles that will include modernizing policies and practices for training and human development of its staff. This will include putting in place robust policy mechanism in place to ensure both scarce and high priority skills are available in the public service in both the National and County Governments;
    v. The Public Service will embrace competency based human resource management and development framework at both the National and County Levels through review and implementation of human resource policies, procedures, laws, regulations, strategies and guidelines to improve and transform service delivery, especially in Agriculture, MSMEs, housing and settlement, healthcare, digital and creative industry sectors;
    vi. Advancing citizen-centred public service delivery through a variety of channels, including deploying digital technology and establishing citizen service centres across the country; and
    vii. Upgrading the existing Government Human Resource Information System (GHRIS) and developed a Human Resource Information System Kenya (HRIS-Ke) for the Public Service to ensure the Public Service Human Resource Data and Wage bill is consolidated in one system for ease of decision-making.

Indicative Performance Targets linked to the Policies and Programmes in the Budget Policy Statement

44. Over the Medium-Term Plan period, the State Department for Public Service will play a critical role in the national development agenda and has prioritized projects and programs serving as enablers for the Economic Transformation of the Public Service to deliver high quality services to Kenyan Citizens.
45. In view of the above and in line with the current Strategic Plan priorities, the State Department through its divisions will implement key priority programmes and projects linked to performance targets and shall in particular;

i. Upgrade the ICT infrastructure for Huduma Service Delivery Platforms to support MDAs in offering digitized services;
ii. Establish a psychological assessment center to enrich, supplement and promote the effectiveness of the provision of mental health services in the public service;
iii. Provide Comprehensive Medical Insurance Schemes for Civil Servants and state officers and senior public servants;
iv. Strengthen Kenya School of Government to be a premier training institution in the region; and
v. Develop human capital systems that are consistent with merit-system principles, including modernizing policies and practices for recruitment, retention, training, and development.

46. A detailed information on linkage of Indicative Performance Targets to the Policies and Programmes is shown in **Annex 1** of the State Department's written submission.

List of Proposed Projects and Respective Expenditure Allocations

47. The State Department for Public Service has fourteen (14) projects as presented in Annex 2. The State Department has projects with a total cost of **KSh. 31,159 million** comprising of **KSh. 29,066 million** from the Government of Kenya and KSh. 2,093 million of Development Partner's support.
48. The State Department requested for **KSh. 4,886 million** composed of **KSh. 4,541 million** from GoK and **KSh. 345 million** from donor. However, the allocation for the projects in the FY 2025/2026 is **KSh.735 million** from the Government of Kenya and **KSh. 345 million** of Development Partner's support.
49. The State Department indicated that the allocation was not adequate for the sustainable and timely completion of the said projects. Information on capital projects is provided in Annex 2 of the State Department's written submission

3.2 Public Service Commission

50. The Vice-Chairperson, Public Service Commission accompanied by the Commission Secretary and other officials appeared before the Committee and made the following submissions as requested:

The Implementation Status of The FY 2024/25 Budget as at 31st December 2024

51. During the first half of the financial year 2024/25, the Commission suffered budget cuts from **Kshs. 3.62 billion** to **Kshs. 3.48 billion**. The recurrent budget was reduced by **Kshs. 145.7m** while the entire development budget of **Kshs. 45.3m** was cut, reflecting a total reduction of **Kshs. 191m**. The recurrent budget reduction largely targeted the travel budget, hospitality, communication services and office maintenance. The budget absorption rate as at 31st December 2024 was 49.98% as shown in the Table below:

	Programme/Sub-Programme	Revised Estimates (Kshs.)	Gross Expenditure (Kshs.)	Absorption Rate

		Recurrent	Recurrent	%
P.1:	**General Administration Planning and Support Services**			
SP. 1.1	Administration	793,569,874	460,884,932	58.08
SP. 1.2	Board Management Services	36,650,398	10,083,989	27.51
	Sub-Total	**830,220,272**	**470,968,921**	**56.73**
P.2:	**Human Resource Management and Development**			
SP. 2.1	Establishment and Management Consultancy Services	60,373,871	16,349,488	27.08
SP. 2.2	Human Resource Management	205,672,597	77,924,070	37.89
SP. 2.3	Human Resource Development	2,154,222,808	1,066,755,815	49.52
	Sub-Total	**2,420,269,276**	**1,161,029,373**	**47.97**
P.3:	**Governance and National Values**			
SP. 3.1	Compliance and Quality Assurance	77,328,823	37,376,435	48.33
SP. 3.2	Ethics Governance and National Values	69,149,616	32,598,146	47.14
	Sub-Total	**146,478,439**	**69,974,581**	**47.77**
P.4:	**Performance and Productivity Management**			
SP.4.1	Performance and Productivity Management	47,052,851	22,365,877	47.53
	Sub-Total	**47,052,851**	**22,365,877**	**47.53**
P.5:	**Administration of Quasi-Judicial Functions**			
SP. 5.1	Court Litigation & Regulations	25,099,721	10,563,624	42.09
SP. 2.2	Admin of County Appeals	7,390,000	2,749,168	37.20
	Sub-Total	**32,489,721**	**13,312,792**	40.98
GRAND TOTAL		**3,476,510,559**	**1,737,651,543**	**49.98**

2025 Budget Policy Statement Budget Estimates

52. During the FY 2025/26 and MTEF Budget preparation, the Commission presented a resource requirement of **Kshs. 6,020.1m** for FY 2025/26 as shown in the Table below. However, only **Kshs. 3,600.4m** was allocated.

Economic Classification	Approved Estimates	Resource Requirement Estimates	Resource Allocation Estimates	Shortfall
	2024/25	2025/26	2025/26	2025/26
1. Current Expenditure	3,476.5	5,974.8	3,565.1	2,409.7
2. Capital Expenditure	-	45.3	35.3	10.0
Total	3,476.5	6,020.1	3,600.4	2,419.

Table 6 :Summary of Budget Requirements Vs Allocation by Economic Classification - FY 2025/26 (Amount Kshs. Million)

Underfunded and Unfunded Key Priorities

53. The Commission has identified four key areas that are underfunded and unfunded by a total of **Kshs. 558.1m**, being Recruitment of additional staff and Implementation of the New Commission Organizational Structure **182.20 million**, Public Service Internship Programme (PSIP) **200 million,** Court Litigation & Administration of County, University and State Corporations Appeals **72.90 million,** Public Service Emerging Leaders Fellowship Programme **100 million.**
54. The Detailed Schedule of Underfunded and Unfunded Key Priorities – FY 2025/26 is provided as Annex 2 of the written submission by the Commission.

Key policies underlying the expenditure ceilings in the 2025 budget policy statement

55. The fiscal policy stance in the FY 2025/26 and over the medium term aims at supporting the priority programmes of the Government under the Bottom-Up Economic Transformation Agenda (BETA) and the MTP IV through a growth friendly fiscal consolidation plan. The plan targets to slow down the annual growth in public debt and implement an effective liability management strategy, without compromising service delivery to citizens.
56. On key policies underlying the Expenditure Ceilings in the 2025 Budget Policy Statement, the Commission indicated that it's a key enabler of Bottom-Up Economic Transformation Agenda (BETA) through youth empowerment and development Agenda, strengthening the framework for governance and anti-corruption, implementation Public Service Transformation Strategy and implementation of a Unified Personal Identification system for all personnel working across the public service.
57. In addition, the Vice- Chairperson outlined the Commission's indicative performance targets linked to the policies and programmes in the Budget Policy Statement

Request to the Committee

58. The Public Service Commission appealed to the Committee to approve the Commission's Budget Estimates as contained in the Budget Policy Statement as follows; Recurrent Expenditure: **Kshs. 3,565.10m** and Development Expenditure: **Kshs. 35.30m.**
59. Additional resources amounting to **Kshs. 558.1m** to cater for the following underfunded and unfunded key priorities:
    i. **Programme 1:** General Administration, Planning & Support Services – **Kshs. 185.20m** to cater for the ongoing implementation of the new organization structure;
    ii. **Programme 2**: Human Resource Management & Development: **Kshs. 200m** for operations of the Public Service Internship Programme;
    iii. **Programme 5**: Administration of Quasi-Judicial Functions: **Kshs. 72.90m** for court litigation, regulations, and administration of appeals; and
    iv. **Programme 2**: Human Resource Management & Development: **Kshs. 100m** for the sustainability of the Public Service Emerging Leaders Fellowship.

3.3 State Department for Labour and Skills Development

60. The Principal Secretary, State department for Labour ad Skills Development, accompanied by other officials from the Ministry, appeared before the Committee and submitted as follows;

Implementation status of the Financial Year 2024/25 budget as at 31st December 2024

61. The State Department was allocated a gross amount of **Ksh 4,32 billion** in the Recurrent Expenditure and **Ksh 1.51 billion** in the Development Expenditure. However, during Supplementary Estimates No. 1 of 2024, the State Department was subjected to a budget cut in both Recurrent and Development expenditure leaving an amount of **Ksh 4.26 billion** in the Recurrent Budget and **Ksh 100 million** in the Development Budget.
62. Thus, the State Department lost **Ksh 50.99 million** in the Recurrent budget and **Ksh 1.41 billion** in the Development Budget. This has affected the implementation of the Programmes, activities and projects of the State Department.

ITEM	Approved Budget for FY 2024/2025	Cumulative Expenditure	Balance	Absorption Rate (%)
Economic Classification	**Ksh million**	**Ksh million**	**Ksh million**	
Compensation of employees	968.93	423.59	545.34	44%
Use of goods and services	428.78	165.24	263.54	39%
Current Grants	2,869.75	1,434.87	1,434.88	50%
Acquisition of non- financial assets	1.08	0.54	0.54	50%
Gross expenditure	**4,268.54**	**2,024.24**	**2,244.30**	**48%**

Table 7 : Budget Implementation for Recurrent Expenditure as at 31st December, 2024.

63. From the above table the total absorption rate for Recurrent Expenditure was **48%** which comprise of **44 %** under compensation to employees, **39%** under use of goods and services, **50%** under Current Grants and other transfers and **50%** under Acquisition of non-financial assets. The low absorption rate under use of goods and services is occasioned by delay in exchequer.

Projects	Approved Budget for FY 2024/2025	Cumulative Expenditure	Balance	Absorption Rate (%)
	Ksh million	Ksh million	Ksh million	
Kenya Youth Empowerment and Opportunities	20.23	0	20.23	0
National Youth Opportunities toward advancement (NYOTA)	79.77	39.04	40.73	48.9%
Gross expenditure	**100.00**	**39.04**	**60.96**	**39.0%**

Table 8 : Budget Implementation for Development Expenditure as of 31st December, 2024.

64. From the table above the Gross Development Expenditure absorption rate was **0%** for the Kenya Youth Empowerment and Opportunities and **48.9 %** for the National Youth Opportunities Towards Advancement (NYOTA). The zero absorption for the Kenya Youth Empowerment and Opportunities Project (KYEOP) is due to the closure of the project in FY 2023/24.

Submission to the Sector Working Group

65. During the Sector Working Group the State Department Requested for Gross Budget of **Ksh 13.12 billion** in the Recurrent Expenditure out of which **Ksh 1.18 billion** was for Personnel Emoluments, **Kshs 3.79 billion** was to cater for Grants and Transfers and **Ksh 8.14 billion** was to cater for Operations and Maintenance.
66. However, the State Department was allocated a Gross Budget of **Ksh 4.33 billion** for FY 2025/26 of which **Ksh 983.54 million** will for cater for Personnel Emoluments, **Ksh 2.86 billion** will cater for Grants and other transfers and **Ksh 487.11 million** will cater for Operations and Maintenance.
67. On AiA, the State Department requested for **Ksh. 3,097.10 million** but Kshs. 2,680.10 was approved resulting into a shortfall of **Ksh. 417.00 million.**
68. From the above analysis, the State Department has a shortfall of **Ksh 8.78 billion** in Recurrent expenditure.
69. The approved recurrent budget for FY 2024/25 was **Kshs. 4.26 billion** compared to the FY 2025/26 allocation of **Kshs. 4.33 billion**, hence there is an increase of **Kshs.70.32 million**. This increase will not be sufficient enough considering the mandate of the State Department, not to mention that the State Department has historically been under funded.

70. From table, the State Department Development Budget request was Ksh 3.90 billion against an Allocation of Kshs 1.88 billion, hence reflecting a shortfall of **Kshs 2.02 billion.** This is attributable to low ceiling in the sector and some projects were not allocated funds.

Description	Approved Estimates	Requirement	Allocation	Deficit/ (Surplus)
	FY 2024/25	FY 2025/26	FY 2025/26	
Gross	**100.00**	**3,909.53**	**1,882.70**	**2,026.83**
GOK	79.77	2,573.30	813.4	1,759.90
Loans	20.23	1,186.23	969.30	216.93
Grants	-	150.00	100.00	50
Local AIA	-	-	-	

Table 9 : Analysis of Development Requirements vs Allocation (amount in Ksh Million)

Actual outputs achieved relative to the approved targets in the FY 2024/25

71. Key highlights for the period ending 31st December, 2024 included establishment and operationalization of the General Wages Council and the Agricultural Wage Council and Signing of an Agreement on Comprehensive Migration and Mobility
72. A detailed summary of the achievements is provided as Annex 1 of the State Department's submissions.

Status of Capital Projects (Provided as Annex II)

73. In FY 2024/25, the allocation for Development was slashed during Supplementary Estimate No 1 of 2024 leaving only **Ksh 79.77 million** for the National Youth Opportunities Towards Advancement (NYOTA) project and **Ksh 20.23 million** for the Kenya Youth Empowerment and Opportunities Project (KYEOP).

Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement

74. The main policy of the State Department is the National Policy on Labour Migration, 2022. Other major policies being implemented include Sessional Paper No. 4 of 2013 on National Employment Policy and Strategy for Kenya, National Skills Development Policy and National Guidelines for Sector Skills Committees in Kenya.

Indicative Performance Targets Linked to The Policies and Programmes in the Budget Policy Statement

75. The State department highlighted some of its indicative performance targets linked to the policies and programmes in the BPS including:
    i. To resolve 80% of all received disputes (locally and abroad) for improved labour relations locally and abroad.
    ii. Operationalize three (3) Wages Councils annually to guide in the fixation of remuneration and conditions of employment in these various economic sectors.
    iii. Establish and Operationalize 15 child labour committees to facilitate elimination of worst forms child labour and forced labour in the country.

iv. Carry out inspection of 1,590 trade unions books of accounts to ensure proper accountability of the trade union funds.
v. Carry out medical examination of 230,000 workers in hazardous occupations for early detection of Occupational Diseases symptoms to safeguard their health.
vi. Place 590,000 job seekers in gainful employment locally and abroad
vii. 100% construction of Kabete Centre to offer employment services at a centralized area.

76. Further details are as provided in Annex II of the State Department's submissions.

List of Proposed Projects and the Respective Expenditure Allocations (Provided in Annex 2 of the State Department's submissions).

77. In the FY 2025/26, the projects described in Annex II have been earmarked for funding with a total estimated budget of **Ksh 1.882.70 million.** The projects include:
    i. Construction of Occupational Safety and Occupational House - Ksh 94.76 million
    ii. Construction of National Employment Centre-Kabete- Ksh 300 million
    iii. Construction of Meru County Labour Office -Ksh 6.44 million
    iv. National Youth Opportunities Towards Advancement-Ksh 1,293.23 million (GOK -107 and World Bank Loan 1,186.23 million)
    v. Enterprise Resource planning System-Ksh 200 million
    vi. Establishment of Occupational Safety and Health Institute-Ksh 105.24 million
78. In the FY 2024/25, the entire development budget was cut in Supplementary Estimates No. 1 of 2024. As stated above, the State Department has over the years been grossly underfunded and also suffered persistent budget cuts resulting in stalled development projects or delayed completion of the projects.

Implementation Status of the Cabinet Resolution on Reforming State Corporations.

79. The State Department has 2 state corporations under its purview. These are The National Employment Authority (NEA) and The National Industrial Training Authority (NITA). The two State Corporations were not affected by the resolution. In regards to reducing reliance on exchequer, NITA fully funds its operations from AIA it collects from training levy.
80. In addition, NEA majorly funds its operations from AIA it collects from registration of private employment agencies. However, due to the low collection, they need support from the exchequer to be able to facilitate new recruitments to enable them to fully deliver on their mandate, being a BETA priority of placing job seekers in gainful employment.

Summary of Key Issues Requiring Committee Intervention in the FY 2025/26

81. The following areas, **in order of priority** were under funded during the sector resource sharing and require additional budgetary allocations in the FY 2025/26 to enable the

state department effectively achieve its mandate. The key areas that need funding are as below:

S/No	AREA	AMOUNT (Millions)	JUSTIFICATION
RECURRENT VOTE			
1.	Labour Migration and Export Programme	171.90	This is provided in Annex III of the Submission by the State Department
2.	Institutions of Social Dialogue (Local and International)	374.63	
3.	Country's participation in the International and Regional commitments	289.58	
4.	Establishment of Labour Attaché Offices	1,701.91	
5.	Review and implementation of the Labour Laws	173.14	
6.	Enhancement of field services	266.09	
7.	Post Training and skills development	210.91	
Total Recurrent Shortfall		**3,188.16**	
DEVELOPMENT VOTE			
1.	National Sector Skills Committees Project	1,836.40	This is provided in Annex III of the Submission by the State Department
2.	Construction of National Employment Promotion Centre Kabete	554.00	
3.	Establishment of Occupational Safety and Health (OSH) Institute	250.00	
4.	National Youth Opportunities Towards Advancement (NYOTA)	1,304.00	
5.	Construction of Meru County Labour offices	5.40	
6.	Upgrading of Kisumu Industrial Training Centre (KITC)	138.00	
Total Development Shortfall		**4,087.80**	
TOTAL SHORTFALL		**7,275.96**	

3.4 Salaries and Remuneration Commission

Implementation status of the Financial Year 2024/2025 as at 31st December 2024

82. The Commission's approved budget for the financial year 2024/2025 is **Kshs. 452.74 million.** The Commission incurred a total of **Kshs.185.3 million** in actual expenditure and commitments translating into an absorption rate of **40.9%** of the approved annual budget. Of the **Kshs185.3 million**, **Kshs.137.55 million** was spent on personnel emoluments, **Kshs.45.42 million** on the use of goods and services, and **Kshs.2.29 million** on other payments.

Actual outputs achieved relative to planned targets for the period to 31st December 2024

83. The Commission highlighted some of its achievement including optimal issuance of Advice on remuneration and benefits.
84. The Commission will strengthen the implementation of ongoing reforms to transform the public service, which is centred on performance management and productivity.
85. The key outputs provided for in the 2025/2026 and the Medium-Term Budget are:
    i. Collaboration with public service employers on managing public sector wage bill;
    ii. Monitor and develop implementation reports of the 3rd National Wage Bill Conference Resolutions
    iii. Provide remuneration and benefits data through Quarterly Wage Bill Bulletins;
    iv. adopt analytical and forecasting technique to determine financial resource requirements for review and setting of remuneration and benefits in the public service in the medium term; and
    v. Collaboration with public service employers on productivity measurement, improvement and recognition
86. The Commission submitted a resource requirement of **Ksh.657 million** for the Financial Year 2025/26 to the Sector Working Group (SWG) through the Public Administration and International Relations (PAIR) sector.
87. However, the allocation based on the sector's ceiling was Ksh.481.8 million resulting in a funding gap of **Ksh.175.2 million**. The detailed breakdown on the deficit is summarized on Appendix 1 of the Commission's written submissions,
88. In order to support the new Commissioners, the Commission appealed for additional support of **Kshs 344,137,432** as broken down below.

#	Description	Amount
1	The Commissioners are entitled to official transport of motor vehicle whose engine capacity does not exceed 3000 CC as stated in the Kenya gazette of 23rd August 2023. The vehicles are to be procured at an estimated cost of Ksh26,767,179Million per vehicle. The cost of maintaining the current Commission vehicles has significantly increased owing to frequent usage and aging.	214,137,432
2	ICT Infrastructure Robust monitoring and evaluation system that cuts across national and county governments-	20,000,000
3	Annual Productivity Award Conference	40,000,000

4	Implementation of 3Rd National Wage bill Resolutions as a key convenor	40,000,000
5	Stakeholder engagement and mainstreaming of Alternative Dispute Resolutions (ADR)	30,000,000
	Total	**344,137,432**

PART 4

4.0 COMMITTEE OBSERVATIONS

89. The Committee having considered the 2025 Budget Policy Statement and analysed submissions from the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission, made the following observations that;

i. The Committee observes that there is lack of linkage of key priorities among the Fourth Medium Term Plan, the Sector Reports and the Budget Policy Statement (BPS) documents highlighting a weak budgetary planning system.

ii. The Committee notes that the difference between the resource requirements and the BPS ceiling allocation is huge and thus the functions and mandates are grossly inadequate for the respective State Departments and Commissions. It is noted that over the years their mandates have expanded and new priorities have been introduced, this has negatively affected the attainment of their respective mandates including completion of ongoing projects. These additional and emerging functions have not been reciprocated with corresponding funding

iii. The Committee notes that the piece-meal/ meagre budgetary allocation to the various projects under its purview which delays completion of the projects thus denying the taxpayers the value and benefits that may have be accrued from timely completion.

iv. The Committee observes that there is a persistent and perennial in-year downward revision of budgets which lead to failure in attainment of targets and key outputs in the various State Departments and Commissions.

v. The Committee notes that the PFM regulations, 2015 (National (25 (1) and County Governments Regulation 25(1) (a) and (b)) provides that the National and County Governments expenditures on wages and benefits for public officers shall not exceed thirty-five percent (35%) of the respective governments revenue, this fiscal rule has never been complied to highlighting the need for a firm policy decision to be made to ensure the established threshold is compiled with.

vi. The Committee notes that the conceptualization, appraisal design and implementation of the externally funded programmes and projects are not aligned to the Country's public finance management system and lacks the input of the targeted beneficiaries and communities thus affecting their roll out.

vii. The Committee notes that the National Industrial Training Authority (NITA) in the State Department for Labour and Skills Development have potential to increase collection of Appropriations in Aid (A.I.A) and made request to the National Treasury however this has not approved the requests.

viii. The Committee notes that the timeline for processing the Budget Policy Statement (BPS) is not adequate.

PART 5

5.0 COMMITTEE RECOMMENDATIONS

90. The Committee having received, scrutinized, and deliberated on both the contents of the 2025 Budget Policy Statement (BPS) and the submissions from various MDAs under its purview, recommends the following policy and financial Recommendations

i. The National Treasury should freeze the starting of any new projects in FY 2025/26 budget estimates and the Medium Term until all the existing ones are completed.

ii. The National Treasury should review with a view to reform the Public Finance Management structure in regard to Budget Planning (structure of the Sector Working groups) , baseline costing of functions/ mandate of each state department and the processing of exchequer requests . A report on this review should be tabled in the National Assembly on or before 30th June,2025.

iii. The National Assembly should urgently review of the Public Finance Management (PFM) Act, 2012 and the National Assembly Standing Orders on the timeline for procesing the BPS and procedure for processing of submissions from Departmental Committees to provide for a thirty (30) days period and for the said submissions to be tabled to the National Assembly for referral to the relevant Committee for compilation.

iv. By 30th March, 2025 the National Treasury should establish of a multi-government taskforce to review on why the wages and benefits fiscal rule of the Public Finance Management Regulations , 2015 (National and County) has never be complied with.

v. Before the submission of the FY 2025/26 budget estimates, the A.I.A projections for National Industrial Training Authority (NITA) should be reviewed upwards from Kshs. 2,680.1 Million to Kshs. 3,097.1 Million.

vi. Before the submission of the FY 2025/26 budget estimates, the available external resources (from the World Bank) and the corresponding counterpart funding (from G.O.K) for National Youth Opportunities Towards Advancement (NYOTA) for the components under the State Department for Labour and Skills Development amounting to Kshs. 1,304 Million should be included in the Budget Estimates.

vii. Before the submission of the FY 2025 /26 budget estimates , the National Treasury should provide resources for the unfunded functions and mandates of the respective State Department and Commissions as indicated below(**Detailed request for additional Funding attached as Annex 1) ;**

Vote and Name	Recurrent (Kshs. Millions)	Development (Kshs. Millions)	Total Amount (Kshs. Millions)
1184- State Deparment for Labour and Skills Development	3,188.16	4,087.80	**7,275.96**

1213- State Department for Public Service	5,423.23	4,008.8	**9,432.03**
2071- Public Service Commission	558.1	-	**558.1**
2081- Salaries and Remuneration Commission	516.4	-	**516.4**

91. The National Assembly should **AMEND** the BPS and approve a new resource ceiling as follows;

Vote and Name	**Recurrent (Kshs. Millions)**	**Development (Kshs. Millions)**	**Total Amount (Kshs. Millions)**
1185- State Deparment for Labour and Skills Development	7,526.46	5,970.5	**13,496.96**
1214- State Department for Public Service	14,239.33	5,307.8	**19,547.13**
2072- Public Service Commission	4,123.3	35.3	**4,158.6**
2081- Salaries and Remuneration Commission	997.4	-	**997.4**

SIGNED..... **DATE**.....3/3/2025

HON. ERIC MUCHANGI KAREMBA, CBS, M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL COMMITTEE ON LANDS

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT AND MEDIUM TERM FOR THE FOLLOWING SPENDING AGENCIES:

VOTE 1112: The State Department for Lands & Physical Planning
VOTE 2021: The National Land Commission

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February 2025

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PART I

1.0 PREFACE

1.1. Introduction

1. This is the Committee's report on its consideration of the 2025 Budget Policy Statement and Medium Term in accordance with Section 25(2) of the Public Finance Management Act, 2012 and the National Assembly Standing Order 232. The Departmental Committee on Lands held meetings with the Ministries, Departments and Agencies under its purview to scrutinize the 2025 Budget Policy Statement on Monday, 24th February, 2025. The Committee then consolidated its recommendations for submission to the Liaison Committee as per the communication issued by the Hon. Speaker on Tuesday 18th February 2025.

1.2 Establishment and Mandate of the Committee

2. The Departmental Committee on Lands is one of the 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 the implementation;***

   iii. ***on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;***

   iv. ***To study and review all legislation referred to it;***

   v. ***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;***

   vi. ***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;***

   vii. ***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);***

   viii. ***To examine treaties, agreements and conventions;***

   ix. ***To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;***

   x. ***To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and***

   xi. ***To examine any questions raised by Members on a matter within its mandate.***

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee: **matters related to lands and settlement including, land policy, land transactions, survey & mapping, land adjudication, settlement, land registration, land valuation, administration of community and public land,** and **land information and management system.**

4. In executing its mandate, the Committee on Lands oversees two (2) State Departments namely:

   i. ***Vote 1112 - State Department for Lands and Physical Planning***
   ii. ***Vote 2021 - The National Land Commission.***

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson
Hon. Joash Nyamache Nyamoko, MP
North Mugirango Constituency
UDA Party

Vice-Chairperson
Hon. Jayne Kihara, MP
Naivasha Constituency
UDA Party

Members

Hon. Dr. Rachael Kaki Nyamai, MP
Kitui South Constituency
Jubilee Party

Hon. Dr. Gideon Ochanda, MP
Bondo Constituency
ODM Party

Hon. Mathias Robi Nyambabe, MP
Kuria West Constituency
UDA Party

Hon. George Koimburi, MP
Juja Constituency
UDA Party

Hon. Paul Katana, MP
Kaloleni Constituency
ODM Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

Hon. Joseph Hamisi Dena, MP
Nominated
ANC Party

Hon. Esther M. Passaris, MP
Women Representative Nairobi County
ODM Party

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
Wiper Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
Jubilee Party

1.4 Committee Secretariat

6. The Committee is facilitated by the following staff secretariat:

Mr. Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr. Binensa Mabungu
Clerk Assistant III

Mr. Sidney Bwire
Senior Legal Counsel

Ms. Brenda Michira
Research Officer III

Ms. Judith Kiprop
Fiscal Analyst III

Mr. Yeziel Jillo
Serjeant-At-Arms

Ms. Mary Kamande
Public Communication Officer

Mr. Cosmas Akhonya
Audio Officer

1.5 Overview of the Examination of the 2025 Budget Policy Statement

7. The Budget Policy Statement was submitted to the National Assembly pursuant to Section 25(2) of the Public Finance Management Act, 2012 and the National Assembly Standing Order 232 and subsequently tabled on the floor of the House on **Thursday, 13th February 2025**. Consequently, the Budget Policy Statement was committed to the relevant Departmental Committees for consideration and make recommendations to the Liaison Committee pursuant to Standing Order 232(5).

8. In this regard, the Departmental Committee on Lands scheduled meetings with the ***State Department for Lands and Physical Planning,*** and the ***National Land Commission*** to deliberate on the Budget Policy Statement, 2025.

1.6 Acknowledgement

9. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Lands and Physical Planning and the National Land Commission for the submissions they made to the Committee.

10. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation in preparing this report. It is, therefore, my pleasant duty and privilege to present this report.

HON. JOASH NYAMACHE NYAMOKO, HSC, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

PART II

2.0 HIGHLIGHTS OF THE 2025 BUDGET POLICY STATEMENT

11. The 2025 BPS-themed "***Consolidating Gains Under Bottom-Up Economic Transformation Agenda For Inclusive Green Growth***" is the third one to be prepared under the Kenya Kwanza Administration. It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The five core thematic areas include (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry. Additionally, the 2025 BPS also outlines key enablers for the envisaged outputs under the core pillars, among them is Agriculture Rural and Urban Development which also includes key priorities in the lands sub sector.

12. Going forward and over the medium term, the Government will consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives: bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and inclusive growth.

13. The proposed budgetary allocations for FY 2025/26 and the medium term have been broken down into three categories i.e., National Government (NG) i.e., Executive, Parliament, & Judiciary; Consolidated Fund Services (CFS) and County Governments (CG) as shown below.

Table 1: Summary of the proposed Expenditure Ceilings (Kshs. Billions)

	Details	Approved Est. 2024/25	BPS 2025	Variances	% Change
1	National Government	**2,300.53**	**2,562.0**	**261.5**	**11.4%**
	Executive	*2,237.15*	*2,493.8*	256.6	**11.5%**
	Parliament	*40.87*	*42.5*	1.6	**4.0%**
	Judiciary	*22.51*	*25.8*	3.2	**14.4%**
2	Consolidated Fund Services	**1,237.23**	**1,369.0**	**131.8**	**10.6%**
3	County Government	**410.83**	**405.1**	(5.8)	**-1.4%**
	Sharable Revenue FY 2023/24	380.00	405.1	25.1	**6.6%**
	Arrears	30.83	-	(30.8)	**-100.0%**
	Total	**3,948.59**	**4,336.1**	**387.5**	**9.8%**

Source: The National Treasury BPS 2025

14. From the above table, the total BPS ceilings for the FY 2025/26 is **Kshs. 4,336.1 billion**. The NG accounts for the largest share of 59.1%, followed by CFS with 31.6%, and finally transfers to County Government with 9.3%. Under the National Government, The Executive takes the largest share at 57.5% while both the

Parliament and Judiciary shares are 1.0% and 0.6% respectively. Compared to the approved allocations for FY 2024/25, the total proposed budgetary allocation ceiling for FY 2025/26 increased by **9.8% (Kshs. 387.5 billion)** from Kshs. 3,948.6 billion in 2024/25 to Kshs. 4,336.1 billion. Among the components illustrated above, allocation to the executive recorded the largest increase of 11.5% (Kshs. 256.6 billion) compared to approved estimates for FY 2024/25 followed by the allocation to the CFS which increased by 10.6% (Kshs. 131.8 billion) while the sharable revenue posted a 6.6% increase (Kshs. 25.1 billion).

15. Including the conditional allocation to counties and contingency fund, the overall expenditures are projected at **Kshs.4,263.1 billion** for FY 2025/26. These expenditures will be financed by Ordinary Revenue of **Kshs.2,835.0 million**, Ministerial AIA of **Kshs.550.8 million**, Grants of **Kshs.46.2 million,** and debt financing of **Kshs.831.0 million** comprising Net foreign financing of **Kshs.146.8 million** and Net domestic financing of **Kshs.684.2 million.**

16. Regarding Medium Term Expenditure Framework (MTEF) Sector classification, in the BPS 2025 ceilings, the Education sector accounts for the major share of the total budgetary allocation with an allocation share of 28.3% of the total budget compared with 29.6% share in FY 2024/25. The Energy, Infrastructure, and ICT accounts for 19.7% of the total budgetary allocation ceilings which is an increase from 19.3% in the Approved Estimates of FY 2024/25.

2.1 EXPENDITURE CEILINGS IN THE 2025 BUDGET POLICY STATEMENT

State Department for Lands and Physical Planning

17. Key priorities of the recent Budget Policy Statements with respect to the State Department for Lands and Physical Planning is from the four (4) strategic areas of focus include; Digitization; National Titling; Policy, Institutional and Legal reforms; and Decentralization.

18. In FY 2024/25, the State Department is implementing six (6) BETA projects under the Housing and Settlement and the Digital Superhighway pillar. These are: Processing and Registration title deeds; Digitization of land offices/Registries; Development of the National Land Value Index; Settlement of the Landless; National Physical Planning and Geo – referencing of land parcels countrywide. These priorities are in line with the government's envisaged targets.

Expenditure Ceilings in the State Department for Lands and Physical Planning

19. The State Department for Lands and Physical Planning implements three (3) programs namely Land Policy and Planning; Land Information Management and General Administration, Planning and Support Services.

20. The following criteria guided the allocation of resources within the three arms of Government and among MDAs for FY 2025/26 and over the medium term:

i. Linkage of Programmes with the priorities that address the Bottom-Up Economic Transformation Agenda;
ii. Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
iii. Degree to which a programme addresses job creation and poverty reduction;
iv. Degree to which a programme addresses the core mandate of the MDAs,
v. Cost-effectiveness and sustainability of the programme;
vi. Linkage of programmes that support mitigation and adaptation of climate change;
vii. Extent to which the Programme seeks to address viable stalled projects and verified pending bills; and
viii. Requirements for furtherance and implementation of the Constitution.

21. As a result of the above, the proposed total ceiling to the State Department for Lands and Physical Planning for the FY 2025/26 is **Kshs. 8,848.3 million**, representing an increase of **35.8%** (or Kshs.2,333.6 million), from **Kshs. 6,514.7 million** allocated in the FY 2024/25 Budget Estimates. Over the medium term, the proposed ceilings will grow to Kshs.9,890.2 million in FY 2026/7 and further to Kshs. 10,146.3 million in FY 2027/28.

22. The proposed ceiling for FY 2025/26 consists of **Kshs. 5,870.9 million recurrent expenditure** and **development expenditure of Kshs. 2,977.4 million.** The recurrent expenditure ceiling increased by 41.9% and development expenditure increased by 25.2% respectively relative to the FY 2024/25 Budget Estimates as shown in the table below.

Programme	Category	Approved Estimates FY 2024/25 (Kshs. millions)	FY 2025/26 Ceilings (Kshs. millions)	Variance	% Change
Total Expenditure	**Rec**	**4,135.7**	**5,870.9**	**1,735.2**	**41.9**
	Dev	**2,379.0**	**2,977.4**	**598.4**	**25.2**
	Total	**6,514.7**	**8,848.3**	**2,333.6**	**35.8**
Land Policy and Planning	Rec	2,929.3	4,633.7	**1,704.4**	58.1
	Dev	2,214.0	1,800.4	**(413.6)**	18.6
	Total	**5,143.3**	**6,434.1**	**1,290.8**	**25.1**
Land Information Management	Rec	-	-	-	-
	Dev	165.0	1,177.0	**1,012**	**613.3**
	Total	**165.0**	**1,177.0**	**1,012**	**613.3**
General Administration, Planning and Support Services	Rec	1,206.4	1,237.2	30.8	**2.5**
	Dev	-	-	-	-
	Total	**1,206.4**	**1,237.2**	**30.8**	**2.5**

Source: National Treasury (BPS 2025)

23. In terms of overall allocation per programme, the Land Information Management has the highest proposed increase on development at 613% (or Kshs. 1,177). The increase is due to the ongoing digitization project and infrastructure development.

Non-Financial Performance in the State Department for Lands and Physical Planning

24. Over the period under review 2021/22 – 2023/24 Medium Term Expenditure Framework (MTEF) period, the State department issued 1,246,019 land title deeds and geo referenced 139,415 land parcels; settled 29,986 landless households which are the key achievements over the Medium Term.

PART III

3.0 SUBMISSIONS MINISTRIES, STATE DEPARTMENTS, AND AGENCIES

3.1 State Department for Lands and Physical Planning - Vote 1112

25. In the First Half of the Financial Year 2024/2025, the State Department was allocated a total budget of **Ksh.4,545.06 million** out of which Recurrent is **Ksh. 2,247.31 million** and Development **is Ksh. 2,297.75 million.**

26. The actual expenditure is **Ksh.4,212.80 million**, of which **Ksh.2,146.17 million** is recurrent expenditure and **Ksh.2,066.63 million** is Development expenditure. Based on the first-half allocation, the absorption rate is 95% recurrent and 90% development.

Table below shows the summary of Recurrent Expenditure Analysis

Item Description	Printed Estimates FY 2024/25	Approved Estimates FY 2024/25	Half-Year Estimates FY 2024/25	Expenditures as at 31/12/2024	Absorption (%)
			(Ksh. Million)		
Gross	4,166.40	4,135.65	2,247.31	2,146.17	95%
AIA	751.00	751.00	519.18	474.99	91%
NET	3,415.40	3,384.65	1,728.13	1,670.68	97%
Personal Emoluments	2,897.40	2,897.40	1,493.70	1,483.27	99%
Operations and Maintenance	1,269.00	1,238.25	753.61	662.9	88%

Table below shows the summary of Development Expenditure Analysis

Item Description	Printed Estimates FY 2024/25	Approved Estimates FY 2024/25	Half-Year Estimates FY 2024/25	Expenditures as at 15/12/2024	Absorption (%)
			(Ksh. Million)		
Gross	5,854.10	2,379.00	2,297.75	2,066.63	90%
AIA	650.00	650.00	675.00	569.92	84%
Donor	180.00	180.00	90.00	-	0%
Net	5,024.10	1,549.00	1,532.75	1,496.71	98%

Table below shows summary of Expenditure Analysis by Programme

Programme	Approved Estimates FY 2024/25			Total Expenditure FY 2024/25		
	Recurrent	Development	Total	Recurrent	Development	Total
	Ksh. (Million)					
Land Policy and Planning	1,584.22	1,973.75	3,557.97	1,531.53	1,752.00	3,180.03
Land Information Management	-	324.00	324.00	-	314.63	314.63
General Administration, Planning and Support Services	663.09	-	663.09	614.64	-	614.64
Total	**2,247.31**	**2,297.75**	**4,545.06**	**2,146.17**	**2,066.63**	**4,212.80**

27. Following the withdrawal of the Finance Bill 2024, the National Treasury instituted Austerity Measures during supplementary Estimates No.1 of the FY 2024/2025 whereby Kshs 3,854 million (59% of our development budget) was cut thereby severely constraining our ability to meet our half-year performance targets.

28. The table below summarises the Proposed BPS 2025 expenditure ceilings for the State Department of Lands and Physical Planning for the fiscal year 2025/26 and the medium-term.

Table below shows summary of proposed BPS Expenditure ceilings

Vote 1112	Approved Estimates FY 2024/2025	Proposed BPS Expenditure Ceilings FY 2025/26	FY 2026/2027	FY 2027/2028
(Kshs. million)				
Recurrent	4,135.7	5,870.9	6,007.9	6,138.8
Development	2,379	2,977.4	3,882.3	4,007.5
Total	**6,514.7**	**9,129.3**	**9,890.2**	**10,146.3**

29. The State Department identified three (3) Key Sectoral Policies underlying the expenditure ceilings namely; The National Land Policy; The National Land Use Policy and the National Spatial Plan Policy.

The National Land Policy

30. The policy provides guidance and a framework on the sustainable and productive use of land to address land administration, access to land, land use planning, restitution of historical injustices and environmental degradation. It also addresses tenure, development control and compulsory acquisition issues.

31. The State Department was reviewing Sessional Paper No.3 of 2009 on National Land Policy to align the Policy to the definition of land in Article 260 of the Constitution; to align it to other relevant statutes and to take into account emerging issues in the Land sector among others.

National Land Use Policy

32. The policy sets out long-term goals on land use management and provides the legal, administrative, institutional and technological framework for the optimal utilization and productivity of land-related resources in a sustainable and desirable manner at National, County and Community levels. This entails the preparation of Inter-County Physical and land use plans that traverse more than one county including transport corridors, conservation regions, metropolitan regions among others and the preparation of the Physical and Land Use Planning Handbook.

The National Spatial Plan Policy

33. The policy provides a framework and vision that guides the long-term spatial development of Kenya (2015-2045) to address the following concerns

    a) Uncoordinated Human Settlements

    b) Disjointed and conflicting sectorial policies

    c) Urban and Rural Development

    d) Economic Development disparities

    e) Unsustainable use of the natural environment and

    f) Inefficient transport and infrastructure framework

34. Since the function of Physical planning was devolved, the State Department's role is in the development of policy and to ensure that the Physical planning practice and processes are harmonized and standardized across all the counties and in all relevant sectors.

35. The Physical Planners also provide technical support and conduct sensitization on processes and procedures for Physical and Land Use Planning.

36. Below is an explanation of the proposed BPS allocations for our various projects-

a) Digitization of Land offices

37. The proposed BPS allocation of **Ksh. 807 million** will be utilized to fund;

i. Going live in Mombasa (mainland), Marsabit, and Baringo and development of EDMs (Electronic Document Management System) in Kajiado South and Machakos (mavoko).
ii. Capital transfer to JNAM to process Ardhisasa license Ksh, 207 million and Ksh 250 million for other operations.

b) Development of the National Land Value Index

38. The proposed BPS allocation has provided **Ksh 150 million** to develop the national land value index in three counties; Nairobi, Isiolo & Marsabit.

c) Settlement of the Landless

39. The proposed BPS allocation has provided **Ksh 1,550.4 million** for settlement which will be utilized to settle the amount due to Kedong Ranch.

d) Construction of Land offices.

40. The proposed BPS allocation of **Ksh 250 million** will be utilized to construct new registries in Mutomo and Kiritiri and to complete ongoing Land Registries in Ngong, Naivasha and Samburu. The pace of completing ongoing construction projects had been severely affected by austerity measures.

e) Renovation of Land offices

41. The proposed BPS allocation of **Ksh 120 million** will be utilized to renovate: -

i. Ministry's headquarters Wing B 1st -6th floor and
ii. To Renovate five (5) Ardhi Houses in Kisumu, Bungoma, Nakuru, Busia and Kakamega.

f) Infrastructure Improvements in Kenya Institute of Survey and Mapping (KISM)

42. The proposed BPS allocation of **Ksh 100 million** will be utilized for the ongoing construction of a tuition block at KISM. The Contract sum for the Project is **Kshs 298 million** and the cumulative expenditure to date stands at **Ksh 43 million**. The project is at 20% completion level to date.

The implementation status of the Cabinet Resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhance service delivery and reduce reliance of the Exchequer;

43. The State Department of Lands and Physical Department has three (3) regulatory agencies namely:
    i. Physical Planners Registration Board
    ii. Land Surveyors Board
    iii. Valuers Registration Board

44. The Agencies were established by various acts of parliament and their mandate is to regulate their respective land professionals, grant licenses to practice and to conduct professional development programmes to keep abreast with emerging trends in the Land sector.

45. The said agencies have never received funding from the Exchequer and have been relying on subscription contributions from members to run their operations.

46. To address their operation and financial inefficiencies, the State Department intends to support their operations from AIA funding to augment what they collect from member subscriptions and they had also seconded staff to run their respective secretariats.

Additional Information

47. The following priority areas that the State Department had planned to implement in FY 2025/26 but which couldn't be accommodated within the BPS expenditure ceilings.

Key underfunded areas

Development Priorities	Requirement	Allocation	Shortfall	Remarks
Processing and Registration of Title deeds	2,000	1,078	922	The budgetary shortfall will affect the ongoing drive to print and issue the new generation title deeds and to settle the debt the State Department owes the Government Printer.
Digitization of land Offices	1,500	807	693	The budgetary shortfall will reduce the pace of digitization of our land processes and records.
Equipment and ICT Infrastructure Requirements in our land offices	588	0	588	The State Department has a huge infrastructure deficit, especially for purchasing document scanners, File racks, parcel files, Overhead scanners, survey equipment and Internet connectivity.
Infrastructure Improvements in Kenya Institute of Survey and Mapping	191.5	100	91.5	The State Department will not be able to meet the contractual deadline of December 2025 to complete the project.

Development Priorities	Requirement	Allocation	Shortfall	Remarks
Geo-referencing of land parcels country-wide	400	200	200	The State Department is a key enabler in the Affordable housing programme. The Budgetary shortfall will affect our ability to Geo-reference completed affordable housing units currently being constructed countrywide and issuance of sectional titles to prospective buyers.
Settlement of the landless	7,575.20	1,550.4	6,024.8	The entire Allocation provided in the BPS will be utilized towards settling the contracted commitment to purchase Kedong Ranch thereby leaving no allocation for settlement of the Landless.
Total	**12,254.7**	**3,735.4**	**8,519.3**	

3.2 National Land Commission - Vote 2021

48. In FY 2025/26, The Commission is allocated **Kshs 3,013 Million** (46% of the requirement) in a resource requirement of **Ksh 6,521.94 Million** leaving a variance of **Kshs 3,508.9 Million**. This is equivalent to 54 % of the requested budget as shown in below:

Table below shows analysis of Resource Requirements Vs Resource Ceilings – Kshs. Millions

Item	Approved Estimates FY 2024/25	Requirements	Allocation FY 2025/26	Variance
Recurrent	1,782.2	4,966.9	2,006.0	2,960.9
Development	-	1,555.0	1,007.0	548.0
Total	**1,782.2**	**6,521.9**	**3,013.0**	**3,508.9**

49. Of the allocated development budget of Kshs. 1,007.0 million, the Commission prioritized the following:
    i. Ongoing ICT Infrastructure project **Kshs. 72 Million**
    ii. Final Survey and vesting of Compulsory acquired land **Kshs. 200 million**
    iii. Refund of Compensation to PAPs **Kshs. 735 million**.

50. The Commission surrendered Kshs. 900 million to the exchequer, originally allocated to the PAP. Out of this Kshs. 165 million (Eldoret bypass) was reallocated leaving a balance of **Kshs. 735 million.** (Nairobi Southern bypass – Kshs. 135 million, Nairobi Eastern Bypass Kshs. 300 million and Dongo Kundu Bypass Kshs. 300 million.)

51. The allocation of final survey and vesting of compulsory acquired land is intended to cover the final processes related to land acquisition for public projects. This typically includes:

i. Final Survey – conducting detailed land surveys to confirm boundaries, ownership and proper documentation
ii. Vesting – Legally transferring the acquired land to the relevant government entity or authority
iii. Compulsory Acquisition procedures – ensuring all necessary legal and administrative steps are completed to formalize the government ownership of the land

52. The Commission has underfunded areas in the budget FY 2025/26 amounting to Kshs. 3,508.9 million as shown in table below.

Table: Underfunded Implementation Strategy

	Strategy	**Budgetary requirements (Kshs. Million)**
1.	Development and implement frameworks for administration and management of Institutional public land	15
2.	Document public institutional land	10
3.	Recover public institutional land	10
4.	Mainstream final survey in the vesting process for compulsory acquired lands	350
5.	Develop and maintain public land inventory geoportal	352
6.	Establish Commission's maps and plans registries	60
7.	Develop and implement a land leasing framework for public land	120
8.	Develop and implement regulations, guidelines and standard operating procedures for Alternative Justice Systems (AJS), Alternative Dispute Resolution (ADR) and Traditional Dispute Resolution (TDR) mechanisms	60
9.	Develop and implement legal framework for Historical Land Injustices	114
10	Leverage ICT in all the Operations	146
11	Enhance Institutional infrastructure and staff welfare through office acquisition, resource procurement, capacity building and financial support initiatives	2,272
	Total	**3,509**

Source: Committee Reports

53. Out of the Kshs. 3,508.9 milion underfunded amount, the Commission has prioritized activities to a tune of **Kshs. 548 Million** that will help the Commission greatly in discharging its constitutional mandate:

a) Leverage ICT in all the Operations – Kshs. 146 Million
b) Develop and maintain public land inventory geoportal – Kshs. 352 Million
c) Mainstream final survey in the vesting process for compulsory acquired lands – Kshs. 50 Million

54. The National Land Commission has continually been underfunded and this has resulted to accumulation of huge pending bills. The Commission prepared a list of its outstanding pending bills amounting to **Kshs. 1,153.2 Million** which includes historical legal pending bills of Kshs. 289.9 million and non-legal pending bills of Kshs. 863.3 million.

55. The Commission has requested the National Treasury to reinstate Ksh. 234 Million being development vote amount that had been cut yet the Commission had ongoing projects implementation in order to avoid further accumulation of pending bills which would lead to litigation and loss of public confidence during the ongoing supplementary II estimates FY 2024/25.

PART IV

4.0 COMMITTEE OBSERVATIONS

Having held consultative meetings on the scrutiny of the 2025 Budget Policy Statement and Medium Term, the Committee made the following observations:

4.1 State Department for Lands and Physical Planning

56. The State Department has been provided a ceiling of **Kshs. 8,848 million** for the FY 2025/26 comprising of **Kshs. 5,870 million** for recurrent expenditure and **Kshs. 2,977 million** for development expenditure. This is higher than the approved budget for FY 2024/25 of **Kshs. 6,514 million** meaning a number of its planned projects may be achieved as envisaged in its strategic plan.

57. The State Department recognizes **Land** as a key enabler of the Bottom-Up Economic Transformation Agenda. By ***Profiling, Planning, Surveying and facilitating the registration of Land,*** this paves the way for Infrastructural Development such as the establishment of Industrial Parks and the Delivery of Affordable Housing Units as envisioned in the Government Development Agenda.

58. The State Department identified three (3) key sectoral policies underlying the expenditure ceilings namely: ***The National Land Policy; The National Land Use Policy*** and ***the National Spatial Plan Policy.***

59. The National Land Policy provides guidance and a framework on the sustainable and productive use of land to address land administration, access to land, land use planning, restitution of historical injustices and environmental degradation. It also addresses tenure, development control and compulsory acquisition issues.

60. The State Department was in the process of reviewing Sessional Paper No.3 of 2009 on National Land Policy to align the Policy to the definition of land in Article 260 of the Constitution; to align it to other relevant statutes and to take into account emerging issues in the Land sector among others.

61. National Land Use Policy sets out long-term goals on land use management and provides the legal, administrative, institutional and technological framework for the optimal utilization and productivity of land-related resources in a sustainable and desirable manner at National, County and Community levels. This entails the preparation of Inter-County Physical and land use plans that traverse more than one county including transport corridors, conservation regions, metropolitan regions among others and the preparation of the Physical and Land Use Planning Handbook.

62. The National Spatial Plan Policy provides a framework and vision that guides the long-term spatial development of Kenya (2015-2045) to address the following concerns: ***Uncoordinated Human Settlements; Disjointed and conflicting sectoral policies; Urban and Rural Development; Economic Development***

disparities; Unsustainable use of the natural environment; and ***Inefficient transport and infrastructure framework.***

63. The Committee observed that some programmes had been moved to recurrent expenditure due to its nature that includes processing and registration of title deeds, National Physical Planning, geo-referencing of land parcels, development of hydrographic database and surveying and maintenance of national and international boundaries.

64. The State Department allocation ceiling for FY 2025/26 has under-funded area amounting to **Kshs 8,519.3 million** on key projects which include processing and registration of title deeds, digitalization of land offices, equipment and ICT infrastructure in Kenya Institute of Survey and Mapping, geo-referencing of land parcels and settlement of the landless.

65. The State Department of Lands and Physical Planning has three (3) regulatory agencies namely:- Physical Planners Registration Board, Land Surveyors Board and Valuers Registration Board. The said agencies have never received funding from the Exchequer and have been relying on subscription contributions from members to run their operations. To address their operation and financial inefficiencies, the State Department intends to support their operations from AIA funding to augment what they collect from member subscriptions and they had also seconded staff to run their respective secretariats.

4.2 National Land Commission

66. The National Land Commission has been provided a ceiling of **Kshs. 3,013 million** for the FY 2025/26 comprising of **Kshs. 2,006 million** for recurrent expenditure and **Kshs. 1,007 million** for development expenditure. This is higher than the approved budget for FY 2024/25 of **Kshs. 1,782.2 million** meaning a number of its planned projects may be achieved as envisaged in its strategic plan.

67. The Commission is overseeing the issuance of allotment letter whereby approvals is done by the plenary. This is a potential revenue streaming for the economy however the amount is collected by the State department for lands and Physical Planning.

68. The National Treasury owes National Lands Commission **Kshs. 735 Million** exchequer that was surrendered in April 2021. This amount was meant for compensation of project affected persons which is now due for payment as most succession, family disputes and court cases have been resolved.

69. The Commission has underfunded amounting to **Kshs. 3,508.94 Million** in key priority areas such as leverage of ICT in all the operation, develop and maintain public land inventory geoportal and mainstream final survey in the vesting process for compulsory acquired lands.

PART V

5.0 RECOMMENDATIONS

70. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the 2025 Budget Policy Statement, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Lands and Physical Planning

71. To align the National Land Policy to the definition of land in Article 260 of the Constitution; and to take into account emerging issues in the Land sector, the State Department should fast track the review of the Sessional Paper No.3 of 2009 on National Land Policy by 31st December 2025.

5.2 Financial Recommendations/ Proposed Reallocations

72. The Committee recommends THAT:

a) For the State Department of Land and Physical Planning, the proposed ceiling of **Kshs. 8,848 million** for the FY 2025/26 comprising of **Kshs. 5,870 million** for recurrent expenditure and **Kshs. 2,977 million** for development expenditure, as provided in the 2025 Budget Policy Statement be approved.

b) For the National Land Commission, the proposed expenditure ceilings of **Kshs. 3,013 million** for the FY 2025/26 comprising of **Kshs. 2,006 million** for recurrent expenditure and **Kshs. 1,007 million** for development expenditure, as provided in the 2025 Budget Policy Statement be approved.

PART VI

6.0 REQUEST FOR ADDITIONAL ALLOCATION

52. The Committee further recommends that the ceilings for the two state departments under their perview be enhanced with the following additional funding:

a) The State Department for Lands is allocated additional **Kshs. 6,024.8 million** for the settlement of the landless.

b) The National Land Commission is allocated additional **Kshs. 548 million** on the development expenditure for ICT Infrastructure, public land inventory maintenance and survey investing process for compulsory acquired land.

SIGNED.....**DATE** 27.02.2025

THE HON. JOASH NYAMACHE NYAMOKO, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LANDS)

PART VII

7.0 SCHEDULE

a) State Department for Lands and Physical Planning

73. The State Department for Lands and Physical Planning is allocated additional **Kshs. 6,024 million** which will be used for the following:

SCHEDULE 1: REQUEST FOR ADDITIONS FOR STATE DEPARTMENT FOR LANDS

Focus Area	Recurrent	Development	Justification
1112101100 Settlement of the Landless - BETA	-	6,024,800,000	The entire Allocation provided in the BPS will be utilized towards settling the contracted commitment to purchase Kedong Ranch thereby leaving no allocation for settlement of the Landless. This is the most critical area of funding to the State Department
Total	-	**6,024,800,000**	

b) National Land Commission

74. The National Land Commission is allocated additional **Kshs. 548 million** which will be used for the following:

SCHEDULE 2: REQUEST FOR ADDITIONS ALLOCATION FOR NATIONAL LAND COMMISSION

Focus Area	Recurrent	Development	Justification
Sub Programme: ICT Infrastructure networking	-	146,000,000	The Commission's 2021-2026 strategic plan, FY 2024-2025 annual work plan and procurement plan had planned to automate, digitize, and integrate the National Land Commission (NLC) systems, establish Local Area Network (LAN) and Wide Area Network (WAN) connectivity at county offices, implement a cloud/disaster recovery solution, and re-engineer the existing systems and computing infrastructure is crucial for enhancing NLC's efficiency, service delivery, and data security. The automation and digitization of NLC's systems will streamline land administration processes, improve data accuracy, and ensure faster service delivery across the country. The establishment of LAN and WAN at 41 county offices will ensure seamless communication, coordination, and data sharing, strengthening the decentralized land management system. The cloud and disaster recovery solution will safeguard critical data and

			ensure business continuity in case of system failures or disasters, while re-engineering existing systems will align NLC's operations with current technological standards, improving performance and security. Furthermore, the funding will ensure that existing contracts for essential services— such as cyber security, software maintenance, and internet connectivity—are paid, preventing service disruptions and ensuring the continued operation of NLC's systems. This aligns with the National Land Commission Act (2012), Section 12, which mandates the NLC to manage land registration, administration, and tenure systems, including integration with other governmental entities. The Constitution of Kenya (2010), Article 6(2) calls for a system of devolution that promotes effective inter-governmental cooperation, which is supported by these technological investments. Additionally, the National Land Policy (2009), Section 4.6.1 highlights the use of ICT to improve land governance, while the Data Protection Act (2019), Section 25 requires the secure processing of personal data, underscoring the need for enhanced cyber security and data protection systems.
Sub Programme: Public Land Information Management	-	352,000,000	Section (8) (1) (a) of the Land Act 2012 provides that the Commission shall identify public land, prepare and keep a database of all public land, which shall be geo-referenced and authenticated by the statutory body responsible for survey. This is line with the provisions of Article 67(2)(a) of the Constitution of Kenya and will help the Commission to effectively manage public land. The database will help the government access public land for development of public purpose projects. Further, it will help secure public land as the public institutions will be able to know the location, the size and the current use of the land. The database will create a land bank for both levels of government and therefore enable the government put the specific lands in appropriate sustainable use for the benefit of the people of Kenya.
Sub Programme: Main streaming land vesting process for compulsory acquired lands		50,000,000	Since its inspection in 2013, the National Land Commission has facilitated the compulsory acquisition of land for public purpose projects on behalf of a fairly large number of public institutions. Previous compulsory land acquisition was facilitated by the Ministry in

			charge of lands. The acquired parcels were never vested to Government and therefore at a risk of either encroachment of illegal transactions. The Land Act 2012, makes a series of provisions that highlight the importance of final survey and vesting of the compulsorily acquired land as part of the compulsory land acquisition. Section 107 (8) requires all land that is subject to compulsory acquisition to be georeferenced and authenticated by the survey authorities at both County and National Governments. This means that at the onset of the land acquisition process, the land in question shall have been duly surveyed and registered for each and every Project Affected Person.
Total	-	548,000,000	

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DEPARTMENTAL COMMITTEE ON LANDS

REPORT ADOPTION LIST

We, the members of the Departmental Committee on Lands, have pursuant to Standing Orders 232 (5), adopted this report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity.

Date: 27/02/25.

No.	MEMBER	SIGNATURE
1.	Hon. Nyamoko Joash Nyamache, HSC, MP	
2.	Hon. Kihara Jayne Wanjiru Njeri, MP	
3.	Hon. Rachael Kaki Nyamai, CBS, MP	
4.	Hon. Ogolla Gideon Ochanda, MP	
5.	Hon. Shimbwa Omar Mwinyi, MP	
6.	Hon. Robi Mathias Nyamabe, MP	
7.	Hon. Passaris Esther Muthoni, MP	Virtual.
8.	Hon. Gitari Joseph Gachoki, MP	
9.	Hon. Guyo Ali Wario , MP	
10.	Hon. Nzambia Thuddeus Kithua, MP	Virtual.
11.	Hon. Ndung'u George Koimburi, MP	
12.	Hon. Mupe Anthony Kenga, MP	
13.	Hon. Katana Paul Kahindi, MP	Virtual
14.	Hon. Joseph Hamisi Dena, MP	
15.	Hon. Lelmengit Josses Kiptoo Kosgey, MP	

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

13TH PARLIAMENT – FOURTH SESSION, 2025

DEPARTMENTAL COMMITTEE ON LANDS

MINUTES OF THE 3rd SITTING OF THE DEPARTMENTAL COMMITTEE ON LANDS HELD AT THE COMMITTEE ROOM 25, ON 5TH FLOOR BUNGE TOWER, ON THURSDAY, 26TH FEBRUARY 2025 AT 12:00 PM.

PRESENT

1. Hon. Nyamoko Joash Nyamache, HSC, M.P. *-Chairperson*
2. Hon. Shimbwa Omar Mwinyi, M.P.
3. Hon. Robi Mathias Nyamabe M.P
4. Hon. Passaris Esther Muthoni, M.P. -Virtual
5. Hon. Gitari Joseph Gachoki, M.P.
6. Hon. Nzambia Thuddeus Kithua, M.P -Virtual
7. Hon. Katana Paul Kahindi, M.P -Virtual
8. Hon. Lelmengit Josses Kiptoo Kosgey, M.P.

ABSENT WITH APOLOGIES

1. Hon. Kihara Jayne Wanjiru Njeri, M.P. **- Vice Chairperson**
2. Hon. Rachael Kaki Nyamai, CBS, M.P
3. Hon. Ogolla Gideon Ochanda, M.P.
4. Hon. Guyo Ali Wario, M.P.
5. Hon. Ndung'u George Koimburi, M.P
6. Hon. Mupe Anthony Kenga, M.P.
7. Hon. Joseph Hamisi Dena, M.P.

COMMITTEE SECRETARIAT

1. Mr. Joshua Ondari - Lead Clerk
2. Mr. Binensa Mabungu - Assisting Clerk
3. Ms. Judith Kiprop - Fiscal Analyst
4. Ms. Mary Kamande - Public Communications Officer
5. Mr. Cosmas Akhonya - Audio Officer

MIN/NO./NA/DC-LANDS/2025/010: PRELIMINARIES

The meeting was called to order at twenty minutes past twelve o'clock with a word of prayer by Hon. Gitari Joseph Gachoki, MP.

MIN/NO./NA/DC-LANDS/2025/011: ADOPTION OF THE AGENDA

AGENDA

1. Prayers
2. Preliminaries;
3. Confirmation of Minutes.
4. Matters Arising;
5. **Meeting:**
   a) **Consideration and Adoption of the Committee Report on the 2025 Budget Policy statement**
6. Any Other Business
7. Adjournment

The agenda of the meeting was adopted after it was proposed by Hon. Lelmengit Josses Kiptoo Kosgey, M.P. and seconded by Hon. Robi Mathias Nyamabe, M.P.

MIN/NO.NA/DC-LANDS/2025/012: CONSIDERATION AND ADOPTION OF THE COMMITTEE REPORT ON THE 2025 BUDGET POLICY STATEMENT

The Fiscal Analyst guided the Committee through the Draft Committee Report on the 2025 Budget Policy Statement;

THAT Having held consultative meetings on the scrutiny of the 2025 Budget Policy Statement and Medium Term, the Committee made the following observations:

State Department for Lands and Physical Planning

1. The State Department had been provided a ceiling of **Kshs. 8,848 million** for the FY 2025/26 comprising of **Kshs. 5,870 million** for recurrent expenditure and **Kshs. 2,977 million** for development expenditure. This was higher than the approved budget for FY 2024/25 of **Kshs. 6,514 million** meaning a number of its planned projects may be achieved as envisaged in its strategic plan.

2. The State Department recognized **Land** as a key enabler of the Bottom-Up Economic Transformation Agenda. By ***Profiling, Planning, Surveying and facilitating the registration of Land,*** this paved the way for Infrastructural Development such as the establishment of Industrial Parks and the Delivery of Affordable Housing Units as envisioned in the Government Development Agenda.

3. The State Department identified three (3) key sectoral policies underlying the expenditure ceilings namely: ***The National Land Policy; The National Land Use Policy*** and ***the National Spatial Plan Policy.***

4. The National Land Policy provided guidance and a framework on the sustainable and productive use of land to address land administration, access to land, land use planning, restitution of historical injustices and environmental degradation. It also addresses tenure, development control and compulsory acquisition issues.

5. The State Department was in the process of reviewing Sessional Paper No.3 of 2009 on National Land Policy to align the Policy to the definition of land in Article 260 of the Constitution; to align it to other relevant statutes and to take into account emerging issues in the Land sector among others.

6. National Land Use Policy set out long-term goals on land use management and provides the legal, administrative, institutional and technological framework for the optimal utilization and productivity of land-related resources in a sustainable and desirable manner at National, County and Community levels. This entails the preparation of Inter-County Physical and land use plans that traverse more than one county including transport corridors, conservation regions, metropolitan regions among others and the preparation of the Physical and Land Use Planning Handbook.

7. The National Spatial Plan Policy provides a framework and vision that guides the long-term spatial development of Kenya (2015-2045) to address the following concerns: ***Uncoordinated Human Settlements; Disjointed and conflicting sectoral policies; Urban and Rural Development; Economic Development disparities; Unsustainable use of the natural environment;*** and ***Inefficient transport and infrastructure framework.***

8. The Committee observed that some programmes had been moved to recurrent expenditure due to its nature that includes processing and registration of title deeds, National Physical Planning, geo-referencing of land parcels, development of hydrographic database and surveying and maintenance of national and international boundaries.

9. The State Department allocation ceiling for FY 2025/26 had under-funded area amounting to **Kshs 8,519.3 million** on key projects which included processing and registration of title deeds, digitalization of land offices, equipment and ICT infrastructure in Kenya Institute of Survey and Mapping, geo-referencing of land parcels and settlement of the landless.

10. The State Department of Lands and Physical Planning had three (3) regulatory agencies namely:- Physical Planners Registration Board, Land Surveyors Board and Valuers Registration Board. The said agencies had never received funding from the Exchequer and had been relying on subscription contributions from members to run their operations. To address their operation and financial inefficiencies, the State Department intended to support their operations from AIA funding to augment what they collect from member subscriptions and they had also seconded staff to run their respective secretariats.

National Land Commission

11. The National Land Commission had been provided a ceiling of **Kshs. 3,013 million** for the FY 2025/26 comprising of **Kshs. 2,006 million** for recurrent expenditure and **Kshs. 1,007 million** for development expenditure. This was higher than the approved budget for FY 2024/25 of **Kshs. 1,782.2 million** meaning a number of its planned projects may be achieved as envisaged in its strategic plan.

12. The Commission was overseeing the issuance of allotment letter whereby approvals were done by the plenary. This was a potential revenue streaming for the economy however the amount was collected by the State department for lands and Physical Planning.

13. The National Treasury owed National Lands Commission **Kshs. 735 Million** exchequer that was surrendered in April 2021. This amount was meant for compensation of project affected persons which is now due for payment as most succession, family disputes and court cases have been resolved.

14. The Commission had been underfunded amounting to **Kshs. 3,508.94 Million** in key priority areas such as leverage of ICT in all the operations, developing and maintaining public land inventory geoportal and mainstream final survey in the vesting process for compulsory acquired lands.

RECOMMENDATIONS

15. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the 2025 Budget Policy Statement, the Committee recommended the following:

Non-Financial Recommendations

State Department for Lands and Physical Planning

16. To align the National Land Policy to the definition of land in Article 260 of the Constitution; and to take into account emerging issues in the Land sector, the State Department should fast track the review of the Sessional Paper No.3 of 2009 on National Land Policy by 31st December 2025.

Financial Recommendations/ Proposed Reallocations

17. The Committee recommends THAT:
    a) For the State Department of Land and Physical Planning, the proposed ceiling of **Kshs. 8,848 million** for the FY 2025/26 comprising of **Kshs. 5,870 million** for recurrent expenditure and **Kshs. 2,977 million** for development expenditure, as provided in the 2025 Budget Policy Statement be approved.

    b) For the National Land Commission, the proposed expenditure ceilings of **Kshs. 3,013 million** for the FY 2025/26 comprising of **Kshs. 2,006 million** for recurrent expenditure and **Kshs. 1,007 million** for development expenditure, as provided in the 2025 Budget Policy Statement be approved.

Request for additional allocation

The Committee further recommends that the ceilings for the two state departments under their perview be enhanced with the following additional funding:

a) The State Department for Lands is allocated additional **Kshs. 6,024.8 million** for the settlement of the landless.

b) The National Land Commission is allocated additional **Kshs. 548 million** on the development expenditure for ICT Infrastructure, public land inventory maintenance and survey in vesting process for compulsory acquired land.

ADOPTION OF THE REPORT

The Report was adopted having been proposed by Hon. Gitari Joseph Gachoki, MP and seconded by the Hon. Robi Mathias Nyamabe , MP

MIN/NO.NA/DC-LANDS/2025/013: ANY OTHER BUSINESS

The Committee resolved to hold meetings with the State Department for Lands and Physical Planning to deliberate on:

1. Ongoing Implementation of Settlement Scheme Programmes
2. Status of Digitization in the Country
3. Funding for Ardhisasa System
4. Licensing of the Ardhisasa system

MIN/NO.NA/DC-LANDS/2025/014: ADJOURNMENT

There being no other business, the meeting was adjourned at forty minutes past one o'clock. The next meeting would be held on notice.

SIGNED.....K..... **DATE**..27/02/25.....

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON INFORMATION, COMMUNICATION AND TECHNOLOGY



THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

.....

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT FOR

1. VOTE 1123: The State Department for Broadcasting and Telecommunications
2. VOTE 1122: The State Department for ICT and Digital Economy

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

March 2025

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CHAPTER ONE

1PREFACE

1.1 Introduction

1. The Budget Policy Statement (BPS) is published in accordance with Section 25 of the Public Finance Management Act 2012.In preparing the BPS, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the National Government and County governments in preparing their budgets both for the following financial year and over the medium term. The National Treasury is required to include the following in the Budget Policy Statement:

    i. An assessment of the current state of the economy, including macro-economic forecasts as well as priorities of the Government's current pillars of growth and strategic directions.
    ii. The financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium-term
    iii. The proposed expenditure ceilings for the National Government, including those of Parliament and the Judiciary and indicative transfers to county governments
    iv. The fiscal responsibility principles and financial objectives over the medium term including limits on total annual debts.
    v. Specific Fiscal Risks

2. The Submission and processing of the BPS by the National Assembly is anchored in Standing Order No.232 which among others provides that upon being laid in the House, the Committee is to deliberate on the BPS according to the respective mandates and make recommendations to the Budget and Appropriation Committee of the National Assembly which is expected to submit a report to the House for consideration and approval. In line with the provision section 25 (9) of the PFM Act 2012, this should be undertaken within 14 days from the time the BPS is tabled.

3. The PFM Act 2012 section 25(2) and the National Assembly Standing Order 232 (1) prescribe that the National Treasury shall submit approved BPS to Parliament by 15th February of each year.

4. The Second schedule of the National Assembly Standing Order assigns the Departmental Committee on Communication, Information and Innovation the mandate to consider matters related to communication, information, media and broadcasting (with the exception of Parliamentary Proceedings),ICT technology including development and advancement of technology, data protection and privacy, cyberspace and cyber-security, artificial intelligence, block chain technology, and other emerging technologies.

5. Pursuant to the mandate, the Committee has a role to scrutinize the proposed sectorial ceilings and the associated budgetary policies, programmes and the envisaged objectives. In this regard, the Committee is mandated to scrutinize policy highlights and spending plans as envisaged in the 2025 BPS on the votes under its purview. The scrutiny of the BPS also needs to assess the comprehensiveness, realism and effectiveness of planned programmes. The two votes under the purview of the Committee include:

    i. **Vote 1122**: State Department for ICT and Digital Economy.
    ii. **Vote 1123** : State Department for Broadcasting and Telecommunications

1.2 Establishment and Mandate of the Committee

6. The Departmental Committee on Communication, Information and Innovation is one of the 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 the implementation;*
   iii. *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all legislation referred to it;*
   v. *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;*
   vi. *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;*
   vii. *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);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

7. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee: Communication, information, media and broadcasting (except for broadcast of parliamentary proceedings), information technology, communication technology, including development and advancement of technology, data protection and privacy, cyberspace and cyber-security, artificial intelligence, block-chain technology, and other emerging technologies.

8. In executing its mandate, the Committee oversees the Ministry of Information, Communication and the Digital Economy.

1.3 Committee Membership

9. The Departmental Committee on Communication, Information and Innovation was constituted by the House on Thursday, 27th October 2022 and comprises the following Members:

Chairperson
Hon. John Kiarie Waweru, MP
Dagoretti South Constituency
UDA Party

Vice Chairperson
Hon. Alfah Miruka Ondieki, MP
BomachogeChache Constituency
UDA Party

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

Hon. Erastus Kivasu Nzioka, MP
Mbooni Constituency
WDM-K Party

Hon. Joseph Kipkosgei Tonui, MP
Kuresoi South Constituency
UDA Party

Hon. Bensuda Joyce Atieno Osogo, MP
Homabay County
ODM Party

Hon. Bernard Kibor Kitur, MP
Nandi Hills Constituency
UDA Party

Hon. Geoffrey Wandeto, MP
Tetu Constituency
UDA Party

Hon. Gideon Kipkoech Kimaiyo MP
Keiyo South Constituency
UDA Party

Hon. Flowrence JematiahSergon, MP
Baringo County
UDA Party

Hon. Irene Nyakerario Mayaka, MP
Nominated Member
ODM Party

Hon. Kakuta Maimai Hamisi, MP
Kajiado East Constituency
ODM Party

Hon. Khalif Ali Abdisirat MP
Nominated Member
UDA Party

Hon. Mumina Gollo Bonaya, MP
Isiolo County
Jubilee Party

Hon. Umulkher Harun Mohamed, MP
Nominated Member
ODM Party

1.4 Committee Secretariat

10. The Committee is facilitated by the following staff secretariat:

Ms. Nuri KitelNataan
Clerk Assistant I

Mr. Sakana Saoli
Clerk Assistant III

Mr. Thomas Ogwel
Fiscal Analyst I

Mr. Githinji Wanjohi
Research Officer III

Ms Marlene Ayiro
Principal Legal Counsel

Mr. Boaz Chebiego
Research Officer III

Ms. Lillian Mburugu
Media Relations Officer III

Mr. Kelvin Lengasi
Audio Officer

Mr. Paul Shana
Sergeant At Arms

Ms. Florence Wanja
Protocol Officer III

1.5 Overview on the Examination of the 2025 Budget Policy Statement

11. In accordance with the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is required to table the Budget Policy Statement (BPS) before the House on or before 15th February each year. Pursuant to Standing Order No. 232(4), the BPS is automatically committed to the respective Departmental Committees for review and deliberation.
12. On Thursday, 13th February 2025, the Budget Policy Statement was tabled in the House, in compliance with Standing Order No. 232. It was subsequently referred to the relevant Departmental Committees to facilitate sector-specific scrutiny, in line with their respective mandates.
13. Following its tabling, the Departmental Committee on Communication, Information, and Innovation conducted a comprehensive review process. This included a briefing session with the Parliamentary Budget Office and two consultative meetings with the Ministries, Departments, and Agencies under its oversight.
14. On behalf of the Departmental Committee on Communication, Information, and Innovation, and in accordance with the provisions of Standing Order No. 232, I have the honor and privilege to present to the Budget and Appropriations Committee this report on our examination of the 2025 Budget Policy Statement as it pertains to the Ministries, State Departments, and Agencies under our purview.

1.6 Acknowledgement

15. The Committee extends its sincere gratitude to the Offices of the Speaker and the Clerk of the National Assembly for their unwavering support in facilitating the execution of our mandate. Additionally, we appreciate the valuable contributions and insights provided by the State Department for Broadcasting and Telecommunications and the State Department for ICT and Digital Economy during our deliberations.
16. Lastly, I wish to commend the Honourable Members of the Committee for their dedication, active engagement, and invaluable input throughout this process. It is, therefore, both my duty and privilege to present this report.

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

CHAPTER TWO

2 HIGHLIGHT OF THE 2025 BUDGET POLICY STATEMENT

2.1 Overall Resource Ceilings (FY 2025 /26 and the Medium Term)

17. The Fiscal Analyst from the Parliamentary Budget Office made a presentation to the Committee on the 20th of February 2025 on the Budget Policy Statement. The presentation covered various thematic areas and provided an overview of the BPS as:

2.1.1 Projected Expenditure

18. The overall expenditure and net lending are projected at KSh 4,263.1 billion (22.1% of GDP) in the FY 2025/26 which is an increase by 7% (additional KSh 290 billion)from the projected KSh 3, 973.2 billion (22.8 % of GDP in the current financial (2024/25).

19. The 2025/25 projected expenditures comprises of recurrent amounting to KSh.3, 096.3 billion (16.1% of GDP) and KSh 725.1billion (3.8% of GDP) for development, KSh 436.7 billion for transfer to County Governments and KSh 5 billion for Contingency Fund.

i. **Projected Revenue**

20. In the FY 2025/26, the revenue collection including Appropriation in Aid (AiA) is projected to increase by KSh 325.6 billion (a 10% increase) to Ksh. 3,385.8 billion (17.6 percent of GDP) up from the estimated Ksh 3,060.2 billion (17.6 percent of GDP) in the current FY 2024/25. The growth is underpinned by the on-going reforms in tax policy and revenue administration measures geared towards expansion of tax base and improving tax compliance. The revenue from tax (ordinary revenue) are expected to amount to Ksh.2, 948.1 billion (16.4 % of GDP) in the FY 2024/25 up from the estimated Ksh 2,624.6 billion in the current FY Year 2024/25.

ii. **Fiscal financing:**

21. Considering the projected revenue and expenditures, the fiscal deficit (including grants) is projected at KSh 831 billion (4.3 % of the GDP) in the FY 2025/26 against the estimated overall fiscal balance of KSh 862.7 billion in the current FY (4.9 % of the GDP).The 2025/26 fiscal deficit will be financed by net external financing of KSh 146.8 (0.8% of GDP) billion and net domestic financing of KSh 684.2billion (3.6 % of GDP).

2.2 Proposed Ceilings for the Votes 1122 and 1123

22. The proposed total ceiling for the State Department for ICT and Digital Economy (Vote 1122) for the FY 2025/26 is KSh.21.173 billion, an increase by Kshs. 1.175 billion compared to the KSh 19.998 billion allocated in the 2024/25 approved supplementary I estimates. This translates to an increase by 5.9%.The proposed allocation consists of recurrent expenditure of KSh.3.489 billion, and development expenditure of Kshs. 17.684 billion.

23. The proposed total ceiling for the State Department for Broadcasting and Telecommunication (Vote 1123) in FY 2025/26 is Kshs.6.839 billion comprising of recurrent expenditure of KSh.6.194 billion and Development expenditure of KSh.645 million. This represents an increase of KSh1.131 billion compared with current (FY 2024/25) approved allocation.

2.2.1 Broad Strategic Policies

24. The environment underpinning the formulation, processing and implementation of the 2025 BPS were provided and expounded on. The broad policy thrusts enshrined in the BPS were summarized as below:

a) Fiscal Consolidation to reduce public debt vulnerabilities while providing fiscal space to deliver essential public goods and services. This is aimed to be supported by concerted expenditure rationalization and revenue mobilization.
b) Boosting Revenues: This is to be pursued through strengthening tax administrative and tax policy reforms. Such include: expansion of tax base, minimizing tax expenditures, leveraging on technology to revolutionize tax processes, sealing revenue loopholes and enhancing efficiency of tax system
c) Focusing on non-tax revenues (Appropriation in Aid) those Ministries, Departments and Agencies raise through the Services they offer to the public.
d) Sustained efforts to strengthen accountability and transparency in public finance.
e) Entrench the adopted Zero-Based Budgeting approach to reorient the budgeting and expenditure framework for improved efficiency and effectiveness in public spending.

2.2.2 Prevailing Sectorial Environment and Emerging Issues

25. The Committee was informed on the emerging issues within the Communication, Information and Innovation sector which have been growing at an average of 9.5% in the recent past. Some identified key emerging issues that require policy interventions were noted to include:

26. **High risk of cybercrime and cyber vulnerabilities.** Statistics and information on various issues of economic surveys and data from the Communication Authority indicates that Kenya continues to record higher incidences of cyber-crimes. The cyber attacks are prevalent in key Ministries, Departments and Agencies, Saccos, banks and telecommunication service providers and government agencies. The incidences included SIM Swaps, unauthorized intrusions in IT Systems, identity thefts, web application attacks. According to the 2024 Economic Survey, the reported cybercrimes more than doubled from 700 million to 1.7 billion between 2022 and 2023.

27. **Unreliable Access to data and telecommunication connectivity:** Submission during public participation on 2025 BPS revealed poor network connection and general slow internet speeds. There are also reports on disruptions of services resulting from poor networks, weak signals and outdated technologies in the sector. This is supported by details in the 2024 Sector working reports that reveal that the existing fibre optic networks register an average of 85% uptime performance against the target of 99.9 %. The internet speed has also been noted to be generally waning on account of constrained bandwidth capacity given an upsurge in new subscriptions. There still exist expansive un-served or under-served regions and the pace of covering those remains sluggish.

28. **Regulatory Gaps:** There are gaps in the regulatory and legal framework in the sector that needs to be sealed. Such include in areas of emerging technologies such as Artificial Intelligence.

29. **Rapid evolution of Technologies:** rapid emerging technologies in the cyberspace with components as big data, internet of things, robotics, artificial intelligence etc. Delays in completion of projects (eg KBC Analogue to Digital TV- 2014 to 2023 now at 90%, VSAT broadband at Constituency Innovation Hubs instead of the using more efficient and high

speed existing connectivities, laying fibre optic networks instead of adopting emerging technologies such as satellite.

2.3 Policy Priorities and Resource Allocations

2.3.1 Recent Key Policy Priorities

30. It was highlighted that the principal objective of the policies pursued in this sub-sector has overtime remained largely the same and has been hinged on the need to enhance the accessibility, reliability and affordability of ICT and digital services. As a recognized high priority service delivery sector and as an enabler, the policy thrust has been hinged on enhancing and accelerating investments in development of the requisite ICT and digital infrastructure and regulatory framework.

31. The Committee was taken through some key policy priorities in the sub-sector and the linkages as enshrined in the relevant planning documents such as Vision 2030, Kenya Digital Masterplan and various Strategic plans. The policies in the sector deliberated on related to areas of:

    i. Universal Access to ICT Infrastructure
    ii. Automation of Government Services
    iii. Youth Economic Empowerment
    iv. Digital Economy Acceleration
    v. Streamlining Government Advertising Services
    vi. Promotion of Media Regulation
    vii. Enhancing Data Protection
    viii. Revitalization of Postal Corporation of Kenya, Kenya Broadcasting Corporation and Kenya News Agency

32. The linkage of the policy interventions with other planning blueprints was demonstrated. The linkage was noted to be with the National Digital Masterplan (2022-2032), National ICT Policy 2019, Digital Economy Blueprint 2019, National Broadband Strategy, National Cyber-security policy 2022, Privacy and Data Protection Policy, National Radio Frequency Spectrum Policy 2020.

2.4 Salient issues emerging from the BPS analysis

33. Arising from the analysis, the attention of the Committee was drawn to the various salient issues which are as summarized below:

I. **No indications on adoption of Zero Based Budgeting Approach:** Despite the reported government's intention to improve efficiency and effectiveness in the budget formulation through zero-based budgeting which largely does not use the past budgets to determine future resource allocations, the 2025 BPS reveals that the proposed ceilings are based on incremental approach where modest additional resources are allocated without much consideration on the dynamics in expenditure priorities.

II. **Framework in Monitoring and Evaluation of Programmes and Projects in the sub-sector:** There should be more emphasis on the quality aspects in the public service delivery in the various programs rolled out. Such include the uptime of existing fibre optic networks, public wi-fi hotspots, digital hubs, radio mashinani studios, government advertising services, etc.

III. **Consolidation of Youth empowerment Programmes:** The several interventions for youth empowerment within the sector needs to be consolidated. This can yield

benefits of economies of Scale and Scope as well as prevent duplication of expenditures.

IV. **Reprioritization of programmes:** The proposed ceilings can only cater for 38% of the total resource requirements of State departments for ICT & Innovation leaving a resource gap of approximately Ksh 38 billion and only 40.9% in the State department for Broadcasting & Telecommunication leaving a resource gap amounting to approximately KSh 9.8 billion. Instead of thinly spreading allocations to many projects and programmes, there is need to target few projects with most impact in service delivery to accelerate their completion.

V. **Credibility in costing of policies, programmes and projects:** An examination and review of the proposed ceilings and the envisaged targets reveals no proportionate relation. An example of this is manifested in programmes such as E-Government Services which though is proposed to have a 39% rise in allocation has its envisaged targets uncharged.

VI. **Government Advertising:** An effective and cost effective strategy in undertaking government advertising with the envisaged scrapping off of KYEB which has been contributing in the production of MYGov. The centralization of the government advertisements has overtime led to accumulation of pending bills and a strategic policy needs to be institutionalized to ensure that MDAs remit payments to the Government Advertising Agency.

VII. **Establishment of supportive legal Framework:** Fast tracking processing of the legal proposals and policies at various stages of development. Such include Public Relations & Communications Management draft Policy, National Addressing System draft Policy, and National Communication draft policy , National Spectrum Policy, Legislation on the Protection of ICT Infrastructures as Critical Infrastructure, etc.

VIII. **Delays in completion of programmes and projects:** Delays in completion of projects within the sub-sector may render some of the projects obsolete when eventually completed given the rapid change of technologies. Such risks are faced in the KBC Analogue to Digital TV, which was to be undertaken between July 2014 and July 2023 but is yet to be completed.

IX. **Huge pending bills:** There exist huge pending bills among the MDAs in the sub-sector. According to the submission to the Committee on the status of budget implementation, the pending bills as at 30th December 2024 was reported to be KSh 1.462 billion and KSh 806 million for the State departments for Broadcasting &Telecommunication and for ICT & Digital Economy respectively. There is need for the National Treasury to ring-fence allocation of MDAs with pending bills owed to other State corporations for settlement of the debts.

X. **Non-adherence to MTEF:** The proposed targets and ceilings deviate from the ones set in the 2024 BPS in MTEF. This negates the benefits that are inherent in the framework such as policies linkages and expenditure and revenue planning in advance for the outer years. The 2024 BPS projected 2025/26 ceilings at KSh 27.1 billion whereas the ceilings in the 2025 BPS is proposed at KSh 21.1 billion. For Broadcasting and Telecommunication, 2024 BPS projected a ceiling of KSh 7.1 billion for 2025/2026 whereas 2025 BPS proposes a ceiling of KSh 6.8 billion.

CHAPTER THREE

3 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

34. In considering the 2025 BPS, the Departmental Committee on Communication, Information and Innovation held two consultative meetings with the Ministry, State Departments and agencies under its docket and on which it exercises oversight.

3.1 State Department for Broadcasting and Telecommunications (vote 1123)

35. The Committee held a briefing meeting with a delegation from the State Department for Broadcasting and Telecommunications on 24th February 2025. The PS made submissions that covered the thematic areas as follows: The Submissions were done on the thematic areas as had been guided by the invite letter

On the Budget Policy Statement 2025

36. The **BPS 2025** was submitted by the State Department for Broadcasting and Telecommunications, detailing the required financial resources for FY 2025/26 and the medium-term period. The committee was informed that the total budget requirement stands at **Ksh.16, 634 Million,** of which only **Ksh. 6,839.08 Million** (41%) has been proposed for allocation.

37. The committee was informed that the State Department's gross allocation for the Financial Year 2025/26 is **Kshs.6; 839.08 million** is made up of Kshs. **6,194 million** under the Recurrent and **Kshs. 645.00 million** under the development vote. Furthermore, it was demonstrated how the underfunding would adversely impair the realization of the policy priorities in the sub-sector which will lead to no implementation of the planned activities in the financial year 2025/2026

38. A comparative analysis of the variations of resource allocations and requirements was presented to the Committee as summarized in Table 1.

Table 1: Overall changes to the 2025 Budget Policy Statement (Kshs Million)

Description	Baseline FY 2024/25 Printed Estimates (Ksh. M)	Requirements FY 2025/26 (Ksh. M)	Allocation FY 2025/26 BPS (Ksh. M)	Shortfall (Ksh. M)	% Change
Development Estimates	0	4,259.00	645	3,614.00	85%
Recurrent Estimates	5,707.84	12,374.65	6,194.08	6,180.57	50%
Total	**5,707.84**	**16,633.65**	**6,839.08**	**9,794.57**	**59%**

Source: The State Department for Broadcasting and Telecommunication (BPS, 2025).

Non-Financial Performance

39. The State Department reported to the committee its achievements on each programme under implementation as follows:

a) **On the General Administration planning and support services Programme**

40. The State Department achieved the following:

i. Completion of the National Addressing System Policy, forwarded to the National Treasury for budget approval before submission to the Cabinet.
ii. Draft Access to Information Policy completed, with the Cabinet Memorandum ready for presentation to the Attorney General and the National Treasury for concurrence.
iii. National Communication Strategy completed and under implementation.
iv. Development of the Kenya Information and Communication Act (KICA) and Public Relations and Communication Management (PRCM) Regulations, forwarded to the National Assembly's Delegated Legislation Committee.
v. Draft Media Council of Kenya (MCK) Bill prepared for public participation

b) On Information and Communication Services Pogramme

41. The achievement of the State Department was reported on and included:

i. 26 weekly *MyGov* pullouts produced against an annual target of 50, one *Kenya Yearbook 2024* published, one at the Olympics, thirty Agenda Kenya Newspapers and eighteen InfobyteBullettins.
ii. Produced and disseminated 100 information education and communication against an annual target of 200.
iii. 12 Regional and online publications editions were produced against an annual target of 56.
iv. 11,664 news items were disseminated against an annual target of 20,000.
v. 2,491 TV news items were produced against an annual target of 4,000.

c) On Mass Media Skills Development Programme

42. The achievements were:

i. Offered on job training to 1,200 journalists trained.
ii. 1,443 journalists accredited.
iii. Trained 27 media practitioners KIMC. Registration is ongoing

Implementation Status of Capital Projects

43. The committee was informed of the status of Capital Projects as follows;

i. **KBC Analogue to Digital Migration** – Total estimated cost of Ksh. 6B, with Ksh. 5.8B already spent, achieving **98% completion**. The project is near completion with the establishment of 39 transmitting sites and a head-end facility at Broadcasting House.
ii. **Studio Mashinani Project** – The estimated cost was KSh 649 million whereas accumulated expenditure is at KSh 209 million translating to 15% completion. It was reported that seven studios have been established with an aims to create an additional 41 audiovisual recording studios in all counties.
iii. **Modernisation of KIMC – 25% completion**, with Ksh. 67.25 million spent out of Ksh. 437.5 million project cost. The funds have been used to procure modern studio equipment.
iv. **Eldoret KIMC Campus – 10% completion**, with Ksh. 47M utilized. Perimeter wall and gatehouse construction completed; **title deed issuance still pending**. The institution awaits further funding for classroom construction.

44. Committee was informed of the key policies underlying expenditure ceilings in the 2025 BPS under the state department as outlined in the National ICT policy guidelines 2020 as follows:

    i. Development and review of policy, legal, and institutional frameworks as per the National ICT Policy Guidelines 2020
    ii. Provision of strategic government communication services.
    iii. Bridging the digital divide in public broadcasting services through the Kenya Broadcasting Corporation (KBC) and Kenya News Agency.
    iv. Promoting e-commerce through the Postal Corporation of Kenya and the Communication Authority of Kenya.
    v. Regulation of the Information and Communications Sector through the Communications Authority of Kenya.
    vi. **ICT and Mass Media Skills Development** through the Kenya Institute of Mass Communication.
    vii. **Media Regulatory Services** Overseen by the Media Council of Kenya.
    viii. **Mass Media Skills Development and Job Creation** through the Studio Mashinani Initiative by KBC.

d) The 2024/25 Approved Estimates and the 2025/26 Proposed Ceilings

45. The comparison between the allocations for the current financial year 2024/2025 and the proposed 2025/2026 ceilings revealed variations of varying levels. The specific affected areas were indicated as follows:

Recurrent Expenditure

46. The summary of the recurrent budget estimates for the SAGAs under the State Department for Broadcasting and Telecommunication in the 2025/2026 Financial Year was presented to the committee as follows:

Table 2: Funding Shortfall (Amounts in KSh Million)

	Approved Estimates (KSH MILLION)	**Requirement (KSH MILLION)**	**Allocation (KSH MILLION)**	**Shortfall (KSH MILLION)**
	2024/25	**2025/26**	**2025/26**	**2025/26**
Kenya Yearbook Editorial Board	182	399.20	182.75	216.45
Media Council of Kenya	821.90	1,5491.00	921.90	569.10
Media Complain Commission	10	60	10	50
Kenya Broadcasting Corporation	2,190.50	6,111.00	2,390.50	3,720.50
National Communication Secretariat	222	222	222	0
Kenya Institute of Mass Communication	216.21	384.00	248.21	135.79
Total	**3,421.36**	**8,667.20**	**3,975.36**	**4,691.84**

Source: The State Department for Broadcasting and Telecommunication (BPS, 2025).

Funding Gaps

47. The reported underfunding amounted to KSh 5.4 billion. The critical areas and projects requiring additional resources include

a) KSh 3 billion to revamp the Postal Corporation of Kenya
b) Medium wave to FM Broadcast Migration: KSh 902 million is needed to cater for acquisition, installation and commissioning of FM radio.
c) KSh 429 million to sustain media and ICT hubs monitoring and content regulatory services
d) Studio Mashinani: Additional KSh 150 million needed to establish the studios at various constituencies across the country.
e) Installation of Solar Power systems at KBC sites: Ksh 220 million.
f) Modern Outside Broadcasting Van (OB) at KBC: Ksh 360 million
g) Modernization of Kenya News Agency Stations: KSh 1.045 billion
h) Construction of Multi-Purpose complex, administration block, transmission studios and equipping : KSh 766 million
i) For operationalization of Media Technology Museums, KIMC TV and Research and Development facilities at KIMC: Ksh 170 million.
j) To operationalize the Communication centre: KSh 655 million

Pending Bills and Contigent liabilities

48. As at the time of submission, the State department reported that it had pending bills amounting to KSh 866.4 million of contributed largely by debts owed to Media Stations for the government advertising services.

49. The Committee was reminded that in its books, KBC has over KSh 91 billion liabilities that arose from a Ksh 50 billion Japanese loan acquired in 1989 for KBC modernization programme. Though the loan has since been paid up by the National Treasury, it still remains reflected in KBC's financial statements as a debt which continues accumulating interests.

50. The Committee was updated on the arbitration case continuing in the United Kingdom between KBC and Channel II over the 40 billion lawsuits on account of a breach of contract. It was pointed out that the outcome of the case has the possibility of exposing KBC to the risk of contingent liability on unknown value. It was also noted that the case also continues to generate huge legal fees.

3.2 State Department for ICT and Digital Economy

51. The Committee held a briefing meeting with a delegation from the State Department for ICT and Digital Economy on 24th February 2025. The PS submitted that:

a) Overview of the Programme and Proposed Ceilings

52. The State Department reminded the Committee on how it derives its mandate from Executive Order No.1 of January 2023. It was expounded how the programmes under implementation relate with the following functions:

i. To facilitate the development of the Information and Communication Sector (including broadcasting, multimedia);
ii. Data protection policy and regulation of Personal Data Services;
iii. National ICT Policy;
iv. Promotion of ICT innovation and Digital Economy;
v. Promotion of E-Government;

vi. Promotion of the Software Development Industry;
vii. Provision of ICT Technical support to MDAs;
viii. Policy on Automation of Government Services;
ix. Development of National Communication Capacity;
x. Management of National Fiber Optic Infrastructure.

53. The State Department for ICT& Digital Economy reiterated its endeavour to achieve the following strategic objectives:

i. To enhance policy, legal regulatory, institutional frameworks for effective service delivery and conducive business environment.
ii. To improve universal access to digital products and services for efficient service delivery.
iii. To expand digital superhighway infrastructure country wide.
iv. To enhance contribution of ICT sector to the GDP
v. To enhance/develop digital and technical skills

54. To facilitate the realization of its mandate, the State Department executes its mandate through three (3) Directorates, four (4) SAGAs and one (1) Independent Office, namely:

vi. The three Directorates: Directorate of ICT Infrastructure; Directorate of ICT Security and Audit Control and Directorate of E-Government and Digital Economy.
vii. The Four SAGAs: Information Communications Technology Authority (ICTA),Konza Technopolis Development Authority (KoTDA),The East African Marine Cable System Limited (TEAMS) and Kenya Advanced Institute of Science and Technology (KAIST)
viii. One Independent Office:Office of the Data Protection Commissioner (ODPC)

On the Implementation Status of FY 2024/25 Budget as at 31st December 2024

55. The committee was presented the Summary of Budget Absorption as follows;

Table 3 : Budget Absorption (Amounts in KSh Millions)

Vote 1122	Approved Budget FY 2024/25	Revised Estimates FY 2024/25	Amount Uploaded in IFMIS	Total Expenditure and Commitments	Absorption (%)
Recurrent Budget	3,525.2	2,308.3	1,231.8	995.0	80.8%
Development Budget	18,829.7	16,489.7	9,741.9	5,027.5	51.6%
Total	22,354.9	18,798.0	10,973.6	6,022.5	54.9%

Non-Financial Performance

56. The Key Achievements by the state department in different programmes were presented as follows;

a) **ICT Infrastructure Development Programme**
i. 660 out of 770 sites maintained under Last Mile County Connectivity.
ii. 18 Constituency Innovation Hubs established and connected to the internet.
iii. Installed 1,500 km of the National Optic Fibre Backbone Infrastructure through the Universal Service Fund (USF).

iv. Connected 664 sites to the internet at the ward level, schools, and government institutions.
v. Installed 504 public Wi-Fi hotspots.

b) **E-Government Services Programme**

i. 20,985 services have been fully on-boarded on the e-citizen platform.
ii. 75 government officers trained in cybersecurity.
iii. Two cybersecurity audits conducted.
iv. 4,311 Data Controllers & Processors registered.
v. 565 data breach complaints resolved within 90 days.

Key Targets for the FY 2025/26 and the Medium Term

57. In the FY 2025/26 and the MTEF period, the Sub-Sector will implement the following Bottom-up Economic Transformation Agenda (BETA) Priorities:

i. Rolling out 25,000 Government Public Wi-Fi Hotspots across the country to enable free internet access to citizens.
ii. Maintenance and support of National Optic Fibre Backbone Infrastructure (NOFBI).
iii. Provision of broadband connectivity and equipment to 1,450 Constituency Innovation Hubs (CIHs) to facilitate training and mentoring of youths for online jobs.
iv. Cyber-security Management.
v. Digitization of all Government Services.
vi. Deployment of 100,000 km of the digital superhighway

58. The committee was informed that the Policies Underlying the Expenditure Ceilings include:

i. The National ICT Policy.
ii. Fourth Medium-Term Plan (MTP IV) (2023-2027).
iii. E-Government and Digital Service Delivery Strategy.
iv. ICT Infrastructure Expansion Plan.
v. Digital Master Plan (2022-2032).
vi. Kenya Digital Economy Blueprint (2019).

On Expenditure Ceilings in the 2025 BPS

59. The State Department's resource requirement for the financial year 2025/26 was reported at **Kshs.55, 411 million** against a proposed ceiling of **Kshs.21, 173 million**. The proposed cealing comprises of **Kshs.3, 489 million in Recurrent** and **Kshs.17, 684 million in Development**.

60. Summary of the FY 2025/2026 Recurrent and Development budget Requirement vs Proposed allocation:

Table 4: Comparison of Allocations and Requirements

Vote 1122	Approved Budget Estimates FY 2024/25 Kshs. (Million)	Requirements Kshs. (Million) FY 2025/26	Proposed Allocation FY 2025/26 (BPS) Kshs. (Million)	Shortfall FY 2025/26
Recurrent Budget	2,308.3	5,829	3,489	2,340
Development Budget	16,489.7	49,582	17,684	31,898
Total	18,798.0	55,411	21,173	34,238

61. On the Current Transfers to SAGAs, the distributions of the resources are planned as summarized.

Table 5: Current Transfers to SAGAs (Amounts in KSh Million)

S/No.	SAGA	Approved Budget FY 2024/25	Requirement FY 2025/26			Allocation FY 2025/26		
			GROSS	AIA	NET	GROSS	AIA	NET
1	ICTA	126	1,012	20	992	687	20	667
2	KOTDA	412.65	915.8	300	615.8	763.1	300	463.1
3	KAIST	134.4	952.3	13.2	939.1	237.7	3.3	234.4
4	ODPC	818.3	1,035	100	935	868.3	100	768.3
GRAND TOTALS		1,491.35	3,915.10	433	3,481.90	2,556.10	423	2,132.80

Financing Gaps for FY 2024/2025

a. Recurrent Budget

62. The State Department reported a financing gap amounting to Kshs. 34,238.0 Million comprising a recurrent Budget of Kshs.2, 340.0 Million and a Development Budget of Kshs 31,898.0 Million. A breakdown of the funding gaps and justifications were presented as summarized in the table

Table 6 : Areas with Financing gaps

Areas	Amount Required(Kshs million)	Details
Cyber Security Systems Audit	100	System audits in 40 MDAs to assess compliance with ICT standards, digitization, security, data backups, and business continuity plans.
Ajira Digital Training Program	160	Kshs. 160 million required annually to train and link 10,000 youths to online jobs.
Operations& Maintenance (HQ)	737	Enhanced activities for Jitume Digital Hubs, WiFi hotspots, project supervision, site inspections, and monitoring and evaluation.
Semi-Autonomous GovernmentAgencies (SAGAs)	1,343	Operations and Maintenance (O&M) for SAGAs

b. Development Budget

63. Onthe development budget, the committee was presented the following gaps

Table 7: Financing Gaps in Capital Projects

S/ No	Programmme/Project Code & Project Title	Requirement for FY2025/26	Proposed Allocation for FY2025/26	Shortfall
		Gok	Gok	Gok
		Kshs Million	Kshs Million	Kshs Million
1	Last Mile County Connectivity Network Phase IV & V - BETA	3,330.00	3,230.00	100.00
2	Last Mile County Connectivity Network Phases I - III-BETA	500.00	350.00	150.00
3	Eastern Africa Regional Transport and Development Facilitation Project (EARTDFP)	100.00	41.00	59.00
4	NOFBI Phase II Cable-BETA	1,008.00	300.50	707.50
5	NOFBI Phase II Expansion Cable-BETA	1,470.00	750.00	720.00
6	Government Shared Services	760.00	467.00	293.00
7	E-Government Support and Maintenance-BETA	2,841.00	315.00	2,526.00
8	Konza Complex - BETA	726.00	210.00	516.00
9	Supervision of Streetscape & Waste water Reclamation Facilities	350.00	83.00	267.00
10	Konza Master Plan Consultancy (MDP2)	15.00	4.50	10.50
11	Digital Hubs-BETA	472.00	378.00	94.00
12	Horizontal Infrastructure Phase 1-EPCF-BETA	1,300.00	50.00	1,250.00
13	Konza Data Centre and Smart City Facilities-BETA	1,600.00	1,450.00	150.00
14	Connectivity to Health Facilities-BETA	450.00	450.00	-
15	Connectivity to Leather Industrial Park-Kenanie -BETA	5.00	5.00	-
16	Connectivity to Konza Data Centre and Smart City Facilities-BETA	328.00	328.00	-
17	Horn of Africa Gateway Development Project-BETA	1,550.00	491.00	1,059.00
18	Construction of KAIST at Konza Technopolis-BETA	3,100.00	50.00	3,050.00

S/ No	Programmme/Project Code & Project Title	Requirement for FY2025/26	Proposed Allocation for FY2025/26	Shortfall
		Gok	Gok	Gok
		Kshs Million	Kshs Million	Kshs Million
19	Kenya Digital Economy Acceleration Programme	25,870.00	7,731.00	18,139.00
20	Cyber-security Security Management	3,807.00	1,000.00	2,807.00
	TOTAL	**49,582.00**	**17,684.00**	**31,898.00**

Pending Bills

64. It was reported to the Committee that pending bills as at the time of submission stood at KSh 592 million which were largely occasioned by budget cuts and lack of exchequer. The pending bill is made up of KSh 409 million at the headquarters and KSh 183 million outstanding payments on works at Konza Technopolis.

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

65. The Committee made the following observations:

4.1 Cross-cutting observations

A. Inconsistency in the basis of costing of programmes and projects

66. An examination and review of the proposed ceilings and the envisaged targets revealed lack of proportionate relationship. This could imply inaccuracy in the estimated and planned costs of executing the programmes. The costs can either be inflated or underestimated .In this sector, examples of this is manifested under:

    a) E-Government Services programme in the State Department of ICT and Digital Economy which though is proposed to have an increase in allocation amount to KSh 1.4 billion in the financial year 2025/2026(an increase of by 41%), the envisaged targets in government services to be on-boarded on e-citizen which is a Key Performance Indicator in the programme is proposed to have its target reduced by 50% to 2,000 up from 4,000 in the current financial year.
    b) The Information and Communication programme under the State department for Broadcasting and Telecommunication despite the proposed increase in resource allocation by KSh 1.067 billion (a rise by 15%), the proposed targets remain largely unchanged.

B. Substantial Underfunding of the programmes under implementation derailing the realization of the noble envisaged targets

67. The priorities and envisaged deliverables within the Communication and Information sector risks not being achieved on account of underfunding. The proposed ceilings for the two votes when compared to resource requirements reflect huge resource gaps as:

    a) The State Department for ICT and Digital Economy of with proposed ceiling of KSh 21.2 billion against resource requirement of KSh 55.4 billion results into a funding gap of KSh 34.2 billion. The proposed ceilings only cater for 38% of the resource requirements.

    b) The proposed ceilings for the State Department for Broadcasting and Telecommunication is KSh 6.8 billion against a resource requirement of KSh 16.6 billion resulting into a funding gap of KSh 9.8 billion. The proposed ceiling only caters for 41% of the resource requirements.

68. Starving the sector in resource allocations waters down the possibility of realizing the aspirations of Bottom-Up-Economic Transformation Agenda (BETA) which is premised on utilization of limited resources to areas where they shall be most impactful in generating income and job opportunities to those in the lowest economic pyramid.

C. No indication of adoption of Zero Based Budgeting Approach in the formulation of budget.

69. Despite the government's reported intention to entrench zero-based budgeting approach which does not rely on historical allocations to determine future budgets but which rather every financial year formulates the budget from the scratch by identification and costing of the priorities of a given sector, the proposed ceilings for 2025/26 and the medium

term are largely incremental. The modest proposed increases do not appreciate the critical role this sector plays as an enabler to others sectors in the economy.

70. The various economic blueprints such as Vision 2030, the Kenyan Digital Masterplan, the Kenya Kwanza Manifesto and the Digital Economy Strategy recognize the fact that the Information and Communication technology is a significant source of economic growth and development with spill-over effects in almost every sector of the economy. According to various issues of Economic Surveys and Statistical Abstracts by the Kenya National Bureaus Statistics (KNBS), the Information and Communication Technology sector on average has been contributing 7.7% to the Gross Domestic Product (GDP).

D. Compensation to employees crowding out other expenditure priorities

71. The submission by the various Ministries, Departments and Agencies within the sector revealed that the tentative resources that are proposed to be spent on compensation to employees are so substantial. Besides, crowding out development expenditures, the value for money in the engaged workforce may not be optimized on account of little allocation of resources to development expenditures. This may contribute to contravention of the PFM (National Government) Regulations 26 that prescribes that National Government on compensation to employees (including benefits and allowances) shall not exceed 35% of the raised revenue. Such was observed under:

a) *Kenya Broadcasting Corporation (KBC):* Out of the projected total revenue of KSh 2.39 billion in the FY 2025/26, a whooping Ksh 1.516 billion which translates to 63% of its total revenue is planned to be spent on personnel emoluments.
b) *Office of the Data Protection Commissioner* : Out of the projected total revenue of KSh868.3 million in the FY 2025/26, Ksh 598.3 million which translates to 69% of total revenue is planned to be spent on personnel emoluments
c) *Kenya Institute of Mass Communication (KIMC):* Out of the projected total revenue of KSh 248 million in the FY 2025/26, Ksh 164.5 million which translates to 66% of total revenue is planned to be spent on personnel emoluments.

E. Existence of Huge Pending Bills and Contingent Liabilities

72. As at 24th February 2025, there exist huge pending bills among the MDAs in the sub-sector which not only constrains the fiscal space but also escalates expenditures related to the contingency liabilities there-from (resultant fines, penalties and rising interest due to elongated periods of settlement). This is as :

a) **The State Department for ICT & Digital Economy**: Has pending bills amounting to KSh 592.4 million out of which KSh 409.4 million is at the Headquarters and KSh 183 million is on Capital projects at Konza Technopolis.
b) **The State department for Broadcasting and Telecommunication:** Has pending bills amounting toKSh 874.3 million of which pending bills for government advertising amounts to KSh 865 million.

73. Besides, In its books KBC has over KSh 91 billion liabilities that arose from a Ksh 50 billion Japanese loan acquired in 1989 for KBC modernization programme. Though the loan has since been paid up by the National Treasury, it still remains reflected in KBC's financial statements as a debt which continues accumulating interests.

74. The arbitration case continuing in the United Kingdom between KBC and Channel II over the 40 billion lawsuits on account of a breach of contract has the possibility of

exposing KBC to the risk of contingent liability on unknown value. The case also continues to generate huge legal fees.

F. Discrepancies in data and information on submitted supporting documents

75. The submissions on breakdowns of the proposed recurrent expenditures for various programmes that formed the basis of setting the BPS ceilings had discrepancies that could not be immediately explained. The variances were identified in such areas including:

i. Under the State Department of ICT & Digital Economy

a) Information, Communication and Technology Authority(ICTA): Out of the proposed recurrent transfer ceilings of KSh 867 million, the submitted proposed expenditure only accounted for KSh.20.8 million resulting to unexplained variance of KSh.666.2 million

b) Konza Technopolis Development Authority(KoTDA): Out of the proposed recurrent transfer ceilings of KSh 763.1 million, the submitted expenditure plans only covered an amount of KSh 214 million resulting into a discrepancy of KSh.549.1 million.

ii. Under State Department for Broadcasting and Telecommunication

a) Out of the proposed ceilings on recurrent expenditures of KSh 6.194 billion, the submitted breakdown only added up to KSh. 3.973.9 billion resulting into a variance of KSh.2.22 billion to the headquarters to which no breakdown was provided.

76. Details submitted on The Project of KBC Analogue to Digital TV Migration indicated that the estimated total cost for the project is KSh 6 billion and cumulative expenditure currently standing at KSh 5.816 billion, this results to an outstanding balance of KSh 184 million. However, the submitted proposed allocation to the project in the FY 2025/26 is KSh 195 million, which exceeds the total estimated costs by KSh 11 million

G. Some targets lack aspects of quality in public services delivery

77. The targets set in some areas are merely quantitative in nature and do not incorporate basis of measuring whether the intended public services are being satisfactorily delivered. This has led to some of the installed projects remaining unutilized due to persistent downtimes. Some of the noted areas where such occur include Public Wi-Fi hotspots, Constituency Innovation Hubs, Schoolnets (Connectivity to Schools) and Jitume Programmes. Not having key performance indicators relating to quality of public services such as percentage of uptime of such installations, transition rate of trainees to income earning, viewership of KBC TV programmes may compromise assessment of value for public money in the ventures.

H. Gaps in the Legal Framework within the Sector

78. The Ministry established a Sector Working Group on policy and legislative reforms which is currently working to examine existing policy, legislative, institutional, administrative and operational structures, systems and strategies and recommend reforms in the sub-sector. There need to fast track enactment of legislations to seal identified gaps. Such include:

i. Development for enactment of a policy and Regulations on Data Protection & Cyber-Security
ii. Development of Regulations and Policy on Artificial Intelligence

4.2 The State Department for ICT and. Digital Economy

A. Weak sustainability framework for ICT installations(Public Wi-Fi hotspots)

79. The sustainability framework for the public Wi-Fi hotspots is under review to enhance the quality of public service delivery. This is to address the various teething problems faced in the initial phases of establishment and operations of the hotspots. Key among the identified problems include: power outages, vandalism of the installations, weak internet signals and the digital divide with expansive underserved and undeserved regions. The Ministry is pursuing collaborative frameworks with the County Governments for the financing of operational costs such as power bills, leveraging on existing installations of the County Governments in locating the sites for enhanced security, accelerating connectivity by partnering with the KPLC and adoption of emerging technologies such as satellites.

B. Data Protection and Cyber-security

80. There is some progress that has been made in data protection and cyber-security. This includes; enhanced operationalization of the Office of Data Protection Commissioner, enactment of laws on Data Protection and establishment of regional offices. There is also regular conducts of Cyber-Security Systems Audits in MDAs to assess compliance with ICT standards, digitization, security, data back-ups and business continuity plans. The department has also laid foundation for establishment of a centralized Cyber Security Management which is proposed to have an allocation of KSh 1 billion in the financial year 2025/26.The centralization is aimed at strengthening national capacity to deal with cyber-security, standardization and prevention of duplication of expenditures by MDAs. Despite the progress, the pace in capacity building and public sensitization in this space is still low and needs to be up-scaled.

C. Slow pace in connectivity to Public Institutions

81. Connectivity to learning institutions and health facilities has been below targets. The underperformance has largely been due to challenges such as poor mapping of the institutions planned for connectivity without first ensuring that the pre-requisite foundations to facilitate connectivity and subsequent utilization of the internet services are in place. The operations and utilization of the connectivity rely on availability of electric power, the digital accessories and ability to cater for associated operational costs. Some institutions mapped for connectivity lack these pre-requisite facilitative resources. Not involving stakeholders such as political leaders, management of learning institutions and health facilities, among others contribute to ineffective mapping and implementation of the planned connectivity.

D. Change of Strategy to accelerate laying of fibre Optic Cables

82. To hasten the pace of connectivity through fibre optic cables in a bid to achieve the target of laying a network of 100,000 kilometres, the State Department in collaboration with the Kenya Power is leveraging on the electricity lines to accelerate roll out the fibre optic cables. This has helped in reduction of costs, circumventing challenges of wayleaves and benefit from the scope of security associated to the lines as critical infrastructure. To address the challenges of digital divide in remote regions, the usage of emerging technologies such as satellites as used by Starlink is fast getting policy attention in the sector. In the long term, such technologies shall address degradation which the traditional fibre optic networks are prone to with passage of time and enhance internet speeds.

4.3 The State Department for Broadcasting and Telecommunication

A. Streamlining Public Communication

83. The interventions and efforts of the State department in a bid to improve public communication are yet to yield tangible results. Some of the Public Communication officers deployed by the State Department to various MDAs to help co-ordinate and standardize information dissemination faced resistance. Besides, some MDAs have also been engaging services of private practitioners instead of using the services of available public communication officers. The Department is developing various manuals and modules on public communication that aim at addressing challenges emanating from poorly co-ordinated public communication which has led to conflicting reporting. The State Department has also rolled out capacity building programmes to the relevant public officers serving in the space of public communication.

B. The Universal Service Fund (USF) in bridging the divide in the access of ICT and Telecommunication (voice) services.

84. As opposed to the previous selection criteria for identifying areas for network coverage based on then categorized marginalized regions(14 counties) , currently the criteria used is based on Access Gaps Study periodically conducted by the Universal Service Advisory Council. This has widened the scope for coverage since some pockets of regions within relatively developed towns also qualify to benefit from the coverage interventions. The pace of covering identified regions is so slow and cannot be felt on the ground despite the impressive periodic reports on the performance of the USF Fund. There exists weak monitoring and evaluation on the projects and programmes under implementation by the Fund.

C. Restructuring of State Corporations

85. The restructuring of State corporations recently approved by the cabinet shall affect the following agencies within the sector:

i. **The Kenya Yearbook Editorial Board :** This board which was established vide legal Notice No. 187 of 2nd November, 2007 with the mandate to: Compile, edit and publish the Kenya Yearbook; Document and detail the work of the Government of Kenya; Document the government development programmes of action for improved economy; and Document and disseminate Kenya's immense resources and potential. The Board though is earmarked for dissolution and have its mandate and activities transferred to headquarters and KBC, the BPS has allocation amounting to KSh 182 million to the Board which shall require reallocation once the dissolution is finalized.

ii. **Revamping Postal Corporation Kenya and Kenya Broadcasting Corporation:** The two corporations have been identified as some of the state agencies that play critical mandates which necessitate their business turn-around accelerated to alleviate their financial struggles and improve their solvency positions. This prioritization should accelerate the processing of the Cabinet memo which among others aims at streamlining the workforce and related costs. The two corporations have vast wealth in underutilized and idle pieces of land some of which can be leased out or sold to generate the much-needed funds to facilitate the revitalization.

CHAPTER FIVE

5 RECOMMENDATIONS

5.1 Non-Financial Recommendations

5.1.1 Cross-cutting Recommendations

A. Full entrenchment of Zero-based Budgeting

86. In the formulation of estimates for the financial year under review 2025/26, the National Treasury should fully entrench and apply a zero-based budgeting approach through the reportedly new module incorporated in the IFMIS. This shall reorient budgeting and expenditure framework and appreciate through allocation of sufficient resources to priority sectors such as Communication, information and technology whose economic impact as enabler is yet to be optimized. The traditional incremental approach in budget making process does not appreciate the importance of investing in the sector to spur economic growth and development.

B. Streamlining costing of programmes and projects and targets setting during the budget process

87. By the time of finalizing the formulation of estimates for 2025/26 (before 30th April 2025), the National Treasury in collaboration with the Ministries, Departments and Agencies should streamline by adopting a model of costing that is predictable and verifiable to inform expenditures plans. Setting of targets should also be improved to reflect as proportionate as possible with the levels of resource allocation.

C. Optimization of workforce in Ministries, Departments and Agencies

88. By 30th June 2025, the Public Service Commission in collaboration with the MDAs in the sub-sector of Communication, Information and Technology to undertake workforce evaluation with a view of establishing optimum levels of personnel and the best and cost-effective ways of addressing the problems of bloated workforce within the sector. Consequently, a report on the same to be submitted to this Committee.

5.1.2 State Department for ICT and Digital Economy

89. By 30th June 2025, the National Treasury to submit to the National Assembly the pre-requisite Sessional Paper for processing to facilitate the removal of the Japanese loan as a liability from the financial statements of the Kenya Broadcasting Corporation.

90. Before the Committee finalizes processing of the estimates for the 2025/26, the State department to submit the strategies and any agreements established for collaboration with other stakeholders such as County Governments to foster sustainability and reliable utilization of the installed public wi-fi hotspots.

91. By 30th September 2025, the State department to submit to the Committee the drafts of policies on Data Protection and Artificial Intelligence for examination and review for subsequent processing and enactment.

92. By 30th June 2025, the Cabinet Secretary for the Ministry of ICT and Digital Economy to ensure that a strategy on possible consolidation of the various Youth empowerment programmes within the sub-sector that facilitates central co-ordination is developed and submitted to the National Assembly for examination and review. The programmes for to be considered for consolidation include Jitume Programme, Ajira Digital Programme, Presidential Digital Talent Programme, and Village digital hubs/ Constituency Innovation Hubs and the Digital Literacy Programme.

93. Before the formulation of estimates for the financial year 2025/26 is concluded , the PS State Department for of ICT and Digital Economy to ensure that appropriate Key Performance Indicators which measure quality of public service delivery such as the percentage of up-time for the various connectivity installations such as public Wi-Fi hotspots, Constituency Innovation Hubs, digital smart village hubs, connectivity to public health facilities, Schoolnets (Connectivity to Schools) and Jitume Programmes are incorporated in the tabled estimates.

5.1.3 State Department for Broadcasting and Telecommunication

94. By 30th September 2025, the State Department for Broadcasting and Telecommunication to develop and institute a Public Communication Manual, modules and a reviewed policy to be adopted by all the Ministries, Departments and Agencies. The state department to develop and enforce a strategy that ensures co-ordination of all public communications by the MDAs is centralized and managed at the State Department.

95. By the time of consideration of the full year 2024/25 report on budget implementation, the PS for the State Department for Broadcasting and Telecommunication in collaboration with the Director General of the Communication Authority to submit the performance report of the Universal Service Fund. Thereafter, reports on the Fund's performance shall be submitted on quarterly basis. This shall enhance the oversight on the equitable distribution of the digital and telecommunication networks.

5.2 Financial Recommendations

5.2.2 State Department for ICT and Digital Economy (1122)

96. The Committee recommends approval of the ceilings for the vote 1122 without amendments (as tabled).

5.2.3 State Department for Broadcasting and Telecommunication (1123)

97. The Committee recommends approval of the ceilings for the vote 1123 without amendments (as tabled).

5.2.4 Unfunded Priorities (Wish-list)

98. The Committee requests that additional resources amounting to KSh 3.15 billion be sourced and allocated to the following critical areas within vote 1123(State department for Broadcasting and Telecommunication):

    a) KSh 150 million to establish studios Mashinani at various constituencies across the country (Development expenditure under Information and Communication programme)
    b) KSh. 3 billion as a one-off funding to cater for revamping of the Postal Corporation of Kenya

SIGNED.....**DATE**.....

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

Annex 1 :Financial Schedule			
Programme	**Proposed Ceilings FY 2025/26**		
	Recurrent	**Development**	**Total**
Vote 1122 :State Department for ICT & Digital Economy			
General Administration, Planning & Support Services	376.0		376.0
ICT Infrastructure Development	1,271.0	14,439.0	15,710.0
E-Government Services	1,842.0	3,245.0	5,087.0
Vote 1122 Total	**3,489.0**	**17,684.0**	**21,173.0**
Vote 1123 : Broadcasting and Telecommunications			
General Administration, Planning & Support Services	242.0		242.0
Information & Communication Services	5,704.0	645.0	6,349.0
Mass Media Skills Development	248.0		248.0
Vote 1123 Totals	**6,194.0**	**645.0**	**6,839.0**

The National Treasury: Tabled 2025 Budget Policy Statement

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN AFFAIRS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION (2025)

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

.....

REPORT ON THE 2025 BUDGET POLICY STATEMENT AND THE MEDIUM TERM FOR:

VOTE 1041: MINISTRY OF DEFENCE (MOD)

VOTE 1052: MINISTRY OF FOREIGN AND DIASPORA AFFAIRS (MFDA)

(i) VOTE 1053: STATE DEPARTMENT FOR FOREIGN AFFAIRS (SDFA)

(ii) VOTE 1054: STATE DEPARTMENT FOR DIASPORA AFFAIRS (SDDA)

VOTE 1221: STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY (SDEAC)

VOTE 1281: NATIONAL INTELLIGENCE SERVICE (NIS)

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

FEBRUARY, 2025

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
AIA	Appropriation in Aid
BAC	Budget and Appropriations Committee
BPS	Budget Policy Statement
EAC	East African Community
ECA	Export Credit Arrangement
FY	Financial Year
IOM	International Organization for Migration
KOFC	Kenya Ordinance Factories Corporation
KSL	Kenya Shipyards Limited
MDAS	Ministries, Departments and Agencies
MFDA	Ministry of Foreign and Diaspora Affairs
MOD	Ministry of Defence
NASD	National Airs Support Department
NDU-K	National Defence University Kenya
NIRUC	National Intelligence Research University College
NIS	National Intelligence Service
NSTS	National Security Telecommunications Services
OSBPS	One Stop Border Post
PSO	Peace Support Operations
SAGAS	Semi-Autonomous Government Agencies
SDDA	State Department for Diaspora Affairs
SDEAC	State Department for East African Community
SDFA	State Department for Foreign Affairs

PART I

1.0 PREFACE

1.1 Introduction

1. This report details the consideration of the 2025 Budget Policy Statement (BPS) for MDAs under the purview of the Departmental Committee on Defence, Intelligence and Foreign Relations. The report is intended to inform the Budget and Appropriations Committee on the MDAs' objectives, resource ceilings for FY 2024/25, salient issues and concerns of the MDAs in the sector as captured in their submissions to the Committee and the Committee's observations and recommendations regarding the 2025 BPS.

2. The Budget Policy Statement is one of the key documents in the budget process that spells out the government's policies and priorities regarding the overall size of the budget (revenue, spending, and deficit), the division of revenue between the national and county government and distribution of the budget among the 10 sectors with indicative ceilings per MDA.

3. In considering the Budget Policy Statement, the Committee held meetings with the Ministries, Departments and Agencies (MDAs) under its purview, to interrogate the policies underlying the expected Budget Estimates for the 2025/26 Financial Year, on 20th and 21st February 2025. The Committee then made its observations and recommendations which it submitted to the Budget and Appropriations Committee, pursuant to Standing Order 207(6).

1.2 Mandate of the Committee

4. Departmental Committee on Defence, Intelligence and Foreign Relations is established under the National Assembly Standing Order No. 216. The mandate of the Committee includes, 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.

5. The subject matter of the Departmental Committee on Defence, Intelligence and Foreign Relations are stated in the Second Schedule of the National Assembly Standing Orders as follows: **Defence, intelligence, foreign relations, diplomatic and consular services, international boundaries including territorial waters, international relations, and veteran affairs.**

1.3 Oversight

5. In executing its mandate, the Committee oversees the following MDAs:
   a) The Ministry of Defence,
   b) The Ministry of Foreign and Diaspora Affairs,
   c) The State Department for East African Community (EAC) Affairs,
   d) The National Intelligence Service (NIS).

1.4 Committee Membership

6. The Departmental Committee on Defence, Intelligence and Foreign Relations was constituted by the House on 27th October, 2022 and comprises the following Members:

Chairperson
Hon. Koech Nelson, M.P.
Belgut Constituency
UDA Party

Vice-Chairperson
Hon. Maj. (Rtd.) Sheikh Abdullahi Bashir, M.P.
Mandera North Constituency
UDM Party

Members

Hon. Wanjira Martha Wangari, M.P,
Gilgil Constituency
UDA Party

Hon. Hassan Abdi Yusuf, MP
Kamkunji Constituency
Jubilee Party

Hon. Odhiambo Millie G. Akoth,MP
Suba North Constituency
ODM Party

Hon. Kanchory Elijah Memusi, MP
Kajiado Central Constituency
ODM Party

Hon. (Dr.) Kasalu Irene Muthoni,MP
Kitui County
WDM-K

Hon. Kirima Moses Nguchine, MP
Imenti Central Constituency
UDA Party

Hon. Luyai Caleb Amisi, MP
Saboti Constituency
ODM Party

Hon. Joshua Kandie, MP
Baringo Central Constituency
UDA Party

Hon. Kwenya Thuku Zachary, MP
Kinangop Constituency
Jubilee Party

Hon. Logova Sloya Clement, MP
Sabatia Constituency
UDA Party

Hon. Ikana Fredrick Lusuli, MP
Shinyalu Constituency
ANC Party

Hon. Mohamed A. Hussein, MP
Lagdera Constituency
ODM Party

Hon.Teresia Wanjiru Mwangi, MP
Nominated Member
UDA Party

1.5 Committee Secretariat

7. The Committee is facilitated by the following staff:

Mr. Dennis Mogare Ogechi
First Clerk Assistant
Lead Clerk/Head of Secretariat

Mr. Lennie Muchangi
Legal Counsel II

Mr. Benard Njeru
Clerk Assistant III

Mr. Daniel Ominde
Research Officer III

Mr. Machuki E. Mwebi
Fiscal Analyst III

Mr. John Ng'ang'a
Audio Recording Officer

Ms. Noelle Chelagat
Media Relations Officer II

1.6 Overview on the Examination of the 2025 Budget Policy Statement.

8. The Departmental Committee on Defence, Intelligence and Foreign Relations held a Sitting on Tuesday 18th February 2025 for a briefing on the 2025 Budget Policy Statement by the secretariat. Thereafter, the Committee held Sittings to scrutinize and deliberate on the Statement with the MDAs under its purview on 20th and 21st February 2025. Finally, it prepared this report, adopted it on 27th February 2024, and submitted it to the Budget and Appropriations Committee (BAC), pursuant to Standing Order 207(6).

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 while processing the 2025 BPS. Further, the Committee appreciates the MDAs under its purview, which appeared before it and made their submissions thereby aiding effective scrutiny of the 2025 BPS.

10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Defence, Intelligence and Foreign Relations, to present the Report to the Budget and Appropriation Committee pursuant to the provisions of Section 25 of the Public Finance Management Act (PFM Act) and Standing Order 232 (5).

Hon. Nelson Koech, MP

Chairperson, Departmental Committee on Defence, Intelligence and Foreign Relations

PART II

2.0 OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT

11. The 2025 BPS themed "Consolidating Gains under Bottom–Up Economic Transformation Agenda for Inclusive Green Growth" is the third to be prepared under the Kenya Kwanza Administration. The government aims to build on the achievements of the BETA initiative to drive inclusive green growth by focusing on six key objectives: *reducing the cost of living, eradicating hunger, creating jobs, expanding the tax base, improving foreign exchange balances, and ensuring inclusive growth*. This will be achieved through targeted investments in five core pillars: *Agricultural Transformation, MSME Economy, Housing and Settlement, Healthcare, and the Digital Superhighway & Creative Economy.*

12. The government is adopting a value chain approach to enhance production, value addition, and market access, while attracting local and foreign investments. Further, the government aims to strengthen structural reforms, governance, transparency, and accountability. Key reforms include Zero-based budgeting for efficient resource allocation; Transitioning to accrual accounting for better financial management; implementing a Treasury Single Account to enhance cash control; Establishing a unified Personal Identification system for government personnel; and Digitizing procurement to curb corruption and improve transparency.

2.1 The National Security Sector

13. The MDAs under the Committee's purview in this sector are the Ministry of Defence (MoD) and the National Intelligence Service (NIS). The sector plays a critical role in ensuring a safe environment for socioeconomic and political development.

2.1.1 The Ministry of Defence

14. The Ministry of Defence (MoD) derives its mandate from Article 241 3 (a), (b) and (c) of the CoK and the Kenya Defence Forces Act No. 25 of 2012.

15. The MoD plays a vital role in safeguarding Kenya's sovereignty and supporting national development initiatives. Guided by its mandate from the Constitution and the Kenya Defence Forces Act, the MoD is committed to addressing security threats, promoting peace, and providing humanitarian assistance. To achieve its objectives, the MoD is enhancing its capabilities in coordination, counterterrorism, disaster mitigation, and military modernization, including infrastructure development and technology transfer.

16. To realize the above objectives, BPS 2025 proposed ceiling is KES.204.63 billion for FY 2025/26, KES.247.00 billion and KES.329.76 billion for FYs 2026/27 and 2027/28 respectively as illustrated in Table 1.

Table 1: MoD FY 2025/26 and Medium Term Proposed Expenditure Ceilings (KES. Millions)

Expenditure	FY 2024/25 (Suppl.I Est.)	FY 2025/26	FY 2026/27	FY2027/28
Current	171,418.06	192,111.10	207,753.40	284,736.90
Capital	1,534.00	12,516.00	39,255.00	45,019.00
Total	**172,952.06**	**204,627.10**	**247,008.40**	**329,755.90**

Source: *The National Treasury (2025 BPS)*

17. In FY 2025/26, the proposed ceiling for the MoD is KES.204.63 billion comprising of KES.192.11 billion as recurrent spending and KES.12.52 billion as capital spending. The proposed ceiling is

KES.4.06 billion and KES.31.68 billion more compared to the 2024 BPS ceiling and FY 2024/25 approved budget, respectively.

18. What stands out in the 2025 BPS is the introduction of defence industrialization as a new programme with a recurrent amount of KES.8.9 billion and KES.200 million for development spending. The details regarding the objective and outcome of this new programme have not been provided in the submitted BPS 2025 documentation to appreciate its cost drivers. Moreover, the National Space Management programme has zero allocation compared to BPS 2024 and the current budget for FY 2024/25. Therefore, there is a need of clarification whether this programme has been scrapped off or been merged in the new programme.

19. The tabled BPS 2025 document does not contain the following details: a breakdown of the sources of funding i.e., GoK, ECA, AiA, etc.; a detailed list of capital projects to be implemented, reconcilable to the proposed capital spending ceiling amount of KES.12.52 billion and the details of the key outputs together with their KPIs under each programme and delivery unit for FY 2025/26.

2.1.2 The National Intelligence Service

20. The NIS derives its mandate from Article 242 2 (a) and (b) of the CoK and the National Intelligence Service Act, 2012. The Service is a disciplined civilian service responsible for security intelligence and counter-intelligence to enhance national security.

21. NIS key policy is the enhancement of national security (human-centric security) through provision of security intelligence and counter intelligence. This is realized through the deployment of its intelligence resources.

22. The NIS implements only one programme, i.e., National Security Intelligence whose proposed ceiling for FY 2025/26 is KES.52.40 billion. The proposed expenditure ceiling is KES.6.05 billion more than the baseline allocation of KES.45.35 billion for FY 2024/25. In the medium term, the proposed expenditure ceiling for the agency is KES.53.68 billion and KES.61.30 billion for FYs 2026/27 and 2027/28 respectively.

23. The proposed expenditure ceiling for FY 2025/26 will be utilized on the following activities: *(i)* Domestic Intelligence; (ii) External Intelligence; (iii) Counter Terrorism; (iv) Counter Intelligence; (v) Information, Communication and Technology (ICT); (vi) Human Capital Development; and (vii) Research and Development.

2.2 International Relations Sub-Sector

26. The sub-sector is a significant player in the delivery of the Bottom-up Economic Transformation Agenda (BETA), MTP IV and Vision 2030 as a critical enabler through the following:
    a) Formulation, articulation, and implementation of Kenya's Foreign Policy (SDFA).
    b) Promoting relations with Kenyans diaspora to harness their potential and integrate them into national development agenda (SDDA).
    c) Coordinating Kenya's participation in the EAC regional integration process and monitor and evaluate the implementation of the Northern Corridor Development (SDEAC).

27. The 2025 BPS policy priorities for this sub-sector has remained the same compared with the 2024 BPS. The policy priorities to be pursued in FY 2025/26 and the medium term include:

a) Implementation of the Kenya Foreign Policy 2024, launched in December 2024. The Foreign Policy objectives are structured around seven interlinked focus areas, including Peace and Security Diplomacy, Economic and Commercial Diplomacy, Socio-Cultural, Diaspora, Digital, Environmental and Climate Diplomacy.
b) Economic and commercial diplomacy aims to drive economic transformation by attracting foreign direct investment (FDI) and boosting exports, expanding trade partnerships and diversifying export markets, advancing technological innovation and supporting renewable energy initiatives, enhancing regional integration through AfCFTA, EAC, COMESA, WTO, and UNCTAD, facilitating ease of movement for goods, services, and labor across borders.
c) As an Anchor State in Regional and Global Affairs, Kenya will continue to play a key role in peace and security diplomacy, recognizing that regional stability is vital for national development.
d) Global Citizenship, Kenya will continue to strengthen ties with the AU, EAC, and the UN to influence global discussions on: Sustainable Development Goals (SDGs); Climate Change, Blue Economy, and global governance reforms; Equitable representation in multilateral institutions; Enhancing Africa's voice in global decision-making.
e) Diaspora Engagement, Kenyans abroad have contributed to the country's development through remittances, which account for 4.0 percent of GDP and are projected to reach KES. 1 trillion by 2027. To boost and maintain diaspora participation, the government will: prioritize programmes on protecting Diaspora rights and championing their welfare; promoting continuous dialogue and engagement with Kenyans abroad; facilitating increase in diaspora savings, investments, and remittances; enhancing international labour mobility, job placements and enabling skills and technology transfers; implementation of the Diaspora Policy 2024 that seeks to protect, empower and prosper, promote continuous dialogue and engagement with Kenyan diaspora and integrate them into the national development agenda; and facilitate implementation of the Diaspora Integrated Information Management System (DIIMS) and operate a 24-hour response centre to ensure round-the-clock communication with the diaspora, especially during evacuation and repatriation.

28. To realize the above key policy priorities, the proposed ceilings for FY 2025/26 and the medium term for the three votes is summarized in Table 2.

Table 2: SDFA, SDDA & SDEAC FY 2025/26 and Medium Term Proposed Ceilings (KES. Millions)

Details	BPS 2024	FY 2024/25 (Supp. I)	FY 2025/26 (BPS 2025)
SDFA	**22,651.00**	**20,013.15**	**23,158.00**
Current	20,260.90	20,013.15	20,811.60
Capital	2,390.10	-	2,346.40
SDDA	**1,258.10**	**637.83**	**675.90**
Current	1,258.10	637.83	675.90
Capital	-	-	-
SDEAC	**643.00**	**572.74**	**587.40**
Current	607.60	572.74	587.40
Capital	35.40	-	-

Source: *The National Treasury (2025 BPS)*

29. From the Table 2, the proposed ceiling for SDFA, SDDA and SDEAC for FY 2025/26 is KES.23,158 million, KES.675.90 million and KES.587.40 million respectively. Compared to BPS

2024 ceiling, the ceiling for SDDA and SDEAC have been reduced by KES.582.20 million and KES.55.60 million respectively while that for SDFA has been enhanced by KES.507.00 million

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

33. The Departmental Committee on Defence, Intelligence and Foreign Relations held meetings with the MDAs under its purview to interrogate the 2025 BPS on Thursday 20th and Friday 21st February 2025. The highlights of the submissions by the MDAs are recorded hereunder:

3.1 State Department for East African Community (SDEAC) Affairs

34. On behalf of the Cabinet Secretary for East African Community (EAC), the ASALs and Regional Development, the Director of Administration at the Ministry appeared before the Committee on Friday 21st February, 2025 and briefed as follows:

35. The State Department presented a total recurrent resource requirement of KES.2,086.8 million in recurrent budget, upon which they were allocated KES.578.4 million creating a resource deficit of KES.1,508.4 million.

36. The Republic of Kenya assumed Chairmanship of the East African Community on 24th of November 2024 for a period of one year. This position has had a huge responsibility towards meeting the regional integration objectives.

37. The SDEAC proposed allocation for FY 2025/26 in the BPS is KES.1,919.5 million whose breakdown is in Table 3.

Table 3: Unfunded/Underfunded Areas in FY 2025/26

Activity	**Amount**
EAC Chairmanship	439.75
Strengthen regional coordination and re alignment of regional policies and programmes to BETA and value chain approach	317.00
MSME Development	295.98
Competitiveness of Northern Corridor	25.00
Market Access	139.82
Trade Facilitation	133.96
Institutional Capacity Development	253.00
Regional legislative Agenda	149.00
Regional development cooperation, Northern corridor integrated project	200.00
Total	**1,953.52**

Source: *SDEAC, 2025 BPS Submissions*

3.2 National Intelligence Service (NIS)

38. The Deputy Director General, Ms. Agnes Shikuku, on behalf of the Director General of the NIS, appeared before the Committee on Friday 21st February 2025 and briefed the Committee as follows:

39. The service proposed projects include: Intelligence Modernization Program, Surveillance Systems and Research and Development.

40. In the 2025/26 FY, the service had a budgetary requirement of **KES 65.65 billion** but got a proposed allocation of **KES.52.40 billion** thus creating a funding gap of **KES 13.25 billion.** Out of the KES.13.25 billion gap in funding, **KES 5.0 billion** was considered as critical funding gap. The

critical areas in question include recruitment of additional personnel (**KES.1.0 billion**) and expansion of surveillance systems (**KES.4.0 billion**).

3.3 Ministry of Defence (MoD)

41. The Principal Secretary Ministry of Defence, Hon. Patrick Mariru, appeared before the Committee on Thursday 20th February 2025 and briefed as follows:

42. The Ministry has five SAGAs and two strategic departments drawing their expenditure allocation from its overall budget allocations. The SAGAs are the Kenya Ordinance Factories Corporation (KOFC); Kenya Space Agency (KSA); Kenya Shipyard Limited (KSL); the National Defence University-Kenya (NDU-K) and the Kenya Meat Commission (KMC). The departments are National Air Support Department (NASD); & National Security Telecommunication Services (NSTS).

43. The key policies underlying the expenditure ceilings in the 2025 BPS include: National Security Policy (2021-2030); National Defence Policy (Defence White Paper) (2017); National Policy for Peace Support Operations (2023); and Kenya Armed Force Disaster Response Management Policy.

44. In FY 2025/26 the Ministry has been allocated KES.204.60 billion. The breakdown of the 2025/26 proposed ceiling for the four programmes implemented by MoD is provided in Table 4.

Table 4: MoD Proposed Expenditure Ceilings by Programme (KES. Millions)

Details	**FY 2025/26 (BPS 2025)**
Current Expenditure	**192,111.10**
Defence	*180,231.90*
Civil Aid	*335.00*
General Administration Planning and Support Services (GAPSS)	*2,641.90*
National Space Management	-
Defence Industrialization	*8,902.30*
Capital Expenditure	**12,516.00**
Defence	*12,316.00*
Defence Industrialization	*200.00*
Total	**204,627.10**

Source: *The National Treasury*

45. Expenditure item breakdown of total proposed ceiling of **KES.204.63 billion** is in Table 5.

Table 5: Ministry of Defence Proposed Ceiling Breakdown per Expenditure (KES. Million)

Expenditure Item	**Share**	**Amount**
Personnel Emoluments	58.86%	120,435.10
Operations and Maintenance (O&M)	21.28%	43,553.90
GAPSS	1.29%	2,641.90
Civil Aid	0.16%	335.00
Modernization	6.67%	13,650.00
SAGAs	5.72%	11,695.20
Development-GoK	0.65%	1,334.00
Development-Foreign	5.37%	10,982.00
Total	**100.00%**	**204,627.10**

Source: *Ministry of Defence BPS 2025 Submissions*

46. The Ministry of Defence has five SAGAs. The breakdown of the SAGAs ceiling of **KES.11,695.20 million** among the five SAGAs is as follows:

Table 6: Ministry of Defence SAGAs Proposed Ceiling Breakdown (KES. Million)

SAGA	Gross	Net	AiA
Kenya Space Agency (KSA)	350.00	350.00	-
Kenya Ordinance Factories Corporation (KOFC)	2,851.90	260.00	2,591.90
National Defence University-Kenya (NDU-K)	451.00	406.00	45.00
Kenya Shipyard Limited (KSL)	5,062.30	260.00	4,802.30
Kenya Meat Commission (KMC)	2,980.00	-	2,980.00
Total	**11,695.20**	**1,276.00**	**10,419.20**

Source: *Ministry of Defence BPS 2025 Submissions*

47. Despite a budgetary requirement of **KES.368.7 billion**, the Ministry of Defence (MoD) secured a ceiling of **KES.204.6 billion**, creating a funding gap of **KES.164.1 billion**. After prioritizing its needs, the MoD requested enhancement of its ceiling by **KES.4.48 billion** to address critical funding gaps as indicated in Table 7.

Table 7: Ministry of Defence Critical Funding Gap Breakdown (KES. Million)

Expenditure Area	Amount	Remarks
Kenya Shipyard Limited (KSL)	1,000.00	Tooling and Kitting to achieve Public Private Partnership Agreement
National Air Support Department (NASD)	980.00	Contractual Obligation on refurbishment of M1-17, Augusta and MD 500
Ulinzi Prime Health Services Fund	500.00	Operationalization of the Fund
Kenya Space Agency (KSA)-Development	500.00	To purchase land for space port establishment
Kenya Meat Commission (KMC)-Development	1,500.00	Factory Modernization meet international standards to access export market
Total	**4,480.00**	

Source: *Ministry of Defence BPS 2025 Submissions*

3.4 State Department for Diaspora Affairs (SDDA)

48. The Principal Secretary to the State Department for Diaspora Affairs, Ms. Roseline Njogu, CBS appeared before the Committee on Thursday 20th February, 2025 and briefed as follows:

49. The State Department has an allocation of KES.675.9 Million for recurrent budget against a resource requirement of KES.3.36 billion in FY 2025/26. This creates a funding gap of KES.2.69 billion as tabulated below.

Table 8: SDDA FY 2024/25 Requirements VS Allocation (KES. Millions)

Item	Requirement	Allocation	Shortfall
Recurrent	3,061.86	675.90	2,385.90
Development	300.00	-	300.00
Total	**3,361.90**	**675.90**	**2,685.90**

Source: *SDDA, 2025 BPS Submissions*

50. Out of the funding gap in question, KES1.37 billion of it is critical. The critical funding gap entails KES.507 million to operationalize the Diaspora Placement Agency (DPA), KES.367.2 million for facilitation of diaspora offices in Kenya's foreign missions and KES.500 million for an evacuation and welfare facility.

51. The State Department does not have capital budgetary allocation in the financial year 2025/26.

3.4 State Department for Foreign Affairs (SDFA)

52. The Principal Secretary to the State Department for Foreign and Diaspora Affairs, Dr. A. Korir Singoei, CBS appeared before the Committee on Thursday 20th February 2025 and briefed as follows:

53. The State Department has a recurrent budget allocation of **KES.20.81 billion**, **KES.23.16 billion** and **KES.26.95 billion** against requirements of **KES.39.21 billion**, **KES.42.48 billion** and **KES.45.06 million** for the FYs 2025/26, 2026/27 and 2027/28 respectively.

54. The breakdown of the recurrent expenditure is as shown in Table 9:

Table 9: SDFA Recurrent Requirements Vs Allocation Breakdown (KES. Millions)

Economic Classification	**Requirement**	**Baseline**	**Allocation**
1053- SDFA	2025/26	2024/25	2025/26
Other Recurrent	25,617.70	8162.3	8,611.90
O&M Missions	20,494.20	6,091.7	6,465.10
Other O&M Headquarters	5,123.50	2,146.8	2,146.8
o/w State Visits	*2,500.00*	*1,760.0*	*1824.8*
Net O&M Headquarters	*2,623.50*	*310.6*	*322.0*

Source: *SDFA, 2025 BPS Submissions*

55. The State Department's utilization of the Personal Emoluments ceiling captured in Table 10:

Table 10: SDFA FY 2025/26 PE Breakdown (KES. Millions)

Personnel Emoluments (PE)	**Allocation**	**Missions**	**HQ**
Total PE	**11451.70**	**8,551.60**	**2,900.1**
Basic Salaries - Permanent Employees	1,558.60	-	1,558.60
Basic Salaries - Contractual employees	2,645.20	2,031.30	613.4
Foreign Service Allowance	5,711.90	5,711.90	-
Other allowance (Social Contribution, Medical, Transport, Leave etc)	1,477.40	807.9	669.5
Grants & Other Transfers	**748**	**668.3.3**	**79.7**
Foreign Service Academy	58.6	-	58.6

Source: *SDFA, 2025 BPS Submissions*

56. The State Department's analysis of operations and maintenance allocation is shown in Table 11:

Table 11: SDFA FY 2025/26 O&M Breakdown (KES. Millions)

Operation & Maintenance (O&M)	SDFA Allocation	Missions	HQ
Total O&M	**8,611.90**	**5,940.20**	**2,671.70**
Rent	2,935.00	2,573.00	182.4
Hospitality	330	320	10
Local Travel	227	195	32
Foreign Travel	693	570	123
State Visits (Inbound & Outbound)	1,824.80	-	1,824.80
Fuel & Lubricants	155	130	25
Other Operating Expenses	993.20	571	400.1
Insurance costs	108.40	107.70	0.7
Routine Maintenance	280	250	30
Utilities & Communication	520.6	493.70	26.9
Others	544.20	549.50	16.8

Source: *SDFA, 2025 BPS Submissions*

57. The State Department's recurrent shortfalls are captured in Table 12:

Table 12: SDFA Recurrent Shortfalls (KES. Billions)

Item	Allcn.	Reqmt.	Shortfall	Justification
1. Personnel Emoluments	11.5	13.6	(2.2)	The State Department requires an additional KES.1.72bn to cater for postings of officers to Kenyan missions abroad, recruitment of cadets and drivers, promotions, and education supplement. Renumeration for retired Ambassadors awaiting recall.
2.Operationalization/ Establishment of new Missions	-	3.00	(3.00)	The State Department requires KES.3.00bn to fully operationalize these Missions and open new missions in **(Jeddah, Asmara, Abidjan, Bogota Congo Brazzaville, Hungary, and Guangzhou)**
3.State Visit	1.80	5.30	(3.50)	The State Department requires an annual allocation of KES.3.5bn for state visits to cater for outbound state visits.
4. Foreign exchange risk assumption facility	-	1.00	(1.00)	Kenya Missions budgets are prepared in Kenya shillings and disbursed to the respective Missions on quarterly basis. To facilitate the transfer, multiple translations are done initially from Kenya Shillings to the **currency of remission** and then to the currency of the recipient country. This occasions huge net foreign exchange losses which erode their allocated budgets.
5. Multiple Accreditation	-	0.50	(0.50)	Due to financial constraints, Kenya cannot establish diplomatic footprint in all countries. As such, the State Department requires KES.500 million to facilitate effective representation by Missions accredited to few (2 to 3) surrounding countries.
6.Operationalization of Foreign Service Academy	0.079	1.00	(0.635)	Establishment & operationalization of FSA requires KES.635.3 million to cater for personnel emoluments, training/curriculum costs and administrative, operations and maintenance costs.
7.Rent	2.965	3.335	(0.37)	His Excellency the President recently made appointments of Heads and Deputy Heads of Missions at Ambassadorial level and the same have been posted to the Kenyan Missions abroad including the newly established Embassies effective November 2023. The State Department incurs rental costs for the Headquarter building due to lack of enough office

Item	Allcn.	Reqmt.	Shortfall	Justification
				space.
8. Unfunded ICT Budget	67.00	250.00	(183.00)	The State Department requires KES.250 million for;1. Purchase of computers/printers for newly recruited officers, 2. Newly opened Missions/Consulates General, and 3. Replacement of obsolete computers/printers; procure ICT networking and communication equipment and maintain ICT equipment for Missions and State Department Headquarters. **The ICT budget KES.250 million (i.e. KES.200 million for Missions and KES.50 million for HQ) was taken to the State Department for ICT, the policy has been reversed but the funds have not been availed to the Ministry.**
9. Regional peace and security negotiation processes	-	0.45	(0.45)	A committee of seven (7) special envoys inclusive of its secretariat have been appointed to undertake peace negotiation processes/mediation talks with a view to resolving ongoing conflict in South Sudan. The secretariat has commenced the process and requires a budget of KES.450mn to roll out its operations

Source: *SDFA, 2025 BPS Submissions*

58. To address the gaps, the state department seeks intervention of the Committee to address the above underfunded priorities amounting to **KES.12.2 billion** which has not been factored in the 2025 BPS.

59. The State Department has a Development Budget allocation of **KES.2.35 billion**, **KES.8.31 billion** and **KES.8.23 billion** against requirements of **KES.9.93 billion**, **KES.14.30 billion** and **KES.16.16 billion** for the FYs 2024/25, 2025/26 and 2026/27 respectively.

60. The Government of Kenya has over time acquired properties in Missions abroad. These properties require constant maintenance, especially in countries with harsh weather conditions. Due to inadequate budgetary provision, most of the properties are dilapidated, forcing Missions to move to rental accommodation which has resulted to high rental costs for diplomatic properties as leases and rent.

61. The State Department's critical unfunded projects are captured in Table :

Table 13: SDFA: Critical Unfunded Projects (KES. Billions)

Project	Amount	Justification
Project Maintenance of GOK owned Properties	0.35	This requires provision of an adequate budgetary allocation of approximately KES.350 million to enable contracting of firms to undertake annual maintenance on all existing 110 properties.
Project Refurbishment	3.00	An adequate budget estimated at KES. 3 billion is required annually for a period of 4 years to carry out refurbishment of the Government owned properties that have deteriorated with time. New York, Paris, London, Addis Ababa, Stockholm, Lusaka, Harare, Kinshasa, Islamabad, Dar es salaam and Windhoek.
Acquisition/construction of official residence and staff houses	8.00	There is need to prioritize acquisition of Chanceries, Ambassadors' residences and six residential houses in all Kenya Missions abroad to avoid payment of large amounts of rent. This requires an annual allocation of KES.8 Billion annually for a period of 10 years to enable the acquisition/construction of such properties.
ICT infrastructure in State	0.38	The funds are to cater for rollout of IFMIS to missions to enable

Project	Amount	Justification
Department Headquarters and Kenya Missions abroad		interactive data capture and reporting. The ICT budget KES.250 million (i.e. 200 million for Missions and 50 million for HQ) was taken to the State Department for ICT, the policy has been reversed but the funds have not been availed to the Ministry.
Transformation of the Foreign Service Academy into a SAGA	1.0	Acquisition of land and properties for administration block, training rooms, development of curriculum, training equipment and furniture.
Kenya International Technical Cooperation Facility	1.50	To cater for presidential commitments
Purchase of land for a diplomatic enclave	15.00	Government of Kenya has been allocated land in many countries for construction of diplomatic properties and there is need for reciprocity as well as ensuring a diplomatic location which can be easily secured. A Cabinet Memo has been referred to the State Department for indication of funds allocation.
BETA priorities projects and frameworks(Anchor estate elevate, Economic and commercial diplomacy and global citizenship)	500	The State Department plays an enabler role in the achievement of the Bottom-Up Economic Transformation Agenda (BETA). It is the interface between Kenya and the rest of the World on all BETA. Projects particularly on Promotion of strategic partnerships in the BETA projects both at bilateral and multilateral levels: Acquisition/construction of Diplomatic houses and offices in Missions abroad and Promotion of regional peace & security to create conducive environment for i investment among others.

Source: *SDFA, 2025 BPS Submissions*

PART IV

4.0 COMMITTEE OBSERVATIONS

62. The Committee, having received, scrutinized, and deliberated on both the contents of the 2025 Budget Policy Statement and the submissions from the various MDAs under its purview, made the following observations:

4.1 Ministry of Defence (MoD)

63. In FY 2025/26, the proposed ceiling for MoD is **KES.204.63 billion** (*recurrent-KES.192.11 billion & development-KES.12.52 billion*). This is **KES.31.68 billion** (*recurrent-KES.20.69 billion & development-KES.10.99 billion*) more than the FY 2024/25 allocation of **KES.172.95** (*recurrent-KES.171.42 billion & development-KES.1.53 billion*).

64. The total proposed ceiling of KES.204.63 billion has been distributed as follows to the four programmes that MoD will implement in FY 2025/26:
    (i) **KES.192.55 billion**-Defence Programme;
    (ii) **KES.335 million**-Civil aid Programme;
    (iii) **KES.2.64 billion**-General Administration Planning and Support Services (GAPSS) Programme; and
    (iv) **KES.9.10 billion**-Defence Industrialization Programme.

65. Defence industrialization is a new programme that has been introduced whose aim is to achieve self-reliance by domestically developing technologies and enhancing the Army Engineering Brigade's capabilities for equipment repairs. Additionally, it seeks to position the MoD as a significant contributor to national manufacturing development.

66. Despite a budgetary requirement of KES.368.7 billion, the Ministry of Defence (MoD) secured a ceiling of KES.204.6 billion, creating a funding gap of **KES.164.1 billion**. After prioritizing its needs, the MoD requested enhancement of its ceiling by **KES.4.48 billion** for the following critical funding gaps:
    (i) **KES.980 million** for the National Air Support Department (NASD) to fulfill its contractual obligation for the refurbishment of M1-17, Augusta, and MD 500.
    (ii) **KES.500 million** for the operationalization of the Ulinzi Prime Health Services Fund.
    (iii) **KES.500 million** for the Kenya Space Agency (KSA) to purchase land for the establishment of a spaceport.
    (iv) **KES.1.5 billion** for KMC's factory modernization to meet international standards and gain access to the export market.

67. The MoD is in the process of developing the next phase of its modernization programme, aiming to enhance capabilities in both personnel and equipment/systems. Comprehensive details of the planned modernization, resourcing plan (covering budgetary allocations and funding sources), and a progress report on the achievements of the current phase will be submitted to the Committee for assessment of its efficacy and performance.

68. In FY 2023/24, the Ministry of Defence (MoD) had a pending bill balance of **KES.22.5 billion** due to exchequer shortfalls, with **KES.15.9 billion** settled as per National Treasury guidelines. This has led to a budget gap in FY 2024/25, which, if unresolved, will continue to disrupt MoD's programmes and activities, negatively impacting efficiency in achieving its mandate.
69. MoD's contingent liabilities arising from legal liabilities currently stands at **KES.2.8 billion**. The Ministry has continuously settled the liabilities as and when they rise in collaboration with the Office of The Attorney General and the NT.

70. Changes in US foreign policy have resulted in the suspension and cancellation of some training, equipment acquisition, and construction programs that were previously funded through grants and Foreign Military Funding (FMF). This shift may significantly impact the MoD's capabilities, necessitating adjustments in funding plans and exploring alternative partnerships to maintain essential programs and initiatives.

71. The Ministry is experiencing delays in finalizing and signing financial agreements for ECA[1] funding due to prolonged engagements between the National Treasury and financiers after agreement deposit. These delays hinder the commencement of projects that depend on ECA funding.

4.2 State Department for Diaspora Affairs (SDDA)

72. The proposed ceiling to the Department for FY 2025/26 is **KES.675.90 million** which is **KES.38.07 million** more than the approved budget for FY 2024/25 of **KES.637.83 million**.

73. The Department's proposed ceiling of **KES.675.90 million** for FY 2025/26 is equivalent to **20.10%** of its budgetary requirement of **KES.3.36 billion** for FY 2025/26. Consequently, it has a budget shortfall of **79.90% (KES.2.69 billion).** The resource gap is more pronounced for this department and this calls for strategic prioritization of the key activities and programmes and adaptability by the Department to work within the available resources.

74. The most critical funding gap for the Department is **KES.1.37 billion** comprising:
    (i) **KES.507 million**-Operationalization of the Diaspora Placement Agency created in line with the expanded mandate as outlined in Executive Order No. 2 of 2023;
    (ii) **KES.367.20 million**-Funds needed for facilitation of Diaspora Officers in missions abroad and related costs including rent (KES.124.80 million), O&M (KES.42.6 million) and one-off acquisition/set up costs in selected missions abroad (KES.199.8 million); and
    (iii)**KES.500.00 million**-Evacuation and Welfare Facility (evacuation and repatriation of Kenyan abroad; leasing of safe houses).

75. Due to limited resources, the Department should collaborate with the State Department of Foreign Affairs (SDFA) and utilize existing posted staff, such as migration attachés, rather than deploying its own Diaspora Officers. This approach could optimize resource utilization and enhance inter-departmental cooperation.

76. The Department is duplicating labour issues (*Diaspora Placement Agency (DPA)- connecting Kenyan professionals to global job markets*) that should be handled by the Ministry of Labour. Consequently, it should concentrate on its main responsibility of a championing the protection of the rights and promoting the welfare and interests of Kenyans overseas. Focusing on its main objective will help the Department improve efficiency by guaranteeing the best use of the given resources.

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[1] ECA (Export Credit Agency) funding for military projects involves financial support provided by government-backed agencies to facilitate the export of military equipment, technology, or services from one country to another. These agencies typically offer various financing tools, such as export credits, loan guarantees, insurance, and other forms of financial assistance, to promote the export of defense-related goods and services.

77. The Department indicated that they had verified pending bills totalling **KES.177 million** of which **KES.171 million** are for FY 2023/24 while **KES.6 million** are historical pending bills for FY 2022/23.

4.3 State Department for East African Community (SDEAC)

78. The proposed ceiling for the SDEAC is **KES.587.40 million**. It is important to note that the proposed ceiling is **KES.14.66 million** more compared to the approved budget for FY 2024/25 of **KES.572.74 million**.

79. The department has a proposed ceiling of **KES.587.40 million** which is equivalent to 28.15% of the Department's budgetary requirement of **KES.2,086.80 million** for FY 2025/26. Consequently, it has a budget shortfall of **71.85%. (KES.1,499.40 million).**

80. Among the MDAs that fall under the purview of the Committee, the SDEAC receives the least amount of funding, but it still plays a crucial role in the integration process. Additionally, it is responsible for monitoring and evaluating the implementation of the Northern Corridor development projects, which are vital for enhancing trade and connectivity among East African nations.

81. Kenya currently holds the Chairmanship of the EAC, a rotational position assumed on 30th November 2024. As Chair, Kenya is responsible for providing policy direction to the EAC Secretariat, mediating between the Secretariat and Partner States, and presiding over all EAC meetings at policy, technical, and expert levels. Adequate funding for the SDEAC is essential to enable Kenya to effectively execute its mandate as the current EAC Chair.

82. Out of the funding gap of **KES.1,499.40 million**, the Department considered **KES.439.76 million** for EAC Chairmanship as the most critical funding gap because position has a huge responsibility towards meeting our regional integration objectives. The critical funding gap will be used for the following activities;
    (i) **KES.195.54 million**- In November 2025, Kenya will host the Council and EAC Head of States Summit and a High-Level Infrastructure Retreat, which is a platform for advancing regional integration and sustainable development with leaders, policymakers and stakeholders to evaluate and prioritize investments in critical infrastructure projects across Partner States.
    (ii) **KES.90.06 million**-The EAC MSMEs Trade Fair, a platform for fostering economic integration and showcasing the diverse range of goods and services produced within the region.
    (iii)**KES.154.16 million**-Budget for EAC Chairmanship meetings which include AU Summit, Council, EAC Sectoral Council, COP 30, Regional and technical meetings.

83. The Department indicated that they had verified pending bills totalling **KES.79.20 million** for FY 2023/24 which if not settled by the end of FY 2024/25 will distort the resources available for FY 2025/26 as they are budgeted as a first charge in the budget, in accordance with Regulation 56(2)(b) of the PFM (NG) Regulations 2015.

4.4 State Department for Foreign Affairs (SDFA)

84. In FY 2025/26, the proposed ceiling for SDFA is **KES.23,158.00 million** (*recurrent-**KES.20,811.60 million*** & *development-**KES.2,346.40 million***). This is **KES.3,144.85 million** (*recurrent-*

KES.798.45 million & development-KES.2,346.40 million) more than the FY 2024/25 allocation of **KES.20,013.15 million** comprising of only recurrent spending with zero allocation for development.

85. The total resource requirement for SDFA is FY 2025/26 is **KES.49,143.70 million** comprising of recurrent amount of **KES.39,213.10 million** and **KES.9,930.60 million** for development. Compared to the proposed ceiling for FY 2025/26, the SDFA total budget has been funded by 47.12% of which the recurrent funding rate is 53.07% while that for development funding rate is 23.63%. This results in a total funding gap of 52.88% of which the recurrent is 46.93% while for development is 76.37%.

86. Given that the development resource gap is more pronounced than the recurrent one (*because project requirements far exceed the proposed ceiling in the BPS*), it is essential to prioritize ongoing capital projects with a high level of completion. Allocating limited resources to these near-complete projects ensures that investments already made are not wasted and that benefits can start accruing sooner.

87. To address the shortfall in development budget allocation, the following are the critical but unfunded projects:
    (i) **KES.350 million**-to enable contracting of firms to undertake annual maintenance on all existing 110 properties.
    (ii) **KES.3 billion**-for refurbishment of mission properties that have deteriorated over time in New York, Paris, London, Addis Ababa, Stockholm, Lusaka, Harare, Kinshasa, Islamabad, Dar es Salaam and Windhoek.

88. Inadequate budgetary provision for renovations has led to the dilapidation of mission properties abroad, particularly in countries with harsh weather conditions that demand constant maintenance. This neglect has forced missions to relocate to rental accommodation, resulting in high rental costs for diplomatic properties due to leases and rent expenses.

89. Therefore, investing in the upkeep of owned properties ought to be prioritized because regular maintenance not only preserves the value of government assets but also ensures that missions operate efficiently without the disruptions that come with relocating to new rental spaces.

90. Due to inadequate budgetary resources for the maintenance and acquisition of missions, the SDFA should leverage the use of public-private partnerships (PPPs) to acquire, renovate, and maintain mission properties abroad. This initiative will lessen reliance on GoK exchequer.

91. The expansion of Kenya's diplomatic footprint has brought to light significant challenges that question the sustainability and strategic rationale behind this growth. Currently, Kenya maintains sixty-five (65) diplomatic missions[2], four (4) consulates general[3] , 1 Liaison Office in Hargeisa and thirty (30) Honorary Consuls. In the past two years, the government has operationalized five (5) fully-fledged Diplomatic Missions[4]; three (3) Consulates [5]and a Liaison Office. Additionally, there are plans to operationalize two new missions/consulates general in FY 2025/26. However, most existing missions are grappling with:
    (i) Inadequate budget allocations are hindering operational effectiveness.

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[2] Africa-25, Europe-15, Middle East-7, Asia & Australasia-9 and Americas-5.
[3] Dubai, Los Angeles, Arusha, Jeddah and Goma-DRC
[4] Abidjan, Rabat, Bern, Jakarta and Maputo
[5] Goma, Jeddah & Arusha

(ii) Delayed salaries is affecting staff morale and efficiency in the missions.
(iii)Deteriorating infrastructure due to inadequate budgetary provisions for maintenance is leading to the dilapidation of properties, especially in regions with harsh weather conditions.

92. The above issues, coupled with other challenges, makes some missions economically unsustainable. This raises questions about whether expansion is motivated by strategic necessity or merely by the desire to increase their numbers. Therefore, the SDFA should always assess the already existing missions to justify further expansion and before setting up a new mission a cost-benefit analysis should be conducted to warrant its establishment.

93. A well-funded, properly staffed mission is far more effective than multiple under-resourced ones. Before launching new missions, the government should address existing difficulties such as inadequate funding, infrastructural problems, and delayed salaries. Otherwise, Kenya risks spreading its resources too thin, resulting in ineffective diplomacy.

94. As of 20th February 2025, the SDFA had pending bills balance of **KES.4 billion** (recurrent-**KES.2.9 billion** and development-**KES.1.1 billion**. If the pending bills are not settled by the end of FY 2025/26, it will disrupt the Ministry's budgeted programmes and activities adversely affecting efficiency in the achievement of the set mandate.

4.5 National Intelligence Service (NIS)

95. The National Intelligence Service (NIS) implements only one programme, i.e., National Security Intelligence whose proposed ceiling for FY 2025/26 is **KES.52.40 billion**. The proposed expenditure ceiling is **KES.6.05 billion** more than the baseline allocation of **KES.46.35 billion** for FY 2024/25.

96. The proposed expenditure ceiling for FY 2025/26 will be utilized on the following activities undertaken by the Agency: *(i) Domestic Intelligence; (ii) External Intelligence; (iii) Counter Terrorism; (iv) Counter Intelligence; (v) Information, Communication and Technology (ICT); (vi) Human Capital Development; and (viii) Research and Development.*

97. The Agency proposed ceiling of **KES.52.40 billion** for FY 2025/26 is 79.82% of its budgetary requirements amount of **KES.65.65 billion**. Consequently, it has a budget shortfall of 20.18%. (**KES.13.25 billion**). Out of the total shortfall of **KES.13.25 billion**, **KES.5.00 billion** was considered as most critical to cater for:
    a) **KES.1.00 billion** - recruitment of additional personnel; and
    b) **KES.4.00 billion** - expansion of surveillance systems.

98. The Agency does not have any pending bills.

PART V

5.0 COMMITTEE RECOMMENDATIONS

99. The Committee, having received, scrutinized, and deliberated on both the contents of the 2025 BPS and the submissions from the five (5) MDAs under its purview, recommends the following:

5.1 Non-Financial Recommendations

100. To maintain engagement with the diaspora amidst limited resources, the Principal Secretary in charge of the State Department for Diaspora Affairs (SDDA) should, within twelve (12) months upon approval of the 2025 BPS by the National Assembly, collaborate with the Principal Secretary in charge of the State Department for Foreign Affairs (SDFA) to utilize already posted staff in missions (e.g., Migration Attachés) to take on additional responsibilities related to diaspora affairs. This strategy maximizes the utility of current staff without incurring extra costs associated with deploying new officers.

101. That, within twelve (12) months upon approval of the 2025 BPS by the National Assembly, the Cabinet Secretary in charge of the Ministry of Foreign and Diaspora Affairs (MFDA) in conjunction with the Cabinet Secretary in charge of the National Treasury (NT) to develop a plan of restructuring Kenya's foreign service. The plan should involve consolidating or closing economically unsustainable and underperforming missions and reallocating resources to prioritize funding for key missions. The objective of this initiative is to ensure that Kenya has missions that are well-funded and staffed that are more effective than multiple under-resourced ones.

102. That, within twelve (12) months upon approval of the 2025 BPS by the National Assembly, the Cabinet Secretary in charge of the Ministry of Foreign and Diaspora Affairs (MFDA) prioritizes the appointment of Honorary Consuls[6] as an alternative to opening full-fledged missions in critical regions where Kenya doesn't have a diplomatic footprint. This plan will help the MFDA make the best use of its limited resources while also keeping a strong presence abroad without having to pay for fully-fledged missions, which are usually expensive.

103. The Principal Secretary in charge of the Ministry of Defence (MoD) to submit a comprehensive report to the committee by April 30th, 2025 detailing the next phase of its modernization programme. The report to include:
    (i) Breakdown of planned modernization in personnel, equipment, and systems.
    (ii) Detailed resourcing plan, including budgetary allocations and funding sources.
    (iii)Progress report on the achievements of the ongoing modernization phase.

104. The Principal Secretary in charge of the State Department for Foreign Affairs (SDFA) to submit a comprehensive evaluation report by April 30th, 2025 on the efficacy and performance of Kenya's 65 diplomatic missions. This report should provide:
    (i) A mission-by-mission assessment of operational efficiency and financial sustainability.

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[6] Honorary consuls often possess deep local insights, extensive networks, and the ability to facilitate trade, investment, and cultural exchanges effectively.

(ii) An analysis of each mission's strategic contribution to Kenya's foreign policy and economic interests.

5.2 Financial Recommendations

105. The Committee recommends that the ceilings for all the programmes for Vote 1041: MoD; Vote 1052: SDFA; Vote 1053: SDDA; Vote 1221: SDEAC; and Vote 1281: NIS be approved as tabled as shown in Table 14.

Table 14: DC-DIFR MDAs BPS 2025 Ceilings as Tabled (KES. Million)

Vote, Programme Code & Title	Recurrent	Capital	Total
1041: Ministry of Defence (MoD)	**192,111.10**	**12,516.00**	**204,627.10**
Defence	180,231.90	12,316.00	192,547.90
Civil Aid	335.00	-	335.00
General Administration Planning and Support Services	2,641.90	-	2,641.90
National Space Management	-	-	-
Programme 4: Defence Industrialization	8,902.30	200.00	9,102.30
1053: State Department for Foreign Affairs (SDFA)	**20,811.60**	**2,346.40**	**23,158.00**
General Administration Planning and Support Services	2,814.10	238.10	3,052.20
Foreign Relation and Diplomacy	17,798.00	1,948.30	19,746.30
Economic and Commercial Diplomacy	49.50	-	49.50
Foreign Policy Research, Capacity Dev and Technical Cooperation	150.00	160.00	310.00
1054: State Department for Diaspora Affairs (SDDA)	**675.90**	**-**	**675.90**
Management of Diaspora Affairs	675.90	-	675.90
1221: State Department for East African Community (SDEAC)	**587.40**	**-**	**587.40**
East African Affairs and Regional Integration	587.40	-	587.40
1281: National Intelligence Service (NIS)	**52,396.00**	**-**	**52,396.00**
National Security Intelligence	52,396.00	-	52,396.00

Source: *The National Treasury*

5.3 Additional Requests

106. The Committee requests the following:

(i) The ceiling for the MoD be enhanced by **KES.3,480.00 million** to cater for critical funding gaps under the Defence Programme:

a) **KES.1,000.00 million** for tooling and kitting of KSL to achieve Public Private Partnership Agreement.

b) **KES.980.00 million** for contractual Obligation on refurbishment of M1-17, Augusta and MD 500.

c) **KES.1,500.00 million** for KMC factory modernization to meet international standards to access export market.

(ii) NIS ceiling be enhanced by **KES.5.00 billion** to cater for:

a) **KES.1.00 billion** - recruitment of additional personnel; and

b) **KES.4.00 billion** - expansion of surveillance systems.

(iii) The State Department for Diaspora Affairs (SDDA) ceiling be enhanced by **KES.500.00 million** to cater for the Evacuation and Welfare Facility (evacuation and repatriation of Kenyan abroad; leasing of safe houses).

(iv) The State Department for East African Community (SDEAC) ceiling be enhanced by **KES.439.76 million** for EAC Chairmanship because Kenya is the current EAC Chair, and the position has a huge responsibility towards meeting our regional integration objectives.

SIGNED: ..... DATE: 04/03/24

HON. NELSON KOECH, M.P.
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

13TH PARLIAMENT – FOURTH SESSION

THE DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

REPORT ON THE 2025 BUDGET POLICY STATEMENT

THE DEPARTMENTAL COMMITTEE
CLERK'S CHAMBER,
PARLIAMENT BUILDINGS,
NAIROBI.

FEBRUARY 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controller of Budget
MDAs	-	Ministries, Departments and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

ANNEXURES

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1.0 PREFACE

1.1 Introduction

1. The BPS is a policy document that sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared under Section 25 of the Public Finance Management (PFM) Act 2012.

2. In line with Section 25(2) of the PFM Act 2012, the BPS was submitted to Parliament on 14th February 2025. The processing of the BPS by the National Assembly should be undertaken within 14 days from the time of tabling, as provided for under Section 25 (9) of the PFM Act 2012.

3. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. Upon being laid in the House, each Departmental Committee is to deliberate on the BPS according to the respective mandates and make recommendations to the Budget and Appropriation Committee (BAC). The BAC is then expected to submit a report to the House for consideration and approval.

4. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Finance and National Planning the mandate to consider matters concerning *public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning, and development, digital finance, including digital currency*

5. In that regard, the Committee is mandated to analyze, scrutinize, and approve the Budget ceiling for the National Treasury, the State Department for Planning, the Commission on Revenue Allocation, the Office of the Controller of Budget, and Semi Autoumnpus Government Agencies under the purview of two State departments

1.2 Establishment and Mandate of the Committee

6. The Departmental Committee on Finance and 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 the implementation;*
    iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv) *To study and review all legislation referred to it;*
    v) *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;*
    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 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 Artide 254 of the Constitution; and*

x) *To examine any questions raised by Members on a matter within its mandate*

1.3 Committee Membership

7. The Committee comprises the following Members

Chairperson
Hon. CPA. Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. Amb. Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. Adan Keynan, MP
Eldas Constituency
Jubilee Party

Hon. David Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency
UDA Party

Hon. CPA Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Dr. John Ariko, MP
Turkana South Constituency
ODM Party

Hon. George Sunkuya, MP
Kajiado West Constituency
UDA Party

Hon Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Umul Ker Kassim, MP
Mandera County
UDM Party

Hon. Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Joseph Munyoro, MP
Kigumo Constituency
UDA Party

Hon. Mohamed Machele, MP
Mvita Constituency
ODM Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following staff

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto	Mr. Salem Lorot
D/Director, Legal Service	**Legal Counsel I**
Mr. James M. Macharia	Ms. Peninnah Simiren
Media Relations Officer I	**Legal Counsel II**
Ms. Winfred Kambua	Mr. George Ndenjeshe
Clerk Assistant III	**Fiscal Analyst III**
Mr. Benson Kamande	Ms. Nelly W.N Ondieki
Clerk Assistant III	**Research Officer III**
Mr. Benson Muthuri	Ms. Joyce Wachera
Serjeant-At-Arms	**Hansard Officer III**

1.5 ACKNOWLEDGMENTS

The Committee extends its sincere gratitude to the Offices of the Speaker and the Clerk of the National Assembly for their invaluable support in facilitating the execution of its mandate. Their assistance has been instrumental in enabling the Committee to carry out its duties effectively and efficiently.

I also wish to take this opportunity to express my heartfelt appreciation to all the Members of the Committee for their active participation, insightful contributions, and unwavering commitment throughout the process. Their dedication and diligence have played a crucial role in ensuring a comprehensive examination of the Budget Policy Statement for the year 2025.

Furthermore, the Committee acknowledges with deep appreciation the invaluable services rendered by the staff attached to the Committee. Their hard work, technical expertise, and administrative support have been essential in ensuring the smooth functioning of our deliberations and the preparation of this report.

Finally, it is now my distinct honor and privilege, on behalf of the Departmental Committee on Finance and National Planning, to present this Committee Report on the Examination of the Budget Policy Statement for the Financial Year 2025 to the Budget and Appropriations Committee. This submission is made per the provisions of Section 44 of the Public Finance Management Act, 2012, and Standing Order 199.

With these remarks, I express my sincere gratitude to all stakeholders involved and formally present this report for consideration.
Thank you.

SIGNED.....

HON. CPA KURIA KIMANI, CBS, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

2.0 BROAD OVERVIEW OF THE BUDGET POLICY STATEMENT

2.1 Recent Economic Developments and Outlook

9. Kenya's economic growth is expected to slow to 4.6% in 2024 from 5.6% in 2023, before rebounding to 5.3% in 2025 and maintaining momentum in the medium term. The slowdown reflects weaker economic activity and reduced private-sector credit growth. At the same time, the recovery will be driven by improved agricultural productivity (averaging 3.0% growth), a resilient services sector (6.6% average growth), and industrial expansion from 0.9% in 2024 to 2.2% in 2025, exceeding 3.0% in the medium term.

10. Strong domestic demand, supported by easing inflation, steady remittances, and export growth, will underpin economic resilience. Consumption will remain high, averaging 87.4% of GDP in 2025 and beyond. Investment is expected to rise from 16.2% of GDP in 2025 to 16.8% over the medium term, reflecting stable macroeconomic conditions, improved MSME credit access, and increased Public-Private Partnerships (PPPs).

11. Inflation in Kenya declined significantly in 2024, improving to more stable and manageable levels. It fell from 6.85% in January to 2.99% in December, driven by lower food and fuel prices and stable core inflation. However, inflation edged up slightly to 3.28% in January 2025.

12. Food inflation declined from 7.7% in December 2023 to 4.8% in December 2024, supported by favorable weather that improved food supply. Fuel inflation fell even more sharply, from 13.7% to -1.0% over the same period, driven by lower global oil prices and a stronger Kenya Shilling against the US Dollar, which also helped reduce electricity costs.

13. Core inflation remained low and stable, averaging 3.27% between January 2022 and December 2022. It peaked at 4.45% in February 2023 and dropped to a low of 3.36% in October 2024. These trends indicate a limited response to changes in the Central Bank Rate (CBR), which increased from 7% in January 2022 to 13% in August 2024 before easing slightly to 12.75% by October 2024.

14. **Monetary Policy Trends:** The Central Bank of Kenya (CBK) implemented a strict monetary tightening policy between January 2023 and December 2024, raising the Central Bank Rate (CBR) from 8.75% to 12.5% by the end of 2023 and further to 13.0% by mid-2024. This policy effectively curbed inflation, which peaked at 9.06% in early 2023, bringing inflation expectations down to 2.7% by November 2024.

15. **Monetary Easing to Support Economic Recovery**: With inflationary pressures easing, the CBK began loosening monetary policy, lowering the CBR to 11.25% in December 2024 and further to 10.75% in February 2025. This shift aimed to support economic recovery by addressing sluggish growth while maintaining price stability.

16. **Kenya's Exchange Rate Trends (2021–2024)**: Between 2021 and 2024, the USD/KES exchange rate saw significant fluctuations due to both domestic and global economic factors. Starting at 110.14 in January 2021, the Kenyan Shilling depreciated by 17.74%, closing at 129.68 in December 2024. The most severe depreciation occurred between 2022 and early 2024, with the Shilling weakening by approximately 41.5% to a peak of 160.75. This was driven by geopolitical tensions that pushed up global commodity prices, concerns over Kenya's Eurobond repayment, political risks, and the effects of drought. Additionally, rising

interest rates by major central banks made the U.S. dollar more attractive, further pressuring the Shilling.

17. **Shilling Recovery in 2024**: In 2024, Kenya's successful Eurobond repayment boosted investor confidence, while high domestic interest rates and stabilizing international commodity prices supported capital inflows. As global markets steadied and major central banks began lowering rates, a weakening U.S. dollar helped the Shilling recover some losses, ending the year at 129.68. However, despite these improvements, the Shilling still depreciated against other major currencies, losing 9.47% against the British Pound and 7.75% against the Euro, highlighting ongoing economic challenges both locally and globally.

18. **Kenya's Interest Rate Trends (2022–2024):** Between 2022 and 2024, Kenya's interest rates, as reflected by the 91-day Treasury bill rates, saw a significant upward trend. Rates remained relatively stable in early 2022, staying in single digits, but began rising from mid-2022, reaching 9.44% in January 2023 and peaking at 15.32% in November 2023. The increase continued into early 2024, with rates climbing to 16.68% in March. For most of 2024, interest rates remained high, with a peak of 15.75% in September before starting to decline, reaching 9.89% by December.

19. **Impact of Tight Global Financial Conditions:** During 2023 and early 2024, tightening global financial conditions posed financing risks for economies like Kenya, which rely heavily on international borrowing. Rising interest rates in developed markets increased the risk of foreign capital outflows, while the Kenyan Shilling depreciated sharply by approximately 41.5%, worsening financial vulnerabilities. In response, the Central Bank of Kenya (CBK) raised the Central Bank Rate (CBR) to 13% in February 2024 as part of a tighter monetary policy. This move aimed to stabilize the Shilling, support the exchange rate, attract capital inflows into government securities, and reduce capital outflows.

20. **Private Sector Credit Growth Contracts Amid Tight Financial Conditions:** Private sector credit growth in Kenya contracted by 1.1% year-over-year in November 2024, with September recording the weakest growth since 2002 at just 0.4%. The decline was driven by high lending interest rates, a rise in Non-Performing Loans (NPLs) peaking at 16.5% in August, and cautious bank lending favoring secured, short-term loans.

21. Weak business profitability and reduced activity dampened demand for expansion credit, while high taxes and borrowing costs further constrained borrowing. The appreciation of the Kenyan Shilling affected the valuation of foreign currency loans, while high returns on government securities (up to 15.75%) diverted financial resources away from private sector lending, deepening the credit slowdown.

2.2 Highlights of 2025 BPS.

22. The 2025 Budget Policy Statement (BPS) outlines the Government's progress in implementing the Bottom-Up Economic Transformation Agenda (BETA) while advancing a growth-friendly fiscal consolidation plan to reduce debt vulnerabilities. This will be achieved by containing expenditures and enhancing revenue mobilization to slow the growth of public debt without compromising service delivery. Key priorities include lowering the cost of living, eradicating hunger, creating jobs, expanding the tax base, improving foreign exchange balances, and fostering inclusive growth.

23. The BPS emphasizes strengthening revenue mobilization through tax policy reforms, digitalization, and enhanced compliance measures, alongside expenditure controls to

improve efficiency and transparency. Public financial management reforms, including accrual-based accounting, zero-based budgeting, and automation of asset and procurement systems, will enhance fiscal discipline. Additionally, the BPS highlights that the Government also intends to continue scaling up Public-Private Partnerships (PPPs) to support infrastructure development to reduce pressure on revenue mobilization among others.

2.3 The 2024 BPS Sectoral Policies

2.3.1 Vote 1071: State Department for National Treasury

24. The National Treasury plays a critical role in ensuring the efficient and effective management of public finances in Kenya. It is responsible for ensuring that the government has sufficient resources to meet its expenditure needs and that the country's debt levels remain sustainable. The National Treasury also works closely with other government ministries and agencies to ensure that public funds are used effectively and efficiently.

25. Besides managing public finances, the National Treasury also plays a key role in promoting economic growth and development in Kenya. It does this by providing financial support to key sectors of the economy, such as infrastructure, education, and health. The National Treasury also works to attract foreign investment and promote trade. In this regard, the 2024 BPS outlines various policies that the National Treasury plans to undertake on behalf of the government that are geared towards improving revenue collection, accelerating investment, and reducing fiscal deficit among others. This includes:

i. Migration from a Cash Basis to an Accrual Accounting system

26. The Government is transitioning from a cash basis to an accrual basis of accounting to improve public resource management. This transition aims to enhance cash management, financial transparency, and fiscal reporting by accurately recognizing all government assets and liabilities. The process is guided by the International Public Sector Accounting Standard (IPSAS 33) and follows a structured roadmap approved by the Implementation Steering Committee. The transition will occur over three years, with the following key implementation steps:

- ✓ First Year: Recognition of all financial assets, including government bank accounts, in the balance sheet.
- ✓ Second and Third Year: Recognition of all other assets, including natural resources, to ensure comprehensive government financial reporting.

27. This is an existing policy and aligns with the objectives of the MTP IV for 2023-2027, which focuses on enhancing financial transparency and accountability in public institutions. The move to accrual accounting is essential for improving the government's financial management by providing a comprehensive view of its financial position.

ii. Enhancing Efficiency and Accountability in Public Investment Management.

28. To ensure value for money in public capital expenditure, the government is implementing Public Investment Management (PIM) reforms. These reforms aim to streamline project initiation, execution, and delivery while minimizing stalled projects and fiscal risks.

29. Implementation Strategy:

- ✓ Completion of Ongoing Projects First – New projects will only be approved after ongoing ones are completed.
- ✓ Environmental and Climate Risk Assessment – All projects must evaluate carbon emissions and disaster risks.
- ✓ Expansion to County Governments – PIM regulations will be rolled out beyond the national level.
- ✓ Digitization through PIMIS – All project proposals must be submitted and monitored via the Public Investment Management Information System (PIMIS).
- ✓ Incorporation of PPP Projects – The PIM framework will be updated to include Public-Private Partnerships (PPPs).

30. The policy has been in place for a long time and aligns with MTP IV, which emphasizes economic transformation, efficient resource utilization, and sustainable development. MTP IV advocates for prudent public spending to ensure funds are used effectively, aligning with the PIM policy's mandate to complete ongoing projects before launching new ones. Furthermore, MTP IV prioritizes infrastructure expansion, while PIM reforms support this goal by promoting well-planned projects that are executed efficiently, minimizing delays and cost overruns.

iii. Strengthening and Sustaining Pension Reforms.

31. The government has a plan to strengthen and sustain pension reforms within the public service, with a focus on improving governance and administrative efficiency. Key elements of this plan include:

- ✓ Separation of Governance – Delinking the governance of the Public Service Superannuation Scheme (PSSS) from the non-contributory pension scheme, ensuring more effective and transparent management.
- ✓ Digitization of Pension Administration – Implementing digitization to streamline processes, improve accuracy, and ensure timely pension payments. This also includes the introduction of an Enterprise Resource Planning (ERP) solution that integrates modern IT technologies for better management.

32. This policy aligns with the Fourth Medium-Term Plan (MTP IV), which emphasizes the re-engineering and digitization of the pension management system to enhance efficiency and effectiveness.

iv. Management of National Assets and Liabilities

33. The government intends to enhance the management of national assets and liabilities within the public sector through a series of fiscal reforms to improve efficiency, transparency, and accountability. One of the key components is the automation and standardization of asset management, where the government has initiated reforms to automate and standardize asset and inventory management across Ministries, Departments, Agencies (MDAs), and County Governments. This includes the operationalization of the Assets and Inventory Management Modules **in the** Integrated Financial Management Information System (IFMIS), which will enable better visibility and control over public sector assets.

34. In addition, the government intends to develop a comprehensive Asset Valuation Policy Framework to ensure the accuracy and completeness of asset registers, facilitate a transition to accrual accounting, and improve overall asset management practices. As part of improving the accuracy of these registers, the government is also undertaking physical

verification of assets and plans to introduce an asset tagging framework to help identify and track public sector assets more effectively.

v. Adoption and Entrenchment of Zero-Based Budgeting (ZBB)

35. The government plans to entrench the Zero-Based Budgeting (ZBB) approach in the preparation of the FY 2025/26 and future budgets. This approach requires that every expenditure be justified from scratch, rather than relying on the previous year's allocations, ensuring more efficient and effective resource allocation. To implement ZBB, the National Treasury has developed the Budget Costing Tool in the IFMIS Budget Module for the National Government. This tool incorporates standardized costing methodologies, which will streamline the calculation of budget baselines and assist in the prioritization of expenditures. The goal is to provide a credible base for preparing budget estimates, ensuring that public resources are allocated to the most essential and impactful areas.

vi. Implementation of the Treasury Single Account (TSA)

36. The government intends to continue implementing the Treasury Single Account (TSA) to improve public cash management. The TSA is a unified structure of government bank accounts that will enable the consolidation and optimal utilization of government cash resources. The implementation of TSA will be rolled out in phases over three years:

    - ✓ Phase I (FY 2024/25): Migration to the TSA environment for all state organs, including constitutional institutions and independent offices categorized as Schedule I National Government entities.
    - ✓ Phase 2 (FY 2025/26): Migration of County Governments to TSA, in close consultation with the Intergovernmental Budget and Economic Council.
    - ✓ Phase 3 (FY 2026/27): Migration of all other national government entities categorized under Schedules 3, 4, and 5.

37. The Policy to align with the Public Finance Management (PFM) Act, 2012, particularly Section 17(2) and Section 9(1), which require the government to consolidate and optimize the utilization of its cash resources.

vii. Enhancing Domestic Revenue Mobilization

38. The government plans to continue focusing on Domestic Revenue Mobilization. The Government aims to boost revenue collection efforts through a combination of tax administrative and tax policy measures to raise over Ksh 4.0 trillion in the medium term. The specific actions under this policy include:

    - ✓ Implementing the National Tax Policy and Medium-Term Revenue Strategy (MTRS) for 2024/25-2026/27.
    - ✓ Strengthening tax administration by expanding the tax base, improving tax compliance, minimizing tax expenditures, and utilizing technology to enhance tax processes and seal revenue loopholes.
    - ✓ Reduce tax expenditures, by expanding the tax base, and rationalizing the tax structure to support domestic production and encourage investment.

viii. Non-Tax Revenue Mobilization

39. The Budget Policy Statement (BPS) outlines that Ministries, Departments, and Agencies (MDAs) will be required to enhance non-tax revenue mobilization and transfer additional resources to the exchequer. This policy mandates MDAs to generate revenue beyond taxation, which carries significant implications and considerations. As part of the Medium-Term Revenue Strategy (MTRS), various alternative revenue sources will be explored, including fees, levies, and surplus funds from state-owned enterprises (SOEs). This approach

aims to diversify government income streams, reduce reliance on traditional tax revenues, and enhance fiscal sustainability.

40. The policy of non-tax revenue mobilization outlined by the BPS aligns with the objectives outlined in the Medium-Term Revenue Strategy. This strategy emphasizes the need to enhance the collection, administration, accountability, and reporting of non-tax revenues. To achieve this, the government plans to strengthen the framework for reporting and monitoring non-tax revenue collection. This includes enforcing the use of the Integrated Financial Management Information System (IFMIS) to capture and report revenue, thereby improving transparency and accountability.

41. Furthermore, the strategy involves adopting a collaborative approach in the collection of non-tax revenue and leveraging the use of Information and Communication Technology (ICT) to streamline processes. Additionally, the government intends to review the fees charged for government services every five years to ensure that the amounts paid are considered inflation and are proportionate to the services received. These measures are aimed at increasing non-tax revenue contributions from Ministries, Departments, and Agencies (MDAs) and transferring resources to the exchequer, in line with the overarching policy objectives outlined in the BPS.

42. The policy sets a target for MDAs to become self-financing entities, implying that they should generate adequate revenue to cover operational expenses and potentially contribute surplus funds to the exchequer. Achieving this policy requires MDAs to adopt efficient revenue-generating practices, prioritize cost-effective service delivery, and potentially innovate to identify new income sources.

ix. Utilizing Public-Private Partnerships (PPPs) for infrastructure funding to ease pressure on revenue collection

43. PPPs are considered critical in providing the government with access to a variety of less risky funding sources, while also facilitating off-balance sheet financing. This strategy is designed to promote fiscal sustainability and affordability for public infrastructure funding. The PPP Directorate has a pipeline of 31 projects at various stages of the PPP project cycle, with most of them being at the procurement stage. The government's objective is to raise KSh. 70 billion in the upcoming fiscal year (2025/2026) through PPP pipeline projects, thereby alleviating pressure on revenue collection. The KSh. 70 billion is expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.

x. Minimum Core Capital Policy for Banks and Mortgage Finance Companies

44. The Central Bank of Kenya (CBK) will progressively increase the minimum core capital requirement for banks from KSh 1.0 billion to KSh 10.0 billion. This policy aims to enhance the resilience of banks, strengthen their capacity to finance large-scale projects and create sufficient capital buffers to absorb financial shocks and risks associated with technological advancements.

45. The policy is in with recent Business Laws (Amendment) 2024 that amended the Banking Act to progressively increase the minimum-core capital from KSh. 1 billion to KSh. 10 billion as follows:

Table 1: Minimum Core Capital as per the Business Laws (Amendment) Act, 2024

Compliance Date	Minimum-Core Capital

December 31, 2024	KSh. 1 billion
December 31, 2025	KSh. 3 billion
December 31, 2026	KSh. 5 billion
December 31, 2027	KSh. 6 billion
December 31, 2028	KSh. 8 billion
December 31, 2029	KSh. 10 billion

Source: Business Laws (Amendment) Act, 2024

xi. Kenya Credit Guarantee Scheme Company (KCGSC)

46. The government plans to convert the Credit Guarantee Scheme into the Kenya Credit Guarantee Scheme Company to ensure sustainability and establish a Credit Guarantee Policy for a clear framework. The scheme aims to enhance MSMEs' access to credit, recognizing their crucial role in Kenya's economy. MSMEs employ about 15 million people, contribute 34% to GDP, and generate 91% of new jobs annually.

47. From inception to June 30, 2024, the Credit Guarantee Scheme (CGS) disbursed KSh. 6.286 billion to 4,121 MSMEs across 46 counties and 12 sectors. Small enterprises received 58% of the facilities, micro-enterprises 24%, and medium enterprises 14%. Women, youth, and Persons with Disabilities (PwDs) received 20.4% of the guaranteed facilities, with women at 13.7%, youth at 6.4%, and PwDs at 0.3%. A total of 2,529 facilities have been fully repaid, amounting to KSh. 3.405 billion, while the outstanding credit guarantee as of June 30, 2024, stood at KSh. 720 million. The scheme has supported at least 25,886 jobs.

Table 2: Comparison of BPS Policies i.e. 2024 BPS and 2025 BPS

2024 BPS	2025 BPS Policies
☐	Adoption and Entrenchment of Zero-Based Budgeting (ZBB)
☐	Implementation of the Treasury Single Account (TSA)
☐	Enhancing Domestic Revenue Mobilization
☐	Enhancing Domestic Revenue Mobilization
☐	Reform and Modernization of the Pension System
☐	Non-Tax Revenue Mobilization
☐	Utilizing Public-Private Partnerships (PPPs) for Infrastructure Funding to Ease Pressure on Revenue Collection
☐	Minimum Core Capital Policy for Banks and Mortgage Finance Companies
☐	Kenya **Credit Guarantee Scheme Company (KCGSC)**

2.3.2 Analysis of Proposed Changes for MDAs under Committee's Purview

2.3.2.1 Vote 1071: The National Treasury

48. The 2025 Budget Policy Statement (BPS) proposes a total ceiling of KSh. 130.708 billion, an increase of KSh. 11.483 billion from the FY 2024/25 Supplementary Estimates No. 1 of KSh. 119.225 billion. The proposed ceiling consists of KSh. 71.707 billion for recurrent expenditure and KSh. 59 billion for development expenditure, as detailed in Table 11

Table 3: The National Treasury: Proposed 2025 BPS Ceilings Vs Supp 1 2024/25 (Kshs. Million).

Program	Category	Supp 1 24/25	BPS Ceilings 2025	Change
Total Expenditure	Recurrent	66,721	71,707	4,986

Program	Category	Supp I 24/25	BPS Ceilings 2025	Change
	Development	52,504	59,001.30	6,497
	Total	**119,225**	**130,708**	**11,483**
	Recurrent	61,197	59,837	-1,360
	Development	6,552	4,727	-1,825
General Admin	**Total**	**67,749**	**64,564**	**-3,185**
	Recurrent	12,538	9,738	-2,800
	Development	36,964	38,773	1,809
Public Financial Management	**Total**	49,502	48,511	-991
	Recurrent	1,488	1,524	36
	Development	8,987	15,501	6,514
Economic and Financial Policy Formulation and Management	**Total**	**10,475**	**17,025**	**6,550**
Market Competition	Recurrent	508	608	100

Source: National Treasury

2.3.2.2 Vote 1095: State Department for Planning

49. The State Department for Economic Planning previously had four MTEF budget programs, namely:
    - ✓ Economic Policy and National Planning;
    - ✓ National Statistics Information Services;
    - ✓ Monitoring and Evaluation Services; and
    - ✓ General Administration, Planning, and Support Services.

50. These programs have been instrumental in supporting the State Department for Economic Planning over the years. However, the BPS proposes restructuring them into five MTEF budget programs, namely:
    - ✓ National Statistics Information Services;
    - ✓ Monitoring and Evaluation Services; and
    - ✓ General Administration, Planning, and Support Services.
    - ✓ Macro-economic Policy, National Planning and Research
    - ✓ Sectoral and intergovernmental Development Planning

51. The revision of the programs is in line with the Fourth Medium Term Plan (MTP IV) 2023-2027 emphasizes strengthening economic planning and enhancing evidence-based policymaking to support the Bottom-Up Economic Transformation Agenda (BETA). The review of the State Department for Economic Planning's programs aligns with these priorities, particularly:
    - ✓ The strengthening of the Economic Planning function through the proposed Economic Planning Policy which will see an expanded mandate of the State Department for Economic Planning;
    - ✓ The need for enhancement of evidence-based macroeconomic modeling and research on public sector policies, strategies, and plans for various Government Ministries, Departments, and Agencies which require inputs from the State Department and Semi-Autonomous Government Agencies under its purview; and

- ✓ Aligned to the approved new organizational structure of the State Department.

52. The 2025 Budget Policy Statement (BPS) proposes a total ceiling of KSh. 31.545 billion for the State Department, reflecting a 56% reduction (KSh. 40.325 billion) from the FY 2024/25 Supplementary Estimate No. 1 allocation of KSh. 71.87 billion. This ceiling includes KSh. 3.287 billion for recurrent expenditure and KSh. 28.258 billion for development expenditure, as outlined in Table below.

Table 4: State Department for Economic Planning: Proposed 2025 BPS Ceilings Vs Supp 1 2024/25 Estimates (KSh. Millions)

Program	Category	Supp1FY 2024/25	BPS 2025	Change
	Rec	3,246	3,287	41
	Dev	68,624	28,258	(40,366)
Total Expenditure	**Total**	**71,870**	**31,545**	**(40,325)**
	Rec	1,673	-	
	Dev	68,328	-	
Economic Policy and National Planning	**Total**	**70,001**		
	Rec	868	868	0
	Dev	289	1,651	1,362
National Statistical Information Services	**Total**	**1157**	**2519**	**1,362**
	Rec	494	173	(321)
	Dev	6	56	50
Monitoring and Evaluation	**Total**	**500**	**229**	(271)
General Administration Planning Support Services	**Rec**	**209**	**401**	**192**
	Rec	-	1,388	
	Dev	-	66	
Macro-economic Policy, National Planning and Research	**Total**	-	**1,454**	
	Rec	-	657	
	Dev	-	26,484	
Sectoral and intergovernmental Development Planning	**Total**	-	**27,140**	

Source: National Treasury

53. The reduction in the State Department's budget ceilings is primarily attributed to a decrease in NG-CDF allocation under development expenditure. In FY 2024/25, the total NG-CDF allocation stands at KSh. 68,232.9 million, which includes KSh. 13,455.9 million in carryovers from FY 2023/24. Additionally, the NG-CDF allocation has been significantly reduced from KSh. 54.77 billion in the current financial year to KSh. 26 billion. This reduction appears to result from the recent court ruling declaring the NG-CDF unconstitutional.

Table 5: Summary of BPS projection under the State Department of Economic Planning in KSh. millions

Supplementary No. 1, 2024/25	BPS 2025/26	Projection 2026/27	Projections 207/28
71,870	31,545	5,454	6,990

Source: The National Treasury- BPS 2025

2.3.2.3 Commission on Revenue Allocation

54. According to the 2024 Budget Policy Statement (BPS), the Commission on Revenue Allocation is proposed to have a total ceiling of KSh. 409 million, reflecting a 14% increase (KSh. 45 million increase) from current allocation of KSh. 364.3 million.

Table 6: Proposed Ceilings for FY2025/26

Program	Category	Supp I FY 2024/25	BPS 2025	Change
Inter Commission on Revenue Allocation	Rec	364.3	409	45

Source: The National Treasury

2.3.2.4 Office of Controller of Budget

55. Based on the 2025 Budget Policy Statement (BPS), the Office of Controller Budget is slated to receive a total allocation ceiling of KSh. 777.5 million, representing a 10% rise (an increase of KSh. 73.2 million) compared to the prior fiscal year's allocation of KSh. 704.3 million.

Table 7: Proposed Ceilings for FY2025/26

Program	Category	Supp I FY 2024/25	BPS 2025	Change
Control and Management of Public Finances	Rec	704.3	777.5	73.2

Source: The National Treasury

3.0 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 The National Treasury

56. During the Committee sitting, the principal secretary of the National Treasury submitted that: -

57. The 2025 Budget Policy Statement (BPS), the second to be prepared under the Kenya Kwanza Administration, reaffirms the priority policies and strategies under the Bottom-Up Economic Transformation Agenda (BETA) and prioritized in the Fourth Medium Term Plan of the Vision 2030.

58. To capture the aspirations of the Government, the theme for the 2025 Budget Policy Statement (BPS) is: ***Sustaining Bottom-Up Economic Transformation Agenda for Economic Recovery and Improved Livelihoods.***

Recent Economic Developments

59. Global economic growth is projected to rise to 3.3% in 2025 from 3.2% in 2024, driven by strong performance in the U.S., India, and the U.K. However, risks remain due to trade uncertainties and geopolitical tensions. Kenya's economy has remained resilient, averaging 5.0% annual growth from 2022 to 2024, outperforming global and Sub-Saharan Africa averages. This growth is attributed to sound policies under the Bottom-Up Economic Transformation Agenda (BETA) and economic diversification.

60. Economic growth slowed to 4.6% in 2024 due to reduced private sector credit and weaker economic activity but is expected to recover to 5.3% in 2025 and beyond, driven by agricultural productivity, a strong services sector, and BETA initiatives. For FY 2025/26 and the medium term, the Government will focus on six key objectives: reducing the cost of living, eradicating hunger, job creation, tax base expansion, improving foreign exchange balances, and fostering inclusive growth. This will be achieved through investments in BETA's core pillars and a value chain approach to enhance production, value addition, and market access.

61. The 2025 Budget Policy Statement (BPS) theme is: ***"Consolidating Gains Under Bottom-Up Economic Transformation Agenda for Inclusive Green Growth."***

62. **Inflation** & Monetary Policy: Inflation has fallen below the 5% target, reaching 3.3% in January 2025, down from 6.9% in January 2024 and a peak of 9.6% in October 2022. This decline is due to past tight monetary policies, lower energy prices, and easing food prices. In response, the Central Bank of Kenya (CBK) has lowered the Central Bank Rate (CBR) from 12.5% in December 2023 to 10.75% in February 2025 and reduced the Cash Reserve Ratio (CRR) from 4.25% to 3.25%, easing credit conditions.

63. **Interest Rates & Credit Growth**: Interest rates have declined following monetary easing. The 91-day Treasury Bill rate fell to 9.6% in January 2025 from 16.1% in January 2024, and the interbank rate dropped to 11.2% from 13.7%. However, private sector credit contracted by 1.4% in December 2024 due to the previous tight monetary policy, but growth is expected to rebound as lending rates decline.

64. **Exchange Rate & Foreign Reserves:** The Kenyan Shilling stabilized at Ksh 128-130 per USD, appreciating 19% from Ksh 160.8 in January 2024, reducing external debt costs and restoring financial market confidence. Official foreign exchange reserves stood at USD 10.09 billion (5.1 months of import cover) by December 2024, providing a strong buffer for economic stability.

65. **External Sector & Diaspora Remittances:** The current account deficit improved to 3.6% of GDP in December 2024 from 4.4% in 2023, driven by increased exports and remittances. Diaspora remittances grew by 16.7% to USD 4.87 billion, enhancing forex inflows that support both investment and household consumption.

Budget Implementation & Revenue Challenges FY2024/25.

66. The FY 2024/25 budget faced early setbacks due to the withdrawal of the Finance Bill, 2024, which aimed to raise Ksh 344.3 billion, as well as protests that slowed economic activity. Additionally, carryover unpaid exchequer requests of Ksh 218.5 billion and obligations from Collective Bargaining Agreements (CBAs) have put pressure on government expenditures.

67. To maintain fiscal discipline, the National Treasury introduced Supplementary Estimates I, but revenue collection lagged behind target, with ordinary revenues reaching Ksh 1.2 trillion by December 2024, falling short by Ksh 93.2 billion.

68. To address revenue shortfalls, the Tax Laws (Amendment) Bill, 2024, Tax Procedures (Amendment) Bill, 2024, and Business Laws Amendment Bill, 2024 were enacted in December 2024. Despite these measures, ordinary revenue targets in Supplementary Estimates II were revised down to Ksh 2,580.9 billion, Ksh 50.5 billion lower than the previous estimate of Ksh 2,631.4 billion.

69. Fiscal Outlook

- ✓ Total revenues: Ksh 3,065.2 billion (17.6% of GDP)
- ✓ Total expenditures: Ksh 3,978.3 billion (22.8% of GDP)
- ✓ Fiscal deficit: Ksh 862.7 billion (4.9% of GDP), up from 4.3% in Supplementary I

FY 2025/26 Budget

70. In FY 2025/26, total revenue, including Appropriation-in-Aid (A-i-A), is projected at Ksh 3,385.8 billion (17.6% of GDP), with ordinary revenue contributing Ksh 2,835.0 billion (14.7% of GDP). On the expenditure side, the government plans to spend Ksh 4,263.1 billion (22.1% of GDP), which includes Ksh 3,096.3 billion for recurrent expenses, Ksh 725.1 billion for development projects, Ksh 436.7 billion for county allocations, and Ksh 5.0 billion for the Contingency Fund. This results in a fiscal deficit of Ksh 831.0 billion (4.3% of GDP), which will be financed through Ksh 146.8 billion (0.8% of GDP) in external borrowing and Ksh 684.2 billion (3.6% of GDP) in domestic borrowing. The government will submit detailed budget allocations to Parliament by April 30, 2025, based on sector ceilings.

71. The fiscal policy for FY 2025/26 and the medium term prioritizes fiscal consolidation to manage public debt vulnerabilities while ensuring adequate fiscal space for essential services. This will be achieved through revenue mobilization and expenditure rationalization. The government aims to progressively increase tax revenue to 20% of GDP by implementing the National Tax Policy and the Medium-Term Revenue Strategy (MTRS). Key reforms include broadening the tax base, reducing tax expenditures, leveraging technology to enhance tax collection, and sealing revenue loopholes. Additionally, non-tax revenues will be optimized

by ensuring that Ministries, Departments, and Agencies generate more revenue from the services they offer.

72. On the expenditure side, the government will implement austerity measures to reduce recurrent spending while improving efficiency in public resource utilization. State-Owned Enterprises (SOE) reforms will be undertaken to enhance governance and generate savings. Further, the government will utilize Public-Private Partnerships (PPPs) for commercially viable projects, review and restructure externally funded projects to align them with BETA priorities and introduce an end-to-end e-procurement system to enhance transparency and maximize value for money.
73. The government is committed to reducing the fiscal deficit from 5.6% of GDP in FY 2022/23 to 4.3% in FY 2025/26, and further to 3.1% in FY 2027/28. This will contribute to a steady improvement in the primary surplus, ultimately stabilizing public debt while maintaining fiscal discipline.

BUDGET PERFORMANCE FOR THE FY 2024/25 UPTO TO 31st DECEMBER 2024(FINANCIALS AND NON- FINANCIALS)

74. The overall absorption level for both recurrent and development budgets combined was 35% against a target of 50%. The absorption level for the recurrent was 51.2% against a target of 50% while that of Development was 14.53%. The over-absorption under Recurrent is attributed to some votes like Insurance to Civil Servants being given full-year access. The absorption for Development is low because of transfers under equalization and contingency funds which are yet to be transferred to the relevant bodies.

Table 8: Summary of Expenditure as at 31st December, 2024

Name of the Program & Sub-Program	Revised Estimates			Gross Expenditure			% Exp.
	Rec.	Dev.	Gross	Rec	Dev	Total	
General Administration Planning and Support Services	52,187	6,552	58,740	29,986	1,300	31,286	53
Public Financial Management	12,537	37,524	50,062	3,222	4,671	7,406	14
Economic and Financial Policy Formulation and Management	1,487	8,987	10,474	761	1,740	2,501	23
Market Competition	508	0.00	508	148	0.00	148	29
Grand Total	**66,721**	**53,064**	**119,785**	**34,119**	**7,712**	**41,343**	**34**

3.2 State Department for Economic Planning

75. During the Committee sitting, the Principal Secretary, of the State Department for Economic Planning submitted that: -

2025 BPS Budgetary Allocation for FY2025/26 and Medium Term

76. To implement its key commitments and priority areas, SDEP requires a total budget of KSh. 74.04 billion for the FY 2025/26. This includes KSh. 5.68 billion for Recurrent Expenditure and KSh. 68.36 billion for Development Expenditure. However, the allocated budget stands at KSh. 31.75 billion, with KSh. 3.49 billion for Recurrent Expenditure and KSh. 28.26 billion for Development Expenditure. This results in a total funding gap of KSh. 42.29 billion, comprising an underfunding of KSh. 2.19 billion in the Recurrent Vote and KSh. 40.10 billion in the Development Vote. The detailed breakdown of budget requirements, allocations, and the resulting funding gap is summarized in the table below:

Table 9: Proposed ceilings

NO	Description	Approved Estimates FY 2024/25	Requirements FY 2025/26 (a)	Allocation FY 2025/26 (b)	Funding Gap (b-a)	Allocation FY 2026/27	Allocation FY 2027/28
		(KSh. Million)					
1	Recurrent	3,246.55	5,682.60	3,487.71	**(2,194.89)**	3,474.53	3,669.17
2	Development	68,623.67	68,356.70	28,257.80	**(40,098.90)**	1,979.80	3,321.30
		71,870.22	**74,039.30**	**31,745.51**	**-42,293.79**	**5,454.33**	**6,990.47**

Table 10: Breakdown of Recurrent Requirement Vs. Allocation

Economic Classification	Approved Estimates FY 2024/25	Requirements FY 2025/26 (a)	Allocation FY 2025/26 (b)	Funding Gap (b-a)	Allocation FY 2026/27	Allocation FY 2027/28
GROSS	**3,246.55**	**5,682.60**	**3,487.71**	**2,194.89**	**3,474.53**	**3,669.17**
AIA	241.1	286.1	286.1	-	306.10	311.10
NET	**3,005.45**	**5,396.50**	**3,201.61**	**2,194.89**	**3,168.43**	**3,358.07**
SDEP-HQs						
Compensation to employees	460.11	600.13	473.91	126.22	488.13	502.77
Operations & Maintenance	549.75	1712.7	569.7	1143	595.9	622.1
Transfers to SAGAs	**2,236.70**	**3,369.82**	**2,444.10**	**925.72**	**2,390.50**	**2,544.30**
KNBS	867.85	1278.8	867.9	410.9	919.7	974.1
KIPPRA	414.55	835.55	687.10	148.45	591.10	622.70
NCPD	311.65	431.18	341.70	89.48	332.00	356.90
VDS	359.30	480.70	359.30	121.40	382.30	409.80
APRM/NEPAD	133.35	343.59	188.10	155.49	165.40	180.80
NG-CDF	150.00	-	-	-	-	-

Table 11: Summary for SAGAs under Economic Planning

Economic Classification	Approved Estimates FY 2024/25	Requirements FY 2025/26 (a)	Allocation FY 2025/26 (b)	Funding Gap (b-a)	Allocation FY 2026/27	Allocation FY 2027/28
GROSS	**68,623.69**	**68,356.62**	**28,257.82**	**(40,098.80)**	**1,978.80**	**3,231.30**
GOK	68,278.92	68,103.80	28,005.00	**(40,098.80)**	1,716.00	2,962.50
SDEP-HQs	-	870.00	113.00	**(757.00)**	1,085.70	951.30
NCPD	46.00	60.00	46.00	**(14.00)**	65.00	67.00
KIPPRA	-	227.40	36.00	**(191.40)**	104.00	50.00
KNBS	-	3,921.00	1,525.00	**(2,396.00)**	462.00	1,984.20
NG-CDF	68,232.90	63,025.10	26,285.00	**(36,740.10)**	-	-
LOANS	-	-	-	**-**	-	-
GRANTS	344.70	252.82	252.82	**-**	262.80	268.80
LOCAL AIA						

77. The funding gap in the FY 2025/26 allocation, as outlined in the 2025 Budget Policy Statement (BPS), will have significant implications across various sectors. One of the immediate effects will be a substantial reduction in funds allocated for bursaries, limiting access to education for many deserving students. Additionally, infrastructure projects in key sectors such as education and security will experience delays in both development and completion, hindering progress in these critical areas.

78. Furthermore, the shortfall will result in a reduced number of households accessing Social Health Insurance, potentially leaving many vulnerable families without essential healthcare

coverage. The inability to meet non-discretionary expenses, including rent, insurance, and board expenses, will further strain operations and essential service delivery.

79. Moreover, the funding gap will directly impact the effective implementation of core mandate areas. This includes challenges in monitoring and evaluation, leading to ineffective factual reporting of economic trends. Research and policy analysis, particularly in areas related to population and economic planning, will also be constrained. The development of a long-term plan for the country may be hampered, affecting national strategic goals. Additionally, equitable socio-economic development across the country could be compromised, widening disparities between regions. Lastly, the provision of quality and timely statistical data, which is crucial for informed decision-making, will be adversely affected.

3.3 The Office of Controller of Budget

80. When the Controller of Budget appeared before the Committee, she mentioned that the 2025 Budget Policy Statement (BPS) acknowledges that the identification and selection of government programs are guided by government policies. She pointed out that the legislative and executive processes responsible for setting expenditure ceilings for various Ministries, Departments, and Agencies (MDAs), as outlined in the 2025 BPS document, should focus on rationalizing the anticipated benefits and costs of planned programs. She stressed the importance of inclusive consultations among relevant stakeholders to ensure a feasible budget that supports program implementation.

81. The Controller of Budget noted two key roles: firstly, Article 228(5) of the Constitution mandates ensuring prudent management of public funds by authorizing all withdrawals from Public Funds to support government programs. Secondly, Article 228(6) mandates providing quarterly reports to each House of Parliament and the President on government program implementation.

82. Regarding specific policies highlighted in the 2025 BPS, the Controller of Budget noted the importance of managing pending bills, emphasizing the need to pay all pending bills at national and county government levels. The statement further noted the role of the Controller in enforcing compliance among county governments and the need for constant monitoring and reporting on pending bills status.
83. Additionally, the Controller of Budget noted the policy on managing the public sector wage bill, stating that reducing it is a key fiscal target. The statement highlighted the Controller's role in monitoring and reporting on the proportion of total revenues allocated to personnel emoluments by national and county governments.

84. Regarding the implementation of development projects, the Controller of Budget noted the fiscal consolidation policy's provision for completing ongoing projects and selecting new projects with net positive returns. It mentioned the Controller's role in monitoring and reporting on project implementation at the county government level, citing inadequate funding as a limitation in monitoring national government projects.

85. The statement emphasized the importance of budgetary provisions, as noted in the COB budget limits in the 2025 BPS, in ensuring effective implementation and reporting on government policies. It also highlighted the need for additional budgetary allocations in subsequent years to expand the Controller's role in realizing government policies and agenda. The following are not funded priority areas

List of Medium-Term Expenditure (MTEF) Programmes, Projects and Activities Earmarked for Implementation in the FY 2025/2

I. 2110100~2120100~ Personnel Emoluments Kshs. 535,700,000: To cater to salaries and allowances for all staff and employers' contributions to the pension scheme. There is a new staffing grading structure. The office has a deficit of Kshs. 182.8 million of approved but unfunded positions.

II. Communication, Supplies and Services. KSh. 4,639,840: To cater to telephone and internet costs and courier services for the office at both headquarters and the 47 county offices. We require additional funding of Kshs. 14.4 million

III. 221030900- Insurance Costs of Kshs. 69,814,654: To cater for the insurance costs of medical coverage for the staff, group personal accident cover, Work Injury Benefits Act (WIBA), motor vehicle, and other office assets

IV. 2211000- Specialized Materials and Supplies KSh. 950,000: To cater for the purchase of education and library supplies and uniforms for staff.

V. 2211100—Office and General Supplies and Services KSh. 5,215,306: To purchase general office supplies at headquarters and the 47 County offices, require additional funding of Kshs. 8.4 million to cover the shortfall and hire new staff.

VI. 2211200—Fuel oil and lubricants KSh. 2,844,800: The office requires an additional KSh.4.4 million to provide vehicle fuel during monitoring and evaluation, county visits, public participation sensitization normal office operations.

VII. 2211300—Other Operating Expenses KSh. 39,445,462: To cover monitoring and evaluation expenses, bank charges, staff membership subscriptions to professional bodies, legal fees, and contracted professional services, we require additional funding of Kshs 89.4 million.

VIII. 22201000 Routine Maintenance- Vehicles and Other Transport equipment KSh. 2,330,000: The office has an ageing fleet of vehicles, most of which have been used for over ten years. These funds are for motor vehicle repairs and maintenance. We require additional funding of Kshs. 2.3 million.

IX. 2710100—Government pension and Retirement Benefits KSh. 22,750,776: To cater for gratuity for senior staff whose contracts will end in FY 2025/26.

4.0 COMMITTEE OBSERVATIONS

86. Having held deliberations with the MDAs under its purview, the Committee observed THAT-

6.1 State Department for Economic Planning

i. Legal and Budgetary Uncertainty Surrounding NG-CDF Allocation and Continuity.

87. It was observed that in FY 2024/25, the total allocation for the National Government Constituencies Development Fund (NG-CDF) stands at KSh. 68,232.9 million, which includes KSh. 13,455.9 million carried over from FY 2023/24. However, based on the Budget Policy Statement (BPS) 2025 ceilings, the NG-CDF allocation has been significantly reduced from KSh. 54.77 billion in the current financial year to KSh. 26 billion in FY 2025/26. This reduction appears to be a direct consequence of the High Court ruling issued on September 20, 2024, which declared the NG-CDF unconstitutional and ordered its cessation by June 30, 2026.
88. In response, the NG-CDF Board and the National Assembly appealed the ruling, arguing that the judgment contained fundamental legal errors. Notably, the decision was based on the repealed CDF Act of 2013 rather than the NG-CDF Act of 2015, which remains in force. Given these legal discrepancies, there is a high likelihood that the appeal could succeed, potentially overturning the High Court's decision.
89. Additionally, efforts are underway to entrench NG-CDF into the Constitution, which would resolve any legal uncertainties regarding its existence. Parliament also retains the power to enact new legislation to ensure the continuity of NG-CDF programs. However, as the legal process unfolds, concerns have emerged regarding the funding of ongoing projects, many of which are at various stages of completion. Without adequate provisions in the FY 2025/26 budget and beyond, there is a risk of project abandonment, which could negatively impact development initiatives and educational bursaries supported by NG-CDF. Given that legal appeals may take time, there is a strong argument for continued budgetary allocations to sustain critical projects and prevent disruptions in service delivery.

6.2 The National Treasury.

ii. Governance, Administration, and Revenue Management of the E-Citizen Platform

90. It was observed that the E-Citizen platform is fully owned by the government, with a private vendor contracted for three years to manage its operations and provide capacity-building support. The vendor's compensation is structured based on the number of government entities utilizing the platform, aligning payment with the system's expansion and adoption.
91. It was also noted that the platform was initially under the Ministry of ICT but later came under the administration of the Immigration Department, which now serves as the custodian of the agreement documents. This transition has placed the Immigration Department in charge of overseeing the platform's contractual and operational aspects.
92. Furthermore, it was observed that the convenience fee collected through the E-Citizen platform is now deposited directly into a government account.

iii. Transition to Accrual-Based Accounting Under IPSAS 33

93. It was also observed that the government will commence its transition from cash-based to accrual-based accounting on July 1, 2025, with a planned three-year implementation period. This shift, aligned with IPSAS 33, aims to enhance financial transparency and resource management.
94. The transition will be overseen by an Implementation Steering Committee and will follow a phased approach. In the first year, the focus will be on recognizing financial assets, while in the second and third years, the process will expand to include non-financial assets, such as natural resources. This structured implementation ensures a gradual and comprehensive migration to the new accounting framework.

iv. Rising Pension Arrears and Challenges in Pension Administration

95. It was observed that a new digitized pension system is set to be implemented, with the rollout scheduled to begin in May 2025. This system aims to streamline pension administration by enhancing efficiency, reducing bureaucratic delays, and ensuring the timely processing of payments.
96. Further, despite legal requirements, pension arrears continue to rise, with unremitted contributions reaching KSh. 54.468 billion in the public sector and KSh. 2.474 billion in the private sector as of December 31, 2024. These amounts, already deducted from employees' salaries, remain unpaid, raising serious concerns about financial mismanagement and accountability.
97. Additionally, pension administration remains inefficient, hindered by slow digitization and bureaucratic delays, which have significantly prolonged payment processing. Some retirees have been forced to wait up to 26 years to receive their pensions, leaving many in financial distress and struggling to afford necessities, despite their years of service.

98. In addition, it was observed that the National Treasury has established a task force to assess the progress of pension administration. The task force is currently working to determine the actual pension arrears and accrued interest while formulating recommendations on how these arrears will be cleared.

v. Unrealistic Revenue Growth Projections Amid Persistent Shortfalls

99. It was also observed that the government's revenue collection has consistently fallen short, with deficits increasing from KSh. 123.6 billion in FY 2022/23 to KSh. 205 billion in FY 2023/24, and KSh. 204.9 billion in FY 2024/25. Furthermore, as of January 2025, the current FY 2024/25 recorded an ordinary revenue shortfall of KSh. 113 billion.

100. The National Treasury attributes these persistent revenue deficits to inefficiencies in tax administration, weak enforcement, poor policy implementation, and low compliance levels. Additionally, gaps in existing legislation limit the government's ability to capture all taxable transactions, particularly those involving multinational companies and businesses operating in Kenya. These shortcomings have significantly impacted revenue mobilization, further straining the country's fiscal position.

101. Despite these challenges, the National Treasury projects a sharp increase in revenue to KSh. 3,385.8 billion in FY 2025/26, raising concerns about the credibility of these targets. With slower economic growth expected, revenue collection is also likely to increase at a slower pace, making these ambitious projections highly questionable.

5.0 RECOMMENDATIONS

Non-Financial Recommendation

102. Having held deliberations with the MDAs under its purview, the Committee recommends THAT-

I. Within one month of the Budget Policy Statement's approval, the National Treasury and the Department for Immigration should submit copies of the agreement between the government and the private vendor, along with a clear framework for evaluating the vendor's performance and compensation model, to the Departmental Committee on Finance and National Planning. This will enable the committee to determine whether payments are aligned with the services provided, assess the financial implications of the agreement, and ensure the effective use of public funds. Additionally, this aims to enhance transparency, strengthen accountability, and facilitate the proper monitoring of the contractual and operational aspects of the E-Citizen platform.

II. Within two weeks after the approval of the Budget Policy Statement, the National Treasury should submit a detailed report to the Departmental Committee on Finance and National Planning outlining the measures being implemented to address revenue collection shortfalls. This report should include specific tax revenue-raising strategies to support the projected revenue for FY 2025/26. This will help to assess whether the proposed revenue measures align with the Medium-Term Revenue Strategy (MTRS) and the National Tax Policy, both of which provide a long-term framework for sustainable revenue mobilization and predictability of the revenue raising measures.

III. Within one week after the approval of the Budget Policy Statement, the National Treasury should submit a comprehensive report to the Departmental Committee on Finance and National Planning detailing the implementation status of the new digitized pension system, including key milestones and timelines. Additionally, the Treasury should provide an action plan outlining measures to clear outstanding pension arrears, ensure the timely remittance of contributions, and enhance pension administration efficiency. This report should also include the findings and recommendations of the task force on pension administration. These measures will improve transparency, strengthen accountability, and ensure retirees receive their rightful benefits without unnecessary delays.

Financial Recommendations

I. The Committee recommends an enhancement of KSh. 31.545 billion for the State Department of Economic Planning budget to address the underfunding of the National Government Constituencies Development Fund (NG-CDF). As stipulated in the NG-CDF Act, the allocation should be no less than 2.5% of the national government's share of revenue. However, the 2025 Budget Policy Statement (BPS) has allocated only KSh. 26 billion for the Financial Year 2025/26, resulting in a significant shortfall of KSh. 38 billion. In light of this, the Committee strongly urges the House to reconsider the current allocation and increase the NG-CDF budget to KSh. 64 billion to ensure compliance with the legal framework and adequately support constituency-level development initiatives. This adjustment is crucial for enhancing service delivery, infrastructure development, and community projects that directly benefit citizens across the country. The NG-CDF plays a vital role in promoting equitable development, reducing regional disparities, and improving

essential services such as education, healthcare, and infrastructure. Therefore, the Committee appeals for a review and adjustment of the proposed allocation to align with the NG-CDF Act and the development priorities of the constituencies.

II. The Committee further recommends the approval of budget ceilings, including KSh. 130.708 billion for the National Treasury, KSh. 409 million for the Commission on Revenue Allocation, and KSh. 777.5 million for the Office of the Controller of Budget.

Additional Requests

III. The Committee requests the Liaison Committee to enhance ceilings for the following:

State Department	Program	Implementing Agencies	Amount KSh. million	Reason
Commission on Revenue Allocation	Inter Commission on Revenue Allocation	Commission on Revenue Allocation	130	To facilitate the timely identification of marginalized areas, the government will implement inclusive, data-driven policies to enable targeted interventions. To facilitate the implementation of the County Integrated Revenue Management System (CIRMS), efforts will focus on enhancing efficiency, transparency, and accountability in county revenue management.
The National Treasury	General Administration	PPRA	100	To strengthen enforcement, regulatory oversight and monitoring mechanisms will be reinforced to ensure compliance, transparency, and accountability in procurement processes, preventing fraud and inefficiencies. For capacity-building initiatives, targeted training, resource allocation, and skill development will be implemented to strengthen procurement entities.
Economic Planning	Sectoral and intergovernmental Development Planning	NG-CDF	38,000	crucial for enhancing service delivery, infrastructure development, and community projects that directly benefit citizens across the country

SIGNED.....

HON. CPA. KURIA KIMANI, CBS, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND MINING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION -2025

THE DEPARTMENTAL COMMITTEE

ON

ENVIRONMENT, FORESTRY, AND MINING

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE 2025 BUDGET POLICY STATEMENT AND THE MEDIUM TERM FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1331 - State Department for Environment and Climate Change
Vote 1332 - State Department for Forestry
Vote 1192 – State Department of Mining

DIRECTORATE OF DEPARTMENTAL COMMITTEES,

CLERKS CHAMBERS,

PARLIAMENT BUILDINGS,

NAIROBI.

FEBRUARY, 2025

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PART I

1.0 Preface

1.1 Introduction

1. This is the Committee's report on considering the 2025 Budget Policy Statement and Medium Term by Section 25(2) of the Public Finance Management Act, 2012, and the National Assembly Standing Order 232. The Departmental Committee on Environment, Forestry and Mining held meetings with the Ministries, Departments and Agencies under its purview to scrutinize the 2024 Budget Policy Statement on 19th and 20th February, 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee under the provision of Standing Order 232(5).

1.2 Mandate of the Committee

2. The Departmental Committee on Environment, Forestry and Mining is one of the twenty (20) Departmental Committees of the House established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders and mandated to:
    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 the implementation;*
    iii. *every quarter, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *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;*
    vi. *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;*
    vii. *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);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House under the provisions of Article 254 of the Constitution; and*

3. By the Second Schedule of the Standing Orders, the Committee must consider the following subjects: ***climate change; environment management and conservation; forestry; mining and natural resources; pollution;*** and ***waste management.***
4. In executing its mandate, the Committee oversees three (3) State Departments, namely the ***State Department for Environment and Climate Change, State Department for Forestry,*** and ***State Department for Mining***.

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson
The Hon. David Gikaria, MP
Nakuru Town East Constituency
UDA Party

Vice-Chairperson
The Hon. Charles Kamuren, MP
Baringo South Constituency
UDA Party

Members

The Hon. Mbalu Jessica Nduku Kiko, M.P.
Kibwezi East Constituency
Wiper Democratic Movement

The Hon. Mwanyanje Gertrude Mbeyu, M.P.
Kilifi County,
Orange Democratic Movement (ODM)

The Hon. Hiribae Said Buya, M.P.
Galole Constituency
Orange Democratic Movement (ODM)

The Hon. Emathe Joseph Namuah, M.P.
Turkana Central Constituency
United Democratic Party (UDA)

The Hon. Kemei Beatrice Chepng'eno, M.P.
Kericho County
United Democratic Alliance (UDA)

The Hon. Masito Fatuma Hamisi, M.P.
Kwale County
Orange Democratic Movement (ODM)

The Hon. Titus Lotee, M.P
Kacheliba Constituency
Kenya Union Party (KUP)

The Hon. Yakub Adow Kuno, M.P.
Bura Constituency
United Party of Independent Alliance (UPIA)

The Hon. Salim Feisal Bader, M.P.
Msambweni Constituency
United Democratic Alliance (UDA)

The Hon. Dr. Joseph Wainaina Iraya, M.P.
Nominated,
United Democratic Alliance (UDA)

The Hon. Kururia Elijah Njoroge. M.P.
Gatundu North Constituency
Independent Member

The Hon. Nguro Onesmus Ngogoyo, M.P.
Kajiado North Constituency
United Democratic Alliance (UDA)

The Hon. Mohamed Tubi Bidu, M.P.
Isiolo South Constituency
Jubilee Party (KPP)

1.4 Committee Secretariat

6. The Committee is serviced by the following Members of Staff:

Ms. Hellen Ekadeli
Clerk Assistant I/Head of Secretariat

Ms. Nancy Chamunga
Fiscal Analyst III

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Ms. Mercy Wanyonyi
Senior Legal Counsel

Dr. Joseph Kuria
Research Officer III

Ms. Stephen Otieno
Sergeant-At-Arm

Mr. Kevin Ojiambo
Media Relations Officer III

1.5 Overview of the Examination of the 2025 Budget Policy Statement

7. The Budget Policy Statement was submitted to the National Assembly under Section 25(2) of the Public Finance Management Act, 2012, and the National Assembly Standing Order 232 and subsequently tabled on the floor of the House on **Tuesday, 15th February 2025.** Consequently, the Budget Policy Statement was committed to the relevant Departmental Committees for consideration and to making recommendations to the Budget and Appropriations Committee under Standing Order 232(5).
8. The Committee held a total of four (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on **20th February 2025** at Bunge Tower.

1.6 Acknowledgement

9. 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. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support of the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2025 Budget Policy Statement.
11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Environment, Forestry and Mining, to submit its Report on the scrutiny of the 2025 Budget Policy Statement and Medium Term.

THE HON. DAVID GIKARIA, M.P.
CHAIRPERSON

PART II

1.0 BROAD OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT (BPS)

12. The 2025 BPS-themed "**Consolidating Gains Under Bottom–Up Economic Transformation Agenda For Inclusive Green Growth"** is the third one to be prepared under the Kenya Kwanza Administration. It sets out the Administration's priority policies and strategies focusing on six key areas namely: ***(i) Reducing the Cost of Living; (ii) Eradicating Hunger; (iii Creating Jobs; (iv) Expanding the Tax Base; (v) Improving Foreign Exchange Balances;*** and ***(vi) Fostering Inclusive Growth.*** These are to be achieved through promoting investment in BETA's key pillars and enablers as well as utilizing a value chain strategy to implement the targeted interventions. The value chain method aims to draw in both domestic and foreign investment while improving production, value addition, and market access.

13. Additionally, the 2025 BPS also outlines government plans to adopt: zero-based budgeting, requiring all expenses to be justified for each new financial year, aiming to improve cash flow management and eliminate unnecessary expenditures; a Single Treasury Account is intended to improve cash flow management; and aims to scale up Public Private Partnerships (PPPs) to enhance private sector involvement in public service delivery.

14. Several prevailing resource constraints impacting Kenya's fiscal environment have been outlined in the 2025 BPS, namely: ***High Debt Servicing Costs; Revenue Shortfalls; Expenditure Pressures; Low Development Budget Absorption;*** and ***Accumulation of Pending Bills.*** To address these constraints, the government emphasizes fiscal consolidation through expenditure rationalization and enhanced revenue mobilization efforts. This includes prioritizing high-impact projects, eliminating wasteful spending, and implementing tax reforms to broaden the revenue base. By acknowledging these resource constraints and outlining strategic measures, the 2025 BPS aims to promote sustainable economic growth and improve the well-being of all Kenyans.

2.1 EXPENDITURE CEILINGS IN THE 2025 BUDGET POLICY STATEMENT (BPS)

15. The ceiling for the State Department for Environment and Climate Change is **Kshs. 6.41 billion,** which is **an increment** of **Kshs. 1.94 billion** ***(43.6 percent growth)*** from the **Approved Estimates for FY 2024/25.** The recurrent expenditure and development expenditure have **marginal growth** of **17.1 percent** and **107.4 percent, respectively.**
16. The ceiling for the State Department for Forestry is **Kshs. 16.33 billion,** which is **an increment** of **Kshs. 4.25 billion** ***(35.2 percent growth)*** from the **Approved Estimates for FY 2024/25.** The recurrent expenditure and development expenditure have **marginal growth** of **2.5 percent** and **132.0 percent, respectively.**
17. The ceiling for the State Department for Mining is **Kshs. 1.67 billion,** which is **an increment** of **Kshs. 671.8 million** ***(67.5 percent growth)*** from the **Approved Estimates for FY 2024/25.** The recurrent expenditure and development expenditure have **marginal growth** of **4.0 percent** and **100 percent, respectively.**

Table 1: Approved Estimates FY 2024/25 vs BPS Ceilings for FY 2025/26 (Kshs. Millions)

S/No.	Programme	Approved Budget Estimates			BPS Ceilings FY 2025/26		
		Vote 1331- State Department for Environment and Climate Change					
		Current	Capital	Totals	Current	Capital	Totals
1	General Administration, Planning and Support Services	553.1	-	**553.1**	596.0	-	**596.0**
2	Environment Management and Protection	1,508.2	1,137.8	**2,646.0**	1,789.0	2,268.0	**4,057.0**
3	Meteorological Services	1,092.3	150.0	**1,242.3**	1,308.0	403.0	**1,711.0**
4	Forest Development, Management and Conservation	-	20.0	**20.0**	-	41.0	**41.0**
	Totals	**3,153.6**	**1,307.8**	**4,461.4**	**3,693.0**	**2,712.0**	**6,405.0**
S/No.	**Programme**	**Approved Budget Estimates**			**BPS Ceilings**		
		Vote 1332-State Department for Forestry					
		Current	**Capital**	**Totals**	**Current**	**Capital**	**Totals**
1	General Administration, Planning and Support Services	128.6	-	**128.6**	183.0	-	**183.0**
2	Agroforestry and Commercial Forestry Development	8.5	-	**8.5**	21.4	-	**21.4**
3	Forest Development, Management and Conservation	8,894.5	3,048.0	**11,942.5**	9,056.0	7,071.0	**16,127.0**
	Totals	**9,031.6**	**3,048.0**	**12,079.6**	**9,260.4**	**7,071.0**	**16,331.4**
S/No.	**Programme**	**Approved Budget Estimates**			**BPS Ceilings**		
		Vote 1192-State Department for Mining					
		Current	**Capital**	**Totals**	**Current**	**Capital**	**Totals**
1	General Administration, Planning and Support Services	396.3	-	396.3	405.6	-	405.6
2	Mineral Resources Management	307.6	-	307.6	345.0	294.0	639.0
3	Geological Survey and Geoinformation Management	290.9	-	290.9	284.0	338.0	622.0
	Totals	**994.8**	**-**	**994.8**	**1,034.6**	**632.0**	**1,666.6**

Source: National Treasury

PART III

3.0 SUBMISSIONS BY MINISTRIES AND STATE DEPARTMENTS

3.1 State Department for Environment and Climate Change - Vote 1331

18. The State Department was allocated **Kshs. 6.405 billion,** out of which **Kshs. 3.693 billion** was in respect of recurrent vote while **Kshs. 2.712 billion** was under development vote for **FY 2025/26.**

Table 2: Approved Estimates FY 2024/25 vs BPS Ceilings for FY 2025/26 (Kshs. Millions)

	Approved Estimates FY 2024/25			Budget Ceilings FY 2025/26		
Programme	**Current**	**Capital**	**Total**	**Current**	**Capital**	**Total**
General Administration, Planning and Support Services	553.1	-	53.1	596.0	-	596.0
Environment Management Protection	1,508.2	1,137.8	2,646.0	1,789.0	2,268.0	4,057.0
Meteorological Services	1,092.3	150.0	1,242.0	1,308.0	403.0	1,711.0
Water Rehabilitation and Conservation	-	20.0	20.0	-	41.0	41.0
Totals	**3,153.6**	**1,307.8**	**4,461.0**	**3,693.0**	**2,712.0**	**6,405.0**

Source: Committee Reports

Table 3:Indicative Performance Targets Linked To Policies & Programmes In The BPS 2025

PROGRAMME	OUTPUTS AND TARGETS
General Administration, Planning and Support Services	Finalize Kenya Meteorology Bill, Policy & other related laws and their Regulations;
	Finalize Guidelines for mainstreaming waste into the curricula at all levels of education;
	Undertake Quarterly Monitoring and evaluation of programmes and projects for the State Department (4 Reports);
	Enhance financial management and prudent procurement of services (4 reports)
Environment Management And Protection	Implementation of National Climate Change Action plan III (2023 – 2027);
	Domesticate 4 Multi-lateral Environmental Agreements;
	Conduct 4 trainings on HCFCS (ODS) and HFCs;
	100% completion in updating Chemical and Waste Database;
	Update National Implementation Plan (NIPs)
	Train 1,050 small scale gold miners trained on Mercury Free Gold Mining (IMKA Gold);
	Update National Greenhouse Gas (GHG) Inventory
	Update National Measurement, Reporting and Verification (MRV) Registry
	Capacity built 100 stakeholders for NCCAP III implementation
	Recognize and Award 20 Best Practices and Green Innovations;
	Incubate and upscale/commercialize 15 Green Innovations;
	Coordinate establishment of 4 Model Waste Demonstration Centers

PROGRAMME	OUTPUTS AND TARGETS
	Monitor Air quality in 3 Urban Areas;
	Undertake Environmental Impact Assessment on major projects;
	Rehabilitate 3 Wetlands;
	Resolve 100% of Public Interest Litigation Environmental cases;
	Undertake 2,800 inspections, enforcement and prosecution on the pl astic ban on single use carrier bags in 47 counties;
	Undertake and process 6,100 environmental audits;
	Undertake ambient air quality monitoring for Nairobi, Mombasa, Ki sumu, Nakuru and Eldoret;
	Establish 2No. Waste Management Infrastructure Prototypes.
Meteorological Services	Modernize National Weather Network to a target of 85%;
	Issue 432 daily, weekly, monthly and seasonal Weather forecasts; an d
	Develop capacities for Advertent Weather Modification to a target o f 27%.
Water Tower Rehabilitation and Conservation	Rehabilitate 700Ha degraded water towers;
	Protect 200,000 Ha and fencing of 60 Kms of water towers;
	Establish 300 Ha of bamboo stock for Bamboo investment and com mercialization;
	Propagation of 300,000 seedlings

Source: Committee Reports

3.1.1 POLICIES UNDERLYING EXPENDITURE CEILINGS FOR 2025 BPS

Table 4: BETA Priorities

BETA DOMAIN	KEY POLICY DIRECTIONS
NATURAL RESOURCE GOVER NANCE	Finalize Kenya Meteorology Bill, & other related laws and their Regulati ons
	Domesticate already ratified Multilateral Environment Agreements (ME As);
	Finalize Guidelines for mainstreaming waste into the curricula at all level s of education;
	Finalization of Relevant Frameworks and Regulations – EMCA & Carbo n Markets;
REVENUE AND TAX BASE	Operationalize Designated National Authority(DNA) to handle Carbon M arkets;
	Undertake Environmental Impact Assessment on Projects; Ambient Air Quality Monitoring in Urban Centers; Effluent Discharge License Assess ments and Processing of Annual Fees;
	Environmental Enforcements and Inspections;
	Processing Waste Transport and Disposal Fees;
SUSTAINABLE WASTE MANA GEMENT	Develop Circular Economy Strategy for Sustainable Waste Management;
	Coordinate Establishment of Model Waste Demonstration Centers;
	Coordinate Establishment of Waste Infrastructure and Material Recovery Facilities (MRFs);
	Ensure compliance with air quality standards and strengthen enforcement capacity

BETA DOMAIN	KEY POLICY DIRECTIONS
	Ensure Compliance on ban on use of Plastic bags;
NATURAL RESOURCE CONSERVATION RESTORATION AND MANAGEMENT	Ecosystem Conservation, Restoration of degraded Water Towers and Lands;
	Wetlands Restoration Strategy towards 15Bn Tree Growing;
LIVELIHOODS AND JOB CREATION	Link Waste Cooperatives to Secondary Markets;
	Pursue nature-based enterprises to enhance value chains;
CROSS CUTTING/CLIMATE CHANGE MITIGATION AND ADAPTATION	Implementation of National Climate Change Action Plan III (2023 – 2027);
	Modernization of Kenya Meteorological Department (KMD) to enhance Climate Information under National Framework of Climate Services;

Source: Committee Reports

3.1.2 Implementation Status of Cabinet Resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhancing service delivery, and reducing reliance on the Exchequer.

19. Kenya Water Towers Agency (KWTA) was dissolved following the Expiry of the legal instrument establishing the agency (Gazette Notice No. 31 of 20th April 2012) in 2023.
20. This is part of the Cabinet sanctioned reforms with overlapping and/or duplicate mandates. KWTA had duplicating Mandate with Kenya Forest Service (KFS).
21. Ongoing programmes implemented by the Agency should be aligned within the State Department of Forestry.
22. The staff were deployed within the Ministry and its Agencies based on their competences.
23. This requires additional resources to Agencies where staff were deployed

3.2 State Department for Forestry - Vote 1332

24. Overall absorption was **50%.**
25. The absorption of the recurrent allocation was **48%** while that of the development allocation was **54%.**

Table 5: Analysis of Approved Budget Vs Expenditure

	Approved Budget FY 2024/25	Expenditure	Absorption Rate
Vote 1332	**Ksh. Millions**	**Ksh. Millions**	**%**
Recurrent	9,032	4,347	48%
Development	3,048	1,638	54%
Total	**12,080**	**5,985**	**50%**

Source: Committee Reports

Table 6: RECURRENT BUDGET IMPLEMENTATION FOR FY 2024/25

Economic Classification	Approved Budget FY 2024/25	Cumulative Expenditures as at 31st December, 2024	Absorption
Gross	**9,032**	**4,347**	48
AIA	4,550	2,106	46
NET	**4,482**	**2,241**	50
Compensation to Employees	106	63	59
Transfers	8,865	4,263	48
Other Recurrent	61	21	34

Source: Committee Reports

Table 7: DEVELOPMENT BUDGET IMPLEMENTATION FOR FY 2024/25

Vote 1332	Approved Budget-FY 2024/25	Expenditure as at 31st December, 2024	Absorption Rate
	Ksh. Millions	**Ksh. Millions**	**%**
Gross	**3,048**	**1,638**	54
GOK	500	438	88
Loan AIA	1,548	670	43
Loan Revenue	1,000	530	53

Source: Committee Reports

Table 8: Key Policies Underlying the Expenditure Ceilings in the 2025 BPS

S/No.	Document	Policy
1.	**Kenya Vision 2030**	**Provision of a clean, secure and sustainable environment**
2.	**Medium Term IV**	**Increase tree cover from 12.13% in 2022 to 21.07% by 2027 and forest cover from 8.83% to 17% by growing 7.5 Billion trees and restoring 543,000 Ha of degraded landscapes across the country**
3.	**Bottom-Up Economic Transformation Agenda (BETA)**	**Climate Action and Environmental Sustainability - Jaza Miti Campaign, a campaign to plant 15 Billion trees by 2032**
4.	**Budget Policy Statement**	**The Government continues to implement the National Tree Growing Programme. The Programme aims to grow 15 billion trees across the country to promote and support more resilient livelihoods.**
5.	**Ministry of Environment, Climate Change and Forestry Strategic Plan 2023-2027**	**National 30% tree cover strategy** **National Forest Policy**

Table 9: Indicative performance targets linked to the policies and programmes in the 2025 Budget Policy Statement

Programme	Sub-Programme	Key Outputs	Key- Performance Indicator	Annual Target FY 2025/26
Forestry Development, Management and Conservation	Forest Conservation and Management	Tree seeds & seedlings	Kgs of seeds produced	100,000
			No. of Kg of Tree Seeds distributed.	100,000
			No of tree seedlings produced (Millions)	150
		Forest areas rehabilitated	Ha of degraded natural forest areas rehabilitated	17,000
		Woodlots forest	Ha of woodlot forest planted in ASALs	25
		Closed canopy forest	Ha of existing closed canopy forest protected	2.6
		Forest plantations planted and maintained	Ha of forest plantations planted and maintained	3,200
		Commercial farm forests	Ha of woodlots established in private farms	100
		Fire prevention and suppression	KM of fire breaks/ lines maintained	600
Forestry Development, Management and Conservation	Forest Research and Development	Forest research technologies developed	No. of research technologies developed	41
		Forest technologies Published and Publicized and disseminated	No. of publications	33
		Seed sources maintained and established	Ha of seed sources maintained	140
			Ha of new seed sources established	6
		Construction and equipping of seed processing units	No of seed processing units equipped.	11
Forestry Development, Management and Conservation	Kenya Watersheds Services Improvement Programme (KEWASIP)	Nature-based enterprises Promoted	No. of nature-based enterprises	25
Agro- Forestry and Commercial Forestry Development	Agroforestry development	Private and community land for agroforestry mapped-separate	Area in hectares	100,000
		Nature-based enterprises developed	No. of enterprises developed	100

Source: Committee Reports

3.3 State Department for Mining - Vote 1192

26. **The State Department will focus on the following priorities in the Medium-Term:**

i. Mining Sector Reforms – Undertaking reforms aimed at better aligning the sector to BETA, current global demand for minerals and to take advantage of emerging issues in mining and resource;

ii. Legal and legislative reforms – Reviewing the Mining Act, Development of a Mineral Value Addition Policy and Act

iii. Provision of a business, legal and regulatory enabling environment in support of accelerated exploration, increased investments in the sector and ultimately increased mineral production.

iv. Full operationalization of the National Mining Corporation and empowering it to embark on exploitation of strategic minerals (Coltan, REE, Graphite, Copper, Manganese).

v. Ground Truthing and confirmatory field work – To provide better clarity on the recently concluded Nationwide Airborne Geophysical Survey, the Ministry is undertaking field-based work on the identified mineral deposit occurrences.

vi. Promotion and formalization of Artisanal and Small-Scale mining – The ASM sub-sector is the highest contributor to jobs creation and rural growth

vii. Promotion of mineral based cottage industries in counties to help prioritize minerals that each county desires to promote. This is in addition to the continued promoting minerals for peace projects

Table 10: BPS Allocation V.S Budget Requirement (Kshs. Millions)

Recurrent Budget					
	Supplementary I Budget FY 2024/25 (Kshs. M)	**Budget Requirement FY 2025/26 (Ksh M)**	**BPS Allocation FY 2025/26 (Ksh M)**	**Budget Deficit FY 2025/26 (Ksh M)**	**% Funding**
Expenditure by Economic Classification					
Gross	**994.87**	**3,168.46**	**1,034.81**	**-2,133.65**	**33%**
AIA	100.00	100.00	100.00	0.00	100%
Net	**894.87**	**3,068.46**	**934.81**	**-2,133.65**	**30%**
Compensation to Employees	501.00	563.34	501.36	-61.98	89%
Transfers	89.00	513.58	89.00	-424.58	17%
Other Recurrent	404.87	2,091.54	444.45	-1,647.09	21%

Table 11: BPS Allocation V.S Budget Requirement (Kshs. Millions)

Development Budget					
	Supplementary I Budget FY 2024/25 (Kshs. M)	**Budget Requirements FY 2025/26**	**BPS Allocation FY 2025/26**	**Budget Deficit FY 2025/26**	**% Funding**
Gross	0.00	2,844.00	632.00	-2,212.00	22%
GoK	0.00	2,844.00	632.00	-2,212.00	22%

Table 12: BPS Allocation V.S Budget Requirement (Kshs. Millions)

M\ C BPS Allocation V.S Budget Requirement by Economic Classification					
	Supplementary 1 Budget FY 2024/25	Requirement FY 2025/26	BPS Allocation FY 2025/26	Budget Deficit FY 2025/26	% Funding
Current Expenditure	994.87	3,168.46	1,034.81	-2,133.65	33%
Compensation to Employees	501.00	563.34	501.36	-61.98	89%
Use of Goods and Services	404.87	2,044.69	439.45	-1,605.24	21%
Current Transfers to Govt. Agencies	89.00	513.58	89.00	-424.58	17%
Non Financial Assets	0.00	46.85	5.00	-41.85	11%
Capital Expenditure	0.00	2,844.00	632.00	-2,212.00	22%
Use of Goods and Services	0.00	1,176.50	250.50	-926.00	21%
Current Transfers to Govt. Agencies		126.00	0.00	-126.00	0%
Non Financial Assets	0.00	1,541.50	381.50	-1,160.00	25%
Total Expenditure	994.87	6,012.46	1,666.81	-4,345.65	28%

Table 13: BPS Allocation per Programme (Kshs. Millions)

BPS Allocation per Programme					
Programmes	**Revised Estimates II FY 2024/25**	**Budget Requirement FY 2025/26**	**BPS Allocation FY 2025/26**	**Budget Deficit FY 2025/26)**	**% Funding**
1007000 General Administration Planning and Support Services	396.32	1,292.38	405.57	-886.81	31%
1009000 Mineral Resources Management	307.62	1,561.13	639.45	-921.68	41%
1021000 Geological Survey and Geoinformation Management	290.92	3,158.95	621.79	-2,537.16	20%
Total	**994.86**	**6,012.46**	**1,666.81**	**-4,345.65**	**28%**

Table 14: List of proposed projects and the respective expenditure allocations FY 2025/26

Name of the Project	Cost	Expenditure to date	Balance	%Completion Dec 2024	BPS 2025 Requirement	BPS 2025 Allocation
Geological Data Bank Project - BETA	400.0	202.3	197.7	51%	90.0	50.0
Online Transactional Mining Cadastre Portal - BETA	380.0	145.6	234.4	38%	184.0	110.0
Mineral Audit Support - BETA	445.0	236.2	208.8	53%	154.2	75.0
Rehabilitation of Madini House	300.0	101.7	198.3	34%	108.3	46.2
Mineral Certification Laboratory	1,326.0	357.5	968.6	27%	620.0	73.0
Geological Mapping and Mineral Exploration	1,861.0	566.4	1,294.6	30%	603.0	142.5
Geo Technical Site Investigations	694.0	22.9	671.1	3%	255.0	50.0
Gemstone Value Addition Centre - Taita Taveta	120.0	109.2	10.8	91%	10.8	10.8
Post-mining land reclamation and mine site rehabilitation	460.0	0.0	460.0	0%	52.0	52.3
Monitoring & Evaluation of Geological and Mineral Resource Development Projects	480.0	0.0	480.0	0%	98.0	22.5
Total	**6,466.0**	**1,741.8**	**4,724.3**		**2,175.3**	**632.3**

PART IV

4.0 COMMITTEE OBSERVATIONS

27. Having held consultative meetings on the scrutiny of the 2025 Budget Policy Statement and Medium Term, the Committee made the following observations:

4.1 State Department for Environment and Climate Change

28. The State Department has been provided a ceiling of **Kshs. 6.41 billion** for the FY 2025/26 comprising of **Kshs. 3.69 billion** for recurrent expenditure, and **Kshs. 2.71 billion** for development expenditure. This is higher than the Approved Budget for FY 2024/25 by **Kshs. 1.94 billion,** meaning a number of its planned projects will be achieved as envisaged in its strategic plan.
29. The State Department is currently restructuring its Resource Mobilization Strategies (Public and Donors) as outlined in its **Strategic Plan 2023 – 2027** to enhance its fiscal space with **NETFUND as the CORE DRIVER** of the **Resource Mobilization Agenda.**
30. The Committee noted that the State Department is currently implementing 37 development projects across the country which started in 2014. However, the current levels of funding to the State Department from the exchequer as well as other sources are inadequate, and thus adversely impacting the implementation of planned programmes and activities. Although the State Department acknowledges the financing challenges facing the Government as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the budget cuts, however, affect implementation of the agreed performance contracts.
31. The Committee further noted that as part of the Government's initiative to **enhance efficiency and reduce financial dependencies** among State Corporations, **Kenya Water Towers Agency (KWTA)** has been **disbanded and its functions** have been transferred to all the **State Agencies in the Ministry of Environment, Climate Change & Forestry - NEMA, KFS, KEFRI & NETFUND** - to streamline the operations and eliminate redundancies/duplications in environmental conservation efforts.
32. The Committee noted that the State Department has reviewed the Climate Change Act 2016 to provide for Carbon Markets Framework and its attendant regulations - aimed at enhancing resource mobilization through Carbon Projects. This is being implemented by **Climate Change Directorate (CCD**) and the National Environment Management Authority (NEMA) who are the **Designated National Authority (DNA).**
33. The Committee noted that there are a number of climate financing frameworks like Green Climate Fund (GCF) which have been approved for developing countries like Kenya to enable shield them from the effects of climate change, however Kenya has not been able to tap into this climate financing frameworks.

4.2 State Department for Forestry

34. The State Department has been provided a ceiling of **Kshs. 16.33 billion** for the FY 2025/26 comprising of **Kshs. 9.26 billion** for recurrent expenditure and **Kshs. 7.07 billion** for development expenditure. This is higher than the Approved Estimates for FY 2024/25 by **Kshs. 4.25 billion**.

35. The Committee noted that State Department is engaging private sector and other stakeholders in planting and raising of trees by adoption of forests to increase tree cover from 12.13 percent in 2022 to 21.07 percent by 2027.

36. The Committee further noted that Arid and Semi-Arid Lands constitute more than 70 percent of Kenya's landmass. Thus, the Kenya Forest Service (KFS) and Kenya Forest Research Institute (KEFRI) should work together to establish forests in gazetted areas by planting high-value trees e.g sandalwood and other trees to support charcoal production which is a major source of livelihood for residents.

4.3 State Department for Mining

37. The State Department has been provided a ceiling of **Kshs. 1.67 billion** for the FY 2025/26 comprising of **Kshs. 1.03 billion** for recurrent expenditure and **Kshs. 632 million** for development expenditure.

38. The Committee noted that while as the State Department's budget provision was enhanced to **Kshs. 3.8 billion** in FY 2023/24, the budgetary allocation was significantly reduced to **Kshs 994 million** in FY 2024/25 hampering critical mandatory operations. The State Department estimated the budgetary requirement at **Kshs. 6.01 billion,** but only **Kshs. 1.67 billion** could be accommodated in the BPS ceiling.

39. The Committee further noted that in FY2024/25 the State Department had **NO** budgetary allocation under development expenditure. This has greatly hampered mineral exploration equipment acquisition, and decentralization of laboratories to regional levels which negatively affects exploration, mineral deposit evaluation, mineral identification and evaluation by Artisanal Miners and the Regional Technical Officers.

40. The Committee noted that the State Department's efforts as an alternate source of revenue generation for the country, are on a positive trajectory with the revenue's diversification from a single source (Base Titanium) to diversified sources such as Fluorspar mining, Gold processing and refining and quarries. Mining Act Cap 306 requires that regular monitoring and compliance inspections should be done at the mining sites, dealers' premises and collaborating agencies offices by authorized officers. This necessitates facilitation in operational and logistics activities which are currently highly underfunded thereby leading

to loss of revenues. The State Department estimated these activities at **Kshs. 230 million,** but only **Kshs. 63.4 million** could be accommodated in the BPS ceiling.

41. The Committee further noted that digitization of Mining Information Management Systems is critical to mineral rights administration, enhancing efficiency in minerals management and revenue generation from the Sector. Lack of a central geological data repository in the country makes it difficult to manage the data, jeopardizing investments in mining sector. The State Department estimated these activities at **Kshs. 90 million**, but only **Kshs. 50 million** could be accommodated in the BPS ceiling.

42. National Mining Corporation (NAMICO), mandated to develop and invest in strategic minerals e.g. Copper, Chromite, Coltan etc. which are of high value and demand globally intends to rollout key initiatives in STRATEGIC mineral exploitation and hiring of technical expertise in Geology and Mining. However, the implementation of this mandate is impaired by budget shortfall of Personnel Emolument obligations **(Ksh 69 M),** viability of strategic mineral investment **(Ksh 119 M),** geological mapping and exploration **(Ksh 68 M)** and O&M **(Ksh 168.58 M)**. The State Department estimated the total cost at **Kshs. 513 million,** but only **Kshs. 89 million** could be accommodated in the BPS ceiling.

43. The Committee further noted that to sustain the reforms initiatives momentum in the mining sector and mop-up optimal resources, there is need to sustainably facilitate the identified operational activities in line with the expanded staffing levels, renewed compliance and enforcement drives and to take advantage of a surge in mineral demand globally.

PART V

1. RECOMMENDATIONS

44. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the 2025 Budget Policy Statement, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Environment and Climate Change

45. The State Department should fast track the establishment of necessary structures to enable the country easily access the climate change financing incentives from international actors by July 2025.

46. In order to improve resource mobilization and generate Kshs. 5 billion from Carbon Markets by July 2025, the State Department should expedite the Carbon Markets Framework and related regulations.

5.1.2 State Department of Forestry

47. The State Department should work toward incorporating the private sectors in supporting the National Tree Growing and Restoration Campaign through projects like adoption of forests. To this effect, the State Department should fastrack the preparation and approval of regulations to this effect by July 2025.

5.1.3 State Department for Mining

48. The State Department through NAMICO should establish more strategic Public Private Partnerships (PPPs) in the exploration and mining of strategic minerals to attract investment, boost revenue, and create jobs to support the Government's Bottom-Up Transformation Agenda (BETA).

5.2 Financial Recommendations

49. The Committee recommends THAT:

a) For the State Department for Environment and Climate Change, the proposed expenditure ceilings and programmes allocation totalling **Kshs. 6.41 billion,** which is broken down as **Kshs. 3.69 billion** for recurrent expenditure and **Kshs. 2.71 billion** for development expenditure, as provided in the 2025 Budget Policy Statement ***be approved.***

b) For the State Department for Forestry, the proposed expenditure ceilings and programmes allocation totalling **Kshs. 16.33 billion,** which is broken down as **Kshs. 9.26 billion** for recurrent expenditure and **Kshs. 7.07 billion** for development expenditure, as provided in the 2025 Budget Policy Statement ***be approved.***

c) For the State Department for Mining, the proposed expenditure ceilings and programmes allocation totalling **Kshs. 1.67 billion**, which is broken down as **Kshs. 1.03 billion** for recurrent expenditure and **Kshs. 632 million** for development expenditure, as provided in the 2025 Budget Policy Statement ***be approved.***

2. WISH LIST

52. The Committee further recommends that the ceilings for the State Department for Mining be enhanced with the additional funding of **Kshs. 1.324 billion** comprising of **Kshs. 1.255 billion** for recurrent expenditure and **Kshs. 68 million** for development expenditure.

SIGNED ..... **DATE**.....

THE HON. DAVID GIKARIA,CBS, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND MINING)

DEPARTMENTAL COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT AND THE MEDIUM TERM WITH RESPECT TO: -

1. EXECUTIVE OFFICE OF THE PRESIDENT;
2. OFFICE OF THE DEPUTY PRESIDENT;
3. OFFICE OF THE PRIME CABINET SECRETARY;
4. STATE DEPARTMENT FOR PARLIAMENTARY AFFAIRS;
5. STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT;
6. STATE DEPARTMENT FOR CABINET AFFAIRS;
7. STATE HOUSE;
8. STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES;
9. NATIONAL POLICE SERVICE;
10. STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION;
11. NATIONAL POLICE SERVICE COMMISSION; AND
12. INDEPENDENT POLICING OVERSIGHT AUTHORITY

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PART I

1.0 PREFACE

1.1 Introduction

1. This is the report of the Departmental Committee on Administration and Internal Security on the scrutiny of the Medium Term Budget Policy Statement, 2025 with respect to Ministries, Departments and Agencies(MDAs) oversighted by the Committee The MDAs include the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority. The report is as a result of deliberations between the Committee and the aforementioned Offices.

2. The report contains the Observations, and the Recommendations of the Committee as regards the consideration of the Budget Policy Statement, 2025 for the sub-sectors within the oversight of the Committee.

1.2 Mandate of the Committee

3. The Departmental Committee on Administration and Internal Affairs of the National Assembly is established under Standing Order 216 whose functions pursuant to the Standing Order 216 (5) are 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. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;

   d. study and review all legislation referred to it;

   e. study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

   f. 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;

   g. 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);

   h. examine treaties, agreements, and conventions;

   i. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;

j. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and

k. examine any questions raised by Members on a matter within its mandate.

1.3 Subjects of the Committee

4. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following subjects: -
   a. Home affairs, internal security – including police services and coast guard service;
   b. Public administration; and
   c. Immigration and citizenship.

5. In terms of budget oversight, the Committee oversights the following Offices, Ministry and Agencies:

   a. Executive Office of the President, Vote 1011;
   b. Office of the Deputy President, Vote 1012;
   c. Office of the Prime Cabinet Secretary, Vote 1013;
   d. State Department for Parliamentary Affairs, Vote 1014;
   e. State Department for Performance & Delivery Management, Vote 1015;
   f. State Department for Cabinet Affairs, Vote 1016;
   g. State House, Vote 1017;
   h. State Department for Immigration & Citizen Services, Vote 1024;
   i. National Police Service, Vote 1025;
   j. State Department for Internal Security & National Administration, Vote 1026;
   k. National Police Service Commission, Vote 2101; and
   l. Independent Policing Oversight Authority, Vote 2151.

6. The Semi-Autonomous Government Institutions under the Committee include:-
   a. National Authority for Campaign Against Drug Abuse. (NACADA);
   b. Firearms Licensing Board;
   c. NGO Coordination Board;
   d. National Crime Research Centre;
   e. Private Security Regulatory Authority Board; and
   f. National Cohesion & Integration Commission.

1.4 Committee Membership

7. The Committee comprises of the following Members: -

Hon. Gabriel Tongoyo, CBS, MP
Chairperson
MP for Narok West Constituency

Hon. Col. (Rtd.) Dido Rasso, MBS, MP
Vice Chairperson
MP for Saku Constituency

Hon. Kaluma George Peter, CBS, MP
MP for Homa Bay Constituency

Hon. Aduma Owuor, MP
MP for Nyakach Constituency

Hon. Fred C. Kapondi, MP
MP for Mt. Elgon Constituency

Hon. Liza Chepkorir Chelule, MP
MP for Nakuru County

Hon. Sarah Paulata Korere, MP
MP for Laikipia North Constituency

Hon. Oku Kaunya, MP
MP for Teso North Constituency

Hon. Mburu Kahangara, MP
MP for Lari Constituency

Hon Protus Ewesit Akujah, MP
MP for Loima Constituency

Hon. Rozaah Akinyi Buyu, MP
MP for Kisumu West Constituency

Hon. Caroline Ng'elechi, MP
MP for Elgeyo-Marakwet County

Hon. Fatuma Jehow, MP
MP for Wajir County

Hon. Francis Sigei, EBS, MP
MP for Sotik Constituency

Hon. Hussein Weytan, MP
MP for Mandera East Constituency,

1.5 Committee Secretariat

8. The Committee Secretariat consists of the following:

Mr. John Mugoma
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant II

Mr. Gideon Kipkogei
Clerk Assistant II

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Clarah Kimeli
Principal Legal Counsel I

Ms. Delvin Onyancha
Research Officer II

Ms. Judy Kanyoko
Legal Counsel II

Mr. Benson Kimanzi
Sergeant at Arms

Mr. Rodgers Kilungya
Audio Officer

Ivy Maritim
Media Relations

1.6 Examination of the 2025 Budget Policy Statement

9. The 2025 Budget Policy Statement was tabled in the National Assembly on Thursday, 13th February 2025 and subsequently committed to Departmental Committees for consideration pursuant to Section 25(2) of the Public Finance Management Act, 2012 and Standing Order 232(5). The Committees were required to consider the Budget Policy Statement with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.

10. Following the committal of the Budget Policy Statement, the Committee was briefed by the Parliamentary Budget Office on Thursday, 20th February 2025 on the contents of the Policy and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate on 24th and 25th February 2025.

11. The Committee deliberated on the Sector policy issues contained in the Budget Policy Statement as well as the proposed resource ceilings for the next Medium-Term Expenditure Framework (MTEF) period and subsequently adopted the report.

12. Details on this presentation on the Parliamentary Budget Office brief and submissions from the Agencies are **annexed in this report**.

1.7 Acknowledgement

13. 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 2025 Budget Policy Statement and the medium term.

14. On behalf of the Departmental Committee on Administration and Internal Security, 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 Budget Policy Statement 2025 with respect to the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority.

Hon. Gabriel Tongoyo, CBS, MP
Chairperson, Departmental Committee on Administration and Internal Security.

PART II

2.0 OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT WITH RESPECT TO THE SUB-SECTORS

2.1 Security Sector Environment

15. The BPS 2025 avers that progress has been made in the implementation of security sector reforms. Over the last three years, the crime rate per population of 100,000 from 148 to 142, equipping of the forensic laboratory with up to 51.8 percent level of equipping to aid investigations, completion of 7 previously stalled construction projects, operationalization of 18 Administration Police sub-county headquarters for better delivery of policing services. Despite the progress, the number of crimes reported to the police increased by 19 per cent to 104,842 in 2023.

2.2 The BPS 2025 Policy Prioritization: National Security Sector

16. The security and safety of all citizens remains a critical enabler for sustaining socio-economic transformation, attaining the Bottom-Up Economic Transformation Agenda and other priority programmes as outlined in the Fourth Medium Term Plan of Vision 2030.

17. The BPS 2025 avers that the government has continued to invest significant resources and implement a wide range of reforms to improve the capacity of security forces to protect Kenyans and their property against internal and external threats.

18. The BPS 2025 therefore promises to continue strengthening security capabilities through the recruitment of additional police officers, and expansion of the police infrastructure and equipment. Further, it promises to improve the welfare of the police though provision of healthcare and housing requirements.

19. Further the BPS prioritizes digitization of police stations and services, modernization of security products and services including national ID, Unique Personal Identifier and passports to enhance access to services.

20. An assessment of the Governance sector priorities and that of the public Administration sub-sector outlined in the BPS 2025 indicates that broadly, the policy priorities enumerated are in line with Vision 2030 and the its Medium-term Plan as well as the sector priorities. The priorities focus on police reforms with the aim of improving police welfare and boosting the security for enhanced economic development.

PART III

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES

21. The Ministry, Departments and Agencies appeared before the Committee on 24th February 2025 and 25th February 2025 to deliberate the contents of the 2025 Budget Policy Statement. The detailed presentations made to the Committee are annexed to this report.

22. The section below outlines a summary of the presentations made by the Ministry, Departments and Agencies:

3.1 EXECUTIVE OFFICE OF THE PRESIDENT

23. The Committee held a consultative meeting with the delegation from the Executive Office of the President led by Principal Administrative Secretary Mr. Athur A. Osiya, EBS on the 2025 Budget Policy Statement and informed the Committee that –

24. The total budget requirement for EOP in the FY 2025/26 is Ksh. 15,604.10 million of which Ksh. 11,504.10 million is under the Recurrent vote and Ksh. 4,100.00 million is under the Development vote.

25. The total BPS allocation is Ksh. 4,748.70 of which Ksh. 3,948.70 million is under the Recurrent vote and Ksh. 800 million is under the Development vote. This represents a total shortfall of Ksh. 10,855.40 million where Ksh. 7,555 million and Ksh. 3,300 million is under the Recurrent and Development votes respectively.

26. Notably, there is increase of Ksh. 50 million in the BPS recurrent allocation as compared with the budget allocation at sector level. The increase is on account of support to the newly established National Lottery Board.

27. Indicative Performance Targets Linked to The Policies and Programmes in the BPS:
    a) Strategic security meetings undertaken;
    b) Timely Communication of Government Policy and programmes undertaken;
    c) Funds for the Disabled of Kenya disbursed;
    d) Tribunals and Task Forces facilitated and advisory reports produced and implemented;
    e) Advisory to H.E. the President on the exercise of the Power of Mercy provided;
    f) South Sudan officials trained;
    g) Policy advisory on blue economy resources provided;
    h) Enhanced coordination of security organs in counter terrorism efforts;
    i) Advisory Services to H.E. the President provided;
    j) Boards of State Corporations Evaluated;
    k) Management audit on operations of State Corporations conducted;
    l) Printing Orders processed within 7 days (throughput time);
    m) Modern assorted equipment for print production acquired;
    n) Sections at Government Press building refurbished;
    o) Government Policy/Executive Orders/Directives/Proclamations transmitted to MDAs;

p) 100% issuance of licenses and permits to compliant applicants;
q) National values and principles of governance inculcated among citizens;
r) Annual President's report on measures taken and progress achieved in the realization of national values and principles of governance prepared;
s) Surveys on Rangeland resources undertaken;
t) Delimited outer limits of Kenya's continental shelf; and
u) Support the National Lottery Board and Fund.

28. The Executive Office of the President (EOP) has supported the implementation of the Cabinet Resolution on reforming State Corporations by providing strategic direction and ensuring alignment with the broader government agenda. Through the Office of the Chief of Staff and Head of Public Service, EOP has facilitated high-level coordination between key government agencies to ensure that policy decisions are well-communicated and that implementation frameworks remain consistent with the President's priorities.

29. On the recently proposed reforms for State Corporations in the country, the National Treasury has put in place a multi-agency team to come up with modalities for implementation of the reforms. The team is currently at the Kenya School of Government and is expected to finalize its report in a fortnight.

30. In the FY2025/26, the office will majorly be involved in formulating the necessary public service policies and reforms, ensuring there is a "A Whole-Government-Approach" in the implementation of 'Bottom-Up-Economic Model'; completion of the Kenya International Boundary Demarcation, delimitation, delineation and reaffirmation; provide advisory to H.E excellency the President, modernization of the Government Press, ensuring Zero-fault Audit and operationalization of the National Lottery.

3.2 OFFICE OF THE DEPUTY PRESIDENT

31. The Committee held a consultative meeting with the delegation from the Office of the Deputy President led by Principal Administrative Secretary Mr. Moses Mbaruku to consider Medium –Term Budget Policy Statement 2025 and informed the Committee that –
32. The proposed budget allocation for Vote 1012: Deputy President Services in FY 2025/26 is Kshs. 3,447 million constituting Kshs.3,347 million for Recurrent expenditure and Kshs. 100 million being development expenditure.

33. The key Indicative performance targets linked to programmes and projects in the Budget Policy Statement for the Office of the Deputy President Vote 1012 during the period are as follows:

i. Support H.E the Deputy President in coordinating Government service delivery including chairing of cabinet committees as well as coordinating inter-ministerial, high-level multi-sectoral and committees' engagements on implementation of government priorities in line with BETA aspirations;

ii. As part of coordination in the implementation of the BETA, conduct strategic monitoring & evaluation and fast track the implementation of Government policies, programs and projects across the country;
iii. Foster Intergovernmental relations through holding IBEC meetings, Sectoral working committees and fast tracking the implementation of resolutions;
iv. Liaise with Constitutional Commissions and Independent Offices in matters that require interventions by the National Government by holding quarterly fora;
v. Coordinate and supervise the implementation of Development Partners Funded Projects and Programmes through convening Development Partnerships fora and tracking the implementation of resolutions emanating from the forums;
vi. Convene high level engagements with domestic and international stakeholders in the Coffee Sub-Sector and its value chains to drive reforms and enhance performance; and
vii. Facilitate the engagements of H.E the Deputy President.

3.3 OFFICE OF THE PRIME CABINET SECRETARY

34. The Committee held a consultative meeting with a delegation from the Office of the Prime Cabinet Secretary led by the Chief of Staff Mr. Joseph Busiega, MGH, MBS 'ndc'(K) to consider the Budget Policy Statement 2025. The Committee was informed that:

35. The approved FY 2024/25 for the Office of the Prime Cabinet Secretary amounted to Ksh. 1,140.79 million which was later revised down to Ksh. 721.71 million during finalization of FY 2024/25 Supplementary Estimates I.

36. The rationalization of the budget by Ksh. 419.08 million has stalled full operationalization of the PCS coordination and supervision of government Ministries and State Departments.

37. During the period under review, the Office got approval under article 223 of the Constitution to spend Ksh. 65 million under the Development Vote. The total budgetary requirement to the Office of the Prime Cabinet Secretary amounts to Kshs.2,622.7 million, Kshs.2,579.0 million and Kshs.2,627.7 million in the FY 2025/26, FY 2026/27, and FY 2027/28 respectively.

38. The proposed BPS allocation for OPCS amounts to Kshs.930.9 million, Kshs.963.0 million and Kshs.995.4 million for FY 2025/26, FY 2026/27 and FY 2027/28 respectively. The resultant budget shortfall is therefore Kshs.1,691.80 million, Ksh.1,615.90 million and Ksh.1,632.40 million in FY 2025/26 FY 2026/27 and FY 2027/28 respectively.

39. The FY 2025/26 funding gap of Kshs.1,691.8 Million comprises of Kshs.129.4 Million for Implementation of the approved organizational structure, Kshs.280 Million for refurbishment of the OPCS Office, Kshs.120 Million for acquisition of Motor Vehicles to support BETA Programme field verification operations, Kshs.190 Million for development and operationalization of a National Government Dashboard, Kshs.150 Million for facilitating the Five National Government Coordination Organs, Kshs.600 Million for facilitating the PCS and Kshs.222.4 Million for other administrative support services.

40. Key targets linked to the policies and programmes in the Budget Policy Statement include –
    i. Operationalization and facilitation of the National Government Coordination Organs;
    ii. Implementation of the National Government Coordination framework and prepare a Status report on Coordination and Supervision of government business across MDAs;
    iii. Facilitation and Coordination of NDIC-Planned activities and prepare 4 NDIC quarterly reports on implementation of National Government Priority/BETA Projects and Programmes;
    iv. Coordination and verification of implementation of BETA priority and high impact projects;
    v. Enhance Coordination at the Regional and County levels through solving development issues by the Regional/County Implementation Coordination and Management Committees (NGD-RICMC/ CICMC);
    vi. Develop and implement stakeholders and citizens' engagement framework for policy & legislations development and implementation; and
    vii. Develop a National Government Strategic Communication Policy to enhanced public awareness on implementation of government policies, programmes and projects.

3.4 STATE DEPARTMENT FOR PARLIAMENTARY AFFAIRS

41. The Committee held a consultative meeting with a delegation from the State Department for Parliamentary Affairs, led by the Senior Deputy Director, Nick Biketi and informed the Committee that:-

42. The printed estimates for the State Department in FY 2024/25 was Ksh. 458.3 million under the recurrent budget which was revised to Ksh. 363.9 million in Supplementary I against the allocation of Ksh. 391.0 million allocations in the FY 2025/26 resulting to a deficit of Ksh. 1,494.3 million.

43. As at 31st December 2024, the State Department had realized an expenditure of Ksh. 143.1 million. This translates to an absorption rate of 39.3 % of the total budget for the FY 2024/25.

44. In regards to impacts of the resource gaps or shortfalls to programme implementation, Parliamentary Liaison and Legislative Affairs has a shortfall of Kshs. 745.6 million, policy coordination and strategy have a shortfall of Kshs. 403.9 million, general administration, planning and support services has a shortfall of Ksh. 344.8 million.

45. The State Department of Parliamentary Affairs has no ongoing or new proposed projects.

46. The key policies underlying the expenditure ceilings in the 2025 Budget Policy Statement include the following –

    i. Linkage to programmes to enhance value chain and Bottom-Up Transformation Agenda priorities;
    ii. Linkage of programme with priorities of the Medium-term Plan IV of the Vision 2030;
    iii. Degree to which programme addresses core mandate of the Department;
    iv. Requirements for furtherance and implementation of the Constitution;

v. Cost effectiveness and sustainability of the programme; and
vi. Degree to which the programme supports mitigation and adaption to climate change.

47. In order to effectively realize the State Departments mandate, they request the Committee to consider enhancing the State Department's budget to cater for the underfunded programs by adjusting our ceiling to Ksh. 1,885.3 million as per our requirements.

3.5 STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT

48. The Committee held a consultative meeting with a delegation from the Executive Office of the President led by the Secretary Administration, Mr. Chimwaga Mongo, EBS to consider Budget Policy Statement 2025. They informed the Committee as follows –

49. In the FY 2024/25 the State Department had an approved budget of Kshs. 507.8million against an allocation of Kshs. 599.3 million in FY 2025/26 under recurrent, resulting to an increase of Kshs 91.5 million. The increase in allocation is on account of Personnel Emolument and other recurrent. Under development the State Department was allocated Kshs.10 million to undertake prefeasibility studies for the two approved capital projects vis Government Performance Management Programme (GPMIP) & Government Innovation Coordination Programme (GICP).

50. However, the State Department had a total requirement of Kshs. 1.427 billion under recurrent and Kshs.504.3 million under Development vote totaling 1.931 billion leading to a shortfall of Kshs 827 million under recurrent and Kshs. 494.3 million under development.

51. The key policy underlying the expenditure ceilings in 2025 Budget Policy Statement are as enumerated below –
i. Linkage of programmes with the value chains of the Bottom-Up Economic Transformation Agenda priorities;
ii. Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
iii. Linkage of programmes that support mitigation and adaptation of climate change;
iv. Completion of ongoing projects, viable stalled projects and payment of verified pending bills;
v. Degree to which a programme addresses job creation and poverty reduction;
vi. Degree to which a programme addresses the core mandate of the MDAs, Expected outputs and outcomes from a programme; and
vii. Cost effectiveness, efficiency and sustainability of the programme

52. In cognizance of the Government Transformative Agenda, the State Department has prioritized the following in the FY 2025/26;
i. Coordinate and prioritize fast-tracking of the implementation of the targeted Bottom-Up Transformation Economic Agenda (BETA) projects and programmes of the Government of Kenya
ii. Review Performance Contracting guidelines to ensure alignment of MDA's Performance Targeting to BETA

iii. Coordinate identification of innovative mechanisms to address service delivery challenges in Ministries, Departments and Agencies (MDAs)
iv. Monitor and evaluate project implementation.

3.6 STATE DEPARTMENT FOR CABINET AFFAIRS

53. The Committee held a consultative meeting with a delegation from the State Department of Cabinet Affairs led by the Principal Cabinet Secretary, Mr. Idris Salim Dokota, CBS on the 2025 Budget Policy Statement and submitted that –

54. The Cabinet Affairs has one programme; effective and efficient Cabinet Affairs Services. It has three sub programmes namely; Cabinet decisions and Presidential Directives Delivery; coordination of development partners and implementation of special government initiatives; public sector reforms; and general administration, planning and support services.

55. The overall budget allocated in FY 2024/25 was Kshs. 228.7 million against a requirement of Kshs. 881 million for implementing activities. This resulted to a GP of Kshs. 652 million. The allocated Kshs. 228 million constitutes of personnel emolument Kshs. 82 million, contracted services, Kshs. 18.6 million and Kshs. 128.1 million for operations and maintenance.

56. The state department's absorption as at 31st December 2024 was Kshs. 89.37 million out of Kshs. 132.2 million translating to 68% absorption.

57. The Departments at the Sector Working Group was allocated Kshs. 274.4 million against resource requirement of Ksh. 767 million in FY 2025/26. This constitutes Kshs. 77.7 million for the Personnel Emolument, Kshs. 17.4 million for contracted services and Kshs. 178.9 million for operations and maintenance.

58. The Key Policies underlying the expenditure ceiling in the 2025 Budget Policy Statement are –
i. Programmes that enhance value chain and linkage to BETA priorities;
ii. Linkage of the programme with the priorities of the Medium-Term Plan IV of the Vision 2023;
iii. Presidential Directives and Cabinet Decisions;
iv. Completion of ongoing projects, stalled projects and payment of verified pending bills;
v. Degree to which a programme addresses job creation and poverty reduction;
vi. Degree to which a programme addresses the core mandate of the MDAs; Programmes that support mitigation and adaption of climate change;
vii. Cost effective, efficiency and sustainability of the programme; and
viii. Requirements for furtherance and implementation of the Constitution.

3.7 STATE HOUSE

59. The Committee held a consultative meeting with a delegation from State House led by the State House Comptroller, Hon. Dr. Katoo Ole Metito, EGH on the 2025 Budget Policy Statement and informed the Committee that –

60. The cumulative expenditure as at 31st December 2024 for the FY 2024/25 was KSh. 3,663.3 million against gross approved estimates of Ksh.4,307.5 million translating to an absorption rate of 85%.

61. The printed estimates for the FY 2024/25 were Ksh.9,496.0 million, which was revised to Ksh.4,307.5 million during the supplementary estimates no.1, translating to 54% budget reduction. This affected budgetary allocations for Personnel emoluments, contractual obligations and other critical operations & maintenance expenditures.

62. Due to budgetary constraints State House has been facing challenges in executing its mandate. Therefore, additional funding will be required to facilitate activities up to the end of FY 2024/25.

63. In line with His Excellency's commitment to enhance accountability in the governance of State Corporations as part of austerity measures announced in July 2024, Cabinet considered and approved a Memorandum on reforms of State Corporations. Among other measures, the reforms seek to merge 42 State Corporations into 20 entities, dissolve 25 State Corporations, restructure 6 State Corporations, declassify 4 public funds and declassify 13 professional bodies. It is important to note that State House - Vote 1017 does not have any State Corporations.

64. State House budgetary allocation for the FY 2024/25 was reduced by Ksh.5,188.5 million (Ksh.3,629.8 million in recurrent and Ksh.1,558.7 million in development) translating to 54%. This reduction affected budgetary allocations for Personnel emoluments, contractual obligations, other critical operations & maintenance, and development expenditures.

65. The proposed ceiling for the FY 2025/26 as per the 2025 BPS is Ksh.7,518.2 million, comprising recurrent expenditure of Ksh.6,802.8 million and development expenditure of Ksh.715.4 million. This allocation is inadequate to facilitate the achievement of our strategic goals and objectives. State House therefore, seeks consideration to enhance the FY 2025/26 ceiling for State House by Ksh.3,335.1 million to optimally deliver on its overall mandate.

66. The following are the Key policies underlying the expenditure ceilings in the 2025 Budget Policy Statement –

i. Programmes that enhance value chain and linkage to BETA priorities;
ii. Linkage of the programmes with the priorities of Medium -Term Plan IV of the Vision 2023;
iii. Presidential Directive and Cabinet Decisions;
iv. Completion of on-going projects and payment of verified pending bills;
v. Degree to which a programme addresses job creation and poverty reduction;
vi. Degree to which a programme addresses the core mandate of MDAs;
vii. Programmes that support mitigation and adaptation of climate change;
viii. Cost effectiveness, efficiency and sustainability of the programme; and
ix. Requirements for furtherance and implementation of the Constitution.

3.8 STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES

67. The Committee held a consultative meeting with a delegation from the State Department for Immigration & Citizen Services led by the Principal Secretary, Amb. (Prof.) Julius Bitok to consider the 2025 Budget Policy Statement and informed the Committee that –

68. The State Department had printed estimates allocation amounting to Kshs. 14,959.8 million for FY 2024/25. This was revised to Kshs. 14,270.5 million under Supplementary I Estimates FY 2024/25. Additional Kshs. 5,400 million was allocated under Article 223 where Kshs. 2,400 million is for ETA, Kshs. 1,000 million for passports and Kshs. 2,000 million for E-citizen services (To be regularized in Supplementary II Estimates).

69. In the First Half of Financial Year 2024/2025, the State Department was allocated a total budget of Kshs. 14,643.2 million out of which Recurrent was Kshs. 7,936.6 million and Development was Kshs. 6,706.6 million. The actual expenditure stands at Kshs. 12,656.9 million out of which Kshs. 6,385.0 million is recurrent expenditure and Kshs. 6,271.8 million is Development expenditure. The absorption rate stands at 80% Recurrent and 94% for Development expenditure.

70. The proposed expenditure ceilings in the 2025 BPS allocated to the State Department is Kshs. 20,523.9 million, Kshs. 22,241.4 million and Kshs.23,807.5 million for financial years 2025/26, 2026/27 and 2027/28 respectively.

71. The key policies underlying expenditure ceilings in the 2025 Budget Policy Statement include –
    i. Issuance of passport to all citizens;
    ii. Implementation of Maisha eco-system (NRB, CRS and IPRS);
    iii. Digitization of manual records and ID processes;
    iv. Ensuring linkage of the entire government through IPRS;
    v. Shirika plan;
    vi. Regional migration governance through NCM; and
    vii. Onboarding of government services to e-citizen platform.

3.9 NATIONAL POLICE SERVICE

72. The Committee had a consultative meeting with a delegation from the National Police Service led by the two Deputy Inspector Generals of the Police and the Principal Administrative Secretary on the 2025 Budget Policy Statement and submitted as follows –
73. The National Police Service was allocated Ksh. 108.68 billion in the Financial Year 2024/2025. The expenditure in the first half of the financial year totals to Ksh. 55.97 billion which translates to 51.5% of the total budget.

74. The development budget expenditure was nil against an allocation of Ksh. 35 million due to some challenges. The National Police Service put a request that the funds be reallocated to other projects at the National Police Service as the identified challenges are being resolved.

75. The National Police Service has four (4) public participation projects that are funded in the financial year 2024/2025 to a tune of Kshs. 35 million. The projects are yet to start due to land ownership challenges.

76. In the financial year 2025/26, 2026/27 and 2027/28, the National Police Service has a proposed allocation of a total of Kshs. 118.42 billion, Kshs. 126.71 billion and Kshs. 134.11 billion respectively.

77. The total resource requirement for the financial year 2025/26 is Kshs. 209.04 billion. The resultant shortfall is Kshs. 90.62 billion. The proposed recurrent allocation in the financial year 2025/26, 2026/27 and 2027/28 is Kshs. 116.043 billion, Kshs. 123.74 billion and Kshs. 130.15 billion respectively. The recurrent resource requirement for the financial year 2025/26 is Ksh. 189.59 billion thus a resultant shortfall of Kshs. 73.58 billion.

78. It is important to note that personal emoluments, insurance costs and recruitment constitute 81.23%, 3.05% and 2.76% respectively. This means that only 12.96% of the budget is left for Operations and Maintenance.

79. The proposed development allocation in the FY 2025/26, 2026/27 and 2027/28 is KShs. 2.38 billion, KShs. 2.98 billion, and KShs. 3.95 billion respectively. The development resource requirement for the FY 2025/26 is KShs. 19.45 billion and thus a resultant shortfall of KShs. 17.07 billion.

80. The National Police Service (NPS) appreciates the increased allocation to a number of critical areas. However, most of NPS priority areas remain critically underfunded by KShs. 35.48 billion and KShs. 9.10 billion in recurrent and development votes respectively.

81. The NPS targets to achieve the following key targets among others in the FY 2025/26 and the medium term –

i. Issue 3,600,000 Police Clearance Certificates (PCC);
ii. Offer 100% Security coverage of critical infrastructure;
iii. Offer 100% Coverage of all airports, Embassies and Border Points;
iv. 100% equipping of the forensics lab;
v. Complete 100% Upgrade and extension of APFIS to Counties;
vi. 100% completion of all investigation; and
vii. Reduce the number of days taken to produce forensic expert reports from 14 days to 2 days

82. The key areas of focus that have been identified for transformation of the Service into a more effective, professional and people-centered Service include;

a) Automation of key services within the National Police Service.
   i. Digital Occurrence Book
   ii. Case Management System
   iii. Upgrade of Automated Palm and Fingerprints Identification System (APFIS)
   iv. Introduction of Instant Traffic Fines among others.

b) Review and comprehensive implementation of the modernization programme

i. Assorted security equipment
ii. Tooling and Kitting of officers (including uniforms)
iii. Acquisition of motor vehicles, cycles and boats
iv. Capacity-building the Police Airwing
v. Overhaul of police communication infrastructure to cover all existing and new stations and police vehicles.

c) Increased recruitment of officers in the NPS.

d) Provision of adequate office accommodation and facilities for all existing and new field stations and offices
   i. Refurbishment and expansion of existing Police stations, Sub County & County offices to adequate office space for all NPS officers
   ii. Construction of newly gazetted Police Stations and new Sub County Offices
   iii. Acquisition and development of training grounds

e) Completing the equipping, training and accreditation of the Forensic laboratory
f) Improvement in working conditions and welfare of the officers as recommended by the Presidential Task force on Police Reforms

3.10 STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION

83. The Committee held a consultative meeting with a delegation from the State Department for Internal Security and National Administration led by the Principal Administrative Secretary Ms. Ann Ngetich. The delegation informed the Committee that: -

84. The three main programmes are, General Administration and Coordination Services, National Government Administration Field Services and Policy Coordination Services.

85. The key underlying policy expenditures in the State department are –
a) Coordination of security operations
b) Government Programmes, projects, Directives and Initiatives;
c) Train National Government Administrative Officers (NGAO);
d) Establish Ports of Entry;
e) Provide Training on peace building and conflict management;
f) Carrying sensitization on alcohol and drug abuse preventive and management guidelines;
g) Oversight of Internal Security Affairs; Coordination of National Security Organs in matters relating to Computer and Cybercrimes and Management of Cyber Threats;
h) Border management;
i) Disaster and Emergency Response Coordination;
j) Support in coordination and distribution Relief food;
k) Modernization of Government Chemist;
l) National Crime Research and Management;
m) Public Benefit Organizations;
n) State functions and Government receptionists;
o) Establish Ports of Entry and Exits (PoEs);

p) State Functions and Government Receptionist;
q) Proclamation of Public Holidays;
r) Security Roads and Airstrips; and
s) Small Arms and Light Weapons Management.

86. The State Department has cumulative resource requirement of Kshs. 59, 002.9 million against a Budget Policy Statement of Kshs 37,5058.8 million translating to a shortfall of Kshs. 21,494 million. This shortfall is recurrent budget of Kshs. 16,433.85 million and development budget of Kshs. 5,060.25 million.

87. On the Medium-Term period, the Budget Policy Statement allocation FY 2026/27 is Kshs. 31,153 million against a requirement of Kshs. 48,388.23 million and FY 2027/28 is Kshs. 31,834 million against a requirement of Kshs. 51,670.53 million.

88. The recurrent Budget will be financed through Appropriations in Aid of Kshs. 130.07 million and GoK of Kshs. 30,393 million.

89. Indicative performance targets linked to the policies and programmes in the Budget Policy Statement are coordination of security operations, training of 8,600 officers, equipping 300 sub-county headquarters with modern ICT equipment, disaster coordination, train 300 frontline border officers, establish 26 Ports of Entry and Exits (PoEs) with operational joint operation centres (JOCs).

90. Additionally digitize all firearms licensing records, conduct security patrols in Kenya's territorial and inland waters, train 2,000 persons on peace building and conflict management, resolve intra/inter communal conflicts, investigate all received hate speech cases, conduct all received scientific and analytical cases, conduct 360 crackdowns to enforce compliance on illicit brews, sensitize 150,000 teaching staff, learners and parents on Alcohol and Drug Abuse preventive and management guidelines, continue the Construction of Miritini Treatment and Rehabilitation Center and register all PBOs that qualify for registration and conduct 12 researches on crime.

91. The State Department has proposed to implement 60 projects FY 2025/26 with a cost implication of Kshs. 12,045 million, but due limitation of the allocated BPS ceiling of Kshs. 6,985 million, the State Department will implement 24 projects with some projects being rolled over to the Medium- Term period. These include National Police Modernization Project; expansion of Kenya School of Adventure and leadership, Coast Guard Services; Miritini Rehabilitation Center construction; regional, county and sub county offices construction and refurbishment; security roads and air strip.

92. Cumulative financial performance in the first half, FY 24/25 the expenditure stands at Kshs. 18,582.79 million comprising of recurrent budget and the development expenditure Kshs. Kshs.335.20 million. The cumulative expenditure is against a revised estimate Kshs. 30,785.33 million representing a budget performance of 60.36 %.

93. The state department's shortfall of Kshs. 16,433.85 million in recurrent and Kshs. 5,060.25

million in Development will impede on effective service delivery including coordination of National Government functions at the Counties, completion of ongoing projects and sustenance of the ongoing security operations across the country.

3.11 NATIONAL POLICE SERVICE COMMISSION

94. The Committee held a consultative meeting with a delegation from the National Police Service Commission led by the Chief Executive Officer of the Commission, Mr. Peter Leley to consider the 2025 Budget Policy Statement and submitted that –

95. In the year 2024/25 the Commission did not recruit uniformed officer but recruited non-uniform officers 1056 which is 98% of the target 1077. The were 1,128 appointments, 3,233 promotions processes, 11 transfer and secondment requests processed, 66 disciplinary cases adjudicated. 28 cases of early retirement were approved.

96. The Commission counselled 18,141 cases, and no regional and county offices/counselling units established and operationalized. There were no compliance audit reports done too. 41 complaints were received and processed.

97. The budget estimates 2025/26 is Kshs. 1,333,020,000 and personal emoluments is Kshs. 733,900,000 and operations and maintenance are Kshs. 599,120,000. The key priority underlying expenditure for the year are;
    a) Recruitment of 10,000 police officers;
    b) Implementation of Maraga Police reforms recommendations;
    c) Automation of Human Resource Management processes;
    d) Decentralization of Human Resource services;
    e) Decentralization of counselling and Wellness services; and
    f) Enhancing the staff House Mortgage Scheme and leasing of Commission vehicles to ease mobility of Commissioners and Commission staff.

98. The critically underfunded areas Automations and Digital Transformation of NPS and NPSC processes, decentralization of the NPC HR and Counselling Services, implementation of Maraga Taskforce Recommendations and recruitment of police officers (10,000)

3.12 INDEPENDENT POLICING OVERSIGHT AUTHORITY

99. The Committee held a consultative meeting with a delegation from the Independent Policing Oversight Authority led by the Chief Executive Officer to consider the Medium-Term Budget Policy Statement 2025.

100. The Committee was informed that: -
    a) The Authority has been allocated a budget estimate of Kshs. 1,088.64 million FY 2024/25 which comprises of Kshs. 832.38 million compensations to employees and Kshs. 256.26 million for Operations and Maintenance. The Authority has utilized 43% of its allocated budget.
    b) The BPS allocated a budget ceiling of Kshs.1,314 million against a resource requirement of Kshs.2,209 million of the recurrent Expenditure, this resulting to a budget deficit of

Kshs. 894.90 million.

c) Output achieved in the first half of the year FY 2024/25, include 2,236 complaints have been processed, 292 investigations have been completed and 112 files have been forwarded to the ODPP for further action. 233 cases are before the court.
d) During the same period, 432 inspections were conducted in the NPS facilities which included 313 new inspections, 8 follow ups and 111 inspections to inform thematic areas including cash bail management and sick officers in service.
e) During the period under review, the Authority had no pending bills, however IPOA anticipates receiving two contingent bills amounting to Kshs.10.9 million arising from court awards made by High Court.
f) The 2025 Budget Policy Statement most affected programmes and spending items are; complaints, investigations, legal inspections n monitoring services; purchase of motor vehicles; medical Insurance; purchase of specialized and general equipment; refurbishment of buildings; witness expenses; capacity building research, stakeholder engagements, dialogue and public outreach programme and contingency liability.

101. The performance targets linked to the policies and programme in the Budget Policy Statement are:

a) Implementation of development of the IPOA oversight module/curriculum at accost of Kshs. 12.5 million during the FY 2025/26;
b) Implementation of the following Maraga Task Force Report Recommendations at a cost of Kshs. 468.9 million –
    i. Decentralization of IPOA services to the county level;
    ii. Processing complaints emanating from the National Forensic Laboratory;
    iii. Harmonizing and demarcation of legal instruments on mandate of DCI, IAU and IPOA;
    iv. Developing of oversight modules for inclusion in the NPS training curriculum;
    v. The IG should facilitate civilian oversight processes as set out in the Constitution and statute, and ensure honoring of summons issued by IPOA in execution of its mandate;
    vi. The IG should allow unconstrained access to police premises, including training institutions by officers of IPOA to enable them carry out inspections and monitor police operations.

PART IV

4.0 COMMITTEE OBSERVATIONS

102. The Committee having reviewed the 2025 Budget Policy Statement as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

A. Executive Office of the President, Vote 1011

a. The BPS ceiling for the Executive Office of the President has been proposed at KSh. 4,748.7 million comprising of KSh. 3,948.7 million for Recurrent and KSh. 800 million for Development. This was below the resource Requirement of KSh. 15,604.1 million comprising of KSh. 11,504.1 million for Recurrent and KSh. 4,100 million for capital expenditures.

b. The Government Printer remains underfunded despite its equipment having become obsolete. In view of the constrained fiscal space and competing development pressures facing the country, there was need for the Office to pursue other avenues such as Public Private Partnerships to modernize its equipment.

c. The Betting & Licensing Control Board expenditure ceiling amounts to KSh. 98 million, an amount observed to be inadequate in view of their mandate and activities which generates more than KSh 14.5 billion to the Exchequer. There was need for enhanced resource allocation to enable the Board develop the Central Monitoring System and connectivity with Kenya Revenue Authority for enhanced revenue generation in the sector.

B. Office of the Deputy President, Vote 1012

a. The BPS ceiling for the Office of the Deputy President has been proposed at **KSh. 3,447.5 million** comprising of KSh. 3,347.5 million for Recurrent and KSh. 100 million for Development. This was below the resource Requirement of KSh. 5,094 million comprising of KSh. 4,794.6 million for Recurrent and KSh. 300 million for Capital expenditures.

b. In addition to its constitutional mandate, the Office was coordinating activities related to Coffee and Tea sector reforms and mitigation of alcohol and drug substance abuse. It was observed that such functions were overlapping with those of Ministries and Departments already undertaking such functions.

c. The Office of the Spouse to the Deputy President had been expunged from budgetary allocation and the Office had paid gratuity to 332 out of the 372 former staff of the defunct office in line with their terms of employment.

C. Office of the Prime Cabinet Secretary, Vote 1013

a. The BPS ceiling for the Office of the Prime Cabinet Secretary has been proposed at **KSh. 930.9 million.** This was below the resource Requirement of KSh. 2,622.7 million, translating into underfunding by 64.5 percent.

b. The proposed ceiling for the Office was strictly meant to take care of expenses related to coordination and supervision of government functions as outlined in the Executive Order

No. 2 of 2013.

c. It was observed that the National Government Coordination Secretariat domiciled under the Office implements programmes which overlap with those being implemented by the State Department for Performance and Delivery Management. The specific functions relate to that of overseeing government programmes and projects.

D. State Department for Parliamentary Affairs, Vote 1014

a. The BPS ceiling for the Office of the Prime Cabinet Secretary has been proposed at **KSh. 391 million.** This was below the resource Requirement of KSh. 1,885.3 million, translating into underfunding by 79 percent.

b. The shortfall affects programme implementation on Parliamentary Liaison and legislative Affairs by slowing processes for development of policy and legislation tracking system, inefficient coordination of Parliamentary Liaison services across MDAs and impeding parliamentary Resolution tracking system across MDAs.

E. State Department for Performance and Delivery Management, Vote 1015

a. The BPS ceiling for the State Department has been proposed at **KSh. 609.2 million** comprising of KSh. 599.2 million for Recurrent expenditures and KSh. 10 million for Capital expenditures.

b. The State Department was still underfunded to the tune of **KSh. 1,931 million**. Some critical programmes and activities to be affected by the shortfall included Automation of Performance Contracting Processes and Operationalization of Kenya Integrated Performance Management Policy to improve service delivery to citizens.

c. The expenditure rationalization policy on Monitoring and Evaluation (M&E) did not exempt the State Department whose M&E function was critical in the execution of its mandate of monitoring the implementation of Government's priority programmes and projects in line with Executive Order No. 2 of 2023.

F. State Department for Cabinet Affairs, Vote 1016

a. The BPS ceiling for the State Department for Cabinet Affairs has been proposed at **KSh. 274.2 million** against a resource requirement of KSh. **738.2 million**.

b. The State Department had overlapping mandate with other MDAs including the State Department for Public Service and the Office of the Secretary to the Cabinet on Public Sector Reforms.

c. The service delivery by the State Department was hampered by lack of technical staff as most staff were support staff.

G. State House, Vote 1017

a. The BPS ceiling for State House has been proposed at **KSh. 7,518.2 million** comprising of KSh. 6,802.8 million for Recurrent and KSh. 715.4 million for Capital expenditures. This

was below the Resource Requirement of KSh. 18,335 million comprising of KSh. 15,137.7 million for Recurrent and KSh. 3,197.3 million for Capital expenditures.

b. The BPS ceiling for State House may not be in tandem with the unforeseen activities associated with such Office. There was therefore a need to enhance its ceiling.

c. The Office of the First lady had been expunged from the budget books and the corresponding expenditures re-oriented to other priority areas following the descent of Finance Bill 2024. There was however need for such Office to be institutionalized and funded through the Exchequer given how similar offices are established in other jurisdictions.

H. State Department for Immigration and Citizen Affairs, Vote 1024

a. The BPS ceiling for the State Department has been proposed at **KSh. 20,523.8 million** comprising of KSh. 10,485.1 million for Recurrent and KSh. 10,038.8 million for Capital expenditures. This was below the Resource requirement of KSh. 35,887.3 million comprising of KSh. 15,112.1 million for Recurrent and KSh. 20,775.2 million for Capital expenditures.

b. The Committee noted with concerns the pitfalls of the policy priority of migration of 31.5 million records from the second-generation ID system to the third-generation system (Maisha Card). It was observed that the expiry of Maisha Card after 10 years may cause unnecessary suffering and pain to the citizenry where they could not access key government services when renewing such cards upon their expiry.

c. The roll-out of Unique Personal Identification (Maisha Number) could be hampered by inadequacy in the number of Civil Registration Offices. To this end, it was noted there was need to fastrack the Births & Deaths Registration (Amendment) Bill 2024 and the Executive to re-orient resources to provide for such offices in every sub-county.

d. There were inadequate consular services to Kenyans in the diaspora given that out of the 65 Kenya Missions abroad, only 35 were offering consular services on account of inadequate funds to open new offices.

e. The Presidential proclamation on non-vetting of citizens in some parts of the country was yet to be gazetted though issuance of Identification Cards by the National Registration Bureau was ongoing without the said vetting. To accelerate service delivery, it was observed that there was need for the NRB to adopt mobile registration approach.

I. National Police Service, Vote 1025

a. The BPS ceiling for the State Department has been proposed at **KSh. 118,421 million** comprising of KSh. 116,042.9 million for Recurrent and KSh. 2,378.3 million for Capital expenditures. This was below the Resource requirement of KSh. 209,041.8 million comprising of KSh. 189,592 million for Recurrent and KSh. 19,449.7 million for Capital expenditures. The shortfall would severely affect the implementation of Key police Reforms.

b. **Police Recruitment**: - it was observed that the number of police officers have dwindled over time due to natural attrition and the current Police to Population ratio was at 1:505 instead of the United Nations recommended ration of 1:405.

c. The most affected units were formed units which deals with crime prevention. The BPS ceiling of KSh. 118 billion had taken care of recruitment of 5,000 police officers. It was however observed that the Service needed to recruit 10,000 police officers for the next 3 years to deal with the current shortage.

d. **Leasing of Police Vehicles** - The policy of motor vehicle leasing by the National Police Service is not yielding optimal returns given the challenges posed by the terms of service from the leasing company. For example, in most operational areas, the fueling point is several kilometres away and the terrain makes it difficult to be serviced as required. Moreover, the vehicles at times get impounded by the dealer on account of non-payments by the government making such venture to be a threat to national security. It was therefore observed that there is need for a policy mix comprising of both leasing and purchasing institutional vehicles.

e. **The Implementation of the comprehensive medical cover and group life insurance** for all the Officers over the years has been negatively impacted by inadequate funding. The total requirement for medical cover and Group Life & GPA cover amounts to KSh. 12,900 million over the medium term but the BPS ceiling for the same amounts to KSh. 3,500 million. The failure to provide for adequate resources for Health Insurance may imply that the policy priority of improving the police welfare is not translated fully into budget.

f. **Equipping of the National Forensic Laboratory** - The National Forensic Laboratory is operating at only 50 percent of its capacity on account of various labs including the Biology, Chemistry, Acoustics and Imaging sections not having been equipped with the required reagents. There may be therefore no value for money accruing from the laboratory.

g. Dwindling resources towards Operations of the Directorate of Criminal Investigations Services: - the allocation to the DCI towards security operations for undercover investigations as well as cases of specialized crimes such as femicide has dwindled over the years. The Committee observed that there was need to enhance the allocation towards such expenditure items for enhanced service delivery.

h. **Training of Specialized Units/Investigative units** - Training for specialized units remains critical for service delivery by the Service, however the allocation for the same has dwindled over time on account of austerity measures and currently stands at KSh. 31 million.

i. **Lack of land ownership documents**-the Service has 2,073 parcels of land with an estimated size of 6,829 hectares out of which only 167 have title deeds and an additional 806 have allotment letters. The safe custody of the police Service Assets was therefore observed to be in doubt. It was also observed that the lack of ownership documents was partly attributed to police stations being built in contested parcels.

j. **Institutional Housing for the Police** - The Committee observed that the Housing requirements for the police had not been met for a long time and that there was need for the National Police service to collaborate with the State Department for Housing to work together towards delivering the said houses under the affordable housing programme.

k. **Policy on Police transfer** – it was recognized that the current policy on police transfers requires an officer to serve for three years in a particular station before being transferred. The implementation of this policy was however put in doubt given that the formed –up units usually move together in disregard of the policy.

J. State Department for Internal security and National Administration, Vote 1026.

a. The BPS ceiling for the State Department has been proposed at **KSh. 37,508.8 million** comprising of KSh. 30,523.8 million for Recurrent and KSh. 6,985 million for Capital expenditures. This was below the Resource requirement of KSh. 59,002.9 million comprising of KSh. 46,957.7 million for Recurrent and KSh. 12,045.3 million for Capital expenditures.

b. Operationalization of New Administrative Units. The State Department has been pursuing the policy of moving services closer to the people through operationalization of new administrative units, however, it was observed that despite slow progress in the operationalization of the already Gazetted ones, more units were still being gazetted. The Committee observed that there was need to operationalize these units before any other further Gazette notice of additional units.

c. It was observed that the resources for security operations were skewed towards the State Department at the expense of the National Police Service. There was need to review how such resources could be shared between the State Department and the National Police Service.

d. The budgetary allocation to the state Department over time was on the increase through various supplementary appropriations in the course of budget implementation with the main drivers of such growth being security operations related expenditures. There was need to strengthen the governance systems around such expenditures to minimize the fiduciary risks.

e. The state Department had 8 stalled projects as at 30th June 2024 and they included Tinderet Sub- County Headquarters, Nandi South sub-county HQs, Bunyala DCC, Tigania East DCCs office, Igembe North DCCs office, Magunga District HQs, Migori District HQs among others. Prioritization was therefore required to enable their completion amidst constrained fiscal space.

K. National Police Service Commission

a. The BPS ceiling for the National Police Service Commission amounted to **KSh. 1,333 million** against a Resource requirement of KSh. 3, 75.5 million. The Commission would channel the resources towards the addressing the shortfall of 25,000 police officers.

b. The shortfall would affect key critical police reforms initiatives of Automation and digital transformation of the National Police Service, Decentralization of the Commission's Human Resource and Counselling and wellness services (Underfunded by KSh125 million) and Recruitment of 10,000 police officers. (Underfunded by KSh. 379 million)

L. Independent Policing Oversight Authority

a. The Authority's BPS ceiling of **KSh. 1,314.1 million** against a Resource Requirement of **KSh. 2,209 million** would greatly hamper its statutory mandate. The Authority's operations are field based which involves travelling across the Country to conduct investigations and attend court cases, inspect police premises, and monitor police operations.

b. The Authority caters for witness facilitation during investigations and court attendance. Currently the Authority has 1,080 criminal cases under active investigations and 208 civil and criminal cases before courts. The Ceiling has proposed has not captured expenditure lines to facilitate the witnesses during investigations and to attend court across the country. Failure to attend scheduled court matters would attract detrimental consequences to the government including adverse orders, damages and cost being preferred against the Authority besides being subversion of justice

PART V

5.0 COMMITTEE RECOMMENDATIONS

103. The Committee having reviewed the Budget Policy Statement 2025 as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations:-

5.1 Non-Financial Recommendations

a. The Comptroller of State House in consultation with the Attorney General to initiate a Bill that will anchor the Office of the First Lady in Law within 6 months for onward transmission to Parliament, upon adoption of the BPS 2025 by the House.

b. Given the numerous administrative units that have been gazetted and not yet operationalized on account of constrained fiscal space, it is recommended that the Cabinet Secretary for Internal Security and National Administration develops policy guidelines on gazettement of new Administrative Units within three months of adoption of the BPS 2025 by the House.

c. To effectively deal with funding challenges facing the Directorate of Criminal Investigations on the operations of the National Forensic Laboratory, it is recommended that the DCI be allowed to retain 40 percent of all revenues generated from issuance of the Police Clearence Certificates (PCC) as Appropriation in Aid for the National Police Service effective 1st July 2025.

d. Given that the State Department for Internal Security coordinates security operations matters while the National Police Service executes the actual operations, it is recommended that The Cabinet Secretary for Internal Security and National Administration develops the basis of sharing security operations resources with the National Police Service and report to the National Assembly within 6 months upon adoption of the Budget Policy Statement 2025 by the House.

e. To deal with the anticipated disruption of services by the government to the citizens upon the expiry of the third generation Identity Card after 10 years, it is recommended that the Cabinet Secretary for Interior and National Administration develops policy guidelines on how the citizens will access government services during the said period and submits the report to the House 6 months upon adoption of the BPS 2025.

5.2 Financial Recommendations

The Committee recommends that the ceilings as proposed by the National Treasury be adopted as summarized in Schedule 1.

Schedule 1: Approved Ceilings in KSh Millions				
Vote	MDA	Rec	Dev	Total
1011	Executive office of the President	3,948.7	800	4,748.7
1012	Office of the Deputy President	3,347.5	100	3,447.5
1013	Office of the Prime Cabinet Secretary	930.9		930.9
1014	State Department for Parliamentary Affairs	391		391
1015	State Department for Performance & Delivery Management	599.2	10	609.2
1016	State Department for Cabinet Affairs	274.2		274.2
1017	State House	6,802.8	715.5	7,518.2
1024	State Department for Immigration and Citizen Services	10,485.1	10,038.8	20,523.8
1025	National Police Service	116,042.9	2,378.3	118,421.2
1026	State Department for Internal Security and National Administration	30,523.8	6,985	37,508.8
2101	National Police Service Commission	1,133		1,133
2151	Independent Policing Oversight Authority	1,314.1		1,314.1

SIGNED _____ DATE 03/March/2025

HON. GABRIEL TONGOYO, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

DEPARTMENTAL COMMITTEE ON ENERGY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION 2025

THE DEPARTMENTAL COMMITTEE ON ENERGY

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE 2025 BUDGET POLICY STATEMENT AND MEDIUM-TERM FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1152 - State Department for Energy
Vote 1193 - State Department for Petroleum

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI **FEBRUARY, 2025**

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Abbreviations

AiA	Appropriation in Aid
BAC	Budget and Appropriation Committee
BPS	Budget Policy Statement
BETA	Bottom-Up Economic Transformation Agenda
EPRA	Energy and Petroleum Regulatory Authority
FY	Financial Year
KenGen	Kenya Electricity Generating Company
GDC	Geothermal Development Corporation
IPP	Independent Power Producer
KETRACO	Kenya Electricity Transmission Company
KPLC	Kenya Power & Lighting Company
Kshs.	Kenya Shillings
MDA	Ministries, Departments and Agencies
MoE&P	Ministry of Energy and Petroleum
MP	Member of Parliament
MTP	Medium Term Plan
MW	Megawatts
NOCK	National Oil Corporation of Kenya
NuPEA	Nuclear Power and Energy Agency
PPA	Power Purchase Agreement
PBO	Parliamentary Budget Office
REREC	Rural Electrification and Renewable Energy Corporation
SAGAs	Semi-Autonomous Government Agencies
S.O	Standing Order

PART I

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the 2025 Budget Policy Statement and Medium Term in accordance with Section 25(2) of the Public Finance Management Act, 2012, and the National Assembly Standing Order 232. The Departmental Committee on Energy held meetings with the Ministry under its purview to scrutinize the 2025 Budget Policy Statement on 25th February 2025. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee pursuant to the provision of Standing Order 232(5).

1.2 Mandate of the Committee

2. The Departmental Committee on Energy is one of the twenty Departmental Committees of the National Assembly established pursuant to Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders and mandated to undertake the following functions:
    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 the implementation;*
    iii. *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *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;*
    vi. *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;*
    vii. *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);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    xi. *Examine any questions raised by Members on a matter within its mandate.*

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following Subjects: Fossil fuel exploration, development, production, maintenance and distribution, nuclear energy, clean energy, and regulation of energy.

4. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson
Hon. (Eng.) Vincent Musyoka Musau, CBS, MP
Mwala Constituency
UDA Party

Vice-Chairperson
Hon. Lemanken Aramat, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Mwafrika Augustine Kamande, MP
Roysambu Constituency
UDA Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Ken Chonga, MP
Kilifi South Constituency
ODM Party

Hon. Victor Koech Kipngetich
Chepalungu Constituency
CCM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

1.4 Committee Secretariat

6. The Committee is serviced by the following Members of Staff:

Mr. Fredrick O. Otieno
Clerk Assistant II/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mate
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Ms. Carolyne Musyoka
Hansard Reporter III

Mr. Ambrose Nguti
Media Relations Officer III

Mr. Anthony Wamae
Serjeant-At-Arms

Ms. Lillian Aluga
Public Communications Officer

Mrs. Rehema Koech
Audio Officer III

Ms. Mariana Nyangol
Clerk Intern

1.5 Overview of the Examination of the Budget Policy Statement

7. The Budget Policy Statement was submitted to the National Assembly pursuant to Section 25(2) of the Public Finance Management Act, 2012 and the National Assembly Standing Order 232 and subsequently tabled on the floor of the House on Thursday, 13th February 2025. Consequently, the Budget Policy Statement was committed to the relevant Departmental Committees for consideration and make recommendations to the Budget and Appropriations Committee pursuant to Standing Order 232(5).

8. The Second Schedule of the National Assembly Standing Order assigns the Departmental Committee on Energy the mandate to consider matters related to fossil fuel exploration; development, production, maintenance and regulation of energy.

9. In this regard, the Committee is mandated to review and scrutinize the BPS for the State Department for Energy (Vote 1152) and the State Department of Petroleum (Vote 1193) as well as the Agencies under the respective votes. The Committee is equally tasked with the responsibility of scrutinizing budget-related policies, programmes, and their objectives as well as the comprehensiveness and effectiveness of such programmes.

10. The Committee held a total of four (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 25th February 2025 in the Committee Room on fourth floor, Continental House, Parliament Buildings.

1.6 Acknowledgement

11. 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. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

12. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2025 Budget Policy Statement.

13. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Energy, to submit its Report on the scrutiny of the 2025 Budget Policy Statement and Medium Term.

HON. ENG. VINCENT MUSYOKA, CBS, M.P.
CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2. BROAD OVERVIEW OF THE 2025/2026 BUDGET POLICY STATEMENT

14. The proposed budgetary allocations for FY 2025/26 and the medium term have been broken down into three categories i.e., National Government (NG) i.e., Executive, Parliament, & Judiciary; Consolidated Fund Services (CFS) and County Governments (CG).

15. The total BPS ceiling for the FY 2024/25 is Kshs. 4,143.73 billion. The NG accounts for the largest share of 60.6%, followed by CFS with 29.9%, and finally transfers to CG with 9.4%. Under the NG, The Executive takes the largest share at 59.0% while both the Parliament and Judiciary share are 1.0% and 0.6% respectively. Compared to the approved allocations for FY 2023/24, the total proposed budgetary allocation ceiling for FY 2023/24 increased by 4.07% (Kshs. 162.19 billion) from Kshs. 3,981.54 billion in 2023/24 to Kshs. 4,143.73 billion. Among the components illustrated above, CFS recorded the largest increase of 9.68% (Kshs. 109.50 billion) compared to approved estimates for FY 2023/24 followed by the allocation to the executive which increased by 1.88% (Kshs. 45.20 billion) while Judiciary posted a 3.99% increase (Kshs. 910 million).

16. Including the conditional allocation to counties and contingency fund, the overall expenditures are projected at **Kshs.4,263.1 billion** for FY 2025/26. These expenditures will be financed by Ordinary Revenue of **Kshs.2,835.0 million**, Ministerial AIA of **Kshs.550.8 million**, Grants of **Kshs.46.2 million,** and debt financing of **Kshs.831.0 million** comprising Net foreign financing of **Kshs.146.8 million** and Net domestic financing of **Kshs.684.2 million.**

17. Regarding Medium Term Expenditure Framework (MTEF) Sector classification, in the BPS 2025 ceilings, the Education sector accounts for the major share of the total budgetary allocation with an allocation share of 28.3% of the total budget compared with 29.6% share in FY 2024/25. The Energy, Infrastructure, and ICT accounts for 19.7% of the total budgetary allocation ceilings which is an increase from 19.3% in the Approved Estimates of FY 2024/25. A summary of the budgetary allocation for the 10 MTEF sectors is summarized in table 1 below:

Table 1: Summary MTEF Sector Budget Allocations (Kshs. Billions)

Sector	Approved Budget 2024/25	% Share	BPS 2025/26 ceilings	% Share
Agriculture, Rural and Urban Development (ARUD)	73.9	3.2%	77.7	3.0%
Energy, Infrastructure, and ICT	444.3	19.3%	504.6	19.7%
General Economic and Commercial Affairs (GECA)	45.6	2.0%	59.1	2.3%
Health	118.9	5.2%	204.5	8.0%
Education	681.7	29.6%	723.9	28.3%
Governance, Justice, Law, and Order (GJLO)	234.9	10.2%	265.9	10.4%
Public Administration and International Relations (PAIR)	311.8	13.6%	286.8	11.2%
National Security	219.3	9.5%	257.0	10.0%

Sector	Approved Budget 2024/25	% Share	BPS 2025/26 ceilings	% Share
Social Protection, Culture and Recreation	68.9	3.0%	78.8	3.1%
Environment Protection, Water and Natural Resources	101.2	4.4%	103.8	4.0%
Grand Total	**2,300.5**	100.0%	**2,562.0**	100.0%

Source: The National Treasury

2.1 Review of Recent Policy Priorities and Budget Performance for the Energy Sub-Sector

2.1.1 State Department for Energy - Vote 1152

18. Electricity is a crucial economic and social utility that is necessary for manufacturing, for vital services like security and health, and for improving the quality of life for populaces. It is also a critical enabler towards implementing the Bottom-up Economic Transformational Agenda (BETA).

19. In order to improve energy generation, transmission, and distribution and connect 1,440,000 new customers and 1,080 public facilities to electricity, the 2025 BPS outlines several policy interventions aimed at ensuring that everyone has access to clean, sustainable, and reasonably priced energy. To increase power grid resilience, improve service delivery, and ensure long-term energy sustainability, some of the interventions will include drilling 34 wells, building 1,742 kilometers of transmission lines and 21 transmission substations, building 1,050 kilometers of distribution lines and 33 distribution substations, installing 19,500 street lighting points, and building 55 institutional and 1,800 household biogas plants.

20. On the promotion of clean, affordable, and quality alternative renewable energy sources for inclusive green growth and transformation, specific interventions include expansion of energy centers from 16 to 47; installation of 4,350 solar PV systems; installation of 50,823 stand-alone systems; development of 10 small hydro's; installation of 80 wind masts and data loggers; development of two (2) biofuel plants for value addition; construction of 300 biogas plants in counties; and development of 195 energy efficient charcoal kilns.

21. A total of Kshs. 50 billion is expected to be raised by the National Treasury for the Financial Year 2024/2025 from a number of projects, such as the 35MW Orpower Geothermal Project (Kshs. 11 billion) and the Africa 50 transmission lines (Kshs. 41 billion). The 35MW Quantum Geothermal Project, which reached financial close in FY 2023–2024, is one of the 37 PPP projects currently in the pipeline at various stages. The government also plans to mobilize Kshs. 70 billion within FY 2025/2026 through private investments in PPPs by collaborating with the private sector to develop projects in priority areas, such as the Nairobi Street Lighting Project, which is estimated to cost about Kshs. 10 billion.

22. On the status of debts owed to Kenya Power by county governments as at November 2024, the total outstanding pending bills amounted to Kshs.4.4 billion with Nairobi county accounting for the largest portion of the debt (68.88%) amounting to Kshs.3.0 billion while

on outstanding government-guaranteed debt as at June 2024, KenGen had approximately Kshs.27.9 billion with the lion's share of the debt of Kshs.15.5 billion accrued for the Olkaria 1 Unit 4 and 5 Geothermal Power Project and Kshs.5.6 billion for the Sondu Miriu Hydro Power II.

23. As of June 2024, court awards relating to KETRACO were Kshs. 8.9 billion, with only Kshs. 117.1 million paid to date, and Kshs. 2.8 million relating to GDC, with Kshs. 1.9 million paid to date. Contingent liabilities pose a significant fiscal risk because they are frequently not recorded in the budget, making their financial impact unpredictable until they materialize. As a result, it is imperative to effectively monitor and quantify contingent liabilities in order to mitigate unexpected budgetary pressures.

24. As of September 2024, the State Department for Energy had a total pending bill of Kshs.61.4 billion comprising of Kshs. 20.3 billion for KPLC, Kshs. 22.8 billion for KETRACO and Kshs. 673.4 million for GDC arising from pending payments for works done by contractors, budgetary constraints, litigations, and wayleave compensations, Kshs.16.5 billion from REREC, and Kshs.213.8 million from KenGen according to the FY 2024/25 1st quarter report of the Controller of Budget.

25. The BPS 2025 has also identified that Kenya is highly exposed to a range of climate-related natural hazards including droughts and floods which have a significant social, economic, and environmental impact on Kenya's energy sector, especially hydroelectric power being vulnerable to changing rainfall patterns which can lead to power shortages and increased use of fossil fuels while rising temperatures can also reduce the efficiency of geothermal plants and transmission hence the need to ascertain and monitor the mitigating measures put in place by the responsible agencies.

2.1.1.1 Recent Expenditure Allocations and Financial Performance in the State Department for Energy

26. The following criteria guided the allocation of resources within the three arms of Government and among MDAs for FY 2025/26 and over the medium term:
    i. Linkage of Programmes with the priorities that address the Bottom-Up Economic Transformation Agenda;
    ii. Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
    iii. Degree to which a programme addresses job creation and poverty reduction;
    iv. Degree to which a programme addresses the core mandate of the MDAs,
    v. Cost-effectiveness and sustainability of the programme;
    vi. Linkage of programmes that support mitigation and adaptation of climate change;
    vii. Extent to which the Programme seeks to address viable stalled projects and verified pending bills; and
    viii. Requirements for furtherance and implementation of the Constitution.

27. As a result of the above, the proposed total ceiling to the state department for energy for the FY 2025/26 is Kshs.55.2 billion, representing an increase of 2.2% (or Kshs.1.2 billion), from Kshs. 54.1 billion allocated in the FY 2024/25 Budget Estimates. Over the medium term, the proposed ceilings will grow to Kshs.70.2 billion in FY 2026/7 before declining to Kshs.67.1 billion in FY 2027/28.

28. The proposed ceiling for FY 2025/26 consists of Kshs.12.1 billion recurrent expenditure and development expenditure of Kshs. 43.1 billion. The recurrent expenditure ceiling increased by 23.0% and development expenditure decreased by 2.5% respectively relative to the FY 2024/25 Budget Estimates.

29. In terms of overall allocation per programme, the Power Transmission and Distribution Programme in which KPLC, KETRACO, and REREC are domiciled, is proposed to have the highest expenditure allocation ceiling of Kshs.39.5 billion, representing 71.5% of the total allocations to the State Department with the power Generation programme where KenGen, GDC, and NuPEA are domiciled getting an allocation of Kshs.13.0 billion taking 23.5% of the total allocations. The remaining 5.0% is shared between the alternative energy technologies programme with an allocation of Kshs.2.1 billion (3.8%) and the General Admin programme getting an allocation of Kshs.681.0 million (1.2%).

30. When compared to the FY 2024/25 Estimates, the ceilings to the Power Transmission and Distribution programme increased by Kshs.3.0 billion (8.3%) due to accelerated electricity connectivity efforts with the target for Km of transmission lines constructed rising from 69 in FY 2024/25 to 248 in 2025/26 and number of new customers increasing from 440,000 in FY 2024/25 to 480,000 in 2025/26 while the Power generation decreased by Ksh.2.0 billion (13.4%) which contradicts with the policy to increase efforts in the energy generation however this could be partially attributed to the cabinet decision proposing the scrapping of NuPEA, allocation to general administration programme increased by Kshs.127.2 million(23.0%) while the Alternative energy technologies increased by Ksh.46.2 million (2.3%) which aligns with the policy to increase efforts in the implementation of renewable energy projects however targets remain same except for training of officers which increased from 0 in FY 24/25 to 50 in 25/26, as indicated in table 2:

Table 2: State Department for Energy: Proposed 2025 BPS Ceilings (Kshs. Millions)

Programme	Category	Approved Estimates FY 2024/25 (Kshs. millions)	FY 2025/26 Ceilings (Kshs. millions)	Variance	% Change
Total Expenditure	**Recc**	**9,882.1**	**12,153.0**	**2,270.9**	**23.0%**
	Devt	**44,177.5**	**43,087.9**	**(1,089.6)**	**-2.5%**
	Total	**54,059.6**	**55,240.9**	**1,181.3**	**2.2%**
General Admin	Recc	373.8	361.0	(12.8)	-3.4%
	Devt	180.0	320.0	140.0	77.8%
	Total	**553.8**	**681.0**	**127.2**	**23.0%**
Power Gen	Recc	2,028.8	2,495.0	466.2	23.0%
	Devt	12,972.8	10,489.0	(2,483.8)	-19.1%
	Total	**15,001.6**	**12,984.0**	**(2,017.6)**	**-13.4%**
Power Transmission	Recc	7,413.7	9,228.0	1,814.3	24.5%
	Devt	29,063.7	30,274.9	1,211.2	4.2%
	Total	**36,477.4**	**39,502.9**	**3,025.5**	**8.3%**
Alternative Energy Tech	Recc	65.8	69.0	3.2	4.9%
	Devt	1,961.0	2,004.0	43.0	2.2%
	Total	**2,026.8**	**2,073.0**	**46.2**	**2.3%**

Source: National Treasury (BPS 2025)

2.1.2 State Department for Petroleum - Vote 1193

31. The 2025 BPS outlines vital strategic interventions, priorities, and policy targets in the petroleum sub-sector to stabilize consumer prices against unpredictable swings in global oil prices, as well as interventions to promote and incentivize E-mobility. This will help to promote Kenya's emission reduction commitment, lower the cost of transport, and leverage on local and regional motorcycle market to build an electric vehicle industry.

32. The priority areas and interventions outlined in the 2025 BPS in relation to petroleum include the acquisition of Geo-Scientific data in 3,600 square kilometers to establish oil and gas potential; completion of evaluation of gas potential in Petroleum Blocks 9, L4, and L8 in Marsabit, Garissa & Lamu, and Kilifi Counties respectively; provision of clean cooking gas to 600 public learning institutions. Additionally, the Government will distribute 6-kilogram LPG cylinders and accessories to 210,000 low-income households; import and distribute 22.6 million metric tons of petroleum fuels; and complete land acquisition in South-Lokichar for the development of the oil fields, and water make-up and crude oil pipelines.

33. On the E-Mobility policy, BETA identifies the transition to electric mobility, or e-mobility, as a priority intervention to achieve the Government's inclusive green growth and climate action plan aimed at reducing greenhouse gas emissions and air pollution while at the same time meeting the mobility needs of consumers. Significant developments and encouraging efforts have been realized including launching the first batch of locally assembled electric buses in partnership with BasiGo and Kenya Vehicle Manufacturers (KVM) in April 2024, with the initiative being aligned with the national goal of transitioning to a fully electric bus fleet by 2027.

34. The government has also developed the draft National E-Mobility Policy and partnered with BasiGo and KVM to assemble electric buses locally with BasiGo planning to deliver 1,000 electric buses in the next three years. However, there needs to be more effort to incentivize the Electric Vehicle assemblers to set up shop in the country by providing the requisite infrastructure including spare parts which would help reduce the cost of purchasing and maintaining the vehicles. Though the BPS recognizes that a successful transition to e-mobility requires intensive investment to reconfigure the transportation system through electrification and the provision of every necessary service and infrastructure throughout the ecosystem, it does not clearly outline policies to be implemented in order to attract the requisite investment.

35. The State Department for Petroleum, on its part, had a pending bill of Kshs.30 million, KPC had a pending bill of Kshs.940.0 million and NOCK had a pending bill of Kshs.13.2 billion as at 30th September 2024.

2.1.2.1 Recent Expenditure Allocations and Financial Performance in the State Department for Petroleum

36. The State Department currently implements the Oil Exploration and Distribution programme whose objective is to ensure the availability and access to reliable petroleum and gas.

37. The 2025 BPS proposes a total ceiling of Kshs. 31.0 billion to the State Department representing an increase of 0.8% (Kshs.240 million) from the FY 2024/25 allocation of Kshs. 30.8 billion. The proposed ceiling comprises Kshs. 25.9 billion for recurrent expenditure and Kshs. 5.1 billion for development expenditure. In the medium term, the overall budget for the state department is expected to increase to Kshs.31.21 billion in 2026/27 and to Kshs.31.24 billion.

38. The recurrent expenditure which reduced by 4.8%(Kshs. 1.3 billion) compared to FY 2024/25 will be majorly utilized towards cushioning consumers from volatility in fuel prices. However, the collections and expenditure of the fund especially for its stabilization mandate remains opaque hence the need for further clarification, while the increase of Development expenditure by 44.6%(Kshs. 1.5 billion) may be attributed to renewed efforts by the State Department to prioritize the advancement of the oil and gas sector to strengthen energy security through acquiring Geo-Scientific data in 3,600 Km2 to establish oil and gas potential in the petroleum blocks; completion of the evaluation of gas potential in Block 9, L4 and L8 in Marsabit, Garissa, Lamu, Kilifi, and Isiolo Counties; provision of 600 public learning institutions with Clean Cooking Gas (CCG); and distribution of 6 Kg LPG cylinders to 210,000 low-income households, however, this has always been a missed target over the years with the financial information as indicated in table 3;

Table 3: State Department for Petroleum: Proposed 2025 BPS Ceilings (Kshs. Millions)

Programme	Category	Approved Estimates FY 2024/25 (Kshs. millions)	FY 2025/26 Ceilings (Kshs. millions)	Variances (Kshs. millions)	% Change
Total	**Recc**	**27,319**	**25,998**	**(1,321)**	-4.8%
	Devt	**3,500**	**5,061**	**1,561**	44.6%
	Total	**30,819**	**31,059**	**240**	0.8%
Exploration and Distribution of oil and gas	Recc	27,319	25,998	**(1,321)**	-4.8%
	Devt	3,500	5,061	**1,561**	44.6%
	Total	**30,819**	**31,059**	**240**	0.8%

Source: National Treasury (BPS 2025)

PART III

3. SUBMISSIONS BY MINISTRIES AND STATE DEPARTMENTS

3.1 State Department for Energy - Vote 1152

The Cabinet Secretary, Hon. James Opiyo Wandayi, EGH accompanied by the Principal Secretaries, Mr. Alex Wachira, CBS, Mr. Mohamed Liban, CBS, and other Ministry officials appeared before the Committee on Tuesday, 25th February 2025, and made the following submissions:

39. In the financial year 2024/25, the first half allocation amounts to Kshs 27 billion of which Kshs 4.9 billion is recurrent and Kshs 22 billion is development estimates.

40. The total expenditure as at 31st December 2024 was Kshs 13.4 billion, out of which Kshs 3.9 billion is recurrent while Kshs 8.78 billion is development. The total expenditure viz a viz the first half allocation represents a 52 % absorption rate.

41. The Key sectorial policies underlying the budget ceilings in the State Department includes:
    i. The Constitution of Kenya, 2010
    ii. Kenya Vision 2030
    iii. Bottom-Up Economic Transformation Agenda (BETA)
    iv. Kenya National Energy Policy, 2018
    v. The Energy Act, 2019
    vi. The Bio Energy Strategy, 2020
    vii. The Kenya National Electrification strategy
    viii. The Kenya National Energy Efficiency and Conservation Strategy (KNEECS), 2020
    ix. Renewable Energy Auction Policy

42. The State Department is implementing the following programmes:
    i. Power Generation
    ii. Power transmission and distribution
    iii. Alternative Energy Technologies
    iv. Administration, Planning, and support services.

43. The BPS gross ceiling for the State Department is for the FY 2025/26 is **Kshs.55.2 billion**. The proposed ceiling for FY 2025/26 consists of Kshs.12.1 billion recurrent expenditure and development expenditure of Kshs. 43.1 billion. The recurrent expenditure ceiling increased by 23.0% and development expenditure decreased by 2.5% respectively relative to the FY 2024/25 Budget Estimates.

44. In terms of overall allocation per programme, the Power Transmission and Distribution Programme in which KPLC, KETRACO, and REREC are domiciled, is proposed to have the highest expenditure allocation ceiling of Kshs.39.5 billion, representing 71.5% of the total allocations to the State Department with the power Generation programme where

KenGen, GDC, and NuPEA are domiciled getting an allocation of Kshs.13.0 billion taking 23.5% of the total allocations. The remaining 5.0% is shared between the alternative energy technologies programme with an allocation of Kshs.2.1 billion (3.8%) and the General Admin programme getting an allocation of Kshs. 681.0 million (1.2%). ***(Detailed submissions are attached as Annex 2).***

3.2 State Department for Petroleum - Vote 1193

45. The State Department's Cumulative Financial Performance as at 31st December, 2024 is as shown in the table below:

Table 4: State Department's Cumulative Financial Performance as at 31st December, 2024

Name of the Programme & Sub-Programme	Revised Gross Estimates (Kshs. Millions)			Expenditure (Kshs. Millions)			Budget Absorption Rate(%)		
	Recc.	Dev't	Gross	Recc.	Dev't	Total	Recurrent Budget	Development Budget (%)	Total Budget
Programme 1: Exploration and Distribution of Oil and Gas									
Sub-Programme 1.1: Exploration of Oil and gas	55,074.96	2,036.78	2,091.85	25.36	560.99	586.34	46.0	27.5	28.0
Sub-Programme 1.2: Distribution of Oil and gas	0	1,463.22	1,463.22	0	199.004	199.004	0	13.6	13.6
Sub-Programme 1.3. General Administration, Planning & Support Services	27,264.14	0	27,264.14	3,207.92	0	3,207.92	11.8	0	11.8
Sub-Total	**27,319.21**	**3,500.00**	**30,819.21**	**3,233.28**	**759.99**	**3,993.27**	**11.8**	**21.7**	**13.0**
Grand Total	**27,319.21**	**3,500.00**	**30,819.21**	**3,233.28**	**759.99**	**3,993.27**	**11.8**	**21.7**	**13.0**

46. The low absorption rate in the sub-programmes is attributable to:
    i. Savings on LPG reticulation,
    ii. Lengthy procurement process of specialized equipment and consultancy services in terms of preparatory works,
    iii. Low need for Oil Market Price Stabilization on account of stable fuel prices, and
    iv. Change of Government policy on the Clean Cooking Gas programme to be private sector driven.

47. However, reallocations are proposed to cater for the LPG distribution by the National Oil Corporation of Kenya.

48. The policies underpinning the State Department for Petroleum Expenditure Ceilings in the 2025 BPS are:
    i. Budget Review and Outlook Paper.
    ii. Debt Policy.
    iii. Economic Policies.
    iv. Kenya Vision 2030 and the Fourth Medium Term Plan (MTP IV)
    v. National Tax Policy and the Medium-Term Revenue Strategy (MTRS).
    vi. The Petroleum Development Levy Order, 2020.
    vii. Petroleum Act, No. 2 of 2019.
    viii. Sessional Paper No. 4 of 2004 on Energy.
    ix. Bottom-Up Economic Transformation Agenda (BETA).
    x. The Liquefied Petroleum Gas (LPG) Growth Strategy
    xi. Government-to-Government.

49. The 2025 BPS proposes a total ceiling of **Kshs. 31.0 billion** to the State Department representing an increase of 0.8% **(Kshs.240 million)** from the FY 2024/25 allocation of **Kshs. 30.8 billion**. The proposed ceiling comprises **Kshs. 25.9 billion** for recurrent expenditure and **Kshs. 5.1 billion** for development expenditure. In the medium term, the overall budget for the state department is expected to increase to **Kshs.31.21 billion** in 2026/27 and to **Kshs.31.24 billion**. ***(Detailed submissions are attached as Annex 3).***

PART IV

4. COMMITTEE OBSERVATIONS

50. Having held consultative meetings on the scrutiny of the 2025/2026 Budget Policy Statement and Medium Term, the Committee made the following observations:

4.1 State Department for Energy

i. That, the proposed ceiling for the State Department for Energy in the Budget Policy Statement for FY 2025/26 is **Kshs. 55.2 billion** consisting of **Kshs. 12.1 billion** under the recurrent vote and **Kshs. 43.1 billion** under the development vote. This represents a funding shortfall **of Kshs.541 million** in the recurrent expenditure category and **Kshs.76.1 billion** in the development expenditure category.

ii. That, there is a disparity between the proposed interventions to accelerate energy generation and onboard new customers to the national grid while ensuring the long-term viability and sustainability of the energy sector e.g. investment in geothermal energy and rural electrification, with the funding allocated towards the interventions in the State Department of Energy.

iii. That, delays in the procurement of materials by the Rural Electrification and Renewable Energy Corporation (REREC) and Kenya Power are significantly affecting the timely completion of projects aimed at connecting customers to the national grid.

iv. That, leveraging on the expertise and experience of Kenya Power engineers in the construction of 132kV and below transmission & Distribution lines could present significant cost benefits and operational efficiencies by eliminating the need for profit margins and administrative overheads associated with external contractors.

v. That, the policy directive that REREC undertakes projects from inception to the metering stage has not been effectively implemented due to concerns raised by Kenya Power, primarily regarding doubts about whether the quality of work performed by REREC will meet their established standards and apprehensions about the metering process, as it would require REREC to access Kenya Power's passwords, which are integrated into their central system, potentially raising security or operational issues.

vi. That, the absence of a dedicated vote head for off-grid electrification schemes has resulted in delays and inefficiencies in implementing and maintaining off-grid projects, leaving many remote and underserved communities without access to reliable electricity.

4.2 State Department for Petroleum

i. That, the proposed ceiling for the State Department for Petroleum in the Budget Policy Statement for FY 2025/26 is **Kshs. 31.0 billion** consisting of **Kshs. 25.9 billion** under the recurrent vote and **Kshs. 5.1 billion** under the development vote. This represents a funding shortfall of **Kshs.269 million** in the recurrent expenditure category and **Kshs.100 million** in the development expenditure category.

ii. That, the Committee notes that there is undue delay in onboarding a strategic investor as well as the review and finalization of the Field Development Plan (FDP) for South Lokichar Oil by EPRA and subsequent approval by the Cabinet Secretary. The Committee further noted that the approval of the FDP is important since it will inform the Final Investment Decision (FID) and the same will also require ratification by Parliament.

iii. The operations of the Petroleum Development Levy Fund, overseen by the Principal Secretary, National Treasury, as the Accounting Officer, have been shrouded in secrecy, raising concerns about transparency and accountability. Specifically, the fund's expenditure on fuel stabilization remains opaque, with limited disclosure on the utilization of funds. This lack of transparency has been particularly evident since the securitization of pending bills totalling Kshs. 45.8 billion owed to Oil Marketing Companies (OMCs).

iv. That, the LPG Distribution and Infrastructure project(Mwanachi Gas) which was initially initiated in 2016 has been faced with a myriad of challenges including missed targets, distribution challenges, procurement of defective cylinders, cash crunches as well as non-responsive bids for the supply of smart metering devices for the 6Kgs LPG cylinders, thus hampering the achievement of its envisaged objective of cutting low-income households' reliance on wood fuels by increasing access and affordability of LPG.

PART V

5. RECOMMENDATIONS

51. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Budget Policy Statement for the FY 2025/26, the Committee recommends the following:

5.1 Non-Financial/Policy Recommendations

5.1.1 State Department for Energy

i. That, within twelve(12) months upon approval of the 2025 BPS by the National Assembly, the Cabinet Secretary in charge of Energy and Petroleum ensures that Kenya Power and REREC establish a framework to decentralize procurement of materials through trusted third parties by authorizing qualified distributors and suppliers to procure and supply materials that adhere to stringent quality and standard tests. This framework should include a rigorous vetting process to ensure only reputable and capable suppliers are engaged, with clear guidelines on material specifications aligned with industry standards and a monitoring mechanism that should be instituted to oversee supplier performance and compliance, thus ensuring accountability and consistency.

ii. That, within twelve(12) months upon approval of the 2025 BPS by the National Assembly, Kenya Power pilots the undertaking of 132kV and below projects through its in-house engineering teams with the policy adoption backed by a comprehensive comparative cost-benefit analysis, highlighting the savings from bypassing contractor fees (typically inflated by profit margins and administrative costs) against the investment in internal capacity, such as staff remuneration and equipment. The pilot projects should be backed by a robust implementation plan and quality assurance framework to ensure reliability and safety benchmarks are maintained.

iii. That, within twelve(12) months upon approval of the 2025 BPS by the National Assembly, Kenya Power should deploy standalone, encrypted metering solutions, such as pre-configured smart meters with restricted access protocols. These should conform to all quality and safety standards set by Kenya Power and EPRA, thereby eliminating the need for password sharing while integrating seamlessly with Kenya Power's system. This will ensure both REREC and Kenya Power can meet their objectives without compromising security or operational integrity.

iv. That, the Principal Secretary for the National Treasury in collaboration with the Principal Secretary for Energy should create a budget line for the off-grid electrification schemes project in order to ensure adequate funding and resources for the timely implementation and maintenance of off-grid projects by 30th April 2025.

5.1.2 State Department for Petroleum

i. That, the Cabinet Secretary in charge of Energy and Petroleum in conjunction with EPRA fast tracks the onboarding of a strategic investor and the review and approval of the Field Development Plan (FDP) for South Lokichar oil fields and submits the same to Parliament for consideration and/or approval by 30th June 2025.

ii. That, the Cabinet Secretary in charge of Energy and Petroleum in conjunction with EPRA and NOCK incorporates a clear and transparent beneficiary identification mechanism and technology-driven distribution model, track and trace technology for cylinders, Smart metering systems, and advanced leak detection systems to address safety concerns in handling gas to address the bottlenecks that have previously affected the successful implementation of the Mwananchi gas project by 30th June 2025.

iii. That, within six(6) months upon approval of the 2025 BPS by the National Assembly, the Cabinet Secretary responsible for Energy and Petroleum, initiates amendments to section 4(2) of the Petroleum Development Levy Fund Act, CAP.426, to designate the Principal Secretary in charge of Petroleum as the fund administrator in order to improve transparency and accountability in the management of the fund by ensuring that the responsible officer is directly involved in the petroleum sector and thus better positioned to oversee the effective utilization of funds, particularly in fuel stabilization efforts.

5.2 Financial Recommendations/ Proposed Reallocations

52. The committee recommends THAT:

i. That the proposed ceilings of **Kshs. 55.2 billion** for the State Department for Energy in the Budget Policy Statement for FY 2025/26 consisting of **Kshs. 12.1 billion** under the recurrent vote and **Kshs. 43.1 billion** under the development vote be approved **without amendments.** ***(Annex 2)***

ii. That the proposed ceilings of **Kshs. 31.0 billion** for the State Department for Petroleum in the Budget Policy Statement for FY 2025/26 consisting of **Kshs. 25.9 billion** under the recurrent vote and **Kshs. 5.1 billion** under the development vote be approved **without amendments.** ***(Annex 3).***

5.3 Requests for Additional Funding

53. The Committee requests that the Liaison Committee consider the following budgetary needs for funding for the State Department for Energy in light of the policy priorities outlined in the BPS 2025;

a) Additional allocation of Kshs. **19.5 billion** to the ceiling for the state Department of Energy which consists of an additional allocation of **Kshs. 18.5 billion** for the Power Transmission and Distribution programme Ceiling which has a BPS allocation of

Kshs. 39.5 billion against resource requirements of **Kshs. 100.8 billion** and an additional allocation of **Kshs.1.0 billion** for the Power Generation programme Ceiling which has a BPS allocation of **Kshs. 12.9 billion** against resource requirements of **Kshs. 14.4 billion.** The additional allocation will be geared towards the development expenditure category.

The additional allocation will be geared towards addressing areas critical in accelerating universal access to electricity to all citizens by 2030. Priority areas will include rural electrification schemes project, installation of transformers in constituencies project, Electrification of public facilities project, street lighting project, accelerating geothermal resources development as well as in completion of priority transmission lines which will help in reducing technical losses, stabilizing voltage conditions and coping with additional demand, with the summary indicated in schedule 1.

Schedule 1: Summary indicating the Departmental Committee's wish list to the Budget and Appropriations Committee

Programme	Description	Implementing agency	Amount (Kshs. Millions)	Reason for Additional Funding
Power Transmission and Distribution	1152113268 Last Mile Connectivity for Constituencies and Other Interventions	REREC	14,500	The additional amount of Kshs.14,500 million is geared towards accelerating electricity connectivity in the country. The funds are to be shared equally among the 290 constituencies with each constituency getting an allocation of Kshs.50 million.
Power Transmission and Distribution	1152103500 Street-lighting project	KPLC	500	An additional Kshs. 500 million be allocated for the Priority project due to its importance in increasing working hours and improving security for the citizens with the aim of achieving the 24-hour economy plan.
Power Transmission and Distribution	11521044001 Electrification of Public Facilities	REREC	2,000	An additional Kshs. 2,000 million be allocated for the Critical project aimed at achieving universal access to electricity.
Power Transmission and Distribution	1152107901 Kenya Power Transmission Expansion Project - 132kV Awendo Isebania,132kV Sultan-Hamud Loitoktok and 220kV Isinya Konza	KETRACO	100	The additional allocation of Kshs.100 million will be geared towards fast-tracking the completion of the key project which is at 82% completion.
Power Transmission	1152100300 Sondu-Homabay Ndhiwa-	KETRACO	200	An additional Kshs. 200 million be allocated for the Critical project aimed at

Programme	Description	Implementing agency	Amount (Kshs. Millions)	Reason for Additional Funding
and Distribution	Awendo Electrification Project			improving the quality of supply within the entire south Nyanza region, whose completion date has been delayed due to inadequate budget allocation.
Power Transmission and Distribution	1152108700 Rabai - Kilifi Transmission Line	KETRACO	200	An additional Kshs. 200 million be allocated for the Priority project aimed at offering cheap, stable, and reliable supply to existing large power customers (Cement, special economic zones, steel rolling mills), and boost tourism in the region which heavily depends on expensive thermal generated electricity.
Power Transmission and Distribution	1152109501 Loiyangalani-Marsabit 400 KV Transmission Line	KETRACO	500	Additional funding geared towards the project, which is critical in evacuating clean, reliable energy from Lake Turkana Wind Power Ltd
Power Transmission and Distribution	1152110301 Marsabit-Isiolo Transmission Line	KETRACO	500	Additional funding geared towards the project which is critical in connecting Marsabit to the national power grid and also boosting power connectivity in Isiolo town and its environs
Power Generation	1152109801300MW Suswa geothermal project	GDC	200	Additional Funding geared towards harnessing geothermal power in the Suswa Geothermal Prospect which has an estimated potential of 750MW
Power Generation	1152100501 Bogoria Silali Geothermal Projects	GDC	400	Additional Funding geared towards harnessing geothermal power in the Silali Prospect which has an estimated potential of 3,000MW
Power Generation	1152102201 Menengai Geothermal Development Project.	GDC	400	Additional Funding geared towards harnessing geothermal power in the Menengai Prospect which has an estimated potential of 1,600MW

SIGNED ..... **DATE** 03/03/2025

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT FOR:

VOTE 1132: The State Department for Sports

VOTE 1134: The State Department for Culture, the Arts and Heritage

VOTE 1135: The State Department for Youth Affairs and Creative Economy

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FOREWORD

The Report of the Departmental Committee on Sports and Culture, is a culmination of its consideration of the Budget Policy Statement (BPS), 2025 in line with the provisions of Section 25(2) of the Public Finance Management Act, CAP 412A and Standing Order 232(5) of the National Assembly Standing Orders. The Committee held a total of three (3) Sittings to engage with the Statement Departments with a view to scrutinizing the various policies and programmes prioritized for implementation in the coming Financial Year.

The National Assembly is tasked with scrutinizing the BPS to ensure the proposed allocations align with the national priorities and are effectively utilized. Key issues under scrutiny include capital-intensive projects, the implementation gaps in Talanta Hela, the protection of intellectual property rights, and concerns about the overspending of the Sports, Arts, and Social Development Fund (SASDF). The SASDF has faced consistent misallocations, exceeding legal budgetary limits, especially in the promotion and development of sports and arts.

These discrepancies raise concerns about transparency and accountability in the management of public funds, which could undermine the intended goals of the Fund.

The Committee will continue to engage with relevant stakeholders and State Departments to ensure that the 2025 BPS meets the objectives set out for the growth of Kenya's sports, culture, arts, and youth sectors.

Efforts will be focused on enhancing governance structures, ensuring proper funding allocation, and driving sustainable growth in these sectors, with particular attention to the effective implementation of national policies and strategic reforms.

Acknowledgement

1. 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 2025 Budget Policy Statement.

2. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Departments under our purview and its agencies for the useful contributions they made towards the preparation and production of this report.

3. 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.

SIGNED: ..... **DATE**3/3/25.....

FOR: **HON. DANIEL SITATI WANYAMA, MP**

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

PART I

1. PREFACE

1.1. Mandate of the Committee

4. The Departmental Committee on Sports and Culture is one of the twenty (20) 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. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *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;*
   vi. *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;*
   vii. *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);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

5. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Sports and Culture the mandate to consider matters in relation to *Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.*

6. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Policy Statement for the following government agencies under its purview:

   i. Vote 1132: The State Department for Sports
   ii. Vote 1134: The State Department for Culture, the Arts and Heritage
   iii. Vote 1135: The State Department for Youth Affairs and Creative Economy

1.2. Committee Membership

7. The Departmental Committee on Sports and Culture was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson
Hon. James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon. Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon. Mary Emaase Otucho, MP
Teso South Constituency
UDA Party

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

Hon. Chege Njuguna, MP
Kandara Constituency
UDA Party

Hon. Catherine Nakhabi Omanyo MP
Busia County
ODM Party

Hon. Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon. BSP. (EM) Dr. Jackson Kipkemoi Kosgei, MP
Nominated
UDA Party

Hon. Samuel Gonzi Rai, MP
Kinango Constituency
PAA Party

Hon. Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM –K Party

Hon. Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon. Richard Kipkemoi Yegon, MP
Bomet East Constituency
UDA Party

Hon. Caroli Omondi
Suba South Constituency
ODM Party

Hon. Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

1.3. Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Mr. Adan Gindicha
Principal Clerk Assistant II/Head of Secretariat

Ms Mary Kinyunye
Clerk Assistant III

Ms. Christine Odhiambo
Senior Legal Counsel

Mr. Moses Omoit
Audio Officer III

Mr. Peter Atsiaya
Media Relations Officer III

Mr. Vitus Owino
Research Officer II

Mr. Wilson Mwangi
Fiscal Analyst III

Mr. Said Wako
Serjeant-At-Arms

PART II

2. Overview on the Examination of the 2025 Budget Policy Statement

2.1. Introduction

9. The Budget Policy Statement is published in accordance with Section 25 of the Public Finance Management Act, CAP 412A. In preparing the Budget Policy Statement, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term.

10. The principal purpose of the Budget Policy Statement is provision of an avenue for engagement between the Executive and the Legislature to deliberate and agree on the policy and fiscal framework underpinning the budget in the medium term. It is anticipated that the budget for the ongoing policies is indicated and also a costing of any policy shift to indicate the amount of resources the new policies will require for successful implementation. The legislature is therefore required to scrutinize the document and upon approval, it lays the foundation for the Budget Estimates for the upcoming fiscal year and the medium term.

11. The National Treasury is required to include the following in the Budget Policy Statement:
    i. An assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts;
    ii. The financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium term;
    iii. The proposed expenditure limits for the national government, including those of Parliament and the Judiciary and indicative transfers to county governments;
    iv. The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt; and
    v. The total resources to be allocated to individual programmes and projects within sector, ministries, departments and agencies indicating outputs expected during the period.

12. The National Treasury, while processing the Budget Policy Statement (BPS), is also required to seek and take into account the views of the Commission on Revenue Allocation, the County Governments, the Controller of Budget, the Parliamentary Service Commission, the Judicial Service Commission, the public and any other interested parties or groups.

13. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. The Standing Order requires among other things the BPS to indicate total resources to be allocated to individual programmes within a sector and indicate the outputs expected from each such programme.

14. The 2025 Budget Policy Statement was submitted and tabled in the National Assembly on Thursday 13th February, 2025 during a period of complex economic and social challenges. The country continues to face the repercussions of global inflationary pressures, high costs of living, and a sluggish recovery from the droughts that have affected agriculture. Additionally, there is growing public debt, necessitating urgent fiscal reforms. The Government has sought to address these issues while maintaining its focus on development through key sectors like sports, culture, arts, and youth development.

15. The State Department for Sports has been allocated Kshs. 18.68 billion for FY 2025/26,

marking an increase of Kshs. 1.13 billion from the previous year. This includes Kshs. 1.58 billion for recurrent expenditure and Kshs. 17.1 billion for development expenditure, reflecting the Government's commitment to sports and infrastructure development. However, despite the increase in allocations, concerns remain about the adequacy of funding, especially in light of large capital projects such as the construction and renovation of sports stadia, and the Talanta Hela Programme, which are critical for the sector's growth.

16. The Talanta Hela Programme continues to be a cornerstone for fostering youth talent in sports and the creative industries. This initiative aims to train and support athletes, artists, and technical personnel, but its implementation faces significant challenges due to the lack of an enabling legal framework and a comprehensive budget. As the BPS highlights, the programme is being executed without clear policies to support sustainable funding and institutional strengthening. There is an urgent need to amend existing laws like the Sports Act and the Sports Policy to ensure these initiatives are successfully scaled and sustained.

17. International and regional sports competitions such as the World Rally Championship, World U17 Chess Championship, and the Magical Kenya Golf Open are slated to take place, aligning with Kenya's aspiration to become a leading destination for sports tourism. However, the Government's preparedness to host these events has been hindered by delays in infrastructure development. Key stadium projects, including the Moi International Sports Complex, Nyayo National Stadium, and the Kipchoge Keino Stadium, continue to face delays. These delays, including the postponement of the CHAN 2025 tournament, highlight the need for a clear, efficient funding and project management strategy.

18. In terms of cultural and creative development, the State Department for Culture, Arts, and Heritage has been allocated Kshs. 3.54 billion, a notable increase of Kshs. 714.3 million from the previous year. This increase reflects a growing commitment to promoting cultural heritage, protecting intellectual property rights, and enhancing the arts and entertainment industries. The Government is focusing on protecting intellectual property, particularly in music, film, and arts, with the Kenya Copyright Board being tasked with enforcement and the development of a more robust copyright system. However, challenges in royalty collection and accountability persist, indicating the need for legislative amendments, such as reviewing the Copyright Act, to improve the system's efficiency.

19. Several key infrastructure projects within the arts sector are also underway, including the rehabilitation of the Kenya Cultural Centre and the development of cultural exchange programs. However, limited funding remains a significant obstacle to the completion of these projects, which could enhance the creative industry's contribution to the economy. The underfunding of institutions such as the Kenya National Theatre and the Kenya Film School further complicates efforts to modernize training and performance spaces for artists.

20. The 2025 BPS also includes ongoing reforms in the semi-autonomous government agencies (SAGAs) under the Ministry of Sports, Culture, and the Arts. The proposed mergers and restructuring of agencies like the Kenya Copyright Board and Kenya Film Classification Board are expected to streamline operations and improve service delivery. However, the success of these reforms is contingent upon adequate support from the Treasury and clear legislative frameworks to ensure the effective consolidation of functions. There is a need for transparency regarding the progress of these reforms, as any delays could impact funding and sector efficiency.

PART III

3. SUBMISSION BY THE PARLIAMENTARY BUDGET OFFICE

21. The 2025 BPS-themed "Consolidating Gains under Bottom-up Economic Transformation Agenda for Inclusive Green Growth" is the third to be prepared under the Kenya Kwanza Administration. It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The five core pillars include (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Economy. Additionally, the 2025 BPS also outlines key enablers for the envisaged outputs under the core pillars, among them is sports, culture and arts.

22. Going forward and over the medium term, the Government will consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives: bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and inclusive growth.

23. The total budgetary allocation for the FY 2025/26 is projected to be Kshs. 4,336.1 billion. The NG accounts for the largest share of 59.1%, followed by CFS with 31.6%, and finally transfers to CG with 9.3%. Under the NG, The Executive takes the largest share at 57.5% while both the Parliament and Judiciary share are 1.0% and 0.6% respectively. Compared to the approved allocations for FY 2024/25, the total proposed budgetary allocation ceiling for FY 2025/26 will increase by 9.8% (Kshs. 387.5) billion as highlighted in table 1.

Table 1: Summary of the proposed Expenditure Ceilings (Kshs. Billions)

	Details	Approved Est. 2024/25	BPS 2025	Variances	% Change
1	**NG**	**2,300.5**	**2,562.0**	**261.5**	**11.4**
	Executive	2,237.2	2,493.8	256.6	11.5
	Parliament	40.9	42.5	1.6	4.0
	Judiciary	22.5	25.8	3.2	14.4
2	**CFS**	**1,237.2**	**1,369.0**	**131.8**	**10.6**
3	**CG**	**410.8**	**405.1**	**(5.8)**	**(1.4)**
	Total	**3,948.6**	**4,336.1**	**387.5**	**9.8**
1	**NG**	**58.3**	**59.1**		
	Executive	56.7	57.5		
	Parliament	1.0	1.0		
	Judiciary	0.6	0.6		
2	**CFS**	**31.3**	**31.6**		
3	**CG**	**10.4**	**9.3**		

Source: BPS 2025

24. Regarding Medium Term Expenditure Framework (MTEF) Sector classification, in the BPS 2025 ceilings, the Education sector accounts for the major share of the total budgetary allocation with an allocation share of 28.3% of the total budget compared with 29.6% share in

FY 2024/25. The Energy, Infrastructure, and ICT accounts for 19.7% of the total budgetary allocation ceilings which is an increase from 19.3% in the Approved Estimates of FY 2024/25.

Review of Recent Policy Priorities and Budget Performance for Sports, Culture and Arts

25. With the sector being an enabler of the Bottom-Up Economic Transformation Agenda, in the past three years the major policy priorities have been majorly towards rehabilitation of stadia and developing sporting infrastructure to international standards, promotion of diverse cultures, arts and sports, establishing academies, embracing sports tourism, hosting international sporting events and the construction of the Kenya Academy of Sports. Other major priorities were the completion of the construction of the ultra-modern National Library of Kenya building and the completion of Fort Jesus UNESCO World Heritage Site Sea Wall.

26. Some of these policy priorities have been met with the country hosting international sporting events such as the World Rally Championship, Magical Kenya Golf Tournament and the World Under 20 athletics championships. Ongoing priorities are the ongoing construction of Kenya Academy of Sports complex, and the refurbishment of the seven regional stadia (Chuka Kirubia, Marsabit Stadium, Ruringu Stadium, Wote Stadium, Kamariny Stadium, Kipchoge Keino and Karatu) of which there has been delayed completion and the completed stadia are not up to standard.

Performance review of the Sports and Culture sector

3.1.1. State Department for Sports and Arts

27. The budget allocated to the State Department during the period under review was Kshs. 16,474.96 million in FY 2021/22, Kshs. 13,918.72 million in FY 2022/23 and Kshs. 17,612.56 million in FY 2023/24. The allocation in FY 2022/23 reduced from FY 2021/22 due to revised targets in revenue collection of SASDF from Kshs. 15.75 billion to Kshs. 12 billion. In FY 2023/24 the State Department had an absorption of 90% since SASDF was able to collect Kshs. 14.4 billion out of an estimated AIA target of Kshs. 16 billion.

3.1.2. State Department for Culture and Heritage

28. The budget allocated to the department during the period under review was Kshs. 3,154.59 million in FY 2021/22, Kshs. 3,288.48 million in FY 2022/23 and Kshs. 2,784.91 million in FY 2023/24. Allocation in the State Department has been reducing towards the FY 2023/24 as a result of transfer of library functions to the County Government of which personnel emoluments and operations and maintenance (O&M) of Kshs. 425 million were transferred to thirty-three (33) County Governments as proposed in the 2023 BPS.

3.2. BPS 2025 Policy Prioritization and Ceilings

Sports and Arts

29. The Government will continue to facilitate development of a legal framework, development of creative and film industry, promote sports tourism, promote anti-doping campaigns and

mechanisms to promote the effective and sustainable monetisation of all talent in sports and creative economies.

30. The Government will continue to implement the Talanta Hela Programme through:
    a. Identifying, nurturing and monetization of youth talents in sports and creative, digital space (Ai) and Bottom-up Football Tournament;
    b. Training 8,900 athletes and 5,200 technical personnel;
    c. Facilitate participation of 43 national teams in international sports competitions;
    d. Conduct 4,500 tests and sensitize 57,000 persons on Anti-Doping;
    e. Streamline the collection and distribution of royalties to artists; and
    f. Review the inter-county licensing regime; and host eight (8) international sports competitions.

31. The following are the sector priorities as identified in the BPS 2025:
    a. Completion of construction of Talanta Sports City and facilitate upgrade of three (3) Stadia (Moi International Sports Centre Kasarani; Nyayo; and Kipchoge Keino Eldoret) in readiness for hosting the CHAN 2025 and AFCON 2027;
    b. Upgrade the existing stadia into international standards, and complete stalled regional stadia;
    c. Expedite completion of second phase of Kenya Academy of Sports Complex;
    d. Construction of one international standard stadium; and
    e. Support establishment of constituency community multipurpose sports and arts facilities including construction of 160 constituency sports academies.

Culture and Heritage

32. The following are the priorities under the sector:
    a. Establishment of a national arts gallery and promotion of the Kenya National Music and Cultural Festival;
    b. Conducting cultural exchange projects;
    c. Mapping and documenting Kenya's indigenous languages;
    d. Establishing an integrated national cultural and creative industries information management system; and
    e. Identification and honouring heroes and heroines during national holiday celebrations

33. Further, the following additional targets have been set:
    a. Build capacity of 500 women and youths in modern designs and technologies;
    b. Digitize and commercialize beaded products from target pastoralist communities;
    c. Preservation of Ushanga products and trade mark
    d. Operationalize Ushanga State Agency; and
    e. Construction of an Ushanga Mall at Sekanani Gate in Narok County.

Creative Economy

34. Under the Creative Economy, the following priorities have been identified:

a. Expanding and supporting the creative economies as part of economic diversification strategies and efforts to stimulate economic growth therefore creating opportunities to enhance the country's cultural values, heritage, and national identity.
b. Enacting the Creative Economy Support Bill, 2024 that will establish a legal framework for the support of persons in the creative industry as well as establish the Creatives Fund to finance creative initiatives in the creative industry.

35. To promote the development of the creative and film, the following targets have been set:
    a. Establish a National Creative Economy Council to regulate the creative sector;
    b. Develop programmes to support protection from exploitation of IP;
    c. Develop Government-powered arts and crafts industry information portal as well as engage artists in mentorships and apprenticeships programmes;
    d. Strengthen existing institutions like the Kenya Academy of Sports, the new Kenya Rallying School, the Kenya Film Commission and the Kenya National Theatre; and
    e. Issue licenses to exhibitors, distributors and new film makers.

i. Sectoral Expenditure Ceilings

State Department for Sports

36. The proposed budget ceiling for the State Department in FY 2025/26 is Kshs. 18.68 billion, comprised of Kshs. 1.58 billion for recurrent expenditure and Kshs. 17.10 billion for the development expenditure. The allocation is projected to increase by Kshs. 1.13 billion of which recurrent expenditure will increase by Kshs. 489.90 million while the development expenditure will increase by Kshs. 636 million.

37. The estimated Appropriation in Aid (AIA) in FY 2025/26 is Kshs. 17 billion for the Sport, Arts, and Social Development Fund which takes up major budgetary allocation under the development vote. It's worth noting that the monies will be distributed pursuant to regulations 4(2) of the Public Finance Management (Sports, Arts, and Social Development Fund) Regulations, 2018.

Implementation of the Talanta Hela Programme

38. The State Department will continue the implementation of the Talanta Hela Programme which will be implemented by various agencies: Kenya Academy of Sports, Sports Kenya, Permanent Presidential Music Commission, Kenya Cultural Centre, Kenya Film Classification Board, Kenya Film Commission and the Kenya Copyright Board. The programme includes activities such identifying, nurturing and monetization of youth talents in sports and creative including training 8,900 athletes and 5,200 technical personnel. Other priorities include anti-doping programmes through the Anti-Doping Agency of Kenya, hosting of international competitions and streamline the collection and distribution of royalties to artists through the Kenya Copyright Board.

39. **International and regional sports competitions the Government will host are** WRC - Safari Rally Championship, World U17 Chess Championship, Sirikwa World Cross Country Championship, Kaptagat Marathon, Nairobi City Marathon, World Athletics Continental Tour, African cycling Championship, Safari Sevens Rugby and Magical Kenya Golf Open.

Ongoing completion of infrastructure projects

40. In preparation to the CHAN 2025 and AFCON 2027, the State Department is upgrading three stadia, Moi International Sports Complex (MISC), Nyayo National Stadium (NNS) and the Kipchoge Keino Stadium, and constructing the Talanta Stadium. The project will also include upgrading 10 training grounds to CAF/ FIFA standards to support the hosting venues.

41. The Government will establish constituency community multipurpose sports and arts facilities including construction of 160 constituency sports academies. The source of funds will be from the Sports, Arts and Social Development Fund. In FY 2024/25, thirty-five (35) constituency sports academies are in the procurement stage implemented by the Kenya Academy of Sports. Completion of second phase of Kenya Academy of Sports Complex will proceed in FY 2025/26 which is 85% complete.

42. Capital projects such as the refurbishment of regional stadia (Marsabit, Ruringú, Kamariny, Kipchoge Keino, Karatu, Wote, Chuka) still remain incomplete despite commencing in 2016. Other capital projects include Kirigiti, Jomo Kenyatta Stadium Kisumu, Wanguru Stadium, Kinoru Stadium, Moi Embu Stadium have not been completed to the required international standards leading to the government not realizing value for money.

State Department for Culture, the Arts and Heritage

43. The proposed budget ceiling for the State Department in FY 2025/26 is Kshs. 3.54 billion, comprised of Kshs. 3.45 billion for recurrent expenditure and Kshs. 90 million for development expenditure. The allocation is projected to increase by Kshs. 714.3 million where recurrent and development expenditure will increase by Kshs. 694.3 million and Kshs. 20 million respectively.

Protecting intellectual property rights

44. The Government will ensure effective monetisation and mainstream the development of arts and culture infrastructure by protecting intellectual property rights. Kenya Copyrights Boards is mandated in administration and enforcement of copyright and related rights. However, the payment of royalties to creatives has faced various challenges such as: lack of enough capacity to enforce collection of royalties from users of music; exploitation of copyright work by individuals, businesses and organisations; accountability challenges by CMOs; delays in receiving royalties owed to musicians; and licensing and supervisions of CMOs by KECOBO. An amendment to the Copyright Act Cap 130 will ensure there are proper policies and regulations that will streamline the functions of CMOs and the regulator in order to ensure proper management, collection, accountability and payment of royalties to owners of intellectual properties.

Promotion of music and dance, film and theatre

45. The State Department will be implementing various capital projects that will mainstream the development of arts and culture. The projects include the Rehabilitation of Basic Facilities at Bomas which is projected to be allocated Kshs. 24.9 million in FY 2025/26 and Wundanyi Youth Resource (Culture and Talent) Centre an allocation of Kshs. 35 million.

46. In order to enhance the promotion of music and dance, film and theatre, rehearsal spaces for performing artists will be provided at the Kenya National Theatre. The theatre will also

provide spaces for artists to record at the KCC audio-visual recording studio and also provide spaces for exhibitors to showcase their products.

47. Underfunding has affected completion of capital projects and operations. Old facilities at the Kenya Cultural Centre particularly at the National Theatre require adequate funding that will ensure the facility is upgraded to international standards.

Ushanga Kenya Initiative

48. UKI is planning to empower 1,500 women and girls in bead craft production and facilitate 250 women and girls to showcase their products at local and international trade fairs and exhibitions. UKI is proposing to set up the Sekenani Gate Curio Mall that will provide women in beadwork a space to develop and market their products contributing to the promotion and preservation of Maasai diverse cultural heritage beading products and foster entrepreneurship. The project is projected to be allocated Kshs. 75 million in FY 2025/26 which will be utilised to undertake 60% of the project.

Conducting cultural exchange projects

49. The State Department is planning to coordinate 2 inter-community cultural exchange programmes and coordinate 8 cultural festivals. This will be done by the Department of Culture and also Kenya Cultural Centre who will also support 6 National Performing Arts and Cultural Festivals and engage 500 creatives in international theatre festivals.

50. The State Department will also conduct cultural exchange programmes through the Natural Product Industry (NPI). NPI trains technical officer on indigenous knowledge management, oversees agreements signed between Indigenous Knowledge (IK) holders and users to access IK, acquires natural products from traditional health practitioners, provides and train farmers on African indigenous vegetables (AIV) certified seeds and marketing Natural Products created. In FY 2025/26, 4,000 farmers will benefit from AIV commercialization, conduct 4 surveys to determine the impact of AIV commercialization, acquire 36 natural products from traditional health practitioners, analyse 36 natural products and conduct 4 pre-clinical trials for natural health products.

State Department for Youth Affairs and the Creative Economy

51. The Committee oversights one programme in the State Department for Youth Affairs and the Creative Economy comprising of two SAGAs, Kenya Film Classification Board and the Kenya Film Commission.

52. The proposed budget ceiling for the Film Development Services in FY 2025/26 is Kshs. 738.7 million, comprised of Kshs. 662 million for recurrent expenditure and Kshs. 76.7 million in the development expenditure. The overall allocation in the programme will increase by Kshs 170.8 million.

Promotion of creative industry – films and arts

53. To foster partnerships with international film studios, the Kenya Film Commission is implementing the Film Location Mapping that is aimed at scouting filming location and services in the country. The project will enhance capacity building to local film makers and artists.

54. In FY 2025/26 the state department is planning to complete the refurbishment of the Kenya Film School to 100% completion and nurture 100 students in film production. However, budget cuts have affected modernization of training equipment which remain unaccomplished and the school will not meet the recommended student/equipment ratio.

ii. Proposed new projects

55. The following are proposed new projects in the sector:
    a. Relocation of BOK Administration and Operations Due to BICC Development – This is a new project that has been proposed by the State Department. The project is estimated to cost Kshs. 232.4 million. The resource requirement in FY 2025/26 is Kshs. 150 million, however there is no allocation in FY 2025/26.
    b. Sekenani Curio Mall – The project is estimated to cost Kshs. 116 million. The earmarked allocation in FY 2025/26 is Kshs. 43 million which will be utilised to undertake 60% of the project, against a resource requirement of Kshs. 75 million.
    c. KECOBO Digital Copyright Cyber Laboratory with a Royalty Collection and Distribution system - The project is estimated to cost Kshs. 900 million with an estimated time of completion of 4 years to be completed in 2029. The resource requirement in FY 2025/26 is Kshs. 50 million, however there is no allocation in FY 2025/26.

iii. Proposed mergers of Semi-Autonomous Government Agencies

56. In January 2025, Cabinet approved recommendations aimed at reforming State Corporations. SAGAs recommended for reforms in the sector are:
    a. Proposed for mergers is Kenya Copyright Board which is proposed to merge with Anti-Counterfeit Authority and Kenya Industrial Property Institute;
    b. The Kenya Film Classification Board is proposed for dissolution after the functions are transferred back to the Ministry or other relevant State Corporations;
    c. Bomas of Kenya is proposed for restructuring to align their mandates for better performance; and
    d. Sports, Arts and Social Development Fund is among the public funds categorized as state corporations that need to be declassified and reverted back to the Ministry with a strengthened and more focused governance structure.

57. The proposed reforms will affect budgetary allocations to these State Corporations; however, the 2025 BPS shows continued funding of SAGAs from the exchequer. The Committee should be informed by the State Departments on the progress of the Cabinet resolution on restructuring State Corporations, which aims to improve service delivery, reduce dependency on the exchequer, and solve operational and financial inefficiencies. They State Corporations should highlight whether there are any legislative interventions towards the restructuring.

PART IV

4. SUBMISSIONS BY THE STATE DEPARTMENTS

4.1. The State Department for Sports

58. The Cabinet Secretary, Hon. Salim Mvurya, EGH and the Principal Secretary Eng. Peter Tum, CBS appeared before the Committee on 20th February, 2025 and submitted as follows:

The Implementation Status of The Fy 2024/25 Budget as at 31st December 2024

a) **Cumulative Financial Performance**

59. As of 31st December 2024, the State Department for Sports has an approved budget allocation of KSh. 17,555,510,286 for FY 2024/2025. The total expenditure reached KSh. 7,346,110,273, which reflects a budget absorption rate of 41.85%. The recurrent expenditure had a rate of 37.60%, with KSh. 410,385,294 spent, while development expenditure had a 42.13% absorption rate with KSh. 6,935,724,979 utilized.

Table 1: Budget Allocation and Absorption Level as at 31st December 2024 (KSh.)

Description	Approved Budget FY 2024/25	Expenditure FY 2024/25	Percentage (%) Absorption
Recurrent	1,091,510,286	410,385,294	37.60
Development	16,464,000,000	6,935,724,979	42.13
Total	**17,555,510,286**	**7,346,110,273**	**41.85**

60. **Recurrent Expenditure** The recurrent expenditure for FY 2024/25 was KSh. 1,091,510,286, with KSh. 410,385,294 spent by December 2024, yielding a 37.60% absorption rate. The largest portion was allocated to transfers to Semi-Autonomous Government Agencies (SAGAs), amounting to KSh. 758,416,597.
61. **Development Expenditure** The approved development budget for FY 2024/25 is KSh. 16,464,000,000, with the same amount being funded through Appropriations in Aid (AIA). As of December 2024, the department had absorbed KSh. 6,935,724,979, representing a 42.13% absorption rate. There is no exchequer allocation for development expenditure in this financial year.
62. **Actual Outputs Achieved Relative to the Approved Targets** The actual outputs achieved for the first half of FY 2024/25, compared to the approved targets, are provided in Annex 1.

63. **Status of Capital Projects - FY 2024/25** Details regarding capital projects under FY 2024/25 are available in Annex 2.

Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement

64. The expenditure priorities for the FY 2025/2026 budget are shaped by the government's Bottom-Up Economic Transformation Agenda (2022-2027), National Development Strategies, and Vision 2030. The focus will be on hosting national teams at international

events, regulating sports, developing sports infrastructure, talent development, and strengthening anti-doping measures. These policies align with the National Sports Policy, the Sports Act, and related legislation such as the Anti-Doping Act and Sports Registrar's Regulations.

65. **Financial Requirements for FY 2025/26 and the Medium-Term Period** the recurrent budget for FY 2025/26 has been revised to KSh. 1,581.4 million, an increase of KSh. 122 million from the previous projections. This increase includes allocations for the Anti-Doping Agency of Kenya (ADAK) and the Kenya Academy of Sports. The development budget for FY 2025/26 is KSh. 17,100 million, though the department's actual resource requirements are much higher.

    - **Recurrent Expenditure (KSh. Million)** the Department's gross recurrent allocation for FY 2025/26 has been adjusted to KSh. 1,581.4 million, up from KSh. 1,459.4 million. Allocations for key agencies such as ADAK, Kenya Academy of Sports (KAS), and Sports Kenya (SK) have also been increased.
    - **Development Expenditure (KSh. Million)** For FY 2025/26, the Department has requested KSh. 59,378.79 million for development, but the approved allocation is KSh. 17,100 million. This highlights a significant funding gap, especially for infrastructural development such as stadia for AFCON 2027.

Indicative Performance Targets Linked to The Policies and Programmes in The Budget Policy Statement

66. Performance targets associated with the policies and programmes in the Budget Policy Statement are outlined in Annex 1.

List Of Proposed Projects and The Respective Expenditure Allocations

67. The State Department has proposed four exchequer-supported projects and 26 projects funded under the Sports, Arts, and Social Development Fund (SASDF). These include the construction and refurbishment of stadia for CHAN 2025 and AFCON 2027, as well as the development of sports academies.

68. The detailed project allocations are provided in Annex 2.

Implementation Status of The Cabinet Resolution on Reforming State Corporations Aimed at Addressing Operation and Financial Inefficiencies, Enhanced Service Delivery and Reduce Reliance on Exchequer

69. The restructuring of the Sports, Arts, and Social Development Fund (SASDF) is in its initial stages. This restructuring aims to better align the fund with the Ministry's mandate and reduce reliance on the exchequer in the long term.

Unfunded Priorities

70. **Recurrent Unfunded Priorities** There is a significant funding gap for core mandate activities, with KSh. 347.4 million required for international sports events, sports exchange programs, and the enforcement of sports regulations. Other unfunded priorities include talent identification, anti-doping initiatives, and preparations for AFCON 2027 and CHAN 2025.

71. **Development Unfunded Areas** Key development priorities such as the construction and refurbishment of sports stadia for AFCON 2027 and CHAN 2025, as well as the automation and digitization of the Sports Registrar system, face substantial funding gaps, with required amounts exceeding available allocations.

4.2. The State Department for Culture and Heritage

72. The Principal Secretary for Culture, the Arts and Heritage, Ms. Ummi Bashir appeared before the Committee on 20th February, 2025 and submitted as follows:

Implementation Status of the 2024/25 Budget as of 31st December 2024:

73. **Cumulative Financial Performance:**
As of 31st December 2024, the State Department had a net allocation of Kshs. 1,108,382,642.00 and an expenditure of Kshs. 1,000,013,984, resulting in a 90% absorption rate. Additionally, the Appropriation In Aid (AIA) exceeded the half-year target of Kshs. 270M, reaching Kshs. 385M.

74. **Actual Outputs Achieved Relative to Approved Targets:**
The non-financial performance for the first half-year, as detailed in Annex 1, shows progress relative to the approved budget targets.

75. **Status of Capital Projects:**
The State Department is implementing three key capital projects: Wundanyi Youth Resource Center, Professional & Scientific Training for Culture Tourism, and Karachuonyo Library. However, as of 31st December 2024, no expenditure has been recorded, as payments were pending (contractor issues, donor funding delays, and preliminary works).

Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement:

76. The policies supporting the 2025/26 expenditure ceilings prioritize the preservation of Kenya's cultural heritage, the promotion of indigenous knowledge, and the enactment of key cultural legislation. Focus areas include the establishment of a national arts gallery, cultural exchange programs, and the commercialization of traditional products like Ushanga. The proposed allocation for these initiatives is Kshs. 3,541.52 million, with a notable gap between the allocated and required amount.

Indicative Performance Targets Linked to Policies and Programmes:

77. The performance targets associated with the policies and programs in the Budget Policy Statement are outlined in Annex 1 and focus on cultural empowerment, heritage conservation, and capacity building for women and youth.

List Of Proposed Projects and Expenditure Allocations:

78. For FY 2025/2026, the BPS includes allocations totaling Kshs. 90 million for key cultural projects. However, several critical projects, such as the construction of Wundanyi Resource Centre and the establishment of a music studio, were not allocated sufficient funds. Specific projects requiring additional allocations include Kshs. 35M for Wundanyi Resource Centre and Kshs. 150M for Bomas of Kenya's office relocation.

Implementation Status of Cabinet Resolutions on Reforming State Corporations:

79. Significant progress has been made in the reform of two State Corporations: the Kenya Copyright Board (KECOBO) and Bomas of Kenya. KECOBO has initiated a merger with the Kenya Industrial Property Institute and the Anti-Counterfeit Authority, and is in the process of finalizing the required documentation for submission to the National Treasury. Bomas of Kenya has completed a review of its organizational structure, which has been approved by the Public Service Commission (PSC). Implementation of these reforms will reduce financial inefficiencies and enhance service delivery while reducing reliance on the Exchequer.

4.3. The State Department for Youth Affairs and Creative Economy

80. The Cabinet Secretary, Hon. Salim Mvurya, EGH and the Principal Secretary Mr. Ismail Maalim Madey, CBS appeared before the Committee on 20th February, 2025 and submitted as follows:

Implementation Status of The Fy 2024/25 Budget as at 31st December 2024:

81. **Cumulative Financial Performance:** The Film Development Services had a recurrent budget allocation of Kshs.278.95 million for the first half of FY 2024/25, with an expenditure of Kshs.270.19 million, representing a 97% absorption rate. While most areas, such as current transfers to government agencies, had full absorption, some underfunded categories, like equipment acquisition and maintenance, faced delays, with procurement processes still ongoing.

82. **Actual Outputs Achieved Relative to Approved Targets:**

- **Film Services (Kenya Film School)**: Enrolled 60 students, but the target for modernization and purchase of equipment was unmet due to budget constraints.
- **Film Production Services**: Produced 34 documentaries out of the 80 targeted, with the remaining output expected in Q3 and Q4.
- **Film Regulation Services**: Issued 1,354 film licenses, reaching approximately half the target, with the full target expected to be met in the second half of FY 2024/25.

- **Youth Training**: Exceeded the target, training 135 youth in the film industry, surpassing the 120-target.

83. **Status of Capital Projects:** No capital projects were reported under Film Development Services, aside from the Kshs.10 million earmarked for the YUNITOK project, which was misclassified under the programme.

Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement:

1. **Creative Economy Policy**: Fast-tracking its development to provide a structured approach to the creative sector's growth.
2. **Creative Industry Bill**: Awaiting final validation, this bill will provide essential legal frameworks to facilitate industry growth.
3. **National Film Repository and Archives**: Aimed at developing an income-generating system for the film industry.
4. **Film Bill and Policy**: A critical legal framework to regulate and advance the film sector.

Indicative Performance Targets Linked to Policies and Programmes in the Budget Policy Statement:

84. **Film Development Services** targets include:

- **Kenya Film School**: Graduate 50 students, with equal male and female representation, aiming for a 100% modernization of equipment by 2026.
- **Film Production Services**: Produce 80 documentaries in 2025/26, with a gradual increase to 100 by 2027/28.
- **Film Regulation Services**: Increase the number of licenses issued, targeting 5,500 distributors in 2025/26 and 5,800 by 2027/28.

List of Proposed Projects and Respective Expenditure Allocations:

85. The proposed projects include:

- **Kenya Film School Expansion**: Requires Kshs.150 million to address space constraints, hire staff, and modernize equipment.
- **National Film Repository**: Requires Kshs.49.5 million to set up an archive to preserve and monetize local content.
- **Regional Film Hubs**: Kshs.84.24 million allocated to foster local talent by creating infrastructure in key regions.
- **Film Promotion and Marketing**: Various initiatives like participating in international festivals, which face a funding shortfall of Kshs.370 million.
- Other notable projects include establishing the **Kalasha Film Market** and implementing **Film Industry Satellite Account updates**.

Implementation Status of The Cabinet Resolution on Reforming State Corporations:

86. The Cabinet resolution directing the dissolution of the Kenya Film Classification Board (KFCB) and transferring its functions to the Ministry is currently in progress. National Treasury is in talks with the affected agencies to plan the implementation process. This restructuring aims to streamline operations, reduce financial inefficiencies, and lessen reliance on government funding.

PART V

5. COMMITTEE OBSERVATIONS

Based on analysis of submissions by the State Departments and the agencies, the Committee made the following observations:

5.1. Cross-cutting observation

Despite the important roles of the State Departments for Youth Affairs and Creative Economy and that of Sports in nurturing youth talents and tapping into creative skills to alleviate the challenge of unemployment, the trend of continued underfunding of the sector relative to other sectors has been repeated in the 2025 BPS. Key institution on which identification, development, nurturing and promotion of youth talents are anchored, such as the Kenya Academy of Sports, the Kenya Film Commission, and the Kenya Film School remain grossly underfunded.

5.2. State Department for Sports

1. That the proposed budget ceiling for the State Department in FY 2025/26 is **Kshs. 18.68 billion**, comprised of **Kshs. 1.58 billion** for recurrent expenditure and **Kshs. 17.1 billion** for development expenditure. This is against a total resource requirement of **Kshs. 2.52 billon** and **Kshs.59.3 billion** for recurrent and development expenditure, respectively.

2. That from the development ceiling of **Kshs 17.1 billion**, the estimated Appropriation in Aid (AIA) from Sports, Art and Social Development fund will be **Kshs. 17 billion** and **Kshs. 100 million** will be from the exchequer.

3. That the construction of stadia earmarked for CHAN and AFCON 2027, is a joint venture between the State Department for Sports and the Ministry of Defense, where the former is playing only oversight role, while the latter is tasked with procurement, supervision and execution. The Committee however noted a lack of clarity on the projected costs of the Stadia and the actual funds expended on the same so far.

4. That the 2025 BPS is proposing to complete infrastructure projects in the State Department. These include, rehabilitation and construction of stadia earmarked for AFCON 2027 and CHAN, training grounds, establishing of 160 Constituency Sports Academies, completion of stalled and incomplete stadia and Phase 1B of the Kenya Academy of Sports Complex. The Committee observed that these projects are capital intensive and will be funded by Sports, Arts and Social Development Fund.

5. That the State Department, in conjunction with the National Treasury has initiated the process of securitization of the Sports, Arts and Social Development Fund. However, there is no clarity on the Legal Framework and administrative modalities for the same.

5.3. State Department for Culture, the Arts and Heritage

1. That the proposed budget ceiling for the State Department in FY 2025/26 is **Kshs. 3.54 billion**, comprised of **Kshs. 3.45 billion** for recurrent expenditure and **Kshs. 90 million** for development expenditure.

2. That despite the ratification of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Export and Transfer of Cultural Property, programmes for repatriation Kenyan cultural artefacts held in foreign capitals have not been adequately funded. Similarly, there exists no policy on restitution and reparation of the Kenya artefacts estimated to be over 30,000 spread across Europe and America.

3. That the State Department for Culture and Heritage has a development expenditure ceiling of Kshs. 90 million versus a recurrent expenditure ceiling of Kshs. 3.45 billion. This is despite that heritage sites under the National Museums of Kenya are in a dilapidated state, including facilities such as the Kenya National Theatre which if properly funded and rehabilitated will be a source of revenue for the Government.

4. That capital projects in the State Department such as Marachi Cultural Centre, Wundanyi Resource (Youth and Talent) Centre, Refurbishment of Archives Offices, and Rehabilitation of Basic Facilities at Bomas have been affected by budget cuts and low exchequer issues therefore affecting implementation and completion of the projects.

5. That the Bomas of Kenya is currently in the initial stages of constructing an ultra-modern conference facility. The State Department has not furnished the Committee with clear funding modalities for the project, including projected costs, source and funding arrangements and timelines.

6. That the Natural Product Industry is a BETA priority that requires adequate funding for pre-clinical trials for natural health products, undertaking ongoing research on vaccines/ treatment and contraceptive study, training technical officers on indigenous knowledge management, oversee agreements signed between Indigenous Knowledge (IK) holders and users to access Indigenous Knowledge, acquiring natural products from traditional health practitioners, providing and training farmers on African indigenous vegetables (AIV) certified seeds, marketing Natural Products, and collecting and creating a repository of Indigenous Knowledge. These are core activities that protect Kenyan indigenous plants and foods which are part of the country's rich cultural heritage.

7. That, the National Kiswahili Council of Kenya Bill and the National Heritage and Museums Bill are still under review at various stages within the Executive. These pieces of legislation are key in the preservation and promotion of the country's rich cultural heritage.

8. That the National Heroes' Fund, established under the Kenya Heroes Act, CAP 216B has not been operationalized since inception. This was aimed establishing a framework for addressing the welfare of heroes by administering state assistance and making heroes dignified.

9. That, the Kenya Copyright Board is establishing a licensing, monitoring, collection and distribution system of royalties to artists. This is expected to address the perennial challenges associated with the Collective Management Organizations (CMOs), where only a small percentage of collected funds get to the artists. The Kenya Copyright Board (KECOBO) requires additional funding to implement the system.

10. That, the State Department for Culture, through the Permanent Presidential Commission on Music has conceptualized a project geared at establishing music recording studios in every county. This is informed by the reality that access to professional grade resources for recording the work of artists is limited. The establishment of such studios will address the critical lack of infrastructure and support for young artists, offering them the tools and environment necessary for producing high quality music.

5.4. State Department for Youth Affairs and Creative Economy

1. That the Committee oversights the Film Development Services programme and the proposed budget ceiling in FY 2025/26 is **Kshs. 738.7 million**, comprised of **Kshs. 662 million** for recurrent expenditure and **Kshs. 76.7 million** for development expenditure. The Film Development Services comprises of the following institutions: Kenya Film Commission, Kenya Film Classification Board, African Audio-Visual Cinema Commission (AACC) and the Kenya Film School.

2. That the Creative sector is currently operating in a policy and legal lacuna, where the Creative Economy Policy and the Creative Economy Bill are still at nascent stages of formulation.

3. That the Kenya Film Classification Board is one of the State Corporations proposed for dissolution after the functions are transferred back to the Ministry or other relevant State Corporations. The Committee observed that it is the best practice internationally that content creation and the film industry have a regulator that is semi-autonomous.

4. That the Kenya Film Commission requires an additional Kshs. 150 million to create a film repository and archives in the country, undertake capacity building for the film industry across 8 regions in the country supporting local talent in production, setting up regional film hubs creating a suitable infrastructure for the film industry, implementation of the Kalasha Awards that will showcase Kenyan talent and market the Kenyan film industry at the Cannes Film Festival and other major European film festivals.

5. That the Kenya Film Classification Board requires an additional Kshs. 80 million to conduct random inspections to check for compliance, to register film agents and issue filming licenses, to examine and classify film content, to conduct random inspection of cinema theatres and to conduct consumer awareness programmes.

PART VI

6. COMMITTEE RECOMMENDATIONS

The Committee having received, scrutinized, and deliberated on both the contents of the 2025 Budget Policy Statement and the submissions from various MDAs under its purview, recommends the following:

6.1. Non-Financial Recommendations

Arising from observations made, the Committee recommends as follows:

6.1.1. State Department for Sports

1. That the Cabinet Secretary for the Ministry of Youth Affairs, Creative Economy and Sports fast-tracks the review of the Sports Act 2013 to strengthen the institutions in the State Department for Sports including the Kenya Academy of Sports, Kenya Rallying School, Office of the Sports Registrar to ensure the institutions are adequately staffed and funded, as they play key roles in talent identification, nurturing and marketing. The reviewed legislation should be submitted to Parliament for consideration and approval by 30th September, 2025.

2. That the Cabinet Secretary for the National Treasury and Economic Planning should create budget line items in the FY 2025/26 development expenditure budget books for the Sports, Arts and Social Development Fund, clearly indicating apportioned percentages outlined in the Public Finance Management (Sports, Arts, and Social Development Fund) Regulations, 2018 of 35% to the promotion and development of sports; 40% to social development including universal health care; 20% to the promotion and development of arts; and 5% to government strategic interventions. This will ring-fence the allocation in the National Treasury's annual budget estimates therefore promoting transparency and accountability.

3. That, the Cabinet Secretary for Youth Affairs, Creative Economy and Sports and the Cabinet Secretary for Defense table a Report before the National Assembly clearly indicating the working modalities between the two Ministries in respect of the construction of CHAN and AFCON stadia and training grounds. The report should indicate the projected costs, completion timelines and amounts expended to date. The Report should be submitted within thirty (30) days of the tabling of this Report.

6.1.2. State Department for Culture, the Arts and Heritage

1. That the Cabinet Secretary for Gender, Culture, the Arts and Heritage should submit to the National Assembly within thirty (30) days of the tabling of this report, a report on the funding modalities for the Bomas International Conference Centre. The Report should entail the total projected cost of the project, the current status, funding arrangements, exchequer contribution if any, and the projected timelines for completion.

2. That the Cabinet Secretary for Gender, Culture, the Arts and Heritage should fast track the development of the licensing, monitoring, collection and distribution system of royalties to

artists as a way of rewarding creativity and talent. This will address the perennial litigations that have often paralyzed the collection of royalties in the country arising from rivalry among Collective Management Organizations. The Cabinet Secretary should submit a status report to Parliament by 30th June, 2025.

3. That the Cabinet Secretary for Gender, Culture, the Arts and Heritage in conjunction with the Cabinet Secretary for National Treasury and Planning should fast track the operationalization of the National Heroes' Fund, as established pursuant to Section 21 of The Kenya Heroes Act CAP 216B; to honour and support national heroes and to ensure they live dignified lives. The operationalization should start in the 2025/2026 Financial Year and be implemented progressively over the Medium Term.

4. That the Cabinet Secretary for the Ministry of Gender, Culture, The Arts and Heritage should complete the review of the Copyright Act to strengthen the Kenya Copyrights Board (KECOBO) that will ensure there are proper policies and regulations that will streamline the functions of Collective Management Organizations (CMO) and the regulator in order to ensure proper management, collection, accountability and payment of royalties to owners of intellectual properties and submits the same to Parliament for consideration and approval by 30th April 2025.

5. That the Cabinet Secretary for Gender, Culture, the Arts and Heritage should fast track the enactment of various enabling legislations and policies such as the National Kiswahili Council Bill, the Policy on Restitution and Repatriation of artefacts and the National Heritage and Museums Bill to preserve and promote Kenya's Cultural heritage. The Cabinet Secretary should submit a status report to Parliament by 30th June, 2025.

6. That the Cabinet Secretary for the National Treasury and Economic Planning should ensure that BETA priorities in the sector are adequately funded in FY 2025/26. This includes the National Products Industry (NPI) which plays a critical role of conducting research, clinical trials, capacity building and creating a repository of Indigenous Knowledge (IK) and African indigenous vegetables (AIV) and should maintain the baseline allocation of Kshs. 160 million.

6.1.3. State Department for Youth Affairs and Creative Economy

1. That the Cabinet Secretary for the National Treasury and Economic Planning should ensure that programmes in the creative industry are adequately funded in FY 2025/26. These are key priorities implemented by the Kenya Film School, the Kenya Film Classification Board and the Kenya Film Commission that will enhance the growth of the film industry in the county as well as creating employment and monetizing the creative industry among the youths.

2. That the Cabinet Secretary for Youth Affairs, Creative Economy and Sports should fast track the enactment and subsequent submission of the Creative Economy Policy and the Creative Economy Bill to the National Assembly by 30th September, 2025.

6.2. Financial Recommendations

1. That the proposed ceilings for the **State Department for Sports** in the Budget Policy Statement for FY 2025/26 of **Kshs. 18.68 billion**, comprising of **Kshs. 1.58 billion** for recurrent expenditure and **Kshs. 17.1 billion** for development expenditure **be approved without amendments**.

2. That the proposed ceilings for the **State Department for Culture, the Arts and Heritage** in the Budget Policy Statement for FY 2025/26 of **Kshs. 3.54 billion**, comprising of **Kshs. 3.45 billion** for recurrent expenditure and **Kshs. 90 million** for development expenditure **be approved without amendments**.

3. That the proposed ceilings for the **Film Development Services** in the **State Department for Youth Affairs and Creative Economy** in the Budget Policy Statement for FY 2025/26 of Kshs. **738.7 million**, comprising of **Kshs. 662 million** for recurrent expenditure and **Kshs. 76.7 million** for development expenditure **be approved without amendments**.

6.3. Requests for Additional Funding

The sector is an enabler of the Bottom-Up Economic Transformation Agenda, in this regard the sector can play a huge role in creating employment and monetizing the creative industry. Underfunding of the sector has led sports, culture development and the creative industry not to be fully appreciated.

The Committee is therefore requesting consideration to the following additional funding requests in the sector of **Kshs. 890 million**. The funds will improve the sector and create employment to the Kenyan youths across the country.

6.3.1. State Department for Youth Affairs and Creative Economy

Programme	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent			
0221000 Film Development Services	1135003100 Kenya Film Commission	**150 million**	The funds will create a film repository and archives in the country, undertake capacity building for the film industry across 8 regions in the country supporting local talent in production, setting up regional film hubs creating a suitable infrastructure for the film industry, implementation of the Kalasha Awards that will showcase Kenyan talent and market the Kenyan film industry at the Cannes Film Festival and other major European film festivals.
0221000 Film Development Services	1135002900 Kenya Film School	**50 million**	The funds will complete the partitioning of the school, customizing the learning studios and purchase of equipment and fittings.
0221000 Film Development Services	1135003000 Kenya Film Classification Board	**80 million**	The funds will enable the SAGA to conduct random inspections to check for compliance, to register film agents and issue filming licenses, to examine and classify film

Programme	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
			content, to conduct random inspection of cinema theatres and to conduct consumer awareness programmes.
Development			
0903000 The Arts	1135101500 Acquisition ad Refurbishment of Cinema Theatre	**100 million**	The project will create an infrastructure for the creative economy and the funds will fast track the completion of the refurbishment of the cinema theater where creators can premier their films at a subsidized rate in comparison to private cinemas. The completed cinema theater will be an avenue for the agency to raise its own revenue through appropriation in aid (A-in-A) as well as establish and sustain an efficient system for regulating the creation, distribution and exhibition of film and broadcasting content in the country in line with the Film and Stage Plays Act Cap 222. The completed theatre will play a huge role in growing the Creative Economy and the Talanta Hela Programme which will employ millions of Kenyan youths and monetize the industry, as it is one of the priorities of the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA) to mainstream arts and culture infrastructure.
Total		**380 million**	

6.3.2. State Department for Culture, the Arts and Heritage

Programme	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent			
1134000603 Natural Products Industry - BETA	Natural Products Industry (NPI)	**160 million**	The Natural Product Industry requires the funding for pre-clinical trials for natural health products. The entity is undertaking ongoing research on vaccines/ treatment and contraceptive study. NPI requires adequate funding to train technical officers on indigenous knowledge management, oversees agreements signed between Indigenous Knowledge (IK) holders and users to access IK, acquires natural products from traditional health practitioners, provides and train farmers on African indigenous vegetables (AIV) certified seeds and marketing Natural Products created.
1134002000 National Heroes Council	National Heroes Council	**50 million**	The additional allocation will be for the operationalization of the National Heroes' Fund pursuant to Section 21 of The Kenya Heroes Act CAP 216B and establishment and digitization of a heroes database.
1134002300 Kenya National Library Services (KNLS)	Kenya National Library Service	**20 million**	The additional allocation will assist in payment of arrears in SHIF.
Development			
1134002200 Kenya Copyright Board	Kenya Copyright Board (KECOBO)	**100 million**	The funds will enable KECOBO establish the Kenya copyright board digital copyright cyber laboratory with a royalty collection and distribution system. The project will provide an environment for musicians to develop

Programme	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
			their skills and earn their livelihood through music and dance performance. The project will promote payment of royalties to copyright owners, and increase transparency, accountability and distribution of royalties by the Collective Management Organization (CMO). The project will enhance the appropriation in aid (AIA) of the Kenya Copyright Board.
1134002100 Permanent Presidential Music Commission	Permanent Presidential Music Commission	**100 million**	The funds will be geared towards establishing and equipping music recording studios in 47 counties. The establishment of such studios will address the critical lack of infrastructure and support for young artists, offering them the tools and environment necessary for producing high quality music. Conducting music research and documentation to enable the department to enhance talent identification, development and promotion, job creation to enable the music sector to grow into a sustainable economic industry and to promote music as a socio-economic tool for the national agenda.
1134002300 Kenya National Library Services (KNLS)	Kenya National Library Service	**80 million**	The funds will assist in rehabilitation, maintenance and repairs of Maktaba Kuu Library, Buruburu Library and Nakuru Library, which will ensure safety, longevity and efficiency of the buildings.
Total		**510 million**	

SIGNED: ..... **DATE**.....3/3/25.....

FOR: **HON. DANIEL SITATI WANYAMA, MP**

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

Annexures

Annex 1: Adoption List
Annex 2: Minutes of the Committee Sittings
Annex 3. PBO Brief on the 2025 BPS
Annex 4: MDA's submissions

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON:

THE 2025 BUDGET POLICY STATEMENT FOR THE AGENCIES UNDER GOVERNANCE, JUSTICE, LAW AND ORDER (GJLOS)

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS

MARCH, 2025

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CHAIRPERSON'S FOREWORD

The Budget Policy Statement was tabled in the House on Thursday, 13th February 2025 and subsequently referred to the relevant Departmental Committees for consideration and review.

The Second Schedule of the National Assembly Standing Order assigns the Departmental Committee on Justice and Legal Affairs the mandate to consider matters related to constitutional affairs; the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption; and human rights.

Following the referral of the Budget Policy Statement to the Departmental Committees, the Departmental Committee on Justice and Legal Affairs was briefed by the Parliamentary Budget Office on the contents of the Budget policy Statement with regard to the Governance, Justice, Law and Order Sector. Thereafter, the Committee engaged the relevant stakeholders and met with the Accounting Officers of the various agencies under the purview of the Committee and reviewed their ceilings as proposed under the 2025 Budget Policy Statement.

Emanating from those discussions and reviews, the Committee made several observations as contained in Section 3 of the Report. Subsequently, the Committee made several recommendations also as contained in Section 4 of the Report.

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 and Agencies under its purview for their participation in scrutinizing the 2025 Budget Policy Statement.

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.

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 2025 Budget Policy Statement.

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

1.0 PREFACE

1.1. ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Justice and Legal Affairs is one of twenty Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the **Standing Order 216 (5)** is 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 the implementation;*
    iii. *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *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;*
    vi. *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;*
    vii. *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);*
    viii. *To examine treaties, agreements and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    xi. *To examine any questions raised by Members on a matter within its mandate.*

Mandate of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters regarding: -
    a) The Judiciary;
    b) Tribunals;
    c) Access to Justice;
    d) Public prosecutions;
    e) Ethics, Integrity and Anti-corruption;
    f) Correctional services;
    g) Community service orders and witness protection;
    h) Constitutional Affairs;
    i) Sovereign immunity;
    j) Elections including referenda;
    k) Human rights;
    l) Political parties; and
    m) The State Law Office, including insolvency, law reform, public trusteeship, marriages and legal education.

3. In executing its mandate, the Committee oversees the following Ministries/Departments:
    a) State Department of Correctional Services
    b) State Law Office and Department of Justice

c) The Judiciary
d) Judicial Service Commission
e) Office of the Director of Public Prosecutions
f) Ethics and Anti-Corruption Commission
g) Independent Electoral and Boundaries Commission
h) Commission on Administrative Justice
i) Office of the Registrar of Political Parties
j) Witness Protection Agency
k) Kenya National Commission on Human Rights
l) Kenya Law Reform Commission
m) Council of Legal Education

Committee Membership

4. The Committee was constituted by the House on 27th October, 2022 and comprises the following Members:

Chairperson
Hon. Murugara George Gitonga, CBS, MP
Tharaka Constituency
UDA Party

Vice-Chairperson
Hon. Mutuse Eckomas Mwengi, OGW, MP
Kibwezi West Constituency
MCCP Party

Members

Hon. Maalim Farah, MP
Dadaab Constituency
WDM-Kenya

Hon. Francis Kajwang' Tom Joseph, MP
Ruaraka Constituency
ODM Party

Hon. Junet Mohamed, CBS, MP
Suna East Constituency
ODM Party

Hon. (Dr.) Otiende Amollo, SC, MP
Rarieda Constituency
ODM Party

Hon. Onyiego Silvanus Osoro, CBS, MP
South Mugirango Constituency
UDA Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok Constituency
UDA Party

Hon. Makali John Okwisia, MP
Kanduyi Constituency
FORD-Kenya

Hon. Muriu Wakili Edward, MP
Gatanga Constituency
UDA Party

Hon. Maina Jane Njeri, MP
Kirinyaga County (CWR)
UDA Party

Hon. Gichohi Kaguchia John Philip, MP
Mukurweini Constituency
UDA Party

Hon Mogaka Stephen M, MP
West Mugirango Constituency
Jubilee Party

Hon. Aden Daud, EBS, MP
Wajir East Constituency
Jubilee Party

Hon. Siyad Amina Udgoon, MP
Garissa County (CWR)
Jubilee Party

Committee Secretariat

5. The Committee is well-resourced and facilitated by the following staff:

Mr. Ahmed Salim Abdalla
Clerk Assistant I / Head of Secretariat

Mr. Ronald Walala
Senior Legal Counsel

Ms. Jael Ayiego
Clerk Assistant III

Ms. Vivienne Ogega
Research Officer III

Ms. Mary Kamande
Public Communications Officer III

Mr. John Nduaci
Serjeant-At-Arms

Mr. Silas Opanga
Hansard Reporter III

Mr. Abdikafar Abdi
Clerk Assistant III

Mr. Omar Abdirahim
Fiscal Analyst I

Mr. Isaac Nabiswa
Legal Counsel II

Mr. Calvin Karung'o
Media Relations Officer III

Mr. Meldrick Kevin Sakani
Audio Officer III

1.2. COMMITTAL OF THE BUDGET POLICY STATEMENT TO DEPARTMENTAL COMMITTEES

6. The 2025 Budget policy statement was tabled in the House by the Majority Leader on Thursday, 13th February 2025 and thereafter referred to the various Departmental Committees for consideration, and subsequently the Departmental Committees are required to submit reports to the Liaison Committee.

1.3. COMMITTEE'S EXAMINATION OF THE 2025 BUDGET POLICY STATEMENT

7. The Committee held six (6) sittings examining the Budget Policy Statement. The first sitting took place on Thursday 20th February 2025 at 10:00am where the Committee was briefed on the Budget Policy Statement by the Parliamentary Budget Office. The Committee subsequently held sittings on 24th, 25th and 26th February 2025 with the Accounting Officers from the state agencies that include; the Judiciary and Judicial Service Commission, State Department for Correctional Services, Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR), Independent Electoral and Boundaries Commission (IEBC), Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), Commission on Administrative Justice (CAJ), Office of the Registrar of Political Parties (ORPP), Witness Protection Agency and Office of the Director of Public Prosecutions (ODPP).

8. The Committee's examination of the 2025 Budget Policy Statement was based on a brief by the Parliamentary Budget Office and submissions from the State Department and Agencies under the purview of the Committee which is captured in the report and also annexed to the report.

PART 2

2.0 BACKGROUND

9. The 2025 Budget Policy Statement (BPS), the third to be prepared under the Kenya Kwanza Administration, reaffirms the priority policies and strategies outlined in the Bottom-Up Economic Transformation Agenda (BETA) and as prioritized in the Fourth Medium Term Plan of the Vision 2030. The fiscal policy stance for the F.Y. 2025/2026 and the medium term aims to support the Bottom-Up Economic Transformation Agenda (BETA) through a growth friendly fiscal consolidation plan.

10. The policy measures outlined in the 2025 Budget Policy Statement are expected to improve economy-wide efficiencies, create an enabling environment that supports growth in businesses and investment, reduce the cost of living as well as enhance the well-being of all Kenyans.

11. The 2025 Budget Policy Statement outlines the priority programmes of the government under five (5) main sectors which include: Agricultural Transformation and Inclusive Growth; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.

12. To achieve the pillars, the Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; Services Economy, Environment and Climate Change; Education and Training; Women Agenda; Social Protection; Sports, Culture and Arts; Youth Empowerment and Development Agenda; Governance; and Foreign Policy and Regional Integration.

13. The Departmental Committee on Justice and Legal Affairs considers issues under the Governance, Justice Law and Order Sector that play an important role in creating a favorable environment for economic, social, and political development and is a huge contributor towards the achievement of Kenya's Vision 2030 political pillar.

2.1 OVERVIEW AND PURPOSE OF BUDGET POLICY STATEMENT (BPS)

14. The Budget Policy Statement is published in accordance with Section 25 of the Public Finance Management Act, 2012. In preparing the Budget Policy Statement, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term.

15. The PFM Act, 2012 and the National Assembly Standing Orders requires the National Treasury to include the following in the BPS:
    i. *An assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts.*
    ii. *The financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium term.*
    iii. *The proposed expenditure limits for the national government, including those of Parliament and the Judiciary and indicative transfers to county governments.*
    iv. *The fiscal responsibility principles and financial objectives over the medium-term including limits on annual debts.*

v. *The proposed division of revenue, raised nationally, between the National Government and county governments including proposed conditional grants, if any.*

16. The submission and processing of the Budget Policy Statement by the National Assembly is anchored in Standing Order No. 232. The Standing Order require,s among other things, The Budget Policy Statement (BPS) to indicate total resources to be allocated to individual programmes within a sector and indicate the outputs expected from each such Programme. Therefore, this is an in-depth analysis of the Budget Policy Statement for 2025/2026 and the medium term for the agencies under the purview of the Committee.

17. Upon being tabled in Parliament, the BPS is committed to Departmental Committees in the National Assembly for scrutiny of the Votes under their purview and make policy recommendations to the Liaison Committee which compiles a final report for approval by the National Assembly.

2.2 MANDATE AND SPENDING AGENCIES UNDER THE PURVIEW OF THE COMMITTEE

18. In accordance with the Second Schedule of the National Assembly Standing Orders, the Committee is mandated to oversee all matters pertaining to constitutional affairs, the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In executing its mandate, the Committee oversees the following agencies;

i *State Law Office & Department of Justice*
ii. *The Judiciary*
iii. *State Department for Correctional Services*
iv. *Ethics & Anti-Corruption Commission*
v. *Office of the Director of Public Prosecutions*
vi. *Office of the Registrar of Political Parties*
vii *Witness Protection Agency*
viii. *Kenya National Commission on Human Rights*
ix. *Independent Electoral & Boundaries Commission*
x. *Judicial Service Commission*
xi. *Commission on Administrative Justice*

19. The legislative scrutiny of the Budget Policy Statement promotes good governance, fiscal transparency and accountability, and is expected to facilitate effective allocation and mobilization of resources and ensure that fiscal policies are unbiased and effectively implemented. It also ascertains the legitimacy of transactions completed and their compliance with established norms, regulations and statutes; the scrutiny ensures that all allocations are as per the provisions, appropriate acts and financial regulations.

2.3 ECONOMIC ENVIRONMENT UNDERPINNING THE 2025 BUDGET POLICY STATEMENT

20. Kenya's economic performance is projected to remain stable over the medium term. Economic growth is expected to slow down to 4.6 percent in 2025 from a growth of 5.6 percent in 2024 reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy.

21. Growth is expected to pick up to 5.3 percent in 2025 and retain the same momentum over the medium term.

22. The projected growth in 2025 and over the medium term will benefit from the enhanced agricultural productivity and a resilient services sector. Agriculture productivity is expected to be largely driven by favorable weather conditions and productivity-enhancing government interventions.

23. However, the growth in the sector is expected to average around 3.0 percent in line with trend. The services sector is projected to remain resilient growing at an average of 6.6 percent over the medium term. Reforms in ICT sector is expected to boost growth in financial services, health, and public administration while accommodation and restaurant subsectors will be boosted by Government's effort to revamp the sector, through promotion of high-profile international conference, cultural festivals and promoting wildlife safaris.

24. Aggregate domestic demand is expected to remain resilient even as public sector consolidates with the private sector playing a stronger role in the medium-term recovery. This growth will be supported by improvement in the external account supported by strong export growth and resilient remittances.

a) PROJECTIONS AND OVERALL RESOURCE ENVELOPE F.Y. 2025/2026

25. In the FY 2025/2026 total revenue including Appropriation-in-Aid (A-i-A) is projected at **Ksh 3,385.8 billion** (17.6 percent of GDP) from the projected **Ksh 3,060.2 billion** (17.6 percent of GDP) in FY 2024/2025.

26. Ordinary revenue is projected at **Ksh 2,835.0 billion** (14.7 percent of GDP) from the projected **Ksh 2,575.9 billion** (14.8 percent of GDP) in FY 2024/25. Revenue performance will be underpinned by the ongoing reforms in tax policy and revenue administration geared towards expanding the tax base and improving tax compliance.

27. The overall expenditures are projected at **Ksh 4,336.1 billion** (22.1 percent of GDP) in FY 2025/2026 from the projection of **Ksh 3,948.6 billion** (22.8 percent of GDP) in FY 2024/25. The FY 2025/26 allocation comprises: National Government expenditure of **Ksh 2,562.0 billion**; Consolidated fund services of **Kshs 1,368.99;** and transfers to County Governments of **Ksh 405.1 billion** respectively *(Table 1)*.

28. The fiscal deficit including grants is projected at **Ksh 831.0 billion** (4.3 percent of GDP) in FY 2025/26 compared to the projected fiscal deficit of **Ksh 862.7 billion** (4.9 percent of GDP) in FY 2024/25.

29. The fiscal deficit in FY 2025/26 will be financed by a net external financing of **Ksh 146.8 billion** (0.8 percent of GDP) and a net domestic financing of **Ksh 684.2 billion** (3.6 percent of GDP.

Table 1: Summary of Proposed MTEF allocations (Kshs. Billions)

No.	Details	Approved 2024/25	BPS 2025	% Change	Projections	
				Vs Approved Est. 2024/25	FY 2026/27	FY 2027/28
1	**National Government**	**2,300.53**	**2,562.00**	**11.4%**	**2,859.19**	**3,194.63**
	Executive	2,237.16	2,493.77	11.5%	2,786.31	3,116.73
	Parliament	40.87	42.49	4.0%	44.61	46.09
	Judiciary	22.51	25.75	14.4%	28.27	31.82
2	**Consolidated Fund Services (CFS)**	**1,237.23**	**1,368.99**	**10.6%**	**1,389.16**	**1,428.79**
3	**County Government**	**410.84**	**405.07**	**(1.4%)**	**416.99**	**429.38**
	Total	**3,948.59**	**4,336.07**	**9.8%**	**4,665.34**	**5,052.79**
Share in Total Allocation						
1	**National Government**	**58.3%**		**59.1%**	**61.3%**	**63.2%**
	Executive	56.7%		57.5%	59.7%	61.7%
	Parliament	1.0%		1.0%	1.0%	0.9%
	Judiciary	0.6%		0.6%	0.6%	0.6%
2	**Consolidated Fund Services (CFS)**	**31.3%**		**31.6%**	**29.8%**	**28.3%**
3	**County Government**	**10.4%**		**9.3%**	**8.9%**	**8.5%**

Source: 2025 BPS, National Treasury

30. Regarding MTEF Sector classification in the BPS 2025 ceilings, the Education sector accounts for more than a quarter of the total budgetary allocation with an allocation share of 28.25% of the total budget compared with 29.63% share in FY 2024/25. The General Economic and Commercial Affairs sector accounts for the least allocation of 2.31% representing a 0.33% increase from its share in FY 2024/25. A summary of the budgetary allocation for the 10 MTEF sectors is summarized in Table 2.

Table 2: Summary MTEF Sector Budget Allocations (Kshs. Billions)

S/No.	Sector	Approved Budget 2024/25	Share	BPS 2025	Share
010	Agriculture, Rural and Urban Development (ARUD)	73,933.0	3.21%	77,671.6	3.03%
020	Energy, Infrastructure, and ICT	444,289.6	19.31%	504,604.1	19.70%
030	General Economic and Commercial Affairs (GECA)	45,625.5	1.98%	59,139.2	2.31%
040	Health	118,856.3	5.17%	204,494.8	7.98%
050	Education	681,722.8	29.63%	723,890.0	28.25%

S/No.	Sector	Approved Budget 2024/25	Share	BPS 2025	Share
060	Governance, Justice, Law and Order (GJLO)	234,860.7	10.21%	265,872.7	10.38%
070	Public Administration and International Relations (PAIR)	311,795.4	13.55%	286,759.0	11.19%
080	National Security	219,303.1	9.53%	257,023.1	10.03%
090	Social Protection, Culture and Recreation	68,942.5	3.00%	78,785.8	3.08%
0100	Environment Protection, Water and Natural Resources	101,196.9	4.40%	103,764.6	4.05%
	Grand Total	**2,300,525.7**	**100.00%**	**2,562,004.8**	**100.00%**

Source: The National Treasury

2.4 REVIEW OF THE RECENT GOVERNMENT POLICY PRIORITIES AND BUDGET PERFORMANCE

31. The Government is currently implementing policies and structural reforms and promoting investment in five core thematic areas that are expected to have the highest impact at the bottom of the economy. These are, **Agricultural Transformation**; **Micro, Small, and Medium Enterprise (MSME) Economy**; **Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy**.

32. The Government's Bottom-Up Economic Transformation Agenda will be underpinned by sound and innovative policy and structural reforms targeted at all socio-economic sectors, building efficient infrastructure, climate-change mitigation mechanisms, as well as foster strict compliance with the constitution and the rule of law.

33. It is important to note that when comparing the 2024 and 2025 Budget Policy Statements, there is **no** policy shift by the government for the GJLOS sector but rather it plans to continue Strengthening various institutions that are mandated to fight corruption in the country, implement reforms on good governance and enhance the capacity to recover corruptly acquired assets, strengthen the rule of law, increase access to justice, and ensure respect for human rights.

34. Nevertheless, the sector remains one of the most underfunded sectors thus hampering the implementation of the planned reforms despite being a key enabler in creating a favorable environment for economic, social, and political development.

Table 3: Key priorities in the 2025 BPS – GJLOS Sector	
2024 BPS	**2025 BPS**
a) Facilitate effective compliance with the Constitution to maintain peaceful coexistence, security, law and order as well as enhance administration of and access to justice. b) Strengthen the rule of law, increase access to justice, and ensure respect for human rights.	a) Ensure safe containment of inmates; treatment of youthful offenders in boys and girls in Borstal institutions and Youth Corrective Training Centre (YCTC); b) Operationalize of Magereza Level IV Hospital; modernize prison infrastructure; supervise offenders serving community services and probation orders; rehabilitate and reintegrate non-custodial offenders;

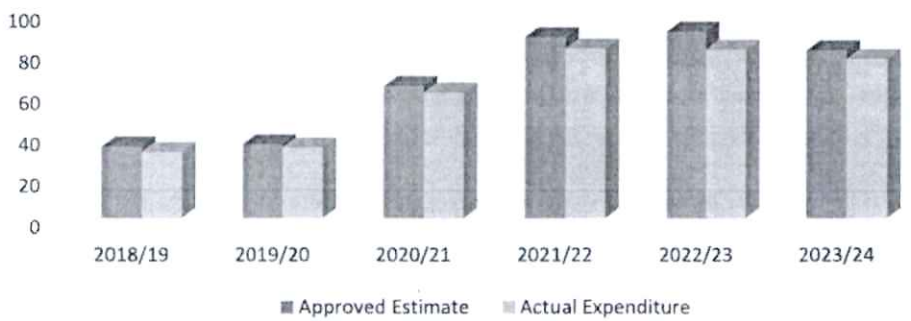
c) The Government will continue to strengthen various institutions that are mandated to fight corruption in the country, implement reforms on good governance and enhance the capacity to recover corruptly acquired assets. d) Promote anti-corruption, ethics and integrity, national values and cohesion, as well as professionalism and impartiality in service delivery e) Enhance compliance with the principles of equality and inclusion for state and non-state actors and strengthen regional & international cooperation and collaboration.	c) Delinking, decentralization and automation of State Law Office (SLO) & Department of Justice (DOJ) services; d) Implement National Ethics and Corruption Policy; e) Implement alternatives to prosecutions; digitization of ODPP Processes; integrate and implement the *Uadilifu Case Management System*; f) Conduct capacity building of the Prosecutors; register voters, conduct electoral operations and education; upgrade; g) Support and maintain electoral technology; implement electoral legal reforms; admit, maintain threatened and intimidated witnesses; h) Enhance redress, accountability and access to Justice through human rights complaints resolution; registration and regulation of political parties; funding of Political Parties Fund (PPF).

Source: 2025 BPS, National Treasury

2.5 REVIEW OF THE PAST BUDGET PERFORMANCE: FY 2018/19-2023/24

35. An analysis of the trends in absorption of the budget allocated for the different agencies shows there has been a gradual increase in the average absorption rate steadily from FY 2018/19 to FY 2023/24, rising from 92.3% in FY 2018/19 to 94.7% in FY 2023/24. In the FY 2022/23, Independent electoral and boundaries commission recorded the highest absorption rates at 98.3%, while Judicial Service Commission recorded the lowest absorption rate at 62.5% during the same year under review. This could be attributed to lack of exchequer.

Figure 1: Budget Performance FY 2018/19 – 2023/24



Source: 2025 Sector Report, National Treasury

36. During the MTEF review period, 2018/19-2023/24, the Sector recorded achievements in various programs and activities, notably: Improved police and prison officers' welfare through provision of additional housing units, counselling services; Clearance of 6,944 independent candidates for election; Upgrading of Integrated Political Parties Management Systems for verifying political parties membership list; and Conducted elections for 1874 electoral positions (General Elections).

37. In addition, 3,303 duty bearers' officers were trained on human rights and fundamental freedoms; 92.4% Successful Conviction rate of all prosecuted cases; concluded 3,749 cases filed against the Attorney General; and inspected 1,639 police premises.

38. Further, in the bid to reduce the level of corruption, 369 cases of corruption crimes were investigated where the value of loss of Ksh.14.94 billion was averted and Ksh.13.14 billion corruptly acquired assets traced and recovered.

2.6 REVIEW OF THE SECTORS KEY POLICY PRIORITIES IN FY 2025/26

i. Enhanced Access and Prompt Dispensation of Justice

39. A basic tenet of judicial excellence is for justice to be dispensed in a fair, equitable and speedy manner. Yet, perennial challenges have persisted in Kenya's justice system regarding clearance and management of cases, leading to severe backlog.

40. The Judiciary has adopted a series of strategies aimed at improving the case clearance rate (CCR) in individual courts as well as tackling the huge backlog of cases accumulated over the years.

41. The judiciary's ability to eliminate backlog of cases is hampered by acute shortage of Judges and judicial officers. With a total of 5,263 employees against an approved establishment of 9,323 employees, the Judiciary is currently operating at 56 per cent of its human resource capacity. However, there has been some positive development in the recent past with the appointment of thirty-four (34) judges by the president composed of seven (7) Court of Appeal judges, ten (10) Environment and Land Court judges and eighteen (18) Employment and Labour Relations Court judges. This is likely to have a positive effect on the backlog of cases in the judiciary.

42. In the FY 2025/26, the judiciary plans to undertake rapid results initiatives targeting case backlogs – The Judiciary will undertake service weeks, mobile courts and court of appeal circuits across the country to improve the case clearance rate to 100%.

ii. Leveraging on ICT for Delivery of Justice

43. The fourth pillar of the Judiciary's blue print on Social Transformation through access to Justice identified ICT as a key result area that would facilitate speedier trials and enhance administrative efficiency. Leveraging on technology for service delivery is one of the core pillars in the Judiciary plan to enhance access to justice. The vision is to provide technology-based solutions to the administration of justice with a raft of initiatives that not only enhance convenience but also boost efficiency and transparency.

44. The Judiciary Digital Strategy covers five broad areas. These are Judicial Operations Support Systems, Court Management Systems, Enterprise Resource Planning, Document and Archive Management, and ICT Infrastructure. The programmes aim to automate all functions of the institution by 2025. In particular, the judiciary will prioritise the digitisation of court processes, support functions and automation of registry operation in the FY 2025/2026.

45. The total estimated cost of the project is Kshs 6.4 billion. In FY 2022/23, the project was allocated Kshs 400 million and an additional Kshs 650 million was allocated in FY 2023/24. The actual expenditure of the project to-date stands at Kshs. 515.6 million bringing the outstanding cost of the project to Kshs 5.9 billion.

iii. Decongesting the Prisons

46. The current holding capacity of our prisons is 60,100 prisoners against an in-post of 59,000 inmates. The government plans to decongest the prisons by working closely with the Office of Chief Justice through the National Commission on Administration of Justice with a view to developing policies that are geared towards decongesting our prisons. For instance, adopting other forms of restorative justice such us the issuance of Probation Orders and Community Service Orders.

iv. Modernization of Prison Farms and Industries

47. Prison Industries and Farms operate under legal notice No. 314 under the Exchequer and Audit Cap 412. The two funds were established on 1st July, 1987.

48. Prison Industries is the major basis of correction in most cases of long-term imprisonment. Trade and industrial training as well as professional studies assist the prisoner to acquire a means of self-supporting mode of existence as well as being an important tool in the re-socialization process.

49. It is important to note that the prison department has huge tracts of arable land which can be useful for farming. However, the potential of the prison farms has been hampered by the lack of adequate machines and inputs.

50. In the FY 2025/26, the government plans to modernize its prison farms and industries through the acquisition of modern machineries and inputs to generate adequate food in order to complement the resources it has received from the exchequer.

2.7 PROPOSED BUDGET CEILING FOR FY 2025/26

51. The proposed budgetary ceiling for the spending Agencies in FY 2025/26 is Kshs 86.1 billion composed of Kshs 84.0 billion (96.6%) as recurrent expenditure and Kshs 2.97 billion (3.43%) as development expenditure. In comparison, the Agencies were allocated Kshs 78.0 billion in FY 2024/25 out of which Kshs 76.96 billion (98.6%) was allocated for recurrent expenditure and Kshs 1.08 billion (1.4%) as development expenditure.

52. The significant increase in allocation in the FY 2025/26 of Kshs 8.9 billion is largely on account of increased budgetary allocations to the State Department of Correctional Services, Judiciary and State Law Office at Kshs 3.87 billion, Kshs 3.1 billion and Kshs 803.2 million respectively. This is tabulated in table 4 below.

53. The budgetary increase under the Judiciary vote is composed of Kshs 2.86 billion under the recurrent vote which is meant for annual salary increment following the review of state officer's salary and promotion of officers who have stagnated in service, leasing of motor vehicles for judges and Kshs 673 million for development expenditure which is meant for the ongoing construction of courts.

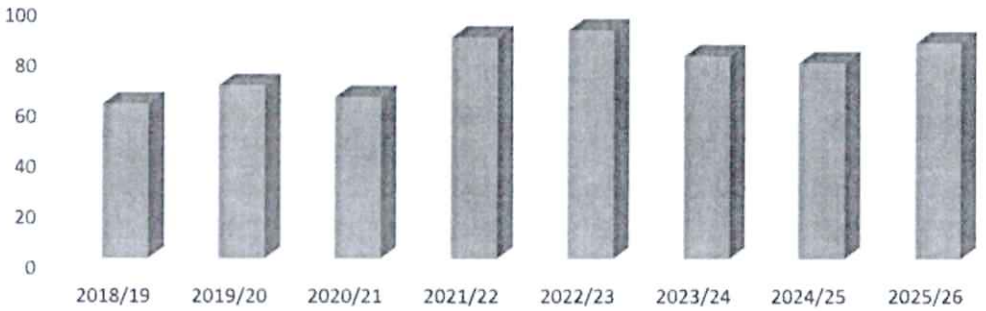
54. The increase under the state department for correctional services vote of Kshs 3.87 billion is largely meant for Phase II of salary adjustments for Prison Officers and Kshs 815 million for Development. The increase of Kshs 803 million under the State Law Office is meant to address the shortfall in budget for the Agencies under the vote.

Table 4: Approved Estimates 2024/25 vs Proposed Ceiling FY 2025/26 (Kshs millions)									
Sector/ Vote/Programme Details	**Approved Estimates 2024/25**			**FY 2025/2026 Ceiling**			**Variance (2025 BPS Vs 2024/25 Approved Estimates)**		
	Current	**Capital**	**Total**	**Current**	**Capital**	**Total**	**Current**	**Capital**	**Total**
1252 State Law Office & Dept. of Justice	5,272.0	157.0	5,429.0	6,032.2	200.0	6,232.2	760.2	43.0	803.2
1023 State Department for Correctional Services	34,389.7	40.0	34,429.7	37,246.3	1,050.0	38,296.3	2,856.6	1,010.0	3,867.0
1261 The Judiciary	21,018.4	826.6	21,845.0	23,437.4	1,500.0	24,937.4	2,419.0	673.4	3,092.4
2051 Judicial Service Commission	660.1	-	660.1	812.4	-	812.4	152.3	-	152.3
1271 Ethics & Anti-Corruption Commission	4,113.4	30.0	4,143.4	4,313.8	100.0	4,413.8	200.2	70.0	270.2
1291 Office of the Director of Public Prosecutions	3,959.0	26.0	3,985.0	4,159.4	86.0	4,245.4	200.4	60.0	260.4
1311 Office of Registrar of Political Parties	1,927.8	-	1,927.8	1,985.5	-	1,985.5	57.7	-	57.7
1321 Witness Protection Agency	697.1	-	697.1	847.9	-		150.8	-	150.8
2011 Kenya National Commission on Human Rights	478.0	-	478.0	528.6	-	528.6	50.6	-	50.6
203 Independent Electoral & Boundaries Commission	3,817.7	-	3,817.7	3,965.6	30.0	3995.6	147.9	30.0	177.9
2131 Commission on Administrative Justice	636.5	-	636.5	676.2	-	676.2	39.7	-	39.7
TOTALS	**76,969.7**	**1,079.6**	**78,049.3**	**84,005.3**	**2,966.0**	**86,123.8**	**7,035.4**	**1,886.4**	**8,921.8**

Source: BPS 2025, National Treasury

55. Figure 1 shows that the highest budgetary allocations (both current and capital) was made during the 2022/23 financial year as a result of election preparations for the 2022 elections. The State Department for Correctional Services usually takes up the largest portion of the overall budget but as the 2027 election approaches this would be shared out between the State Department for Correctional Services and IEBC.

Figure 2: Approved Budgetary Allocations FY 2018/19 – 2024/25 and Budget Ceiling 2025/26



Source: 2025 Sector Report

2.8 PENDING BILLS

56. According to the National Government Budget Implementation Review Report (NGBIRR), In FY 2022/2023, Total pending bills for the Agencies under the purview of the Committee amounts to Kshs 7.83 billion comprised of Kshs 6.6 billion for recurrent expenditure and Kshs 1.23 billion for development expenditure. Independent Electoral and Boundaries Commission accounts for 66.1% of the total pending bills of which non-legal suppliers account for Kshs 1.2 billion and Kshs 3.97 billion account for legal fees. Most of these pending bills arose due to lack of exchequer to pay commitments and lack of provision as shown in table below.

Table 5: Pending Bills in Kshs Million

No	STATE DEPARTMENT /AGENCY	Outstanding Pending bills in Kshs. As at 30/9/2023		
		Recurrent	Development	Total
1	State Law Office and Department of Justice	51.3	1.5	52.8
2	The Judiciary	369.3	189.4	558.7
3	Ethics and Anti-Corruption Commission (EACC)	132.7	26.3	159.0
4	Office of the Director of Public Prosecutions	157.1	21.0	178.1
5	Office of the Registrar of Political Parties	38.7	-	38.7
6	Witness Protection Agency	2.42	-	2.42
7	Kenya National Commission on Human Rights	40.99	-	40.99
8	Judicial Service Commission	22.4	-	22.4
9	Commission of Administrative Justice	11.8	-	11.8

No	STATE DEPARTMENT /AGENCY	Outstanding Pending bills in Kshs. As at 30/9/2023		
		Recurrent	Development	Total
10	Independent Electoral and Boundaries Commission	5,174.0	-	5,174.0
11	State Department for Correctional Services	595.9	990.5	1,586.4
	TOTAL	**6,596.35**	**1,228.7**	**7,825.6**

Source: CoB Report, 2024

3.0 OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE ON BUDGET POLICY STATEMENT

3.1 OBSERVATIONS OF THE COMMITTEE

3.1.1 State Department for Correctional Services

57. In the FY 2025/26, the proposed ceiling for the department is **Kshs 38.3 billion** composed of **Kshs 37.3 billion** for recurrent expenditure and **Kshs 1.1 billion** for development expenditure against a resource requirement of **Kshs 68.3 billion** comprised of Kshs 59.8 billion for recurrent expenditure and **Kshs 8.7 billion** for development expenditure. The resultant shortfall is **Kshs 30.0 billion** comprised of **Kshs 22.5 billion** for recurrent expenditure and **Kshs 7.65 billion** for development expenditure.

58. The budgetary shortfall will affect the following areas; food and rations – Kshs 1.1 billion, purchase of uniforms and clothing for staff and inmates – Kshs 2.289 billion, purchase of bedding and linen for inmates – Kshs 1.181 billion, medical drugs – Kshs 1.045 billion, operationalization of Magereza Level IV Hospital – Kshs 108 million, purchase of security equipment – Kshs 7.9 billion, Medical expenses – Kshs 1.14 billion, Maintenance of motor vehicles – 506.5 million, Acquisition of SDCS HQ office – Kshs 438.0 million, Relocation of prisons – Kshs 250 million and Purchase of motor vehicles – Kshs 1.64 billion among other needs

59. The State Department has a funding gap of **Kshs 1.1 billion** for food and rations due to the increasing number of inmates which is currently averaging at 61,000 inmates and the general rise in the cost of food and other essentials.

60. In addition, the Committee has also observed the State Department requires **Kshs 108 million** for operationalization of Magereza Level IV hospital in Ruiru. These funds will be utilized to recruit adequate personnel for the hospital and will also cater for the other operational needs of the facility.

61. The State Department has been experiencing an acute shortage of prisoner's beddings and linen as a result of limited funds. The department has only been able to procure and issue beddings to a total of 22,066 inmates against an annual average population of 63,000 inmates. The department has a shortfall of **Kshs 1.2 billion** for purchase of beddings and linen.

62. The Committee has also observed that there is need for the department to leverage on public private partnerships to implement some of its programmes. In addition, the Committee has also urged the state department to leverage on the huge tracks of land at its disposal and the convicted prisoners to generate food in order to complement the resources it has received from the exchequer.

63. The Committee has also observed the need for enhanced allocation for the department for undertaking security Operations in Prisons in order to respond to emerging security risks, and facilitate gathering of intelligence on diverse security threats.

64. The Committee has also observed the need for the departments in the Justice sector to collaborate together with a view to developing policies that are geared towards

decongesting our prisons considering other forms of restorative justice that can be implemented.

65. The Committee has also observed the need for the State Department for Correctional Services to partner with the State Department for Housing and Urban Development under the Affordable Housing programme to undertake a housing programme for its uniformed officers by donating some of its land to the Department.

3.1.2 The Judiciary

66. The Judiciary resource requirement in the FY 2025/2026 is Kshs 40.1 billion comprised of Kshs 31.6 billion for recurrent expenditure and Kshs 8.5 billion for development expenditure. However, the department was allocated Kshs. 24.9 billion comprised of Kshs 23.4 billion for recurrent expenditure and Kshs 1.5 billion for development expenditure leading to a shortfall of Kshs 15.2 billion which translates to 37.8% of the total resource requirement for the FY 2025/26.

67. The shortfall will affect the following key areas; Completion and refurbishment of court constructions – 6.98 billion, Digital Strategy and Automation – Kshs 1.1 billion, Planned recruitment (Salaries and wages) – Kshs 3.3 billion, Court circuits, service weeks, mobile courts, prison visits and other travel expenses - Kshs 0.32 billion, Purchase and leasing of motor vehicles – Kshs 1.5 billion, Capacity building for staff – Kshs 0.32 billion, Leasing of additional office space and expansion of specialized courts – Kshs 0.15 billion, Jurisprudence enhancing dialogues forums – Kshs 309.3 million, GPA and medical insurances – Kshs 0.53 billion, *Ajira Programme* – Kshs 500 million and Special benches established by the Hon CJ - Kshs 88 million.

68. The Committee has observed the need for the Judiciary to convert the terms of service for the 1000 recruits under the *Ajira Programme* from contracts to permanent and pensionable to support the Judiciary digitization programme. This will create job opportunities for the youth who will be undertaking transcription of court proceedings for the Judiciary.

69. The Committee has also observed the need for the Judiciary to adopt strategic prioritization to promote allocative efficiency in the implementation of its projects based on affordability, and the expected results. It is therefore imperative that the department prioritizes ongoing projects without introducing new projects. In addition, the Committee also observed the need for the National Treasury to enhance the development vote of the Judiciary in order for the ongoing projects to be completed on time.

70. The Committee has also observed the need for the department to purchase and lease additional vehicles. The department has recently recruited thirty-three (33) additional judges who require transport for efficient delivery of service in their stations.

71. To address the case backlog in the Judiciary, the Committee observed the need for the Judiciary to undertake Court circuits, service weeks, and mobile courts in far flung areas in order to enhance access to justice across the country.

72. Lack of uniformity in the pace at which the justice sector players are implementing digitization. The ultimate goal of enhancing access to justice through ICT may be hindered if the paces at which the key players in the justice sector are implementing their programs are not harmonized.

73. The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, inadequate and delayed exchequer especially for development vote which in turn delays implementation of projects.

74. Court Deposits - The Judiciary held court deposits and other funds held in trust for third parties amounting to **Kshs. 6.6 billion** as at December, 2024. There is need to undertake competitive bidding amongst the commercial banks to improve the rate earned on such deposits.

3.1.3 Judicial Service Commission

75. Judicial Service Commission was allocated Kshs 812 million against a resource requirement of Kshs 1,932 million in the Financial Year 2025/26 leading to a shortfall of Kshs 1,120 million. The following are the key unfunded areas; Recruitment of judges, Judicial officers and staff – Kshs 26 million, Leasing of motor vehicles – Kshs 39 million, Staff Mortgage and car loan scheme – Kshs 130 million, Judges, magistrates and Kadhis Colloquium – Kshs 120 million and Public outreaches and public awareness campaigns – Kshs 28 million.

76. The Committee has also observed that the Judiciary intends to make the Kenya Judiciary Academy a semi-autonomous government agency. The legal instruments are currently under consideration at the state law office.

3.1.4 The State Law Office

77. In the FY 2024/25, the office resource requirement is Kshs 12.17 billion composed of Kshs 10.3 billion for recurrent expenditure and Kshs 1.87 billion for development expenditure. However, the proposed ceiling for the department is Kshs 6.23 billion composed of Kshs 6.03 billion for recurrent expenditure and Kshs 0.2 billion for development expenditure.

78. The shortfall will affect the following areas; provision of medical cover of staff as state law delinks from PSC - Kshs 300 million, Recruitment of additional State Counsel and Promotion of Officers – Kshs 386.4 million, Equipping, and decentralization of services to 47 counties – Kshs 300 million, Additional allocation of Kshs 100 million for operation and maintenance for the State Law County Offices – Kshs 100 million, capacity building for state law staff – Kshs 50 million and additional allocation for transfers to SAGAS – Kshs 1,948 million.

79. The State Law Office total expenditure as at the end of the first half of FY 2024/25 is Kshs 3.1 billion which comprises of Kshs 2.95 billion for recurrent expenditure and Kshs 129.8 million for development expenditure translating to an absorption rate of 60.0% and 82.8% respectively.

80. The State Law Office is faced with the challenge of retaining staff due to uncompetitive remuneration package by the Office. The Office has lost considerable number of staffs to other organization such as Parliament, Judiciary and Ethics and Anti-Corruption Commission.

81. The state law office has recently delinked from the Public Service Commission in term of

its human resource management. Consequently, the Office requires Kshs 300 million for Provision of medical cover for staff since it is no longer covered under the public service scheme.

82. In addition, the State Law Office plans to decentralize its service to the all the forty-seven (47) counties as well as to all the sub-counties to offer service in all the court stations across the country.

83. The SAGAS under the State Law Office have requested for additional funding of Kshs 1.948 billion. However, the Committee observed there is need for some of the SAGAS to be merged and others dissolved to save on the ever-increasing cost of running the SAGAS in line with the recently released Cabinet memo i.e The National Anti-Corruption Campaign Steering Committee.

84. The Committee further observed that there are suits against the government with financial risks to the tune of Kshs 1.2 trillion. In addition, the awards against the government pending payment stand at approximately Kshs 93 billion and they are ranging from awards to victims of torture as well as business litigants against the State.

85. It has further been observed by the Committee that the Attorney General's Office litigates on behalf of the state agencies however when the court awards claims against those agencies, they don't promptly settle the claims but abandon the claims with the Attorney General office. In addition, the state law does not get the necessary support from the state agencies in terms of facilitating the legal counsels with daily subsistence allowance in order for them to execute their work.

86. The Office has a total pending bill of Kshs 462.2 million as at 30th June, 2024 comprised of Kshs 357.3 million for recurrent expenditure and Kshs 104.9 million is for development expenditure. These pending bills were incurred as a result of lack of exchequer release, merchants submitting incomplete documents, deactivation of procurement and payment module of IFMIS, among others.

3.1.5 Office of the Director of Public Prosecution

87. The Office of Director of Public Prosecutions budgetary requirement in FY 2025/26 is Kshs. 7.98 billion comprising of Kshs 6.78 billion for recurrent expenditure and Kshs 1.2 billion for development expenditure.

88. The proposed allocation for the Agency in the FY 2025/26 is Kshs 4.25 billion comprised of Kshs 4.16 billion for recurrent expenditure and Kshs 86 million for development expenditure. The Office has a budgetary shortfall of Kshs 3.73 billion comprised of Kshs 2.61 billion for recurrent expenditure and Kshs 1.12 billion for development expenditure.

89. The Office requires an additional allocation of Kshs. 1.204 billion to adequately fund the following key areas;
    i. Acquisition of ODPP Headquarters - Union House – Kshs 850 million
    ii. Rolling out of *Uadilifu Case Management System* to the remaining County and Sub-County Offices – Kshs 100.0 million
    iii. Refurbishment of four county and sub-county Offices – Kshs 90 million
    iv. Construction of two county and Sub- County offices and Containerization of five county and sub-county offices – Kshs 164.0 million

90. Acquisition of Office premise for the ODPP - The Committee has also observed that the ODPP has an offer of Kshs 0.85 billion for the acquisition of Union House which currently serves as its Headquarters' office. The location of the office was deemed to be ideal because of its proximity to the judiciary. In addition, the one-off cost of acquiring the building was deemed to beneficial in the long run since the office will no longer pay rent for the premise.

91. The Committee further observed that the Office is a key player towards improving the national security, strengthening good governance and fight against corruption and therefore requires increase in resource allocation to enable the Office execute its mandate. In particular, the office requires additional funding to support the roll out of the *Uadilifu Case Management System* in the all the forty-seven (47) counties to enhance its digitization programme.

3.1.6 Independent Electoral & Boundaries Commission

92. The Commission resource requirement for the FY 2025/26 is estimated to be Kshs 5.2 billion comprised of Kshs 4.02 billion for recurrent expenditure and Kshs 1.20 billion for development expenditure. However, the Commission was allocated Kshs. 3.995 billion comprised of Kshs 3.965 billion for recurrent expenditure and Kshs 30.0 million for development expenditure.

93. The Committee further noted the Commission's request for front loading of Kshs 15.4 billion of its election budget of Kshs 61.7 billion to cater for the following key areas in the FY 2025/26.; Kshs 6.8 billion for KIEMS Replacement, Continuous voter registration – Kshs 3.4 billion, Maintenance of Systems – Kshs 1.8 billion, wages – Kshs 1.0 billion and Stakeholder Engagement – Kshs 1.5 billion.

94. The Committee stressed the need for the Commission to standardize the legal fees charged by advocates and more importantly engage in-house lawyers to undertake some of the petitions. The Committee noted there is need for the Commission to undertake continuous voter registration to guarantee the citizens their right to participate in electoral processes.

95. The Committee was also concerned about the Kshs 6.7 billion meant for replacing the KIEMS Kit and has tasked the Commission to submit an expert report on the usability and salvage value of the 45,000 KIEMS kits.

96. The Committee has observed the Commission has pending bills accumulated over the years amounting to Kshs 3.895 billion of which legal fees accounts for Kshs 2.6 billion, election logistics – Postal Corporation of Kenya - Kshs 0.499 billion and other pending bills – Kshs 0.796 billion. The Committee has observed the need for the Independent Electoral and Boundaries Commission to submit a report to Parliament on all pending bills for verification and scrutiny.

3.1.7 Witness Protection Agency

97. In the FY 2025/26, the Agency's proposed budget ceiling is Kshs 847.9 million against a resource requirement of Kshs 1,698.7 million. The shortfall will affect the following key areas; Implement Presidential directive on amendments to the witness protection act to include the whistle blower protection – Kshs 150 million, witness protection programme Expenses – Kshs 467.0 million, confidential funds – Kshs 70 million, recruitment of

additional core staff – Kshs 113.0 million and Kshs 30.0 million staff mortgage.

98. The Committee further observed that the witness protection programme which is the main mandate of the agency has consistently been unfunded despite the Agency's critical role in the protection of witnesses in crucial cases. This has hampered the office ability to protect the witnesses under the programme.

99. The Committee further 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.

3.1.8 Ethics & Anti-Corruption Commission

100. In the FY 2025/26 the Commission resource requirement is 8.45 billion comprising of Kshs 7.98 billion for recurrent expenditure and Kshs 0.462 billion for development expenditure. However, the proposed budget ceiling for the Commission is Kshs 4.4 billion comprised of Kshs 4.3 billion for recurrent expenditure and Kshs. 0.1 billion for development expenditure. The shortfall is likely to impact the commission's ability to effectively discharge its prescribed mandate.

101. In particular, the Commission has a shortfall in the following key areas; Trace, preserve and recover assets from unexplained and corruptly acquired assets – Kshs 220 million, post-retirement medical scheme – Kshs 200.0 million, Staff recruitment as per the National Treasury approval – Kshs 304.8 million, and refurbishment of EACC Headquarters (2nd & 3rd floor) – Kshs 164.2 million.

102. The Committee has also observed that the commission is currently operating at 50% of its establishment with an in post of 767 employees against a staff establishment 1,508 employees. The commission requests for resource allocation of Kshs 304.8 million to recruit 69 technical officers.

103. The Committee also observed there is need for the commission to devolve to all counties to fight corruption at the county level so as to aid against the misuse of the devolved funds.

3.1.9 Office of the Registrar of Political Parties

104. The Office resource requirement in the FY 2025/26 is Kshs. 9.24 billion out of which Kshs 1.5 billion was to cater for the Agency's Office operations, Kshs 7.62 billion for the Political Parties Fund and Kshs 115.5 million for the Political Parties Liaison Committee.

105. The 2025 Budget Policy Statement has proposed a budget ceiling of Kshs 1.985 billion in FY 2025/26, out of which Kshs 540.1 million will cater for the Office Operations, Kshs 1.43 billion will cater for the Political Parties Fund and Kshs 16.9 million for Political Parties Liaison Committee. This will result in budgetary shortfall of Kshs 7.3 billion.

106. Further, the Committee has observed that the allocation to the Political Parties Fund is not in compliance with the provision of the Section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the Section 24 of the Act.

107. The Committee has also observed that the Office of the Registrar of Political Parties is frequently enjoined in matters filed in courts and in the Political Parties Dispute Tribunal (PPDT) arising from intra and inters political parties' wrangles. This affects the office in terms of legal fees and time used in defending cases.

108. The Office has requested for additional funding of Kshs 525.2 million to cater for the following unfunded areas; Establishment of five regional offices – Kshs 75 million, Refurbishment of office space at HQs and seven county offices – Kshs 50 million, Purchase of six motor vehicles – Kshs 55.5 million, Legal Fees – Kshs 78 million and Capacity building of Political Parties and ORPP - Kshs 45.5 million, Maintenance of mobile platform for access of unstructured supplementary service data (USSD) – Kshs 25 million, Recruitment of additional staff for the new County offices and other vacant critical positions – Kshs 25.5 million and Legal reforms – Kshs 50 million.

3.1.10 Commission on Administrative Justice

109. The Committee noted that the Commission's proposed ceiling for FY 2025/26 is Kshs 0.676 billion against a resource requirement of Kshs 1.4 billion leading to a budgetary shortfall of Kshs 0.724 million.

110. The Committee further observed that the Commission's budgetary shortfall will affect the following critical areas; Promotion of open governance in public administration – Kshs 23 million, Automation and digitization of ombudsman services – Kshs 50 million, ombudsman public outreach services – Kshs 20 million, public inquiries and mediation – Kshs 15 million, establishment of two county offices – Kshs 47 million, public education and awareness creation – Kshs 12 million and Foreign travel – Kshs 28 million.

111. 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.

3.1.11 Kenya National Commission on Human Rights

112. The Commission was allocated a budget ceiling of Kshs. 528.6 million in the FY 2025/26 against a resource requirement of Kshs. 847.8 million by the National Treasury. This leaves a resource gap of about Kshs. 319.2 million.

113. The Committee further observed that the Commission is underfunded in the following critical areas; Complaints, investigation, public education and awareness – Kshs 100.4 million, Prevention of Torture Act and Intersex Rights – Kshs 20 million – Kshs 50 million, Devolution of Human Rights Services to the Counties – Kshs 118.8 million, and Purchase of new Commissioners' vehicles – Kshs 80.0 million.

3.2 COMMITTEE RECOMMENDATIONS

3.2.1 NON-FINANCIAL RECOMMENDATIONS

114. The Committee recommends the State Department for Correctional Services to leverage on public private partnerships in order to modernize the prison industries and improve their outputs. In addition, the Committee has also urged the state department to leverage on the huge tracks of land at its disposal and the convicted prisoners through mechanization of its farms so as to generate adequate food in order to complement the resources it has received from the exchequer.

115. The Committee also recommends the state department for correctional to collaborate with the other justice sector institutions under the auspices of the National Council for Administration of Justice with a view to developing policies that are geared towards decongesting our prisons by considering other forms of restorative justice that can be implemented i.e. Community service orders.

116. The Committee has also recommended the State Department for Correctional Services to partner with the State Department for Housing and Urban Development under the Affordable Housing programme to undertake a housing programme for its uniformed officers by donating some of its land to the Department.

117. The Committee further recommends the Independent Electoral and Boundaries Commission to submit to Parliament a report on all pending bills for verification and scrutiny before the consideration of the budget estimates for the FY 2025/26.

118. The Committee has also considered a request by the Independent Electoral and Boundaries Commission of Kshs 6.7 billion meant for replacing the KIEMS Kit and has recommended the Commission to submit an expert report in three months on the usability and salvage value of the existing 45,000 KIEMS kits.

3.2.2 PROPOSED INCREASES

119. The Committee recommends the budget ceiling for the following Agencies be increased as indicated in the table below:

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
State Department for Correctional Services	Prison Services	**Kshs 68.3 billion**	**Kshs 38.3 billion**	**Kshs 30.0 billion**	Increase the allocation for the Programme of Prison Service by **Kshs 1.1 billion**	The additional allocation will cater for the following critically unfunded areas; i. **Kshs 250 million for Food and Rations** – the state department has a funding gap of **Kshs 1.1 billion** for food and rations due to the increasing number of inmates

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						and the general rise in the cost of food and other essentials. ii. **Kshs 108 million** for operationalization of Magereza Level IV Hospital in Ruiru. These funds will be utilized to recruit adequate personnel for the hospital and will also cater for the other operational needs of the facility. iii. **Kshs 398.8 million** for the purchase of prisoner's bedding and linen. The state department has been experiencing an acute shortage of prisoner's beddings as a result of limited funds. The department has only been able to procure and issue beddings to a total of 22,066 inmates against an annual average population of 60,000 inmates. iv. **Kshs 200 million** as Confidential expenditure for Security Operations in Prisons in order to respond to emerging security risks, and facilitate gathering of intelligence on diverse security threats. v. **Kshs 150 million** for purchase of tractors and seeds for the prison service agency. The funds will support the department

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						ability to mechanize and modernize its farms in order for the department to generate adequate food for its inmates and complement the funds for food and rations for the inmates.
Judiciary	Dispensation of Justice	**Kshs 40.1 billion**	**Kshs 24.9 billion**	**Kshs 15.2 billion**	Increase the allocation for the programme of Dispensation of Justice by **Kshs 2.01 billion**	The Committee recommends an additional allocation of **Kshs 2.01 billion** to cater for the following unfunded areas: i. Construction and completion of the ongoing court constructions – **Kshs 0.5 billion.** ii. Court circuits, service weeks, mobile courts, prison visits and other travels - **Kshs 0.12 billion,** iii. Ajira Programme – **Kshs 0.5 billion** iv. Purchase and leasing of motor vehicles – **Kshs 0.5 billion,** v. Special benches established by Hon. Chief Justice – **0.088 billion**
Commission on Administrative Justice	Promotion of administrative Justice	**Kshs 1.4 billion**	**Kshs 676 million**	**Kshs 724 million**	Increase the allocation for the programme of Promotion of administrative Justice by Kshs **170 million**	i. The Committee recommends an additional allocation of **Kshs 170 million** to cater for the following unfunded areas; ii. Promotion of open governance in public administration – **Kshs 23 million,** iii. Automation and digitization of ombudsman

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						services – **Kshs 50 million** iv. Purchase of motor vehicles for the branch offices and outreach services – **Kshs 30 million,** v. Public education and awareness creation – **Kshs 20 million** vi. Establishment of two county offices – **Kshs 47 million.**
State Law Office and Department of Justice	Governance, Legal Training and Constitutional Reforms	**Kshs 12.2 billion**	**Kshs 6.23 billion**	**Kshs 5.97 billion**	Increase the allocation for the programme of Governance, Legal Training and Constitutional Reforms by **Kshs 1.456 billion.**	The additional funds will cater for the underfunded areas; i. Equipping, and decentralization of services to the 47 counties – **Kshs 300 million,** ii. Provision of medical cover for staff as state law delinks from PSC - **Kshs 300 million,** iii. Recruitment of additional State Counsel and Promotion of Officers – **Kshs 386.4 million,** iv. Capacity building for State Law Office staff – **Kshs 50 million.** v. **Kshs 416.9 million** as current transfer for the following Agencies (Kenya School of law – **Kshs 56.9 million,** National Council for Law Reporting – **Kshs 262.3 million,** Council for Legal Education – **Kshs 97.7 million)**

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Commissio n	**Kshs 8.45 billion**	**Kshs 4.4 billion**	**Kshs 4.05 billion**	Increase the allocation for the programme of Ethics and Anti-Corruption Commission by **Kshs 689.0 million.**	The additional funds will cater for the underfunded areas; i. Trace, preserve and recover assets from unexplained and corruptly acquired assets – **Kshs 220 million.** ii. Recruitment of additional staff – **Kshs 304.8 million.** ii. Refurbishment of EACC HQs (2nd and 3rd floors) – **Kshs 164.2 million**
Kenya National Commission on Human Rights	Protection and Promotion of Human Rights	**Kshs 0.848 billion**	**Kshs 0.529 billion**	**Kshs 0.319 billion**	Increase the allocation for the Programme of Protection and Promotion of Human Rights by **Kshs 299.2 million**	The additional funds will cater for the underfunded areas; i. Complaints, investigation, public education and awareness – **Kshs 100.4 million.** ii. Devolution of Human Rights Services to the Counties – **Kshs 118.8 million.** iii. Purchase of new Commissioners' vehicles – **Kshs 80.0 million.**
Office of the Registrar of Political Parties	Registratio n, Regulation and Funding of Political Parties	**Kshs 9.24 billion**	**Kshs 2.0 billion**	**Kshs 7.3 billion**	Increase the allocation for the Programme of Registration, Regulation and Funding of Political Parties by **Kshs 231.0 million**	The Committee recommends an additional allocation of **Kshs 231.0 million** to cater for the following unfunded areas: i. Establishment of five regional offices – **Kshs 75 million,** ii. Recruitment of additional staff for the new county offices – **Kshs 25.5 million,** iii. Refurbishment of office space at HQs and seven

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						county offices – **Kshs 50 million** iv. Purchase of six motor vehicles – **Kshs 55.5 million** v. Maintenance of mobile platform for access of unstructured supplementary service data – **Kshs 25 million**
Witness Protection Agency	Witness Protection Programme	**Kshs 1.698 billion**	**Kshs 0.847 billion.**	**Kshs 0.851 billion**	Increase the allocation for the Programme of Witness Protection by **Kshs 283.0 million**	The Committee recommends an additional allocation of **Kshs 283.0 million** to cater for the following unfunded areas: i. Implement Presidential directive on amendments to the Witness Protection Act to include the Whistle Blower Protection – Kshs **150 million,** ii. **Kshs 133 million** to recruit an additional 46 officers to boost its frontline protection officers and security officers.
Office of the Director of Public Prosecutions	Public Prosecution Services	**Kshs 7.98 billion**	**Kshs 3.70 billion**	**Kshs 4.28 billion**	Increase the allocation for the Programme of Prosecution Services by **Kshs 1.11 billion**	The Committee recommends an additional allocation of **Kshs 1.11 billion** to cater for the following unfunded areas; i. Acquisition of ODPP Headquarters - Union House – **Kshs 850 million.** ii. Rolling out of *Uadilifu Case Management System* to the remaining County and Sub-County Offices – **Kshs 70 million.**

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						iii. Refurbishment of four county and sub-county Offices – **Kshs 72 million** iv. Construction of two county and Sub-County offices and Containerization of five county and sub-county offices – **Kshs 117.0 million**

Signed.....Date.....4. 3. 025.....

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER & IRRIGATION

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION

.....

REPORT ON THE BUDGET POLICY STATEMENT FOR THE FY 2025

VOTE 1109: STATE DEPARTMENT FOR WATER AND SANITATION
VOTE 1104: STATE DEPARTMENT FOR IRRIGATION
VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

FEBRUARY 2025

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PART 1

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Blue Economy, Water and Irrigation is one of the twenty 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 the implementation;*
   - *iii.* *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   - *iv.* *To study and review all legislation referred to it;*
   - *v.* *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;*
   - *vi.* *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;*
   - *vii.* *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);*
   - *viii.* *To examine treaties, agreements and conventions;*
   - *ix.* *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   - *x.* *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   - *xi.* *To examine any questions raised by Members on a matter within its mandate.*

1.2 Subject of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.

3. In executing its mandate, the Committee oversees the following government ministries, departments and agencies (MDAs), namely:
   i. The State Department for Water and Sanitation
   ii. The State Department for Irrigation
   iii. The State Department for Blue Economy and Fisheries

1.3 Committee Membership

4. The Departmental Committee on Blue Economy, Water and Irrigation was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson

Hon. Bowen David Kangogo, MP - **Chairperson**
Marakwet East Constituency
United Democratic Alliance Party

Vice- Chairperson

Hon. Kemero Maisori Marwa, MP - **Vice- Chairperson**
Kuria East Constituency
United Democratic Alliance Party

Hon. Stanley Muiruri Muthama, MP
Lamu West Constituency
Jubilee Party

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency
United Democratic Alliance Party

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency
Orange Democratic Party

Hon. Were Charles Ong'ondo, MP
Kasipul Constituency
Orange Democratic Party

Hon. Nebart Bernard Muriuki, MP
Mbeere South Constituency
Independent Member

Hon. Adow Mohamed Aden, MP
Wajir South Constituency
Orange Democratic Party

Hon. George Gachagua, MP
Ndaragwa Constituency
United Democratic Alliance Party

Hon. Tandaza Kassim Sawa, MP
Matuga Constituency
Amani National Congress

Hon. William Kamket, MP
Tiaty Constituency
KANU

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency
Wiper Democratic Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated
United Democratic Alliance Party

Hon. Mnyazi Amina Laura, MP
Malindi Constituency
Orange Democratic Movement

Hon. Eric Mwangi Kahugu, MP
Mathira Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following staff

Mr Nicodemus K Maluki
Clerk Assistant I/Head of Secretariat

Ms Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Principal Fiscal Analyst

Ms. Lynette Otieno
Senior Legal Counsel

Ms Veron D Aluoch
Research Officer III

Mr Allan Gituku
Sergeant At Arms

Maryan Ahmed Gabow
Public Communication Officer

Ms Fridah Ngari
Media Relations Officer

Mr Eugene Luteshi
Audio Officer

Ms Joyce Wachera
Hansard Officer III

CHAIRPERSON'S FOREWORD

6. The Budget Policy Statement (BPS) provides an avenue for engagement between the executive and the legislature to deliberate and agree on the policy and fiscal framework underpinning the budget in the medium term. It also indicates the budget for the ongoing policies as well as a costing of any policy shift to indicate the amount of resources the new policies will require for successful implementation. The legislature once it scrutinizes and approves it, lays the foundation for the Budget Estimates for the upcoming fiscal year and the medium term.

7. The Budget Policy Statement is published in accordance with Section 25 of the Public Finance Management (PFM) Act, 2012. In preparing the BPS, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term. Section 25(2) of the PFM Act, 2012 and Standing Order No. 232 requires the National Treasury to submit the BPS to Parliament by 15th February each year. Parliament has fourteen (14) days after its submission to scrutinize and review it in line with section 25(7) of the PFM Act, 2012. The Standing Orders give various Departmental Committees seven (7) days to prepare a report and submit it to the Budget and Appropriations Committee (BAC).

8. The 2025 BPS was tabled in the National Assembly and subsequently committed to Departmental Committees for consideration on Thursday, 13th February 2025, pursuant to Section 25(2) of the PFM Act, 2012 as read together with Standing Order 232(5). The Committees are required to consider the BPS for the Ministries, Departments and Agencies (MDAs) under their purview and thereafter report to the BAC.

9. The Departmental Committee on Blue Economy, Water and Irrigation held sittings on Monday 24th and Tuesday 25th February 2025, which included a briefing on the 2025 Budget Policy Statement by the Parliamentary Budget Office, and thereafter sittings to scrutinize and deliberate on the BPS with the MDAs under its purview.

10. The Committee thanks 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 MDAs that appeared before it to make their submissions.

11. 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 Liaison Committee.

Hon. David Bowen Kangogo, M.P.

PART II

2.0 BROAD OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT

12. The 2025 BPS focuses on implementation of the Bottom-up Economic Transformation Agenda (BETA) as prioritized in the Medium-Term Plan (MTP) IV of the Kenya Vision 2030 and is geared towards economic turnaround and inclusive growth. To support BETA, the FY 2025/26 budget will continue following the growth friendly fiscal consolidation plan that focuses on containing expenditures and enhancing revenues to slow down growth in public debt without compromising service delivery.

13. The BPS projects the national government expenditure for FY 2025/26 to be Kshs. 3.9 trillion as shown in Table 1. This comprises of Kshs. 1.9 trillion for recurrent expenditure, Kshs. 710.3 billion for development expenditure and Kshs. 1.4 trillion for Consolidated Funds Services (CFS). Compared to the approved total expenditures for FY 2024/25, the projected expenditure is an increment of Kshs. 462 billion (13.3 percent) with the recurrent expenditure increasing by Kshs. 260.1 billion (16.3 percent), development expenditure increasing by Kshs. 69.1 billion (10.8 percent) and CFS increasing by Kshs. 132.8 billion (10.7 percent).

Table 1: Proposed Expenditure Ceilings for FY 2025/26

	2024/25 Approved Estimates	**2025/26 BPS Projection**	**Difference**
	Kshs. billions		
Recurrent	1,591.6	1,851.7	260.1
Development	641.2	710.3	69.1
CFS	1,237.2	1,370.0	132.8
Total	**3,470.0**	**3,932.0**	**462.0**

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

14. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the 2024 Budget Policy Statement on Monday 24th and Tuesday 25th February 2024. The MDAs included State Department for Water and sanitation, State Department for Irrigation and State Department for Blue Economy and Fisheries. The following are the highlights of the submissions:

3.1 State Department for Water and Sanitation

Eng. Eric Mugaa Murithi, the Cabinet Secretary for the Ministry of Water, Sanitation and Irrigation, together with Mr. Julius Korir, CBS, the Principal Secretary State Department for Water and Sanitation, appeared before the Committee on **Monday, 24th February 2025** and briefed on the 2025 Budget Policy Statement as follows:

15. The State Department for Water and Sanitation will be implementing the following three (3) programmes during the FY 2024/25 and the medium term namely General Administration, Planning and Support Services, Water Resources Management and Water and Sewerage Infrastructure Development.

16. In the MTEF period FY 2025/26 – 2027/28 the State Department will continue to support the Government Bottom-up Economic Transformation Agenda through implementation of growth responsive fiscal consolidation plan aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic activities.

17. In this regard, ensuring universal access to water and sanitation through Water Resources conservation and Protection; Transboundary Waters Management; National Water and Sanitation Investment; and Sanitation Infrastructure Development and Management will be prioritized. Consequently, the following served as the criteria to guide prioritization of resources allocation:
    i. Completion of ongoing projects, stalled projects and payment of verified pending bills; fast tracking ongoing projects and reviving stalled infrastructure projects to improve service delivery.
    ii. Programmes that enhance value chain and linkage to BETA priorities; supporting agriculture, industrial zones, health facilities, and affordable housing through water supply and sanitation infrastructure.
    iii. Presidential Directive and Cabinet Decisions; implementation of key projects aligned with presidential directives and cabinet decisions to enhance water and sanitation accessibility and management.

iv. Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030; supporting long-term national economic policies and plans by ensuring sustainable water resource management and water and sanitation infrastructure development.

v. Programme addressing job creation and poverty reduction; implementing projects that provide direct and indirect employment and improve living conditions, particularly in low-income areas while improving access to clean water and sanitation in urban and rural areas.

vi. Programme addressing the core mandate of the sub-sector; prioritised resource allocation to infrastructure development, management and conservation of water resources and sanitation.

vii. Programmes that support mitigation and adaptation of climate change; implementing programs for water catchment restoration and sustainable management practices and groundwater resilience using advanced techniques to map and access large groundwater

viii. Cost effectiveness, efficiency and sustainability of the programme; using advanced technologies such as solarized boreholes and smart metering to optimize resource use and reduce costs.

ix. Requirement for furtherance and implementation of the Constitution; ensuring that every person has the right to reasonable standards of sanitation as well as the right to clean and safe water in adequate quantities as per Articles 43(b) and (d).

18. In the FY 2025/2026, the State Department has a total resource requirement of **Kshs. 93.8 billion** comprising **Kshs 8.3 billion** recurrent estimates and **Kshs 85.5 billion** development estimates. However, in the 2025 BPS the Department has been allocated a total budget of **Kshs. 46.1 billion** consisting **Kshs. 6.2 billion** recurrent and **Kshs 39.9 billion** development. In this regard, the State Department has a shortfall of **Kshs. 2.1 billion** Recurrent and **Kshs. 45.6 billion** Development in the financial year 2025/2026.

19. The State Department for Water and Sanitation, has set key commitments across several performance indicators for FY 2025/26 to FY 2027/28. To increase the National water coverage from the current 73% to 80%, ensuring equitable access to clean and safe water across the country through the implementation of the following key projects and programmes:

i. **Kenya Towns Sustainable Water Supply and Sanitation Programme** to enhance water and sanitation services across 28 Towns serving a total of 2.1 million people with water services and 1.3 million people with sanitation services. Currently the programme is at 89% and have connected over 1 million people with water and 200,000 people with sanitation services. The State Department is using uncommitted funds from programme to undertake last mile connectivity, which will upscale the number connected to the 2.1 million people.

ii. **Water and Sanitation Development Project (WSDP)** in six Counties (Kwale, Kilifi, Taita Taveta, Mombasa, Garissa and Wajir) targeting 2 million people accessing clean and safe water and sanitation services. The project is currently at 72% with 12 contracts completed (serving 350,000 people) while 33 contracts are ongoing.

iii **Horn of Africa Groundwater for Resilience Program (HoA)** in five Counties of Mandera, Wajir, Garissa, Turkana & Marsabit involving rehabilitation of 400 rural water supply schemes to benefit 1.5 million people with water and sanitation services.

iv **Kenya Water, Sanitation and Hygiene Program (K-WASH)** in 19 No (nineteen) Counties of Turkana, Samburu, West Pokot, Baringo, Garissa, Mandera, Tana River, Kwale, Makueni, Kitui, Tharaka Nithi, Kirinyaga, Murang'a, Narok, Migori, Kericho, Vihiga, Bomet and Nandi to increasing access to improved water and sanitation services, eliminate open defecation and improve the operational and financial performance of Water Service Providers (WSPs) Upon completion, the Program will benefit 4 million People including 320,000 refugees and 400,000 host community members

v. **Ithanga Water Supply Phase III** currently at 85% to deliver an additional 6,000 m^3 per day to serve 60,000 people in Ithanga, Murang'a County.

vi. **Completion of other projects**, Nairobi Rivers Basin Restoration Programme: Sewerage improvement programme - serving approximately 372,628 residents, Chemususu Dam Water Supply Project Last Mile Connectivity – Supplying 35,000m^3/per day to 300,000 people, West Karachuonyo water supply project-Last mile connectivity- serving 36,000 people; and Nairobi Satellite Towns Water and Sanitation Program- serving 188,000 people.

vii. **Connection of one hundred and thirty (130) schools** with clean drinking water and age-appropriate sanitation facilities through drilling, equipping, solarization of boreholes & last mile connectivity

20. The State Department has lined up the following key projects for implementation for the FY2025/26:

i **Public Private Partnerships** projects- some of the projects being processed are, **Sabaki water carrier and sanitation project** where Project evaluation report has been prepared and approved for procurement under PPP; **Lamu desalination plant project-** project development report prepared, Evaluation ongoing, **Mzima II Pipeline, Naivasha Water Supply Network, Londiani Dam** are at project development stage, **Maragua IV Dam** is at PIP evaluation stage

ii **Proposed National Urban Water Supply and Sanitation Program** to provide access to water and sanitation services to more than five (5) million people in all in forty-two (42) Counties. Phase I has already been approved by the AfDP

iii. **Thika and Githunguri Water and Sanitation Project** to provide safe, reliable and affordable water and sanitation services to the 221,000 residents of Thika and Githunguri Townships in Kiambu County.

21. Under sector reforms, the State Department noted that though there was need to reduce the number of state corporations, the efficiency of the mandates undertaken by WASREB, WRA and RCGW would best be undertaken independently. It recommends that the Sector Institutions should not be abolished or merged but further reforms be undertaken

22. The State Department has outstanding historical pending bills submitted to the Pending Bills Verification Committee totalling **Kshs.16.1 billion** consisting of **Kshs.3.7 billion** and **Kshs.12.4 billion** recurrent and development expenditures respectively. In the FY 2023/24, the budget allocated for GoK Development was not fully disbursed. Commitments were done by various WSIs, against the approved budget. As the bills continue to remain outstanding, the State Department risks being sued. This will attract additional charges on penalties and interest hence increasing cost of project implementation. More so, the continued delay is putting a lot of stress on SMEs who risk being auctioned or being declared bankrupt.

3.2 State Department for Blue Economy and Fisheries

Ms. Betsy Muthoni Njagi, the Principal Secretary State Department for Blue Economy and Fisheries, appeared before the Committee on Tuesday, 25th February 2025 and presented on the 2025 Budget Policy Statement as follows:

23. The State Department implements its mandate through three (3) programmes namely Fisheries Development and Management, Development and Coordination of the Blue Economy and General Administration, Planning and Support Services.

24. In the FY 2025/26, the Budget Policy Statement (BPS) allocated the State Department a total budget of **Ksh. 9,631.9 million** that comprises of a Development budget of **Ksh. 6,799.0 Million** and a Recurrent budget of **Ksh. 2,832.9 Million**. These funds will be applied on various projects that include completion of fish landing sites and markets, supporting small-scale fish farmers with aquaculture inputs and technical extension services, development of the National Mariculture Resource and Training Centre (NAMARET) (Shimoni, Kwale County) and to support common interest groups across the coastal region with grants.

25. The Department noted that, in the Medium-Term the Government plans to acquire deep-sea fishing vessels to facilitate the fisher folk into the deep sea, support small-scale fisheries and aquaculture stakeholders around the Lake Victoria and the western regions, complete phase one of Liwatoni Ultra-Modern Fish Hub and construct five (5) fish

processing plants the Liwatoni Ultra-Modern Fish Hub. The BPS ceiling thus will not accommodate their total requirement of **Kshs. 17,117.9 Million** of which **Ksh. 3,978.9 Million** was to cater for recurrent and **Kshs. 13,139.0 Million** for development.

26. The following are critical areas are underfunded and require intervention:

Recurrent Budget

State Departments O&M budget-Ksh.123 Million

i. **Ksh. 100 Million** for the expanded mandate of the Blue Economy which include (drive sustainable transformation and diversification of the oceans economy by promoting research and innovation, increase local participation and investments in the blue economy through private sector engagements and partnership, coordinate development of the national oceans and the blue economy strategy and policy).

ii. **Ksh.23 Million** for court award. The court award was issued to Okeno and Sons Building Contractors. An amount of Ksh.10 million was paid for in FY 2023/24 and a further additional amount of Ksh. 10 Million has been provided in FY 2024/25 leaving a deficit of Ksh. 23 million.

Kenya Fisheries Service – Ksh. 150 Million

iii. **Ksh. 68 million** to cater for the shortfall in medical insurance for staff as per the requirement letter Ref. No. MPSYG.DPSM.2/7/2A.VOL.XXXI/ (84) dated 11th January 2022 from the State Department for Public Service.

iv. **Ksh. 82 million** is required to boost operations for the service.

Kenya Marine and Fisheries Research Institute –Ksh. 817 Million–

v. **Ksh. 272 Million** for the court awards payments; and

vi. **Ksh. 545 Million** to effectively operate RV Mtafiti, in order to enhance economic development-oriented fisheries research.

Development Budget

i. **Kshs.480 million** to facilitate completion of Phase one of Liwatoni Ultra-Modern Fish Hub and

ii. **Ksh.1,000 million** for fish stock assessment.

3.3 State Department for Irrigation

Mr. Ephantus Kimotho Kimani, CBS, the Principal Secretary State Department for Irrigation appeared before the Committee on **Monday, 24th February 2025** and presented on the 2025 Budget Policy Statement as follows:

27. The State Department for irrigation will be implementing the following four (4) programmes during the FY 2025/26 and the medium term namely General Administration, Planning and Support Services, Irrigation and land Reclamation, Water Harvesting and Storage for Irrigation and Water Storage and Food Control.

28. The overall resource requirements for the State Department in the FY 2025/26 amounts to Kshs. 50,749 million against a proposed allocation of Kshs. 18,863 million indicating a resource gap of Kshs. 31,886 million in the FY 2025/26.

29. Under the recurrent budget, the State Department has a gross resource requirements amounting Kshs. 1,761 million for the FY 2025/26 against a proposed allocation of Kshs. 1,419 million in the 2025 Budget Policy Statement. This translates to a resource gap of Kshs. 342 million.

30. Under the development budget the resource requirement totals to Kshs. 48,988 million against a proposed allocation of Kshs. 17,444 million hence a shortfall of Kshs. 31,544 million out of which GOK shortfall amounts to Kshs 25,617 million and the development partners funding shortfall amounts to Kshs. 5,927 million.

31. The State Department is grossly underfunded under the recurrent vote that was greatly affecting its ability to fully oversee projects implementation.

32. The gross development expenditure for the FY 2025/26 amounts to Kshs. 17,444 million out of which Kshs. 7,994 million is GOK and Kshs. 9,450 million is donor funding. This is a drop of Kshs 2,446 million of the GOK allocation from the proposed sector level of Kshs 10,443 million in the recurrent FY 2024/25 approved Estimates. This drop will adversely affect the implementation of the ongoing projects due to inadequate budget allocations. This will further bring up delays in completion, stalling project and pending bills since payments may not be honoured when they fall due.

33. During the FY 2025/26 and medium term the sector plans to achieve the following key targets:

i. rehabilitation of 18,500 acres of land for irrigation in Bura Irrigation Scheme.
ii. increase area under irrigation by 9,000 acres under Community Based Irrigation Projects.
iii. Develop and increase land under irrigation by 34,900 acres under National Expanded Irrigation Programme.
iv. Develop an additional 4,400 acres to achieve the 35,000 acres under Mwea Irrigation project.
v. Increase area under irrigation by 2,840 acres in Lower Kuja Irrigation Scheme.
vi. Complete the infrastructure and Lower Nzoia Irrigation Project.
vii. Complete Construction of Mwache Dam.
viii. Offer technical Support to CIDUs in thirty- three (33) counties.
ix. Issue Irrigation License to three hundred and twenty (320) irrigation schemes; and
x. Registrar one hundred and forty (140) IWUAs over MTEF period.

34. The State Department informed the Committee that, the Department was undertaking internal consultations with an objective of implementing the proposed merger of National Irrigation and National Water Harvesting and Storage Authority. The approach is to have the Acts establishing the two agencies repealed and a new Act enacted to establish the two SAGAS, namely irrigation development and management under National Irrigation Authority and Water storage and flood control under National Water and Harvesting Storage Authority, will be established as a Directorates within the new agency.

35. The State Department noted the following challenges:

i. Unexpected budget cuts during implementation of programmes and projects.
ii. Exchequer delays affecting projects smooth implementation.
iii. High cost of land compensation hindering projects progress.
iv. Low uptake of developed irrigation infrastructure by farmers.
v. Poor implementation of irrigation regulations in the counties especially in the formation of CIDUs, and
vi. Climate change effects have led to frequent droughts, land degradation, floods that destroyed existing infrastructure and extreme temperatures thus affecting the effectiveness of water harvesting and irrigation interventions.

36. The State Department requested support on the following areas:

i. Consideration for additional Kshs 12,297 million being the gross budgetary deficit. Under the recurrent Kshs. 1,596 million and Development Kshs. 10,701 million.
ii. Exemption to be given to key programmes and projects with high budget absorption rates and those nearing completion during budgets rationalization process. This is to ensure a high projects completion rate by the sector.
iii. Seek support for approval of land reclamation Bill once tabled in the National Assembly.
iv. More funding for programmes to combat the effects of climate change

PART IV

4.0 COMMITTEE OBSERVATIONS

37. The Committee, having scrutinized the 2025 Budget Policy Statement (BPS) for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations

4.1 State Department for Blue Economy and Fisheries

38 The Committee noted that the State Department has been allocated an expenditure ceiling of Kshs 9 632 billion in FY 2025/26 comprising of Kshs. 2 832 billion for recurrent expenditure and Kshs 6 799 billion for development expenditure.

39. The Committee noted that this expenditure ceiling is lower than the requirement of the State Department of Kshs 17 118 billion comprising of Kshs 3.979 billion for recurrent expenditure and Kshs 13 139 billion for development expenditure

40 The Committee noted that due to this lower expenditure ceiling for recurrent expenditure, the following key areas have not been provided adequate funding.

i State Department (headquarters) requires an additional Kshs 123 million comprising of Kshs 100 million to fund the expanded mandate of the blue economy and Kshs 23 million for payment of court awards issued to Okeno and Sons Building Contractors

ii. Kenya Fisheries Service (KeFS) requires an additional Kshs 98 million to cater for shortfalls in medical insurance for staff

iii Kenya Marine Fisheries Research Institute (KMFRI) requires an additional Kshs 817 million comprising of Kshs 272 million for payment of court awards and Kshs 545 million for operationalization of the RV Mtafiti

41 The Committee noted that due to the lower expenditure ceiling for development expenditure, the following key projects have not been provided for adequate funding·

i. Phase 1 of the Liwatoni Ultra-Modern Fish Hub requires Kshs 1 billion.

ii Fish Stock Assessment Project requires Kshs 1 billion

42 The Committee noted that the SAGAs under the State Department for Blue Economy and Fisheries are heavily dependent on exchequer funding despite having an opportunity to collect Appropriations-in-Aid. The Fish Levy Trust Fund (FLTF) has the potential of fully funding its operations through collection of Fish Levy Order, 2024 which has been approved but is yet to be operationalized. The Committee was informed that the FLTF is currently in the process of fast tracking the implementation of the Fish Levy Order, 2024

43. The Committee noted that most of the development projects being undertaken under the State Department for Blue Economy and Fisheries are implemented at the Headquarters despite having fully fledged State Corporations with relevant expertise. The ideal position is for the state corporations to undertake such projects while the Headquarters oversights them and handle policy matters. These projects include the fish landing sites, fish markets and aquaponics technology transfer.

4.2 State Department for Irrigation

44. The Committee noted that the State Department has been allocated an expenditure ceiling of Kshs. 18.863 billion in FY 2025/26 comprising of Kshs. 1.419 billion for recurrent expenditure and Kshs. 17.444 billion for development expenditure.

45. The Committee noted that this expenditure ceiling is lower than the requirement of the State Department of Kshs. 50.749 billion comprising of Kshs. 1.761 billion for recurrent expenditure and Kshs. 48.988 billion for development expenditure.

46. The Committee noted that due to this lower expenditure ceiling for recurrent expenditure, the following key areas have not been provided adequate funding:
    i. State Department (headquarters) requires an additional Kshs. 180 million for operation and maintenance.
    ii. National Water Harvesting and Storage Authority (NWHSA) requires an additional Kshs. 552 million comprising of Kshs. 442 million for pension arrears, Kshs. 80 million for operations and maintenance and Kshs. 30 million for shortfalls in personnel emolument.
    iii. National Irrigation Authority (NIA) requires an additional Kshs. 500 million for feasibility studies for various irrigation projects.

47. The Committee noted that due to the lower expenditure ceiling for development expenditure, the State Department the following key projects have not been provided for adequate funding:
    i. Mwache Dam requires Kshs. 1.7 billion for counter-part funding to cater for compensation priority area 3.
    ii. Soin-Koru Dam requires Kshs. 3 billion for Resettlement Action Plan (RAP).
    iii. Umaa Dam requires Kshs. 1.9 billion to ensure the project is completed within the current timelines.
    iv. National Expanded Irrigation Project requires Kshs. 1.2 billion for settlement of pending bills and rehabilitation and expansion of existing public schemes.
    v. Community Based Irrigation Programme requires Kshs. 500 million to ensure irrigation projects identified under Presidential directives are completed.

48. The Committee noted that the National Irrigation Authority (NIA) has been undertaking both irrigation development and water harvesting and storage functions despite the State Department for Irrigation having the National Water Harvesting and Storage Authority (NWHSA) with the idle equipment and expertise. This has led to significant delays in implementation of development projects under NIA while the NWHSA has been unable to utilize its idle capacity The Committee proposes the need to have all the construction of all water harvesting and storage projects moved from the NIA to NWHSA

4.3 State Department for Water and Sanitation

49. The Committee noted that the State Department has been allocated an expenditure ceiling of Kshs 46.117 billion in FY 2025/26 comprising of Kshs 6 209 billion for recurrent expenditure and Kshs. 39.908 billion for development expenditure

50. The Committee noted that this expenditure ceiling is lower than the requirement of the State Department of Kshs 93 855 billion comprising of Kshs 8 335 billion for recurrent expenditure and Kshs 85 52 billion for development expenditure

51 The Committee noted that due to this lower expenditure ceiling for recurrent expenditure, the following key areas have not been provided adequate funding.

i Lake Victoria South Water Works Development Agency (LVSWWDA) requires an additional Kshs 167 million for shortfalls in personnel emoluments and operations of the Agency

ii. Water Resources Authority (WRA) requires an additional Kshs 1 billion to cater for shortfalls in its AIA collection There are three (3) constitutional petitions seeking to suspend implementation of some water user charges prescribed in the Water Resources Regulations, 2021 This has crippled the institution's capacity to collect its projected AIA

iii Kenya Water Institute (KEWI) requires an additional Kshs 98 million for shortfalls in personnel emoluments and operations of the Institute

iv. Water Sector Trust Fund (Water Fund) requires an additional Kshs 414 million for shortfalls in personnel emoluments and operations of the Fund.

v Northern Water Works Development Agency (NWWDA) requires an additional Kshs 110 million for shortfalls in personnel emoluments and operations of the Agency

vi Lake Victoria North Water Works Development Agency (LVNWWDA) requires an additional Kshs 86 million for shortfalls in personnel emoluments and operations of the Agency

vii Tanathi Water Works Development Agency (TANATHI) requires an additional Kshs. 123 million for implementation of the approved salary structure by SRC and operations of the Agency

viii. Tana Water Works Development Agency (TWWDA) requires an additional Kshs. 354 million for shortfalls in personnel emoluments and operations of the Agency.
ix. Coast Water Works Development Agency (CWWDA) requires an additional Kshs. 225 million for shortfalls in personnel emoluments and operations of the Agency.
x. Hydrologists Registration Board (HRB) requires an additional Kshs. 30 million to operationalize the board since it is still at its inception stage and needs to develop the Hydrologist Bill and Regulations within FY 2024/25.
xi. North Rift Valley Water Works Development Agency (NRVWWDA) requires an additional Kshs. 46 million for shortfalls in personnel emoluments and operations of the Agency.
xii. Regional Center on Groundwater Resources (RCGWR) requires an additional Kshs. 40 million for shortfalls in personnel emoluments and operations of the Center.

52. The Committee noted that due to the lower expenditure ceiling for development expenditure, the State Department the following key projects have not been provided for funding:
i. Kenya Towns Sustainable Water Supply and Sanitation Programme requires Kshs. 3.1 billion for counter-part funding.
ii. Horn of Africa – Ground Water for Resilience Programme requires Kshs. 700 million for counter-part funding.
iii. Water Supply and Sanitation for Urban Poor requires Kshs. 807 million for counter-part funding.
iv. Mwache Dam Phase II requires Kshs. 1.4 billion for counter-part funding.
v. Itare Dam requires Kshs. 3.1 billion to be restarted after stalling at 27% since September 2018.
vi. Thwake Multipurpose Dam requires Kshs. 1.2 billion for counter-part funding.
vii. Kisumu Water Supply requires Kshs. 520 million for counter-part funding.

53. The Committee noted that the revisions to the Water Act, 2016 expanded the roles of Water Works Development Agencies (WWDAs) to become bulk service providers. This is key in the implementation of the Public Private Partnership (PPP) investments in the water sector. It also allows the WWDA to collect A-I-A from sale of bulk water to county Water Service Providers (WSPs) and this will reduce their dependency on exchequer funding. However, the Committee noted that the process of implementing these revisions have been slow and the 2025 BPS expenditure ceilings have not incorporated the collection of A-I-A by WWDAs. In addition, the Committee noted that this delay may also hinder the uptake of PPPs in the water sector.

54. The Committee noted that there was a lot of interest by donor agencies in undertaking investments for water projects in Arid and Semi-Arid Lands (ASAL) Counties. This huge investment is likely to lead to duplications as well as skewed distributions of resources in

the country. It is also noted that government exchequer funding is also been directed to the same ASAL counties and this may be depriving other needy rural areas that are water inefficient of resources The Committee noted that there was need for a review of the investment portfolio by donor agencies with an aim of redistributing some of the exchequer funding to other part of the country

PART V

5.0 COMMITTEE RECOMMENDATIONS

Non- Financial Recommendations

55. The Committee recommends THAT:

i. The proposed merger under the State Department for Water and Sanitation, State Department for Irrigation and State Department for Blue Economy and Fisheries be fast-tracked and completed before 30th April 2025 so that the restructuring can be accommodated when preparing the FY 2025/26 budget estimates.

ii. To be able to effectively support the government policy of increasing the population's access to improved water services from 73 percent to 80 percent and sanitation services from 33 percent to 40 percent by 2027, the State Department for Water and Sanitation should implement a policy for **inclusive water development.** This policy will entail allocating each of the 290 constituency Kshs. 50 million annually for the next 3 financial years to undertake water and sanitation development projects. The project will cost the government Kshs. 14.5 billion annually.

iii. The State Department for Water and Sanitation submits an extensive project portfolio of all donor funded projects in ASAL counties by 30th April 2025 so that the Committee can review and recommend on how resources have been distributed across the ASAL counties. This will guide the Committee in ensuring effective and inclusive distribution of the donor funded projects among constituencies in the ASAL counties when preparing the budget for FY 2025/26. In addition, it will also guide the Committee on how it should distribute government exchequer funding to address any disparities in funding of projects in water deficient constituencies and counties.

iv. The State Department for Water and Sanitation should move all the development projects currently undertaken by the Headquarters to the Water Works Development Agencies (WWDAs) when preparing the budget for FY 2025/26 to allow the Headquarters undertake its mandate of policy development and governance of the water and sanitation sub-sector. These projects include the "National Water Harvesting and Ground Water Exploitation" projects and the "Cross-County Bulk Water and Sanitation Improvement Projects".

v. The State Department for Water and Sanitation should ensure the regulations for the revised Water Act, 2016 are finalized and Water Works Development Agencies (WWDAs) are allowed to start collecting AIA from sale of bulk water in FY 2025/26.

vi. The Finance Bill, 2025 should include an amendment of the Income Tax Act to exclude the revenue generated from the water use fees imposed by Water Resources Agency (WRA) from income tax. The Water Act, 2016 mandates the WRA to

determine and impose water user fees and apply the revenues collected for the regulation of the use and management of wate resources in the country Therefore, the imposition of income tax and withholding of the income genei ate by WRA from water user fees takes away its revenue intended for implementation of statutory functions and as a result, limits WRA effectiveness in performances of its mandates.

vii The State Department for Blue Economy and Fisheries should ensure all State Corporations should incorpoi ate digitalization in all their functions to improve service delivery and reduce cases of revenue losses. This should be undertaken before 30th June 2025

viii The State Department for Blue Economy and Fisheries should ensure the Fish Levy Order, 2024 is operationalized by 30th April 2025 so that it can start collecting the fish levy This will increase its Appropriations-in-Aid and reduce dependency on Exchequer in FY 2025/26.

ix. The State Department for Blue Economy and Fisheries should move all development projects cui rently undertaken by the Headquartei s to the Kenya Fisheries Services (KeFS) and Kenya Marine and Fisheries Research Institute (KEMFRI) when preparing the budget for FY 2025/26 to allow the Headquarters undertake its mandate of policy development and governance of the blue economy and fisheries sub-sector These projects include fish landing sites, fish markets and aquaponics technology transfer

x The State Department for Irrigation should move all the construction of water harvesting and storage projects from the National Irrigation Authority (NIA) to National Water Harvesting and Storage Authority NWHSA when preparing the budget for FY 2025/26 to allow the NIA focus on its mandate of development and management of irrigation infrastructure This includes the "Rehabilitation of Strategic Water Facilities" and "National Water Harvesting and Ground Water Exploitation" projects.

xi The State Department for Irrigation should move all the irrigation development projects currently undertaken by the Headquarters to the National Irrigation Authority (NIA) when preparing the budget for FY 2025/26 to allow the Headquarters undertake its mandate of policy development and governance of the irrigation sub-sector These projects include the "Community Based Irrigation Projects".

Financial Recommendations

56 The Committee recommends that the proposed expenditure ceiling of Kshs 9.632 billion in FY 2025/26 comprising of Kshs. 2 832 billion for recurrent expenditure and Kshs. 6 799 billion for development expenditure for the **State Department for Blue Economy and Fisheries** be **approved** Further, the Committee request for consideration additional funding for key priority activities and projects as provided in the First Schedule

57. The Committee recommends that the proposed expenditure ceiling of Kshs. 18.863 billion in FY 2025/26 comprising of Kshs. 1.419 billion for recurrent expenditure and Kshs. 17.444 billion for development expenditure for the **State Department for Irrigation** be **approved**. Further, the Committee request for consideration additional funding for key priority activities and projects as provided in the Second Schedule.

58. The Committee recommends that the proposed expenditure ceiling of Kshs. 46.117 billion in FY 2025/26 comprising of Kshs. 6.209 billion for recurrent expenditure and Kshs. 39.908 billion for development expenditure for the **State Department for Water and Sanitation**, be **approved**. Further, the Committee request for consideration additional funding for key priority activities and projects as provided in the Third Schedule.

SIGNED .....

HON. BOWEN KANGOGO, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON BLUE ECONOMY AND IRRIGATION)

DATE..... 3/03/2025

Schedule 1: Wish List for the State Department of Blue Economy and Fisheries

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
0111000 Fisheries Development and Management	1166001101 Kenya Marine and Fisheries Research Institute (KEMFRI)	272,000,000	-	To cater for Court Award Payments
	1166001102 RV Mtafiti - KEMFRI	545,000,000		To effectively operate RV Mtafiti, in order to enhance Economic development-oriented fisheries Research.
	1166001601 Kenya Fisheries Service (KeFS)	98,000,000		To cater for the shortfall in medical insurance for staff
0117000 General Administration Planning and Support Services	1166000100 Headquarters and Administrative Services	23,000,000	-	To cater for Court Awards Payments
		100,000,000	-	To fund the expanded mandate of the Blue Economy.
0118000 Development and Coordination of the Blue Economy	1166101802 Marine Fish Stock Assessment		1,000,000,000	To facilitate completion of Phase one of Liwatoni Ultra-Modern Fish Hub
	1166102500 Liwatoni Ultra-Modern Fish Hub		1,000,000,000	For fish stock assessment
Total		**1,038,000,000**	**2,000,000,000**	

Schedule 2: Wish List for the State Department of Irrigation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1014000 Irrigation and Land Reclamation	1104000300 National Irrigation Authority (NIA)	306,000,000		To fund operation and maintenance
		500,000,000		To fund pre-feasibility, feasibility and Ressetlement Action Plan (RAP) studies in preparation of projects for investment.
	1104101800 Kenya Water Security and Climate Resilience Project (KWSCRP-II) - Mwache Dam Phase 1		1,500,000,000	For counter-part funding to cater for Ressetlement Action Plan (RAP).
	1104100600 Community Based Irrigation Projects		500,000,000	To fast-track implementation of projects identified under the presidential directives.

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
	1104102000 Drought Resilience Programme in Northern Kenya		910,000,000	To establish feedlots through contruction of water storage facilities so as to support the livelohood of ASALs.
	1104101500 Lower Kuja Irrigation Scheme		350,000,000	To fast-track the completion of the project.
	1104100800 National Expanded Irrigation Programme		1,230,000,000	To fast-track implementation of projects identified under the presidential directives.
1015000 Water Storage and Flood Control	1104000700 National Water Harvesting Authority (NWHSA)	80,000,000		To fund operation and maintenance
		30,000,000		To cater for annual salary increments and promotions of staff.
		442,000,000		To cater for staff pension deficit.
	1104103100 Soin-Koru Dam		3,899,000,000	To cater for pending bill amonting to Kshs. 899 million and Ressetlement Action Plan (RAP) amounting to Kshs. 3 billion.
	1104102300 Umaa Dam		1,912,000,000	To cater for funding shortfalls and ensure the project is completed within its expected completion date of 3rd January 2026.
	1104102100 Flood Control Works		400,000,000	To complete flood control works projects that have stalled due to lack of funding in previous years.
1023000 General Administration Planning and Support Services	1104000400 Headquarters Administrative Services- Irrigation	180,000,000		To fund operation and maintenance
		56,000,000		To pay for pending bills of contracted proffesional services
Total		**1,594,000,000**	**10,701,000,000**	

Schedule 3: Wish List for the State Department of Water and Sanitation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1001000 General Administration Planning and Support Services	1109000700 Kenya Water Institute (KEWI)	98,000,000		To cater for shortfalls in personnel emoluments
1004000 Water Resources Management	1109001400 Regional Centre on Ground Water Resources (RCGWR)	39,800,000		To cater for shortfalls in personnel emoluments
	1109001500 Water Resources Authority (WRA)	1,014,000,000		To cater for shortfalls in personnel emoluments and operational costs since it is unable to collect AIA due to pending constitutional petitions.
	1109004100 Hydrologists Registration Board (HRB)	30,000,000		To cater for shortfalls in operational costs.
	1109126003 Horn of Africa - Ground Water for resilience Programme - WSTF		700,000,000	To fast-track the completion of the project.
	110912602 Horn of Africa - Ground Water for resilience Programme - WRA		500,000,000	To fast-track the completion of the project.
	1109102100 Nairobi Rivers Restoration Basin Programme- Phase 2		1,300,000,000	To fast-track the completion of the project.
	1109115200 Thwake Multipurpose Water Development Programme Phase 1 BETA		1,150,000,000	To fast-track the completion of the project.
	1109128501 Kenya Water Sanitation and Hygiene		1,910,000,000	To fast-track the completion of the project.
1017000 Water and Sewerage Infrastructure Development	1109004400 North Rift Valley WWDA	46,000,000		To cater for shortfalls in operational costs.
	1109003200 Lake Victoria South WWDA	167,000,000		To cater for shortfalls in personnel emoluments and operational costs
	1109003300 Lake Victoria North WWDA	86,000,000		To cater for shortfalls in personnel emoluments and operational costs

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
	1109003500 Coast WWDA	225,000,000		Request for review of AIA collection to cater for shortfalls in operational costs.
	1109003600 Tana WWDA	354,000,000		To cater for shortfalls in personnel emoluments and operational costs
	1109003700 Northern WWDA	110,000,000		To cater for shortfalls in personnel emoluments
	1109003800 TANATHI WWDA	123,000,000		To cater for shortfalls in personnel emoluments and operational costs
	1109000300 Water Services Trust Fund (WSTF)	414,000,000		To cater for shortfalls in personnel emoluments and operational costs
	1109107800 Kenya Town Sustainable water Supply and Sanitation Programme - RV		1,231,000,000	For counter-part funding shortfalls.
	1109105000 Water Supply and Sanitation for the Urban Poor -KfW-Phase IV		807,000,000	To fast-track the completion of the project.
	1109115600 Improvement of drinking water and sanitation systems in Mombasa - Mwache Dam Phase II		1,447,000,000	To fast-track the completion of the project.
	1109102700 Itare Dam Water Project		3,146,000,000	To fast-track the completion of the project.
	1109115500 Water for Schools BETA		697,000,000	To fast-track implementation of projects identified under the presidential directives.
	1109119000 National Water Harvesting and Ground Water Exploitation		1,514,000,000	To fast-track implementation of projects identified under the presidential directives.
	1109111700 Karimenu II Additional Works – Thika Gatundu Water Supply		4,348,000,000	To provide funding for the project since works has been abandoned due to shortfalls in funding.
	1109108100 Thika and Githunguri Water and Sanitation		1,713,000,000	To pay for pending bills for the ongoing project.

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
	Project			
	1109103400 Kisumu Water Supply, LVWATSAN		520,000,000	To provide counter-part funding for the ongoing project.
	1109105600 Malava Gravity Scheme Water Project		910,000,000	To fast-track the completion of the project since it is off-track.
	1109109000 Chemususu Dam Water Supply Project		1,756,000,000	To fast-track the completion of the project.
	1109100600 Rehabilitation of Water and Sanitation - Kirandich Phase II		1,208,000,000	To fast-track the completion of the project.
	1109111800 Lake Nakuru Biodiversity Improvement Water Project		2,139,000,000	To fast-track the completion of the project.
	1109105500 Moi's Bridge - Matunda Water and Sewerage Project-Lot 1		506,000,000	To fast-track the completion of the project.
	1109128100 North Rift Valley WWDA Projects		736,000,000	To fast-track implementation of projects identified under the presidential directives.
	1109125700 Athi WWDA projects		1,077,000,000	To fast-track the completion of the project.
	Inclusive Water Development Programme		14,500,000,000	To allocate each of the 290 constituencies Kshs. 50 million each for water and sanitation infrastructure development.
Total		**2,706,800,000**	**43,815,000,000**	

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK



THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT FOR:

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT
VOTE 1169: THE STATE DEPARTMENT FOR AGRICULTURE

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CHAPTER ONE

1 PREFACE

1.1 Introduction

1. The principal purpose of the Budget Policy Statement is provision of an avenue for engagement between the executive and the legislature to deliberate and agree on the policy and fiscal framework underpinning the budget in the medium term. It is anticipated that the budget for the ongoing policies is indicated and costing of any policy shift to indicate the amount of resources the new policies will require for successful implementation. The legislature is therefore required to scrutinize the BPS and upon approval, it lays the foundation for the Budget Estimates for the upcoming fiscal year and the medium term.

2. The Budget Policy Statement is published in accordance with Section 25 of the Public Finance Management Act, 2012. In preparing the Budget Policy Statement, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term.

3. The National Treasury is required to include the following in the Budget Policy Statement:
   i. An assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts;
   ii. The financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium term;
   iii. The proposed expenditure limits for the national government, including those of Parliament and the Judiciary and indicative transfers to county governments;
   iv. The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt.
   v. The total resources to be allocated to individual programmes and projects within sector, ministries, departments and agencies indicating outputs expected during the period.

4. The National Treasury, while processing the Budget Policy Statement (BPS), is also required to seek and consider views of the Commission on Revenue Allocation, the county governments, the Controller of Budget, the Parliamentary Service Commission, the Judicial Service Commission, the public and any other interested parties or groups.

5. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. The Standing Order requires among other things the BPS to indicate total resources to be allocated to individual programmes within a sector and indicate the outputs expected from each such programme.

6. Section 25(2) of the Public Finance Management Act, 2012 requires the National Treasury to submit the BPS to Parliament by 15th February each year. Parliament has fourteen (14) days after its submission to scrutinize and review it in line with section 25(7) of the PFM Act, 2012. The Standing Orders give various Departmental Committees seven (7) days to prepare a report and submit it to the Budget and Appropriations Committee.

7. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Agriculture and Livestock the mandate to consider matters in relation to *agriculture, livestock, food production and marketing.*

8. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Policy Statement for the following government agencies under its purview:

    i. Vote 1162: The State Department for Livestock Development; and
    ii. Vote 1169: The State Department for Agriculture.

1.2 Mandate of the Committee

9. The Departmental Committee on Agriculture and Livestock is one of the twenty (20) 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. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all the legislation referred to it;*
    v. *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;*
    vi. *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;*
    vii. *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);*
    viii. *To examine treaties, agreements and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    xi. *To examine any questions raised by Members on a matter within its mandate.*

10. In executing its mandate, the Committee oversees the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

11. The Departmental Committee on Agriculture and Livestock was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon (Dr.) John Kanyuithia Mutunga, PhD, CBS, MP
Tigania West Constituency
UDA Party

Vice-Chairperson
Hon Brighton Leonard Yegon, MP
Konoin Constituency
UDA Party

Members

Hon. Sabina Wanjiru Chege, CBS, MP
Nominated Member
Jubilee Party

Hon. Gabriel Gathuka Kagombe, MP
Gatundu South Constituency
UDA Party

Hon. Ferdinand Kevin Wanyonyi
Kwanza Constituency
Ford Kenya Party

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

Hon. Pamela Njoki Njeru, MP
Embu County
UDA Party

Hon. Justice Kipsang Kemei, MP
Sigowet/Soin Constituency
UDA Party

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

Hon Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

Hon. Peter Kalerwa Salasya, MP
Mumias East Constituency
DAP-K Party

Hon Lawrence Mpuru Aburi, MP
Tigania East Constituency
NOPEU Party

Hon. Yussuf Mohamed Farah, MP
Wajir West Constituency
ODM Party

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

1.4 Committee Secretariat

12. The Committee is facilitated by the following secretariat

Ms. Laureen Omusa Wesonga
Clerk Assistant II/Head of Secretariat

Mr. Victor K. Kilimo
Clerk Assistant III

Mr. David Ng'eno
Principal Research Officer I

Mr Shadrack Musyoki
Senior Research Officer

Ms. Brigitta Matı
Legal Counsel I

Ms. Zainabu Wario Sora
Serjeant-at-Arms I

CPA Robert Ng'etich
Fiscal Analyst I

Mr. Gerald Kadede
Legal Counsel II

Mr. Muhumed Shillow
Research Officer III

Mr. Erastus Lotuk
Public Relations Officer III

Ms. Edith Chepngeno
Media Relations Officer III

Ms. Jacinta Maru
Serjeant-at-Arms

Mr. Dickson Oloo
Audio Assistant

1.5 Overview on the Examination of the 2025 Budget Policy Statement

13. The 2025 Budget Policy Statement (BPS) was submitted to the National Assembly and tabled on 13th February 2025. Section 25(2) of the Public Finance Management Act 2012 requires the National Treasury to submit the BPS to Parliament by 15th February each year.

14. The 2025 BPS continues the implementation of the Bottom-Up Economic Transformation Agenda (BETA) and therefore relies on the progress made on the interventions over the last two years The 2025 Budget Policy Statement has highlighted various interventions and policies to be implemented, however, some have not been funded while others are underfunded. In addition, the Ministry of Agriculture and Livestock Development is underfunded having been provided a ceiling of Kshs. 56.1 billion against a resource requirement of Kshs 103.2 billion leaving a funding gap of Kshs. 47.1 billion in the FY 2025/26.

15. Agriculture, which is one of the critical pillars under the Bottom-Up Economic Transformation Agenda is very crucial in supporting job creation and productivity growth. The agriculture sector, though not fully exploited, is one of the biggest employers employing approximately 50 percent of the Kenyan population and more than 70 percent of the rural population (Agriculture Sector Survey, 2023).

16. It is a key contributor to Kenya's GDP having contributed on average 21.4 percent for the last five years and contributed 1.1 percentage points to the 5 6 percent overall real GDP growth in 2023. According to the Economic Survey 2024, the sector recorded improved performance in 2023 with a growth of 6 5 percent from a contractual performance of 1.5 percent in 2022

17. The improved performance is attributed to favourable climatic conditions and government interventions including the Fertilizer Subsidy Programme. The sector has immense potential not only to ensuring food and nutritional security to all citizens, but also providing surplus for export and supporting other sectors

1.6 Acknowledgement

18. 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 2025 Budget Policy Statement.

19. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat and the State Department for Agriculture and the State Department for Livestock Development and their agencies for the useful contributions they made towards the preparation and production of this report.

20 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. (Dr.) John Kanyuithia Mutunga, PhD, CBS, MP
Chairperson,
Departmental Committee on Agriculture and Livestock

CHAPTER TWO

2 BROAD OVERVIEW OF THE 2024 BUDGET POLICY STATEMENT

21. The 2025 Budget Policy Statement (BPS), which is themed *"Consolidating Gains under Bottom–up Economic Transformation Agenda for Inclusive Green Growth"* is the third to be prepared under the Kenya Kwanza Administration. It continues to promote investment in BETA core pillars and enablers and harnessing implementation of the targeted interventions through a value chain approach. The five core pillars are: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway; and Creative Economy.

22. The value chain approach targets to enhance production, value addition and market access, and attract local and foreign investments. The priority BETA value chains are: Leather and leather products; Textile and apparel; Dairy; Edible oils (sunflower, canola, palm oil, coconut, soya); Tea; Rice; Blue economy; Minerals including forestry; and Construction/building materials. Other value chains are: Maize; Potatoes; Pyrethrum; Beef; Coffee; Apiculture (bees); and Indigenous poultry.

23. Key reforms to be implemented over the medium-term will include: entrenching of the zero-based budgeting; migrating from cash basis to accrual basis of accounting; implementing the Treasury Single Account to improve cash management; implementing a unified Personal Identification System for personnel working in all arms of Government; and implementing e-procurement.

24. The proposed total budget for FY 2025/26 is projected at Kshs. 4.336 trillion. The allocations to the three arms of Government including sharable revenues to the County Governments are summarized in Table 1.

Table 1: Budgetary Allocations as Proposed in the 2025 BPS

Details	Supp. I 2024/25	BPS 2025	% share
National Government	2,300,525.70	2,562,004.90	59.1%
o/w Executive	*2,237,155.10*	*2,493,766.90*	*57.5%*
o/w Parliament	*40,865.50*	*42,488.20*	*1.0%*
o/w Judiciary	*22,505.10*	*25,749.80*	*0.6%*
Consolidated Fund Services	1,237,233.80	1,368,994.90	31.6%
County Transfers	410,834.00	405,069.40	9.3%
	3,948,593.50	**4,336,069.20**	**100.0%**

Source: *2025 BPS*

25. The proposed ceiling for the National Government budgetary allocation of Kshs. 2.562 trillion is broken down as shown in Table 2.

Table 2: Sectoral Budgetary Allocations as proposed in the 2024 BPS

Sector	Supp. Est. I FY 2024/25	% Share	2025 BPS	% Share	% Share Changes
Agriculture, Rural and Urban Development (ARUD)	73,933	3.2	77,671	3.0	-0.2
Energy, Infrastructure and Information Communications Technology (EI & ICT)	444,289	19.3	504,604	19.7	0.4
General Economic and Commercial Affairs (GECA)	45,625	2.0	59,139	2.3	0.3
Health	118,856	5.2	204,494	8.0	2.8
Education	681,722	29.6	723,890	28.3	-1.4
Governance, Justice, Law and Order (GJLO)	234,860	10.2	265,872	10.4	0.2
Public Administration and International Relations (PAIR)	311,795	13.6	286,759	11.2	-2.4
National Security	219,303	9.5	257,023	10.0	0.5
Social Protection, Culture and Recreation (SPCR)	68,942	3.0	78,785	3.1	0.1
Environment Protection, Water and Natural Resources (EWNR)	101,197	4.4	103,764	4.1	-0.4
Grand Total	**2,300,525**	**100**	**2,562,004**	**100**	

Source: *2025 BPS*

26. Education sector is proposed to receive the biggest share of allocation at 28.3%, followed by Energy, Infrastructure and ICT sector at 19.7%. General Economic and Commercial Affairs (GECA) Sector which supports trade and manufacturing receives the least resources with a share of 2.3%. Agriculture sector, which is the biggest contributor to GDP has a 3% share. Note that there is a reduction in the percentage share from 3.5% in FY 2024/25 annual estimates and 3.2% in Supplementary Estimates No. I for FY 2024/25.

2.1 Agriculture Sector: Budget Policy Prioritization for FY 2025/26 and the Medium Term

27. The 2025 BPS recognizes that agriculture remains a core pillar for the realization of the Bottom-Up Economic Transformation Agenda's aspiration for inclusive green growth given that more than two-thirds of Kenyans derive livelihoods directly or indirectly from the sector. It also recognizes that agriculture has the highest employment multiplier effect and consists of crucial value chains with the highest impact on job creation for economically excluded segments of the population.

28. The 2025 BPS highlights the progress made in the implementation of the strategic interventions and identifies the policies and initiatives to be implemented under each value chain.

29. Notable achievements over the last two years as identified by the policy statement include:

    a) Increased maize production which doubled to 61 million bags in 2023 as compared to the 30 million bags that were harvested in 2022. The achievement was made possible through the

implementation of the Fertilizer Subsidy Programme. The intervention is projected to further increase maize production to 74 million 90 Kg bags in 2025.

b) Under the dairy sector, the Government strategic interventions include; modernization of the New KCC, extension of duty-free imports for feed manufacturing raw materials; subsidized artificial insemination services; and reduction of cost of sexed semen from Kshs. 7,000 to Kshs. 2,900 through the Kenya Animal Genetic Resource Center.

c) Under the livestock sector, the Government is implementing several policies and legislative reforms including the Veterinary Policy, Livestock Policy, Livestock Bill, Livestock Masterplan, Food Safety Policy, and Food and Feed Safety Control Coordination Bill. All these are at various stages of consideration by the Cabinet and Parliament.

d) Under the leather and leather products value chain, the Government has invested resources towards the upgrade of the Ewaso Ng'iro South Development Authority's leather factory through: acquisition of modern equipment; building of a footwear factory; and mopping up hides and skins. To supply quality hides and skins, 703 flayers have been trained and subsidized flaying equipment provided to 680 slaughter points. At the same time, construction of the Kenya Leather Industrial Park at Kenanie, Machakos County, is 85 percent complete.

30. In the **FY 2025/26 and the Medium-Term**, the 2025 BPS seeks to continue the implementation of the Bottom-Up Economic Transformation Agenda (BETA) with the overall goal of: addressing the cost, quality and availability of inputs; reducing the cost of food and cost of living in general; reducing the number of food insecure Kenyans; raising productivity of key food value chains; increasing access to affordable credit and agricultural extension services; creating direct and indirect jobs, increasing average daily income of farmers as well as foreign exchange earnings; and revamping underperforming and collapsed export crops. The 2025 BPS identifies the following initiatives to be implemented under each value chain:

Leather and Leather Products

31. The leather industry is one of the strategic industries with huge potential for Kenya's economic transformation but has remained unexploited. The value chain offers potential for job creation, poverty alleviation, and income growth. To support growth of the industry, the Policy focuses on interventions geared towards boosting productivity along the leather and leather products value chain which include: review Hides, Skin and Leather Trade Act, Cap. 359 to reinstate licensing of the value chain actors and attract more MSMEs in the value chain; finalize Kenya Leather Value Chain Development Policy; finalize the Leather Development Authority (KLDA) Bill to improve the legal and policy framework underpinning the leather industry; establish hides and skins collection centres; and, support collection, preservation and delivery of hides and skins to tanneries.

32. To enhance leather value addition, the Policy focuses on: completion of the Kenya Leather Industrial Park in Kenanie; establishment of Common Effluent Treatment Plants and tanneries in Eldoret, Isiolo and Mombasa; establishment of leather processing clusters in Isiolo, Uasin Gishu, Narok, Kisumu and Mombasa; construction of 10 common manufacturing facilities; optimization of Ewaso Ng'iro South Development Authority tannery to produce finished leather products; and establishment and operationalization of Kariakor manufacturing facility. The

Government will also promote establishment of leather cottage industries through capacity building of leather operators on designing, finishing and fashion of leather and leather goods.

Dairy

33. Initiatives to support the dairy sub-sector include: establishment and equipping of a feed centre in every ward; production of animal feeds at the Nasewa Industrial Park; distribution of subsidized fertilizers to sustain production of dairy products; installation of dairy mechanization equipment (feeds equipment, lab equipment, silage wrapping machines, forage choppers, hay baling, tractors, milk parlors and bulk coolers); establishment of dairy cottage industries for animal feeds; sensitization of MSMEs on opportunities in animal feeds; and prioritization of financial inclusion for the dairy value chain.

34. Additionally, the Government will lead distribution of bulk milk coolers to dairy farmers across various counties. A total of 230 coolers will be provided to dairy cooperative societies in 40 counties, supporting local milk producers. This initiative is designed to improve milk aggregation, value addition, and market access, thereby increasing the competitiveness of the dairy value chain. It will also significantly reduce post-harvest milk losses, and boost the volume of milk collected and processed.

35. To support value addition, Government intervention include: modernizing New Kenya Cooperative Creameries; establishment of camel milk processing factory, collection, and cooling centres; provision of cooler plants to dairy cooperative societies; fabrication of dairy products machinery and equipment; promotion of investment in dairy cold chains and build capacity of enterprises

Textile and Apparel

36. MTP IV and 2025 BPS recognize cotton as a strategic crop under Kenya's Vision 2030 and a priority value chain within the Bottom-Up Economic Transformation Agenda. To revitalize the textiles and apparel sub-sector, the focus is to continue implementing measures geared towards enhancing local production of cotton.

37. These measures include: mobilization of cotton growers into cooperatives; distribution of 70 metric tons of certified cotton seeds (Bio Technology cotton and hybrid) to farmers through existing and established cooperatives; availing 1,320 metric tons of seed cotton through Food Security and Crop Diversification Project; increasing acreage under cotton from 26,000 acres to 200,000 acres through distribution of Bio Technology cotton in the 24 cotton growing counties; promoting use of alternative fibre (natural and artificial); sensitization and mobilization of MSMEs within cotton catchment areas; supply of subsidized fertilizer to farmers; and establishment of aggregation centres in CIDCs within the catchment areas amongst others.

Edible and Crop Oils

38. Edible and crop oils are critical in reducing the importation of cooking oil. The 2025 BPS highlights that the effort is to continue implementing measures targeted at enhancing local production and processing of edible oils including: supporting farmers to access certified oil crops seeds (canola, sunflower and soya bean) and seedlings; supporting the production of oil palm seedlings; sensitizing farmers on opportunities available in the edible oil value chain; and prioritization of financial inclusion for edible value chains.

39. To support value addition government will promote cottage industries; providing cooperatives with edible oil processing infrastructure; incubate, train, and facilitate oil crops SMEs with equipment for value addition: linking farmers with oil processors through contract farming; stabilization of edible oil prices; and establishment of aggregation centres.

Sugar Sub-Sector

40. The Policy will rely on the progress made to reform the sub-sector. The key intervention is to ensure continued operation of the 17 sugar factories across the country, while four new sugar factories are under construction. The focus is to ensure increased production, increased acreage and improved management of the sugar sector.

41. Implementation of the new law re-establishing the Kenya Sugar Board to regulate, develop, and promote the sugar industry; and the Kenya Sugar Research and Training Institute (KSRTI) to undertake sugar research function geared at improving sugarcane yields, enhancing pest control and providing training for farmers and millers will be critical.

Livestock Value Chain

42. The 2025 BPS highlights that interventions will be to improve genetics and eliminate feed-water supply constraints, diseases, and barriers to market access. Key actions include the implementation of a countrywide breed improvement programme in collaboration with counties and to upgrade dairy and beef breeds. This is through provision of 1 million doses of bull semen with the aim of increasing production and productivity.

43. To enhance livestock disease and pest management, the State Department for Livestock has launched a National Vaccination Programme to eradicate the *Peste des Petits* Ruminants (PPR) disease and control the Foot and Mouth Disease. Under this Programme, more than 22 million cattle will be vaccinated against foot and mouth disease, while 50 million goats will be vaccinated against *Peste des Petits* Ruminants disease through a collaborative nationwide exercise.

Tea and Coffee

44. Over the medium term, the Government will continue to support production and value addition in tea and coffee sub-sectors through: mobilization of tea and coffee farmers into cooperatives, provision of subsidized fertilizer to tea and coffee growers through tea and coffee factories and provision of processing equipment to tea and coffee cooperatives; promotion of tea and coffee cottage industries; diversification to specialty teas and coffees; construction of tea and coffee research and development factory; establishment of tea and coffee value addition hubs and warehouses; establishment of common user facility within Dongo Kundu SEZ; and establishment of 10 orthodox tea manufacturing lines in smallholder tea factories.

2.2 Key programmes being implemented by specific MDAs oversighted by the Committee

45. The State Department for Livestock is only implementing one programme called Livestock Resource Management and Development with five sub-programmes.

46. The State Department for Agriculture will implement the following programmes:
    a) General administration, planning and support services
    b) Crop development and management

c) Agribusiness and Information Management

d) Agricultural Research and Development

2.3 Proposed Ceilings to the Ministry of Agriculture and Livestock Development

47. The 2025 BPS proposes a total of Kshs. 56.178 billion to the two State Departments with a ceiling of Kshs. 11.138 billion for the State Department of Livestock Development and Kshs. 45.04 billion for the State Department for Agriculture. The resource requirement by the Ministry is Kshs. 103.282 billion while the BPS ceiling is providing Kshs. 56.178 billion leaving a resource gap of Kshs. 47.104 billion as shown in Table 3.

Table 3: Budgetary Allocation to the Ministry of Agriculture and Livestock Development

State Department	Vote	Supplementary I for FY 2024/25 (Kshs. Millions)	2025 BPS Ceiling (Kshs. Millions)	Resource Requirement (Kshs. Millions)	Funding Gap (Kshs. Millions)
Livestock Development	Current	5,293	4,623	6,785	2,162
	Capital	7,966	6,515	25,056	18,541
	Total	**13,259**	**11,138**	**31,841**	**20,703**
Agriculture	Current	15,703	16,869	20,704	3,835
	Capital	26,333	28,171	50,737	22,566
	Total	**42,036**	**45,040**	**71,441**	**26,401**
GRAND TOTAL		**55,295**	**56,178**	**103,282**	**47,104**

Source: *2025 BPS*

CHAPTER THREE

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Cabinet Secretary, Ministry of Agriculture and Livestock Development and the Principal Secretaries for the State Departments for Agriculture; and Livestock Development appeared before the Committee on Friday, 21st February 2025 and submitted as follows on the 2025 BPS:

3.1 The State Department for Agriculture

48. The 2025 BPS proposes a ceiling of Kshs. 45.04 billion for the State Department which consists of Kshs. 16.869 billion for recurrent expenditure and Kshs. 28.171 billion for development expenditure. When compared to the approved allocation for the Supplementary Estimates No. I for FY 2024/25, the proposed ceiling is reducing by Kshs. 3.004 billion which represents a 7 percent reduction.

49. The State Department has a resource requirement of Kshs. 71.441 billion but is proposed to be allocated Kshs. 45.04 billion hence a funding gap of Kshs. 26.401 billion. Table 4 illustrates the above information.

Table 4: Budget Requirement for the State Department of Agriculture Versus 2024 BPS Ceiling

Vote	Baseline Approved Supplementary Estimates No. I for FY 2024/25 (Kshs. Millions)	Requirement for FY 2025/26 (Kshs. Millions)	2025 BPS Allocation for (Kshs. Millions)	Resource Gap (Kshs. Millions)
Recurrent Vote	15,703	20,704	16,869	(3,835)
Development Vote	26,333	50,737	28,171	(22,566)
Total Budget	**42,036**	**71,441**	**45,040**	**(26,401)**

Source: State Department for Agriculture

50. The State Department requested for additional funding to cater for the critically underfunded areas highlighted in table 8.

Table 5: Critically Underfunded Areas

	Description	Requirements	Allocation	Shortfall	Remarks
A	**Recurrent (Presidential Directives) - Kshs. Millions**				
1	MSMEs Agricultural Credit-AFC	1,000	300	700	The total Budget requirement is Kshs 10 billion.
2	Maize/maize flour donation to Zimbabwe	148	0	148	Kenya committed to make a donation of 30,000 x 50Kg bags of maize to the Republic of Zimbabwe in response to an international appeal for food aid. The maize shall be milled locally, packaged in 25Kg bags and transported to Harare, Zimbabwe which has been nominated as the drop-off point. The total cost for this donation including milling charges and transport cost is Kshs. 150 million.
3	Paddy intervention Nyatike farmers	260	0	260	This initiative is meant to improve farmers' income in the area
	Sub-Total	**1,408**	**300**	**1,108**	
B	**Development (Presidential Directives) - Kshs Millions**				
4	Tea Reforms	3,200	800	2,400	This includes Tea Common User Facility to enhance tea value chains
5	NCPB Siaya	90	0	90	The current budgetary allocation could not accommodate this initiative meant to expand produce storage space.
6	Fertilizer Subsidy Programme	18,000	7000	11,000	The current budgetary allocation could not accommodate the total requirement for this food security initiative.
7	Strategic Food Reserves	2,000	0	2,000	To purchase **500,000 (90 Kg)** bags of maize for the National Strategic Food

					Reserve by the National Cereals and Produce Board (NCPB).
	Sub Total	**23,290**	**7,800**	**15,490**	
C	**Transfers to SAGAs (Recurrent PE) – Kshs. Millions**				
8	KALRO	4515	4315	200	The increase is caused by the annual salary notch adjustments in existing approved salary structures to staff and insurances
9	PPCK	214	100	114	The increase is due to realignment of casual labour which had been initially recognized in cost of sales as direct labour and is now recognized under personnel emoluments
10	KEPHIS	814	784	30	Due to previous years employee turnover, KEPHIS received authority to replace staff and replaced them, thus the increase in personnel emoluments.
11	BUKURA	268	168	100	The institution received authority to recruit new staff to improve on their service delivery due to increased number of learners
12	Support to Sugar Reforms	800	0	800	This is part requirement for salary arrears of Kshs 4,584,465,033 owed by 4 State-owned sugar mills.
	Sub-Total	**6,611**	**5,367**	**1,244**	
D	**Other Development – Kshs. Millions**				
13	The Kenya Sugar Board	3,550	0	3,550	This is a new agency following the enactment of the Sugar Act, 2024. The A-i-A is Kshs 250 million. The budgetary requirement includes, Kshs. 900 million for upgrade of 9 Cane Testing Units (CTUs), Kshs. 2,400 million for four new Cane Testing Units, Farmers registration, Geographical Information system (GIS) and ERP Upgrade

14	Kenya Sugar Research & Training Institute	62	0	62	This is a new agency following the enactment of the Sugar Act, 2024. This includes purchase of research equipment, facilities, farm and office equipment and motor vehicles.
15	Crop Post Harvest Management	363	50	313	The current budgetary allocation could not accommodate this initiative meant to protect portable grain dryers from damage and insecurity.
16	Food security and crop diversification	817	233	584	The current budgetary allocation could not accommodate the total requirement. The initiatives are designed to improve food security and farmers' income.
17	Mechanization of Agriculture development project- ADC	500	0	500	The current budgetary allocation could not accommodate this initiative meant to adopt technologies in precision farming and irrigation to mitigate climate change risks and guarantee good and stable yields.
18	Pyrethrum Industry Recovery project	850	0	850	The current budgetary allocation could not accommodate the total requirement. The activities are meant enhance the corporations Appropriations in Aid.
19	KSA/Students subsidy	300	75	225	The current budgetary allocation could not accommodate the total requirement.
20	Construction of Bomachoge Chache new coffee factory	50	0	50	The current budgetary allocation could not accommodate this initiative which is meant to improve value addition and bring aggregation services closer to farmers in the area.
21	Quelea Quelea	135	30	105	procurement of control materials (Pesticides, PPE, Sprayers, Logistical support, surveillance, distribution, field control operations, public awareness.
22	Soil Health Management for Land Productivity & Access to	150	0	150	This GoK funded project received its first allocation during the FY 2023/2024 but received no funds during the current FY and has no

	Renewable Energy-BETA.				allocation in the coming FY. During the last financial year, the project feasibility study was completed, 817 soil samples taken, analysed and results delivered to the farmers in 7 key maize growing counties and commenced baseline survey.
23	Crop Insurance	450	30	410	These funds are critical and need to be availed to de-risk and protect farmers' exposure to agricultural shocks.
24	Aflatoxin management	200	0		The budgetary allocation will facilitate purchase of aflatoxin chemicals for pre-harvest and training for post-harvest management of aflatoxin.
25	Banana Enterprise Financing Project	150	0	150	This is for loans given to banana farmers.
26	Construction of Omoloi Agricultural Trainong College-Busia	100	0	100	This is an ongoing project under Kenya School of Agriculture.
27	Cashew Nut Revitalization Project.	200	0	200	This is for loans given to cashew nut farmers.
28	Aggregation Centres	500	139	361	This is meant to complete ongoing projects and other new projects.
	Sub-Total	**8,377**	**557**	**7,610**	
E	**Development -Donor Counterpart Funding – Kshs. Millions**				
29	NAVCDP/FSRP/KABDP/BREFONS	600	157.66	442.34	The funding is meant to support activities whose achievement unlocks donor funds that ensure the projects run within the planned duration.
	Total	**600**	**157.66**	**442.34**	
F	**Other Recurrent Expenditures – Kshs. Millions**				
30	Kenya Sugar Board	4,844	0	4,844	This is a new agency following the enactment of the Sugar Act, 2024. The

					budgetary requirement will be met from A-i-A. The payroll is approximately Kshs. 320 million annually, Kshs. 703 million disbursement to Kenya Sugar Research Institute, Kenya Sugar Development Fund Loan disbursement, Kshs. 1.6 billion, Factory Rehabilitation loan, Kshs. 703 million and infrastructure disbursement to millers and out-growers Kshs. 173 million, Sugar farmers organizations Kshs. 227 million. The remaining Kshs. 891 million is for operations and maintenance at Kenya Sugar Board.
31	Kenya Sugar Research & Training Institute	755	0	755	This is a new agency following the enactment of the Sugar Act, 2024. The payroll is approximately Kshs. 255 million and operations and maintenance is approximately Kshs. 500 million annually.
32	Agricultural Information Resources Centre	110	0	110	Sauti ya Mkulima Kshs. 70 million and Agricultural information dissemination Kshs. 40 million.
	SubTotal	**5,709**	**0**	**5,709**	
	Grand Total	**45,995**	**14,182**	**31,603**	

Source: *State Department for Agriculture*

3.2 The State Department for Livestock Development

51. The 2025 BPS proposes a ceiling of Kshs. 11.138 billion for the State Department which consists of Kshs. 4.623 billion for recurrent expenditure and Kshs. 6.515 billion for development expenditure. When compared to the approved allocation for the Supplementary Estimates No. I for FY 2024/25, the proposed ceiling is reducing by Kshs. 2.121 billion which represents a 16 percent reduction.

52. The State Department has a resource requirement of Kshs. 31.841 billion but is proposed to be allocated Kshs. 11.138 billion hence a funding gap of Kshs. 20.703 billion. Table 6 illustrates the above information.

Table 6: Budget Requirement for the State Department of Livestock Versus 2024 BPS Ceiling

Vote	Baseline Approved Supplementary Estimates No. I for FY 2024/25 (Kshs. Millions)	Requirement for FY 2025/26 (Kshs. Millions)	2025 BPS Allocation for (Kshs. Millions)	Resource Gap (Kshs. Millions)
Recurrent Vote	5,293	6,785	4,623	(2,162)
Development Vote	7,966	25,056	6,515	(18,541)
Total Budget	**13,259**	**31,841**	**11,138**	**(20,703)**

Source: State Department for Livestock Development

53. This reduction in funding will affect implementation of critical projects as indicated in Table 7.

Table 7: Critically Underfunded Areas

S/No.	Priority Area/ Project	Requirement (Kshs. Millions)	Allocation (Kshs. Millions)	Shortfall (Kshs. Millions)	Remarks
Recurrent Budget					
1.	Livestock Master Plan	320	50	(270)	Updating livestock resources data along the value chains & Monitoring Livestock Master Plan Implementation and investment uptake.
2.	Kenya Veterinary Board (KVB)	175.95	122.4	(53.55)	Operations and Staff Medical Cover.

3.	National Livestock Development and Promotion Services	500	-	(500)	To operationalize the service
4.	Communications Unit	60	0	(60)	National Treasury Directive
5.	Training Institutes (Food & Rations)	293	127	(166)	This is a livestock sector subsidy to livestock training institutes to make the courses affordable to all Kenyans. The nature of the training programs is so rigorous as it entails field practical trainings throughout.
6.	Kenya Leather Development Council	618	227	(391)	Leather related operations
7.	Veterinary Medicines Directorate Council	85	0	(85)	recruitment
8.	Kenya Animal Genetic Resource Centre	158	55	(103)	Shortfall in Compensation to employees
	Recurrent Total	**2,209.95**	**581.40**	**(1,556.55)**	
Development Budget					
9.	Enhance Capacity for Vaccines	197.5	70	(127.5)	KEVEVAPI capacity to produce veterinary vaccines

	production - KEVEVAPI				to meet local and internationally demand will be limited.
10.	Sustainable Tsetse and Trypanosomiasis free areas in Kenya - KENTTEC.	220	60	(160)	The reduced funding for Tsetse and Trypanosomiasis control has a high risk of rolling back the gains made.
11.	De-Risking, Inclusion & Value Enhancement of Pastoral Economies-BETA	4,925	2,400	(2,525)	Donor Funding
12.	Kenya Livestock Commercialization Programme (KELCOP)	2,066	1,391	(675)	Donor Funding
13.	Pastoral Training Centre-Narok	50	-	(50)	Complete construction of the stalled training facility
Development Total		**20,533**	**5,618**	**(14,815)**	
GRAND TOTAL		**22,743**	**6,200**	**(17,608.70)**	

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

After review, deliberations and consideration of the submissions by the State Departments on the 2025 Budget Policy Statement, the Committee made the following observations:

4.1 General Observations

1. The 2025 BPS has provided a number of interventions and policies including the prioritized value chains to be implemented under the sector in order to achieve agricultural transformation and inclusive growth. However, the resources provided under the BPS are not sufficient to realize this goal. Some critical interventions have not been funded while others are underfunded.

2. The Ministry is underfunded having been provided a ceiling of Kshs. 56.1 billion against a resource requirement of Kshs. 103.2 billion leaving a funding gap of Kshs. 47.1 billion in the FY 2025/26.

3. The State Departments have historical pending bills that have not been considered for settlement in the FY 2025/26. The pending bills are huge and cannot be accommodated in the State Departments' annual budgetary allocations. The State Department for Livestock Development has a historical pending bill of Kshs. 4 billion while the State Department for Agriculture has a historical pending bill of Kshs. 9.035 billion. The pending bills have been subjected to verification and validation and cleared for payment.

4.2 The State Department for Livestock Development

4. The Leather value chain, which is one of the strategic industries with huge potential for Kenya's economic transformation is underfunded. The resource required for completion of the Leather Industrial Park at Kenanie is Kshs. 1.667 billion but the project has only been allocated with Kshs. 200 million. A delay in completion of the critical facilities in the industrial park implies a delay in creation of jobs, export earnings and loss of opportunity to transform the sector.

5. The 2025 BPS proposes an allocation towards Hides, Skins, and Leather Fund meant to address Hides and skins post slaughter loses and stabilize market prices for hides, skins and leather. The regulations however have not been developed.

6. Among the legislations identified to support the sector includes reviewing the Hides and Skin and Leather Trade Act (Cap 359) to reinstate licensing of the value chain actors and attract more MSMEs in the value chain; finalize Kenya Leather Value Chain Development Policy; and finalize the Leather Development Authority (KLDA) Bill to improve the legal and policy framework underpinning the leather industry.

7. One of the critical interventions towards supporting the livestock sector value chains is the modernization of Kenya Veterinary Vaccines Production Institute (KEVEVAPI). The Institute has achieved 67% level in modernization of its machinery and the remaining four components (old equipment) is what is causing production inefficiencies. The production inefficiencies are causing high cost of production and low production levels.

8. The State Department has a resources requirement of Kshs. 31.8 billion in the FY 2025/26 to support leather and leather products, dairy and meat value chains among other critical interventions, but the State Department has a proposed ceiling of Kshs 11.1 billion resulting in a funding gap of Kshs. 20.7 billion.

9. The development of a Master Plan requires resources to support updating the livestock resources data along the values chains and monitoring Livestock Master Plan implementation and investment uptake.

10 Establishment of Feedlots, Fodder and Pasture is one of the identified interventions under the MTP IV and 2025 BPS. The Project is crucial in enhancing the availability and affordability of livestock feeds and as well as averting feed shortage during drought. The project requires Kshs. 310 million but no allocation is provided.

4.3 The State Department for Agriculture

11. The State Department's resource requirement in FY 2025/26 is Kshs. 71.4 billion against a proposed ceiling of Kshs. 45 billion indicating a funding gap of Kshs. 26 4 billion. The underfunding affects the interventions on the prioritized value chains as well as efforts to revamp the collapsed export crops

12 One of the key interventions for Agricultural Transformation for Inclusive Green Growth identified by the 2025 BPS is revamping underperforming or collapsed export crops and emerging ones including cashew nuts, pyrethrum, coconut, macadamia, mango, and avocado. However, no resources have been provided to support pyrethrum, cashew nuts and coconut revitalization programmes both in FY 2024/25 and FY 2025/26.

13. The Fertilizer Subsidy Programme is proposed to be allocated Kshs. 7 billion against the required allocation of Kshs. 15 billion to meet the actual fertilizer demand to support the various value chain crops

14. The State Department has provided Kshs. 300 million towards Agricultural Finance Corporation (AFC) out of the required 1 billion. The funds are meant to provide credit facilities to farmers to ensure increased production, employment and better livelihood.

15. Under the Sugar Reforms Programme, the State Department is yet to settle worker's salary arrears of Kshs. 4.584 billion for employees in four sugar mills i.e. Chemelil, Nzoia, South Nyanza and Muhoroni.

16. The newly formed Sugar Board does not have resources to be able to stand own and it is still being provided under Agriculture and Food Authority. The regulations that will enable implementation of the Board are in the process of being developed

17. Pyrethrum, being one of the collapsed export crops identified for revamping requires Kshs 200 million to support the ongoing activities including the increased demand for seedlings and increased acreage under the crop.

18. The Development of Aggregation Centres, which is a critical enabler to achieving the BETA Agenda requires Kshs. 338 million in the FY 2025/26.

19. Mechanization of Agricultural Development Project is very crucial in production of seeds and seedlings for various value chain crops. The project requires an allocation of Kshs. 500 million for the procurement of agricultural equipment to support increased acreage on seed production The allocation will solve the shortage of maize, bean and potato seeds in the country.

CHAPTER FIVE

5 COMMITTEE RECOMMENDATIONS

After the review, scrutiny, and deliberations on the 2025 Budget Policy Statement for the State Department for Agriculture and the State Department for Livestock Development, the Committee made the following recommendations

5.1 General and Policy Recommendations

1. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet at large to ensure that there is progressive addition of resources to the agriculture sector to enhance funding of prioritized value chains and realisation of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

2 The Cabinet Secretary, Ministry of Agriculture and Livestock Development to consult the Cabinet secretary, National Treasury and Economic Planning on the way forward with regards to settling the historical pending bills of Kshs. 4 billion (State Department for Livestock Development) and Kshs. 9.035 billion (State Department for Agriculture) with a view of ensuring that they are settled within the next three Financial Years starting with FY 2025/26

3. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to develop Hides, Skins, and Leather Fund regulations to enable the implementation and operation of the Fund which is meant to address slaughter loses and stabilize market prices for hides, skins and leather.

4. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to fast-track the development of the Sugar Act, 2024 Regulations to enable the operationalization and implementation of the Act.

5 The Cabinet Secretary, Ministry of Agriculture and Livestock Development to review the Hides and Skin and Leather Trade Act (Cap 359), finalize Kenya Leather Value Chain Development Policy; and finalize the Leather Development Authority (KLDA) Bill to improve the legal and policy framework underpinning the leather industry

5.2 Financial recommendations

The Committee having scrutinized and reviewed the 2025 Budget Policy Statement recommends the following·

6 Approves the budget ceilings as proposed in the 2025 Budget Policy Statement for the following votes·
   i. Vote 1162· State Department for Livestock Development
   ii. Vote 1169: State Department for Agriculture

ADDITIONAL REQUEST (WISHLIST)

Table 8: Financial Recommendations

S/NO.	Programme/Sub-programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
VOTE 1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
1.	General Administration Planning and Support Services	Sugar Reforms Programme	4,584	To fund unsettled worker's salary arrears owed by four sugar mills i.e. Chemelil, Nzoia, South Nyanza and Muhoroni. This will enable smooth implementation of the planned reforms in the sector
SUB-TOTAL			**4,584**	
DEVELOPMENT EXPENDITURE				
2.	General Administration Planning and Support Services	Pyrethrum Industry Recovery	**200**	To support the revival of the collapsed export crop
3.	Crop Development and Management	Fertilizer Subsidy Programme	**8,000**	To bridge the funding gap and provide actual demand of subsidized fertilizers.
4.		Coconut Revitalization	**120**	It is a BETA Project that is critical in reviving the coconut sub-sector and achieving self-sufficiency in edible oils.
5.		Cashew Nut Revitalization Programme	**90**	This is to provide funding to cashew nut farmers, to revamp the collapsed export crop.
6.		Development of Aggregation Centres	**338**	To support completion of aggregations centers that are being constructed in various parts of the country.

7.		Mechanization of the Agricultural Development Project	**500**	To enable increased production of value chain crop seeds and seedlings, thereby solving the problem of seed shortage in the country.
8.		MSMEs Agricultural Credit - AFC	**700**	To meet the demand for loans supporting crops, livestock and agripreneurs across various value chains.
SUB-TOTAL			**9,948**	
VOTE 1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
9.	Livestock Resources Management and Development	Livestock Masterplan	**270**	The allocation is meant to support updating the livestock resources data along the value chains and monitoring Livestock Master Plan implementation and investment uptake.
10.		Halal Meats Products Limited	**4,000**	Payment of historical pending bill to Halal Meat Products. The State Department faces more risk of penalties and fines for failing to pay the money.
SUB-TOTAL			**4,270**	
DEVELOPMENT EXPENDITURE				
11.	Livestock Resources Management and Development	Kenya Veterinary Vaccines Production Institute (KEVEVAPI)	**580**	To complete the modernization process which will enable: compliance with Good Manufacturing Practices (GMP); increased production capacity; improved operational efficiency; and improved vaccine quality which will eventually reduce production costs, thus lower prices of vaccines.
12.		Kenya Leather Industrial Park in Kenanie	**1,367**	For completion of critical facilities in the Park which will allow immediate investment in the leather industry.
13.		Establishment of Feedlots, Fodder and Pasture	**310**	To fund ongoing projects meant to enhance the availability and

				affordability of livestock feeds and avert feed shortages during drought.
SUB-TOTAL				**6,527**
GRAND TOTAL				**21,059**

SIGNED: ..... **DATE:** 04/03/2025

HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Agriculture and Livestock today, Wednesday, 26th February 2025 do hereby affix our signatures to this **Report on the Consideration of 2025 Budget Policy Statement** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, CBS, MP - **CHAIRPERSON**	
2.	HON. BRIGHTON LEONARD YEGON, MP - **VICE-CHAIRPERSON**	
3.	HON. SABINA WANJIRU CHEGE, CBS, MP	
4.	HON. FERDINAND KEVIN WANYONYI, MP	
5.	HON. GEOFFREY MAKOKHA ODANGA, MP	
6.	HON. JUSTICE KIPSANG KEMEI, MP	
7.	HON. JARED ODOYO OKELO, MP	
8.	HON. LAWRENCE MPURU ABURI, MP	
9.	HON. DAVID KIPLAGAT, MP	
10.	HON. GABRIEL GATHUKA KAGOMBE, MP	
11.	HON. MONICAH MUTHONI MARUBU, MP	
12.	HON. PAMELA NJOKI NJERU, MP	
13.	HON. PATRICK KIBAGENDI OSERO, MP	
14.	HON. PETER KALERWA SALASYA, MP	
15.	HON. YUSSUF MOHAMED FARAH, MP	



THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF THE 7TH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK HELD ON WEDNESDAY, 26TH FEBURUARY 2025 IN COMMITTEE ROOM 23, 5TH FLOOR, BUNGER TOWER, PARLIAMENT BUILDINGS AT 11.00 AM

PRESENT

1. Hon. (Dr.) John Kanyuithia Mutunga, PhD, CBS, MP - **Chairperson**
2. Hon. Sabina Wanjiru Chege, CBS, MP
3. Hon. Geoffrey Makokha Odanga, MP
4. Hon. Jared Odoyo Okelo, MP
5. Hon. David Kiplagat, MP
6. Hon. Pamela Njoki Njeru, MP
7. Hon. Patrick Kibagendi Osero, MP
8. Hon. Peter Kalerwa Salasya, MP
9. Hon. Yussuf Mohamed Farah, MP

ABSENT WITH APOLOGY

1. Hon. Brighton Leonard Yegon, MP - **Vice-Chairperson**
2. Hon. Ferdinand Kevin Wanyonyi, MP
3. Hon. Justice Kipsang Kemei, MP
4. Hon. Lawrence Mpuru Aburi, MP
5. Hon. Gabriel Gathuka Kagombe, MP
6. Hon. Monicah Muthoni Marubu, MP

IN ATTENDANCE

COMMITTEE SECRETARIAT

1. Ms. Laureen Wesonga	-	Clerk Assistant I
2. Mr. Victor K. Kilimo	-	Clerk Assistant III
3. CPA Robert Ng'etich	-	Fiscal Analyst II
4. Mr. Gerald Kadede	-	Legal Counsel II
5. Ms. Ms. Jacinta Maru	-	Serjeant-at-Arms
6. Mr. Dickson O. Oloo	-	Audio Assistant

AGENDA

1. Prayers
2. Preliminaries/Adoption of the Agenda
3. Confirmation of Minutes
4. Matters Arising
5. Confirmation of Minutes
6. **Consideration and Adoption of the Report on the 2025 Budget Policy Statement**
7. Any other Business
8. Adjournment/Date of the Next Sitting

MIN. NO. NA/A&L/2025/030: PRELIMINARIES/ADOPTION OF THE AGENDA

The meeting was called to order at twenty-three minutes past eleven O'clock with prayer said by the Chairperson.

The Agenda was adopted having been proposed by Hon. Jared Odoyo Okelo, MP and seconded by Hon. David Kiplagat, MP.

MIN. NO. NA/A&L/2025/031: CONFIRMATION OF MINUTES

Minutes of the following Sittings were adopted as a true reflection of the proceedings

1. 4th Sitting having been proposed by Hon David Kiplagat, MP and seconded by Hon. Yussuf Mohamed Farah, MP;

2. 5th Sitting having been proposed by Hon. Jared Odoyo Okelo, MP and seconded by Hon. Patrick Kibagendi Osero, MP; and

3. 6th Sitting having been proposed by Hon. Sabina Wanjiru Chege, CBS, MP and seconded by Hon. Peter Kalerwa Salasya, MP.

MIN. NO. NA/A&L/2025/032: CONSIDERATION AND ADOPTION OF THE REPORT ON THE 2025 BUDGET POLICY STATEMENT

The committee deliberated and agreed on the following observations recommendations:

General Observations

1. The 2025 BPS has provided a number of interventions and policies including the prioritized value chains to be implemented under the sector in order to achieve agricultural transformation and inclusive growth. However, the resources provided under the BPS are not sufficient to realize this goal. Some critical interventions have not been funded while others are underfunded

2. The Ministry is underfunded having been provided a ceiling of Kshs. 56 1 billion against a resource requirement of Kshs. 103 2 billion leaving a funding gap of Kshs. 47 1 billion in the FY 2025/26.

3. The State Departments have historical pending bills that have not been considered for settlement in the FY 2025/26. The pending bills are huge and cannot be accommodated in the State Departments' annual budgetary allocations. The State Department for

Livestock Development has a historical pending bill of Kshs. 4 billion while the State Department for Agriculture has a historical pending bill of Kshs. 9.035 billion. The pending bills have been subjected to verification and validation and cleared for payment.

The State Department for Livestock Development

4. The Leather value chain, which is one of the strategic industries with huge potential for Kenya's economic transformation is underfunded. The resource required for completion of the Leather Industrial Park at Kenanie is Kshs. 1.667 billion but the project has only been allocated with Kshs. 200 million. A delay in completion of the critical facilities in the industrial park implies a delay in creation of jobs, export earnings and loss of opportunity to transform the sector.

5. One of the critical interventions towards supporting the livestock sector value chains is the modernization of Kenya Veterinary Vaccines Production Institute (KEVEVAPI). The Institute has achieved 67% level in modernization of its machinery and the remaining four components (old equipment) is what is causing production inefficiencies. The production inefficiencies are causing high cost of production and low production levels.

4 The State Department has a resources requirement of Kshs. 31.8 billion in the FY 2025/26 to support leather and leather products, dairy and meat value chains among other critical interventions, but the State Department has a proposed ceiling of Kshs. 11.1 billion resulting in a funding gap of Kshs. 20.7 billion.

5 The development of a Master Plan requires resources to support updating the livestock resources data along the values chains and monitoring Livestock Master Plan implementation and investment uptake.

6 Establishment of Feedlots, Fodder and Pasture is one of the identified interventions under the MTP IV and 2025 BPS. The Project is crucial in enhancing the availability and affordability of livestock feeds and as well as averting feed shortage during drought. The project requires Kshs. 310 million but no allocation is provided.

The State Department for Agriculture

7 The State Department's resource requirement in FY 2025/26 is Kshs. 71.4 billion against a proposed ceiling of Kshs. 45 billion indicating a funding gap of Kshs. 26.4 billion. The underfunding affects the interventions on the prioritized value chains as well as efforts to revamp the collapsed export crops.

8 One of the key interventions for Agricultural Transformation for Inclusive Green Growth identified by the 2025 BPS is revamping underperforming or collapsed export crops and emerging ones including cashew nuts, pyrethrum, coconut, macadamia, mango, and avocado. However, no resources have been provided to support pyrethrum, cashew nuts and coconut revitalization programmes both in FY 2024/25 and FY 2025/26.

9 The Fertilizer Subsidy Programme is proposed to be allocated Kshs. 7 billion against the required allocation of Kshs. 18 billion to meet the actual fertilizer demand to support the various value chain crops.

10 The State Department has provided Kshs. 500 million towards Agricultural Finance Corporation (AFC) out of the required 1 billion. The funds are meant to provide credit facilities to farmers to ensure increased production, employment and better livelihood.

11 Under the Sugar Reforms Programme, the State Department is yet to settle worker's salary arrears of Kshs. 4.584 billion for employees in four sugar mills i.e. Chemelil, Nzoia, South Nyanza and Muhoroni.

12 Pyrethrum, being one of the collapsed export crops identified for revamping requires Kshs. 200 million to support the ongoing activities including the increased demand for seedlings and increased acreage under the crop.

13 The Development of Aggregation Centres, which is a critical enabler to achieving the BETA Agenda requires Kshs. 338 million in the FY 2025/26. No allocation has been provided to support the ongoing Project.

14 Mechanization of Agricultural Development Project is very crucial in production of seeds and seedlings for various value chain crops. The project requires an allocation of Kshs 500 million for the procurement of agricultural equipment to support increased acreage on seed production. The allocation will solve the shortage of maize, bean and potato seeds in the country

Committee Recommendations

General Recommendations

1 The Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet at large to ensure that there is progressive addition of resources to the agriculture sector to enhance funding of prioritized value chains and realisation of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

2. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to consult the Cabinet secretary, National Treasury and Economic Planning on the way forward with regards to settling the historical pending bills of Kshs 4 billion (State Department for Livestock Development) and Kshs. 9 035 billion (State Department for Agriculture) with a view of ensuring that they are settled within the next three Financial Years starting with FY 2025/26.

Financial recommendations

The Committee having scrutinized and reviewed the 2025 Budget Policy Statement recommends the following:

3. Approves the budget ceilings as proposed in the 2025 Budget Policy Statement for the following votes·
   i. Vote 1162: State Department for Livestock Development
   ii Vote 1169: State Department for Agriculture

ADDITIONAL REQUEST (WISHLIST)

Financial Recommendations

S/NO.	Programme/Sub-programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
VOTE 1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
1.	General Administration Planning and Support Services	Sugar Reforms Programme	4,584	To fund unsettled worker's salary arrears owed by four sugar mills i.e. Chemelil, Nzoia, South Nyanza and Muhoroni. This will enable smooth implementation of the planned reforms in the sector
SUB-TOTAL			**4,584**	
DEVELOPMENT EXPENDITURE				
2.	General Administration Planning and Support Services	Pyrethrum Industry Recovery	**120**	To support the revival of the collapsed export crop
3.	Crop Development and Management	Fertilizer Subsidy Programme	**11,000**	To bridge the funding gap and provide actual demand of subsidized fertilizers.
4.		Coconut Revitalization	**120**	It is a BETA Project that is critical in reviving the coconut sub-sector and achieving self-sufficiency in edible oils.
5.		Cashew Nut Revitalization Programme	**90**	This is to provide funding to cashew nut farmers, to revamp the collapsed export crop.
6.		Development of Aggregation Centres	**139**	To support completion of aggregations centers that are being constructed in various parts of the country.
7.		Mechanization of the Agricultural Development Project	**300**	To enable increased production of value chain crop seeds and seedlings, thereby solving the problem of seed shortage in the country.
8.		MSMEs Agricultural Credit - AFC	**300**	To meet the demand for loans supporting crops, livestock and agripreneurs across various value chains.
SUB-TOTAL			**12,069**	
VOTE 1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
9.	Livestock Resources Management and Development	Livestock Masterplan	**270**	The allocation is meant to support updating the livestock resources data along the value chains and monitoring Livestock Master Plan implementation and investment uptake.

DEVELOPMENT EXPENDITURE				
10.	Livestock Resources Management and Development	Halal Meats Products Limited	**4,000**	Payment of historical pending bill to Halal Meat Products. The State Department faces more risk of penalties and fines for failing to pay the money.
11.		Kenya Veterinary Vaccines Production Institute (KEVEVAPI)	**580**	To complete the modernization process which will enable: compliance with Good Manufacturing Practices (GMP); increased production capacity; improved operational efficiency; and improved vaccine quality which will eventually reduce production costs, thus lower prices of vaccines.
12.		Kenya Leather Industrial Park in Kenanie	**1,367**	For completion of critical facilities in the Park which will allow immediate investment in the leather industry.
13.		Establishment of Feedlots, Fodder and Pasture	**310**	To fund ongoing projects meant to enhance the availability and affordability of livestock feeds and avert feed shortages during drought
SUB-TOTAL			**6,527**	
GRAND TOTAL			**22,680**	

Deliberations

1. Most of the ongoing projects in the Ministry have not been funded (be included in the observations)
2. Youth and Women Empowerment Programme is not funded in the BPS (be included in the observations).
3. It is important to establish how much livestock was bought under the Livestock Restocking Programme and who the beneficiaries were.
4. The National Treasury and Ministry of Agriculture and Livestock Development should be able to show parameters that guide allocation to funds during budget policy statements since arbitrary cuts or additions are carried out without guiding principles.
5. The Committee needs to have a meeting with the State Department for ASALs to interrogate their programmes in terms of crops and livestock.
6. Presidential directives should be funded by the National Treasury.
7. A meeting needs to be held between the Committee, the National Treasury and the Ministry of Agriculture and Livestock Development to discuss funding for the agriculture sector in the country.
8. The Committee needs to conduct thorough scrutiny of the budgets of SAGAs under the Committee's purview to ensure that the A-i-A is properly used.

Adoption of the Report

The report on the consideration of the 2025 Budget Policy Statement was adopted by the Committee having been proposed by Hon. Pamela Njoki Njeru, MP and seconded by Hon. Jared Odoyo Okelo, MP.

MIN. NO. NA/A&L/2024/033: ANY OTHER BUSINESS

1. The Chairperson reminded Members of the visit to KEPHIS and meeting with the CS, Ministry of Agriculture and Livestock Development that was scheduled for 27th February 2025 at 9.30 am.
2. Members were also reminded about the retreat with the Agriculture and Food Authority (AFA) that was scheduled to take place from Thursday, 27th February to Saturday, 1st March 2025.

MIN. NO. NA/A&L/2024/034: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at one O'clock. The next meeting will be held on notice.

SIGNED: ..... **DATE:** 04/03/2025

HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1135: The State Department for Youth Affairs and Creative Economy

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

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February 2025

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PART I

1 PREFACE

1.1 Introduction

1. The BPS is a policy document that spells out the overall size of the budget (revenue, spending, and deficit), the division of revenue between the national and county governments, and the distribution of the budget among the 10 sectors with indicative ceilings per MDA. It also sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared in accordance with Section 25 of the Public Finance Management (PFM) Act 2012.
2. The 2025 BPS-themed "***Consolidating Gains Under Bottom–Up Economic Transformation Agenda For Inclusive Green Growth*** " is the third one to be prepared under the Kenya Kwanza Administration. It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The five core thematic areas include (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry. Additionally, the 2025 BPS also outlines key enablers for the envisaged outputs under the core pillars, among them is Women Agenda, Social protection, Youth empowerment and Development Agenda.

3. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Social Protection the mandate to consider matters in relation to *Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*
4. The Committee is charged with the responsibility of scrutinizing budget related policies; study the programme and policy objectives of all state departments under it is purview and the effectiveness of the implementation of the policies.
5. In that regard, the Committee oversights the following Government Agencies under its purview:
   i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
   ii. Vote 1212: The State Department for Gender and Affirmative Action
   iii. Vote 1135: The State Department for Youth Affairs and Creative Economy
   iv. Vote 1213: The State Department for Public Service (NYS)
   v. Vote 1241: The National Gender and Equality Commission (NGEC)

1.2 Mandate of the Committee

6. The Departmental Committee on Social Protection is one of the twenty (20) 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. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *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;*
   vi. *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;*
   vii. *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);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

1.3 Committee Membership

7. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Alice Wambui Ngángá, MP
Thika Town Constituency
UDA Party

Vice-Chairperson
Hon. Hillary Kiplang'at Koskei, MP
Kipkelion West Constituency
UDA Party

Members

Hon. (Dr.) James Wambura Nyikal, M.P.
Seme Constituency
ODM PARTY

Hon. Timothy Wanyonyi Wetangula, M.P.
Westlands Constituency
ODM PARTY

Hon. (Dr.) Lilian Achieng Gogo, M.P.
Rangwe Constituency
ODM PARTY

Hon. Mark Ogolla Nyamita, M.P.
Uriri Constituency
ODM PARTY

Hon. Edith Vethi Nyenze, M.P.
M.P
Kitui West Constituency
WDM-K PARTY

Hon. Betty Njeri Maina, M.P.
Murang'a County
UDA PARTY

Hon. Sulekha Hulbale Harun, M.P
Nominated Member
UDM PARTY

Hon. Amina Abdullahi Dika, M.P
Tana River County
KANU PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency
UDA PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County
TSP PARTY

Hon. Agnes Mantaine Pareiyo,

Narok North Constituency
JUBILEE PARTY

Hon. Linet Chepkorir, M.P
Bomet County
UDA PARTY

Hon. Michael Wambugu Wainaina, M.P.
Othaya Constituency
UDA PARTY

1.4 Committee Secretariat

8 The Committee is facilitated by the following secretariat

Mr. Finlay Muriuki
Committee Lead Clerk/ Head of Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Legal Counsel I

Ms. Grace Maneno
Research Officer III

Mr. Adan Ahmed Abdi
Fiscal Analyst II

Mr. Cosmas Akhonya
Audio Officer

Mr. Derrick Kathurima
Media Relations Officer III

Ms. Naomi Onsomu
Public Communications Officer

Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Budget Policy Statement 2025

9. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. Upon being laid in the House, each Departmental Committee is to deliberate on the BPS according to the respective mandates and make recommendations to the Budget and Appropriation Committee (BAC). The BAC is then expected to submit a report to the House for consideration and approval. In accordance with the provision of Section 25(9) of the PFM Act 2012, the processing of the BPS by the National Assembly should be undertaken within 14 days from the time it was tabled.

10. In line with the above, the 2025 Budget Policy Statement (BPS) was submitted to the National Assembly on 13th February 2025 and subsequently referred to Departmental Committees for consideration.

11. It was however noted that, by the time the BPS 2025 was submitted to the house on 13th February 2025 and its subsequent consideration by the Departmental Committees, the Budget and Appropriations Committee had not yet been reconstituted following its dissolution in accordance with Standing Order 207 (4).

12. Consequently, in a communication dated Tuesday 18th February 2025, the Speaker of the National Assembly directed that the Liaison Committee take up the role of the Budget and Appropriations Committee of Scrutinizing the National Budget. Following this, the Departmental Committees were required to Submit their reports on BPS 2025 before the Liaison Committee.

13. Upon a brief from the Parliamentary Budget Office, the Departmental Committee on Social Protection called for meetings with the Ministries and their agencies to consider the 2025 Budget Policy Statement through letters **Ref: NA/DDC/SP/CORR/2025/002** dated 14th February 2025 (*Annex 4*).

14. The Committee held a total of five (5) sittings to consider the 2025 Budget Policy Statement.

1.6 Acknowledgement

15. 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 2025 Budget Policy Statement (BPS).

16. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the State Department for Gender and Affirmative action; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service (NYS); the

National Gender and Equality Commission for the useful contributions they made towards the preparation and production of this report

17 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 Liaison Committee.

HON. ALICE WAMBUI NGÁNGÁ, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2. OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT

18. The Budget Policy Statement (BPS) is one of the pre-budget documents that allows for consultation to take place between the legislative and the executive arms of government. It sets out the government's priority programs to be implemented in the Medium-Term Expenditure Framework (MTEF) under a devolved system of Government.

19. The BPS seeks to address the challenges that continue to hold the economy back from achieving its full potential by setting out priority programs to accelerate and sustain a broad-based economic growth. The document is expected to guide public debate on economic and development matters.

20. The Budget Policy Statement is published in accordance with Section 25(2) of the Public Finance Management Act, 2012 which requires that the National treasury submit the Budget Policy Statement to parliament by the 15th of February each year and Section 232(1) of Standing Orders of the National Assembly.

21. In the BPS 2025, the Government seeks consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives: bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and inclusive growth.

22. State Department for Social Protection and Senior Citizen Affairs; The total Allocation for Social Development and Children Services Programme was KShs. 3,617.76 million, KShs. 4,416.08 million and KShs. 4,936.71 million for FY 2021/22, 2022/23 and 2023/24 respectively. The Programme Actual Expenditure was KShs. 3,414.21 million, KShs. 4,033.18 million and KShs. 4,107.54 million for **the** Financial years. 2021/22, 2022/23 and 2023/24.

23. State Department for Gender and Affirmative Action; The approved budgetary allocations for the FY 2021/22, 2022/23 and 2023/24 as KShs. 3,342.51M, KShs. 3,620.97M and KShs. 3,945.82M respectively, whereas actual expenditure was KShs. 3,311M, KShs. 3,534.14M and KShs. 3,489.72M over the same period under review. Overall, the absorption for the MTEF period was approximately 95%.

24. State Department for Youth Affairs; The Sub-Sector implemented one (1) programme named the Youth Empowerment with four (4) sub-programmes in the FY 2021/22, 2022/23 with an absorption rate of 93%, and 81% respectively. In FY 2023/24, the Sub-Sector implemented Three (3) Programmes with Seven (7) sub-programmes. The Programmes were Youth Empowerment Services, Youth Development Services and General Administration, Planning and Support Services, which had an absorption of 79%, 90% and 99% respectively.

25. The National Government Affirmative Action Fund (NGAAF) supported vulnerable groups through disbursement of grants to groups of social development through value additional initiative, disbursement of loans through Uwezo funds to groups of youths, women and PWDs.

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

26. The Principal Secretaries for the State Departments appeared before the Committee on 25th and 26th February 2025 and submitted as follows:

3.1 THE STATE DEPARTMENT FOR SOCIAL PROTECTION AND SENIOR CITIZEN AFFAIRS

KEY POLICIES UNDERLYING THE EXPENDITURE CEILING IN THE 2025 BUDGET POLICY STATEMENT (BPS).

The following are the Key Policies underlying the Expenditure Ceilings for the Financial Year 2025/2026 Budget:

Table 1: Key Policies underlying the Expenditure Ceilings for the FY 2025/2026 Budget

S/No	PROGRAMME	SUB-PROGRAMME	POLICY/ACT/ADMINISTRATIVE FRAMEWORKS	APPROVED 2024/25 FY (Kshs. Millions)	REQUIREMENT 2025/26 FY (Kshs. Millions)	BPS ALLOCATION 2025/26 FY (Kshs. Millions	VARIANCE [KSHS] -,+ (Kshs. Millions
	Social Development and Children Services	Community Mobilization and Development	Community Group Registration Act, 2022	663.93	2,021.13	740.16	(1,280.97)
			National Policy on Community Development, 2023				
			Draft Social Risk and Impact Management (SRIM) Policy,2023				
			National Volunteerism Policy, 2016				
		Social	National Policy on	1,055.0	4,084.9	984.21	(3,100.7

S/No	PROGRAMME	SUB-PROGRAMME	POLICY/ACT/ADMINISTRATIVE FRAMEWORKS	APPROVED 2024/25 FY (Kshs. Millions)	REQUIREMENT 2025/26 FY (Kshs. Millions)	BPS ALLOCATION 2025/26 FY (Kshs. Millions	VARIANCE [KSHS] -,+ (Kshs. Millions
		Welfare and Vocational Rehabilitation	Family Promotion and Protection,2023	3	7		6)
			National Policy on Older Persons and Ageing, 2018 and Older Persons Bill, 2023				
			Draft National Policy for Persons with Disability 2024 and The Persons with Disabilities Bill, 2023				
		Child Community Support	Draft Integrated Early Childhood Development Policy 2024	2,489.88	8,353.16	1,683.99	(6,669.17)
			Children Act 2022				
			Review of the National Children Policy Kenya 2010				
		Child Rehabilitation and Custody	Policy on Counter Trafficking in Persons and Review of the Counter-Trafficking in Persons Act No. 8 of 2010	456.34	1,369.41	464.83	(904.58)
Sub-Total				**4,665.19**	**15,828.67**	**3,873.19**	**(11,955.48)**

S/No	PROGRAMME	SUB-PROGRAMME	POLICY/ACT/ADMINISTRATIVE FRAMEWORKS	APPROVED 2024/25 FY (Kshs. Millions)	REQUIREMENT 2025/26 FY (Kshs. Millions)	BPS ALLOCATION 2025/26 FY (Kshs. Millions	VARIANCE [KSHS] -,+ (Kshs. Millions
	National Safety Net Programme	Social Assistance to Vulnerable groups	National Policy on Rehabilitation of Street Families, 2023 Kenya Social Protection Policy 2023 Social protection Bill	31,519.63	63,367.07	35,933.55	(27,433.52)
Sub-Total				**31,519.63**	**63,367.07**	**35,933.55**	**(27,433.52)**
	General Administration Coordination Services	Administration Support Services	Coordination and implementation of all policies	225.62	443.78	268.26	(175.52)
Sub-Total				**225.62**	**443.78**	**268.26**	**(175.52)**
TOTAL (Kshs. Millions)				**36,410.40**	**77,639.52**	**40,075.00**	**(37,564.52)**

4. SUBMISSION TO THE SECTOR WORKING GROUP- SOCIAL PROTECTION CULTURE AND RECREATION SECTOR REPORT FY 2025/2026

The State Department belongs to the Social Protection, Culture and Recreation Sector Working Group. A Summary Report of the Submission to the Sector Working Group for the Financial Year 2025/2026 is as follows.

Table 2:Recurrent Expenditure Requirement FY 2025-2026

Economic Classification	Approved Estimates	Requirement	BPS Allocation	Difference (+,_)
	2024/25 FY (Kshs. Millions	2025/26 FY (Kshs. Millions	2025/26 FY (Kshs. Millions	(Kshs. Millions
Gross	**33,261.40**	**75,251.38**	**38,168.00**	**(37,083.38)**
AIA	104.10	104.10	**104.10**	-
Net	**33,157.30**	**75,147.28**	**38,063.90**	**(37,083.38)**
Compensation to Employees	1,976.81	2,065.11	2,065.11	-
Grants and Transfers	31,332.86	64,049.36	35,075.00	(28,974.36)
Other Recurrent (Utilities, Rent, Contracted services and O&M)	**912.85**	**9,136.91**	**1,027.89**	**(8,109.02)**

During the Sector Working Group, the State Department Requested for Gross Expenditure of **Ksh. 75.25 Billion** in the Recurrent Expenditure, out of which **Ksh 2.07 Billion** was for Personnel Emoluments, **Kshs.64.05 Billion** was to cater for Grants and Transfers and **Kshs. 9.14 Billion** was to cater for Operation and Maintenance.

However, the State Department was allocated Gross Expenditure of **Kshs. 38.17 Billion** for FY 2025/2026 representing **50.7%** of the initial request, out of which **Kshs. 2.07 Billion** will cater for Personnel Emoluments, **Kshs.35.08 Billion** will cater for Current Grants and other Transfers and **Kshs. 1.03 Billion** will cater for Operations and Maintenance.

Table 3: Development Expenditure Requirements, FY 2025-2026

Description	APPROVED ESTIMATES FY 2024/2025 (Kshs. Millions)	REQUIREMENT FY 2025/2026 (Kshs. Millions)	BPS ALLOCATION FY 2025/2026 (Kshs. Millions	Difference (+/-) (Kshs. Millions
Gross	**3,149.00**	**2,388.14**	**1,907.00**	**(481.14)**
GOK	183.62	664.14	183.00	(481.14)

Loans	2,927.38	1,686.00	**1,686.00**	-
Grants	38.00	38.00	**38.00**	-

During the Sector Working Group stage, the State Department Requested for Gross Expenditure in the Development Budget of **Kshs.2.39 Billion,** against an Allocation of **Kshs.1.91 Billion,** hence reflecting a shortfall of **Kshs. 481.14 Million** which represents **20.1%** of our initial request.

5. IMPLEMENTATION STATUS OF THE FINANCIAL YEAR 2024/2025 BUDGET AS AT 31.12.2024

Table 4: Implementation Budget Status of the FY 2024/25

PROGRAMME DETAILS	Approved Budget 2024/2025 FY (Kshs. Millions)	Actual Expenditure 2024/2025 31.12.2024 (Kshs. Millions)	Remarks/ Absorption (%)
Programme 1: Social Development and Children Services			
Sub Programme1:1 Community Mobilization & Development	663.93	250.16	**37.68%**
Sub Programme1: 2 Social Welfare and Vocational Rehabilitation	1,055.03	497.23	**47.13%**
Sub Programme1: 3Child Community Support Services	2,489.88	1,324.05	**53.18%**
Sub Programme 1: 4 Child Rehabilitation & Custody	456.34	200.50	**43.94%**
TOTAL PROGRAMME 1	**4,665.19**	**2,271.94**	**48.70%**
Programme 2:0 National Safety Net Program			
Sub Programme 2.1: National Safety Net Program	31,519.63	23,259.20	**73.79%**
TOTAL PROGRAMME 2	**31,519.63**	**23,259.20**	**73.79%**

PROGRAMME DETAILS	Approved Budget 2024/2025 FY (Kshs. Millions)	Actual Expenditure 2024/2025 31.12.2024 (Kshs. Millions)	Remarks/ Absorption (%)
Programme 3: General Administration, Planning and Support Services			
Sub Programme 3.1: General Administration, Planning and Support Services	225.62	70.80	**31.38%**
TOTAL PROGRAMME 3	**225.62**	**70.80**	**31.38%**
TOTAL VOTE	**36,410.43**	**25,601.74**	**70.31%**

6. LIST OF PROGRAMMES/PROJECTS, INCLUDING PRIORITY BOTTOM - UP- ECONOMIC TRANSFORMATION AGENDA (BETA) PROJECTS, AND THEIR RESPECTIVE EXPENDITURE CEILINGS.

Table 5: Bottom -Up- Economic Transformation Agenda (BETA) Projects

S/No.	Programme/ Projects	Allocation for F/Y 2024/2025 FY (Kshs. Millions)	Requirement for FY2025/2026 (Kshs. Millions)	BPS Allocation 2025/2026 FY (Kshs. Millions)	Variance [+/-)
BETA PRIORITIES					
1	Cash Transfers to Older Persons	18,642.54	44,332.80	**24,482.56**	(19,850.24)
	Cash Transfers to Orphans and Vulnerable Persons	7,930.74	9,518.50	**7,930.74**	(1,587.76)
	Cash Transfers to Persons with severe Disabilities	1,190.00	1,492.30	**1,190.00**	(302.30)
	Sub-Total Inua Jamii Program	**27,763.28**	**55,343.60**	**33,603.30**	**(21,740.30)**
2.	National Council of Persons with Disabilities]NCPWD]	341.00	352.47	**330.91**	(21.56)
3.	National Development Fund	259.00	303.60	**50.00**	(253.66)

S/No.	Programme/ Projects	Allocation for F/Y 2024/2025 FY (Kshs. Millions)	Requirement for FY2025/2026 (Kshs. Millions)	BPS Allocation 2025/2026 FY (Kshs. Millions)	Variance [+/-)
	for Person with Disabilities				
4.	Implementation of National albinism Support Programme	100.00	101.28	**100.00**	(1.28)
5.	Implementation of National Autism Support	100.00	175.00	**100.00**	(75.00)
6.	The Presidential Secondary School Bursary	400.00	849.00	**100.00**	(749.00)
7.	Children Community Support and Rehabilitation Services	1,342.74	3,135.54	**1,439.55**	(1,695.99)
8.	Implementation of the Kenya Counter Trafficking in Person ACT within and Outside Kenya	20.00	80.00	**20.00**	(60.00)
9.	Community Mobilization, Empowerment and Social Welfare Services	1,023.12	1,458.40	**1,069.13**	(389.27)
10.	National Council for Children Services [NCCS]	70.00	388.05	**108.13**	(279.92)
11.	Child Welfare Society of Kenya [CWSK]	1,015.00	2,665.00	**496.15**	(2,168.86)
12.	Street Family Rehabilitation Trust Fund [SFRTF]	200.90	300.40	**150.56**	(149.84)
13.	Kenya Social Economic Inclusion Programme (KSEIP 2)	3,149.00	1,928.56	**1,724.00**	(204.56)
TOTAL		**35,784.04**	**67,080.9**	**39,291.73**	**(27,789.18**

S/No.	Programme/ Projects	Allocation for F/Y 2024/2025 FY (Kshs. Millions)	Requirement for FY2025/2026 (Kshs. Millions)	BPS Allocation 2025/2026 FY (Kshs. Millions)	Variance [+/-)
					)

NOTE: Indicative performance Targets linked to the Policies and Programmes in the Budget Policy Statement

7. LIST AND PERFORMANCE OF CAPITAL PROJECTS 2024/2025, AS AT 31.12.2024.

Table 6: Capital Projects FY 2024/2025

S/NO	Project Name	Approved Estimates FY 2024/2025 [Kshs. Millions]	Cumulative Expenditure as at 31st December 2024 [Kshs. Millions]	Absorption rate (%)
1.	Renovation of Vocation Rehabilitation Centres (VRCs)	0	0	00
2.	Educational Equipment for Vocational Rehabilitation Centres	0	0	00
3.	Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	0	0	00
4.	National Development Fund for Persons with Disabilities (PWDS)	0	0	00
5.	The Kiambu Remand Home	0	0	00
6.	Murang'a Foster Care Home	0	0	0%
7.	Joska Foster Care Home	0	0	0%
8.	The Machakos Remand Home	0	0	00
9.	Kenya Social and Economic Inclusion Project[KSEIP]	3,149.00	2,900.00	92%

TOTAL[KSHS]	**3,149.00**	**2,900.00**	**92%**

NOTE: All Capital Projects in the State Department, were removed from the **Budget in the Revised Budget Estimates NO1, 2024/2025 FY.**

8. LIST OF PROPOSED CAPITAL PROJECTS AND THE RESPECTIVE ALLOCATIONS, 2025/2026 FY.

The Following are the Allocations for Development Projects in the State Department in the Financial Year, 2025/2026.

Table 7: Development BPS Projects Allocation, 2025/2026 FY

PROJECT TITLE/DESCRIPTION	Approved Budget 2024/25 FY (Kshs. Millions)		Requirements for FY 2025/26 (Kshs. Millions)		BPS Allocation for FY 2025/26 FY (Kshs. Millions	
	GOK	Foreign	GOK	Foreign	GOK	Foreign
1.The Kenya Family Resilience Support Program (KSEIP II)	183.62	1,724.00	204.56	1,724.00	-	1,724.00
2.Educational Equipment for Vocational Rehabilitation Centers (IRC Nairobi, Nyandarua, Murang'a, Machakos, Embu, Kisii, Kakamega, Vihiga, Busia, Kericho, Baringo, Taita Taveta)	-	-	14.00	-	7.00	-
3.Renovation of Vocation Rehabilitation Centres [Embu and Kakamega, Nyandarua]	-	-	20.00	-	15.00	-
4.Rehabilitation of Machakos Children Rescue Centre	-	-	6.00	-	6.00	-
5.Construct kitchen & dormitory at Dagoretti Children Rehabilitation School	-	-	15.00	-	15.00	-
6. Renovation of Likoni Children Rehabilitation School	-	-	10.00	-	10.00	-

PROJECT TITLE/DESCRIPTION	Approved Budget 2024/25 FY (Kshs. Millions)		Requirements for FY 2025/26 (Kshs. Millions)		BPS Allocation for FY 2025/26 FY (Kshs. Millions	
7.Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	-	-	25.00	-	10.00	-
8.Renovation of Kiambu Children's Remand Home	-	-	25.00	-	10.00	-
9.Renovation of Nakuru Children's Remand Home	-	-	11.00	-	11.00	-
10.Renovation of Meru Children's Remand Home	-	-	1.96	-	1.96	-
11.Fencing of Getathuru National Reception and Classification Center	-	-	4.42	-	4.42	-
12.Renovation at Nyeri Children's Remand Home	-	-	15.54	-	10.54	-
13.Renovation of Murang'a Children's Remand Home	-	-	3.68	-	3.68	-
14.Renovation of Othaya Children's Rescue Centre	-	-	6.72	-	6.72	-
15.Murang'a Children's Remand Home	-	-	7.88	-	7.88	-
16.Kericho Children's Rehabilitation School and Remand Home	-	-	6.44	-	6.44	-
17.Fencing at The Othaya Children's Rehabilitation School - Nyeri	-	-	6.63	-	6.63	-
18.Fencing of Kakamega Children's Remand Home	-	-	4.71	-	4.71	-

PROJECT TITLE/DESCRIPTION	Approved Budget 2024/25 FY (Kshs. Millions)		Requirements for FY 2025/26 (Kshs. Millions)		BPS Allocation for FY 2025/26 FY (Kshs. Millions	
19.Kakamega Children's Rehabilitation School	-	-	9.60		4.6	-
20.Renovation of Mt Elgon sub-county Children's Office	-	-	1.59		1.59	-
21.Construction of Ijaara sub-county Children's Office	-	-	2.60		2.6	-
22.Renovations of Social Development Offices(20)	-	-	40.40		10.23	-
23.Nairobi Remand Home	-	-	6.00		-	-
24.Rehabilitation of Kabete School	-	-	6.00		-	-
25.Street Families Model Rehabilitation Center Mavoko	-	-	65.00		20.00	-
26.Manga Children's Remand Home	-	-	9.60		-	-
27.Renovation works at the Thika children's rescue center	-	-	88.69		-	-
28.Construction works at the Garissa children's rescue center	-	-	21.95	-	-	-
29.Fencing of Wamumu Children's Rehabilitation School	-	-	5.77	-	-	-
30.Construction of Perimeter Walls (VRCs, CCSCCs)	-	-	40	-	-	-
31.Construction of County and Sub County Social Development Offices	-	-	25	-	-	-
Joska Foster Care Center	-	-	390,	-	-	-

PROJECT TITLE/DESCRIPTION	Approved Budget 2024/25 FY (Kshs. Millions)		Requirements for FY 2025/26 (Kshs. Millions)		BPS Allocation for FY 2025/26 FY (Kshs. Millions	
Isiolo Foster Care Center	-	-	483.9	-		--
Muranga Foster Care Center	-	-	210	-		--
Nanyuki Foster Care Center	-	-	368.1	-		-
Bungoma Foster Care Center	-	-	198	-		-
TOTAL [KSHS]	**183.62**	**1,724.00**	**2,360.74**	**1,724.00**	**183.00**	**1,724.00**

ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION FOR SAGAs

The State Department has 4 Agencies that receive Grants from the Government as per the following table;

Table 8: Semi-Autonomous Government Agencies (SAGA's) Allocations FY 2025/2026

ECONOMIC CLASSIFICATION	Approved Estimates FY 2024/2025 (Ksh.M)	Requirement FY 2025/2026 (Ksh.M)	BPS Allocation FY 2025/2026 (Ksh.M)	DEFICIENCY [+,-] (Ksh.M)
1.CHILD WELFARE SOCIETY OF KENYA (CWSK)				
GROSS AMOUNT	1,015.00	**2,865** R-1,215 D-1,650	**498.15**	(2,366.85)
A.I.A	0	0	0	0
NET AMOUNT	1,015.00	2,865	**498.15**	(2,366.85)
2. NATIONAL COUNCIL FOR CHILDREN SERVICES[NCCS]				
GROSS AMOUNT	90.00	388.50	**108.13**	(279.92)
A.I.A	0	0	0	0
NET AMOUNT	90.00	388.50	108.13	(279.92)
3. NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES				

GROSS AMOUNT	**600.00**	**932.00**	**385.01**	**(546.99)**
A.I.A	4.10	4.10	4.10	0
NET AMOUNT	595.90	927.90	380.91	(546.99)
4. STREET FAMILIES REHABILITATION TRUST FUND				
GROSS AMOUNT	200.29	**365.40** R-300.40 D -65.00	**170.56** R-150.56 D-20.00	(194.84)
A.I.A	0	0	0	0
NET AMOUNT	200.29	365.40	**170.56**	(194.84)
GRAND TOTAL	**1,905.29**	**4,550.90**	**1,161.85**	**(3,388.6)**

9. SUMMARY OF KEY ISSUES REQUIRING COMMITTEE INTERVENTION IN THE BUDGET POLICY STATEMENT 2025, FY 2025/26.

The following areas in **order of priority** were under funded during the Sector Working Group resource sharing due to a Low Ceiling given to the Sector.

The Committee noted that issues outlined hereinunder are not addressed, they will adversely affect the programmes and projects under the Sector.

The Requirements for additional funding, in the FY 2025/26 are summarized in the tables below and Justified in Annex 3;

Table 9: Areas that need Additional Funds in FY 2025/2026- Recurrent

S/NO	PROJECT/PROGRAMME/ DESCRIPTION	AMOUNT [Kshs. Millions]
1.	National Safety Net Programme [Inua Jamii] Program	21,738.04
2.	Emergency Relief (Food, medicine, blankets, cash grants, tents and other temporary shelter etc) **[Directorate of Children Services]**	250.00
3.	The Community Mobilization and Development Program **[Directorate of Social Development]**	178.00
4.	The Enhanced Single Registry [ESR]	50.00
5.	The Enhancement of the AIEs for field stations Nationwide	2,965.00
6.	The Operational Expenses and Allowances Payable to the Statutory Boards and Committees	50.00
7.	Legal Case- Eldoret HCC NO.160 OF 2011, Eldoret Water and Sanitation Company Limited and Muranga Case MCG.NO.174 2013.	21.42
8.	The Street Families Rehabilitation Trust Fund [SFRTF], for	149.84

S/NO	PROJECT/PROGRAMME/ DESCRIPTION	AMOUNT [Kshs. Millions]
	implementation of Rehabilitation Programs.	
9.	National Council for Children Services to enable operationalization of the Children Act 2022.	279.92
10.	Kenya Social Protection Policy and Social protection bill and cross cutting issues for Performance Contract for FY 2025/2026	154.00
11.	Presidential Secondary School Bursary	749.00
12.	Child Welfare Society of Kenya (CWSK) Recurrent Expenditure	716.85
13.	For emergency relief food-child welfare society of Kenya [CWSK]	510.00
Sub- Total (RECURRENT VOTE]-[Kshs.]		**27,812.07**

Table 10: Areas that need Additional Funds in FY 2025/26- Development

S.NO	PROGRAMME/PROJECT DESCRIPTION	AMOUNT [KSHS Million]
1.	G.O.K Counterpart Funds, on **the** Kenya Family Resilience Support Program (KSEIP II)	600.00
2.	Surveying, Titling & Fencing for the State Department's Parcels of land	237.00
3.	For Monitoring and Evaluation of Projects and Programs.	50.00
4.	For construction of perimeter wall for the Street Families Model Institution in Mavoko	45.00
5.	Upgrading of the CWSK Integrated Child and Family Centers to occupation	1,650.00
	Sub – Total [DEVELOPMENT VOTE]	**2,582.00**
	GRAND TOTAL [KSHS.]	**30,394.07**

3.2 THE STATE DEPARTMENT FOR GENDER AND AFFIRMATIVE ACTION

a. Implementation Status of the Financial Year 2024/ 2025 budget as at 31st December 2024

(a) Cumulative financial performance

The cumulative financial performance for both recurrent and development budget as at 31st December, 2024 is as shown in the tables below.

i. Recurrent budget Performance as at 31st Dec. 2024 amount in Kshs. Million

Economic Classification	Printed Estimates 2024/2025	Approved Estimates 2024/2025	Expenditure as at 31st December 2024	Absorption	Remarks
1.Compensation to employees	314.10	314.10	132.90	42.31%	The variance in absorption against 50% is due planned promotions and recruitment which were planned in 3rd quarter.
2.Use of goods and Services	230.670	178.97	75.03	41.92%	Expenditure is below the 50% due to procurement process and has already pick up in 3rd quarter.
3 Current grants to government agencies and other levels of government	1,495.52	1,495.52	721.23	48.22%	Variance is due to yet to be reported AiA expenditure by WEF.
4.Other recurrent expenses				78.54%	The State Department was granted authority to pay service gratuity in full in the 2nd quarter

	35.55	10.19	8.01		thereby surpassing the expected 50% expenditure.
Total	**2,075.84**	**1,998.78**	**937.16**	**46.88%**	

Compensation to employees is budget used to pay salaries to officers in the State Department, while use of goods and services is budget allocated for normal operations of the State Department including: rental charges, cleaning services, travel both domestic and foreign, hospitality, maintenance of motor vehicles among other expenditures. Transfers were allocated to the State Corporations under the State Department including NGAAF, WEF and Anti-FGM Board.

ii. Development Budget Performance as at 31st Dec.2024

SDGAA	Project Name	Printed Estimates 2024/25	Approved Estimates 2024/2025	Expenditure	Percentage Utilization	Comments
Vote 1212	National Government Affirmative Action Fund	3,500.00	3,208.98	1,604.49	50.01%	The 1st & 2nd exchequer have been received and transferred to NGAAF
	GoK/UNFPA 10th Country programme	27.2	27.2	18.16	66.00%	The State Department was granted access to the full year allocation as the project usually ends in December. The budget for the programme has been revised down to reflect actual expenditure in the Supplementary Estimates No. 2.
		291.02	291.02	50.87	17.48%	The expenditure indicated so far

SDGAA	Project Name	Printed Estimates 2024/25	Approved Estimates 2024/2025	Expenditure	Percentage Utilization	Comments
	Strengthening Prevention & Response to GBV in Kenya					relates to GOK allocation. The programme was allowed to access the 2nd half allocation as the project is ending before June,2025.
	Women Empowerment for Gender Equality	37.65	37.65	0	0%	The financing agreement has not been signed thereby delaying utilization. It is proposed in Supplementary No.2 that the project be removed from the budget.
	1212101301 Construction of a Safe Home for victims of defilement/Rape in Kajulu		10	0	0%	A request has been done to the County Commissioner (Kisumu) requesting for allocation of land for the project. However, we propose that the amount be reallocated to recurrent budget to facilitate preparation of legal framework for safe spaces and NGAAF takes over the project.

SDGAA	Project Name	Printed Estimates 2024/25	Approved Estimates 2024/2025	Expenditure	Percentage Utilization	Comments
	1212101302 Taita Rescue Centre in Bura		10	0	0%	The project is being undertaken by NGAAF with contract running to 2026. We request that the 10 million be reallocated to recurrent in supplementary 2 to assist in preparation of legal framework for safe spaces
	Total	**3,855.87**	**3,584.85**	**1,673.52**		

The State Department appreciated the Committee's effort in the inclusion of the allocation for the Construction of Safe Homes for Victims of defilement/Rape (Safe Centre) allocation for both Kajulu and Bura. However, the items under which the budget was captured and being a public participation project, the State Department appealed to the committee to refer the funding of the two centres from NGAAF allocation, and reallocate the **Kshs. 20million** to the Recurrent budget which is seriously underfunded. This would enable the State Department to undertake policy matters such as: legal framework on safe centres, affirmative action policy, male engagement and inclusion strategy, women in leadership policy which are urgent but do not have funding.

1. **Key policies underlying the Expenditure ceilings in the 2025 Budget Policy Statement**

The key policies underlying the expenditure ceilings and financial allocation in the 2025 Budget Policy Statement are as indicated in i and ii below;

i. **Gender Policies in the medium term**

In the medium term, the State Department will pursue policies which are geared towards empowering women economically through capacity building and facilitating access to affordable credit and markets through Women Enterprise Fund (**WEF**) and National Government Affirmative Action fund (**NGAAF**). The State Department will also strengthen policies on measures to ensure zero tolerance to FGM and gender-based violence.

Specifically, the State Department would;

i. Review national policy on elimination of FGM
ii. Develop and implement affirmative action policy
iii. Prioritize Women's Economic Empowerment, ending GBV and implementation of the constitutional provisions, of not more than two thirds of either gender
iv. Develop an Affirmative Action Policy
v. Review national policy on gender and development
vi. Review and implement; the National policy for Prevention of and response to GBV (2014),
vii. Develop legal framework on GBV protection Centres as per Executive order Number1 of 2023
viii. Develop Standard operation Procedures (SOPS) toll freeline
ix. Develop and implement the National Policy on Women Economic Empowerment
x. Develop and implement the National Care Policy
xi. Develop male engagement and inclusion strategy.
xii. Review intergovernmental framework for the gender sector.
xiii. Develop women in leadership strategy.

To Develop and implement the Policies, the State Department for Gender and Affirmative Action has a Strategic Plan covering the period 2023-2027. The Plan is in line with Kenya Vision 2030 and its 4th Medium Term Plan, BETA and Agenda 2063.

The Plan had also been aligned to the global Agenda for Sustainable Development and in specific Goal No. 5 on promoting Gender Equality and Empowerment of Women, Men, Boys and Girls. The Plan took cognizance of the two -tier level of governments including joint planning and implementation of programmes. The Plan provides a framework for realizing the Gender goals in the Constitution and focus on Gender Policy development and Management, Gender mainstreaming in MDCAs, Women's and Girls' empowerment, domestication of International Treaties/Conventions on Gender and Prevention and Response to GBV, FGM, Early Marriages and other harmful cultural practices.

ii. Financial Allocation

The State Department for Gender and Affirmative Action, Vote 1212, Gross expenditure ceiling for Development in the FY 2025/26 is **Kshs.6,160.34 million** against a requirement of **Kshs.9, 673.87 million**. The Gross expenditure ceiling for recurrent budget in FY 2025/26 **is Kshs2,337.44 million** against a requirement of **Kshs.2,730.37 million**. While Development was allocated **Kshs.3,822.90** against requirement of **Kshs.6,943.50 million** the funds are allocated to 3 programmes as indicated in the tables below for both Recurrent and Development respectively;

RECURRENT

Program	Requirement (Kshs Millions)	Allocation (Kshs Millions	Short fall (Kshs millions)
Community Development	1,044.31	1,044.31	0.00
Gender Empowerment	1,293.26	967.13	326.13
General Admin	392.80	326.00	66.8
Total	**2,730.37**	**2,337.44**	**392.93**

DEVELOPMENT

Program	Requirement (Kshs Millions)	Allocation (Kshs Millions	Short fall (Kshs millions)
Community Development	3,500.00	3,500.00	0.00
Gender Empowerment	3,443.50	322.90	3,120.6
Total	**6,943.50**	**3,822.90**	**3,120.60**
Grand Total	**9,673.87**	**6,160.34**	**3,513.53**

Community Development, **Kshs4,544.31 million** comprising **Kshs 1,044.31million** in Recurrent and **Kshs3,500 million** in Development. This allocation will be used to improve livelihoods of vulnerable women, youth, persons with disabilities, children and the elderly, procuring and distribution of sanitary towels to school girls, for socio-economic empowerment through NGAAF.

Gender Empowerment, **Kshs1,290.0 million** comprising of **Kshs.967.1 million** in Recurrent and **Kshs322.9 million** in Development. This is against a requirement of **Kshs4,736.76 million** comprising of **Kshs1,293.26** in recurrent and **Kshs3,443.50 million** in development leading to a shortfall **of Kshs 3,120.60 million**. The huge shortfall under this programme was occasioned by lack of allocation of Kshs 3,000 million to WEF under

development as proposed for implementation of a Presidential directive of enhancing allocation to the fund. The shortfall under recurrent will affect implementation of policy matters such as: legal framework on safe centres, affirmative action policy, male engagement and inclusion strategy, women in leadership strategy, strengthening fight against Gender-based violence/Femicide and FGM among other priority areas.

***General Administration Planning and Support Services*, Kshs.326 million** for recurrent expenditure against a requirement of **Kshs392.80 million**. The shortfall will affect digitization of services within the State Department, communication and service delivery especially response to emergency matters. It will also affect allocation to support field services.

2. The implementation status of the Cabinet Resolution on reforming State Corporations aimed at addressing operational and financial inefficiencies, enhance service delivery and reduce reliance of the exchequer.

Women Enterprise Fund (WEF) a State Corporation under State Department for Gender and Affirmative Action is affected by the Cabinet resolution of the reforms. It is earmarked for merger with Uwezo Fund and Youth Enterprise Fund to be one fund.

A meeting with the select committee was held on Monday, February 16th, 2025 and three subcommittees comprising of Legal, Finance, and Human Resources were established to spearhead the reform.

Each sub-committee was tasked to continue its work, with regular updates provided to the full committee to ensure alignment and monitor progress.

The State Department will be updating this Parliamentary Committee on Social Protection on the progress regularly.

Request to the Committee

The current BPS Budget ceiling, will not be adequate to support key Programmes i.e. social-economic empowerment of women, establishment of safe centres which is critical for safeguarding distressed/ affected persons in both GBV and GFM. The State department appealed to the committee to consider recommending for more resources to assist in scaling up above mentioned Programmes and projects. Specifically, the State Department requested for an additional allocation of **Kshs.3,513.53 million** particularly on Gender- empowerment programme.

3.3 THE STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY

a. The Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement

The following are the key policies underlying the proposed expenditure ceilings in the 2025 BPS:

i. Fast-tracking the development of the Creative Economy Policy;

ii. Enactment of the Creative Industry Bill: The Bill, which has been subjected to stakeholder engagement, is currently awaiting validation; and

iii. Review of the National Youth Council Act of 2009 by aligning it to the Constitution, the State Corporations Act, Mwongozo Code of Governance and other government guidelines.

1. INDICATIVE PERFORMANCE TARGETS LINKED TO THE POLICIES AND PROGRAMMES IN THE BUDGET POLICY STATEMENT

Indicative performance Targets for the FY 2025.26 and the Medium Term

	Programme	Sub-Programme	Key Output	Key Performance Indicator	Annual Target for FY 2025/26	Annual Target for FY 2026/27	Annual Target for FY 2027/28
1.	Youth Empowerment Services	SP 1.1: Youth Social and Sustainable Community Development	Youth development services	No. of youth engaged in intergenerational dialogue	6,000	6,500	7,000
				No. of youth trained in environmental conservation	6,000	6,500	7,000
				No. of youth engaged in volunteerism	1,000	1,500	2,000
			Youth-centered care services	No. of Youth facilitated to access subsidized Youth Friendly Sexual Reproductive Health (SRH) services	5,000	-	-
				No. of Youth engaged in physical fitness and recreation	2,000	-	-
		SP. 1.2: Youth Mentorship, Leadership and Governance	Youth empowerment services	No. of Youth organizations trained in peace-building and conflict management	32	64	64
			Youth character	No. of young people enrolled in the President's Award	6,700	7,800	8,500

			development services	programme.			
				No. of Award leaders trained	1,200	1,500	1,800
				No. of youth awarded Gold level certificates.	800	1,200	1,600
			Youth advocacy services	No. of youth trained in leadership and governance	10,000	15,000	18,000
				No. of Youth Voice and advocacy organizations registered	500	750	1,000
		SP. 1.3: Youth employment and employability scheme	Youth empowerment services	Amount of loans disbursed (KSh. Million)	400	450	500
				No. of loan beneficiaries	14,032	15,787	17,542
				No. of Youth trained on enterprise development	30,000	35,000	70,000
				No. of youth facilitated and taken up jobs abroad	1,500	2,500	3,000
2.	Youth Development Services	SP. 2.1 Youth Development Research and Quality Management	Youth mainstreaming services	Kenya Youth Development Index	1	1	1
				Youth Development Bill	1	-	-
		SP. 2.2 Youth Entrepreneurship and Talent Development	Youth entrepreneurial services	No. of Community Youth SACCOs operationalized	25	41	61
				No. of youth entrepreneurs mentored and coached	18,000	20,500	22,000
			Youth employability	No. of youth placed on apprenticeship and employment	50,000	30,000	-

			services	No. of Youth trained in life skills	50,000	30,000	-
				No. of Youth trained on market technical specific skills	50,000	30,000	-
			Youth Talent Development Services	No. of Youth earning from commercialized talents and innovations	360	400	460
				No. of youth talents awarded	30	50	70
				No. of talented Youth nurtured	1,300	1,400	1,500
			Innovation promotion services	No. of innovators incubated and scaled into business ventures	12	25	30
				Kenya Innovation Week held	1	1	1
				No. of innovators awarded	47	-	47
		SP. 2.3. Youth Development Field	Youth Friendly Services	No. of YECs equipped	20	20	25
				No. of Youth accessing Youth Friendly Services at YECs	200,000	300,000	400,000
3.	General Administration, Planning, and Support Services	SP 3.1: Administration and Support Services	Planning Services	No. of M&E reports	4	4	4
			Financial services	% level of absorption of allocated funds	100	100	100
				Quarterly and annual financial reports	5	5	5

b. LIST OF PROPOSED PROJECTS AND THE RESPECTIVE EXPENDITURE ALLOCATIONS

The list of projects and their proposed allocations are hereby attached as **Annex A**.

c. THE IMPLEMENTATION OF THE CABINET RESOLUTION ON REFORMING STATE CORPORATIONS AIMED AT ADDRESSING OPERATIONAL AND FINANCIAL INEFFICIENCIES

The Cabinet Resolution dated 21st January 2025 directed that the Youth Enterprise Development Fund (YEDF) be merged with Uwezo Fund and Women Enterprise Fund into one entity. In addition, the Cabinet directed that the President's Award Kenya (PAK) be dissolved and the functions be transferred back to the State Department. I wish to report that the National Treasury is currently holding meetings with the affected Agencies to chart the implementation modalities of the above Directive.

d. CRITICALLY UNFUNDED/UNDERFUNDED AREAS

The state department highlighted some critical programmes, projects and activities that were unfunded or grossly underfunded due to limited sector budget ceilings:

Table 7: Critically Under-funded and Unfunded Activities FY 2024/25 - Headquarters

No	Priority Area	Requirement 2025/26	Allocation 2025/26	Funding Gap	Justification/Impact
		Kshs. Millions			
1	Utilities	33.61	16.08	17.53	The underfunding will affect payment of utilities in the Field services
	Core Mandate				
2	Youth Development Index	22.74	1.37	21.37	Underfunding will slow down the development of the youth Index which is intended to guide policy makers on impact of youth interventions, hence low ranking globally
3	Kenya Youth Development Bill	39.07	2.06	37.01	The underfunding will lead to lack of a legal framework to anchor youth development

4	Youth Talent Development	171.10	3.27	167.83	The underfunding will affect talent search and commercialization
5	Youth Entrepreneurship and Skills development	37.54	3.39	34.15	Creation of employment among youth will be affected
6	Youth Mainstreaming Strategy & Guidelines	211.63	4.11	207.52	Underfunding will affect youth mainstreaming in public and private sectors
7	Youth Social Development	293.04	4.48	288.56	Underfunding will affect youth participation and representation
8	Youth field services	230.41	20.39	210.02	Underfunding will affect service delivery to the youth
9	International Youth Day Observance/ National Youth Week Coordination	105.38	0	105.38	The country will face challenges in complying with international obligations
10	Purchases of ICT Equipment, Networking and Internet Connectivity	82.00	0	82.00	Underfunding will affect internet connectivity in Youth Empowerment Centers and their transformation into digital innovation hubs
11	Digitization of Government services	85.20	0	85.20	Will slow down onboarding of government services into E-citizen platform
Subtotal-HQ		**1,278.11**	**55.15**	**1,256.57**	
No	**Priority Area**	**Requiremen**		**Funding Gap**	**Justification/Impact**

		t 2025/26	Allocation 2025/25		
KENYA NATIONAL INNOVATION AGENCY (KeNIA)					
12	Personnel Emoluments	99.42	0	99.42	To move the current staff establishment from current 16 officers to 62 officers
13	Office operational expenses	269.4	0	269.4	This includes Rent for extra space to cater for extra staff, Contracted services (Cleaning, Security, Insurance, etc) and other administrative and operational expenses
14	Purchase of assets	131.18	0	131.18	To cater for expenses such as office partitioning, Purchase of furniture and Computers for new staff and additional Motor vehicles for the Agency
15	Research to Commercialization	100	0	100	Research-2-Commercialization (R2C) program prepares researchers and innovators to transition their research output to commercial value and possibly to scalable businesses. It's an action-oriented training and coaching program that provides researchers and innovators to commercialize and achieve a good problem-solution fit as well as technology-

					market fit. The expected outcome is sustainable enterprises that truly impact society. Enables Researchers who have created inventions to commercialize and build enterprises (0.5M to1 0M per startup)
16	Innovation Mashinani Program	100	0	100	Targeting innovative solution by young people across the country heping them to advance their ideas to commercial value, register their enterprises, manage their IP and learn the principles of establishing a startup (100K to 500K per innovative idea)
17	Early-Stage Startups	50	0	50	De-risking early-stage startups that have developed young enterprises, existed for a few years but are in formative stages.(500K to 5M per startup)
18	Matching fund for mature startups	120	0	120	Inviting private sector investors to match a government commitment to high value and impact startups. Private sector must commit to closely work with the startup (5M to 30M per startup)

19	Institutional Commercialization Support Program	100	0	100	Developing Commercialization systems would include creating and supporting institutional (at least Universities, TVETs and Research Centres) capacity to commercialize and build individual innovators and researchers' capacity to pursue commercialization.
20	Kenia Academy	40	0	40	Capacity building on IP, patenting, business Management, startup growth, fund raising, managing money etc
21	Start-up School	50	0	50	Develop skills and competencies of young people to build startups
22	Innovation Solutions and Convenings	30	0	30	Build Innovative solutions that can be adopted in Government, Academia and Private sector
23	Convenings	250	0	250	Hold convening's that seeks to convene key stakeholders to assess, celebrate and energize the progress of the National Innovation Ecosystem under which the national priorities of the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030 are advanced. A vibrant

					National Innovation Ecosystem provides a supportive environment for generating jobs and creating wealth, as well as improving the global competitiveness of Kenyan knowledge economy.- e.g. Kenya Innovation Week, Innovation clusters, Startup Summit, Commercialization Summit.
24	Global Innovation Index	20	0	20	The Agency seeks to be the lead coordinator in the mobilizing collection of data for Global Innovation Index(GII). This data will assist in ensuring that the country's data is updated to improve the GII ranking.
25	Presidential Innovation Award	140	0	140	The Presidential Innovation Challenge and Award programme that intends to develop the entrepreneurial capacity of innovators across the country through scouting, recognizing and commercializing of the innovations along priority sectors of the National Government. This will encourage and support young people who are using their innovativeness, creativity and

					problem-solving skills to make a positive impact on society while becoming economically active
	Sub-Total	**1,500**	**0**	**1,500**	
PRESIDENTS AWARD KENYA					
26	Engagement of TOTs: Facilitation in Recruitment and technical support of the program	2.18	0	2.18	build capacity of experienced award leaders in regions to TOT Level in order to aid in the growth of the award at county level
27	Online Record Book (ORB) uptake:	3.28	0	3.28	Improve accountability and participant engagement through digital tracking.
28	Virtual trainings and engagements/ meetings	8.00	0	8.00	Provide continuous updates on quality standards and international requirements
29	Programme Quality Management System	1.50	0	1.50	development of a QMS Process and system in order to create comprehensive M&E Framework to standardize delivery of the award
30	Stakeholders Engagement - Focal Persons Ministry of Education	0.56	0	0.56	engagement with county directors at county level for MOE AND TSC to establish support for the Award at county level
31	Heads of institutions sensitization in 10 regions =Head teachers	5.77	0	5.77	Increase institutional buy-in, leading to higher number young participant in the Award

	sensitization for 1 day				
32	Operation Award Support	9.18	0	9.18	Improve accountability and participant engagement through digital tracking.
33	Recognition and Reward including Gold Award Ceremonies	25.0	0	25.0	Certification for young people who successfully complete the Award
34	Public Communicatio n	7.80	0	7.80	increase visibility of the Award in countrywide
34	Operations and Maintenance	16.61	0	16.61	For day to day running of the institution
36	Rent	10.0	0	10.0	The Agency has been given notice to vacate their current premises
37	Office Relocation	5.0	0	5.0	
38	Training of award participants and award mentors	5.0	0	5.0	
	Sub-Total	**99.88**	**0**	**99.88**	
YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF)					
39	YEDF lending and product development directorate	15.86	0	15.86	Unprompt follow-up of the loan repayments due to lack of Airtime cost for the call Centre HQ (Ksh 50,000 pm) for loan repayment remainders and disbursement follow-ups. Transport for county field officers (Ksh 5,000 pm) to travel to specific youth groups for

					training and follow-ups on disbursements. Facilitation for credit officers -Risk (Ksh 1.5 million per quarter) disbursements and Recoveries at group and individual visits at constituency levels DSA for officers at different levels
40	Commercial infrastructure	3.07	0	3.07	Inability to promote 200 Youth in innovation, Invention and incubation in building a robust digital and Creative Economy through Technical know-how within TVETS, Universities and the general public
41	Partnerships and resource mobilization	6.51	0	6.51	The agency will be unable to engage the Donors & Partners (Strategic Networking, Lobbying, Advocacy & Donors/Partners Relationship Management). Development, Presentation and Follow up of Concept Notes, Funding Proposals and requests to development partners
42	Capacity Building and Enterprise Development for the Youth before uptake of loans.	8.67	0	8.67	Capacity Building and Enterprise Development (per training session) --- The program will be undertaken by county officers to the youths

					in each sub-county the cost involved include facilitation of ksh 5,000*5*200 for hall hire in areas without free training spaces and facilitation to the youth which include 500 transport and lunch per youth for 100 youths in a county, DSA for the capacity building and enterprise development technical officer @ 14,000*2*47*5
43	Market Support and Linkages	4.70	0	4.70	Market Support and Linkages (County tradefairs 47*100000) to facilitate youth to showcase their products)
44	Youth Employment Scheme Abroad	2.86	0	2.86	Youth Employment Scheme Abroad the amount is to take care of expenses involved in pre-departure training which include hire of a well-equipped homecare training facility which cost Ksh. 35,000
45	Communicatio n	4.15	0	4.15	Telephone, Telex, Facsimile and Mobile Phone Services and courier services for the loan documentation
46	Credit reference services including checking credit score	3.60	0	3.60	Credit reference services including checking credit score status of all youth applying for loans.

	status of all youth applying for loans.				
47	Payment to valuers and debt collectors in case of Non-Performing Loans (payment as per SLAs)	2.50	0	2.50	Payment to valuers and debt collectors in case of Non-Performing Loans (payment as per SLAs)
48	Refined Fuel and Lubricants for Transport and Maintenance Expenses - Motor vehicles	30.36	0	30.36	Hamper recoveries due to limited movement by the Sub-County officers who do the loan monitoring and recoveries.
49	Facilitation to county offices to take care of utilities at county level	5.59	0	5.59	Facilitation to county offices to take care of utilities at county level
	Sub-Total	**87.87**	**0**	**87.87**	
NATIONAL YOUTH COUNCIL					
50	Court award	6.00	0	6.00	Court awarded former employee for irregular termination of her contract.
51	Recruitment of key staff	20.00	0	20.00	The council currently has a total of 21 staff against approved establishment of 81
52	Programmes and activities relating to core mandate	100.00	0	100.00	.Regulation and coordination Youth Serving Organization; Youth voice, leadership, governance and civic engagement; .Youth

					peace and security; .Youth Climate action & Operationalization of Youth connekt Kenya Chapter
	Sub-Total	**126.00**	**0**	**126.00**	
	Total for SAGA's	**421.13**	**0**	**421.13**	
NON-SAGAs **INTERNATIONAL CONFERENCE FOR GREAT LAKES REGION-SECRETARIAT (ICGLR)**					
53	Regional meetings and outreach activities in the twelve member state countries	34.00	15.00	19.00	Only 5 regional meeting will be undertaken instead 8 regional meetings
54	Local projects, programmes and outreach activities	54.26	0	54.26	Funding youth exchange programmes, promoting peace, regional integration and security among the youth in the member state, sensitizing youth against radicalization and extremist, supporting outreach youth empowerment programmes across member state, promoting free movement of youth within member state and promoting youth forums. Capacity building of youth on related issues across member state
	Sub-Total	**88.26**	**15.00**	**73.26**	

KENYA ASSOCIATION OF YOUTH CENTRES					
55	Operationalization of the Kenya Association of Youth Centres (KAYC)	59.82	0	59.82	The Executive Order No.2 of Nov 2023 directs the establishment of KAYCs. Establish and operationalize the Kenya association of youth center as an umbrella body for publicly and privates owned center in Kenya, this will provide a coordinated approach to providing youth empowerment programmes in the country. It will provide a strong basis for youth mainstreaming in all programme and initiatives implemented within the centres. Currently, we are developing a youth bill that will operationalize the KAYC.
	Sub-Total	**59.82**	**0**	**59.82**	
Total for Non-SAGA's		**148.1**	**15**	**133.1**	
TOTAL VOTE 1135		**3,152.1**	**70.20**	**3,081.90**	

Conclusion

The State Department and its SAGAs are grossly under-funded to make a lasting impression in the hearts and minds of our stakeholders, particularly the youth of this country. Consequently, the state department made the following specific requests:

a) Provision of **Kshs.1billion** in our Recurrent Vote to help in the implementation of its core mandate;

b) Provision of **Kshs.2.2billion** under the Recurrent Vote for our SAGAs with Kshs. 1.5billion being earmarked for KeNIA for operational budget and start-up funding to support commercialization of innovations and other entrepreneurial ventures and the balance of **Kshs.700million** is for execution of core mandate of the other SAGA's;

c) Reinstatement of the **Kshs.200Million** GoK funds in respect of the YECs and NYOTA projects;

d) Provision of **Kshs.500Million** for the Youth Enterprise Development Fund. The YEDF is implementing BETA project to facilitate young people to take up jobs abroad. The program had generated very high demand and the fund had not been allocated any funds under Development Vote.

3.4 THE STATE DEPARTMENT FOR PUBLIC SERVICE (NATIONAL YOUTH SERVICE)

a. Implementation Status of the Financial Year 2024/25 Budget as at 31st December, 2025 comprising:

i. Cumulative Financial Performance

NYS received recurrent exchequer from the National Treasury for the first half of FY 2024/2025 amounting to **KShs. 3,889,271,430** and raised **Kshs. 149,991,440** as A-in-A. However, the Service is expected to receive recurrent exchequer amounting to **Kshs. 4,667,125,716** during the period under review therefore leaving a deficit of **Kshs. 777,854,286**. Expenditure summary as at 31st December 2024 is presented in the table below.

Budget Items	**Total Approved Budget FY 2024/2025 (Kshs.)**	**Total Approved Budget and A.I.A as at 31st December 2024**	**Actual Exchequer and A.I.A received as at 31st December 2024**	**Actual Expenditure at 31st December 2024**	**% Absorption based on the total budget as at 31st December 2024**
Revenue from Exchange Transactions (A.I.A)	956,237,598	478,118,799	149,991,440	4,038,260,870	39%
Revenue from Non-Exchange Transactions (Recurrent)	9,334,251,432	4,667,125,716	3,889,271,430		

Revenue from Non-Exchange Transactions (Development)	0	0	0	0	0%
Total	**10,290,489,030**	**5,145,244,515**	**4,039,262,870**	**4,038,260,870**	**39%**

a) **Actual Outputs Achieved Relative to Approved Targets**

The table below presents actual outputs achieved relative to the approved targets for the first half of FY 2024/2025.

S. No	Programme	Sub-Programme	Key Output	Key Performance Indicator	Annual Target for 2024/2025	Actual Achievement as at 31st December 2024	Remarks
	National Youth Service	Paramilitary Training and National Service	Youth trained in paramilitary skills	No. of youth trained in paramilitary skills	20,000	14,604	Trained 14,604 youth recruited in FY 2023/24 comprising 10,083 males and 4,519 females (32 PWDs, 21 males and 11 females. The 2024/25 intake of 20,000 is currently being admitted at NYS Paramilitary Academy Gilgil and Naivasha.
			Servicemen/women engaged in National Service	No. of SM/W deployed to National Service	14,604	14,602	Deployed 14,602 SM/W, 10,083 males and 4,519 females to disaster and emergency response, security services, agricultural production, and climate works resilience programme among others
			Increased Food Production	Tonnes of Food	3,000	1,040	There is need to modernise agricultural production for increased productivity.
			Increased National Tree Cover	No. of tree seedlings propagated	50 million	57.249 Million	During FY 2023/24, the Service propagated 63.5 million tree seedling and planted 5.6 million trees. The seedlings were not purchased

				No. of tree seedlings grown	5 million	1,022,089	as envisioned while available land for growing was depleted owing to the need for land for commercialization. This has limited tree seedling propagation as we await the long rains. There is need to encourage other MDACs to purchase tree seedlings from NYS in order to realise the planned targets.
		Technical and Vocational Training	SM/W Trained in Technical and Vocational Skills	No. of SM/W trained	42,690	28,088	Trained 28,088 SM/W, 19,493 males and 8,595 females, in various technical and vocational skills at Artisan, Craft and Diploma levels. The next enrolment of 14,602 SM/W currently in national service is scheduled for September, 2025.
			Increased youth access to employment opportunities	No. of SM/W linked to jobs	1,100	580	Created job linkages and placed 580 SM/W and NYS graduates (429 males and 151 females) on jobs both locally and abroad.
		Commercial and Enterprise Development	NYS Commercial Enterprises Business Plans Implemented	Revenue generated (Kshs. Mn)	540	87.3	This is largely hampered by lack of seed capital of 4,234.16 billion for implementation of NYS Commercial Enterprises Business Plans. Most of the enterprises are not operational as the service is in the process of procuring
				Number of SM/W engaged in commercial and enterprise	1,000	554	

				activities			enterprise equipment.

b) Status of Capital Projects

Development expenditure is classified under Construction of Buildings and Other Infrastructure in NYS. As at 31st December 2024, the cumulative achievement for the project was 71%.

Key Policies Underlying the Expenditure Ceilings in the 2025/2026 Budget Policy Statement.

The 2025/2026 BPS is prepared guided by Bottom Up Economic Transformation Agenda (BETA) priorities as stipulated in the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030.

The 2025/2026 BPS is also guided by directive of His Excellency the President Hon. William Samoei Ruto, PhD., C.G.H., during the NYS recruits passing-out parade held on 3rd March 2023, to increase annual youth intake from 10,000 to 100,000 annually and become a self-sustaining Government agency by fiscal year 2027/2028.

The Service is also re-engineering its strategic agenda for commercial and enterprise development by establishing NYS Commercial Enterprises, a dedicated Special Purpose Vehicle (SPV) that will advance the sustainability agenda. With support from the President's Council of Economic Advisors, and University of Nairobi Enterprise and Services (UNES) Limited, NYS has developed business plans for viable commercial projects to be undertaken in the BPS and the medium term.

The BPS is further guided by the NYS Strategic Plan 2023/2024 – 2027/2028 which is well aligned to these policies, NYS Act, 2018, Africa Agenda 2063 and Sustainable Development Goals.

3.1 Expenditure Ceilings for FY2025/2026.

The Budget Policy Statement (BPS) for FY 2025/2026 has allocated the Service a budget of **Ksh 11.18billion** comprising of **Ksh 11.06billion** in recurrent and **Ksh 115million** in development.

3.1.1 Resource Requirements Vis a Vis Allocation

The Service resource requirement for FY 2025/26 was **Ksh26.48billion** against an allocation of **Ksh11.18billion.** Below is an analysis of the resources requirements against resource allocation and the resultant gaps.

Table II: Resource Requirements Vis a Vis Allocation

Programme	Expenditure Type	Allocation Estimates 2024/25	Resource Requirement 2025/26	Allocation as per Sector Working Group 2025/26	Allocation as per BPS 2025/26	Resource Gap Resource Requirement minus BPS 2025/26

						Allocation
National Youth Service	Recurrent	10,290,500,000	25,993,920,000	11,560,000,000	11,060,100,000	14,933,820,000
	Development	0	487,790,000	125,000,000	115,000,000	372,790,000
TOTAL		**10,290,500,000**	**26,481,710,000**	**11,685,000,000**	**11,175,100,000**	**15,306,610,000**

Resource requirements for the Service for financial year 2025-2026 took into consideration the Presidential directive to increase the youth intake that is to be implemented in a phased approach. It is worth noting that in the year under review the Service intends to recruit 40,000 recruits in two cohorts. However, with the BPS allocation, the Service will not meet the envisaged expenditures associated with the increased numbers.

The Service recruited 20,000 youth in the third quarter of 2024/2025 in line with the President's directive. It is worth noting that the budget for FY2024/2025 can only accommodate 10,000 youths. Additionally, the Service presented a request for additional funding in Supplementary II to cater for the additional 10,000 recruits awaiting consideration. During the sector working group retreat, the Service had been allocated an additional **Kshs1 billion** for food and ration to cater for the increased numbers but the allocation in BPS for FY 2025/2026 has reduced this by **Ksh.500million.**

To adequately accommodate and train these youth, the Service needs to improve its existing facilities and develop new infrastructure and facilities including barracks, water and sanitation, kitchens and dining halls, classrooms and workshops among others. However, the 2025/2026 BPS has allocated **Kshs.115Million** which is inadequate for development.

It is worth noting that the Service suffered a cut on development budget in Supplementary 1 of FY 2024/2025with service having a Zero budget on Development. This has further complicated the efforts of the Service in improving its already overstretched and dilapidated facilities.

Overall, the budgetary allocation of the Service for the FY 2025/2026 BPS is largely inadequate to achieve its policies and programmes. There is need for this Committee to support and assist the Service to obtain additional budgetary allocation to undertake the planned initiatives.

1.0 Indicative Performance Targets Linked to the Policies and Programmes in the Budget Policy Statement

The table below presents indicative performance targets linked to the policies and programmes in the Budget Policy Statement.

Indicative Performance Targets Linked to Policies and Programmes in the Budget Policy Statement

S. No.	Programme	Sub-Programme	Key Output	Key Performance Indicator	Annual Target for 2024/2025	Annual Target for 2025/2026	Annual Target for 2026/2027	Annual Target for 2027/2028
1.	National Youth Service	Paramilitary Training and National Service	Youth trained in paramilitary skills	No. of youth trained in paramilitary skills	20,000	60,000	80,000	100,000
			Servicemen/women engaged in National Service	No. of SM/W deployed to National Service	20,000	60,000	80,000	100,000
			Increased Food Production	Tonnes of Food	3,000	5,273	6,856	8,914
			Increased National Tree Cover	No. of tree seedlings grown ('000,000)	50	50	50	50
		Technical and Vocational Training	SM/W Trained in Technical and Vocational Skills	No. of SM/W trained	42,690	104,000	133,000	166,000
			Increased Youth Access to Employment Opportunities	No. of SM/W linked to jobs	1,100	15,000	15,000	20,000
		Commerc	NYS	Revenue	540	1,680	1,850	2,100

		ial and Enterprise Development	Commercial Enterprises Business Plans Implemented	generated (Kshs. Mn)				
				Number of SM/W engaged in commercial and enterprise activities	1,000	20,000	30,000	40,000

2.0 List of Proposed Projects and the Respective Expenditure Allocations

Development is classified under Construction of Buildings and Other Infrastructure in NYS. The resource requirement was for completion of the ongoing projects that include expansion of training infrastructure, construction of barracks, classrooms and upgrade of sewer lines in order to accommodate the increased intake and to reduce the numbers of SM/W admitted to MoE TVETs to cut down on training costs.

3.0 Conclusion

The FY 2025/26 Budget Estimate as provided in the BPS has a deficit of **Kshs. 15Billion**. This will affect implementation of the policies, programmes and projects, and consequently the ability of the Service to achieve its performance targets.

Of concern is the **Recurrent** Budget which cannot accommodate the 20,000 recruits that intend to join National service and Technical and Vocational institutions in the 2025/26 FY. The Development budget has also significantly reduced over the past years with a Zero Budget this Financial Year thereby adversely affecting efforts to accommodate more Servicemen/women in the technical and vocational education and training programme internally. This notwithstanding, existing infrastructure and facilities including barracks, dining halls, classrooms, workshops, water and sanitation systems and security walls in all Field Units are in deplorable conditions, strained and remain inadequate to accommodate all NYS SM/W in all the three programmes.

Key Underfunded Areas in FY2024/25 BPS include:

S/ No	Item	Resource Requirement (Kshs. Millions)	Allocation as Per BPS (Kshs. Millions)	Resource Gap (Kshs. Millions)	Remarks

1	Compensation of Employees	2,795.90	2,043.53	752.37	The requirement is based on the implementation of the Maraga task force recommendation on salary review and allowances for uniformed staff in NYS as approved by the Salary and Remuneration Commission (SRC) and the National treasury. Besides, it will also go along in enabling recruitment and compensation of additional 200 cadet officers and 500 private officers pursuant to the presidential directives issued during the last pass out parade on 26th August, 2024 at NYS Paramilitary Academy in Gilgil.
2	Use of goods	15,022.16	7,871.48	7,150.68	The requirement is based on increased intake from 20,000 to 40,000 in FY2025/26 and includes but not limited to food and ration, purchase of uniforms for trainees, monthly issues, trainee allowances and utilities.
3	Commercial and Enterprise	4,485.00	250.84	4,234.16	The service is in need of seed capital to actualize the commercialization element. This is required to upscale the commercial and enterprise activities and align them with the Reengineering process that is currently being undertaken.
4	Tuition fees for Students in TVETs	3,690.86	894.15	2,796.71	Due to increased intake from 20,000 to 40,000, the Service is greatly underfunded in tuition fee for students both in Ministry of Education and NYS TVETs.
5	Infrastructure and Facilities	487.79	115.00	372.79	The requirement was based on the overstretched physical infrastructure due to increased numbers of servicemen/women. There is a presidential directive to increase the intake from 20,000 to 40,000 annually from FY 2025/26, the current allocation will greatly hamper the achievement of this target.
	Total				

		26,481.71	**11,675.00**	**14,806.71**	

3.5 THE NATIONAL GENDER AND EQUALITY COMMISSION (NGEC)

The Commission welcomed the allocation of **KES 476.7 million** in the 2025/2026 Budget, a reflection of the recognition of our crucial role. However, the allocation is insufficient to effectively discharge the mandate of NGEC and to address emerging issues. To bridge the existing funding gap and sustain impactful interventions, NGEC requested an additional **KES 595 million.**

Four critical areas that require urgent attention included:

a) **Gender Based Violence (GBV) including Femicide**: following the rising cases of GBV, including femicide, NGEC had embarked on a journey to find a lasting solution, through policy review, GBV elimination National Campaigns, Research on the root causes, and Men engagement. This the request of an addition of **KES 175 million** to bring all the pieces together and find a solution to GBV. The Commission intends to mount a Nationwide public campaign against GBV design and implement institutional and community-based dialogue targeting men, opinion leaders, universities and TVETs student representatives, community leaders, families, teachers, and faith-based organizations. Local solutions to ending GBV shall be proposed. Law enforcement agencies will also be involved with a focus on access to justice and rehabilitation of repeated offenders. The campaign will at the initial target Counties: *(Kiambu, Homabay, Kericho, Bungoma, Narok, Tana River, Muranga, Nyeri, Tharaka Nithi, Bomet, Kisumu, Wajir, Kitui, Busia and Mandera)*. NGEC has a Gender Based Violence Information System that needs to be operationalized, which is critical for monitoring GBV cases in real-time.

b) **Regional Presence**: NGEC represents over 40 million Kenyans (SIGs). Unfortunately, it has six (6) regional offices in the whole country, making it very difficult to serve Wanjiku optimally. NGEC requested **KES 76 million** to open four (4) (Western, Central, North Rift, and Lower Coast) offices to allow *Wanjiku* to enjoy government representation.

c) **Salary Harmonization**: The Commission has been operating under three salary structures, a situation that has unfairly disadvantaged some staff members. To address this, the Commission undertook a review of its human resource instruments assisted by the Directorate of Public Service Management, which recommended salary harmonization. To comply with the principle of equal pay for equal work, the commission requested for **KES 85 million** to address salary discrepancies and ensure that our workforce is fairly compensated and an additional **KES 36 million** to recruit new staff for the Commission to be able to serve Wanjiku.

Submissions

1. **The Budget Policy Statement (BPS) for FY 2025/2026**

The key items are:

1. The implementation status of the Financial Year 2024/2025 budget as at 31st December 2024 comprising:
    i. Cumulative Financial Performance;
    ii. Actual outputs achieved relative to the approved target
    iii. Status of Capital Projects
2. The key policies underlying the expenditure ceilings in the 2025 Budget Policy Statement
3. Indicative performance targets linked to the policies and programmes in the Budget Policy Statement
4. List of proposed projects and the respective expenditure allocations
5. The implementation status of the Cabinet Resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhance service delivery and reduce reliance of the Exchequer.

Item 1: The implementation status of the Financial Year 2024/25 budget as at 31st December 2024 comprising (Doc 1 a-c):

a) Cumulative Financial Performance

The table below provides the cumulative financial performance for the Commission for the 2024/25 financial year budget as of 31st December 2024.

VOTE 2141: NATIONAL GENDER AND EQUALITY COMMISSION						
S/No		**Printed Estimate**	**Approved Estimates**	**Total Payments and Commitments**	**Balance**	**% Absorption**
		Kes	Kes	Kes	Kes	
1	Domestic travel	13,125,000	6,562,500	6,562,500	0	100
2	Gratuity	2,000,000	1,905,000	1,904,000	1,000	100
3	Training	6,700,000	5,360,000	5,355,302	4697	100
4	Hire of transport	500,000	500,000	497,700	2,300	100
5	Foreign travel	0	2,300,000	2,286,983	13,017	99
6	Salaries	149,350,000	149,350,000	148,239,149	1,110,851	99
7	Contracted services	500,000	400,000	395,000	5000	99

8	Advertising, awareness and publicity	250,000	50,000	49,169	831	98
9	Insurance	20,250,000	20,250,000	19,828,429	421,571	98
10	National celebrations	175,000	87,500	85,505	1,995	98
11	Rents and rates	22,500,000	19,500,000	18,995,872	504,128	97
12	Motorvehicle expenses	1,625,000	1,625,000	1,582,062	42,938	97
13	Boards committees	1,250,000	625,000	598,204	26,796	96
14	Refined fuels and lubricants	1,875,000	1,875,000	1,777,427	97573	95
15	Courier & postal services	50,000	40,000	37,660	2,340	94
16	Publishing and printing	250,000	250,000	230,150	19,850	92
17	Trade shows and exhibitions	175,000	125,000	115,000	10,000	92
18	Legal dues	2,000,000	2,000,000	1,737,134	262,866	87
19	Contracted guards and cleaning services	900,000	750,000	609,720	140,280	81
20	General office supplies	625,000	375,000	301,600	73,400	80
21	Catering	1,250,000	625,000	486,819	138181	78
22	Maintenance of computers	562,500	437,500	292,600	144,900	67
23	Internet Connections	1,200,000	3,410,000	2,184,999	1,225,001	64
24	Green energy	1,850,000	1,205,000	668,300	536,700	55

25	Electricity	1,200,000	1,200,000	365,820	834,180	30
26	Sanitary and cleaning materials	75,000	75,000	20,000	55,000	27
27	Licensing fees	187,500	150,000	21,299	128,701	14
	GRAND TOTAL	**235,117,500**	**221,165,000**	**215,291,273**	**5,873,727**	**97**

Item 2: Key Policies underlying the expenditure ceilings in the 2025 Budget Policy Statement

The National Gender and Equality Commission is allocated program expenditure ceiling of **KES 476.7 million** under sector code 60 (page 121 of the BPS). During the 2025/2026 Sector Working Group sessions, the Commission requested for **KES 1 billion** but was allocated **KES 476.7 million**, thus a deficit of **KES 523 million**.

The program expenditure request is based primarily on Constitutive act namely the National Gender and Equality Commission Act CAP 7k of the laws of Kenya that mandates the Commission to promote gender equality and freedom from discrimination in accordance with Article 27 of the Constitution;

Under section 8 of the NGEC Act, the Commission is assigned 15 other functions including;

i. monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions;
ii. act as the principal organ of the State in ensuring compliance with all treaties and conventions ratified by Kenya relating to issues of equality and freedom from discrimination and relating to special interest groups including minorities and marginalized persons, women, persons with disabilities, and children;
iii. co-ordinate and facilitate mainstreaming of issues of gender, persons with disability and 7 The National Gender and Equality Commission Act, 2011 other marginalized groups in national development and to advise the Government on all aspects thereof;
iv. monitor, facilitate and advise on the development of affirmative action implementation policies as contemplated in the Constitution;
v. investigate on its own initiative or on the basis of complaints, any matter in respect of any violations of the principle of equality and freedom from discrimination and make recommendations for the improvement of the functioning of the institutions concerned;
vi. work with other relevant institutions in the development of standards for the implementation of policies for the progressive realization of the economic and social rights specified in Article 43 of the Constitution and other written laws;

vii. co-ordinate and advise on public education programs for the creation of a culture of respect for the principles of equality and freedom from discrimination;
viii. conduct and co-ordinate research activities on matters relating to equality and freedom from discrimination as contemplated under Article 27 of the Constitution;
ix. receive and evaluate annual reports on progress made by public institutions and other sectors on compliance with constitutional and statutory requirements on the implementation of the principles of equality and freedom from 8 The National Gender and Equality Commission Act, 2011 discrimination;
x. work with the National Commission on Human Rights, the Commission on Administrative Justice and other related institutions to ensure efficiency, effectiveness and complementarity in their activities and to establish mechanisms for referrals and collaboration in the protection and promotion of rights related to the principle of equality and freedom from discrimination;
xi. prepare and submit annual reports to Parliament on the status of implementation of its obligations under this Act;
xii. conduct audits on the status of special interest groups including minorities, marginalized groups, persons with disability, women, youth and children;
xiii. establish, consistent with data protection legislation, databases on issues relating to equality and freedom from discrimination for different affected interest groups and produce periodic reports for national, regional and international reporting on progress in the realization of equality and freedom from discrimination for these interest groups;

In 2022, the Commission published the NGEC Complaints Handling Practice and Procedure rules to give effect to powers to conduct investigations, receive and process complaints, conduct inquiry and make determinations as specified in sections 28-41 of the National Gender and Equality Commission Act Cap 7K. The rules are yet to be fully operational and therefore through the BPS 2024-2025, seeks to intensify strategies and mechanisms for accelerating access to justice to vulnerable populations.

Under the BETA, the Kenya Kwanza Plan laid forth specific commitments to women (*women charter and agenda page 48*) , youth (*under creative economy, digital superhighway, sports, technical education and training, governance*), children (*under education pillar, social protection*), older members of the society (*under universal pensions*), minority and marginalized groups (*under climate change and natural resource management, and environment*), and the Persons with Disabilities (*under social protection, built environment and mobility*), in addition to broad based pillars of ; Agricultural transformation; Housing and Settlement, Micro, Small, and Medium Enterprises (SMSEs), Healthcare, Digital Super Highway and Creative Economy. In addition, the Commission has a new strategic plan 2024-2029 that has been aligned to the BETA priorities.

Further, the expenditure ceilings are also guided by matters of the national interest Presidential directives, for example, the pronouncement on the rising cases of GBV and femicide, emerging

issues affecting SIGS for example GBV in sports, technologically facilitated GBV, Universal Health Coverage (Social Health Insurance Program), value chain on building materials and labour for the government housing program among others and International and Regional commitments.

Lastly NGEC is a member of the National Council for Administration of Justice (NCAJ), Technical Working Group on Gender-Based Violence (GBV) including Femicide and the Victims Protection Board (VPB), with mandate of promoting and accelerating access to justice for the most vulnerable populations, SIGs including children, especially those in conflict with the law.

Item 3: Indicative performance targets linked to the policies and programmes in the Budget Policy Statement

The table below presents a summary of the indicative performance targets linked to the Policies and Programs in the Budget Policy Statement. In the past the targets have been heavily affected by the supplementary budget and therefore requested the committee to safeguard the expenditure ceiling reserved in the BPS 2025 of **KES 476.7 million** and top up the allocation by an additional **KES 595 million.**

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Annual Target FY 2025/26	Annual Target for 2026/27	Annual Target FY 2027/28
SP1. Legal Compliance and Redress	Field Services	Technical Support Services on gender and inclusion to both levels of government	No. of treaties/conventions monitored for compliance	1	2	3	3	3
			No. of legal, policy and administrative instruments reviewed for inclusion for National and County	40	30	45	40	10

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Annual Target FY 2025/26	Annual Target for 2026/27	Annual Target FY 2027/28
			Government					
			% complaints processed	100	82%	100	100	100
		Litigation services	No. of public interest litigation court cases	1	1	2	1	1
		Oversight Services	No. of counties and institutions audited for compliance with requirements for participation of SIGs in the development agenda (Including the two thirds)	2	7	10	5	5
			No. of status reports on gender and inclusion	1	2	1	1	1
			No. of political	-	-	40	30	20

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Annual Target FY 2025/26	Annual Target for 2026/27	Annual Target FY 2027/28
			parties audited on equality and inclusion					
SP2. Mainstreaming and Coordination	Field Services	Gender Equality and Inclusion promotion services	No. of Coordination and consultations forums on equality & inclusion	20	18	36	40	36
			%. of government agencies complying with not more than two thirds requirements	100	-	-	-	-
			No. of government agencies complying with not more than two thirds' requirements	-	-	250	300	400
			%. of government agencies complying with 5%	100		-	-	-

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Annual Target FY 2025/26	Annual Target for 2026/27	Annual Target FY 2027/28
			requirements for PWD		-			
			No. of. of government agencies complying with 5% requirements for PWD	-		15	20	30
			% of open-source repository systems created	-	-	10	40	70
SP3. Public education, advocacy, and research	Field Services	Research and advocacy services	No. of research conducted	-	-	1	2	2
			No. of fora on public awareness on equality and inclusion held	5	17	12	12	20
			No. of advisories issued on uptake of green energy	1	-	-	-	-
			No of advisories issued on issues of	5	2	5	5	5

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Annual Target FY 2025/26	Annual Target for 2026/27	Annual Target FY 2027/28
			Equality & Inclusion					
SP4. General Administration Planning and Support	Headquarters	Administrative Services	No. of existing offices operationalized	-	-	2	2	2
			No. of new regional offices established	-	-	2	2	2

Item 4: List of proposed projects and the respective expenditure allocations

The Commission has no projects under implementation

Item 5: The implementation status of the Cabinet Resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhance service delivery and reduce reliance of the Exchequer

The Commission was not affected by the resolution.

Request;

The Commission would require an additional **KES 595 million** to accomplish key strategic interventions that will sustain the Bottom-Up Economic Transformation Agenda, particularly accelerated economic recovery and improved livelihoods for the SIGs and with a focus on populations living in the hard-to-reach areas, unplanned settlements (slums), and in those on the streets.

S/ No	Project	Justification	Amount in Kshs. (Million)
1	Strategic programmatic activities on reducing child pregnancies and Gender Based Violence (GBV) including Femicide	Section 8 (h) of the National Gender and Equality Commission Act 2011 mandates the Commission to, *'co-ordinate and advise on public education* *programs for the creation of a culture of respect for the principles of equality and freedom from discrimination'.* GBV remains prevalent across the country, posing significant barriers to social progress and economic development. To address this the Commission seeks to: a) Facilitate in the design of a multi-prong, multi-stakeholder driven behavioral campaign on **stop** GBV, **stop** femicide campaign, **stop** kidnappings of women and children with an aim of reducing cases of GBV and promote reporting of such cases while training women and men, girls and boys on strategies for detection, and reporting GBV cases. We seek **KES 10 million.** b) Mount Countrywide public campaign against GBV, design and implement institutional and community-based dialogue targeting men, opinion leaders, universities and TVETs student representatives, community leaders, families, teachers, and faith-based organizations. **[KES 140 million @ County KES 10 million]** c) Complete a GBV information system (subscription to open/cloud server solution, and support focal officers from duty bearers to collate, clean and upload the data) (**KES 5 million)** d) Access to justice for survivors of violence and discrimination with a focus to marginalized areas including an assessment of Femicide focusing on the drivers, victims support, community prevention and response networks, rehabilitative frameworks in corrective facilities for perpetrators **(KES 20 million)** e) Support the Technical Working Group on Gender-Based Violence (GBV) to fight the rising gender-based violence and	**175**

		femicide.	
2	Operationalization of the National Gender and Equality Commission, (Complaints Handling and Procedure) Regulations, 2022	In May 2022, the Commission gazetted the National Gender and Equality Commission (Complaints Handling and Procedure) Regulations, 2022 that provide a framework for receiving, hearing, and determining complaints. The Regulations shall support the Commission in promoting access to justice for Special Interest Groups (Women, Children, Youth, Persons with Disabilities, Older members of society, Minority and Marginalized groups). To this end, the Commission seeks **KES 25 million** to operationalize the Regulations 2022 by undertaking the following specific activities; a) Training of Commissioners and critical technical staff on Alternative Dispute Resolution (ADR) Mechanisms for application **[KES 5 million]** b) Holding inaugural Commission public complaints hearing sessions in 15 counties *(Kiambu, Homabay, Kericho, Bungoma, Narok, Tana River, Muranga, Nyeri, Tharaka Nithi, Bomet, Kisumu, Wajir, Kitui, Busia and Mandera) at a cost of* **KES 20 million**	**25**
3.	Enhance Commission work at the County Level	In the 2019-2024 NGEC Strategic Plan, the Commission envisioned to establish 4 more officers in the counties by end of 2024. To this end, the Commission is requesting **KES 76 million** to undertake the following activities: a) Establishing four (4) offices in the following regions (Western, Central, North Rift, and Lower Coast). Each office requires rent, a motor vehicle, office equipment, and partitioning. Each office therefore requires **KES 16 million** hence a total of **(KES 64 million),** b) Equipping three (3) regional offices (Kilifi, Isiolo, and Kitui) with office equipment, each office **KES 4 million** and a total of **(KES 12 million).**	**76**
4	Conduct of audit of key contemporary issues affecting special interest groups	a) Audit of Sports Federation; Assessment of Sports Training Camps in Kenya; Develop a training manual for mainstreaming gender in sports focusing on interventions for ending GBV in sports; Develop safeguarding manual (rapid reference guide), a complaints handling/redress mechanism for GBV in sports and a gender policy for the sports sector **(KES 3 million)** b) Assessment of TFGBV amongst elected leaders: A case study of the thirteenth parliament **(KES 5 million)**	**63**

		c) Audit of the Tea and Sacco sectors to analyze their compliance with the two-thirds gender principle and 5% PWD inclusion in their grassroots management boards. The dual nature of these institutions, that is, private and public will create momentum within grassroots level for women and PWD participation and election in tea boards, sacco's management boards and eventually public elections and appointments. **(KES 12 million)** d) Audit the cash transfer programs (for older persons, orphans and vulnerable children, persons with severe disabilities, and hunger safety net program with a focus to transfers directed to households suffering from drought **(KES 15 million).** e) Audit of performance of Ministries, Counties, Departments, Agencies (MCDAs) on compliance with the Access to Government Procurement Opportunities (AGPO) legal requirements as provided for in the Public Procurement and Asset Disposal Act of 2015 and the Public Procurement and Asset Disposal Regulations of 2020.These laws obligate all government agencies to allocate 30% of their procurement spent to women, youth and PWDs. Total costs is **(KES 5 million)** f) Audit of performance of Ministries, Counties, Departments Agencies on compliance with statutory and constitutional requirements on inclusion of SIGS in workforce **(KES 5 million)** g) Audit of the hustler fund (financial inclusion) to analyze levels of borrowing, repayment, repeat borrowing, challenges, best practices, gaps and opportunities for Hustler Fund among women, minorities and marginalized, the PWDs, and **youth (KES 8 million)** h) Rapid Assessment of Universal Health Care Program and Affordable Housing: **(KES 10 million)**	
5.	Women in Leadership	The Commission shall design and implement with support from the grassroots community, faith, private sector, and women leaders in Parliament and County Assemblies intervention on value addition for the affirmative actions and programs in the general livelihoods. **(KES 25 million)**	**25**
6.	Strategic Litigation	The Commission will undertake strategic litigation to facilitate access to justice and constitutional interpretations for special interest groups in key strategic areas like, involvement of special interest groups in electoral processes, sexual and gender-based violence; two thirds gender; progressive implementation of the 5% PWD rule on employment as provided for in Article 54(2) of the Constitution. **(KES 10 million)**	**10**

7.	Staff welfare	*a) Salary Harmonization* To comply with the principle of equal pay for equal work, we request for **KES 85 Million** to address salary discrepancies and ensure that our workforce is fairly compensated. *b) Recruitment*: The Commission has a staff establishment of 197 and currently has 107 (54%) of the total establishment. This has affected our operations especially in the regional offices. (**KES 36 million)** *c) Car Loan and Staff Mortgage scheme* Although the Commission's Car Loan and Staff Mortgage Scheme was approved in 2021, it has not received any funding despite repeated requests. (**KES 100 million)**	**221**
	TOTAL		**595**

CONCLUSION

The Parliamentary Budget Office (PBO) took the Committee through a brief on the sector's proposed policies and ceilings for the 2025/2026 Financial Year and the medium-term, and identified various key issues in the 2025 Budget Policy Statement, including the following;

i. Existence of policy gaps in Social Safety Net Programs.
ii. Enactment of the Social Protection Bill, which is key to the streamlining of resource mobilization for Social Safety Net Programs, is long overdue.
iii. Implementation of the Social Assistance Fund is also lacking.
iv. Developing a financing plan for the Social Safety Net Program and establishing institutional framework for coordination of social protection in the country is significant.
v. Risk in budget implementation which includes supplementary estimates should not entirely erode resources for programs earmarked for completion in a financial year. Such undertakings lead to cost overruns especially in capital projects.
vi. There is need to undertake a mid-year review of the implementation of proposed policies in budget documents. This will help in oversighting policy implementors in linking policies proposed in the BPS to the implementation of the budget estimates in a financial year.
vii. National youth development index is critical and will solve the issues of inadequate disaggregated, unreliable and untimely data affecting policy decision making. This will help program implementors who would want to put resources in specific youth programs.
viii. There is need to enhance collaboration with county governments and other key stakeholders in the implementation of sector programs and projects, for example on social protection and street family's rehabilitation.

PART IV

COMMITTEE OBSERVATIONS

Having intensively and adequately considered the 2025 Budget Policy Statement, the Departmental Committee on Social Protection made the following observations:

i. The Committee observed that there were notable missed opportunities in the BPS 2025 such as ending Gender Based Violence and the merger of the National Council for Persons Living with Disabilities Fund and the Disabled Fund of Kenya.

ii. The Committee observed that an additional Kshs 21.7 billion needs to be provided for in the Inua Jamii program for the financial year 2025/26 and the medium-term in order to achieve equity in reaching out to persons eligible but cannot benefit from the monthly cash transfers due to under-provision in the budget. The Committee was apprised of a situation where a 70-year of woman was currently receiving the monthly Inua Jamii funds, while her equally 70-year old neighbour was not receiving anything at all.

iii. The Committee further observed that the reduction of Kshs 209 million from the National Fund for Persons with Disabilities base year allocation of Kshs 259 million will greatly affect the procurement and distribution of Assistive Devices for persons who rely on the Council for these devices across the country.

iv. The Committee noted that Autism support requires intensive care, psychosocial support, treatment and therapy. However, the budget line for the implementation of the national autism support has remained at Kshs 100 million over the years. This program needs an additional Kshs 75 million.

v. The Committee also noted that the Presidential Secondary Schools Bursary has a ceiling of Kshs 100 million in the 2025/26 financial year compared to the base year allocation of Kshs 400 million. This reduction will greatly impact on the intended beneficiaries of these bursaries, who are all extremely needy and vulnerable learners, who may drop out of school as a direct consequence of insufficient allocations.

vi. The Committee observed that the Street Family Rehabilitation Trust Fund (SFRTF) continues to face challenges due to limited budget despite having an enormous task of locating, rehabilitating, and linking of families to their rural homes. The Fund requires an additional Kshs 150 million in the 2025/2026 financial year.

vii. The Committee took note of declassification and de-funding of the Child Welfare Society of Kenya announced the previous month, and expressed its displeasure since the Society supports over 700,000 children countrywide mostly brought in by Government officials and agencies day and night for protection, medical care, education and welfare. The Committee undertook to pursue a reversal of the decision. It was further noted in the 2025 BPS the Society's budget has been reduced from the base year allocation of Kshs 1.015 billion to Kshs 498.15 million.

viii. The Committee further observed that the State Department for Social Protection has a pending bill on the legal case-Eldoret HCC NO.160 of 2011, Eldoret water sanitation and company limited and Mur'anga case MCG. NO.174 2013 which may continue to earn interest if the payment of Kshs 21.4 million is not settled appropriately.

ix. The Committee observed that the Kenya Social-Economic Inclusion Programme (KSEIP II) with an allocation of Kshs 1.724 billion for the financial year 2025/26 requires a counterpart funding of Kshs 600 million which is not factored into the ceilings provided in the BPS 2025.

x. The Committee observed that pursuant to a presidential directive, the Kenya National Innovation Agency (KENIA) requires a provision of Kshs 1.5 billion under recurrent vote for operation budget or start-up funding to support commercialization of innovations and other entrepreneurial ventures.

xi. The Committee also observed that via a presidential directive, the National Youth Service has been instructed to increase service recruits to 100,000 within the medium-term. In the course of this year the Service intends to recruit 40,000 service men and women in two cohorts. The Service is currently recruiting the first 20,000 cohort with a budget constraint.

xii. The Committee also observed that the development budget for the National Youth Service has significantly reduced over the years and the current allocation cannot fix the deplorable conditions of the sanitation systems, exiting infrastructures in the barracks including dining halls, classrooms, workshops among others.

xiii. The Committee noted that the National Youth Service requires a seed capital of Kshs 9 billion to fund and actualize the commercialization plans in order to build a foundation for financial self-sustenance and wean it off the Exchequer in coming years.

xiv. The Committee further observed that policies on anti-Female Genital Mutilation (Anti-FGM) campaigns and Gender Based Violence (GBV) are slowing down due to lower budgetary provisions and over-reliance on donors. The underfunding affects campaigns and advocacy against the vices and establishment of safe houses for victims of GBV.

PART V

COMMITTEE RECOMMENDATIONS

Non-financial Recommendations

i. Where Presidential directives that have monetary implications are issued, it is incumbent upon the National Treasury to prioritize such directives in the next budget cycle. The Cabinet Secretary for National Treasury should ensure that Presidential directives obtain funding priority in the fiscal year that follows immediately after the directive, should further ensure the resultant programmes are not subjected to funding cuts midstream, and should additionally publish guidelines on implementation framework of all presidential directives by 30th May, 2025.

ii. An over-arching policy framework for the coordination of social protection in the country, which is key to the streamlining of resource mobilization for Social Safety Net Programs, is still lacking. The Cabinet Secretary for Labour and Social Protection should thus ensure that the Social Protection Bill reaches the National Assembly for consideration by 30th June 2025.

iii. The Committee took note of the important role the Child Welfare Society of Kenya (CWSK) plays in the welfare of the Kenyan vulnerable children. The CWSK was noted as being the National Emergency Response and Rescue Organization for Children as well as the National Adoption Society. CWSK promotes, protects and secures the rights of children, thus ensuring safe environment for them to lead happy, fulfilling and fruitful lives. CWSK does this by providing for the welfare needs of children and supporting families through rescue of children in distress, family tracing and reintegration, alternative family care (foster care, guardianship and adoption), pregnancy crisis support, emergency preparedness and response, education and skill building, family strengthening, mediation and empowerment, counselling, prevention of child labour and commercial sexual exploitation of children, prevention of child trafficking, prevention of HIV/AIDS, promoting adolescent reproductive health, promoting child participation, capacity building of duty bearers, protection of OVC (Orphaned and Vulnerable Children), among others. The agency has set-up offices/branches and works throughout the county to reach children and vulnerable young persons, and its impact since inception has been undoubtedly phenomenal and remarkable. The Cabinet Secretary for Labour and Social Protection should therefore put on hold any course of action that will inconvenience or endanger the hundreds of thousands of vulnerable children as the Committee seeks re-consideration and reversal of decision regarding declassification and defunding of the Society. The Committee further, having noted that the CWSK is a Trust operating under an Irrevocable Trust Deed, and is additionally an Approved and Exempt Society having Government representation, recommends that the tenets of the African Charter on the Rights and Welfare of the Child, of which Kenya is a signatory, be honoured and upheld under the facilitation of the Child Welfare Society of Kenya.

Financial Recommendations

i. The Committee recommends that the Ceilings for the Vote 1185: The State Department for Social Protection, Pensions and Senior Citizens, Vote 1212: The State Department for Gender, Vote 1214: The State Department for Youth, Vote 2141: The National Gender and Equality Commission and the Program National Youth Service be passed without any amendment.

Other Recommendations

The Committee further recommends that the National Treasury avails an additional funding as follows:

i. **Kshs 716 million recurrent allocation to the programme Social Development and Children's Services** in the State Department for Social Protection towards *Recurrent Expenditure* under the Child Welfare Society of Kenya Child Welfare Society of Kenya for the promotion, protection and securing of the rights of children and protection of OVC (Orphaned and Vulnerable Children).

ii. **Kshs 500 million recurrent allocation to the programme Social Development and Children's Services** in the State Department for Social Protection towards enhancement for *Emergency Support Response* for children under the Child Welfare Society of Kenya and a further development allocation of **Kshs 1.65 billion** for the completion of 5 foster care homes which are at 80% completion rate (the locations being Joska, Isiolo, Muranga, Nanyuki and Bungoma).

iii. **Kshs 209 million recurrent allocation to the programme Social Development and Children's Services** in the State Department for Social Protection towards the National Fund for Persons with Disabilities for the procurement and distribution of Assistive devices to persons with disabilities across the country.

iv. **Kshs 21.7 billion recurrent allocation to the programme Social Safety Net** in the State Department for Social Protection and Senior Citizens Affairs towards the cash transfer program for the elderly in order to accommodate the remaining eligible persons.

v. **Kshs 1.5 billion recurrent allocation to the programme Youth Development Services** in the State Department for Youth Affairs and Creative Economy for start-up funding to support commercialization of innovations and other entrepreneurial ventures.

SIGNED: ..... **DATE** 26/2/2025

HON. ALICE W. NGÁNGÁ, EBS, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

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DEPARTMENTAL COMMITTEE ON HEALTH



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION

DEPARTMENTAL COMMITTEE ON HEALT

REPORT ON THE CONSIDERATION OF THE BUDGET POLICY STATEMENT 2025 FOR THE MINISTRY OF HEALTH

STATE DEPARTMENT FOR MEDICAL SERVICES- 171.9 BILLION
STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS- 31.9 BILLION

THE DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS

NAIROBI

FEBRUARY 2025

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CHAIRMAN'S FORWARD

On behalf of the Departmental Committee on Health and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Liason Committee the report of the Departmental Committee on Health on its consideration of the Budget Policy Statement, 2025 for the Health Sector.

In the last 3 years, the health sector has undergone a raft of reforms geared towards accelerating access to equitable and quality healthcare without experiencing catastrophic expenditures. This is evidenced by reforms in national health insurance, supply chain management, and local manufacturing of pharmaceuticals among others. However, this has been hampered by myriads of challenges including inadequate financing of the reformed social health insurance (SHA) especially by the unemployed/informal sector. Further the pharmaceuticals stock out at the facilities has exacerbated the out-of-pocket expenditure (including paid up SHIF members). The local manufacturing of pharmaceuticals and other HPTs, being spearheaded by the BIOVAX institute, has not been realized.

The 2025 BPS seeks to address some of these issues through continued support to primary health care including the infrastructure, which is critical in delivering Universal Health Coverage. Further there is a commitment to accelerate the local manufacturing of pharmaceuticals which is geared towards to reduce the cost of healthcare in the country. Further the BPS 2025 Seeks to increase allocation to the health sector from Kshs 118 billion in 2024/25 financial year to Kshs 204 billion in 2025/26 financial year.

The report is the outcome of the examination of the Budget Policy Statement, 2025 by the Committee and consultative meetings with the State Departments in the Ministry of Health namely the State Department for Medical Services and the State Department for Public Health and Professional Standards.

The Committee appreciates the Office of the Speaker and Office of the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to the Members of the Committee and the Secretariat for their dedication, useful expertise and insights during the scrutiny of the Budget Policy Statement, 2025.

On behalf of the Departmental Committee on Health and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Liason Committee, the Report of the Committee on its consideration of the Budget Policy Statement 2025 for the Ministry of Health.

SIGN.....DATE.....

HON. (DR) PUKOSE ROBERT, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

CHAPTER ONE

INTRODUCTION

1.1 Mandate of the Committee

Article 124 of the Constitution of Kenya, 2010 provides for the establishment of Committees by Parliament. The Committee on Health is a Departmental Committee in the National Assembly established pursuant to Standing Order 216.

In accordance with the Second Schedule to the National Assembly Standing Orders, the Departmental Committee on Health deals with matters of health, medical care and health insurance including Universal Health Coverage.

In the execution of its mandate, the Departmental Committee on Health oversights the following State Departments in the Ministry of Health as per Executive Order No. 1 of 2023:

a. State Department for Medical Services
b. State Department for Public Health and Professional Standards.

Accordingly, in terms of budget oversight, the Committee focuses on the Ministry of Health, its two State Departments and the SAGAs falling under the purview of the two State Departments.

1.2 Committee Membership

The Committee comprises of the following Members: -

Chairperson
Hon. (Dr.) Robert Pukose, MP
Endebes Constituency
UDA Party

Vice-Chairperson
Hon. Ntwiga, Patrick Munene MP
Chuka/Igambang'ombe Constituency
UDA Party

Members

Hon. Owino Martin Peters, MP
Ndthiwa Constituency
ODM Party

Hon. Muge Cynthia Jepkosgei, MP
Nandi (CWR)
UDA Party

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
Ford Kenya Party

Hon. Kipngok Reuben Kiborek , MP
Mogotio Constituency
UDA Party

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

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency
ODM Party

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency
KANU

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency
UDA Party

Hon. Lenguris Pauline, MP
Samburu (CWR)
UDA Party

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency
ODM Party

Hon. (Prof.) Jaldesa GuyoWaqo, MP
Moyale Constituency
UPIA Party

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ANC Party

1.3 Committee Secretariat

The Committee is supported by a secretariat comprising of: -

Mr. Hassan Abdullahi Arale
Clerk Assistant I/Head of Secretariat

Ms. Gladys Jepkoech Kiprotich
Clerk Assistant III

Mr. Timothy Kimathi
Clerk Assistant III

Ms. Marlene Ayiro
Principal Legal Counsel II

Ms. Abigael Muinde
Research Officer III

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Hiram Kimuhu
Fiscal Analyst III

Mr. Hillary Mageka
Media Relations Officer II

Mr. Sheila Chebotibin
Serjeant-At-Arms III

Ms. Rahab Chepkilim
Audio Recording Officer II

1.4 Overview on the Examination of the Budget Policy Statement, 2025

1. The Budget Policy Statement (BPS) is one of the key budget policy documents prepared by the National Treasury and published in accordance with Section 25 of the Public Finance Management Act, Cap. 412A. In preparing the Budget Policy Statement, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets for the next MTEF period. The National Treasury is required to include the following in the Budget Policy Statement: -
    a. An assessment of the current state of the economy and the financial outlook over the medium term, including macroeconomic forecasts.
    b. The financial outlook for government revenues, expenditures and borrowing for the next financial year and over the medium term.
    c. The proposed expenditure limits for the national government including those of Parliament and the Judiciary and indicative transfers to county governments.
    d. The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt.
2. Section 25 (2) of the Public Finance Management Act, Cap. 412A, requires the National Treasury to submit the BPS to Parliament by 15th February each year. Parliament has fourteen (14) days after its submission to scrutinize and review the BPS in line with Section 25 (7) of the Public Finance Management Act, Cap. 412A. The Standing Orders therefore gives the various Departmental Committee seven (7) days to prepare a report and submit it to the Budget and Appropriations Committee.

1.5. Environment for Preparation of Budget Policy Statement, 2025

3. In the last 3 years, the health sector has undergone a raft of reforms geared towards accelerating access to equitable and quality healthcare without experiencing catastrophic expenditures. This is evidenced by reforms in national health insurance, supply chain management, and local manufacturing of pharmaceuticals among others. However, this has been hampered by myriads of challenges including inadequate financing of the reformed social health insurance (SHA) especially by the unemployed/informal sector. Further the pharmaceuticals stock out at the facilities has exacerbated the out-of-pocket expenditure (including paid up SHIF members). The local manufacturing of pharmaceuticals and other HPTs, being spearheaded by the BIOVAX institute, has not been realized.

4. The 2025 BPS seeks to address some of these issues through continued support to primary health care including the infrastructure, which is critical in delivering Universal Health Coverage. Further there is a commitment to accelerate the local manufacturing of pharmaceuticals which is geared towards to reduce the cost of healthcare in the country. Further the BPS 2025 Seeks to increase allocation to the health sector from Kshs 118 billion in 2024/25 financial year to Kshs 204 billion in 2025/26 financial year.

1.6 Policy Prioritization Trends in the Health Sector (2022-2024)

5. As one of the big four agenda, the health sector priorities in the last five years have been support towards the continued expansion of access to quality and affordable healthcare in line with the UHC goal. The government and the sector prioritized resource allocation

in the last 5 years towards key interventions to support UHC to improve health outcomes in the country.

6. The previous BPS in the last 3 years outlined key sector priorities which were meant to support the rollout of Universal Health Care. Some of the key priorities include support to Human resources for health. So far 107,831 community health promoters have been employed and receiving a Kshs 5,000 stipend. The recruitment of the 20,000 healthcare workers has, however, not been achieved. The enactment of Social Health Insurance Act 2023 set up the primary health care fund and emergency chronic and critical illnesses fund.

7. To support these policy priorities, the resource envelope for the sector in the last five years has increased by 68% (from Kshs 70 billion in 2018 to Kshs 118 billion in 2024). The allocation has been towards the 5 programmes Preventive, Promotive and RMNCAH, National Referral and Specialized Services, Health Research and Development, General Administration and Planning, Health Policy, Standards and Regulations being implemented by the health sector.

CHAPTER TWO

BROAD OVERVIEW OF POLICIES CONTAINED IN THE BUDGET POLICY STATEMENT, 2025

2.1 Background

8. The BPS specifies various policies, programmes and expenditure of the state departments under the Ministry of Health as contained in the 2025 Budget Policy Statement (BPS) whose theme is "consolidating gains under Bottom-Up Economic Transformation Agenda for inclusive Green Growth"

9. The Constitution guarantees Kenyans the right to the highest standards of health. For this reason, the Kenya Kwanza Administration identified healthcare delivery as one of the core pillars of the Bottom-Up Economic Transformation Agenda. To achieve Universal Health Coverage, the Government embarked on development of a legal framework which culminated into enactment of the following four acts of parliament; These are:

    1) The Social Health Insurance Act, 2023;
    2) The Primary Health Care Act, 2023;
    3) The Facility Improvement Financing Act, 2023; and
    4) The Digital Health Act, 2023.

10. These laws usher in and guarantee a new era in the provision of healthcare, covering all essential services from preventive, promotive, curative, palliative and rehabilitative services, guaranteeing every Kenyan access to comprehensive and quality care.

11. The Social Health Insurance Act, 2023 will among other things, establish the publicly financed Primary Health Fund, a fully publicly financed chronic, emergency and critical illness fund and the Social Health Insurance Fund financed by contributions from Kenyans. Access to healthcare will no longer be based on ability to pay but on the health needs of every Kenyan. Implementations of these laws will ensure Kenyans access health services without suffering financial burden.

12. The mandate of the Ministry of Health is derived from the Fourth Schedule to the Constitution that assigns the following functions to the Ministry of Health:

    a) Health Policy;
    b) Health regulations;
    c) National referral health facilities;
    d) Capacity building; and
    e) Technical assistance to counties

13. The vision, mission, core values and strategic objectives have been developed in the framework of the mandate and strategic plan of the Ministry of Health.

- **Vision**

The vision of the health sector is "A healthy, productive and globally competitive nation."

- **Mission**

The mission of the sector is "To build a progressive, responsive and sustainable health care system for accelerated attainment of the highest standard of health to all Kenyans."

- **Goal**

The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all."

2.2 Sector Strategic Objectives

i. To eliminate communicable diseases until they are not of major public health concern.
ii. To halt and reverse the rising burden of non-communicable diseases by setting clear strategies for implementation to address all the identified non-communicable diseases in the country.
iii. To reduce the burden of violence and injuries through directly putting in place strategies that address each of the causes of injuries and violence at the time.
iv. To provide essential health care that is affordable, equitable, accessible, and responsive to client needs.
v. To minimize exposure to health risk factors by strengthening the health prevention and promotion interventions, which address risk factors to health, and facilitating use of products and services that lead to healthy behavior in the population.
vi. To strengthen collaboration with private and other sectors that have an impact on health.

2.3 Priority Bottom-Up Economic Transformation

14. The ministry identified implementation of BETA under the four result areas, namely; Health Commodities Security, Health Financing, Human Resources for Health and Integrated Health Management Information System.

15. Under the Heath Commodities Security result area, the ministry targets to achieve an increase in health commodities availability from 64% to 75% in 2025 and overall target of 100% by 2027.Local manufacturing will be key and the ministry wii work with stakeholders to attract local manufacturing. Reforms in KEMSA to improve its services and operational efficiency is bearing fruits in increasing availability of health products and technologies (HPTS).

16. On Health Financing, the ministry targets to increase the number of households covered by insurance. This will include both the indigents and household contributions. To achieve this, through the enacted Social Health Insurance Act, 2023, the Ministry has finalized public participation on Social Health Authority Regulations and considerations of the comments from the public is going on after which the regulations will be submitted to the National Assembly committee on Delegation Legislation for consideration and approval.

17. On Human Resource for health the Ministry targets to increase the number of trained health professionals and employ the health workers who have graduated depending on

the identified needs. The infrastructural capacity of KMTC campuses will be enhanced to support achievements of this target.

18. On Integrated Health Management Information System, the ministry targets to increase the number of facilities on the national digital super highway.

19. The other BETA priority areas for implementation by the Ministry includes;
    a) Develop policy and train Community Health Workers
    b) Reduce by a third the premature mortality due to NCDS by 2025, in line with the global NCDS target by equipping primary health facilities with essential NCD Health Products and Technologies.
    c) Enhance provision of comprehensive rehabilitative services (orthopedic technology, physiotherapy and occupational therapy) and assistive technology.
    d) Ensure commodity security for family health and strategic health programmes (TB, Malaria, Family Planning, HIV/AIDS, Nutrition)
    e) Develop policy on recruitments of health workers
    f) Modernization of the regulatory framework and government of unregulated health care professionals.
    g) Enhancement of the National Health Data Centre (NHDC)
    h) Enhance Telemedicine.
    i) SUPPORT achievement of maturity level 3 standards for NQCL/PPB for quality of locally manufactured commodities to the WHO standards.
    j) Community High Impacts interventions.
    k) Public health disease surveillance and emergency response.

20. For the ministry to achieve the above target, the budgetary ceiling for health sector will need to be revised upwards for the benefits spelt out to reach to the citizens, otherwise the Ministry will remain with very good policies that are not funded. For instance, the operationalization of the Primary Healthcare Fund which is fully publicly financed is not funded in the sector ceiling while the emergency, chronic and critical illness fund has only been allocated 2billion only for operationalizing the fund.

21. The historical underfunding of salary budget in SAGAS particularly in referral hospitals, Kenya Medical Training College and regulatory bodies coupled with establishment of new specialized hospitals means that there is need to increase funding to employ and retain health workers to ensure optimal provision of specialized health services so that Kenyans can draw value for money in the modern infrastructural developments under the state Department. In many instance continued use of large percentage of internally generated revenues to pay salaries has affected ability to provide quality services to patients.

CHAPTER THREE

SUBMISSIONS BY THE MINISTRY OF HEALTH

22. The Ministry of Health appeared before the Committee on 19th and 20th February 2025 to deliberate on the contents of the Budget Policy Statement. The detailed presentations made before the Committee are annexed to this report. The section below outlines a summary of the presentations made by each State Department within the Ministry of Health.

3.1 STATE DEPARTMENT FOR MEDICAL SERVICES

23. The Principal Secretary, State Department for Medical Services submitted as follows: The State Department for medical services has four programmes within which budget implementation is undertaken. The tables below indicate the programmes for the State department that are geared towards achievement of its core mandate.

Table 1: Programmes and Objectives

Programme	Programme objectives	Outcomes
Program 1. Curative and RMNCAH	To increase access to quality Curative and family health care services.	Reduced morbidity and mortality due to preventable and curable causes
Program 2. National Referral and Specialized Health Service	To increase access and range of quality specialized healthcare services	Increased access, Quality and range of specialized health services
Program 3. Health Research and Innovation	To provide evidence for policy formulation and adoption of eHealth innovations and Research.	Increased knowledge and innovation through research, value chain investment
Program 4. General Administration Planning and Support Services.	To strengthen Governance and leadership, in the sector	Effective governance and leadership mechanisms strengthened.

The Sub Programmes under the programmes are:

Programme 1: Curative and Reproductive Maternal New Born Child Adolescent Health (RMNCAH)

a) Communicable Disease Control

b) Non-Communicable Diseases Prevention and Control

c) Reproductive Maternal New Born Child Adolescent Health (RMNCAH)

d) Immunization

Programme 2: National Referral & Specialized Services

a) National Referral Health Services

b) Health Infrastructure and Equipment

c) Health Products and Technologies

d) National Transfusion Services

Programme 3: Health Research and Innovation

a) Health Innovations

b) Medical Research

Programme 4: General Administration

General Administration and Human Resource Management and Development

a) Finance and Planning

b) Social Protection in Health

1. **3.1.1Composition and Mandate of the State Department**

24. The Government has also outlined the core mandates of the State Department for Medical Services as indicated below;

Table 2. State Department for Medical services Functions and Institution

Functions	Institutions
• Medical Services Policy; • Medical Research • Curative Health Services; • Health Policy and Management; • Pharmacy and Medicines Control; • National Health Referral Services; • Cancer Management Policy; • E-Health • Immunization Policy and Management • Reproductive Health Policy and Management • Non-Communicable (NCD) Control and Management • Control and Protection against HIV/AIDs and STIs and	• Social Health Authority (SHA) • Kenya Medical Research Institute (KEMRI) • Kenya Medical Supplies Authority (KEMSA) • Kenya Biovax Institute Limited • Kenyatta National Hospital • Moi Teaching and Referral Hospital • Kenyatta University Teaching, Referral and Research Hospital • Mathari National Teaching and Referral Mental Hospital • Spinal Injury Hospital • The National Cancer Institute of Kenya • Kenya Tissue and Transplant Authority • National Syndemic Disease Control Council

Functions	Institutions
• Control and Management of Leprosy.	

3.1.2 Highlights of the FY 2023/24 Budget

25. In FY 2024/25 the State Department has been implementing the planned programmes and activities in line with the approved budget. The key areas of focus include:

a) Implementation of strategic program which include, HIV, immunization, blood transfusion services and family planning commodities
b) Provision of Specialized health care services, including heart surgeries kidney transplants and other minimally invasive surgeries.
c) Universal Health Insurance coverage for the indigent population currently at 1.5M households
d) Community Health Promoters (CHP) Kits, Consumables and Medicine Supplies in an initiative committed to achieve Universal Health Care
e) Reorganization of CHP programme to include support of stipends for CHPs to support Primary Health Care services towards the realization of Universal Health Coverage and Afya bora mashinani.
f) Enhancing medical research in national priority areas
g) Implementation of Infrastructural projects

3.1.3 Financial Achievements in FY 2024/25 for the Period July 2024 – December, 31st 2024

26. The current FY2024/25 the State Department has a budget of **Ksh.91.98 billion** made of **Kshs.64.24 billion** under recurrent and **Kshs.27.73 billion** under development. The absorption status for the actual expenditures as at the second quarter is at 54% for recurrent and 45% for Development. The State Department is fast tracking the implementation of the programmes to ensure 100% absorption rate by close of the financial year.

3.1.4 Non-Financial Achievements in FY 2024/25 for the Period July 2024 – December, 31st 2025

27. Kenyatta National Hospital (KNH) conducted 379 open heart surgeries, 677 cardiothoracic surgeries, 8 kidney transplants and 4,198 minimally invasive surgeries. The hospital gave 243 specialized burns treatment and offered 14,455 oncology sessions to patients. Furthermore, KNH conducted 193 multi-disciplinary outreaches with counties. Mwai Kibaki Hospital undertook 718 minimally invasive surgeries and 93 NCD screening sessions through 3 medical outreaches.

28. Moi Teaching and Referral Hospital (MTRH) undertook 12 kidney transplants, 61 open heart surgeries 1,489 minimally invasive surgeries, 13,211 chemotherapy sessions, 10, 217 external beam radiotherapy sessions, 147 brachytherapy sessions and 17 corneal transplants.

29. Kenyatta University Teaching, Referral and Research Hospital conducted 2,779 PET scans (Positron Emission Tomography) 597 SPECT-CT scan (Single Photon Emission Computed Tomography), 250 Stereotactic Radiosurgeries, 430 Brachytherapy sessions. It conducted 22 open heart surgeries, 671 minimally invasive surgeries, 5,988 hemodialysis, and 4,900 chemo and radiotherapy treatment.

30. Mathari National Teaching and Referral Hospital reported an 80% success rate of re-integration of mental patients into the community. It had 26,588 number of inpatients received psychiatric services and 210 number of forensic outpatients received psychiatric services.

31. East African Centre of excellence for skills & Tertiary Education is at 98% cumulative completion. The contractor has completed the defect liability period and awaiting final accounts.

32. National Cancer Institute Kenya certified 28 Cancer Diagnostic Centers and established 2 Population-based cancer registries in Meru and Kisumu.

33. KNBTTS collected 78, 708 blood units and had 30 Satellite Blood Transfusion Centres with Capacity to prepare blood components.

34. KEMSA had the Percentage of order-fill-rate for HPTs at 57 %, Order turn-around time (days) for PHFs was 19.95%, Order turnaround time (days) for Hospitals 18.5 % and Percentage of last mile deliveries made to health facilities of 94.65%.

35. NSDCC distributed 5,728,939 condoms in non-health settings, had a web-based application in all 47 counties visualizing real time HIV and Health Dashboards through Situation Room for decision making, increased Public Education and Advocacy on ending new HIV infections, adolescent's pregnancy, sexual and gender-based violence reaching 10,178,602 people. NASCOP saw 1,207,482 clients on Anti-Retroviral Therapy (ART).

36. Social Health Authority maintained 1 million indigents accessing UHC government sponsored scheme (Millions), 234,400 indigents on Health Insurance Subsidy Programme (HISP) and 58,800 elderly & persons with severe disabilities accessing healthcare. 484,086 members have been identified and registered for Inua Jamii Subsidy program.

37. Kenya Biovax Institute undertook refurbishment of the demised warehouses in Embakasi for office and manufacturing functions. The site is currently undergoing further engineering and enabling works to become a bio manufacturing site with water and waste management systems in place. The refurbishment works are at 90% while the engineering & enabling works are at 58.2%.

38. KEMRI produced 22,032 diagnostic kits, published 197 research papers, had 31 research abstracts presented and held one health scientific conference, The Health and Climate Change Conference.

3.1.5 Overview of the Medium-Term Priorities and Financial Plan for the Mtef Period 2025/26-2027/28

39. The State Department Key priorities

i) Universal Health Coverage (leaving no one behind)

a) Increase Health Insurance coverage for the poor and vulnerable groups, from the currently 1.5 million households to 5.2 million during the MTP IV period.
b) Ensure that there are at least 10 million informal workers with social health insurance

ii) Primary Health Care;

c) Reduce by a third the premature mortality due to NCDs by 2025, in line with the global NCDs target by equipping primary health facilities with essential NCD Health Products and Technologies
d) Enhance provision of comprehensive rehabilitative services (orthopedic technology, physiotherapy and occupational therapy) and assistive technology
e) Ensure commodity security for family health and strategic Health programmes (Malaria, Family Planning, HIV/AIDS,)

iii) Local Manufacture of Life-Saving, Essential drugs, Health Products and Technologies

f) To achieve sustainable access and affordability of quality essential health products and technologies (HPT) toward Universal Health Coverage and to Expand and diversify production of essential HPT for domestic and export markets through the attraction of both local and foreign investments.

iv) Digitization of Health care Services

g) Digitization of health facilities
h) Enhancement of National Health Data Centre (NHDC)
i) Enhancement of Telemedicine

v) Reforms

a) KEMSA reforms in a bid to improve its services and operational efficiency
b) Transition to Social Health Authority and alignment to deliver Universal Health Coverage (UHC).

3.1.5 Overview of Financial Year 2025/2026 & Medium-Term BPS Budget Proposals

40. The next FY 2025/26 the State Department will continue to implement various set targets within the four programmes. The details of Programmes, Sub-Programme, Expected Outcomes, Outputs and Key Performance Indicators are as per the attached **Form 1**.There was net reduction of **Kshs. 1 billion** under **2025 BPS** compared to an allocation in Health Sector Report.

	Requirement			BPS Allocation		
Vote	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28

Current Expenditure	350,614.9	364,380.6	378,572.9	145,127.3	148,717.1	155,419.9
Capital Expenditure	76,180.25	76,004.92	81,822.41	27,495.00	30,655.69	40,837.50
Total	**426,795.15**	**440,385.52**	**460,395.31**	**172,622.30**	**179,372.79**	**196,257.40**

41. The total resource requirement for FY2025/26 is **Kshs 426.8 billion** against and allocation of **Kshs.172.6 billion.** This comprises of **Kshs 145.1 billion** in recurrent and **Kshs.27.5 billion** in development. The overall funding gap to the State Department is **Kshs.254.2 billion.**

42. The Sector summary resource requirements and allocations for the Financial Year 2025/26 and the Medium-Term Budget both for Recurrent and Development Expenditure is as shown in the tables below;

Table 3. State Department Requirement versus Allocations (Kshs. Million)

	Requirement			BPS Allocation		
Vote	**2025/26**	**2026/27**	**2027/28**	**2025/26**	**2026/27**	**2027/28**
Current Expenditure	350,614.9	364,380.6	378,572.9	145,127.3	148,717.1	155,419.9
Capital Expenditure	76,180.25	76,004.92	81,822.41	27,495.00	30,655.69	40,837.50
Total	**426,795.15**	**440,385.52**	**460,395.31**	**172,622.30**	**179,372.79**	**196,257.40**

Table 5. Break down of Recurrent Allocations (Kshs. Million)

Economic Classification	Baseline FY 2024/25	Requirement			BPS Allocation		
		2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Gross	**64,242.5**	**350,614.9**	**364,380.6**	**378,572.9**	**145,127.3**	**148,717.1**	**155,419.9**
AIA	22,377.0	139,166.8	151,997.7	165,252.6	100,991.0	103,191.4	105,609.5
Net	**41,865.5**	**211,448.1**	**212,382.9**	**213,320.2**	**44,136.3**	**45,525.7**	**49,810.4**

Compensation to employees	7,940.2	7,997.2	8,232.0	8,473.8	7,997.0	8,231.0	8,472.0
Transfers, Grants and Subscriptions	55,522.2	341,005.3	354,485.6	368,383.0	136,094.2	139,411.0	145,829.9
Other Recurrent	780.1	1,612.4	1,663.0	1,716.2	1,036.1	1,075.1	1,118.1

Table 6. Breakdown of Development Allocations (Kshs. Million)

Economic Classification	Baseline - FY2023/24	Requirement			BPS Allocation		
		2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Gross	27,739.00	76,180.25	76,004.92	81,822.41	27,495.60	30,655.69	40,837.50
GOK	13,207.50	59,337.54	60,389.57	64,632.64	13,366.00	20,533.69	29,015.50
Loans	9,281.30	11,330.00	9,827.00	11,112.00	8,492.00	4,500.00	5,400.00
Grants	5,250.20	5,512.71	5,788.35	6,077.76	5,637.00	5,622.00	6,422.00
Local AIA	0	0	0	0	0	0	0

Table 7. Allocations per Program and Sub Programme (Kshs. Million)

Programmes and Sub-Programs	Estimates		
	2025/26	2026/27	2027/28
	Kshs. Million		
Programme 1 - National Referral and specialized Services			
SP1.1 - National Referral Services	44,340.0	45,298.2	49,826.8
SP 1.2 Health Infrastructure and Equipment	3,553.0	3,472.0	4,022.0

SP1.3 – National Blood Transfusion Service	712.9	2,262.9	2,962.9
SP1.4 - Health Products and Technologies	7,403.1	8,060.5	8,830.0
Total Expenditure Programme 1	**56,009.0**	**59,093.6**	**65,641.7**
Programme 2 - Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH			
SP1.1 - Communicable disease prevention & control	5,981.8	5,982.1	6,961.2
SP1.4 - Non-Communicable Disease Control	1,429.1	529.1	899.0
SP1.3 - RMNCAH	3,385.2	4,235.2	5,435.2
SP1.4- Immunization	6,633.9	5,142.9	5,642.9
Total Expenditure Programme 2	**17,430.0**	**15,889.3**	**18,938.3**
Programme 3 - Health Research and Development			
SP3.1 - Health Innovations	3,123.0	3,253.0	4,149.8
SP3.2 – Medical Research	531.5	881.5	1,632.2
Total Expenditure Programme 3	**3,654.5**	**4,134.5**	**5,782.0**
Programme 4 - General Administration, Planning & Support Services			
SP 4.1 - General Administration & Human Resource Management & Development	3,090.2	3,410	3,410
SP4.2 -Finance and Planning	151.8	234	234
SP4.3 -Social Protection in Health	92,286.9	27,908	30,308
Total Expenditure Programme 4	**95,528.9**	**31,552**	**33,952**
Total Expenditure 1082 Vote	**172,622.4**	**128,159**	**132,238**

Table 8. SAGAs Recurrent Requirements Vs Allocation (Kshs. Million)

S/No	Printed FY 2024/2025	Requirements FY 2025/26	Gross Allocation FY 2025/26	Gross Allocation FY 2026/27	Gross Allocation FY 2027/28
SAGAs under 1082 State Department for Medical Services					
1082000701 Kenya Medical Supplies Agency	5,207.3	7,767.6	5,366.9	5,718.3	5,945.2
1082000900 Kenyatta National Hospital.	19,370.1	24,120.6	20,682.9	22,287.4	24,707.1
1082001001 Moi Teaching and Referral Hospital	11,326.1	15,237.2	12,042.5	13,000.5	14,347.6
1082001201 Kenya Medical Research Institute	2,844.0	4,163.0	2,944.0	3,354.0	3,510.7
1082001301 National Cancer Institute	270.5	1,795.4	270.0	270.0	324.0
1082001601 Mwai Kibaki Teaching & Referral Hospital Othaya	1,379.0	2,741.5	1,476.7	1,540.1	1,674.1
1082001701 Kenyatta University Teaching Referral & Research Hospital (KUTRRH).	5,506.1	8,796.0	6,266.6	6,746.6	7,557.9
Mathari National Teaching & Referral Hospital (MNTRH)	1,054.5	2,872.0	1,119.5	1,350.5	1,421.4
Kenya Biovax Institute	281.5	1,109.1	281.5	381.5	332.2
1082002800 National Syndemic Disease Control Council	1,122.0	1,324.0	1,180.0	1,296.1	1,391.2
Digital Health Agency	100.0	1,386.0	224.2	226.7	249.2
Social Health Authority	14,822.1	13,714.5	3,918.0	3,918.0	3,918.0
Social Health Insurance Fund	82,430.2	100,704.7	72,260.3	72,260.3	72,260.3
Primary Healthcare Fund	4,100.0	61,100.9	4,100.0	4,100.0	4,756.0
Emergency, Chronic & Critical Illness Fund	2,000.0	107,189.2	2,000.0	2,000.0	2,320.0
Total					

3.1.7 Capital Projects

43. The State Department has 42 projects to be implemented in the FY 2025/26. The total allocation to the capital projects/ programmes is **Kshs. 29,495 Million** comprising of **Kshs. 15,366 Million** under GoK and **Kshs.14, 129 Million** under donor funded support. The detail analysis for the projects is as per the attached **Form 3.**

3.1.8 Request for Additional Funding for Unfunded Priorities for Fy2025/26

44. The FY 2025/26, the budget has integrated key issues that are critical to the State Department which lead to enhanced services delivery to the public. However, there is need to implement the programs /projects fully. The summaries of areas of consideration for funding of unfunded priorities fpr FY2025/26;

Unfunded priorities for FY2025/26

1. **Operations and Maintenance (Kshs.500Million)**

45. The State Department is overstretched due to many activities being undertaken in the implementation of Universal Health Coverage and the transitioning of the Social Health Authority. These funds are required to meet the day-to-day operations of the State Department.

2. **Current Grant Transfers Kshs.10Billion**

46. The PE requirement has been a perennial problem that has occasionally caused disruptions in provision of services in key Referral hospitals such as KNH, MTRH, Mwai Kibaki Hospital, and KEMRI amongst other SAGAs. These include;

No.	SAGA	Unfunded (Millions)	Remarks
1	Kenyatta National Hospital	2,658	PE shortfall
2	Moi Teaching & Referral Hospital	2,689	PE shortfall
4	Kenyatta University Teaching & Research Hospital	1,885	PE shortfall
5	Kenya Medical Research Institute	809	PE shortfall
6	Kenya Medical Supplies Authority	900	PE shortfall
8	Mwai Kibaki Teaching & Referral Hospital	500	Operations & Maintenance
9	National Syndemic Disease Control Council	500	Operations & Maintenance
Totals		**9,941**	

3. **Development Unfunded Priorities (Kshs.68billion)**

i) **Kshs.30 Billion** – these funds are earmarked for provision of a fully public financed primary health care system.

ii) **Kshs.15 Billion** – these funds are meant to procure strategic commodities (HIV, Family Planning and Vaccines) under the State Department for Medical Services. However, there has been a perennial Supplementary Budget cuts over the years to these Programs thus affecting actualization of the set targets. The State Department is requesting that these funds be ringfenced in the FY 2025/26 and the Medium Term.

iii) **Kshs.3 Billion** - following the declining donor support, the blood transfusion is still underfunded. These funds are required to purchase essential commodities; blood bags, equipment to separate the different blood groups and cells among others.

iv) **Kshs.20 Billion** – USAID funding challenges requires Government to intervene to cover HIV commodities AND RMNCAH and Human resources for health

47. Challenges Facing the State Department, Proposed Mitigations and Recommendations.

i) Unfunded exchequer requests for the critical programs, that results to huge pending bills.

ii) Inadequate budgetary allocation under Operation and Maintenance affecting service delivery

i. Inadequate budgetary allocation for the health sector to support implementation of health programmes in view of the reduced donor funding;

ii. Inadequate human resources for health both in numbers and skills mix;

iii. Inadequate health infrastructure in National Referral Health facilities for provision of quality health services;

iv. Liquidity risk occasioned by debt accumulation arising from indigent medical bills and or delays in payments for services/ commodities offered.

v. Increasing burden of non-communicable diseases and other emerging health conditions e.g. mental illnesses and injuries.

vi. Scattered Health legislations in the health sector, causing conflict and overlap of the mandates and functions of various agencies under the Ministry.

Proposed Mitigations

i) Increase the budgetary allocation to the health sector to comply with Abuja Declaration (Abuja Declaration (2001), a pledge by African Union countries to increase government health funding, by committing to allocate 15% of their government budgets to health) and meet health care needs of the Kenyan population;

ii) Prioritize domestic resource mobilization to address donor transition and enhance sustainability especially in TB, HIV, Malaria and Reproductive Maternal Neonatal Child Adolescent Health (RMNCAH)

iii) Strengthen capacity of Human Resources for Health to support provision of high-quality health services as envisioned in Vison 2030 and the Constitution;

iv) Increase investment in specialized medical care through capacity building in the National referral hospitals, modernization of medical equipment and use or telemedicine;

v) Refocus attention on primary health care services to reduce the burden of NCDs;

vi) Enhance investments geared towards reduction of non-communicable diseases including mental health;

vii) Accelerate the Implementation of the Health Act, 2017;

viii) Review health related laws to align with the Health Act and the Constitution

ix) Increase investment in social health insurance to accelerate the implementation of UHC.

Key recommendations

The State Department recommends;

i) National scale–up of UHC to cover more indigents

ii) Invest in local manufacturing of essential and specialized health products

iii) Identify alternative funding to bridge the funding gaps left by development partners (Donor Transition) in strategic health programs.

iv) Strengthen disease surveillance mechanisms for early detection, mitigation measures and prompt respond to public health risks and emergencies.

v) Address the Human Resource for Health (HRH) inadequacies as well as strengthen their capacity

vi) Address supply chain inefficiencies.

vii) Digitization of health services

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

48. The State Department for Public Health and Professional Standards submitted as follows: that;

49. In regards to the 2025 Budget Policy Statement whose theme is "Consolidating gains under Bottom-Up Economic Transformation Agenda for inclusive Green Growth", the health sector has a total allocation of **Kshs.204,994.8million** out of which **Kshs.31,372.5million** has been allocated to the State department for Public Health and Professional Standards which translates to **15.30%** of the Sector allocation.

50. The Committee being an important stakeholder in achieving the state departments mandate and being cognizant of the current economic situation in the Country, the Principal Secretary made a request for consideration to allocate an additional **Kshs 17,092million** to finance some key areas that are under/not funded in the 2025/26 financial year's budget. These include: Port Health Services; Disease Surveillance; Kenya Medical Training College; Kenya National Public Health Institute; National Quality Control Laboratories; National Public Health Laboratories; Food safety; Neglected Tropical Diseases; Clinical Waste Disposal Systems; Health Promotion and Education; Intergovernmental Forums; and Radiation Protection Project.

51. The State Department comprises of the following Directorates and Semi-Autonomous Government Agencies:

The Directorates

1. Public Health & Sanitation
2. Primary Healthcare,
3. Health Standards, Regulations & Quality Assurance
4. Health Sector Coordination and Intergovernmental Relations
5. Administration Services

The State Department has twenty-one (21) Semi-Autonomous Government Agencies (SAGAs) namely;

1. Kenya Medical Practitioners and Dentist Council (KMPDC)
2. Kenya Health Professions Oversight Authority (KHPOA)
3. Kenya Medical Training College (KMTC)
4. Kenya National Public Health Institute (KNPHI)
5. Kenya Hospital Authority Trust Fund
6. Counselors and Psychologists Board
7. Physiotherapy Council of Kenya
8. Clinical Officers Council of Kenya (COC)
9. Kenya Medical Laboratory Technicians and Technologists Board
10. (KMLTTB)
11. Nursing Council of Kenya (NCK)
12. Kenya Nutritionists and Dieticians Institute (KNDI)
13. Health Records and Information Managers Board
14. Pharmacy and Poisons Board (PPB)
15. National Quality Control Laboratories (NQCL) xv. Public Health Officers and Technicians Council
16. Kenya Nuclear Regulatory Authority (KNRA)

17. Kenya Institute of Primate Research (KIPRE)
18. Kenya Health Human Resource Advisory Council (KHHRAC)
19. Tobacco control board
20. Occupational therapy Council of Kenya
21. Tobacco Control Fund

3.2.1 Strategic Objectives

52. The State Department derives its strategic objectives as stated in the health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. They include;

a) To eliminate communicable diseases,
b) To halt and reverse rising burden of NCDs,
c) To reduce the burden of violence and injuries,
d) To provide essential healthcare,
e) To minimize exposure to health risk factors,
f) Strengthen collaboration with private and health related institutions,
g) Strengthen health professionals' regulatory mechanisms,
h) Strengthen health workforce production and management.

3.2.2 Mandate/Functions of The State Department for Public Health and Professional Standards – the Executive Order No. 2 of 2023:

53. The functions for the State Department for Public Health and Professional Standards are as follows;

a) Public Health and Sanitation Policy;
b) Policy on Human Resource Development for Health Care Workers;
c) Food Quality, Hygiene and Nutrition Policy;
d) Radiation Policy;
e) Preventive and Promotive Health Services;
f) Health Education Management;
g) Quarantine Administration;
h) Administration of the legal and institutional framework for the control of the production, manufacture, sale, labeling, advertising, promotion, sponsorship and use of tobacco products;
i) Control and Management of Tuberculosis (TB) and other lung diseases; and Malaria Control and Management; and
j) Control and Management of Leprosy.

3.2.3 The Implementation Status of the FY2024/25 Budget Estimates as At 31st December 2024;

54. The analysis below shows budgetary allocation of resources to the State Department at both Programme and sub-Programme level as was approved by this Committee in the FY2024/25 Supplementary Estimates No. 1

Programme & Sub-Programmes	Supplementary Estimates No. 1	Proposed Supplementary Estimates No. 2
	FY 2024/2025	FY 2024/2025

Programme 1: **Preventive and Promotive Health Services**	**8,682,157,783**	**9,792,606,100**
Programme & Sub-Programmes	**Supplementary Estimates No. 1**	**Proposed Supplementary Estimates No. 2**
	FY 2024/2025	**FY 2024/2025**
Sub-Prog 1.1: Communicable Disease Prevention and Control	3,885,807,381	4,036,365,698
Sub-Prog 1.2: Disease Surveillance and Response	458,158,032	759,118,032
Sub-Prog 1.3: Public Health Services	1,355,312,290	1,386,812,290
Sub-Prog 1.4: Radiation Safety and Nuclear Security	298,810,000	273,810,000
Sub-Prog 1.5: Primary Health Care	2,684,070,080	3,336,500,080
Programme 2: **Health resources development and Innovation**	**13,615,709,304**	**15,602,865,159**
Sub-Prog 2.1: Capacity Building and Training	9,002,689,000	9,392,439,000
Sub-Prog 2.2: Research and Innovation on Health	385,520,000	487,925,455
Sub-Prog 2.3: Health Profession Services	4,227,500,304	5,722,500,704
Programme 3: **Health Policy, Standards and Regulations**	**3,980,834,197**	**4,163,909,197**
Health Standards and Quality Assurance	3,886,733,433	4,069,808,433
Health Policy and Regulations	94,100,764	94,100,764
Programme 4: **General Administration**	**596,220,751**	**2,346,220,751**
0412010 General Administration & Human Resource Management & Development	560,366,035	2,310,366,035
0412020 Finance and Planning	35,854,716	35,854,716
Total Expenditure for Vote 1083 State Department for Public Health and Professional Standards	**26,874,922,035**	**31,905,601,207**

a) Second quarter cumulative financial performance

55. The current FY2024/2025, the State Department for Public Health and Professional Standards has been appropriated a gross budget of **Kshs. 26,874,922,035** to implement the activities under four Programmes. As at 31st December, 2024, the levels of absorption were **53.61%** and **38.77%** for Recurrent and Development expenditure respectively as shown in table shown below;

FY2024/2025- Allocation and Absorption Level as at 31st December 2024

Vote	Approved Estimates (Kshs)	Total Payment & Commitments (Kshs)	Percentage Absorption
Recurrent	22,585,922,035	12,107,815,686	**53.61**
Development	4,289,000,000	1,662,680,071	**38.77**
Gross Total	**26,874,922,035**	**13,770,495,757**	**51.24**

i. **Current Expenditure**

56. The First Half Current expenditure by Economic classification is shown in the table below;

FY2024/2025 Status of Recurrent Expenditure for the 1st Half by Economic Classification

Economic Item	Item Description	Approved Budget FY2024/25	Total payments Commitment	Percentage Absorption (KShs)
2100000	Compensation to Employees	5,299,816,880	2,206,250,221	**41.63**
2200000	Use of Good and Services	942,575,115	391,322,848	**41.52**
2600000	Current Grants to SAGAs	16,331,504,990	10,104,230,167	**61.87**
3111401	Other Recurrent	12,025,050	6,012,450	**50.00**
Total		**22,585,922,035**	**12,107,815,686**	**53.61**

b) **Actual Outputs achieved relative to the approved targets in the 2024/25 programme-based budget**

57. The detailed analysis of the actual outputs achieved relative to the approved targets in the FY2024/25 Programme Based Budget is highlighted in **Annex I**.

c) **Status of Capital Projects**

58. The Status of the Capital Projects is shown in **Annex II**. The Capital projects have been allocated **Kshs. 4,289,000,000** in the current FY2024/25 as shown below:

a) Dietetics Services Improvement-No budgetary allocation
b) Clinical Waste Disposal System-No budgetary allocation
c) Clinical Laboratory and Radiology Services Improvement-No budgetary allocation

d) Procurement of Anti TB Drugs Not covered under Global fund TB Programme-
e) No budgetary allocation
f) Construction of Tuition Blocks and Laboratories at KMTC-Kshs. 15,000,000
g) Equipping of Laboratories and Classrooms at KMTC-Kshs. 165,000,000
h) Special Global Fund Malaria Grant NFM3-DOMC-Kshs. 2,600,000,000(Global
    a. Funds-Kshs. 1,500,000 & GoK-Kshs. 1,100,000,000)
i) Special Global Fund TB Grant NFM3-Kshs. 1,088,000,000(TB-Kshs. 587,000,000 and RSSH-Kshs. 501,000,000)
j) Central Radioactive Waste Processing Facilities-KNRA-Kshs. 100,000,000
k) Public Participation Projects-Kshs.311,000,000
l) Infrastructure Upgrade at Kenya Institute of Primate Research-Kshs. 10,000,000
m) Construction of Examination Centre-KMPDC-No budgetary allocation

3.2.4 Key Sectoral Policies Underlying the Expenditure Ceilings

59. The state department will be implementing key policies under the umbrella of Bottom-Up Economic Transformation Agenda (BETA) where the health sector is tasked with the following four result areas;

    a) Health Commodities Security including local manufacturing
    b) Human Resources for Health
    c) Health Financing
    d) Integrated Health Management Information System

60. The key sectoral policies underlying the expenditure ceilings in the 2024 Budget Policy Statement are highlighted as shown below;

i. **Preventive and Promotive Health Shift:**

a) The government's shift from curative to preventive and promotive health signals a significant policy change.

b) Integration of preventive services at primary healthcare levels indicates a focus on early intervention and health promotion.

ii. **Community Health Promoters and Primary Care Networks:**

a) Deployment of community health promoters at household units reflects a policy emphasis on community-based health services.

b) Establishment of multidisciplinary teams at the Primary Care network level suggests a coordinated approach to healthcare delivery.

iii. **Afya Nyumbani Program:**

a) Scaling up investment in healthcare workforce through the Afya Nyumbani program indicates a policy priority to address human capital shortages in the public health sector.

b) Renewal of contracts for workers and enrollment of interns demonstrate a commitment to increasing the availability of healthcare professionals.

iv. **Community Health Promoters (CHP) Recruitment:**

a) Collaborating with County Governments to recruit and deploy 107,831 community health promoters is a policy initiative aimed at strengthening community health services.

b) Providing stipends for CHPs, on a matching basis with County Governments, emphasizes financial support for those delivering basic preventive and promotive health services.

v. **Digital Health Agenda:**

a) Leveraging the digital health agenda is a policy strategy to enhance healthcare delivery.

b) Implementation of the electronic community health information systems (e-CHIS) and provision of smartphones for data collection demonstrate a commitment to utilizing technology for real-time, accurate health data.

vi. **Universal Health Coverage (UHC) Focus:**

a) The overall emphasis on delivering universal health coverage suggests a policy commitment to ensuring healthcare access for all citizens.

b) Use of digital tools and data for planning, resource allocation, and monitoring aligns with a broader strategy for achieving UHC.

61. The priorities to implement under the Bottom-Up Economic Transformation Agenda (BETA) are as follows;
    a) Prioritization of UHC in line with BETA
    b) Public health disease surveillance and emergency response.
    c) Communicable diseases prevention and control-e.g. TB and Malaria
    d) Preventive and Promotive Healthcare.
    e) Health professions regulation and management.
    f) Community High Impact intervention.
    g) Enhance infrastructural capacity of KMTC campuses
    h) Conduct health research and dissemination of the findings to inform decision making
    i) Maturity Level 3 Standards for NQCL/ PPB for quality of locally manufactured commodities to the WHO standards
    j) Expand internship, training, and centres of excellence.
    k) Operationalization of the Kenya National Public Health Institute.
    l) Health system strengthening, use of technology, effective communication and collaboration with multiple stakeholders

3.2.5 Indicative Performance targets linked to the policies and Programmes in the Budget Policy Statement

62. The key targets for the FY2025/26 and the medium -term include the following among others:

a) To increase TB treatment coverage from 63% to 80%
b) Reduction of mortality and morbidity due to public health emergencies
c) Implementation of laboratory Quality Management System (QMS)
d) Improve Healthcare waste management
e) Enhance Waste management and climate change mitigation measures
f) Develop Nutrition policies, legislations, strategic plans and guidelines
g) Strengthening nuclear security and non-proliferation of nuclear materials
h) Operationalize Primary care networks
i) Payment of stipend (Ksh.2,500) to Community Health Promoters (CHPs)
j) Training of Health workers and professionals
k) Enhance efficiency and quality of care
l) Compliance to set standards of training and healthcare services
m) Market Surveillance and Regulatory Inspections

A detailed report on the key outputs, key performance Indicators and targets for the FY 2025/26 and the medium term has been provided in **Annex I**.

3.2.6 Programmes and Sub-Programmes in the FY2025/2026 and the Medium

63. The State Department for Public Health and Professional Standards intends to implement four (4) Programmes and seven (12) Sub-Programmes in the FY2024/2025 and the medium term as follows:

Programme	**Programme objectives**
Programme 1: Preventive & promotive health services	Reduced disease burden due to preventable causes
Programme 2: Health resource development & innovation	Enhanced health human resources for quality health care
Programme 3: Health policy standards & regulations	Strengthened quality health standards & regulations
Programme 4: General administration	Effective governance & administration strengthened

Programmes and Sub-programmes

Programme	Sub Programmes
P1. Preventive and promotive health service	• SP 1.1 Communicable diseases control • SP1.2 Disease surveillance and response • SP1.3 Public Health Services • SP1.4 Radiation safety and nuclear security • SP1.5 Primary Health Care
P2. Health resource development & innovation	• SP2.1 Capacity building and training (Preservice and Inservice training) • SP2.2 Research and Innovation on health • SP2.3 Health Profession Services
P3. Health Policy Standards and Regulation	• SP3.1 Health Standard Quality Assurance • SP3.2 Healthy Policy planning and Financing
P4. General Administration Planning and support services	• SP4.1 General administration Human resource management and development • SP4.2 Finance and Planning

3.2.7 Resource Requirements Vs Allocation in the FY 2025/2026 and the Medium Term

64. An analysis of the resource requirements for the FY2025/26 and the medium term, against resource allocation, the resultant resource gaps for FY 2025/2026 as shown in **Annex III.**

65. From the table attached-**Annex III** on analysis of the resource requirements versus allocation, the State Department has been allocated **Kshs. 31,372.5 million** to be spent in the implementation of its activities under the four programmes in the FY 2025/2026 and its twelve sub-programmes as sown in **Annex I** attached. The State Department had requested a gross sum of Kshs. 70,044.46million against an allocation of Kshs. **31,372.5million** thus leaving a resource gap of Kshs. 38,671.96million.

3.2.8 Specific Budget highlights in various Vote Heads

66. Specific items captured in the proposed budget estimates for the FY 2025/2026; The total Gross Budget for the State Department for 2025/26 Financial Year is Kshs. 31,372.5 million made up of Kshs. 26,320.71 million in recurrent vote and Kshs. 5,051.79 million in development vote which are analyzed hereunder.

a) Recurrent Budget

67. The main highlight of the recurrent budget allocations includes:

a. **Kshs. 5,640.01million** has been allocated to cater for the Personnel Emoluments;
b. **Kshs. 751.87million** has been budgeted for as operations and maintenance for the State Department
c. **Kshs. 19,928.83million** has been budgeted as transfers to the Semi-autonomous Governmental Agencies.

b) Development Vote

68. Under the Development Vote, **Kshs. 5,051.79million** has been proposed to finance a total of ten (10) capital projects to be implemented by the State Department over the FY2025/26 and the medium-term shown in **Annex II (Capital Projects).**

3.2.9 Resource Requirements Vs Allocation in the FY 2025/2026 and the Medium Term

69. An analysis of the resource requirements for the FY2025/26 and the medium term, against resource allocation, the resultant resource gaps for FY 2025/2026 as shown in **Annex III.**

70. From the table attached-**Annex III** on analysis of the resource requirements versus allocation, the State Department has been allocated **Kshs. 31,372.5 million** to be spent in the implementation of its activities under the four programmes in the FY 2025/2026 and its twelve sub-programmes as sown in **Annex I** attached. The State Department had requested a gross sum of Kshs. 70,044.46million against an allocation of Kshs. 31,372.5million thus leaving a resource gap of Kshs. 38,671.96million.

3.2.10 Specific Budget highlights in various Vote Heads

71. Specific items captured in the proposed budget estimates for the FY 2025/2026; The total Gross Budget for the State Department for 2025/26 Financial Year is Kshs. 31,372.5 million made up of Kshs. 26,320.71 million in recurrent vote and Kshs. 5,051.79 million in development vote which are analyzed hereunder.

a) Recurrent Budget

72. The main highlight of the recurrent budget allocations includes:

i. **Kshs. 5,640.01million** has been allocated to cater for the Personnel Emoluments;
ii. **Kshs. 751.87million** has been budgeted for as operations and maintenance for the State Department
iii. **Kshs. 19,928.83million** has been budgeted as transfers to the SemiAutonomous Governmental Agencies.

b) Development Vote

73. Under the Development Vote, **Kshs. 5,051.79million** has been proposed to finance a total of ten (10) capital projects to be implemented by the State Department over the FY2025/26 and the medium-term shown in **Annex II (Capital Projects).**

3.2.11 List of proposed projects and the respective expenditure allocations

1. Dietetics Services Improvement-No budgetary allocation
2. Clinical Waste Disposal System-Kshs. 970.27m-AIA
3. Clinical Laboratory and Radiology Services Improvement-No budgetary allocation
4. Procurement of Anti TB Drugs Not covered under Global fund TB
    a. Programme-Kshs. 300million
5. Construction of Tuition Blocks and Laboratories at KMTC-Kshs. 20million
6. Equipping of Laboratories and Classrooms at KMTC-Kshs. 500million
7. Special Global Fund Malaria Grant NFM3-DOMC-Kshs. 1,966million (Global
    a. Funds-Kshs. 866million & GoK-Kshs. 1,100million)
    viii. Special Global Fund TB Grant NFM4-Kshs. 606.79million
8. Department for Health Strengthening System (RSSH)-Kshs. 889million
9. Central Radioactive Waste Processing Facilities-KNRA-Kshs. 78million
10. Public Participation Projects-No budgetary allocation
11. Infrastructure Upgrade at Kenya Institute of Primate Research-Kshs. 52million
12. Construction of Examination Centre-KMPDC-Kshs. 40million
13. Research and Commercialization of Snake Antivenom to support Universal Health Care at KIPRE-Kshs. 100million

a) **List of Stalled Projects**

The State Department does not have any stalled projects

b) List of New Projects

74. The State Department of Public Health and Professional Standards has received support from the World Bank to implement the Building Resilience and Responsive Health Systems (BREHS) project. The objective of the project is to improve utilization and quality health care services and strengthen institutional capacity for service delivery. The project is being implemented in three (3) components: 1, Strengthen capacity for service delivery, 2. Improving quality and utilization of PHC services and 3. Project monitoring and evaluation.

75. The Project will support all 47 counties, providing Health Products and Technology (HPTs) and implementing key interventions to enhance the accessibility and quality of primary healthcare. As part of Component 2 of BREHS project, there is a provision for conditional grants to participating counties, in kind through draw down of HPTs from Kenya Medical Supplies Agency (KEMSA) and in cash to implement select primary health care interventions.

3.2.11Summary of Critical Areas Which Require Additional Funding in the FY2024/25

76. The total resource gap for the FY 2025/26 amounts to **KShs.** 38,671.96 million as seen in Annex VI. However, amongst the provided gap there are very key critical areas that have not been funded in the FY 2025/26 amounting to **Kshs 17,092 million**. This will largely affect smooth implementation of the State Departments' mandate as outlined in the Executive Order No. 2 of 2023. **Annex IV** shows the key priority areas not funded in the proposed budget for the FY 2025/26.

a) Recurrent Vote

77. During the resource sharing in the Sector Working Groups, the following critical areas were either partially funded or were not funded. This is evidenced in the proposed 2025 Budget Policy Statement which is before the Committee for deliberations. The State Department is seeking the support of this Committee to secure funds totalling to Kshs. 13,029million within the recurrent vote to assist in the implementation of the key programmes in the FY2025/26. These are briefly explained as follows:

Table 1: Summary of Additional Resource Requirement in Recurrent Vote

S/N	Title	Amount-Kshs. million
1.	Additional Resources to Support the Operations of Port Health Services	442
2.	Additional Resources to Support the School Health Programme	350
3.	Additional Resources to Support Health Promotion and Education Activities	445
4.	Reinstatement of The Funds for KMTC Student's Loans Under the Helb Sponsorship Program	680
5.	Additional Resources to Cater for Legal Fees	183
6.	Additional Funding to Cater for the Administrative expenses on the costs for paying Stipends payable to Community Health Promoters	150
7.	Additional Funding to Cater for Personal Emoluments for the Universal Health Care (UHC) Staff	4,239
8.	Operationalize the New Organizational structure for the State Department	250
9.	Presidential Directives	1,433
10.	National Public Health Laboratories	792
11.	Operationalization of Kenya National Public Health Institute	760
12.	Scaling up integrated management of acute malnutrition	500
13.	Scaling Up high impact interventions at the Primary Health Care	40
14.	Personnel Emoluments at KIPRE	218

15.	Implementation of the Pharmacy and Poisons (Amendment) Bill	206
16.	Reinstatement of funds to KMPDC	145
17.	National Quality Control Laboratories	345
18.	Health Records and Information Managers Board	100
19.	Kenya Medical Laboratory Technicians and Technologists Board	60
20.	Kenya Health Human Resource Advisory Council	500
21.	Clinical Officers Council of Kenya	100
22.	Reinstatement of funds to KNRA	76
23.	Counsellors and Psychologists Board	70
24.	Nursing Council of Kenya	105
25.	Outstanding Exchequer Release to KMTC and The National Syndemic Disease Control	840
Total		13,029

b) Development Vote

78. The State Department for Public Health and Professional Standards has proposed for an additional resource for the ongoing Capital Projects within the current FY2025/2026 totaling to **Kshs. 4,063million;**

Table 2: Summary of Additional Resource Requirement in Development Vote

S/N	Title	Amount-Kshs. (Million)
1	Operationalization of KMTC's Campuses- Presidential Directive	500
2	Additional Counterpart Funding to TB Programme	504
3	Central Radioactive Waste Processing PlantKNRA	300
4	Dietetics Improvement	230
5	Snake Antivenom Processing Plant at KIPRE	508
6	Epuka Uchafu Linda Afya Nyumbani Project	481
7	Construction of Laboratory at NQCL	675
8	Research Fund at KIPRE	500
9	Ongoing Construction of Examination Centre at KMPDC	365
Total		**4,063**

79. The State Department appreciates that the fiscal Framework may not allow the Committee to fully fund budget deficit. However, we request the indulgence of this Committee to consider funding core programme areas, which have been highlighted in **Annex IV** in the FY 2025/26.

The Implementation Status of the Cabinet Resolution on reforming State Corporations pinned at addressing operational and financial inefficiencies, enhance service delivery and reduce reliance of the Exchequer

80. The State Department is in receipt of a letter from the Head of Public Service on the Cabinet decision on the recommendations aimed at reforming State Corporations in order to streamline government operations, reduce waste, and curb excesses. Amongst the State Agencies which were listed are; Kenya Institute of Primate Research which has been recommended to be merged with Kenya Medical Research Institute.

81. The Professional regulators currently categorized as State Corporations to be declassified and has been recommended to be weaned out from consideration for budgetary allocation by the Government of Kenya, they include; Clinical Officers Council OF Kenya; Council of Institute of Nutritionists and Dietetics; Kenya Health Professionals Oversight Authority; Kenya Medical Laboratory Technicians and Technologists Board; Kenya Medial Practitioners and Dentists Council; Public Health Officers and Technicians Council; and Nursing Council of Kenya.

82. The State Department has made an appeal to the relevant authorities to reconsider this decision and all the professional bodies heavily rely from the exchequer to particularly pay for the personnel Emoluments and other statutory deductions and the little Internally Generated Revenue (AIA) they are able to generate only supplements in supporting the core mandate of each of the professional body.

83. The state Department request the indulgence of the Committee to support the proposed appeal on the Cabinet decision on the recommendations aimed at reforming State Corporations in order to streamline government operations, reduce waste, and curb excesses. The State Department will ensure prudent financial management to the resources appropriated to finance the planned programmes and activities in the FY 2025/26.

CHAPTER FOUR

COMMITTEE OBSERVATIONS

84. The Committee reviewed the Budget Policy Statement 2025 and held consultative meetings with the two State Departments in the Ministry of Health and their SAGAs and thereafter made the following observations:

4.1. General Observations

1. For the 2025/26 financial year, the health sector's proposed total expenditure ceiling is Kshs 204.5 billion. Kshs.171.9 billion and Kshs 31.9 billion have been allocated to the State Department for Medical Services and State Department for Public Health and Professional Standards, respectively.

2. There is underfunding for personal emoluments in SAGAs particularly in referral hospitals and the specialized hospitals planned to be established.

3. The government has made UHC a central pillar of the Bottom-Up Economic Transformation Agenda (BETA) and enacted four key health laws in 2023 to ensure access to comprehensive healthcare. The successful implementation of UHC depends on adequate funding, with key initiatives such as The Primary Healthcare Fund and the Emergency, Chronic, and Critical Illness Fund significantly underfunded.

4. Recent U.S. presidential sanctions have resulted in the withdrawal of key donor funding for healthcare programs in Kenya. This has affected initiatives in areas such as HIV/AIDS, TB, Malaria treatment, maternal and child health, tuberculosis and child vaccine procurement. The reduction in donor support may force the government to reallocate domestic resources, potentially straining other health sector priorities.

4.2 Specific Observations

(a) State Department for Medical Services

1. The Ministry aims to increase health commodity availability from 64% to 75% in 2025, with a long-term goal of 100% by 2027. Achieving this requires a robust supply chain, investment in local pharmaceutical manufacturing, and reforms at the Kenya Medical Supplies Authority (KEMSA). However, disruptions caused by donor funding withdrawals may impact essential supplies, including child vaccines, Tuberculosis diagnosis and treatment, HIV/AIDS medication, and Malaria treatments.

2. There is inadequate budgetary allocation for the health sector to support implementation of health programmes in view of the reduced donor funding. GAVI will end its support to Kenya by 2028/2029. The government therefore ought to increase exchequer funding on vaccine and immunization programmes, human vaccine production and human health research through the Kenya BioVax Institute and the Kenya Medical Research Institute (KEMRI) respectively.

3. The Kenya Biovax is setting up a fill and finish human vaccine production facility with a capability to produce up to 6 million doses of vaccines per month and 72 million doses per annum. The project contract sum is Kshs 470.6 million and at the end of quarter 1 of financial year 2024/25, Kshs 179 million has been certified for payment.

4. The Wellcome Trust has been supporting research and development at KEMRI. The funded research activities at KEMRI are designed by research partners. Notably, 800 workers have been employed by Wellcome Trust. The Committee notes that the contract has ended, and this will render the employees jobless.

5. Kenya Institute of Primate Research (KIPRE) and Kenya Medical Research Institute (KEMRI) have entered into an MOU to undertake clinical trials and snake anti-venom manufacturing. The commercialization of the products will generate revenue.

6. Although training is a function of the national government, the Ministry and the county governments are yet to come up with a funding framework for the training of registrars working in the Level 6 referral hospitals.

7. The counties are paying KEMSA pending bills from the County Revenue Fund. Payment of KEMSA pending bills from Facilities Improvement Fund (FIF) and would ensure that KEMSA pending bills are paid promptly.

8. The Oxygen plant at Kenyatta National Hospital has not been handed over to KNH. The Project Implementation Team (PIT) is currently assessing the project. Further, in 2023/24 financial year the project was allocated Kshs 70 million for procurement of generators. However, the generators are expected to be delivered in March 2025. Notably, during this period KNH is purchasing oxygen.

9. Spinal Injury and Mathari National Teaching and Referral Hospital has been classified as Semi-Autonomous Agencies under the Ministry of Health. However, the Ministry has failed to fully operationalize the SAGAs by providing transfers to these referral facilities. These facilities have not been able to procure and recruit new staff.

10. Mathari National Teaching and Referral Hospital is unable to claim to SHA for services offered to prisoners. Most of these prison patients don't have unique identifiers i.e. Identity cards required for SHA registrations. The referral hospital ends up with unpaid bills left by discharged prisoners.

11. The defunct NHIF owes co-insurers KES 8.137 billion for civil servants' Work Injury Benefits Act (WIBA) claims, along with an additional KES 3.927 billion in accumulated WIBA claims predating April 2021. While Section 26(4) of WIBA mandates insurers to resolve claims within 90 days of their submission, the now-defunct NHIF provided this insurance service before receiving payments from respective government agencies. These outstanding debts are among those that the Social Health Authority (SHA) is seeking to recover.

12. A major challenge facing the Social Health Authority (SHA) system has been inadequate communication. Many people remain uninformed about the program's benefits, coverage options, registration process, and how to access healthcare services under the new system, resulting in confusion and difficulty in utilizing healthcare services effectively. Additionally, SHA has struggled with insufficient funding in its administrative and support functions. The Act capped administrative expenditure at 5% of its revenue collection.

13. The defunct NHIF owes healthcare providers an estimated KES 30.9B. Additionally, NHIF owes co-insurers KES 8.137B for civil servants' WIBA claims and a further KES 3.927B in accumulated WIBA claims before April 2021. NHIF also has outstanding premium receivables totaling KES 25.5B across various government-funded schemes, including the civil service medical cover, Linda Mama program, and indigent support.

(b) State Department for Public Health and Professional Standards

1. Kenya continues to face significant public health challenges, including emerging infectious diseases and persistent threats such as tuberculosis (TB), Malaria, Ebola and Monkey pox, Marburg and Covid-19 among others. While the government has strengthened disease surveillance mechanisms, funding limitations hinder the full implementation of monitoring and response programs. The withdrawal of donor support may further strain resources allocated for disease control, laboratory services, and emergency preparedness.

2. To improve service delivery, the government has committed to expanding the health workforce through the Afya Nyumbani program and increasing training capacity at the Kenya Medical Training College (KMTC). Funding constraints have led to over-reliance on internally generated revenues for Personnel emoluments in referral hospitals and other health institutions.

3. The contract signed by the Ministry of Health for the purchase of kits for Community Health Promoters included the replenishment of consumables for which the Ministry will continue to engage the supplier to meet their contractual obligations.

4. Most of the regulatory bodies and agencies under the State Department are renting their office spaces. However, NQCL has four acres of land which is sufficient to construct a complex to host the agencies that do not have office space.

5. Kenya is working towards achieving WHO Maturity Level 3; however, several challenges continue to hinder progress. These include weak regulation of health products and technologies, inadequate control over over-the-counter (OTC) drug sales, and staffing shortages at the Pharmacy and Poisons Board. The Kenya Health Products and Technologies Regulatory Authority Bill, 2022, passed by the National Assembly, and is currently in Senate is a key enabler in attaining this milestone. The Committee, therefore, urges the Senate to expedite its consideration.

6. There are forty-two (42) professional cadres of health workers in Kenya out of which eight (8) are regulated by eleven (11) professional bodies, thirty-one (31) are totally unregulated which presents a challenge in the management of the health profession in the country.

7. The declassification of regulatory bodies such as the Kenya Medical Practitioners and Dentists Council (KMPDC), the Clinical Officers Council, and the Nursing Council of Kenya, among others as directed by the Cabinet, poses a significant risk to healthcare service delivery. This directive could undermine quality-of-care surveillance, facility and health professional licensing, and the enforcement of care standards, ultimately compromising the entire healthcare system. For instance, KMPDC may be pushed to increase the licensing fee for a Level 3 facility from the current Ksh 20,000 to Ksh 100,000 to effectively fulfill its mandate. In the long run, this increase will drive up the overall cost of healthcare, making services less accessible and potentially exacerbating the National disease burden.

8. A total of 29,000 KMTC students require student loans yearly. The Higher Education Loans Board (HELB) does not provide KMTC students with loans despite Kenya Universities and Colleges Central Placement Service (KUCCPS) undertaking placement of KMTC students.

9. There is an increased demand for construction of KMTC colleges in the country (especially at the county level). Notably, the county governments construct KMTC colleges and later approach KMTC management to provide resources for operationalization of the colleges including human resources. This has constrained the KMTC budget. KMTC require Kshs.1 billion to operationalize the 18 newly constructed KMTCs.

CHAPTER FIVE

COMMITTEE RECOMMENDATIONS

5.1 Policy Recommendations

85. The Committee having reviewed the Budget Policy Statement, 2025 and held consultative meetings with the two State Departments in the Ministry of Health and their respective SAGAs makes the following policy recommendations:

5.1.1 General Recommendations

1. The Principal Secretary for National Treasury to prioritize increasing budgetary allocations for UHC programs in the financial year 2025/2026. The Cabinet secretary for health should ensure efficient utilization of funds and closely monitor the impact of reduced donor funding on critical healthcare programs.

2. The Cabinet Secretary of Health to engage within the next sixty (60) days with international partners to negotiate alternative funding arrangements. Additionally, the Principal Secretary for National Treasury should prioritize domestic resource mobilization to compensate for donor withdrawals, ensuring that critical health programs remain operational.

3. Within the next sixty (60) days the Cabinet Secretary for health to prepare a Cabinet Memo on the housing of all the Ministry of health SAGAs without permanent offices in one building situated at the parcel of land owned by the NQCL.

4. In the financial year 2025/2026 the Cabinet Secretary for the National Treasury, in light of the reduction in donor support, to allocate funding for the promotion of local research and manufacturing in institutions such as KEMRI, KIPRE and BIOVAX Limited.

5. Within the next sixty (60) days the Cabinet Secretary for health, in consultation with the Cabinet Secretary for correctional services, to develop a legal framework for the handling of convicted offenders who are found to be of unsound mind or to have permanent intellectual disability.

5.1.2 Specific Recommendations

(a) State Department for Medical Services

1. Within the next sixty (60) days The Cabinet Secretary, Ministry of Health to fast-track reforms at KEMSA to enhance efficiency, accountability, and transparency in procurement.

2. Within the next thirty (30) days the Principal Secretary, State Department for Medical Services to submit report on the assessment and evaluation of the Managed Equipment Services (MES) Project and the negotiated Intergovernmental Participatory Agreements (IPAs) with County Governments and the new contracts for the National Equipment Support Programme within thirty (30) days.

3. Within sixty (60) days, the Cabinet Secretary, Ministry of Health to develop a policy framework for the training of Registrars working in National Referral hospitals and their re-integration back to the County Governments.

4. In preparation of the 2025/26 financial year budget, the Principal Secretary National Treasury should create a separate budget line for the Mathari National Teaching and Referral Hospital and Spinal Injury Hospital.

5. In the next thirty (30) days, the Cabinet Secretary, Ministry of Health and National Treasury to table a detailed report on status of all donor-funded programmes and projects under the Health Sector.

6. In the next sixty (60) days the Principal Secretary, National Treasury should facilitate engagements with all MDAs that have outstanding debts under the defunct NHIF to develop a structured debt repayment plan for settling the KES 12.064 billion owed including WIBA, Kenya Police Service and the Civil Servants scheme. Additionally, a comprehensive and transparent audit of outstanding obligations should be conducted to verify the legitimacy of claims and ensure accountability in the repayment process.

7. To enhance public awareness and improve service utilization, the Social Health Authority (SHA) should launch a nationwide communication campaign. This initiative should leverage multiple channels; including digital platforms, print and broadcast media, and community outreach to educate citizens on SHA's benefits, coverage, registration process, and service accessibility. Additionally, the National Treasury, through the Ministry of Health, should allocate funding in the supplementary II financial year 2024/2025, to support SHA in addressing operational needs and resolving initial implementation challenges. This financial support will ensure a smoother transition and effective service delivery in the early stages of its implementation.

a. State Department for Public Health and Professional Standards

1. The National treasury through the Ministry of Health allocates resources to public health laboratories, disease surveillance systems, and emergency response mechanisms. The Cabinet Secretary for health to seek Partnerships with international health organizations to mitigate funding gaps occasioned by USAID withdrawals.

2. Within 60 days, Kenya Medical Training College provide a progress report on operationalization of the eighteen (18) new KMTCs. Further, The Principal Secretary, State Department for Public Health and Professional Standards and the National Treasury to prioritize allocating more funds for the recruitment of staff to operationalize other KMTC facilities ready for operationalization.

3. Within the next sixty (60) days the Cabinet Secretary for Health to develop Regulations on the sale and use of nicotine products under the Tobacco Control Act, Cap. 245A within six (6) months.

4. Within ninety (90) days, The Kenya Medical Practitioners and Dentist Council should inspect and categorize all health facilities in Kenya to ensure quality of care and facilitate effective empanelment of healthcare providers by Social Health Authority.

5. Within sixty days, The Ministry of Health develop amendments to the Universities Act, Cap. 210 to allow regulatory bodies to regulate the training of health workers and inspection of healthcare training in all training institutions.

6. In preparation of 2025/2026 financial year budget estimates, the Principal Secretary for National Treasury to provide enough funding to Kenya Medical Practitioners and Dentist Council and other regulatory bodies. The Cabinet Secretary for health, within one month, to seek legal advice from the Office of the Attorney General and the Department of Justice on the framework for the merging and declassification of the State Corporations as directed by the Cabinet. The regulatory bodies should continue to receive funding from the exchequer awaiting the Attorney general's advisory.

7. To support the achievement of World Health Organization (WHO) Maturity Level three (ML3) in accordance with the Global benchmarking tool (GBT) as a priority, to necessitate the institutionalization of the Kenya Health Products and Technologies Regulatory Authority(KHPT), the Principal Secretary, State Department for Public Health and Professional Standards, in collaboration with the Principal Secretary, National Treasury, should ensure the allocation of adequate funds to the Pharmacy and Poisons Board (PPB) for the absorption of contractual employees who were engaged by the world bank should be given priority to be absorbed on a permanent and pensionable terms in the supplementary II financial year 2024/2025.

5.2 Financial Recommendations

86. The Committee having considered the 2025 Budget Policy Statement expenditure ceilings for the two State Departments in the Ministry of Health, recommends as follows:

87. The ceilings for the State Department for Medical Services and State Department for Public Health and Professional Standards be approved as tabled in the House. The details of the ceilings are shown in **Annex 7** and **Annex 8.**

5.2.1 Additional Funding Requests

88. That, the Committee is aware of the constrained resource basket in the 2025 Budget Policy Statement. However, critical areas within the health sector have serious financial gaps. The Committee recommends that the Budget and Appropriations Committee consider allocating more resources to the Health Sector to accommodate the following areas which are unfunded or underfunded.

5.2.1.1 State Department for Medical Services Additional Funding Requests

Table 12: Additional funding requests for the State Department for Medical Services (in Kshs)

Programme	Unfunded	Rec	Dev
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	Procurement of Family Planning & Reproductive Health Commodities		14.1 billion

Programme	Unfunded	Rec	Dev
0412000 General Administration	Operations and maintenance	500 million	
0412000 General Administration	Funds for public awareness and communication on SHA benefits and other services	200 million	
Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	National Cancer Institute-Funds for cancer research. The Institute has been using foreign generated data for cancer research. These Funds will enable the Institute to fund local research.		300 million
0402000 National Referral & Specialized Services	Funds for procurement of blood transfusion essential commodities e.g. blood bags		3.4 billion
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	Procurement of strategic commodities (HIV, Vaccines and family planning)		5 billion
0402000 National Referral & Specialized Services	Funds to relocate Spinal Injury Hospital to Ngong which will promote medical tourism in the country. This is the only specialized spine injuries facility and therefore more space for expansion is needed.		500 million
0402000 National Referral & Specialized Services	Funds to procure an additional Linear accelerator and Simulator for Kenyatta National Hospital. The referral hospital has only one linear accelerator and therefore cannot offer timely services to all cancer patients at KNH.		450 million
0402000 National Referral & Specialized Services	Kenyatta National Hospital -Personnel Emoluments shortfall	2.5 billion	
0402000 National Referral & Specialized Services	Mwai Kibaki Teaching & Referral Hospital-operations and maintenance shortfall	500 million	
0410000 Curative &Reproductive Maternal Newborn Child Adolescent Health RMNCAH	National Aids Control Council-operations and maintenance shortfall	500 million	
0402000 National Referral & Specialized Services	Construction and equipping of children hospital at Kenyatta University Teaching, Referral and Research Hospital which is currently stalled		500 million

Programme	Unfunded	Rec	Dev
0402000 National Referral & Specialized Services	Kenyatta University Teaching, Referral and Research Hospital-operations and maintenance shortfall	1.8 billion	
0402000 National Referral & Specialized Services	Moi Teaching and Referral Hospital-Personnel Emoluments shortfall	1.2 billion	
0402000 National Referral & Specialized Services	Training of Registrars in National Referral Hospitals. The Registrars work in Referral hospitals which is a national government function.		720 million
0402000 National Referral & Specialized Services	Kenya Medical Supplies Authority for Personnel Emoluments shortfall	900 million	

Source: MoH

5.2.1.2 State Department for Public Health and Professional Standards Additional Funding Requests

Table 13: State Department for Public Health and Professional Standards (in Kshs)

Programme	Unfunded	Rec	Dev
0408000 Health Policy, Standards and Regulations	Kenya Health Professions Oversight Authority (KHPOA) (Operations and maintenance costs and refurbishments of rented offices)	100 million	
0407000 Health resources development and Innovation	Kenya Human Resource Advisory Council- (Operations and maintenance costs- for effective performance of its mandate)	500 million	
0407000 Health resources development and Innovation	Research and Development at Kenya Institute of Primate Research.		500 million
0407000 Health resources development and Innovation	Personnel Emoluments shortfalls for Kenya Institute of Primate Research	218 million	
0407000 Health resources development and Innovation	Manufacturing of antivenoms at Kenya Institute of Primate Research. The country spends Kshs 1 billion to import antivenoms from India. The fund will ensure that these products are available locally and surplus commercialized.		500 million
0406000 Preventive and Promotive Health Services	Completion & operationalization of phase 1 for the Central Radioactive Waste Processing Facility (CRWPF) project at Ololua Ngong		300 million

Programme	Unfunded	Rec	Dev
Preventive, Promotive and RMNCAH	Procurement of Anti TB Drugs		500 million
0412000 General Administration	Additional funding to cater for personnel emoluments for UHC staff	4.2 billion	
0408000 Health Policy, Standards and Regulations	Health Records and Information Managers Board operations and maintenance. The funds are required to ensure timely printing of licenses for members. This will also generate A-in-A for the Board.	11 million	
0408000 Health Policy, Standards and Regulations	Equipping of a State-of-the Art Laboratory for National Quality Control Laboratory (NQCL). The additional funding will ensure that NQCL effectively tests Health Products and Technologies (HPTs) on behalf of Pharmacy and Poisons Board.		675 million

Source: MOH

SIGN.....DATE.....

HON. DR. PUKOSE ROBERT, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

ANNEXURES

Annex 1: Minutes of the Committee sittings

Annex 2: Adoption List

Annex 3: PBO brief on the BPS 2025

Annex 4: Cabinet Secretary Submission on the BPS 2025

Annex 5: Submission by Principal Secretary, State Department for Medical Services including compendium of projects.

Annex 6: Submission by Principal Secretary, State Department for Public Health and Professional Standards including compendium of projects for 2025/26 FY.

Annex 7: State Department for Medical Services 2025 BPS Ceilings

Annex 8: State Department for Public Health and Professional Standards 2025 BPS Ceilings

Annex 7: State Department for Medical Services 2025 BPS ceilings

	FY 2024/25 Supplementary 1 Estimates			FY 2025/26 Ceilings			FY 2026/27 Ceilings		
Programmes	**Rec**	**Dev**	**Total**	**Rec**	**Dev**	**Total**	**Rec**	**Dev**	**Total**
National Referral and specialized services	44,995	10,505	55,500	46,793	9,216	56,009	49,187	11,407	60,594
curative, Reproductive Maternal New Born child Adolescent Health RMNCAH	1,573	14,905	16,478	1,630	15,800	17,430	1,689	14,200	15,889
Health Research and Innovation	3,126	280	3,406	3,225	430	3,655	3,135	1,000	4,135
General Administration	14,549	2,049	16,598	93,480	2,050	95,530	94,706	4,049	98,755
	64,242	**27,739**	**91,982**	**145,127**	**27,496**	**172,623**	**148,717**	**30,656**	**179,373**

Annex 8: State Department for Public Health and Professional Standards 2025 Ceilings

	FY 2024/25 Supplementary 1 Estimates			FY 2025/26 Ceilings			FY 2026/27 Ceilings		
Programmes	**Rec**	**Dev**	**Total**	**Rec**	**Dev**	**Total**	**Rec**	**Dev**	**Total**
Preventive, Promotive Health Services	4,844	3,838	8,682	7,836	4,340	12,176	7,020	6,928	13,948
Health Resource Development and Innovation	13,165	451	13,616	10,045	672	10,717	10,525	776	11,301
Health Policy, Standards and Regulation	3,981	-	3,981	8,599	40	8,639	9,657	182	9,839
General Administration	596	-	596	341	-	341	322	-	322
Total	**22,586**	**4,289**	**26,875**	**26,821**	**5,052**	**31,873**	**27,525**	**7,886**	**35,411**

MINUTES OF THE 12TH SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS, ON THURSDAY, 27 TH FEBRUARY 2025 AT 10:00 AM

PRESENT

1.	The Hon. Dr. Pukose Robert, MP	**- Chairperson**
2.	The Hon. Ntwiga Patrick Munene, MP	-Vice-Chairperson
3.	The Hon. Mathenge Duncan Maina, MP	- Member
4.	The Hon. Oron Joshua Odongo, MP	-Member
5.	The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, MP	-Member
6.	The Hon. Prof. Jaldesa Guyo Waqo, MP	-Member
7.	The Hon. Owino Martin Peters, MP	-Member
8.	The Hon. Mary Maingi, MP	-Member
9.	The Hon. Cynthia Muge, MP	-Member

ABSENT WITH APOLOGY

1.	The Hon. Titus Khamala, MP	-Member
2.	The Hon. Kipngor Reuben Kiborek, MP	-Member
3.	The Hon Wanyonyi Martin Pepela, MP	-Member
4.	The. Hon Dr. Nyikal James Wambura, MP	-Member
5.	The Hon. Lenguris Pauline, MP	-Member
6.	The Hon Kibagendi Antoney, MP	-Member

COMMITTEE SECRETARIAT

1.	Mr. Hassan A. Arale	- Clerk Assistant I
2.	Mr. Timothy Kimathi	- Clerk Assistant III
3.	Ms. Gladys Kiprotich	- Clerk Assistant III
4.	Ms. Faith Chepkemoi	- Legal Counsel II
5.	Mr. Hiram Kimuhu	-Fiscal Analyst III
6.	Ms. Abigael Muinde	- Research Officer III

AGENDA

1. Prayers;
2. Adoption of the Agenda;
3. Confirmation of Minutes of the previous meetings;
4. Matters Arising;
5. **Consideration and adoption of the 2025 Budget Policy Statement report.**
6. **Consideration and adoption of the reports on foreign trips undertaken by the Committee in 2024.**
7. Any other business and;
8. Adjournment/Date of the Next Meeting.

MIN. NO. NA/DC-H/2025/81: PRELIMINARIES/INTRODUCTION

The Chairperson called the meeting to order at ten minutes past ten o'clock, followed by the Prayer and self-introductions.

MIN. NO. NA/DC-H/2025/82: ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Hon. Dr. Pukose Robert, MP and seconded by Hon. Oron Joshua Odongo, MP.

MIN. NO. NA/DC-H/2025/83: CONFIRMATION OF MINUTES OF THE PREVIOUS MEETINGS

1. **Confirmation of Minutes of the 9th sitting held on 19th February 2025.**
   Minutes of the 9th Sitting held on 21th February 2025 were adopted as a true reflection of the Committee deliberations having been proposed by Hon. Prof. Jaldesa Guyo Waqo, MP and seconded Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, MP.

2. **Confirmation of Minutes of the 10th sitting held on 19th February 2025.**
   Minutes of the 7th Sitting held on 21th February 2025 were adopted as a true reflection of the Committee deliberations having been proposed by Hon. Ntwiga Patrick Munene, MP and seconded by Hon. Oron Joshua Odongo, MP.

3. **Confirmation of Minutes of the 11th sitting held on 20th February 2025.**
   Minutes of the 8th Sitting held on 25th February 2025 were adopted as a true reflection of the Committee deliberations having been proposed by Hon. Oron Joshua Odongo, MP and Hon. Prof. Jaldesa Guyo Waqo, MP.

MIN. NO. NA/DC-H/2025/84: MATTERS ARISING

There were no matters arising.

MIN. NO. NA/DC-H/2025/85: CONSIDERATION AND ADOPTION OF THE 2025 BUDGET POLICY STATEMENT REPORT.

After lengthy consideration of the report on the 2025 Budget Policy Statement, the Committee made the following observations and recommendations and adopted the report as the true reflection of the committee deliberation after it was proposed by Hon. Duncan Maina Mathenge and seconded by Hon. Ntwiga Patrick Munene, MP.

The following observations and recommendations were made;

COMMITTEE OBSERVATIONS

The Committee reviewed the Budget Policy Statement 2025 and held consultative meetings with the two State Departments in the Ministry of Health and their SAGAs and thereafter made the following observations:

General Observations

1. For the 2025/26 financial year, the health sector's proposed total expenditure ceiling is Kshs 204.5 billion. Kshs.171.9 billion and Kshs 31.9 billion have been allocated to the State Department for Medical Services and State Department for Public Health and Professional Standards, respectively.
2. There is underfunding for personal emoluments in SAGAs particularly in referral hospitals and the specialized hospitals planned to be established.
3. The government has made UHC a central pillar of the Bottom-Up Economic Transformation Agenda (BETA) and enacted four key health laws in 2023 to ensure access to comprehensive healthcare. The successful implementation of UHC depends on adequate funding, with key initiatives such as The Primary Healthcare Fund and the Emergency, Chronic, and Critical Illness Fund significantly underfunded.
4. Recent U.S. presidential sanctions have resulted in the withdrawal of key donor funding for healthcare programs in Kenya. This has affected initiatives in areas such as HIV/AIDS, TB, Malaria treatment, maternal and child health, tuberculosis and child vaccine procurement. The reduction in donor support may force the government to reallocate domestic resources, potentially straining other health sector priorities.

Specific Observations

(a) State Department for Medical Services

1. The Ministry aims to increase health commodity availability from 64% to 75% in 2025, with a long-term goal of 100% by 2027. Achieving this requires a robust supply chain, investment in local pharmaceutical manufacturing, and reforms at the Kenya Medical Supplies Authority (KEMSA). However, disruptions caused by donor funding withdrawals may impact essential supplies, including child vaccines, Tuberculosis diagnosis and treatment, HIV/AIDS medication, and Malaria treatments.
2. There is inadequate budgetary allocation for the health sector to support implementation of health programmes in view of the reduced donor funding. GAVI will end its support to Kenya by 2028/2029. The government therefore ought to increase exchequer funding on vaccine and immunization programmes, human vaccine production and human health research through the Kenya BioVax Institute and the Kenya Medical Research Institute (KEMRI) respectively.
3. The Kenya Biovax is setting up a fill and finish human vaccine production facility with a capability to produce up to 6 million doses of vaccines per month and 72 million doses per annum. The project contract sum is Kshs 470.6 million and at the end of quarter 1 of financial year 2024/25, Kshs 179 million has been certified for payment.
4. **The Wellcome Trust has been supporting research and development at KEMRI**. The funded research activities at KEMRI are designed by research partners. Notably, 800 workers have been employed by Wellcome Trust. The

Committee notes that the contract has ended, and this will render the employees jobless.

5. **Kenya Institute of Primate Research (KIPRE) and Kenya Medical Research Institute (KEMRI)** have entered into an MOU to undertake clinical trials and snake anti-venom manufacturing. The commercialization of the products will generate revenue.
6. Although training is a function of the national government, the Ministry and the county governments are yet to come up with a funding framework for the training of registrars working in the Level 6 referral hospitals.
7. **The counties are paying KEMSA pending bills from the County Revenue Fund.** Payment of KEMSA pending bills from Facilities Improvement Fund (FIF) and would ensure that KEMSA pending bills are paid promptly.
8. **The Oxygen plant at Kenyatta National Hospital has not been handed over to KNH.** The Project Implementation Team (PIT) is currently assessing the project. Further, in 2023/24 financial year the project was allocated Kshs 70 million for procurement of generators. However, the generators are expected to be delivered in March 2025. Notably, during this period KNH is purchasing oxygen.
9. **Spinal Injury and Mathari National Teaching and Referral Hospital** has been classified as Semi-Autonomous Agencies under the Ministry of Health. However, the Ministry has failed to fully operationalize the SAGAs by providing transfers to these referral facilities. These facilities have not been able to procure and recruit new staff.
10. **Mathari National Teaching and Referral Hospital** is unable to claim to SHA for services offered to prisoners. Most of these prison patients don't have unique identifiers i.e. Identity cards required for SHA registrations. The referral hospital ends up with unpaid bills left by discharged prisoners.
11. **The defunct NHIF owes co-insurers KES 8.137 billion for civil servants' Work Injury Benefits Act (WIBA) claims**, along with an additional KES 3.927 billion in accumulated WIBA claims predating April 2021. While Section 26(4) of WIBA mandates insurers to resolve claims within 90 days of their submission, the now-defunct NHIF provided this insurance service before receiving payments from respective government agencies. These outstanding debts are among those that the Social Health Authority (SHA) is seeking to recover.
12. **A major challenge facing the Social Health Authority (SHA)** system has been inadequate communication. Many people remain uninformed about the program's benefits, coverage options, registration process, and how to access healthcare services under the new system, resulting in confusion and difficulty in utilizing healthcare services effectively. Additionally, SHA has struggled with insufficient funding in its administrative and support functions. The Act capped administrative expenditure at 5% of its revenue collection.
13. **The defunct NHIF owes healthcare providers an estimated KES 30.9B.** Additionally, NHIF owes co-insurers KES 8.137B for civil servants' WIBA claims and a further KES 3.927B in accumulated WIBA claims before April 2021. NHIF also has outstanding premium receivables totaling KES 25.5B across various government-funded schemes, including the civil service medical cover, Linda Mama program, and indigent support.

(b) State Department for Public Health and Professional Standards

1. Kenya continues to face significant public health challenges, including emerging infectious diseases and persistent threats such as tuberculosis (TB), Malaria, Ebola and Monkey pox, Marburg and Covid-19 among others. While the government has strengthened disease surveillance mechanisms, funding limitations hinder the full

implementation of monitoring and response programs. The withdrawal of donor support may further strain resources allocated for disease control, laboratory services, and emergency preparedness.

2. To improve service delivery, the government has committed to expanding the health workforce through the Afya Nyumbani program and increasing training capacity at the Kenya Medical Training College (KMTC). Funding constraints have led to over-reliance on internally generated revenues for Personnel emoluments in referral hospitals and other health institutions.
3. The contract signed by the Ministry of Health for the purchase of kits for Community Health Promoters included the replenishment of consumables for which the Ministry will continue to engage the supplier to meet their contractual obligations.
4. Most of the regulatory bodies and agencies under the State Department are renting their office spaces. However, NQCL has four acres of land which is sufficient to construct a complex to host the agencies that do not have office space.
5. Kenya is working towards achieving WHO Maturity Level 3; however, several challenges continue to hinder progress. These include weak regulation of health products and technologies, inadequate control over over-the-counter (OTC) drug sales, and staffing shortages at the Pharmacy and Poisons Board. The Kenya Health Products and Technologies Regulatory Authority Bill, 2022, passed by the National Assembly, and is currently in Senate is a key enabler in attaining this milestone. The Committee, therefore, urges the Senate to expedite its consideration.
6. There are forty-two (42) professional cadres of health workers in Kenya out of which eight (8) are regulated by eleven (11) professional bodies, thirty-one (31) are totally unregulated which presents a challenge in the management of the health profession in the country.
7. The declassification of regulatory bodies such as the Kenya Medical Practitioners and Dentists Council (KMPDC), the Clinical Officers Council, and the Nursing Council of Kenya, among others as directed by the Cabinet, poses a significant risk to healthcare service delivery. This directive could undermine quality-of-care surveillance, facility and health professional licensing, and the enforcement of care standards, ultimately compromising the entire healthcare system. For instance, KMPDC may be pushed to increase the licensing fee for a Level 3 facility from the current Ksh 20,000 to Ksh 100,000 to effectively fulfill its mandate. In the long run, this increase will drive up the overall cost of healthcare, making services less accessible and potentially exacerbating the National disease burden.
8. A total of 29,000 KMTC students require student loans yearly. The Higher Education Loans Board (HELB) does not provide KMTC students with loans despite Kenya Universities and Colleges Central Placement Service (KUCCPS) undertaking placement of KMTC students. There is an increased demand for construction of KMTC colleges in the country (especially at the county level). Notably, the county governments construct KMTC colleges and later approach KMTC management to provide resources for operationalization of the colleges including human resources. This has constrained the KMTC budget. KMTC require Kshs.1 billion to operationalize the 18 newly constructed KMTCs.

COMMITTEE RECOMMENDATIONS

Policy Recommendations

The Committee having reviewed the Budget Policy Statement, 2025 and held consultative meetings with the two State Departments in the Ministry of Health and their respective SAGAs makes the following policy recommendations:

General Recommendations

1. The Principal Secretary for National Treasury to prioritize increasing budgetary allocations for UHC programs in the financial year 2025/2026. The Cabinet secretary for health should ensure efficient utilization of funds and closely monitor the impact of reduced donor funding on critical healthcare programs.
2. The Cabinet Secretary of Health to engage within the next sixty (60) days with international partners to negotiate alternative funding arrangements. Additionally, the Principal Secretary for National Treasury should prioritize domestic resource mobilization to compensate for donor withdrawals, ensuring that critical health programs remain operational.
3. Within the next sixty (60) days the Cabinet Secretary for health to prepare a Cabinet Memo on the housing of all the Ministry of health SAGAs without permanent offices in one building situated at the parcel of land owned by the NQCL.
4. In the financial year 2025/2026 the Cabinet Secretary for the National Treasury, in light of the reduction in donor support, to allocate funding for the promotion of local research and manufacturing in institutions such as KEMRI, KIPRE and BIOVAX Limited.
5. Within the next sixty (60) days the Cabinet Secretary for health, in consultation with the Cabinet Secretary for correctional services, to develop a legal framework for the handling of convicted offenders who are found to be of unsound mind or to have permanent intellectual disability.

Specific Recommendations

(a) State Department for Medical Services

1. Within the next sixty (60) days The Cabinet Secretary, Ministry of Health to fast-track reforms at KEMSA to enhance efficiency, accountability, and transparency in procurement.
2. Within the next thirty (30) days the Principal Secretary, State Department for Medical Services to submit report on the assessment and evaluation of the Managed Equipment Services (MES) Project and the negotiated Intergovernmental Participatory Agreements (IPAs) with County Governments and the new contracts for the National Equipment Support Programme within thirty (30) days.
3. Within sixty (60) days, the Cabinet Secretary, Ministry of Health to develop a policy framework for the training of Registrars working in National Referral hospitals and their re-integration back to the County Governments.
4. In preparation of the 2025/26 financial year budget, the Principal Secretary National Treasury should create a separate budget line for the Mathari National Teaching and Referral Hospital and Spinal Injury Hospital.
5. In the next thirty (30) days, the Cabinet Secretary, Ministry of Health and National Treasury to table a detailed report on status of all donor-funded programmes and projects under the Health Sector.

6. In the next sixty (60) days the Principal Secretary, National Treasury should facilitate engagements with all MDAs that have outstanding debts under the defunct NHIF to develop a structured debt repayment plan for settling the KES 12.064 billion owed including WIBA, Kenya Police Service and the Civil Servants scheme. Additionally, a comprehensive and transparent audit of outstanding obligations should be conducted to verify the legitimacy of claims and ensure accountability in the repayment process.
7. To enhance public awareness and improve service utilization, the Social Health Authority (SHA) should launch a nationwide communication campaign. This initiative should leverage multiple channels; including digital platforms, print and broadcast media, and community outreach to educate citizens on SHA's benefits, coverage, registration process, and service accessibility. Additionally, the National Treasury, through the Ministry of Health, should allocate funding in the supplementary II financial year 2024/2025, to support SHA in addressing operational needs and resolving initial implementation challenges. This financial support will ensure a smoother transition and effective service delivery in the early stages of its implementation.

(b) State Department for Public Health and Professional Standards

1. The National treasury through the Ministry of Health allocates resources to public health laboratories, disease surveillance systems, and emergency response mechanisms. The Cabinet Secretary for health to seek Partnerships with international health organizations to mitigate funding gaps occasioned by USAID withdrawals.
2. Within 60 days, Kenya Medical Training College provide a progress report on operationalization of the eighteen (18) new KMTCs. Further, The Principal Secretary, State Department for Public Health and Professional Standards and the National Treasury to prioritize allocating more funds for the recruitment of staff to operationalize other KMTC facilities ready for operationalization.
3. Within the next sixty (60) days the Cabinet Secretary for Health to develop Regulations on the sale and use of nicotine products under the Tobacco Control Act, Cap. 245A within six (6) months.
4. Within ninety (90) days, The Kenya Medical Practitioners and Dentist Council should inspect and categorize all health facilities in Kenya to ensure quality of care and facilitate effective empanelment of healthcare providers by Social Health Authority.
5. Within sixty days, The Ministry of Health develop amendments to the Universities Act, Cap. 210 to allow regulatory bodies to regulate the training of health workers and inspection of healthcare training in all training institutions.
6. In preparation of 2025/2026 financial year budget estimates, the Principal Secretary for National Treasury to provide enough funding to Kenya Medical Practitioners and Dentist Council and other regulatory bodies. The Cabinet Secretary for health, within one month, to seek legal advice from the Office of the Attorney General and the Department of Justice on the framework for the merging and declassification of the State Corporations as directed by the Cabinet. The regulatory bodies should continue to receive funding from the exchequer awaiting the Attorney general's advisory.
7. To support the achievement of World Health Organization (WHO) Maturity Level three (ML3) in accordance with the Global benchmarking tool (GBT) as a priority, to necessitate the institutionalization of the Kenya Health Products and

Technologies Regulatory Authority(KHPT), the Principal Secretary, State Department for Public Health and Professional Standards, in collaboration with the Principal Secretary, National Treasury, should ensure the allocation of adequate funds to the Pharmacy and Poisons Board (PPB) for the absorption of contractual employees who were engaged by the world bank should be given priority to be absorbed on a permanent and pensionable terms in the supplementary II financial year 2024/2025.

Financial Recommendations

The Committee having considered the 2025 Budget Policy Statement expenditure ceilings for the two State Departments in the Ministry of Health, recommends the following additional financial request.

Additional Funding Requests

That, the Committee is aware of the constrained resource basket in the 2025 Budget Policy Statement. However, critical areas within the health sector have serious financial gaps. The Committee recommends that the Budget and Appropriations Committee consider allocating more resources to the Health Sector to accommodate the following areas which are unfunded or underfunded.

State Department for Medical Services Additional Funding Requests

Table 12: Additional funding requests for the State Department for Medical Services (in Kshs)

Programme	Unfunded	Rec	Dev
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	Procurement of Family Planning & Reproductive Health Commodities		14.1 billion
0412000 General Administration	Operations and maintenance	500 million	
0412000 General Administration	Funds for public awareness and communication on SHA benefits and other services	200 million	
Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	National Cancer Institute-Funds for cancer research. The Institute has been using foreign generated data for cancer research. These Funds will enable the Institute to fund local research.		300 million
0402000 National Referral & Specialized Services	Funds for procurement of blood transfusion essential commodities e.g. blood bags		3.4 billion
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	Procurement of strategic commodities (HIV, Vaccines and family planning)		5 billion
0402000 National Referral & Specialized Services	Funds to relocate Spinal Injury Hospital to Ngong which will promote medical tourism in the country. This is the only		500 million

Programme	Unfunded	Rec	Dev
	specialized spine injuries facility and therefore more space for expansion is needed.		
0402000 National Referral & Specialized Services	Funds to procure an additional Linear accelerator and Simulator for Kenyatta National Hospital. The referral hospital has only one linear accelerator and therefore cannot offer timely services to all cancer patients at KNH.		450 million
0402000 National Referral & Specialized Services	Kenyatta National Hospital -Personnel Emoluments shortfall	2.5 billion	
0402000 National Referral & Specialized Services	Mwai Kibaki Teaching & Referral Hospital-operations and maintenance shortfall	500 million	
0410000 Curative &Reproductive Maternal Newborn Child Adolescent Health RMNCAH	National Aids Control Council-operations and maintenance shortfall	500 million	
0402000 National Referral & Specialized Services	Construction and equipping of children hospital at Kenyatta University Teaching, Referral and Research Hospital which is currently stalled		500 million
0402000 National Referral & Specialized Services	Kenyatta University Teaching, Referral and Research Hospital-operations and maintenance shortfall	1.8 billion	
0402000 National Referral & Specialized Services	Moi Teaching and Referral Hospital-Personnel Emoluments shortfall	1.2 billion	
0402000 National Referral & Specialized Services	Training of Registrars in National Referral Hospitals. The Registrars work in Referral hospitals which is a national government function.		720 million
0402000 National Referral & Specialized Services	Kenya Medical Supplies Authority for Personnel Emoluments shortfall	900 million	

Source: MoH

State Department for Public Health and Professional Standards Additional Funding Requests

Table 13: State Department for Public Health and Professional Standards (in Kshs)

Programme	Unfunded	Rec	Dev
0408000 Health Policy, Standards and Regulations	Kenya Health Professions Oversight Authority (KHPOA) (Operations and maintenance costs and refurbishments of rented offices)	100 million	
0407000 Health resources development and Innovation	Kenya Human Resource Advisory Council- (Operations and maintenance	500 millio	

Programme	Unfunded	Rec	Dev
	costs- for effective performance of its mandate)	n	
0407000 Health resources development and Innovation	Research and Development at Kenya Institute of Primate Research.		500 million
0407000 Health resources development and Innovation	Personnel Emoluments shortfalls for Kenya Institute of Primate Research	218 million	
0407000 Health resources development and Innovation	Manufacturing of antivenoms at Kenya Institute of Primate Research. The country spends Kshs 1 billion to import antivenoms from India. The fund will ensure that these products are available locally and surplus commercialized.		500 million
0406000 Preventive and Promotive Health Services	Completion & operationalization of phase 1 for the Central Radioactive Waste Processing Facility (CRWPF) project at Ololua Ngong		300 million
Preventive, Promotive and RMNCAH	Procurement of Anti TB Drugs		500 million
0412000 General Administration	Additional funding to cater for personnel emoluments for UHC staff	4.2 billion	
0408000 Health Policy, Standards and Regulations	Health Records and Information Managers Board operations and maintenance. The funds are required to ensure timely printing of licenses for members. This will also generate A-in-A for the Board.	11 million	
0408000 Health Policy, Standards and Regulations	Equipping of a State-of-the Art Laboratory for National Quality Control Laboratory (NQCL). The additional funding will ensure that NQCL effectively tests Health Products and Technologies (HPTs) on behalf of Pharmacy and Poisons Board.		675 million

Source: MOH

MIN. NO. NA/DC-H/2025/86: CONSIDERATION AND ADOPTION OF THE REPORTS ON FOREIGN TRIPS UNDERTAKEN BY THE COMMITTEE IN 2024.

The following foreign reports were adopted;

1. The Committee adopted the report on the **4th Global Association of Clinical Officers and Physician Associates (Gacopa) International Delegates Conference** that took place from August 26-29, 2024, at The Tlotlo Hotel and Conference Centre, Botswana having been proposed by Dr. Pukose Robert, EGH, M.P, and seconded Hon. Ntwiga Patrick Munene, M.P

2. The Committee adopted the report on the **Visit to Liverpool School of Tropical Medicine Prefeasibility Engagement to Discuss Research and Development of Snakebite Treatments** by the Ministry of Health, Departmental Committee on Health, the National Assembly and Kenya Institute Of Primate Research From 13th to 15th May 2024 having been proposed by Hon. Prof. Jaldesa Guyo Waqo, MP and seconded by Hon. Oron Joshua Odongo, M.P.

3. The Committee adopted the report on **the 15th Meeting of the Network of African Parliamentary Committees of Health (NEAPACOH)** Held On 28th to 29th , February 2024 in the Kingdom of Lesotho having been proposed by Dr. Pukose Robert, M.P and seconded by Hon. Hon. Ntwiga Patrick Munene, M.P

4. The Committee adopted the report on **the Participation in the Africa TB Summit and Health Committee Chairpersons Meeting** held from 29th to 30th October 2024 in Lusaka, Zambia having been proposed by Hon. Sunkuli Julius Lekakeny MP, and seconded by Hon. Prof. Jaldesa Guyo Waqo, MP

5. The **Seventy-Seventh World Health Assembly** held from 27th May 2024 to 1st June 2024 having been proposed by Hon. Mathenge Duncan Maina, M.P and seconded by Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, M.P.

MIN. NO. NA/DC-H/2025/87: ANY OTHER BUSINESS

The following issues were raised;

1. The Ministry of Health to submit to the committee in two weeks' time a signed contract for Community Health Promoters and new signed contract for Managed Equipment Services (MES).

2. The Clerk was tasked to write to the Parliamentary Research department to request Parliamentary Researchers to conduct Primary Research on Community Health Promoters impact.

MIN. NO. NA/DC-H/2025/88: ADJOURNMENT

There being no other business, the meeting was adjourned at four minutes past noon. The next meeting will be by notice.

SIGN..... DATE.....

HON. DR. ROBERT PUKOSE, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

THE NATIONAL ASSEMBLY

13TH PARLIAMENT – FOURTH SESSION (2025)

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ADOPTION LIST OF THE DEPARTMENTAL COMMITTEE ON HEALTH ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT (BPS)

We, the undersigned Members of the Departmental Committee on Health do hereby append our signatures to adopt this Report **Date:** 27/2/2025

NO	NAME	SIGNATURE
1.	The Hon. Dr. Pukose Robert,**CBS, M.P -Chairperson**	
2.	The Hon. Ntwiga Patrick Munene, M.P -**Vice-Chairperson**.	
3.	The Hon. Dr. Nyikal James Wambura, M.P.	
4.	The Hon. Titus Khamala, M.P	
5.	The Hon. Sunkuli Julius Lekakeny Ole, **EGH, EBS**,M.P.	
6.	The Hon. Prof. Jaldesa Guyo Waqo, M.P.	
7.	The Hon. Owino Martin Peters, M.P.	
8.	The Hon. Wanyonyi Martin Pepela, M.P	
9.	The Hon. Lenguris Pauline, M.P	
10.	The Hon. Mary Maingi, MP	
11.	The Hon. Muge Cynthia Jepkosgei, M.P	
12.	The Hon. Oron Joshua Odongo, M.P.	
13.	The Hon. Kibagendi Antony, M.P.	
14.	The Hon. Mathenge Duncan Maina, M.P	
15.	The Hon. Kipngor Reuben Kiborek, M.P	

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

.....

REPORT ON THE CONSIDERATION ON 2025 BUDGET POLICY STATEMENT (BPS) FOR;

1) VOTE 1094: STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT; AND,

2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS
NAIROBI
MARCH, 2025

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CHAIRPERSON'S FOREWORD

This report details the consideration of the 2025 Budget Policy Statement (BPS) by the Departmental Committee on Housing, Urban Planning & Public Works. The 2025 BPS was tabled in the National Assembly on **Thursday 13th February, 2025** and subsequently committed to Departmental Committees for consideration in line with Section 25(2) of the Public Finance Management Act, 2012 as read together with Standing Order 232(5).

The BPS is a policy document that sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared in accordance with Section 25 of the Public Finance Management (PFM) Act 2012

The Committee held a total of four (4) sittings scrutinizing the 2025 BPS and adopting its report. All agencies under the Committee's purview appeared before the Committee on Thursday 20th February, 2025 and made their submissions concerning the proposed 2025 BPS and the Medium Term.

Acknowledgement

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 2025 BPS successfully. 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 Housing, Urban Planning and Public Works, it is my privilege and duty to present to the Liaison Committee the report of the Committee on the scrutiny of the proposed 2025 BPS and Medium Term.

Hon. Johana Ng'eno Kipyegon, CBS, MP

Chairperson, Departmental Committee on Housing, Urban Planning and Public Works

CHPATER ONE

1.0 Mandate and establishment of the Committee

1) The Departmental Committee on Housing, Urban Planning and Public Works is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows: -

    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 the implementation;
    iii) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    iv) study and review all legislation referred to it;
    v) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
    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 (Committee on Appointment)
    vii) examine treaties, agreements and conventions;
    viii) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    ix) Examine any questions raised by Members on a matter within its mandate.

1.1 Subjects under the Committee

2) The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows;

    i) Housing
    ii) Public works
    iii) Urban planning
    iv) Metropolitan affairs
    v) Housing development
    vi) Built environment

3) The Committee, in executing its mandate, oversights the **State Department for Housing & Urban Development** and **State Department for Public Works**

1.2 Committee Membership

4) The Departmental Committee on Housing, Urban Planning and Public Works was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson

Hon. Johana Ng'eno Kipyegon, CBS, MP
Emurua Dikirr Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon. Mugambi Murwithania Rindikiri, MP
Buuri Constituency
United Democratic Alliance (UDA)

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

Hon. Esther Muthoni Passaris, OGW, MP
Nairobi county
Orange Democratic Movement (ODM)

Hon. Innocent Obiri Momanyi, MP.
Bobasi Constituency
Wiper Democratic Movement–Kenya

Hon. Joshua Kivinda Kimilu, MP
Kaiti Constituency
Wiper Democratic Movement–Kenya

Hon. Samuel Kinuthia Gachobe, MP
Subukia Constituency
United Democratic Alliance (UDA)

Hon. Abraham Kipsang Kirwa, MP
Mosop Constituency
United Democratic Alliance (UDA)

Hon. Caleb Mutiso Mule, MP
Machakos Town Constituency
Maendeleo Chap Chap Party

Hon. (Dr.) Daniel Ogwoka Manduku, MP
Nyaribari Masaba Constituency
Orange Democratic Movement (ODM)

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

Hon. Jane Wangechi Kagiri, MP
Laikipia County
United Democratic Alliance (UDA)

Hon. John G. Mwaniki Mukunji, MP
Manyatta Constituency
United Democratic Alliance (UDA)

Hon. Maurice Kakai Bisau, MP
Kiminini Constituency
DAP-Kenya

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

1.3 Committee Secretariats

5) The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Ms. Elzy Moroto
Senior Legal Counsel

Mr. James Muguna
Research Officer II

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Mr. Nelson Odida
Research Officer III

Ms. Ashley Cherono
Public Relations Officer III

Ms. Mercy Mayende
Media Relation Officer III

Ms.Mercy Ondego
Research Officer III

Mr. Mohamed Said
Sergeant-at-Arms

Mr. Meldrick Kevin Sakani
Audio Officer

CHAPTER TWO

2.0 Highlights of proposed 2025 Budget Policy Statement (BPS)

6) The BPS is a policy document that sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared in accordance with Section 25 of the Public Finance Management (PFM) Act 2012

7) The 2025 BPS-themed "Consolidating Gains Under Bottom–Up Economic Transformation Agenda For Inclusive Green Growth " sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The five core thematic areas include; Agricultural Transformation and Inclusive Growth; Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.

8) The 2025 BPS also outlines key enablers for the envisaged outputs under the core pillars, among them is infrastructure which also includes key priorities in the energy, petroleum, and E-Mobility sub-sectors. Over the medium term, the Government plans to consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives:

   i) bringing down the cost of living;
   ii) eradicating hunger;
   iii) creating jobs;
   iv) expanding the tax base;
   v) improving foreign exchange balances; and
   vi) Inclusive growth.

9) The proposed budgetary allocations for FY 2025/26 and the medium term have been broken down into three categories; National Government (NG) (Executive, Parliament, & Judiciary); Consolidated Fund Services (CFS) and County Governments (CG) as shown in Table 1

Table 1: Summary of the proposed Expenditure Ceilings (Kshs. Billions)

	Details	Approved Est. 24/25	BPS 2025	Variances	% Change
1	NG	2,300.5	2,562.0	261.5	11.4%
	Executive	*2,237.2*	*2,493.8*	256.6	11.5%
	Parliament	*40.9*	*42.5*	1.6	4.0%
	Judiciary	*22.5*	*25.8*	3.2	14.4%
2	CFS	1,237.2	1,369.0	131.8	10.6%
3	CG	410.8	405.1	(5.8)	-1.4%
	Sharable Revenue	380.0	405.1	25.1	6.6%
	Arrears	30.8	0.0	(30.8)	-100.0%
	Total	3,948.6	4,336.1	387.5	9.8%

Source: The National Treasury (BPS 2025)

10) FY 2025/26, the total projected expenditures, including allocations for counties and a contingency fund, amounts to Kshs. 4,263.1 billion. This would be funded through Ordinary Revenue of **Kshs. 2,835.0 million**, Ministerial AIA of **Kshs. 550.8 million**, Grants totaling **Kshs. 46.2 million**, and debt financing of **Kshs. 831.0 million,** which consists of Net foreign financing of **Kshs. 146.8 million** and Net domestic financing of **Kshs. 684.2 million**.

11) Regarding Medium Term Expenditure Framework (MTEF) Sector classification, in the BPS 2025 ceilings, the Education sector accounts for the major share of the total budgetary allocation with an allocation share of 28.3% of the total budget compared with 29.6% share in FY 2024/25. The Energy, Infrastructure, and ICT sectors accounts for 19.7% of the total budgetary allocation ceilings which is an increase from 19.3% in the Approved Estimates of FY 2024/25 as summarized in Table 2.

Table 2: Summary MTEF Sector Budget Allocations (Kshs. Billions)

Sector	Approved Budget 2024/25	% Share	BPS 2025/26 ceilings	% Share
Agriculture, Rural and Urban Development (ARUD)	73.9	3.2%	77.7	3.0%
Energy, Infrastructure, and ICT	444.3	19.3%	504.6	19.7%
General Economic and Commercial Affairs (GECA)	45.6	2.0%	59.1	2.3%
Health	118.9	5.2%	204.5	8.0%
Education	681.7	29.6%	723.9	28.3%
Governance, Justice, Law, and Order (GJLO)	234.9	10.2%	265.9	10.4%
Public Administration and International Relations (PAIR)	311.8	13.6%	286.8	11.2%
National Security	219.3	9.5%	257.0	10.0%
Social Protection, Culture and Recreation	68.9	3.0%	78.8	3.1%
Environment Protection, Water and Natural Resources	101.2	4.4%	103.8	4.0%
Grand Total	**2300.5**	**100.0%**	**2562.0**	**100.0%**

Source: The National Treasury (BPS 2025)

2.1 Review of recent policies and allocations

State Department for Housing and Urban Development

12) Significant strides have been achieved in ensuring the right to accessible and adequate housing, as outlined in Article 43(1)(b) of the Constitution, especially during the latter half of the 2023/24 fiscal year and the ongoing 2024/25 fiscal year. The enactment of the Affordable Housing Act of 2024 resolved long standing financing inequities in the housing sector. The legislation unlocked essential funding, redirecting investment from the high-end market to affordable housing, thereby expediting the Affordable Housing Programme (AHP) implementation.

13) The State Department is implementing the second phases of the Kenya Informal Settlement Improvement Programme (Kisip) and the Kenya Urban Support Programme, both of which are donor-funded and allocated Ksh. 11.3 billion and Ksh. 8.3 billion respectively. Additionally, the State Department is developing the National Slum Upgrading and Prevention bill to align it with the Affordable Housing Act of 2024 provisions and recent statistics from the Kenya Housing survey 2024.

14) In line with the BETA value chain approach, the Government has implemented measures to strengthen the building and construction of value chains which includes levies on imported clicker and imported steel billets. The Table 3 gives the summary of key sector priorities for the 2024 and 2025 BPS.

Table 3: Summary of Key Sector Priorities in the recent BPS

BPS 2024	BPS 2025
- Construct 151,081 affordable and 40,992 social housing units - Construct 5,000 hostel units in higher learning institutions - Implement Second Kenya Informal Settlement Improvement Project (KISIP II) in 33 Counties - Implement Second Kenya Urban Support Programme (KUSP II) in 79 Municipalities in 45 Counties - Construct 434 markets. - Design, document and supervise 330 new Government buildings and 495 for rehabilitation and maintenance - Construct 197 footbridges; Construct 9 jetties and 1,150 meters of seawall; - Complete construction of 5 County Government Headquarters - Inspect and audit 8,500 buildings and structures for safety - Test 60 buildings for structural integrity - Register 29,500 contractors and accredit 156,000 skilled construction workers and site supervisors.	- Construct 217,654 affordable housing units, 80,909 social housing units and 65,297 institutional housing units; - implement the Second Kenya Informal Settlement Improvement Project (KISIP II) in 33 counties; - implement the Second Kenya Urban Support Programme (KUSP II) in 79 municipalities across 45 counties - construct 505 markets across the country; 292 Design, document, supervise 855 public buildings. - construct 44 footbridges across the country to facilitate access to social amenities. - build 5 jetties and 5,800 meters of seawall; inspect and audit 5,000 buildings and structures for safety - ;test 220 buildings for structural integrity; register 29,500 contractors - accredit 156,000 skilled construction workers and site supervisors; and build capacity in the construction industry

Financial Performance

15) The total expenditure allocation to the State Department in FY 2024/25 amounted to **Kshs.87.57 billion** and revised to **Kshs. 86.50 billion** in Supplementary Estimates I compared to **Kshs.93.82 billion** allocated in FY 2023/24. Table 3 below shows budget execution by programmes under the State Department in the first three months of FY 2024/2025.

Table 4: Quarter 1 Financial Performance per programme in Ksh. millions

Programme	Revised Estimate 1			Expenditure			Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total	
Human Development and Urban Settlement	812	13,514	14,327	167	1060	1228	7%
Urban and Metropolitan Development	121	63,220	63,340	24	7,906	7,930	13%
General Administration Planning and Support Services	396	8,461	8,857	58	180	238	3%
Total	**1,303**	**85,195**	86,498	**248**	**9,148**	**9,396**	**11%**

Source: COB

16) Regarding the performance of the Housing Levy Fund, the total collections for FY 2024/25, from July 2024 to January 2025, was **Ksh. 41,735 million**, reflecting a performance rate of 117%. This was achieved with a monthly average collection of **Ksh. 5,962 million**, exceeding the projected Ksh. 4,297 **million**. When combined with the FY 2023/24 collection of approximately **Ksh. 54,720 million**, the total since the Housing Levy's introduction in August 2023 amounts to approximately **Ksh. 96,455 million**.

17) As of June 2024, the total expenditure was **Ksh. 14,510 million**, and by the close of the first half of FY 2024/25 in December 2024, expenditure amounted to **Ksh. 18,801 million**. Additionally as of January 2025, the State Department reported that the value of proceeds from the housing levy invested in Treasury Bills increased from **Ksh. 20,000 million** to **Ksh. 46,600 million**, indicating challenges in fund absorption which may be linked to delays in enacting the Affordable Housing Act of 2024, largely attributed to legal disputes and the slow establishment of the Affordable Housing Board.

Non-Financial Performance

18) Between FY 2021/22 and 2023/24, the State Department recorded several achievements: 1,067 housing units were completed across various sites; 33,081 housing units progressed with an average completion rate of 25.7%; 692 civil servants were provided with mortgage options for homeownership; 13 Constituency Appropriate Building and Construction Technology (ABMT) centers were established, training 4,110 participants in low-cost

building technologies; 17 markets were completed, with 6 more ongoing at an average completion rate of 82%; the Kenya Urban Support Program (KUSP) was implemented in 45 counties; and 1,020 title deeds were issued in selected informal settlements of Nakuru and Kilifi to regularize land tenure under KISIP1

19) At the end of the first Quarter of September 2024, the State Department had a total Pending bill amounting to **Ksh. 1,976,449,326**, comprising **Ksh. 4,042,216** for recurrent, **Ksh. 1,439,537,109 million** for recurrent, and **Ksh. 532,870,000** in Court Awards. Failure to settle these pending bills, which form a first charge, may result in the non-achievement of proposed priorities.

State Department for Public Works

20) Regulators of housing development play a crucial role by ensuring that housing projects comply with national and local regulations, safety standards, building codes, and environmental requirements. The National Building Code 2024 was approved by Parliament and aims to set improved standards in building design, construction, and maintenance that reflect best practices in the built environment, promoting quality, safety, health, and acceptable environmental norms in the sector. Therefore, there is a need for increased funding under the National Construction Authority to ensure stakeholder education and enforcement of the National Building Code to create a safe, durable, and sustainable living environment that adheres to established rules and regulations.

Financial Performance

21) The total budget for the State Department in FY 2024/25 was **Kshs. 5.01 billion** which was later revised to **Kshs. 3.91 billion** in Supplementary Estimates I, down from **Kshs. 4.72 billion** allocated during the FY 2023/24. Table 5 below outlines the budget execution across various programmes within the State Department for the first three months of FY 2024/2025.

Table 5: Quarter 1 Financial Performance per programme in Ksh. millions

Programme	Revised Estimate 1			Expenditure			Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total	
Government Buildings	578	-	578	133	-	133	23%
Coastline Infrastructure Development	90	124	214	20	-	20	22%
General Administration Administration, Planning and Support Services	354	-	354	47	-	47	14%
Regulation and Development of	2,658	100	2,758	426	-	426	15%

Programme	Revised Estimate 1			Expenditure			Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total	
Construction Industry							
Total	**3,681**	**224**	3,905	**627**	-	**627**	**16%**

Source: COB

22) At the end of the first Quarter of September 2024, the State Department had a total Pending bill amounting to **Ksh. 1,541,832,047**, comprising **Ksh. 51,099,889** for recurrent, **Ksh. 733,737,068** for Development, and Ksh. 756,995,090 for the National Construction Authority (NCA). Failure to settle these pending bills, which form a first charge, may result in the non-achievement of proposed priorities.

Non - Financial Performance

23) The State Department's achievements from FY 2021/22 to 2023/24 include: Completed construction of six (6) District Headquarters in Nyamira North, Muranga west, Nyandarua West, Mandera West, Mbeere South, and Kenyenya; Developed designs, documentation and supervised construction of 281 new government building projects and 302 of projects for rehabilitation and maintenance of buildings for Ministries, Departments, Counties and Agencies (MDCAs); Completed construction of Mtangawanda Jetty and New Mokowe Jetty; Constructed 28 footbridges across the country to enhance pedestrian mobility; Inspected and audited 5,040 buildings to ensure safety for habitation; Trained skilled construction workers and site supervisors, 38 registered contractors, accreditated skilled construction workers and site supervisors, and inspected construction sites for enhanced quality assurance in the construction industry.

CHAPTER THREE

3.0 Sectorial policies in the 2025 Budget Policy Statement (BPS)

State Department for Housing and Urban Development

24) The ceiling for the State Department is Ksh. 114.3 **billion** which is an increase of **Ksh. 27,801 million** (1.2 percent increase) from the approved estimates for FY 2023/24. There is an increase in the recurrent expenditure amounting to **137 million** or 10 percent to cater for additional staff, while the allocation for Development expenditure has a significant growth amounting to **Ksh. 27,803** million or 32 percent increase.

25) The increase stems from an increase in Housing Levy (AIA) proceeds due to carryover funds from the 2023/24 financial year as well as upward adjustment in the expected monthly collections and will cater for the Construction of 124,000 housing units, 162 markets, install 112 floodlights, construct 59 classrooms and other social and physical infrastructure for the Affordable Housing Project. The summary of resource allocation for FY 2025/26 under each programme is as shown in table 6

Table 6: Proposed Resource allocation per programme for FY 2025/26

Programme		Revised Estimates 2024/25	Proposed Allocation 2025/26	change	% Change
Housing Development and Human Settlement	**Total**	**77,548**	**102,643**	**25,095**	**32%**
	Recurrent	813	933	120	15%
	Development	76,735	101,710	24,975	33%
Urban and Metropolitan Development	**Total**	**8,605**	**11,306**	**2,701**	**31%**
	Recurrent	145	155	10	7%
	Development	8,461	11,151	2,960	32%
General Administration Planning and support services	**Total**	**345**	**352**	**7**	**2%**
	Recurrent	345	352	7	2%
	Development	-	-	-	-
Total vote	**Total**	**86,498**	**114,301**	**27,803**	**32%**
	Recurrent	**1,303**	**1,440**	**137**	**11%**
	Development	**85,196**	**112,861**	**27,665**	**s**

Source: BPS 2025

26) The Housing and Urban Development programme receives the majority of the Development expenditure allocation, totaling to **Ksh. 102,643 million**, which represents 90 percent of the budget. This funding will come primarily from the Housing Levy (AIA) proceeds, amounting to **Ksh. 96,000 million**. The goal is to ensure the completion of 124,000 housing units currently at various stages of completion across 75 sites in 37 counties.

27) The State Department would also undertake the construction of 162 markets, install 112 floodlights, construct 59 classrooms, 2 multipurpose school halls, 5 school dormitories, 14 kilometers of access roads and 5 footbridges as part of the social and physical infrastructure associated with the Affordable Housing Programme. Other priority projects targeted in the 2025/26 financial year are as follows:

i) implement the Second Kenya Informal Settlement Improvement Project (KISIP II) in 33 counties

ii) implement the Second Kenya Urban Support Programme (KUSP II) in 79 municipalities across 45 counties

State Department for Public Works

28) The ceiling for the State Department is Ksh. 4.6 **billion** which is an increment of **Ksh. 698 million** (17 percent growth) from the approved estimates for FY 2024/25. The allocation under Development expenditure increased to Ksh. 547 million (244 percent growth) as a result of reinstatement of budget cuts to initial ceiling of the budget estimates during Supplementary No.1 of 2024/25 and is mainly geared towards the improvement of 62 pedestrian access projects (footbridges) under the state department. The recurrent expenditure allocation has a marginal decrease of Ksh. 151 million compared to the 2024/25 FY.

29) As an enabler of the BETA key pillars, more so the Housing and Settlement pillar, the State Department will undertake amongst other projects: the upgrade of Hospitals and Universal Healthcare nationwide and are aimed at connecting residents to hospitals, schools, markets and other public amenities in areas of bad terrain; the supervision of 8 Affordable Housing; 6 special economic zone projects; 11 County and District Headquarters projects as well 6 Universal Healthcare projects (annexed). The summary of resource allocation for FY 2024/25 under each programme is shown in table 7.

Table 7: Proposed Resource allocation per programme for FY 2025/26

Programme		Revised Estimates	**Proposed Allocation**	**change**	**% change**
Government Buildings	Total	578	1,152	574	99%
	Recurrent	578	674	96	17%
	Development	-	478	478	100%
Coastline Infrastructure and Pedestrian Access	Total	214	338	124	58%
	Recurrent	90	104	14	16%
	Development	124	234	110	89%
General Administration Planning and Support Services	Total	354	363	9	3%
	Recurrent	354	363	9	3%
	Development	-	-	-	-
Regulation and Development of the Construction Industry	Total	2750	3047	297	11%
	Recurrent	2659	2691	32	1%
	Development	100	59	41	41%

Programme		Revised Estimates	Proposed Allocation	change	% change
Total vote	**Total**	3,905	**4,603**	**698**	18%
	Recurrent	3681	**3832**	**151**	4%
	Development	224	**771**	**547**	244%

Source: 2025 BPS

30) In the 2025/26 financial year, Development funds for the State Department would be geared towards the following priority projects:

i) Design, document and supervise 855 public buildings
ii) construct 44 footbridges across the country to facilitate access to social amenities
iii) build 5 jetties and 5,800 meters of seawall
iv) inspect and audit 5,000 buildings and structures for safety
v) test 220 buildings for structural integrity;
vi) register 29,500 contractors;
vii) accredit 156,000 skilled construction workers and site supervisors, and
viii) build capacity in the construction

CHAPTER FOUR

4.0 Submissions by the Agencies under the purview of the Committee

State Department for Housing and Urban Development

Mr. Charles Hinga, Principal Secretary, State Department for Housing and Urban Development appeared before the Committee on Thursday 20th February, 2025 and submitted that;

31) During the Financial Year 2024/2025, the State Department had an proved budget of 86,499 million comprinsing of Kshs. 1,303 million as recurrent and Kshs.85,196 million as development. As at 31st December, 2024 the State Department spent Kshs. 605 million recurrent budget and Kshs. 21,110 development budget representing 46% and 25% absorption rate respectively as shown in the Table 8 below;

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Expenditure as at 31st December 2024 (Kshs Millions)	Absorption (%)
Recurrent Budget	1,303	605	46%
Development Budget	85,196	21,110	25%
Total	86,499	21,715	25%

32) The low absorption of the development budget is attributed to several factors. Mainly, delays in the disbursement of funds by the Affordable Housing Board caused by lengthy consultations between the National Treasury and the Central Bank of Kenya. This is on the on-boarding of the Internet Banking System used for payments by the Board. Further, late passing of County Government Additional Allocation Bill (CGAA) has also delayed disbursement of Conditional grant to the Counties for the Second Kenya Informal Settlement Improvement Project and Second Kenya Urban Support Programme (KUSPII).

33) Lengthy procurement procedures significantly impacted the timely implementation of projects. The extensive processes of tendering, evaluation, and contract awarding require considerable time, leading to operational bottlenecks that delay project initiation and execution.

34) The challenges have led to the underutilization of the development budget, affecting the overall progress and timely delivery of key projects.

35) The programmes and projects implemented by the State Department are guided by the following policies:

i) The BETA Plan -Affordable Housing Programme development framework guidelines;
ii) MTP IV of the Kenya Vision 2030;
iii) Sustainable Development Goals (SGDs); and
iv) Sectoral Policies i.e.

a) The National Housing Policy;
b) National Slum Upgrading and Prevention Policy;
c) National Building Maintenance Policy; and
d) National Urban Development Policy (NUDP).

36) The State Department is critically underfunded under Operations and Maintenance (O&M) in the Recurrent Budget. For the FY 2025/26, the requirement under O&M was **Kshs. 190.008 million**, including **Kshs. 80** million for the National Secretariat for Human Settlement and **Kshs. 24.55 million** for hosting of the United Cities and Local Governments of Africa (UCLG Africa), East Africa Regional Office (EARO).

State Department for Public Works

Mr. Joel Arumonyang, the principal Secretary, State Department for Public Works appeared before the Committee **on Thursday 20th February, 2025** and submitted as follows;

37) The State Department proposed gross budget allocation at the sector working group was **Kshs.5,003Million** however, in the BPS proposed the allocations have been reduced to **Kshs.4,603Million** translating to Gross budget reduction of **Kshs.400Million**

38) The reduction of **Kshs.400Million** under development budget would affect the coastline infrastructure and pedestrian access programme which is linked to construction of footbridges sea walls ad jetties. The amount had been allocated for clearance outstanding certificates and completion of on-going projects.

39) The State Department had a gross requirement of Kshs.4,370Million for recurrent however the proposed of Kshs.3,832Million translates to a shortfall of Kshs.537Million. The development budget ceiling was kshs.1,171Million but has been reduced by Kshs.400Million to **Ksh.771 Million** and out of this allocation **Kshs.454Million** is earmarked for transfer to Counties for the construction of County headquarter projects.

40) The State Department's Gross Approved budget FY 2024/25 was Kshs.3,905Million consisting of Kshs.3,681Million Recurrent and Kshs.224Million Development. Actual expenditure as at 31st December 2024 is Kshs1,872 million recurrent and Kshs.3.6Million development. the Development printed Estimates FY 2024/25 was Kshs.1,209Million which was reduced to Kshs.224Million under supplementary estimates No.1

41) As an enabler in actualization of the Government Bottom-Up Economic Transformation Agenda (BETA), the State Department has supported development of Government infrastructure projects, promotion of green buildings and priorities that have facilitated Government business, spurred economic growth as well as improved welfare of the public

42) In support of the ongoing push to enhance efficiency and reduce reliance on the exchequer, National Construction Authority, under the NCA Act Sec. 31 is empowered to impose a levy in an amount not exceeding an equivalent of 0.5%, of the value of any contract whose value exceeds five million shillings.

43) The State Department does not have adequate legal and legislative framework to effectively address to the changing legal, social, environmental and economic reforms happening within the construction sector

44) At the onset of devolution and transition period, several officers in the State Department based in the then districts and provinces were absorbed by the counties, this coupled with natural attrition and retirements, has led to acute shortage of technical staff in the State Department

45) The State Department is facing acute shortage of motor vehicles; hence we are unable to facilitate movement of officers executing official duties and assignments both at the headquarters and regional offices

46) Delays in implementation of Housing Levy; Schedule 1(7) of the Affordable Housing Act (AHA) 2024 lists the State Department and National Construction Authority as implementing Agency under the Act. The State Department had identified a serious need for institutional housing for police, prisons, national Youth Service and for tertiary and educational institutions who can avail the land and other documentation as may be required. Further, the department had proposed completion of some pool housing projects that had been initiated and stalled due to inadequate funding thus being exposed to deterioration, vandalism and nugatory costs.

47) The principal Secretary requested for reinstatement of the **Kshs.400Million** to the level of the Sector Working Group to facilitate implementation of infrastructure projects for construction and completion of the ongoing footbridges, sea walls and jetties and additional **Kshs.40Million** for maintenance of footbridges. He further submitted kshs. 10,995 million additional request as shown in the table below 9;

No	Item	Amount (**Kshs. Million**)
Recurrent Budget		
1.	Recruitment of Staff	302
2.	Office Operations and Maintenance	261
3.	Purchase of Motor Vehicles	200
Sub – Total		763
Development		
1.	Construction of footbridges	440
2.	Development of integrated e-Buildings Approval and Management system	200
Sub-Total		640
Affordable housing programme		
1.	Implementation of identified affordable housing projects	9,592
Sub- Total		9,592
TOTAL		10,995

CHAPTER FIVE

5.0 Committee observations and recommendations

48) The Committee having scrutinized the proposed 2025 BPS and the submissions by the Agencies made the following observations and recommendations;

State Department for Housing and Urban Development

The Committee observed the following; THAT

i) The Ceiling for the State Department for Housing and Urban Development amounts to **Ksh. 114,301 million**, comprising of Ksh. 1,440 **million** for recurrent expenditure and **Ksh. 112,861 million** for Development expenditure. Development funding will be sourced from the GoK exchequer (Ksh. 1,324 **million**), Appropriation in Aid from Housing Levy proceeds **(Ksh.** 96,000 million) and rental income from Government pool housing **(Ksh. 839 million)**, and Donor funding **(Ksh. 16,138 million).**

ii) The Committee noted that as of January 2024, the State Department had completed and put up for sale 4,888 housing units, including 1,041 social housing units, 2,133 affordable housing units, and 1,714 middle-class affordable units across 21 projects. Additionally, out of an annual target of 200,000 units annually, 124,000 housing units were at various stages of completion across 75 sites in 37 counties.

iii) The Committee also noted that on the Boma Yangu online platform, more than 547,000 users have registered, with 52,000 having collectively saved over Ksh 2.3 billion toward homeownership and that the Affordable Housing Program has also generated over 164,000 jobs in the housing value chain.

iv) As of January 2025, total Housing Levy collections since its introduction in August 2023 amounted to approximately Ksh. 96,455 **million**, comprising **Ksh. 54,720 million** from FY 2023/24 and Ksh. 41,735 **million** from July 2024 to January 2025, reflecting a **117%** performance rate. However, by December 31, 2024, only **Ksh. 18,801 million** had been utilized. Further, the State Department reported an increase in Housing Levy proceeds invested in Treasury Bills from **Ksh. 20,000 million** to **Ksh. 46,600 million**, highlighting fund absorption challenges due to legal disputes delaying the Affordable Housing Act of 2024 and the slow establishment of the Affordable Housing Board.

v) The Affordable Housing Program is expanding in scale, with the construction of 124,000 housing units, along with associated social and physical infrastructure across 75 sites in 37 counties, leading to increased recurrent expenditure for the State Department. The State Department's recurrent expenditure also covers the operationalization of the National Secretariat for Human Settlement, the Building Climate Resilience United Cities initiative, and the hosting of the United Cities and Local Governments of Africa (UCLG) conference. The State Department requires Ksh. 290 million in additional funding to address the Operations and Maintenance shortfall in the FY 2025/26 recurrent expenditure.

vi) The Committee observed that several projects that began before the enactment of the Affordable Housing Act of 2024 have either missed their completion deadlines or fallen behind schedule due to budget cuts during in-year budget revisions. In this regard,

these projects, previously funded through the GoK exchequer, face incompletion risks despite meeting the criteria for funding under section 11 of the Affordable Housing Act.

vii) As at December 2024, the State Department had a total pending bill amounting to Ksh. 1,976,449,326 comprising of Ksh. 4,042,216 for recurrent expenditure, Ksh. 1,439,537,109 for development expenditure and Ksh. 532,870,000 in court awards.

State Department for Public Works

i) The State Department proposed ceiling was Ksh. 4,603 million comprising of Ksh. 3,832 million for recurrent expenditures and Ksh. 771 million for development expenditures against a total requirement for development expenditure for earmarked capital projects of Ksh. 6,303 million. This creates a significant funding shortfall of Ksh. 5,532 million in the development expenditure ceiling.

ii) All projects under the State Department for Public Works have either missed their completion dates or deadlines or completely stalled due to recurring budget cuts during in-year budget reviews.

iii) As an enabler of the BETA key pillars, particularly the Housing and Settlement pillar, the State Department aims to design, document, and supervise 855 public buildings in FY 2025/26; inspect and audit 5,000 buildings and structures for safety; test 220 buildings for structural integrity; register 29,500 contractors; accredit 156,000 skilled workers and site supervisors; and enhance capacity in the construction industry. As such, the State Department would require additional funding of **Ksh. 537** million to cover the shortfall of Operations and Maintenance costs in the FY 2025/26 recurrent expenditure.

iv) Section 5 (2)(g) of the National Construction Authority Act authorizes the Authority to enforce the Building Code within the construction industry. The new Building Code 2024, effective March 1, 2024, replaces the 1968 version. To facilitate stakeholder sensitization and capacity building for the County Governments, professionals, and contractors, the NCA requires an additional Ksh. 830 million in funding. The objective is to reach all 290 constituencies in the FY 2025/26.

v) At the end of the first Quarter of September 2024, the State Department for Public Works had a total Pending bill amounting to Ksh. 1,544,832,047, comprising Ksh. 51,099,889 for recurrent, Ksh. 736,737,068 for Development, and Ksh. 756,995,090 for the National Construction Authority (NCA). Failure to settle these pending bills, which form a first charge, may result in the non-achievement of proposed priorities.

Non - Financial Recommendations

State Department for Housing and Urban Development

i) To ensure compliance with the Affordable Housing Act, track project progress in real time, and optimize coordination among key stakeholders across national and county governments, the Principal Secretary of the State Department for Housing and Urban Development shall, by December 31, 2025, ensure the development of a Building Information Management (BIM) Digital Platform.

ii) To mitigate the risk of project incompletion and align with the provisions of the Affordable Housing Act, the Principal Secretary of the State Department for Housing and Urban Development shall, by December 31, 2025, ensure that all ongoing projects initiated before the enactment of the Affordable Housing Act, and which meet the eligibility criteria under Section 11, are prioritized for funding through the Affordable Housing Fund. This will safeguard project continuity and prevent further delays arising from budget cuts during in-year budget revisions.

State Department for Public Works

i) To ensure the completion of projects that include vital pedestrian access infrastructure, such as footbridges, and coastline infrastructure like jetties that connect rural and coastal populations to schools, markets, and essential healthcare services, while also minimizing reliance on the Government exchequer, the Cabinet Secretary for Land, Public Works, Housing, and Urban Development shall revoke Legal Notice No. 24 of 2017, dated February 28, 2017, as referenced in Kenya Gazette Corrigenda No. 25 of 2017, thus reintroducing the construction levy as per NCA Act Section 31 by December 31, 2025.

Financial Recommendations

State Department for Housing and Urban Development
The Committee recommends that the Proposed Expenditure ceiling of **Ksh. 114,301 million** for the State Department for Housing and Urban Development vote 1094 be approved.

Additional Requests

The Committee Recommends THAT
Recurrent Expenditure: Increase the recurrent ceiling by **Ksh. 290 million**, from **Ksh. 1,440 million** to **Ksh. 1,730 million** for FY 2025/26 to ensure comprehensive monitoring of ongoing and planned affordable housing units, as well as the operationalization of the National Secretariat for Human Settlement, the implementation of Building Climate Resilience United Cities project, and hosting the United Cities and Local Governments of Africa (UCLG Africa) summit.

State Department for Public Works
The Committee recommends the Proposed Expenditure ceiling of **Ksh. 4,603 million** for the State Department for Public Works vote 1095 be approved.

Additional Request
Recurrent Expenditure - Increase the Recurrent expenditure ceiling by **Ksh. 1,367 million**, from **Ksh. 3,832 million** to **Ksh. 5,199** million for FY 2025/26 to address the shortfall in Operations and Maintenance costs in the FY 2025/26 recurrent expenditure and to ensure that the National Construction Authority conducts the National Building Code stakeholder sensitization and capacity building for County Governments, professionals, and contractors across all 290 constituencies.

Development Expenditure - Increase the Development expenditure ceiling by **Ksh. 700 million**, from **Ksh. 771 million** to Ksh. 1,471 million for FY 2025/26, to ensure the implementation of capital projects under the State Department that include 44 footbridges, 5,800 meters of seawalls, and 5 jetties whose budget was entirely cut during Supplementary estimates No.1 of 2024/25.

SIGNED..... DATE.....

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

Schedule: Summary of Proposed Changes.

Programme	Proposed Ceiling			Increase			Recommended Ceiling			Justification
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	
Vote 1094: State Department for Housing and Urban Development										
Housing Development and Human Settlement	933	101,710	**102,643**	-	-	-	933	101,710	**102,643**	**Recurrent:** increase recurrent ceiling by Ksh. 290 million to ensure comprehensive monitoring of ongoing and planned affordable housing units, as well as the operationalization of the National Secretariat for Human Settlement, the implementation of Building Climate Resilience United Cities project, and hosting the United Cities and Local Governments of Africa (UCLG Africa) summit.
Urban and Metropolitan Development	155	11,151	**11,306**	-	-	-	155	11,151	**11,306**	
General Administration, Planning and Support Services	352	-	**352**	290	-	**290**	642	-	**642**	
Total vote	1440	112861	114301	290	-	290	1730	114,601	116,331	
Vote 1095: State Department for Public Works										
Government Buildings	674	478	**1152**	-	-	-	674	478	**1152**	**Recurrent:** Increase the Recurrent expenditure ceiling by **Ksh. 1,367 million**, from **Ksh. 3,832 million** to **Ksh. 5,199 million** for FY 2025/26 to address the shortfall in Operations and Maintenance costs in the FY 2025/26 recurrent expenditure and to ensure that the National Construction Authority conducts the National Building Code stakeholder sensitization and capacity building for County Governments, professionals, and contractors across all 290 constituencies.
Coastal Infrastructure & Pedestrian Access	104	234	**338**	-	700	-	104	934	**1038**	
General Administration, Planning & Support Services	363	-	**363**	537	-	537	900	-	**900**	
Regulation & Development Of Construction Industry	2691	59	**3047**	830	-	830	3521	59	**3580**	
Total Vote	**3832**	**771**	**4603**	**136**	**700**	**2063**	**5199**	**1471**	**6670**	

				7		7				**Development:** Increase the Development expenditure ceiling by **Ksh. 700 million**, from **Ksh. 771 million** to **Ksh. 1,471 million** for FY 2025/26, to ensure the implementation of capital projects under the State Department that include 44 footbridges, 5,800 meters of seawalls, and 5 jetties whose budget was entirely cut during Supplementary estimates No 1 of 2024/25

MINUTES OF THE 4TH SITTING OF THE DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS HELD ON THURSDAY, 20TH FEBRUARY 2025 AT 19.30 AA.M. IN COMMITTEE ROOM 22, 5TH FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS

PRESENT

1. Hon. Johana Ng'eno Kipyegon, CBS, M.P. - ***Chairperson***
2. Hon. Mugambi Murwithania Rindikiri, M.P. - ***Vice Chairperson***
3. Hon. John Waluke Koyi, M.P.
4. Hon. Esther Muthoni Passaris, OGW, M.P
5. Hon. Innocent Momanyi, M.P
6. Hon. Daniel Ogwoka Manduku, M.P.
7. Hon. Joshua Kivinda Kimilu, M.P.
8. Hon. Maurice Kakai Bisau, M.P.
9. Hon. Jane Wangechi Kagiri, OGW, M.P
10. Hon. Irene Njoki Mrembo, M.P
11. Hon. Caleb Mutiso Mule, M.P.
12. Hon. John G. Mwaniki Mukunji, M.P.

ABSENT WITH APOLOGY

1. Hon. Samuel Kinuthia Gachobe, M.P.
2. Hon. Abraham Kipsang Kirwa, M.P.
3. Hon. Ronald Kamwiko Karauri, M.P.

IN ATTENDANCE		**SECRETARIAT**
1. Ms. Halima Hussein	-	Clerk Assistant I
2. Ms. Natecho Kisiang'ani	-	Clerk Assistant III
3. Mr. Collins Lokitella	-	Fiscal Analyst III
4. Mr. Nelson Odida	-	Research Officer III
5. Elzy Moroto	-	Legal Counsel I
6. Ms. Mercy Mayende	-	Media Relations Officer III
7. Mr. Mohamed Said	-	Sergeant – at- Arms
8. Dickson Oloo	-	Audio Officer

AGENDA

1. Prayers
2. Preliminaries
3. Consideration and adoption **of the Report on Budget Policy Statement 2025 (BPS)**
4. Any Other Business
5. Adjournment

MIN No. NA/DC-HUPPW/2025/009: PRELIMINARIES

The meeting was called to order at 10:30 a.m. by a word of prayer from Hon Innocent Obiiri and the agenda was adopted as filed having proposed and seconded by Hon John Waluke and Hon Caleb Mule respectively.

MIN No. NA/DC-HUPPW/2025/010: CONSIDERATION AND ADOPTION OF THE REPORT ON THE BUDGET POLICY STATEMENT FOR FY 25/26

The Committee considered and unanimously adopted its report on the Budget Policy Statement for FY 25/26 with the following recommendations;

1. **Non - Financial Recommendations**

State Department for Housing and Urban Development

a) The Principal Secretary of the State Department for Housing and Urban Development should develop Building Information Management (BIM) Digital Platform to ensure easy tracking of the Affordable Housing Projects.
b) Principal Secretary of the State Department for Housing and Urban Development should ensure that all ongoing projects initiated before the enactment of the Affordable Housing Act, 2024 that met the eligibility criteria under **Section 11**, are prioritized for funding through the Affordable Housing Fund to safeguard project continuity and prevent further delays arising from budget cuts during in-year budget revisions.

State Department for Public Works

The Cabinet Secretary for Land, Public Works, Housing, and Urban Development should revoke Legal Notice No. 24 of 2017, dated February 28, 2017, and reintroduce the construction levy in line with NCA Act Section 31 to ensure the completion of projects that include vital pedestrian access infrastructure and minimize reliance on the Government exchequer

2. **Financial Recommendations**

State Department for Housing and Urban Development
The Committee recommends that the Proposed Expenditure ceiling of **Ksh. 114,301 million** for the State Department for Housing and Urban Development vote 1094 be approved.

Additional Requests
Recurrent Expenditure: Increase the recurrent ceiling by **Ksh. 290 million**, from **Ksh. 1,440 million** to **Ksh. 1,730 million** for FY 2025/26 to ensure comprehensive monitoring of ongoing and planned affordable housing units, as well as the operationalization of the National Secretariat for Human Settlement, the implementation of Building Climate Resilience United Cities project, and hosting the United Cities and Local Governments of Africa (UCLG Africa) summit.

State Department for Public Works
The Committee recommends the Proposed Expenditure ceiling of **Ksh. 4,603 million** for the State Department for Public Works vote 1095 be approved.

Additional Request
Recurrent Expenditure - Increase the Recurrent expenditure ceiling by **Ksh. 1,367 million**, from **Ksh. 3,832 million** to **Ksh. 5,199 million** for FY 2025/26 to address the shortfall in Operations and Maintenance costs in the FY 2025/26 recurrent expenditure and to ensure that the National Construction Authority conducts the National Building Code stakeholder

sensitization and capacity building for County Governments, professionals, and contractors across all 290 constituencies

Development Expenditure - Increase the Development expenditure ceiling by **Ksh. 700 million**, from **Ksh. 771 million** to **Ksh. 1,471 million** for FY 2025/26, to ensure the implementation of capital projects under the State Department that include 44 footbridges, 5,800 meters of seawalls, and 5 jetties whose budget was entirely cut during Supplementary estimates No 1 of 2024/25

MIN No. NA/DC-HUPPW/2025/01: ADJOURNMENT
There was no other business to transact, so the sitting was adjourned at 12 46 p m

Sign.....Date.....04/03/2025.....

HON. KIPYEGON, JOHANA NGENO, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING & PUBLIC WORKS

MINUTES OF THE 4TH SITTING OF THE DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS HELD ON THURSDAY, 20TH FEBRUARY 2025 AT 19.30 AA.M. IN COMMITTEE ROOM 22, 5TH FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS

PRESENT

1. Hon. Johana Ng'eno Kipyegon, CBS, M.P. - ***Chairperson***
2. Hon. Mugambi Murwithania Rindikiri, M.P. - ***Vice Chairperson***
3. Hon. John Waluke Koyi, M.P.
4. Hon. Esther Muthoni Passaris, OGW, M.P
5. Hon. Innocent Momanyi, M.P
6. Hon. Daniel Ogwoka Manduku, M.P.
7. Hon. Joshua Kivinda Kimilu, M.P.
8. Hon. Maurice Kakai Bisau, M.P.
9. Hon. Jane Wangechi Kagiri, OGW, M.P
10. Hon. Irene Njoki Mrembo, M.P
11. Hon. Caleb Mutiso Mule, M.P.
12. Hon. John G. Mwaniki Mukunji, M.P.

ABSENT WITH APOLOGY

1. Hon. Samuel Kinuthia Gachobe, M.P.
2. Hon. Abraham Kipsang Kirwa, M.P.
3. Hon. Ronald Kamwiko Karauri, M.P.

IN ATTENDANCE		**SECRETARIAT**
1. Ms. Halima Hussein	-	Clerk Assistant I
2. Ms. Natecho Kisiang'ani	-	Clerk Assistant III
3. Mr. Collins Lokitella	-	Fiscal Analyst III
4. Mr. Nelson Odida	-	Research Officer III
5. Elzy Moroto	-	Legal Counsel I
6. Ms. Mercy Mayende	-	Media Relations Officer III
7. Mr. Mohamed Said	-	Sergeant – at- Arms
8. Dickson Oloo	-	Audio Officer

AGENDA

1. Prayers
2. Preliminaries
3. Consideration and adoption **of the Report on Budget Policy Statement 2025 (BPS)**
4. Any Other Business
5. Adjournment

MIN No. NA/DC-HUPPW/2025/009: PRELIMINARIES

The meeting was called to order at 10:30 a.m. by a word of prayer from Hon Innocent Obiiri and the agenda was adopted as filed having proposed and seconded by Hon John Waluke and Hon Caleb Mule respectively.

MIN No. NA/DC-HUPPW/2025/010: CONSIDERATION AND ADOPTION OF THE REPORT ON THE BUDGET POLICY STATEMENT FOR FY 25/26

The Committee considered and unanimously adopted its report on the Budget Policy Statement for FY 25/26 with the following recommendations.

1. **Non - Financial Recommendations**

State Department for Housing and Urban Development

a) The Principal Secretary of the State Department for Housing and Urban Development should develop Building Information Management (BIM) Digital Platform to ensure easy tracking of the Affordable Housing Projects
b) Principal Secretary of the State Department for Housing and Urban Development should ensure that all ongoing projects initiated before the enactment of the Affordable Housing Act, 2024 that met the eligibility criteria under **Section 11**, are prioritized for funding through the Affordable Housing Fund to safeguard project continuity and prevent further delays arising from budget cuts during in-year budget revisions

State Department for Public Works

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2. **Financial Recommendations**

State Department for Housing and Urban Development
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State Department for Public Works
The Committee recommends the Proposed Expenditure ceiling of **Ksh. 4,603 million** for the State Department for Public Works vote 1095 be approved

Additional Request
Recurrent Expenditure - Increase the Recurrent expenditure ceiling by **Ksh. 1,367 million**, from **Ksh. 3,832 million** to **Ksh. 5,199 million** for FY 2025/26 to address the shortfall in Operations and Maintenance costs in the FY 2025/26 recurrent expenditure and to ensure that the National Construction Authority conducts the National Building Code stakeholder

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MIN No. NA/DC-HUPPW/2025/01: ADJOURNMENT

There was no other business to transact, so the sitting was adjourned at 12:46 p.m.

Sign.....**Date**.....4/3/25.....

HON. KIPYEGON, JOHANA NGENO, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING & PUBLIC WORKS

THE NATIONAL ASSEMBLY
13TH PARLIAMENT - SECOND SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON HOUSING URBAN PLANNING AND PUBLIC WORKS

ATTENDANCE REGISTER

Agenda: Consideration and adoption of 2025 Budget Policy statement (BPS.

Date: 27/2/2025 *Time: From*..... *To*.....

Venue: Committee Room 22, 5th Floor, Bunge Tower

	NAMES	SIGNATURE
1.	Hon. Johana Ng'eno Kipyegon, CBS, M.P.- Chairperson	Via Zoom
2.	Hon. Mugambi Murwithania Rindikiri, M.P. – Vice-Chairperson	
3.	Hon. John Waluke Koyi, M.P.	
4.	Hon. Esther Muthoni Passaris, OGW, M.P.	Via Zoom
5.	Hon. Innocent Obiri Momanyi, M.P.	
6.	Hon. Joshua Kivinda Kimilu, M.P.	
7.	Hon. Samuel Kinuthia Gachobe, M.P.	
8.	Hon. Abraham Kipsang Kirwa, M.P.	
9.	Hon. Caleb Mutiso Mule, M.P.	
10.	Hon. Daniel Ogwoka Manduku, M.P.	
11.	Hon. Irene Njoki Mrembo, M.P.	Via Zoom
12.	Hon. Jane Wangechi Kagiri, OGW, M.P.	
13.	Hon. John G. Mwaniki Mukunji, M.P.	
14.	Hon. Maurice Kakai Bisau, M.P.	
15.	Hon. Ronald Kamwiko Karauri, M.P.	

Forwarded by:

Signature: ..... *Date:* 27/2/2025

Committee Clerk: Halima Hussein

Approved by:

Signature: ..... *Date:* .....

DEPARTMENTAL COMMITTEE ON EDUCATION



13TH PARLIAMENT - 4TH SESSION - 2025

DEPARTMENTAL COMMITTEE ON EDUCATION

REPORT ON THE SCRUTINY OF THE 2025 BUDGET POLICY STATEMENT FOR: -

1. VOTE STATE DEPARTMENT FOR BASIC EDUCATION;
2. VOTE STATE DEPARTMENT FOR HIGHER LEARNING AND RESEARCH;
3. VOTE STATE DEPARTMENT FOR TECHNICAL VOCATIONAL EDUCATION AND TRAINING; AND
4. VOTE THE TEACHERS SERVICE COMMISSION

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

March 2025

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Annex 1 Adoption Schedule

Annex 2: Minutes of the Committee Sittings

Annex 3: PBO Brief on 2025 Budget Policy Statement

Annex 4: MDA's submissions

Chairman's Foreword

This report of the Department Committee on Education on the Budget Policy Statement (BPS) 2025 is an outcome of the review and scrutiny of the sectoral policies and proposed resource allocation for the Education sector as contained in the Policy Statement. Importantly, the report contains the Committee observations and recommendations.

As one of the enablers of the BETA agenda, the education sector is expected to be at the center of producing requisite skills required in the labor market to support the core pillars of the BETA agenda as well as other sectors of the economy.

Despite the sector consistently receiving more than 25% of the overall sectoral allocations, the implementation of various education programmes have been persistently facing a constrained budget environment. Data indicates that allocation to student centered areas (capitation, loans and scholarships) are not adequately funded.

This resource gap is a clear indication that learners at various levels are not funded as expected based on existing policies on funding. This may in the long run affect the quality of education being delivered in our learning institutions hence negatively affecting the education outcomes.

These critical resource gaps in the sector needs to be addressed to ensure that the various reforms envisaged in the sector, including implementation of the taskforce report on education reforms are realized and the gains made towards "Education for All" are not eroded.

Hon. Julius Melly, CBS, MP

CHAPTER ONE

1.0 PREFACE

1.1 Introduction

1. The BPS is a policy document that sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared under Section 25 of the Public Finance Management (PFM) Act 2012.

2. In line with Section 25(2) of the PFM Act 2012, the BPS was submitted to Parliament on 14th February 2025. The processing of the BPS by the National Assembly should be undertaken within 14 days from the time of tabling, as provided for under Section 25 (9) of the PFM Act 2012.

3. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. Upon being laid in the House, each Departmental Committee is to deliberate on the BPS according to the respective mandates and make recommendations to the Budget and Appropriation Committee (BAC). The BAC is then expected to submit a report to the House for consideration and approval.

4. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Finance and National Planning the mandate to consider matters concerning *public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning, and development, digital finance, including digital currency*

5. In that regard, the Committee is mandated to analyze, scrutinize, and approve the Budget ceiling for the Teachers Service Commission, the State Department for Basic Education, the State Department for Higher Learning and Research, State Department for Technical Vocational Education & Training, and Semi-Autonomous Government Agencies under the purview of the State State departments under the purview of the Committee.

1.2 Establishment and Mandate of the Committee

6. The Departmental Committee on Education 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 the implementation;*
    iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv) *To study and review all legislation referred to it;*
    v) *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;*

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 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 Committee Membership

7. The Departmental Committee on Agriculture and Livestock was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Julius Kibiwott Melly, MP
Tinderet Constituency
UDA

Members

Hon. Dr. Christine Oduor Ombaka, MP
Siaya County
ODM

Hon. Eve Akinyi Obara, MP Kabondo
Kasipul Constituency
ODM

Hon. Nabii Nabwera Daraja, MP
Lugari Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
Nyamira County
JP

Hon. Peter Ochieng Orero, MP
Kibra Constituency
ODM

Hon. Abdul Ebrahim Haro, MP
Mandera South Constituency
UDA

Hon. (Prof.) Phylis Jepkemoi Bartoo
Moiben Constituency
UDA

Hon. Anne Muratha, MP
Kiambu County
UDA

Hon. Rebecca Noonaishi Tonkei, MP
Narok County
UDA

Hon. Clive Gisairo, MP
Kitutu Masaba, Constituency,
ODM

Hon. Timothy Toroitich, MP
Marakwet West Constituency,
IND

Hon Julius Taitumu M'Anaiba, MP
Igembe North Constituency,
UDA

Hon. Dick Oyugi Maungu, MP
Luanda Constituency
DAP-K

1.4 Committee Secretariat

8. The Committee is resources by the following secretariat comprise of: -

Mr. Douglas Katho
Clerk Assistant I / Head of Secretariat

Mr. Clive Onyancha
Clerk Assistant III

Ms Fiona Wanjiru
Legal Counsel

Mr. Eric Kanyi
Fiscal Analyst II

Dr. Mburu Maina
Research Officer III

Ms Noelle Chelagat
Media Relations Officer

Ms. Pauline Njuguna
Hansard Officer

Mr. Richard Sang
Serjeant-At-Arms

Mr. Nimrod Ochieng'
Audio Recording Officer

Mr. Jared Onyancha
Public Communications Officer

Ms. Christabel Naisula
Parliamentary Internship Programme

1.5 Overview on the Examination of the 2025 Budget Policy Statement

9. On Thursday 13th February, 2025, the Budget Policy Statement (BPS) for 2025 and the Medium Term was tabled in the House pursuant to the provisions of Standing Order 232 of the National Assembly and Section 25(2) of the Public Finance Management Act, 2012.

10. Standing Order 232(5) provides that the Departmental Committee is to deliberate on the Budget Policy Statement according to its mandate and make recommendations to the Budget and Appropriations Committee. Thus, pursuant to the provisions of Standing Order No 232(5), the BPS was referred to the Committee for consideration and subsequent reporting to the Budget and Appropriations Committee.

11. Following the tabling of the BPS, the Departmental Committee on Education was briefed on the contents of the Budget Policy Statement 2025 and thereafter proceeded to hold consultative meetings with the three State Departments within the Ministry of Education and the Teachers Service Commission.

12. The Committee deliberated on the Sector policy issues contained in the Budget Policy Statement as well as the proposed resource ceilings for the next Medium-Term Expenditure Framework (MTEF) period and subsequently adopted the report.

13. Details on this presentation on the Parliamentary Budget Office brief and submissions from the Ministry of Education and the Teachers Service Commission are annexed in this report.

1.6 Acknowledgement

14. The Committee appreciates 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 and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Budget Policy Statement 2025.

15. On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), 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 Budget Policy Statement 2024 and the Medium Term for the Ministry of Education and the Teachers Service Commission.

Hon. Julius Kibiwott Melly , CBS, MP
(Chairperson)
Departmental Committee On Education

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE 2024 BUDGET POLICY STATEMENT

16. The MTEF 2025/26- 2027/28 budgeting period still coincides with a period when the sector is expected to implement reforms in line with the Presidential Working Party on Education Reform Report as well as existing education policy documents, including their strategic plans. These reforms aim to promote quality and inclusive education, training and research for sustainable development and ensure socio-economic development. Over and above the ongoing policies and priorities in the sector, the BPS 2025 has highlighted the following priorities to be implemented in 2025/26 and the medium term:

    i) Expand infrastructure in all learning institutions;

    ii) Strengthen linkages between industry and training institutions;

    iii) Recruitment and training of teachers;

    iv) Enrolment of school children of pre-primary age in schools;

    v) Expanding school feeding programme

    vi) Provision of sanitary hygiene packs to school going girls at puberty stage;

    vii) Rehabilitation and equipping of schools;

    viii) Providing water, sanitation and hygiene facilities;

    ix) Awarding capitation grants including minimum essential package;

    x) Integrating Duksi and Madrassa into formal basic education;

    xi) Construction and equipping of TVET institutions in 52 constituencies;

    xii) Equipping 72 existing TVET institutions;

    xiii) Recruiting 2,000 technical trainers and instructors;

    xiv) Establishing incubation centres in every TVET institution;

    xv) Online learning in TVET institutions and universities.

    xvi) Capacity building of teachers and trainers on SNE.

17. To attain the above KPI's and targets, the Budget Policy Statement 2025 has proposed Kshs 724 Billion for the Sector in FY 2025/26. This comprises of Kshs 697 Billion in recurrent expenditure and Ksh.27 Billion development expenditure. The Teachers Service Commission is the main recipient of the proposed resource allocation at Kshs 383.3 Billion which represents 52.8% of the entire proposed resource ceiling for the Education sector.

Table 1: *Education sector proposed 2025/26 budget ceilings (Kshs Millions)*

MDA	2024/25 Baseline*			2025/26 proposed ceilings			% Share
	Recc	Dev	Total	Recc	Dev	Total	
Technical Vocational Education and Training	37,730	5,112	42,842	36,869	5,764	42,633	5.9
Higher Education & Research	145,543	1,220	146,763	146,141	3,668	149,809	20.7
Early Learning and Basic Education	119,870	14,361	134,231	131,629	17,541	149,170	20.6
Teachers Service Commission	357,492	395	357,887	381,833	455	382,288	52.8
Total	**660,635**	**21,088**	**681,723**	**696,472**	**27,428**	**723,900**	**100.0**

Source: National Treasury

2.1 State Department for Basic Education

18. The Department implements a number of critical priorities in the sector among them, the free primary education, free day secondary education, national examinations fees waivers and administration, the 100% transition policy to secondary school, the school feeding programme, the implementation of the Competency based curriculum (CBC) as well as infrastructure support to basic institutions of learning and TTC's. The basic education sub-sector is also the largest consumer of teaching resources provided by the TSC.

19. The Department is implementing four programmes in the next MTEF period with a proposed expenditure ceiling amounting to **Kshs 149 billion**. The proposed ceiling is largely recurrent due to resource allocation towards the two critical programmes, that is, free primary and free day secondary education where all learners (including JSS learners) enrolled in public schools are provided with capitation.

Table 2: ***Proposed 2025/26 resource ceilings (Kshs Millions)***

Programmes	2024/25 Baseline			BPS 2025/26 Ceilings		
	Recc	Dev	Total	Recc	Dev	Total
Primary Education	14,449	11,986	26,435	14,629	13,759	28,388
Secondary Education	94,557	2,375	96,932	102,873	3,757	106,630
Quality Assurance and Standards	6,255	-	6,255	9,377	25	9,402
General Administration	4,609	-	4,609	4,750	-	4,750
Total	**119,870**	**14,361**	**134,231**	**131,629**	**17,541**	**149,170**

Source: *National Treasury*

2.2 State Department Technical, Vocational Education and Training (TVET)

20. This Department is in charge of the Technical Education where the key areas where resources have been directed is on supporting TVET institutions through infrastructure improvement, support to TVET learners through capitation as well as management of TVET teaching resources (TVET

instructors). The Department is implementing three programmes where the proposed resource ceiling for 2024/25 is **Kshs 42.6 Billion.** The key programme is the Technical Education and Training where the resources are towards capitation/scholarships, infrastructure development and personnel emoluments for TVET instructors.

Table 3: ***Proposed 2025/26 ceilings (Kshs Millions)***

Programmes	2024/25 Baseline			2025/26 Proposed Ceilings		
	Recc	Dev	Total	Recc	Dev	Total
Technical Vocational Education and Training	37,258	5,112	42,370	36,364	5,764	42,128
Youth Training and Development	58	-	58	67	-	67
General Administration	414	-	414	438	-	438
Total	**37,730**	**5,112**	**42,842**	**36,869**	**5,764**	**42,633**

Source: *National Treasury*

2.3 State Department for Higher Education and Research (HER)

21. The Department covers the higher education subsector where the key areas of spending is on capitation to university students, allocations to HELB for students' loans, research and development as well as infrastructure development in public universities.

22. The proposed ceiling for this Department is Kshs 149.8 Billion where the priority programme is the university education with a proposed ceiling of Kshs 125 billion as indicated below.

Table 4: ***Proposed 2025/26 ceilings (Kshs Millions)***

Programmes	2024/25 Baseline			2025/26 BPS Proposed Ceilings		
	Recc	Dev	Total	Recc	Dev	Total
University Education	144,676	1,220	145,896	145,249	3,668	148,917
Research, Science, Technology & Innovation	635	-	635	644	-	644
General Administration	232	-	232	248	-	248
Total	**145,543**	**1,220**	**146,763**	**146,141**	**3,668**	**149,809**

Source: *National Treasury*

2.4 TEACHERS SERVICE COMMISSION (TSC)

23. The Commission is in charge of management and recruitment of teaching resources for primary, secondary and teachers training colleges. The Commission is implementing three programmes in the MTEF period. The proposed resource allocation for the Commission is **Kshs 382 Billion** which is an increment of **Kshs 24 Billion** compared to the current financial year baseline. The priority programme is teacher resource management with an allocation of **Kshs 372 Billion**.

Table 5: *Proposed 2025/26 ceilings (Kshs Millions)*

Programmes	2024/25 Baseline			2025/26 Proposed Ceilings		
	Recc	Dev	Total	Recc	Dev	Total
Teacher Resource Management	347,281	395	347,676	371,233	413	371,646
Governance and Standards	1,104		1,104	1,350	-	1,350
General Administration	9,107		9,107	9,250	42	9,292
Total	**357,492**	**395**	**357,887**	**381,833**	**455**	**382,288**

Source: *National Treasury*

24. Based on the policies and the proposed budget ceilings for the sector, the Committee had discussions with the respective State Departments as well as the Teachers Service Commission on various matters, among other which came out during the deliberations; Learner Health funding arrangements under SHIF; Transition to Senior school ,Out of school children situation , Proposed restructuring of SAGA's ,Special tariff for utilities for public schools ,Compliance level of SAGA's on e-citizen payment directive , 2025/26 Capital projects allocation, New funding model challenges and uncertainties, Higher education reforms, 2025/26 recruitment targets and promotions

CHAPTER THREE

3.0 SUBMISSIONS BY THE STATE DEPARTMENTS AND THE TEACHERS SERVICEN THE BUDGET POLICY STATEMENT 2025

25. The three State Departments and the Teachers Service Commission led by the Principal Secretaries and the CEO respectively appeared before the Committee on Thursday 20th February 2025. The Committee was taken through the policies and priorities espoused BPS 2025 as well as the proposed resource ceilings for 2025/26. The Departments and the Commission submitted the documentations and relevant information as required by the letter of invitation extended to them.

26. Among other things the respective Departments as well as the Commission were able to submit the information regarding the following key issues required of them:
    1. The implementation status of the Financial Year 2024/25 budget as at 31st December 2024 comprising:
        a. Cumulative Financial Performance;
        b. Actual outputs achieved relative to the approved targets;
        c. Status of Capital Projects;
    2. The key policies underlying the expenditure ceilings in the 2025 Budget Policy Statement;
    3. Indicative performance targets linked to the policies and programmes in the Budget Policy Statement;
    4. List of proposed projects and the respective expenditure allocations;
    5. The implementation status of the Cabinet Resolution on reforming State Corporations aimed at addressing operation and financial inefficiencies, enhance service delivery and reduce reliance of the Exchequer.

27. Details of the submissions made by the respective State Departments and the Teachers Service Commission are annexed in this report.

    Importantly, during the engagements, the State Departments highlighted the following areas which were underfunded and may hinder attaining their various policy goals in 2025/26.

3.1 State Department for Basic Education

28. The State Department brought to the attention of the Committee the following programmes and projects which are a priority but did not secure adequate funding owing to budget constraints. The Committee was informed that some of the projects are grossly underfunded while others did not receive any allocation as shown in the table below:

Programme Description	Requirement (Kshs.)	Proposed allocation (Kshs.)	Deficit (Kshs.)	Remarks
Free Primary Education	10.33 billion	9.12 billion	1.21 billion	-Target: capitation to 6,568,201 primary school learners @ Kshs.1,420 per learner including a: -Top-up capitation for 117,565 SNE learners @ Kshs.2,300 per learner -Boarding fee for 39,056 SNE learners @ Kshs.11,650 per learner. Implication: 656,512 leaners will not receive capitation or all learners are funded @ Kshs.1,278.
Free Day Secondary Education	76.73 billion	54.88 billion	21.85 billion	-Target: capitation funds to 3,244,325 secondary school students @ Kshs.22,244 per learner -9,243 SNE learners @ Kshs.50,772 per learner. Implication: 982,197 students will not be provided for under FDSE
Junior School Education	49.72 billion	45.66 billion	4.05 billion	-Target: capitation funds to 3,287,450 secondary school students @ Kshs.15,042 per learner -7,686 SNE learners @ Kshs.50,772 per learner.
School Feeding Programme	7.21 billion	3.00 billion	4.21 billion	-Target is to provide school meals to 2.6 million needy learners in the ASAL and urban slum areas for 180 days. Implication: Not able to achieve target as a priority of Government.
School examination and invigilation	11.57 billion	4.70 billion	6.87 billion	-Target: administer the inaugural of KJSEA assessment and other exams and assessments -Resource requirements for KJSEA is Kshs.3.57 billion in addition to Kshs.8.1 billion for administration of KCSE and KPSEA
Kenya National Examinations Council	1.180 billion	0	1.180 billion	The Council up until the FY 2022/2023 generated AIA from the administration of TVETT examinations. The surplus generated from conducting these examinations was retained and used in funding operational expenses of the Council including personnel emoluments. This mandate has been assigned to TVETT CDACC, and the Council is no longer registering new candidates. During the FY 2023/2024, the Council was allocated Kshs.742 million which was rationalized to zero in the

Programme Description	Requirement (Kshs.)	Proposed allocation (Kshs.)	Deficit (Kshs.)	Remarks
				Supplementary Estimates No.I of the FY 2024/2025; against the expectation that this amount would be sustained and progressively improved to the total actual PE expense. There is zero budgetary allocation in the FY 2025/26.
Low-Cost Boarding School Programme	850 million	400 million	450 million	Enrollment in Low Cost Boarding schools currently stands at 411,000 learners. The funds allocated cater for breakfast & dinner as well as salaries for cooks while lunch is provided under the School Feeding Programme. The current budget provision translates to Kshs.5 per learner per for 180 days. The additional funds will increase the allocation per to about Kshs.11 per day for 180 days.
Operationalization of Education Assessment and Resources Centres (EARCs)	327.47 million	0	327.47 million	The Institute has prioritized operationalization of EARCs in all the 47 counties. However, operationalization of the Centres can be undertaken in a phased-up approach starting with 6 counties in the FY 2025/26. The cost of operationalizing one EARC is Kshs.54,578,213. The costs involve salary payment for staff, O&M and equipping of the Centre. We are therefore requesting for additional funds amounting to Kshs.327,469,278 to establish EARCs in six (6) counties.
Maintenance of Accommodation Hostels at the Kenya Education Management Institute	90.00 million	0	90.00 million	Sustainability of the training programs is threatened due to old dilapidated structures inherited from the former High Ridge Teachers Training College which constantly require repairs and maintenance. The Institute has undertaken all the necessary preliminary requirements for refurbishments of the Institute's Multi-purpose Hall used for trainings and conferences. We are therefore requesting for Kshs.90 million to cater for the recommended refurbishments.
The 43rd General Conference take place in Samarkand, Uzbekistan, i	50.78 million	0	50.78 million	The General Conference determines the policies and the main lines of work of the Organization. Its duty is to set the programmes and the budget of UNESCO. It also elects the Members of the Executive Board and appoints, every four years, the

Programme Description	Requirement (Kshs.)	Proposed allocation (Kshs.)	Deficit (Kshs.)	Remarks
n November 2025				Director-General. It consists of the representatives of UNESCO's Member States whose sessions are pivotal in shaping the primary focus of UNESCO's initiatives
Smart Access Programme for primary schools in ASAL counties.	450.00 million	0	450 million	Due to the high turnover of teachers in the ASAL regions occasioned by insecurity and other contextual challenges, Smart Access provides an opportunity to leverage technology to mitigate this challenge. Remote learning is key for hard to reach areas.
Primary Schools Infrastructure Improvement	350 million	0	350 million	The funds to support construction/ rehabilitation of primary schools in the North Rift in partnership with the Ministry of Defence. In addition, infrastructure improvement in Low Cost Boarding schools in ASAL has been supported from the kitty to reduce congestion in overstretched existing facilities and improve access to education
Secondary Schools Infrastructure Improvement	1.92 billion	0	1.92 billion	The funds are required to provide the necessary infrastructural facilities in public secondary schools to support implementation of CBC curriculum
Teacher Training Colleges	300 million	0	300 million	Infrastructure development in 4 diploma colleges so as to provide facilities for the increased enrollment and support infrastructure improvement in 35 TTCs for smooth implementation of CBC curriculum.
Construction of Education Resource Centre (KICD)	500 million	0	500 million	The funds are required to facilitate compilation of the Education Centre
Construct & Equip the National Psycho-Education Assessment Centre.	120 million	0	120 million	The funds are intended to fully equip the Centre

3.2 State Department for Higher Education

29. The State Department brought to the attention of the Committee the following programmes and projects which are a priority but did not secure adequate funding owing to budget constraints

S/ No.	Item	Funding Gap (Millions)
1	Universities Fund (UF)	27,547
2	Higher Education Loans Board (HELB)	34,409
3	Differentiated Unit Cost (DUC)	8,338
4	Open University of Kenya	700
5	Monitoring and Evaluation of capital projects in Universities	150
6	Implementation of Competency Based Education (CBE) in universities	500
7	National Research Fund (NRF)	135
8	Universities Development projects	908
9	Presidential Commitments	1,230
10	Collective Bargaining Agreement for universities (for sustainability of the CBA)	6,300
	Total	**80,217**

3.3 State Department for TVET

30. The State Department brought to the attention of the Committee the following key programmes and projects which are a priority but did not secure adequate funding owing to budget constraints

S/No.	Area	Requirement	Allocation	Deficit	Remarks
1	Capitation	6,061.17	5,200.00	861.17	The requirement is for an enrolment of 202,039 trainees @ Ksh. 30,000 per year
2	Scholarships	21,144.60	9,816.20	11,328.40	Requirement is for the KCSE 2022 cohort (129,427) trainees), 2023 cohort (203,768 trainees) and 2024 cohort (237,058 trainees)
3	Personnel Emoluments	10,952.18	9,509.93	1,442.25	This shortfall is as a result of 1,490 officers not yet on payroll of the 2,000 recruited
4	Government Funded projects	201.54	-	201.54	These are ongoing GoK projects that are 80% and above complete or

S/No.	Area	Requirement	Allocation	Deficit	Remarks
					completed but with pending bills
5	Construction of 52 TVCs (BETA)	1,840.00	960.00	890.00	This is Construction of 52 TVCs in institutions constituencies which do not have any TVET institutions
6	Presidential Directives	953.87	-	953.87	Presidential directives on improvement of infrastructure in several TVET institution

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

After review, deliberations and consideration of the submissions by the MDA's on the 2025 Budget Policy Statement, the Committee made the following observations:

4.1 State Department for Technical Vocational Education and Training

1. The proposed expenditure ceiling for the Department in 2025/26 is Kshs 42.6 Billion which is expected to support the Department in implementing 3 programmes with the key programme being the Technical Vocational Education and Training. Despite this allocation the Department has major funding gaps in the student centered areas of capitation, Loans and scholarships amounting to Kshs 20.9 Billion. This funding gap shall pose a challenge to students and institutions if not addressed;

2. The Committee is concerned that there are a number of TVET institutions where the Board of Management (BOM's) are not constituted. This affects decision making at the Institution level hence creating a backlog of pending matters to be addressed for better management of these Institutions;

3. The Committee observes that the government intends to recruit 2,000 TVET instructors in 2025/26 to address the gap which currently stands at 6,000. However, the Committee is concerned that the strained relationship between the Department and the Public Service Commission on the recruitment modalities usually hinders timely on boarding of these Instructors. This, if not addressed may result to unnecessary delays in the recruitment and deployment;

4. The Committee notes that the Kshs 960 Million is proposed for the Construction of TTI's in Constituencies that still do not have a TTI institution in 2025/26. However, the Committee is concerned that these funding is usually rationalized in supplementary budgets hence no tangible progress is made in implementation of these projects and exposes these projects to the risk of being stalled or accumulation of pending bills;

5. The Committee is concerned that the Department for TVET has for a longtime been operating manually in the administration of capitation to TVET learners which poses a risks in terms of management of public resources set aside for this purpose. Whereas progress has been made in deploying ICT infrastructure, there is need for the Department to have clear timelines on full transition to use of technology especially as the new funding model begins to take shape ;

6. The Committee is concerned that despite the existing government efforts to expand access to TVET across the country, there is still lack of visibility on various courses which TVET's have to offer which affects enrolment targets. This has been due to lack of outreach programmes by the Department to showcase what TVET institutions have to offer;

4.2 State Department for Basic Education

7. The proposed expenditure ceiling for the Department in 2025/26 is Kshs 149.2 Billion which is expected to support the Department in implementing four programmes with the key programmes

being primary and secondary education programmes. The Department still has major funding gaps relating to capitation for learners at various levels. The resource deficit for capitation is Kshs 27.1 Billion. This funding gap may pose a challenge to students and institutions if not addressed;

8. The Committee takes note that the Secondary Education Quality Improvement Project (SEQIP), which is a World Bank funded project that targets various interventions in schools is coming to an end in 2024/25 after 6 years of implementation. The Committee is concerned that the Department has no exit report detailing the impact this programme has had in various schools. Such a report is necessary to assist in evaluating the effectiveness of the programme and address challenges in subsequent funding such as existing incomplete projects which were initiated under this programme;

9. There is a general lack of awareness among the public on the transition to Senior School which is expected to take place in January 2025. This includes guidance on the three pathways (STEM, Arts and Humanities) to be pursued as well as modalities for placement of learners in Senior Schools. This is attributed to late and poor communication strategies by the State Department. This has created room for circulation of inaccurate information regarding the expected transition;

10. The Committee is concerned that Learners Health insurance cover arrangements under SHIF has not been implemented well. Under the new arrangement, learners are expected to be registered and covered under parents/guardians yet this registration is not happening at the expected pace. In addition, it is not clear on the health benefit packages which learners will derive from this new system. This, if not addressed timely may jeopardize provision of health cover to learners;

11. The Government undertook to have in place special tariffs for utilities such as water, electricity and internet for public schools. This was well articulated in the BPS 2023. However, there has been no attempt actualize this by the Ministry and other concerned government Agencies. The implementation of this policy will significantly reduce the operations costs in public learning institutions;

12. The Committee is concerned that the sector has not given adequate attention to Special Needs Education (SNE) where public special needs schools have to a great extent been neglected in terms of infrastructure development, availability of learning aids and assistive devices as well as the general well-being of the learners. This has resulted to disadvantaging of SNE learners who are already disadvantaged;

13. The Committee notes that school managers are not well capacity built to manage their institutions especially on critical matters such as public finance management as well as public procurement among other critical areas for effective management of the schools. This is partly due to limited resources allocated to KEMI, the institution which is mandated to train school managers. The training of school managers is critical as the government works towards establishment of comprehensive schools under the new curriculum;

14. The Committee notes that Low Coast Boarding Schools (LCBS) were established in order to expand access to basic education in the ASAL areas. Currently, there are 993 registered LCBS distributed in nine (9) ASAL Counties. However, the impact and visibility of these affirmative action initiative is minimal due to lack of a clear policy in terms of financing and management;

4.3 State Department for Higher Education and Research

15. The proposed expenditure ceiling for the Department in 2025/26 is Kshs 149.8 Billion which is expected to support the Department in implementing three programmes with the key programmes being the University education programmes. The Department still has also funding gaps relating to loans and scholarships for continuing students as well as the requirement for the 22024 cohort is Kshs 61.4 Billion. This funding gap may pose a challenge to students and institutions if not addressed;

16. The Committee is concerned that there is no mention of specific efforts in the BPS 2025 regarding support to public universities despite the challenges faced by these institutions. There is no indication of a road map in the next MTEF planning period to address the challenges facing the public Universities;

17. The Committee is concerned on the sustainability of the new student centered funding model for Universities and TVET students given the projected resource requirement for its full implementation coupled by the increased enrolment levels in the various institutions. This resource requirement if not adequately addressed the institutions as well as the students may not derive the desired benefits out of this funding model;

18. The Committee notes that through the proposed restructuring of the State Corporations, it is proposed that Higher Education Loans Board (HELB) and Universities Fund Board (UFB) are merged. The Committee welcomes this proposal since it will create one institution to deal with all matters relating to Tertiary Education funding. This will create efficiency, minimize conflicts as well as do away with duplication of functions which currently exist.

19. The Committee notes that Presidential directive projects are critical in quickly addressing infrastructure concerns in various institutions. However, this is makes the Departments to deviate away from implementing ongoing projects in terms of resource allocation and there is a danger than the ongoing projects if derived of resources may completely stall;

4.4 Teachers Service Commission

20. The Committee notes that in 2025/26 based in the ceiling provided, the Commission intends to recruit 18,000 intern teachers for secondary as well as 18,000 permanent secondary school teachers. The Commission will also promote 20,000 teachers. These recruitments and promotions will continue to address the gaps in teaching resources as well as motivate teachers in terms of career progression;

21. The Committee is concerned that the Commission employs discriminatory policies in determining career progression of teachers which demotivates teachers who have over time attained higher academic qualifications. For instance there are a number primary school teachers who have progressively earned higher academic qualifications such as undergraduate degrees and in some instances even Masters and PhD qualifications in the relevant education fields but cannot progress and teach in Junior or Senior schools because of grades attained at secondary school level;

22. The Committee is concerned that pension dues for retired teachers takes a very long time to be processed by the Commission due to a tedious bureaucratic system. This has a very serious negative impact on retiree teachers, some of who even die before accessing their retirement dues;

23. The Committee notes that the Commission has adopted innovativeness in delivery of curriculum through live streams of lessons in areas experiencing teacher shortage. Through live streams a teacher can deliver lessons to more than one class. This, if well implemented may address to some extent the teachers shortage in hard to staff areas;

24. The Committee also takes note that the Secondary Education Quality Improvement Project (SEQIP), which is a World Bank funded project that targets various interventions for teaching staff is coming to an end in 2024/25. The Committee is concerned that the Commission has no exit report detailing the impact of this programme has had in the teaching profession especially on capacity building of teachers. Such a report is necessary to assist in evaluating the effectiveness of the programme;

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

The Committee having reviewed the Budget Policy Statement 2025 as well as having held consultative meetings with the various State Departments and the Teachers Service Commission makes the following recommendations:

5.1 Policy Recommendations

i) That, within the next three months, the State Department for TVET should ensure that all TVET institutions that are operational have their Board of Management (BOM's) are fully constituted to facilitate decision making and effective management of these Institutions;

ii) That, within the next three months, the State Department for TVET together with the Public Service Commission develop clear guidelines on the management of TVET instructors to address the confusion. The guidelines should cover among other the recruitment processes, deployment, transfers and promotions.

iii) That, beginning next financial year, the State Department for TVET to rollout outreach programmes targeting the youth showcasing what the TVET institutions have to offer in terms of various courses and programmes;

iv) That, within the next six months, the State Department for Basic Education and the Teachers Service Commission to submit to the National Assembly an exit report on the Secondary Education Quality Improvement Project (SEQIP);

v) That, within the next three months, the State Department for Basic Education to report on the progress made in the on- boarding and registration of learners in the new Social Health Insurance scheme to allow learners get medical attention promptly when and as required;

vi) That, beginning of the next financial year 2025/26 and within the existing budgetary allocation, the State Department for Basic Education to ensure that all learners in the

public Special Needs Education (SNE) schools are covered under the school feeding programme;

vii) That, within the next three months, the State Department for Higher Education and Research to finalize the revision of the new funding model to address the challenges the model is facing to ensure the model responds to the concerns and needs of the students as well as institutions;

viii) That, within the next six months, the Teachers Service Commission review the Teachers Career progression guidelines and policies to ensure recognition of the the country's educational system that takes into account the outcome of life-long training that encompasses different stages of qualifications and pathways for academic progression;

5.2 Financial recommendations

a. The Committee approves the 2025/26 expenditure ceilings of Kshs 382.3 Billion for the Teachers Service Commission (TSC) as proposed in the Budget Policy Statement 2025;

b. The Committee recommends that the expenditure ceilings for the State Departments be increased to accommodate the following critical areas which are not adequately funded in 2025/26;

i) **State Department for Basic Education** –

- **Primary Education Programme** - a capitation funding gap of **Kshs 1.2 Billion** to ensure that all primary school learners receive capitation;
- **Primary Education Programme**- An allocation of **Kshs 500 Million** to facilitate completion of the construction of resource centre at KICD;
- **Primary Education Programme**- An allocation of **Kshs 120 Million** for equipping of the National pyscho-education Assessment, a facility which will support the assessment of learners with special needs;
- **Secondary Education Programme**- An allocation of **Kshs 1.9 Billion** for secondary school infrastructure which will act as the matching fund with the NGCDF;

- **Secondary Education Programme**- a capitation funding gap of **Kshs 25.9 Billion** to ensure learners in junior and secondary school are adequately covered;
- **Quality Assurance and Standards Programme**- a funding gap of **Kshs 6.8 Billion** for school examination and invigilation;

ii) State Department for Higher Education –

- **University Education programme**- A funding gap of **Kshs 61.4 Billion** for capitation, scholarships and loans for university students including the 2024 KCSE cohort scheduled to join who various Universities later in the year;
- **University Education programme**- A funding gap of Kshs 6.3 Billion to cater for Collective Bargaining Agreements for Universities staff;

iii) State Department for TVET Education –

- **Technical Education Programme** - A shortfall of Kshs 20.9 Billion for capitation, scholarships and loans for TVET students including the 2024 cohort expected to join various TVET institutions in 2025.

- **Technical Education Programme**- A funding gap of Kshs 890 Million for construction of TVET institutions in Constituencies that do not have a TVET;

SIGNED.....**DATE** 7/3/2025

HON. JULIUS KIBIWOTT MELLY, CBS, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON EDUCATION

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
13TH PARLIAMENT – FOURTH SESSION – 2025
DEPARTMENTAL COMMITTEE ON EDUCATION

ADOPTION SCHEDULE

AGENDA: Adoption of the Report on the Budget Policy Statement 2025/2026

NO.	NAME	SIGNATURE
1.	Hon. Julius Melly, MP - Chairperson	
2.	Hon. Dr. Christine Oduor Ombaka, MP - Member	
3.	Hon. Eve Obara, MP - Member	
4.	Hon. Jerusha Momanyi, MP - Member	
5.	Hon. Abdul Haro, MP - Member	
6.	Hon. Anne Muratha, MP -Member	
7.	Hon. Clive Gisairo, MP - member	
8.	Hon. Dick Maungu MP - Member	
9.	Hon. Julius Taitumu M'Anaiba, MP - Member	
10	Hon. Nabii Daraja, MP - Member	
11	Hon Peter Orero, MP - Member	
12	Hon. (Prof.) Phylis Bartoo, MP - Member	
13	Hon. Rebecca Tonkei, MP - Member	
14	Hon. Timothy Toroitich, MP -Member	

13TH PARLIAMENT (4TH SESSION)

DEPARTMENTAL COMMITTEE ON EDCUCATION

MINUTES OF THE 14TH SITTING OF THE DEPARTMENTAL COMMITTEE ON EDUCATION HELD ON WEDNESDAY 5TH MARCH, 2025 IN THE COMMITTEE ROOM 22 ON 5TH FLOOR BUNGE TOWER, PARLIAMANT BUILDINGS AT 10.00AM

PRESENT

1. Hon. Julius Melly, CBS, M.P. **- Chairperson**
2. Hon. (Dr.) Christine Oduor Ombaka, M.P.
3. Hon. Eve Obara, MBS, M.P.
4. Hon. Peter Ochieng Orero, M.P.
5. Hon. Clive Ombane Gisairo, M.P.
6. Hon. Dick Maungu Oyugi, M.P.
7. Hon. Julius Taitumu M'Anaiba, M.P.
8. Hon. Jerusha Momanyi, M.P.
9. Hon. Nabii Nabwera Daraja, M.P.
10. Hon. Prof. Phylis Jepkemoi Bartoo, M.P.
11. Hon. Anne Wanjiku Muratha, M.P.
12. Hon. Abdul Ebrahim Haro, M.P.
13. Hon. Rebecca Noonaishi Tonkei, M.P.

ABSENT WITH APOLOGIES

1. Hon. Timothy Kipchumba Toroitich, M.P.

COMMITTEE SECRETARIAT

1. Mr. Douglas Katho – Clerk Assistant I
2. Mr. Eric Kanyi - Fiscal Analyst I
3. Mr. Nimrod Ochieng' – Audio Recording Officer
4. Ms. Christabel Naisul - Parliamentary Intern (Committees)
5. Ms. Hannah Kiige – Parliamentary Intern (Parliamentary Budget Office)

MIN. NO. 057/NA/EDUC/2025: PRELIMINARIES

The Chairperson called the meeting to order at ten minutes past noon and begun the meeting with a prayer followed by self-introductions.

MIN. NO. 058/NA/EDUC/2025: ADOPTION OF AGENDA

The agenda for the meeting was adopted having been proposed by Hon. Clive Gisairo, M.P and seconded by Hon. Peter Orero, M.P.

MIN. NO. 059/NA/EDUC/2025: CONFIRMATION OF MINUTES

The agenda item was deferred.

MIN. NO. 060/NA/EDUC/2025: CONSIDERATION AND ADOPTION OF THE REPORT ON THE BUDGET POLICY STRATEMENT, 2025

The Committee having reviewed the Budget Policy Statement 2025 as well as having held consultative meetings with the various State Departments and the Teachers Service Commission, the Committee adopted the Report on the Consideration of the Budget Policy Statement 2025 having been proposed by Hon. Clive Gisairo, M.P and seconded by Hon. Peter Orero, M.P. with the following recommendations:

1. **Policy Recommendations**

i) That, within the next three months, the State Department for TVET should ensure that all TVET institutions that are operational have their Board of Management (BOM's) are fully constituted to facilitate decision making and effective management of these Institutions;

ii) That, within the next three months, the State Department for TVET together with the Public Service Commission develop clear guidelines on the management of TVET instructors to address the confusion. The guidelines should cover among other the recruitment processes, deployment, transfers and promotions.

iii) That, beginning next financial year, the State Department for TVET to rollout outreach programmes targeting the youth showcasing what the TVET institutions have to offer in terms of various courses and programmes;

iv) That, within the next six months, the State Department for Basic Education and the Teachers Service Commission to submit to the National Assembly an exit report on the Secondary Education Quality Improvement Project (SEQIP);

v) That, within the next three months, the State Department for Basic Education to report on the progress made in the on- boarding and registration of learners in the new Social Health Insurance scheme to allow learners get medical attention promptly when and as required;

vi) That, beginning of the next financial year 2025/26 and within the existing budgetary allocation, the State Department for Basic Education to ensure that all learners in the public Special Needs Education (SNE) schools are covered under the school feeding programme;

vii) That, within the next three months, the State Department for Higher Education and Research to finalize the revision of the new funding model to address the challenges the model is facing to ensure the model responds to the concerns and needs of the students as well as institutions;

viii) That, within the next six months, the Teachers Service Commission review the Teachers Career progression guidelines and policies to ensure recognition of the the country's educational system that takes into account the outcome of life-long training that encompasses different stages of qualifications and pathways for academic progression;

2. Financial recommendations

a. The Committee approves the 2025/26 expenditure ceilings of Kshs 382.3 Billion for the Teachers Service Commission (TSC) as proposed in the Budget Policy Statement 2025;

b. The Committee recommends that the expenditure ceilings for the State Departments be increased to accommodate the following critical areas which are not adequately funded in 2025/26;

i) **State Department for Basic Education** –

- **Primary Education Programme** - a capitation funding gap of **Kshs 1.2 Billion** to ensure that all primary school learners receive capitation;
- **Primary Education Programme**- An allocation of **Kshs 500 Million** to facilitate completion of the construction of resource centre at KICD;

- **Primary Education Programme**- An allocation of **Kshs 120 Million** for equipping of the National pyscho-education Assessment, a facility which will support the assessment of learners with special needs;
- **Secondary Education Programme**- An allocation of **Kshs 1.9 Billion** for secondary school infrastructure which will act as the matching fund with the NGCDF;
- **Secondary Education Programme**- a capitation funding gap of **Kshs 25.9 Billion** to ensure learners in junior and secondary school are adequately covered;
- **Quality Assurance and Standards Programme**- a funding gap of **Kshs 6.8 Billion** for school examination and invigilation;

ii) State Department for Higher Education –

- **University Education programme**- A funding gap of **Kshs 61.4 Billion** for capitation, scholarships and loans for university students including the 2024 KCSE cohort scheduled to join who various Universities later in the year;
- **University Education programme**- A funding gap of Kshs 6.3 Billion to cater for Collective Bargaining Agreements for Universities staff;

iii) State Department for TVET Education –

- **Technical Education Programme** - A shortfall of Kshs 20.9 Billion for capitation, scholarships and loans for TVET students including the 2024 cohort expected to join various TVET institutions in 2025.

- **Technical Education Programme**- A funding gap of Kshs 890 Million for construction of TVET institutions in Constituencies that do not have a TVET;

MIN. NO. 061/NA/EDUC/2025: ANY OTHER BUSINESS

No other business arose.

MIN. NO. 062/NA/EDUC/2025: ADJOURNMENT

There being no other business the meeting was adjourned at twenty-five minutes past Twelve O'clock. The next meeting will be held on Notice.

SIGNED: ..... **DATE:** 7/3/2025

HON. JULIUS MELLY, CBS, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT - FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT (BPS)

FOR:
VOTE 1202: THE STATE DEPARTMENT FOR TOURISM
VOTE 1203: THE STATE DEPARTMENT FOR WILDLIFE

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

March 2025

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PART I
1 PREFACE

1.1 Introduction

1. The principal purpose of the Budget Policy Statement is provision of an avenue for engagement between the executive and the legislature to deliberate and agree on the policy and fiscal framework underpinning the budget in the medium term. It is anticipated that the budget for the ongoing policies is indicated and a costing of any policy shift to indicate the number of resources the new policies will require for successful implementation. The legislature is therefore required to scrutinize this document and upon approval, it lays the foundation for the Budget Estimates for the upcoming fiscal year and the medium term.

2. The Budget Policy Statement is published in accordance with Section 25 of the Public Finance Management Act, 2012. In preparing the Budget Policy Statement, the National Treasury is required to set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term.

3. The National Treasury is required to include the following in the Budget Policy Statement:

    i. An assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts;
    ii. The financial outlook with respect to government revenues, expenditures and borrowing for the next financial year and over the medium term;
    iii. The proposed expenditure limits for the national government, including those of Parliament and the Judiciary, and indicative transfers to county governments;
    iv. The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt; and
    v. The total resources to be allocated to individual programmes and projects within sectors, ministries, departments and agencies indicating outputs expected during the period.

4. The National Treasury, while processing the Budget Policy Statement (BPS), is also required to seek and consider the views of the Commission on Revenue Allocation, the County Governments, the Controller of Budget, the Parliamentary Service Commission, the Judicial Service Commission, the public and any other interested parties or groups.

5. The submission and processing of the BPS by the National Assembly is anchored in Standing Order No. 232. The Standing Order requires, among other things, the BPS to indicate total resources to be allocated to individual programmes within a sector and indicate the output expected from each such programme.

6. Section 25(2) of the Public Finance Management Act, 2012 (PFM Act, 2012) requires the National Treasury to submit the BPS to Parliament by the 15th day of February each year. Parliament has 14 days after its submission to scrutinize and review it in line with section 25(7) of the PFM Act, 2012. The Standing Orders give various Departmental Committees 7 days to prepare a report and submit it to the Budget and Appropriations Committee.

7. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Tourism and Wildlife the mandate to consider matters in relation to *tourism and tourism promotion and management, tourism research and wildlife management.*

8. In that regard, the Committee is mandated to analyse, scrutinize and approve the Budget Policy Statement for the following government agencies under its purview:

    i. The State Department for Tourism (Vote 1202); and
    ii. The State Department for Wildlife (Vote 1203).

1.2 Mandate of the Committee

9. The Departmental Committee on Tourism and Wildlife is one of the twenty (20) 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. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all the legislation referred to it;*
    v. *To study, access and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *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;*
    vii. *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);*
    viii. *To examine treaties, agreements and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    xi. *To examine any questions raised by Members on a matter within its mandate.*

10. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider tourism and tourism promotion and management, tourism research and wildlife management.

11. In executing its mandate, the Committee oversees the Ministry of Tourism and Wildlife.

1.3 Committee Membership

12. The Departmental Committee on Tourism and Wildlife was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Mbiuki Japhet Miriti Kareke, CBS MP
Maara Constituency
UDA Party

Vice-Chairperson
Hon. Wanjiku John Njuguna, MP
Kiambaa Constituency
UDA Party

Members

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

Hon. Capt. Ruweida Mohamed Obo, MP
Lamu East Constituency
JP Party

Hon. Mutai Alfred Kiprono, MP
Kuresoi North Constituency
UDA Party

Hon. Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

Hon. Edwin Mugo Gichuki, MP
Mathioya Constituency
UDA Party

Hon. Karambu Elizabeth, MP
Meru (CWR) Constituency
UDA Party

Hon. Chebor Paul Kiber, MP
Rongai Constituency
UDA Party

Hon. Richard Cheruiyot Kilel, MP
Bomet Central Constituency
UDA Party

Hon. Rashid Juma Bedzimba, MP
Kisauni Constituency
Orange Democratic Party

Hon. Abdi Ali Abdi, MP
Ijara Constituency
NAP-K Party

Hon. Geoffrey Kariuki Kiringa Ruku, MP
Mbeere North Constituency
DP Party

Hon. Peter Mbogho Shake, MP
Mwatate Constituency
JP Party

Hon. Khamis Chome Abdi, MP
Voi Constituency
WDM-K Party

1.4 Committee Secretariat

13. The Committee is facilitated by the following secretariat:

Ms. Mary Lemerelle
Clerk Assistant I / Head of Secretariat

Ms. Violet Ouma
Clerk Assistant III

Mr. Peter Mwaura
Senior Legal Counsel

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Rodgers Kilungya
Audio Recording Officer

Mr. Oscar Onsongo
Research Officer III

Mr. Bonface Mushila
Serjeant-at-Arms

Mr. Yakub Ahmed
Media Relations Officer

Mr. Amos Tindi
Hansard Reporter

1.5 Overview on the Examination of the 2025 Budget Policy Statement

14. The 2025 Budget Policy Statement was submitted and tabled in the National Assembly on Friday, 14th February 2025. The 2025 BPS comes at a time when the country's economy is facing several challenges such as the prevailing high cost of living, and amid the government's plan to introduce austerity measures intended to curtail accumulation of debt.

15. The 2025 BPS has provided several interventions and policies to be implemented under the sector to ensure a robust tourism industry as well as promote Kenya as a top travel destination. The interventions include maintaining and repositioning the Magical Kenya brand to include all niche products and experiences as an upmarket destination, marketing Kenya through brand ambassadors, social media influencers and digital media, engaging Kenyans in diaspora to market the destination in 12 source and emerging markets, developing and translating market materials in 6 foreign languages and enhancing wildlife conservation, mitigating Human Wildlife Conflict and strengthening infrastructure to support sustainable ecosystem management.

16. Tourism and wildlife play a critical role in economic growth and development. Its contribution to economic diversification is critical in reducing reliance on a single industry and thus making the country more resilient to economic shocks, resulting in more stable and long-term growth. In summary, the sector contributes to foreign exchange earnings, infrastructure development and job creation. The budget policies should seek to address the challenges to enhance its contribution.

17. Parliament is required to scrutinize the BPS and the programmes that the various spending agencies are undertaking with a view of establishing whether the resources being requested for relate to specific outputs that will lead to results as intended and as provided in the Government's Plan.

18. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministry and its Agencies to consider their submissions and policies. The Committee held a total of four (4) consultative sittings to consider the BPS.

1.6 Acknowledgement

19. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the 2025 Budget Policy Statement.

20. I also wish to express my appreciation to the Honourable Members of the Committee, the Committee Secretariat, the State Department for Tourism and the State Department for Wildlife, and all their agencies for the useful contributions they made towards the preparation and production of this report.

21. 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.

SIGNED.....

DATE.....27th February 2025.....

HON. JAPHET KAREKE MBIUKI, CBS, M.P.
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

PART II

2 BROAD OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT

22. The proposed budget allocations for the fiscal year 2025/26 and the medium term have been categorized into three groups: National Government (NG) which includes the Executive, Parliament, and the Judiciary; Consolidated Fund Services (CFS); and County Governments (CG).

23. The total budget ceiling for the fiscal year 2025/26 stands at KSh. 4,336.07 billion. The NG receives the largest share at 59.09%, followed by CFS at 31.57%, and transfers to CG at 9.34%. Within the NG, the Executive receives the largest portion at 57.51%, while Parliament and the Judiciary each receive 0.98% and 0.59% respectively. Compared to the approved allocations for the fiscal year 2024/25, the total proposed budget ceiling for 2024/25 increased by 9.81% (KSh. 387.47 billion) from KSh. 3,948.59 billion to KSh. 4,336.07 billion.

24. The total budget for FY 2025/26 is projected at KSh. 4.336 trillion. Allocations to the three arms of Government including shareable revenues to the county governments is summarized in table 1 below:

Table 1: Summary of the proposed Expenditure Ceilings Vs. Approved Estimates 2024/25 (KSh. Billions)

	Details	Suppl Estimates I 2024/25	BPS 2025	Variances	% Change
					BPS 2025 Vs Supp Est. I 2024/25
1	National Government	2,300.53	2,562	261.48	11.37%
	Executive	2,237.16	2,493.77	256.61	11.47%
	Parliament	40.87	42.49	1.62	3.97%
	Judiciary	22.51	25.75	3.24	14.41%
2	Consolidated Funds Services	1,237.23	1,368.99	131.76	10.65%
3	County Government	410.83	405.07	(5.76)	-1.40%
	Total	**3,948.59**	**4,336.07**	**387.47**	**9.81%**
	Share in Total Allocation				
1	National Government	58.26%	59.09%		
	Executive	56.66%	57.51%		
	Parliament	1.03%	0.98%		
	Judiciary	0.57%	0.59%		
2	Consolidated Funds Services	31.33%	31.57%		
3	County Government	10.40%	9.34%		

Source: The National Treasury

25. Regarding the Medium-Term Expenditure Framework (MTEF) Sector classification, in the BPS 2025 ceilings, the Education sector, has the largest share of the total budgetary allocation in the BPS 2025 ceilings, accounting for 28.3% of the total budget, while the General Economic and Commercial Affairs (GECA) sector has the lowest share, accounting for 2.3% of the total budget. This is outlined in the table 2 below:

Table 2: Summary MTEF Sector Budget Allocations (KSh. Billions)

Sector	Suppl Estimates I 2024/25	% Share	BPS 2025	% Share
Agriculture, Rural and Urban Development (ARUD)	73.93	3.2%	77.67	3.0%
Energy, Infrastructure, and ICT	444.29	19.3%	504.6	19.7%
General Economic and Commercial Affairs (GECA)	45.63	2.0%	59.13	2.3%
Health	118.86	5.2%	204.49	8.0%
Education	681.72	29.6%	723.89	28.3%
Governance, Justice, Law, and Order (GJLO)	234.86	10.2%	265.87	10.4%
Public Administration and International Relations (PAIR)	311.79	13.6%	286.76	11.2%
National Security	219.3	9.5%	257.02	10%
Social Protection, Culture and Recreation	68.94	3.0%	78.79	3.1%
Environment Protection, Water and Natural Resources	101.19	4.4%	103.76	4.1%
Grand Total	**2,300.53**	**100%**	**2,562**	**100%**

Source: 2025 BPS

2.1 Tourism Sub- Sector: Budget Policy Prioritization for FY 2025/26 and the Medium Term

26. One of the twelve enablers of the Bottom-Up Economic Transformation Agenda is the Services Economy where the Tourism Sector is a key component. For this to be achieved, the government will:
    i. Maintaining and repositioning of the "Magical Kenya" brand to include all niche products and experiences as an upmarket destination with emphasis on elements of authenticity, diversity, sustainability and safety;
    ii. Marketing Kenya through brand ambassadors, social media influencers and digital media;
    iii. Engaging Kenyans in diaspora to market the destination in 12 source and emerging markets;
    iv. Developing and translating marketing materials in 6 foreign languages; and
    v. Holding 4 roundtable meetings annually with Kenyan Ambassadors and diaspora community.

2.2 Wildlife Sub-Sector: Budget Policy Prioritization for FY 2025/26 and the Medium Term

27. The government will also focus on enhancing wildlife conservation, mitigating HWC and strengthening infrastructure to support sustainable ecosystem management.

2.2 Key programmes being implemented by specific MDAs oversighted by the Committee

28. The State Department for Tourism is implementing three programmes, namely:

i. Tourism Promotion and Marketing;
ii. Tourism Product Development and Diversification; and
iii. The General Administration Planning and Support Services.

29. The State Department for Wildlife will implement only one programme which is Wildlife Conservation and Management.

2.3 Proposed Ceilings to the State Department for Tourism and the State Department for Wildlife

30. The 2025 BPS proposes a total of KSh. **32,297.6** million to the two State Departments with a ceiling of KSh. 17,916.6 million to the State Department for Tourism and KSh. 14,381 million to the State Department for Wildlife. The resource requirement to the sector is KSh. 45,303million while the BPS Ceiling is providing KSh. 32,297.6 million; leaving a resource deficit of KSh. 13,005.4 million as shown in the table below.

Table 3: Ceilings vs Resource Requirement

State Department		Suppl Estimates I 2024/25	2025 BPS Ceiling	Resource requirement	Funding Gap
Tourism	Rec	9,845.6	15, 932.6	18,191	2,258.6
	Dev	470	1,984	3,154	1,170
	Total	**10,315.6**	**17,916.6**	**21,345**	**3,428.4**
Wildlife	Rec	2,054.1	12,083	16,980	4,897
	Dev	360	2,298	6,978	4,680
	Total	**12,414.1**	**14,381**	**23,958**	**9,577**
Grand Total		**22,729,7**	**32,297.6**	**45,303**	**13,005.4**

Source: 2025 BPS

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Cabinet Secretary Mrs. Rebecca Miano, MBS accompanied by the Principal Secretary for the State Department for Tourism, Mr. John Ololtuaa, CBS and the Principal Secretary for the State Department for Wildlife, Ms. Silvia Museiya, CBS appeared before the Committee on Tuesday, 25th February, 2025 and submitted as follows:

3.1 The State Department for Tourism

31. The Principal Secretary for the State Department for Tourism, Mr. John Ololtuaa, CBS, presented key highlights regarding the Department's recurrent budget requirements in relation to the Budget Policy Statement (BPS) allocation for the FY 2025/26. He also discussed the BPS allocation for current transfers to State Corporations and State Agencies (SAGAs) in FY 2025/26, along with the key policies that underpin the expenditure ceiling for FY 2025/26.
32. He informed the Committee that the total budget requirement for the sub-sector for FY 2025/26 is KSh. 21,345 million, which includes KSh. 18,191 million for recurrent expenditures and KSh. 3,154 million for development initiatives.
33. In contrast, the Budget Policy Statement (BPS) 2025/26 allocation amounts to KSh. 17,916 million, with KSh. 15,933 billion designated for recurrent expenditures and KSh. 1,984 million for development resulting in a funding shortfall of KSh. 3,428 million, detailed as follows:

Table 4: Budget Requirements Vs BPS Allocation FY 2025/26(KSh. Millions)

Vote	Baseline FY 2024/25	Requirement FY 2025/26	BPS Allocation 2025/26	Resource Gap
Recurrent	9,845.6	18,191	15,933	(2,258)
Development	470	3,154	1,984	(1,170)
Total	**10,315.6**	**21,345**	**17,916**	**(3,428)**

Source: State Department for Tourism

34. The Principal Secretary stated that the recurrent budget has a deficit of KSh. 2,259 million (Table 5 below) and development budget a deficit of KSh. 1,170 million.

Table 5: Recurrent Budget Requirements VS BPS Allocation FY 2025/26

Vote	Baseline FY 2024/25	Requirement FY 2025/26	BPS Allocation 2025/26	Resource Gap
Compensation To Employees	233	272	243	(29)
Use Of Goods	281	1,447	292	(1155)
Current Transfers	9,332	16,472	15,397	(1075)
Total	**9,846**	**18,191**	**15,932**	**(2259)**

Source: State Department for Tourism

35. The BPS 2025/26 Current Transfers allocation to SAGAs is as highlighted in table 6 below:

Table 6: BPS Allocation Current Transfers to SAGAs FY 2025/26 (KSh. Millions)

SAGA	GOK	AIA	GROSS
Kenya Tourism Board	114	300	414
Tourism Regulatory Authority		260	260
Tourism Research Institute	18.72		18.72
Tourism Promotion Fund		5,900	5,900
Tourism Fund		6,995	6,995
Kenya Utalii College	51	410	461
Kenyatta International Convention Centre		1,348	1,348
Total	**183.72**	**15,213**	**15,397.**

Source: State Department for Tourism

36. The key policies underlying the expenditure ceilings in BPS for FY 2025/26 are as follows in Table 7 below:

Table 7: Key Policies underlying the Expenditure Ceilings in FY 2025/26

Policy	Summary
Fourth Medium Term Plan (MTP1V)2023-2027)	Reposition the "Magical Kenya" brand to include all niche products and experiences as an upmarket destination with emphasis on elements of authenticity, diversity, sustainability, and safety while also marketing Kenya through brand ambassadors, social media influencers and digital media; and continue to engage Kenyans in diaspora to market.
	Strengthening of the country's capacity to host Meetings, Incentives, Conferences, and Exhibitions.
	Fostering partnerships with County Governments, the private sector and local communities to ensure sustainable tourism development.
Bottom-Up Transformation Agenda (BETA)	Diversification and development of tourism niche products across various circuits to attract diverse market segments.
	Strengthening of the country's capacity to host Meetings, Incentives, Conferences, and Exhibitions.
	Fostering partnerships with County Governments, the private sector and local communities to ensure sustainable tourism development.
	Empowering youth as agents of innovation and development to create employment opportunities in the tourism sector.
	Strengthening existing market, Development of marketing strategy and promotion of sport tourism.
National Tourism Policy and Tourism Act Cap 381	Strengthening of Tourism Policy and regulatory framework by reviewing the National Tourism Policy and Tourism Act cap 381 to align with emerging sector needs. Development of the National Tourism Strategy as provided for in the Tourism Act Cap 381.

37. The Principal Secretary apprised the Committee on the **implementation Status of the Cabinet Resolution on Reforming State Corporations.**
38. He stated that the Cabinet has approved the merger of the Kenya Tourism Board with the Tourism Research Institute and the Tourism Promotion Fund with the Tourism Fund under the State Department for Tourism. The Ministry is committed to implementing these reforms and has convened a meeting with a multi-agency technical committee, led by the National Treasury, to discuss the implementation framework. A dedicated technical committee has been established to analyse the functions of the affected agencies, propose measures for seamless implementation, recommend an optimal restructuring model, and collaborate with the National Treasury team for smooth execution.
39. Additionally, he indicated that the Cabinet approved the restructuring of Kenya Utalii College. The Ministry aims to strengthen and transform the institution into a centre of excellence. A task force has been formed to improve infrastructure, upgrade the college to a finishing/certification school, reposition its brand, enhance human resource capacity, and ensure sustainability through improved financing mechanisms.

3.2 State Department for Wildlife

40. The Principal Secretary for the State Department for Wildlife, Ms. Silvia Museiya, CBS, in her submissions highlighted the underlying expenditure ceilings for Vote 1203 in the FY 2025/26, development analysis of requirements vis a vis allocation (Amount in KSh. Millions), key policies in the 2025 Budget Policy Statement, indicative performance targets linked to the policies and programmes in the Budget Policy Statement and the list of proposed projects and their respective expenditure ceilings.
41. She said that the State Department, through the Sector budget process requested for an allocation of Ksh.23.9 billion but was allocated Ksh.14.3 billion leading to a deficit of Ksh.9.6 billion. The deficit means that the State Department will not be able to adequately provide water for the wildlife, clear the pending bills for the HWC claims, provide fence around the national parks to reduce human wildlife conflicts among other pressing issues.
42. She indicated that during the Financial Year 2025/26, under the Zero-Based Budgeting approach, the State Department of Wildlife will be implementing one (1) budget programme and three (3) sub-programmes as listed:

    i. **Programme 1:** Wildlife Conservation and Management
    ii. **Sub Programmes**:
        a) S.P. 1.1 - Wildlife Security, Conservation and Management
        b) S.P. 1.2 - Wildlife Research and Development
        c) S.P 1.3 - Headquarters and Administrative Services

43. In funding these programmes, the approved budgetary estimates for Vote 1203 in the FY 2025/26 is KSh. 14,381 million comprising KSh. 12,083 million for recurrent expenditure and KSh. 2,298 million for development expenditure. The allocation by Economic classification as well as SAGAs allocation is as per the tables 8-10 below:

FY 2025/26 and The Medium-Term Budget Estimates by Economic Classification

Table 8: Recurrent Analysis of Resource Requirement Vs. Allocation (KSh. Millions)

	Approved Estimates	Requirements			Allocation		
Economic Classification	**FY 2024/25**	**FY 2025/26**	**FY 2026/27**	**FY 2027/28**	**FY 2025/26**	**FY 2026/27**	**FY 2027/28**
Gross	**12,054**	**16,980**	**17,315**	**17,674**	**12,083**	**12,585**	**13,108**
AIA	8,185	8,841	9,769	10,783	8,156	8,1556	8,156
NET	**3,869**	**8,139**	**7,546**	**6,891**	**3,927**	**4,429**	**4,952**
Compensation to Employees	175	178	184	189	171	177	182
Transfers& Grants	1,605	3,659	3,394	2,726	1,634	2,125	2,638
Other Recurrent	**2,089**	**4,302**	**3,968**	**3,976**	**2,122**	**2,127**	**2,132**
Utilities							
Rent	58	58	58	58	58	58	58
Contracted Guards & Cleaners	2.5	2.5	3	3.5	2.5	3	3.5
Others	2,029	4,242	3,907	3,915	2,062	2,066	2071

Source: State Department for Wildlife

44. The composition of the item "Others" includes a Strategic Intervention for compensation of human wildlife conflict victims amounting to **Ksh.1,975** million leaving a balance of **Ksh.87 million** for operations.
45. The Wildlife Conservation Trust Fund has not received any allocation in the FY 2025/26 and the Medium Term. The budget requirement of the Fund is KSh. 941 million. The Department is requesting that they be considered for an allocation and their AIA projection be captured in the FY 2025/26 and the Medium Term.
46. The Principal Secretary indicated that the wildlife conservation efforts are undertaken by Kenya Wildlife Service and other complimentary actors from the private sector. These private actors are usually supported by the donors, among them USAID. The recent change in policy by the US Government freezing the funding for the projects under USAID will have a negative impact on the conservation efforts that were being undertaken through this support. Without this support, incidences of poaching and human wildlife conflict are expected to rise. There is therefore the need for the National Treasury to consider allocating **KSh.100 million** in FY 2025/26 to support private conservancies for them to continue with their conservation activities.

Table 9: Development Analysis of Requirements Vs. Allocations (KSh. Millions)

	Approved Estimates	Requirement			Allocation		
Description	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Gross	360	6,978	5,015	5,123	2,298	3,394	4,073
GOK	25	6,843	4,880	4,952	2,163	3,259	3,902
Grants	335	135	135	171	135	135	171

Source: State Department for Wildlife

Table 10: Proposed Allocation FY 2025/26 – 2027/28 for SAGAs in KSh. Millions

Vote	Approved Estimates 2024/25	Allocation 2025/26	Allocation 2026/27	Allocation 2027/28	Remarks
RECURRENT BUDGET					
Kenya Wildlife Service					
AIA	7,922	7,922	7,922	7,922	
GoK	1,161	1,161	1,616	2,093	
Sub-Total	**9,083**	**9,083**	**9,538**	**10,015**	**PE KSh. 7,274 M and O&M KSh. 1,809 M for FY 2025/26**
Wildlife Research & Training Institute					
AIA	212	212	212	212	
GoK	444	444	477	511	
Sub-Total	**656**	**656**	**689**	**723**	**PE KSh. 462 M and O&M KSh. 194 M for FY 2025/26**
Wildlife Clubs of Kenya					
AIA	22	22	22	22	
GoK	29	29	32	34	
Sub-Total	**51**	**51**	**54**	**56**	**PE KSh. 31 M and O&M KSh. 20 M for FY 2025/26**
Wildlife Conservation Trust Fund					
AIA	0	0	0	0	
GoK	0	0	0	0	
Sub-Total	**9,790**	**9,790**	**10,281**	**10,794**	
DEVELOPMENT BUDGET					
KWS	135	950	1,770	2,078	**Ranger housing, habitat restoration, maintenance of access roads & human wildlife mitigation project**
WRTI	25	531	617	894	**Rehabilitation of Research & Training Facilities at Naivasha HQ and the Field centres**
WCK	-	19	50	80	**Construction and Renovation of Wildlife Resource Centres**
Sub- Total	**160**	**1,500**	**2,437**	**3,052**	
Gross Total	**9,950**	**11,290**	**12,718**	**13,846**	

Source: State Department for Wildlife

3.2.1 Kenya Wildlife Service (KWS)

47. Kenya Wildlife Service has had a reduction of expected Exchequer receipt over the last two years from KSh. 1,860 million in FY 2023/2024 to KSh. 1,161 million in FY 2024/2025. The figure was maintained in FY 2025/2026 and the medium term. To address the funding gap resulting from this reduction, KWS has embarked on the following measures:
    a. **Review of conservation fees-** the process was completed in December 2023; however, the implementation was barred by High court sitting Malindi following a legal suit by a section of stakeholders. KWS has commenced the process of reviewing the fees afresh as per market trends and relevant laws. This is likely to commence implementation during FY 2025/2025.
    b. **Maintenance of access roads and airstrips in parks** – KWS has been allocated KSh. 200 million for maintenance of at least 2,000 km existing unclassified roads and 10 airstrips to improve access to parks. The Service seeks support to open additional road network of at least 700 km to cover new tourism sites mapped for development of facilities towards generating additional revenues.
    c. **Review of Rental leases-** KWS embarked on reviewing the existing lease agreements to align to the current market rate and prevailing economic environment. The reviewed Lease management policy will be implemented systematically by negotiating active leases. Among the changes include a fixed payment of 10-25 USD per bed occupied.
    d. **Rehabilitation of tourism facilities and amenities** – KWS has been working in partnership with Tourism Promotion Fund to rehabilitate tourism facilities and amenities such as gates, washroom and self-catering guest houses, Safari Walk among other conservation activities aimed at enhancing customer satisfaction.

48. The Kenya Wildlife Service will be receiving additional resources from Kenya Roads Board to facilitate in maintenance of roads in the national parks

3.2.2 Wildlife Research and Training Institute (WRTI)

49. To increase the AIA collection towards achieving financial sustainability, the Institute is expanding the training facilities; expanding the hospitality and conference facilities; identifying prospective donors/industry partnerships to support the Institutes' research activities; exploring public-private partnerships; and bioprospecting among other avenues. The details of these proposed measures are as per Annex IV of the State Department for Wildlife submission attached.

3.2.3 Wildlife Clubs of Kenya (WCK)

50. The request of **KSh. 19 million** development budget in the year 2025/2026 will complete the construction and equipping of the Kisumu Wildlife Resource Centre. Once fully operational, this centre will offer significant benefits, including enhanced access to conservation education for groups visiting counties across the Lake Victoria catchment area. Moreover, the Kisumu Wildlife Resource Centre is expected to generate between **KSh. 8 million to KSh. 10 million** annually, which will serve as a crucial source of income for

WCK. This income will help reduce the organization's reliance on government funding, ensuring the long-term sustainability of its conservation initiatives and strengthening its ability to continue promoting environmental stewardship.

PART IV

4 COMMITTEE OBSERVATIONS

51. After conducting consultative sessions to review the Budget Policy Statement and Medium-Term Plan for 2025/2026, the Committee observed that:

4.1 The State Department for Tourism

i. The proposed ceilings of **KSh. 17,916.6 million** for the State Department for Tourism in the Budget Policy Statement for FY 2025/26 consisting of **KSh. 15,932.6 million** under the recurrent vote and **KSh. 1,984 million** under the development vote.

ii. The total budget requirement for the sub-sector for FY 2025/26 is **KSh. 21,345 million**, which includes KSh. 18,191 million for recurrent expenditure and KSh. 3,154 million for development. This indicates that there is a deficit of **KSh. 3,428 million** of which recurrent budget deficit is KSh. 2,258 million and development budget deficit is KSh. 1,170 million.

iii. **Merger of Tourism Agencies:** A multi-agency technical committee, led by the National Treasury, has been established to develop an implementation framework for the Cabinet-approved state corporation reforms. This includes the merger of the Kenya Tourism Board (KTB) with the Tourism Research Institute (TRI) and the consolidation of the Tourism Fund (TF) with the Tourism Promotion Fund (TPF) to enhance efficiency and eliminate mandate overlaps.

iv. **Merger of Tourism Agencies:** The State Department for Tourism has set up a dedicated technical committee responsible for analysing the roles of the affected agencies, identifying potential challenges, and proposing strategies for a seamless merger. The committee is also tasked with recommending an optimal restructuring model to ensure effective service delivery and minimal disruption to sector operations.

v. **Restructuring of Kenya Utalii College:** The Cabinet has approved the restructuring of Kenya Utalii College to transform it into a centre of excellence in tourism and hospitality training. A dedicated task force has been established to oversee the modernization of infrastructure, repositioning of the college's brand, upgrading it into a finishing and certification institution, and enhancing human resource capacity. Additionally, the restructuring aims to ensure financial sustainability through improved funding mechanisms and partnerships. These reforms are expected to strengthen the college's role in producing highly skilled professionals, thereby enhancing Kenya's global competitiveness in the tourism and hospitality industry.

vi. **National Tourism Strategy Development:** The development of Kenya's National Tourism Strategy that will provide a comprehensive roadmap for the future growth of the tourism sector, addressing key challenges such as market diversification, product development, infrastructure improvements, and sustainability is currently underway.

vii. **Review of National Tourism Policy Act:** There is an ongoing review of the National Tourism Policy and associated legislation that aims to ensure alignment with the provisions of the 2010 Constitution, the BETA plan, and emerging issues within the tourism sector. This process seeks to modernize and optimize the policy framework to better address current challenges and opportunities while adhering to constitutional principles and national development priorities.

viii. **National Tourism Digital Portal:** The State Department for Tourism has completed the development of the National Tourism Service Digital Portal, with data entry currently in progress. This digital platform will serve as a centralized hub for comprehensive tourism information, offering real-time updates on destinations, accommodations, attractions, and tourism services. The portal is expected to enhance Kenya's global visibility, improve visitor experience, and facilitate efficient service delivery for both tourists and industry stakeholders.

ix. The sensitization of stakeholders on the revised East African Community (EAC) Classification Criteria is currently in progress. However, the actual classification of tourism enterprises has been delayed and is now set to begin in Quarter 3 of FY 2024/25, following the training and certification of EAC Assessors

4.2 The State Department for Wildlife

i. The proposed ceilings of **KSh. 14,381 million** for the State Department for Wildlife in the Budget Policy Statement for FY 2025/26 consisting of **KSh. 12,083 million** under the recurrent vote and **KSh. 2,298 million** under the development vote.

ii. The Wildlife Conservation Trust Fund has not been allocated any funding for the FY 2025/26 or the Medium Term, despite requiring **KSh. 940.6 million** (of which KSh. 820.69 million is GoK and KSh. 120 million is AIA) to support critical conservation initiatives. This lack of funding threatens the sustainability of key programs, including habitat restoration, anti-poaching efforts, and biodiversity conservation. The State Department for Wildlife has requested that the Fund be considered for allocation and its Appropriations-in-Aid (AiA) projection of **KSh. 120 million** in FY 2025/26 to be incorporated into the FY 2025/26 and Medium-Term budgets.

iii. Wildlife conservation in Kenya heavily relies on donor funding, particularly from USAID and other international partners, which have contributed KSh 135 million to the Combating Wildlife Crime in Kenya (CWCKP) Project. However, the recent freeze on USAID funding poses a significant threat to private conservancies, which depend on these resources for anti-poaching operations, habitat protection, and community-based conservation programs. Without alternative funding sources, private conservancies may struggle to sustain their conservation activities, increasing the risk of escalating poaching incidents and worsening human-wildlife conflicts.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Non-Financial Recommendations

52. The Committee after scrutinizing the 2025 Budget Policy Statement for the State Department for Tourism and State Department for Wildlife makes the following non-financial recommendations:

5.1.1 State Department for Tourism

i. That within 3 months of the National Assembly's approval of the 2025 Budget Policy Statement (BPS), the Chief Executive Officer of the Kenya Utalii College should develop a comprehensive roadmap outlining the transition of the College from a traditional training institution to a professional tourism sector accreditor, commonly referred to as a "finishing school". This is to enhance the College's financial sustainability by increasing revenue generation and thereby boosting its contribution to the tourism sector economy.

ii. That by 30th April, 2025, the Cabinet Secretary for the Ministry of Tourism and Wildlife shall submit a comprehensive report on the merger process. This report will address the Committee's fiscal concerns regarding the merger of the Tourism Fund with the Tourism Promotion Fund, as well as the integration of the Tourism Research Institute with Kenya Utalii College. The Cabinet Secretary will ensure that the report includes a detailed analysis of the financial implications, the projected impact on operations, and any anticipated challenges or benefits resulting from the mergers.

iii. That by 30th June 2025, the Cabinet Secretary for the Ministry of Tourism and Wildlife shall spearhead the implementation of a comprehensive, digitized tourism marketing strategy. This strategy will include the development of an integrated destination marketing system for Kenya, in alignment with the goals and objectives of the BETA digitization initiative, positioning Kenya as a leading global tourist destination.

5.1.2 State Department for Wildlife

i. That within one month of the National Assembly's approval of the 2025 Budget Policy Statement (BPS), the Principal Secretary for the State Department for Wildlife should submit a comprehensive report detailing the following:

a. **Insurance Coverage for Human-Wildlife Conflict Victims:** A detailed breakdown of existing insurance schemes for individuals affected by Human-Wildlife Conflict, including types of coverage, eligibility criteria, and claims processing procedures.
b. **Outstanding Compensation Bills:** A report on outstanding compensation claims for victims of Human-Wildlife Conflict, including amounts owed, duration of pending claims, and reasons for payment delays.
c. **Collaboration with Stakeholders:** A summary of the Department's efforts to engage with relevant stakeholders (insurance companies, local

authorities, conservation groups, and community representatives) to address compensation related to Human-Wildlife Conflict.

5.2 Financial recommendations

53. The Committee recommends:

5.2.1 State Department for Tourism

i. That the proposed ceilings of **KSh. 17,916.6 million** for the State Department for Tourism in the Budget Policy Statement for FY 2024/25 consisting of **KSh. 15,932.6 million** under the recurrent vote and **KSh. 1,984 million** under the development vote be approved **without amendments**.

5.2.2 State Department for Wildlife

i. That the proposed ceilings of **KSh. 14,381 million** for the State Department for Wildlife in the Budget Policy Statement for FY 2024/25 consisting of **KSh. 12,083 million** under the recurrent vote and **KSh. 2,298 million** under the development vote be approved **without amendments**.

5.2.3 Request for Additional Funding

54. In light of the policy priorities listed in the BPS 2025, the Committee requests that the Liaison Committee take into consideration the following budgetary needs for financing for the State Department of Tourism and State Department of Wildlife as outlined in **Schedule 1** and **Schedule 2** of this Report.

Schedule 1: State Department for Tourism

S/ No.	Programme/Sub-Programme	Area/Item	Proposed Allocation for FY 2025/26	Proposed Increases (KSh. Millions)	Justification for Additional Funding Request
STATE DEPARTMENT FOR TOURISM					
RECURRENT EXPENDITURE					
1.	Tourism Promotion and Marketing	Kenya Tourism Board (KTB)	114.32	360	The additional allocation will be crucial for marketing campaigns, stakeholder engagement, and international tourism promotion efforts.
2.	Tourism Promotion and Marketing	Tourism Regulatory Authority (TRA)	0	167.63	The lack of any initial allocation for salaries poses a significant operational risk, potentially affecting tourism enterprise audits, accreditation processes, and compliance monitoring.
3.	Tourism Product Development and Diversification	Kenya Utalii College (KUC)	51	379	The additional allocation will be critical for staff retention, training quality, and the institution's transformation into a centre of excellence as approved by the Cabinet.
SUB-TOTAL				**906.63**	
GRAND TOTAL				**906.63**	

Schedule 2: State Department for Wildlife

S/No.	Sub-Programme	Area/Item	Proposed Allocation for FY 2025/26	Proposed Increases (KSh. Millions)	Justification for Additional Funding Request
STATE DEPARTMENT FOR WILDLIFE					
RECURRENT EXPENDITURE					
1.	Wildlife Security, Conservation and Management	Wildlife Conservation Trust Fund(WCTF)	0	820.69	Incorporation of WCTF into the fiscal space will be crucial for the Personnel Emoluments payments to the secretariat, funding of conservation areas.
SUB-TOTAL			**0**	**820.69**	
DEVELOPMENT EXPENDITURE					
GRAND TOTAL				**820.69**	

SIGNED: ..... **DATE**..27th February 2025.....

HON. JAPHET KAREKE MBIUKI, CBS, M.P
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE)

ANNEXURES

Annex 1: Adoption Schedule
Annex 2: Minutes of the Committee Sittings
Annex 3: PBO Brief on BPS for FY 2025/26
Annex 4: MDA's submissions
    Annex 4A: State Department for Tourism
    Annex 4B: State Department for Wildlife

MINUTES OF THE 7TH SITTING OF THE DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE HELD ON THURSDAY, 27TH FEBRUARY, 2025 AT 12:00 PM IN COMMITTEE ROOM 21, 5TH FLOOR BUNGE TOWER, MAIN PARLIAMENT BUILDINGS

PRESENT

1. Hon. Japhet M. Kareke Mbiuki, CBS, MP - Chairperson
2. Hon. Khamis Chome Abdi, M.P
3. Hon. Rashid Juma Bedzimba, MP
4. Hon. Elizabeth Karambu Kailemia, MP
5. Hon. Abdi Ali Abdi, MP
6. Hon. Mutai Alfred Kiprono, MP
7. Hon. (Dr.) Edwin Mugo, MP
8. Hon. Innocent Maino Mugabe, MP
9. Hon. Richard Kilel Cheruiyot, MP

MEMBERS ABSENT WITH APOLOGIES

1. Hon. John Njuguna Wanjiku, MP - Vice Chairperson
2. Hon. Capt. Ruweida Mohamed Obo, M.P
3. Hon. Geoffrey Kariuki Kiringa Ruku, M.P
4. Hon. Paul Chebor, M.P.
5. Hon. Peter Mbogho Shake, M.P
6. Hon. Abubakar Talib Ahmed, M.P

COMMITTEE SECRETARIAT

1. Ms. Mary Lemerelle - Clerk Assistant I
2. Ms. Violet Ouma - Clerk Assistant III
3. Ms. Terry Ondiko - Fiscal Analyst Officer
4. Mr. Oscar Onsongo - Research Officer III
5. Mr. Yakub Ahmed - Media Relations Officer
6. Ms. Felistus Muiya - Communication Relation Officer
7. Ms. Wahu Diana - Audio Officer

AGENDA

1. Prayers;
2. Preliminaries;
3. Confirmation of the previous minutes;
4. **Consideration and adoption of the report on Budget Policy Statement 2025**
5. Any Other Business; and
6. Adjournment.

MIN No. TW 031/2025: PRELIMINARIES/ADOPTION OF THE AGENDA

The meeting was called to order at 1.15 pm, followed by a word of prayer.

MIN No TW 032/2025: CONFIRMATION OF THE MINUTES OF THE PREVIOUS SITTING

Agenda deferred.

MIN No. TW 033/2025: CONSIDERATION AND ADOPTION OF THE REPORT ON BUDGET POLICY STATEMENT 2025

After conducting a thorough review of the Budget Policy Statement and the Medium-Term Plan for 2025/2026, the Committee made the following recommendations on the Budget Policy Statement for 2025.

The State Department for Tourism

1. Budget Policy Statement (BPS) 2025/26 Funding Shortfall

a) The total budget requirement for the sub-sector for FY 2025/26 is Ksh. 21,345 million, which includes Ksh. 18,191 million for recurrent expenditure and Ksh. 3,154 million for development.
b) However, the Budget Policy Statement (BPS) 2025/26 allocation amounts to Ksh. 17,916 million, with Ksh. 15,933 million designated for recurrent expenditure and Ksh. 1,984 million for development expenditure.
   i. **Recurrent Expenditures:** Ksh. 15,933 million
   ii. **Development Expenditures:** Ksh. 1,984 million
c) The proposed Budget Policy Statement for the fiscal year 2025/26 reflects a funding shortfall of Ksh. 3,428 million, which is categorized as follows:
   i. **Recurrent Budget Deficit:** Ksh. 2,258 million
   ii. **Development Budget Deficit:** Ksh. 1,170 million
d) The shortfall of Ksh. 3,428 million is expected to affect the planned activities and projects, particularly in development initiatives, which experience a larger relative deficit of Ksh. 1,170 million compared to recurrent expenditures, which face a shortfall of Ksh. 2,258 million.

2. **Merger of Tourism Agencies:** Cabinet has approved the merger of the Kenya Tourism Board (KTB), the Tourism Research Institute, and the Tourism Promotion Fund (TPF) with the Tourism Fund under the State Department for Tourism. This move is part of a broader effort to streamline operations and improve efficiency in the tourism sector. To facilitate the smooth implementation of this reform, the Ministry has convened a multi-agency technical committee, led by the National Treasury, to discuss the framework for this merger. The committee will be responsible for:

   i. Analyzing the functions of the affected agencies

ii. Proposing measures to ensure the seamless implementation of reforms while maintaining sectoral continuity
iii. Recommending an optimal restructuring model
iv. Identifying necessary amendments to the National Tourism Policy, the Tourism Act (Cap 381), and other relevant legislation to support the reform agenda
v. Collaborating with the team appointed by the National Treasury to guarantee the smooth execution of the reforms

3. **Restructuring of Kenya Utalii College:** Cabinet has also approved the restructuring of Kenya Utalii College, with the goal of transforming it into a center of excellence. A dedicated task force has been established to oversee key improvements in infrastructure, upgrade the college to a finishing and certification institution, reposition its brand, enhance human resource capacity, and ensure sustainability through better financing mechanisms. These efforts are aimed at increasing the college's ability to produce highly skilled professionals for the tourism and hospitality industry.

4. **National Tourism Strategy Development:** The National Tourism Strategy is currently in the development phase and is expected to be concluded by May 2025. This strategy will guide the future direction of Kenya's tourism sector, addressing key challenges and opportunities and ensuring sustainable growth and development.

5. **Tourism National Digital Portal:** The State Department for Tourism has finalized the development of the National Tourism Service Digital Portal, and the data entry component is currently underway. This initiative is designed to provide comprehensive and easily accessible information on Kenya's tourism offerings to potential visitors. The portal is expected to enhance Kenya's appeal as a prime tourist destination and improve service delivery within the tourism sector by providing real-time data and resources for both tourists and service providers.

6. **Review of National Tourism Policy Act:** The National Tourism Policy Act has been reviewed and is now at the Public Participation stage. The revised legislation aims to align the tourism sector with the provisions of the 2010 Constitution, the BETA plan, and the emerging challenges and opportunities in the tourism industry. The review process is focused on modernizing the policy framework to optimize its effectiveness in addressing contemporary issues while adhering to constitutional principles and national development priorities.

7. A proposal has been put forward to modernize and refurbish the Kenyatta International Convention Centre (KICC) as part of ongoing efforts to enhance the venue's infrastructure, ensuring its status as a world-class facility for conferences, meetings, and events- a key landmark and one of Africa's premier conference centers.

The State Department for Wildlife

1. **Strategic Intervention for Compensation of Human-Wildlife Conflict Victims**
A strategic intervention has been proposed for the compensation of victims affected by human-wildlife conflict, amounting to Ksh. 1,975 million, with a remaining balance of Ksh. 87 million allocated for operational expenses.

2. **Wildlife Conservation Trust Fund Allocation**
   The Wildlife Conservation Trust Fund has not received any allocation for the fiscal year 2025/26 or in the Medium Term. However, the Fund requires Ksh. 941 million, as detailed in Annex V. The Department requests that an allocation be considered, including their **Appropriation in Aid (AiA)** projection in the FY 2025/26 and Medium Term budgets.
3. **Impact of Policy Change on Wildlife Conservation**
   Wildlife conservation efforts are primarily conducted by the Kenya Wildlife Service (KWS) in collaboration with various private sector actors, who are often supported by donors, including USAID. However, a recent policy change by the US Government has resulted in a freeze on funding for projects under USAID, which is likely to adversely affect ongoing conservation efforts.

4. In the absence of this funding, the probability of increased incidents of poaching and human-wildlife conflict is significant. Therefore, there is an urgent need for the **National Treasury** to consider allocating Ksh. 100 million in the FY 2025/26 budget to support private conservancies, ensuring they can continue their essential conservation activities.

COMMITTEE RECOMMENDATIONS

Non-Financial Recommendations

The Committee after scrutinizing the 2025 Budget Policy Statement for the State Department for Tourism and State Department for Wildlife makes the following non- financial recommendations:

State Department for Tourism

i. That within 3 months of the National Assembly's approval of the 2025 Budget Policy Statement (BPS), the Chief Executive Officer of the Kenya Utalii College should develop a comprehensive roadmap outlining the transition of the College from a traditional training institution to a professional tourism sector accreditor, commonly referred to as a "finishing school". This is to enhance the College's financial sustainability by increasing revenue generation and thereby boosting its contribution to the tourism sector economy.

ii. That by 30th April, 2025, the Cabinet Secretary for the Ministry of Tourism and Wildlife shall submit a comprehensive report on the merger process. This report will address the Committee's fiscal concerns regarding the merger of the Tourism Fund with the Tourism Promotion Fund, as well as the integration of the Tourism Research Institute with Kenya Utalii College. The Cabinet Secretary will ensure that the report includes a detailed analysis of the financial implications, the projected impact on operations, and any anticipated challenges or benefits resulting from the mergers.

iii. That by 30th June 2025, the Cabinet Secretary for the Ministry of Tourism and Wildlife shall spearhead the implementation of a comprehensive, digitized tourism marketing strategy. This strategy will include the development of an integrated destination marketing system for Kenya, in alignment with the goals and objectives of the BETA digitization initiative, positioning Kenya as a leading global tourist destination.

State Department for Wildlife

i. That within one month of the National Assembly's approval of the 2025 Budget Policy Statement (BPS), the Principal Secretary for the State Department for Wildlife should submit a comprehensive report detailing the following:

a. **Insurance Coverage for Human-Wildlife Conflict Victims:** A detailed breakdown of existing insurance schemes for individuals affected by Human-Wildlife Conflict, including types of coverage, eligibility criteria, and claims processing procedures.
b. **Outstanding Compensation Bills:** A report on outstanding compensation claims for victims of Human-Wildlife Conflict, including amounts owed, duration of pending claims, and reasons for payment delays.
c. **Collaboration with Stakeholders:** A summary of the Department's efforts to engage with relevant stakeholders (insurance companies, local authorities, conservation groups, and community representatives) to address compensation related to Human-Wildlife Conflict.

Financial recommendations

The Committee recommends:

State Department for Tourism

i. That the proposed ceilings of **KSh. 17,916.6 million** for the State Department for Tourism in the Budget Policy Statement for FY 2024/25 consisting of **KSh. 15,932.6 million** under the recurrent vote and **KSh. 1,984 million** under the development vote be approved **without amendments**.

State Department for Wildlife

i. That the proposed ceilings of **KSh. 14,381 million** for the State Department for Wildlife in the Budget Policy Statement for FY 2024/25 consisting of **KSh. 12,083 million** under the recurrent vote and **KSh. 2,298 million** under the development vote be approved **without amendments**.

Request for Additional Funding

1. In light of the policy priorities listed in the BPS 2025, the Committee requests that the Liaison Committee take into consideration the following budgetary needs for financing for the State Department of Tourism and State Department of Wildlife as outlined in **Schedule 1** and **Schedule 2** of the Report.

Schedule 1: State Department for Tourism

S/No.	Programme/Sub-Programme	Area/Item	Proposed Allocation for FY 2025/26	Proposed Increases (KSh. Millions)	Justification for Additional Funding Request
STATE DEPARTMENT FOR TOURISM					
RECURRENT EXPENDITURE					

S/No.	Programme/Sub-Programme	Area/Item	Proposed Allocation for FY 2025/26	Proposed Increases (KSh. Millions)	Justification for Additional Funding Request
1	Tourism Promotion and Marketing	Kenya Tourism Board (KTB)	114.32	360	Salary shortfall
2	Tourism Promotion and Marketing	Tourism Regulatory Authority (TRA)	0	167.63	Salary shortfall
SUB-TOTAL				**527.67**	
GRAND TOTAL				**527.67**	

Schedule 2: State Department for Wildlife

S/No.	Sub-Programme	Area/Item	Proposed Allocation for FY 2025/26	Proposed Increases (KSh. Millions)	Justification for Additional Funding Request
STATE DEPARTMENT FOR WILDLIFE					
RECURRENT EXPENDITURE					
1.	Wildlife Security, Conservation and Management	Wildlife Conservation Trust Fund(WCTF)	0	820.69	Incorporation of WCTF into the fiscal space will be crucial for the Personnel Emoluments payments to the secretariat, funding of conservation areas.
GRAND TOTAL				**820.69**	

MIN No.TW 035/2025: ADOPTION OF THE REPORT ON BUDGET POLICY STATEMENT 2025

Members present unanimously adopted the report having been proposed and seconded by Hon. Richard Cheruiyot Kilel, M.P and Hon. Elizabeth Karambu Kailemia, M.P respectively.

MIN No.TW 036/2025: ANY OTHER BUSINESS

No other business was raised.

MIN No. TW 037/2024: ADJOURNMENT

The meeting was adjourned at 1:50 pm. The next meeting will be held on Thursday, 6th March 2025.

SIGNED..... **DATE**..27th February 2025.....
HON. MBIUKI, JAPHET MIRITI KAREKE, CBS, MP - CHAIRPERSON

REPUBLIC OF KENYA

PARLIAMENTARY BUDGET OFFICE

A BRIEF ON THE ANALYSIS OF THE 2025 BUDGET POLICY STATEMENT (BPS)

PRESENTED TO

THE DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

FEBRUARY, 2025

PARLIAMENTARY BUDGET OFFICE,
PARLIAMENT OF KENYA,
PROTECTION, HOUSE 10TH FLOOR,
NAIROBI- KENYA.

INTRODUCTION

Purpose and Legal Basis of The Budget Policy Statement (BPS)

1. This analysis scrutinizes the 2025 Budget Policy Statement (BPS), which sets out the key strategic priorities and policy goals that will guide the National and County Governments in formulating budgets for the 2025/26 financial year and the medium term.

2. Section 25 of the Public Finance Management Act, 2012 provides that the National Treasury should prepare and submit the Budget Policy Statement to Parliament by 15th February every year. Furthermore, Standing Order Number 232 provides that upon being laid in the House, the BPS shall stand committed to each Departmental Committee to consider, in accordance with its mandate, and make recommendations to the Budget and Appropriations Committee within 7 days of committal.

3. The contents of the Budget Policy Statement include:
    a. An assessment of the current state of the economy including macroeconomic forecasts;
    b. The financial outlook with respect to Government revenue, expenditures and borrowing for the next financial year and over the medium term;
    c. The proposed expenditure ceilings for the National Government, including those of Parliament and the Judiciary and indicative transfers to County Governments;
    d. The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt; and
    e. Statement of Specific Fiscal Risks.

4. This is the third Budget Policy Statement prepared under the Kenya Kwanza administration with the theme ***Consolidating Gains Under Bottom-Up Economic Transformation Agenda For Inclusive Green Growth***.

5. The Ministries, Departments and Agencies (MDAs) under the Committee's purview are the State Department for Tourism and the State Department for Wildlife.

Overall Highlights of the 2025 BPS

6. The government continues to implement policies and structural reforms to promote investment in five key areas. These are: Agricultural Transformation, Micro, Small and Medium Enterprises (MSME), Economy, Housing and Settlement, Healthcare, and Digital Superhighway and Creative Economy. These areas are expected to have a significant impact on the bottom of the economy.

7. Furthermore, the government continues to use the following enablers to support the main tenets of its Bottom-Up Economic Transformation Agenda (BETA): **services economy**, infrastructure, manufacturing sector, blue economy, environment and climate change, education and training, women's agenda, social protection, sports, culture, and the arts, youth empowerment and development agenda, governance, and foreign policy.

Table 1 provides a summary of BPS Ceilings for 2025 vis-à-vis the Supplementary Estimates I 2024/25

Table 1: Summary of the proposed Expenditure Ceilings Vs. Supplementary Estimates I 2024/25 (KSh. Billions)

	Details	Suppl Estimates I 2024/25	BPS 2025	Variances	% Change
					BPS 2025 Vs Supp Est. I 2024/25
1	National Government	2,300.53	2,562	261.48	11.37%
	Executive	2,237.16	2,493.77	256.61	11.47%
	Parliament	40.87	42.49	1.62	3.97%
	Judiciary	22.51	25.75	3.24	14.41%
2	Consolidated Funds Services	1,237.23	1,368.99	131.76	10.65%
3	County Government	410.83	405.07	(5.76)	-1.40%
	Total	**3,948.59**	**4,336.07**	**387.47**	**9.81%**
Share in Total Allocation					
1	National Government	58.26%	59.09%		
	Executive	56.66%	57.51%		
	Parliament	1.03%	0.98%		
	Judiciary	0.57%	0.59%		
2	Consolidated Funds Services	31.33%	31.57%		
3	County Government	10.40%	9.34%		

Source: The National Treasury: BPS 2025

8. The proposed BPS 2025 has a total budgetary allocation of **KSh. 4,336.07 billion**. The biggest portion is accounted for by the National Government (59.1%), which is followed by Consolidated Funds Services (31.4%), and County Government (9.3%).

The Executive holds the most proportion under the National Government, with 57.5%, followed by the Parliament at 0.98% and the Judiciary at 0.59%.

9. In terms of the Medium-Term Expenditure Framework (MTEF) sector classification, the Education sector, has the largest share of the total budgetary allocation in the BPS 2025 ceilings, accounting for 28.3% of the total budget, while the General Economic and Commercial Affairs (GECA) sector has the lowest share, accounting for 2.3% of the total budget. Table 2 below provides a summary of the budgetary allocation for each of the ten MTEF sectors.

Table 1: Summary MTEF Sector Budget Allocations (KSh. Billions)

S/No.	Sector	Suppl Estimates I 2024/25	% Share	BPS 2025	% Share
1.	Agriculture, Rural and Urban Development (ARUD)	73.93	3.2%	77.67	3.0%
2.	Energy, Infrastructure, and ICT	444.29	19.3%	504.6	19.7%
3.	General Economic and Commercial Affairs (GECA)	45.63	2.0%	59.13	2.3%
4.	Health	118.86	5.2%	204.49	8.0%
5.	Education	681.72	29.6%	723.89	28.3%
6.	Governance, Justice, Law, and Order (GJLO)	234.86	10.2%	265.87	10.4%
7.	Public Administration and International Relations (PAIR)	311.79	13.6%	286.76	11.2%
8.	National Security	219.3	9.5%	257.02	10%
9.	Social Protection, Culture and Recreation	68.94	3.0%	78.79	3.1%
10.	Environment Protection, Water and Natural Resources	101.19	4.4%	103.76	4.1%
	Grand Total	**2,300.53**	**100%**	**2,562**	**100%**

Source: The National Treasury: BPS 2025

REVIEW OF RECENT POLICY PRIORITIES (2020 -2024) FOR TOURISM AND WILDLIFE SECTOR

STATE DEPARTMENT FOR TOURISM

Policy prioritization trends in past BPSs

10. In its 2020 Budget Policy Statement, the government set out **to strengthen the thriving tourism sector while enhancing Kenya's reputation as a premier**

travel destination. The initiative aimed not only to generate foreign currency for the country but also to create numerous employment opportunities annually, particularly within the hospitality and restaurant subsectors.

11. The COVID-19 outbreak had a profound impact on the tourism industry, leading to the enforcement of lockdowns and travel bans aimed at curbing the virus's spread. These measures resulted in a substantial wave of hotel reservation cancellations and widespread job losses. In response, **the government intensified efforts to revitalize the sector's recovery post-pandemic, facilitating aggressive tourism marketing campaigns and providing support for hotel renovations through soft loans administered by the Tourism Finance Corporation**, as outlined in the 2021 Budget Policy Statement. Various measures were enacted to foster a conducive environment for the tourism industry.

12. The 2022 Budget Policy Statement aimed **to strengthen COVID-19 vaccination efforts, ease travel restrictions, establish protocols for managing restaurants and eateries, implement health and safety guidelines under Magical Kenya Tourism and Travel**, and introduce endorsements such as the "Safe Travels" Stamp and Safer Tourism Seal.

13. The 2023 Budget Policy Statement prioritized **fostering a bottom-up approach to job creation within the tourism sector** by:
    i. Cultivating a tourism ecosystem conducive to independent travel, particularly targeting young people, through the provision of quality and secure low-cost accommodations, affordable air travel options to all regions, and safe road transportation.
    ii. Promoting the diversification of Kenya's tourism offerings by emphasizing niche market products, notably adventure, sports, and cultural tourism.
    iii. Expanding source markets to include African markets, thereby diversifying and strengthening the country's tourism base.

14. The 2024 Budget Policy Statement was focused on **intensifying the contribution of tourism to the nation's GDP** by:
    i. Promoting investments in adventure, relaxation, sports, conference and medical tourism.
    ii. Mapping out potential tourism products and sites for development and marketing to attract tourists.

iii. Re-examining the tourism and wildlife sector and redesigning tourism ecosystem to improve flow to the country.

Table 3 below provides a summary of the policy prioritization trends for the Tourism Sub-Sector

Table 3: Summary of the Policy Prioritization Trends in previous BPSs

2022 BPS	2023 BPS	2024 BPS
Strengthen COVID-19 vaccination efforts, ease travel restrictions, establish protocols for managing restaurants and eateries, implement health and safety guidelines under Magical Kenya Tourism and Travel, and introduce endorsements such as the "Safe Travels" Stamp and Safer Tourism Seal.	Fostering a bottom-up approach to job creation within the tourism sector by: i. Cultivating a tourism ecosystem conducive to independent travel, particularly targeting young people, through the provision of quality and secure low-cost accommodations, affordable air travel options to all regions, and safe road transportation. ii. Promoting the diversification of Kenya's tourism offerings by emphasizing niche market products, notably adventure, sports, and cultural tourism. iii. Expanding source markets to include African markets, thereby diversifying and strengthening the country's tourism base.	Intensifying the contribution of tourism to the nation's GDP by: i. Promoting investments in adventure, relaxation, sports, conference and medical tourism. ii. Mapping out potential tourism products and sites for development and marketing to attract tourists. iii. Re-examining the tourism and wildlife sector and redesigning tourism ecosystem to improve flow to the country.

Source: The National Treasury: BPSs from 2022 – 2024

Status of 2024/25 Budget Performance: Financial and Non-Financial Performance

Table 4 highlights the non-performance of the key initiatives in the State Department for Tourism

Table 4: Non-Financial Performance of the key initiatives in the State Department for Tourism

State Department For Tourism	BETA Prioritization Projects					
	Planned Targets			Achieved Targets		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
No. of International tourist arrivals (millions)	1.03	1.987	2.4	1.65	2.128	-
Kenya Tourism Board (KTB) realized Earnings	172.89	359.08	432	297.3	384.35	-
Amount of Tourism Marketing grants Disbursed to KTB (million)	300	360	500	300	360	-
% Completion rate of Modernized KICC	35.71	64.14	80	37.82	64.14	-
No. of projects funded by TPF	16	48	15	10	51	-
Tourism Fund Levy Collected (Billions)	3.21	4.75	5.5	3.9	4.9	-

Source: The National Treasury, Sector Reports 2024

15. The projected international tourist arrivals of 1.99 million for FY 2023/24 was exceeded achieving an international arrival of 2.13 million tourists attributable to effective marketing campaigns, strategic collaborations with international travel agencies and government policies such as no Visa requirements for East African Community nationals.

16. Additionally, the surge in international arrivals translated into a substantial rise in tourism earnings, reaching a remarkable total of KSh. 384.35 billion during the financial year 2023/24. This reflects Kenya's attractiveness as a premier destination for international travelers, highlighting the success of ongoing efforts to promote the country's diverse attractions and enhance its global appeal.

17. The initially set completion percentage target for Modernized KICC of 35.7% was surpassed, hitting a completion percentage of 64.14% which was attributed to funds receipt from the Tourism Promotion Fund.

18. Tourism Promotion Fund (TPF) had targeted to fund 48 capital projects in FY 2023/24 which was surpassed to 51 capital projects being funded as it had disbursed a total of KSh. 4.48 billion during the same period.

19. On the other hand, Tourism Fund (TF) collected KSh. 4.9 billion levy out of its initial set target of KSh. 4.75 billion in FY 2023/24 as a result of multiagency approach

involving county governments, police and intelligence-led data and information mapping which contributed to more registration and payment of the Tourism Levy.

Table 5 below shows the financial performance in the first quarter of the financial year 2024/25.

Table 5: Financial Performance of the State Department for Tourism in the First Quarter of FY 2024/25 (KSh. Millions)

	Programmes	Sub-Programmes	Suppl Estimates I 2024/25			Expenditure as at 30th Sept, 2024			Absorption
			Rec	Dev	Total	Rec	Dev	Total	
1	Tourism Promotion and Marketing	Destination Marketing	292.06	-	292.06	19.01	-	19.01	7%
		Tourism Promotion	-	30	30	5.74	-	5.74	19%
2	Tourism Product Development and Diversification	Niche Tourism Product Development and Diversification	3,516.95	300	3,816.95	9.38	-	9.38	0.2%
		Tourism Infrastructure Development	5,081.90	100	5,181.90	-	-	0	0.0%
		Tourism Training and Capacity Building	452.27	40	492.27	8.55	-	8.55	2%
3	General Administration, Planning and Support Services	General Administration, Planning and Support Services	258.24	-	258.24	34.71	-	34.71	13%
TOTAL			9,601.41	470	10,071.41	77.38	-	77.38	1%

Source: COB First quarter report FY 2024/25

20. As of 30th September 2024, a total of **KSh. 77.38 million** had been expended, representing 1% of the allocated budget. This whole amount of KSh. 77.38 million was fully recurrent.

STATE DEPARTMENT FOR WILDLIFE

Policy prioritization trends in past BPSs

21. The previous Budget Policy Statements prioritized the mitigation of Human Wildlife Conflicts by increasing the response rates to the Human Wildlife Conflict cases, reduction of poaching cases and conducting wildlife conservation initiatives. As a result, the Wildlife Conservation Trust Fund Regulations were formulated towards the establishment of the Fund.

22. In the 2023 Budget Policy Statement, a significant initiative known as **Human Wildlife Insurance** was introduced, marking a proactive step towards addressing the complex issue of human-wildlife conflict in Kenya. This initiative received an initial seed funding of KSh. 800 million from the national exchequer.

23. The allocation of KSh. 800 million from the national budget underscores the government's recognition of the severity of human-wildlife conflict and its commitment to finding sustainable solutions. This funding serves as a crucial initial investment in the Human Wildlife Insurance program, which is expected to benefit affected communities across Kenya by providing them with a measure of financial security in the face of wildlife-related losses.

24. The 2024 Budget Policy Statement was geared towards the implementation of the Human Wildlife Insurance whereby a total of **KSh. 2,045.3 million** was disbursed in the pilot hotspot counties of Meru, Baringo, Laikipia, Narok , Kajiado and Taita-Taveta.

Table 6 below provides a summary of the policy prioritization trends for the Wildlife Sub-Sector

Table 6: Summary of the Policy Prioritization Trends in previous BPSs

2022 BPS	2023 BPS	2024 BPS
Mitigation of HWC by increasing the response rates to the Human Wildlife Conflict cases, reduction of poaching cases and conducting wildlife conservation initiatives	• Introduction of the Human Wildlife Insurance • Formulation of the PFM (Wildlife Conservation Trust Fund) Regulations 2023	The implementation of the Human Wildlife Insurance in the pilot hotspot counties of Meru, Baringo, Laikipia, Narok , Kajiado and Taita-Taveta

Source: The National Treasury: BPSs from 2022 – 2024

Status of 2024/25 Budget Performance: Financial and Non-Financial Performance

Table 7 highlights the non-performance of the key initiatives in the State Department for Wildlife

Table 7: Non-Financial Performance of the key initiatives in the State Department for Wildlife

State Department For Wildlife	BETA Prioritization Projects					
	Planned Targets			Achieved Targets		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
% Claims verified and approved	100	100	100	100	55	-
No. of Ranger Houses constructed	15	10	20	3	0	-
No. of Ranger Houses rehabilitated	60	70	136	11	42	-
No. of Rangers recruited and trained	-	-	1,350	-	1,350	-
No. of Cadets recruited and trained	-	-	150	-	0	-
No. of park visitors(Millions)	2.1	2.7	2.9	2.4	3.18	-
Revenue amounts collected (Millions)	5,269	7,529	7,121	5,371	7,664	

Source: The National Treasury, Sector Reports 2024

25. The target for the Human Wildlife Compensation Claims that were verified and approved was not achieved due to lack of a framework to compensate the County Wildlife Conservation Committees (CWCC) engagements.

26. The Ranger housing project targets were not achieved due to budget cuts in the Supplementary I Estimates for FY 2024/25. Additionally, the ranger recruitment target of 1,350 rangers was achieved whereas the cadets recruitment target of 150 cadets was not achieved since the applications were received in FY 2023/24 and therefore the cadet recruitment and training will be undertaken in FY 2024/25.

27. The park visitation target was surpassed, achieving 3.18 million park visitors and consequently generating an increased revenue of KSh. 7.66 billion. This was largely attributed to marketing initiatives, rehabilitation of the guesthouses in parks and tourism recovery.

Table 8 below shows the financial performance in the first quarter of the financial year 2024/25.

Table 8: Financial Performance of the State Department for Wildlife in the First Quarter of FY 2024/25 (KSh. Millions)

Programmes	Sub-Programmes	Suppl Estimates I 2024/25			Expenditure as at 30th Sept, 2024			Absorption
		Rec	Dev	Total	Rec	Dev	Total	
Wildlife Conservation and Management	Wildlife Security, Conservation and Management	11,176.65	335	11,511.65	2,859.71	21.93	2,881.65	25%
	Wildlife Research and Development	656.27	25	681.27	248.49	12.50	260.99	38%
	Administrative Services	221.15	-	221.15	24.37	-	24.37	11%
TOTAL		12,054.08	360	12,414.08	3,132.57	34.43	3,167.01	26%

Source: COB First quarter report FY 2024/25

28. As of 30th September, 2024 expenditures reached a total of **KSh. 3,167.01 million**, representing 26% of the allocated budget. Within this expenditure, KSh. 3,132.57 million was allocated to recurrent expenditures, while KSh. 34.43 million was dedicated to development expenditures.

29. A significant portion of these funds was directed towards the Wildlife Security, Conservation, and Management sub-programme, which encompasses essential initiatives such as the Human Wildlife Mitigation Project, a pioneering initiative classified as a BETA project. The allocation for this sub-programme accounted for the largest portion of spending, amounting to KSh. 2,881.65 million.

SECTORAL POLICY PRIORITIES AND CEILINGS IN THE 2025 BPS FOR THE MDAs

STATE DEPARTMENT FOR TOURISM

2025 BPS Proposed Policies and Priorities

30. The tourism sector holds significant potential as a driver of the Bottom-Up Economic Transformation Agenda in Kenya. Its capacity to provide foreign exchange and job opportunities is essential to improving the wellbeing of Kenyans from all socioeconomic backgrounds. In light of this, the government is determined to make a consistent effort to increase tourism in order to increase the industry's share of the country's GDP through:

i. **Maintaining and repositioning of the "Magical Kenya" brand to include all niche products and experiences as an upmarket destination with emphasis on elements of authenticity, diversity, sustainability and safety.**

The "Magical Kenya" brand will be strengthened by expanding its scope to include diverse tourism experiences such as cultural heritage, adventure tourism, and eco-tourism. The brand will be repositioned as a high-value destination, emphasizing sustainability, authenticity, and safety to attract premium travelers.

ii. **Marketing Kenya through brand ambassadors, social media influencers and digital media.**

Enhancing of Kenya's global visibility will involve data-driven marketing campaigns, collaborations with high-impact travel influencers, and the use of AI-powered tools to create personalized content and immersive experiences, such as virtual reality tours.

iii. **Engaging Kenyans in diaspora to market the destination in 12 source and emerging markets.**

This initiative will target both established and emerging markets, with organized cultural events and networking forums in key diaspora hubs to strengthen Kenya's tourism brand.

iv. **Developing and translating marketing materials in 6 foreign languages.**

To improve global outreach, **multilingual marketing materials** will be expanded and translated into at least six foreign languages whereby content will be localized to suit different cultures and thus enhancing real-time tourist engagement.

v. **Holding 4 roundtable meetings annually with Kenyan Ambassadors and diaspora community.**

These engagements will involve public-private partnerships, providing a platform for investment discussions and structured feedback mechanisms to refine Kenya's tourism marketing strategies.

Expenditure Ceilings in The State Department for Tourism

Table 9 below provides a summary of the Programme Expenditure Ceilings for the State Department for Tourism

Table 9: Program Expenditure Ceilings for the State Department for Tourism

S/No	Programme	Category	Supp Estimates I 2024/25	BPS 2025	Variations (BPS 2025-Supp Estimates I 2024/25)	% Variation
1	Tourism Promotion and Marketing	Rec	536.3	703	166.7	31.1%
		Dev	30	669	639	2,130%
		Total	**566.3**	**1,372**	**805.7**	**142.3%**
2	Tourism Product Development and Diversification	Rec	9,051.1	14,910.9	5,859.8	64.7%
		Dev	440	1,279	839	190.7%
		Total	**9,491.1**	**16,189.9**	**6,698.8**	**70.6%**
3	General Administration Planning and Support Services	Rec	258.2	318.7	60.5	23.4%
		Dev	-	36	36	100%
		Total	**258.2**	**354.7**	**96.5**	**37.4%**
TOTAL EXPENDITURE		**Rec**	**9,845.6**	**15,932.6**	**6,087**	**61.8%**
		Dev	**470**	**1,984**	**1,514**	**322.1%**
		Total	**10,315.6**	**17,916.6**	**7,601**	**73.7%**

Source: The National Treasury: BPS 2025

31. The State Department for Tourism operates three key programs: Tourism Promotion and Marketing, Tourism Product Development and Diversification, and General Administration Planning and Support Services. The total proposed ceiling for the department amounts to **KSh. 17,916.6** million, with a recurrent budget of KSh. 15,932.6 million and a development budget of KSh. 1,984 million. This allocation has risen from KSh. 10,315.6 million in the Supplementary Estimates I 2024/25 to KSh. 17,916.6 million in BPS 2025, representing a **73.7%** overall increase.

32. A major portion of this increase is directed towards Tourism Promotion and Marketing, where the total allocation has grown from KSh. 566.3 million to KSh. 1,372 million, a 142.3% rise. The recurrent budget for this program has increased by 31.1%, rising from KSh. 536.3 million to KSh. 703 million, which will support intensified promotional campaigns and global marketing strategies. Meanwhile, the development budget has seen an extraordinary 2,130% increase, from KSh. 30

million to KSh. 669 million, indicating a strong focus on digital marketing, tourism infrastructure, and new promotional strategies.

33. The largest budgetary increase is in Tourism Product Development and Diversification, where funding has surged from KSh. 9,491.1 million to KSh. 16,189.9 million, a 70.6% rise. The recurrent budget for this program has increased by 64.7%, from KSh. 9,051.1 million to KSh. 14,910.9 million, reflecting greater investment in diversifying tourism products, promoting cultural heritage, and expanding eco-tourism initiatives. Similarly, the development budget has nearly tripled, growing by 190.7% from KSh. 440 million to KSh. 1,279 million, underscoring substantial investment in tourism infrastructure, new attractions, and diversification projects.

34. The General Administration, Planning, and Support Services program has also seen a notable budget increase, rising from KSh. 258.2 million to KSh. 354.7 million, a 37.4% growth. The recurrent budget has increased by 23.4%, reaching KSh. 318.7 million, ensuring improved operational efficiency. Additionally, a new development budget allocation of KSh. 36 million, which was previously at zero, has been introduced, marking a 100% increase and signaling a focus on institutional strengthening and modernization of support services.

STATE DEPARTMENT FOR WILDLIFE

2025 BPS Proposed Policies and Priorities

35. The State Department for Wildlife is committed to addressing Human-Wildlife Conflict (HWC) through structured compensation and sustainable conservation financing. To this end:
    a. Compensation for HWC Victims: A total of **KSh. 2,045.3 million** has been disbursed as compensation, piloted in six identified hotspot counties: **Meru, Baringo, Laikipia, Narok, Kajiado, and Taita Taveta**. Moving forward, compensation mechanisms will be enhanced and scaled to ensure timely and equitable redress for affected communities.
    b. Establishment of the Wildlife Conservation Trust Fund: The Wildlife Conservation Trust Fund has been established under the Public Finance Management (Wildlife Conservation Trust Fund) Regulations, 2023. This Fund will provide long-term, sustainable financing for wildlife conservation

initiatives, reducing reliance on exchequer funding and enhancing resource mobilization for conservation efforts.

36. The State Department for Wildlife is committed to enhancing wildlife conservation, mitigating human-wildlife conflict, and strengthening infrastructure to support sustainable ecosystem management. In the 2025 Budget Policy Statement, the sector will prioritize the following initiatives:
    a. **Revenue Growth and Visitor Expansion:**
        - Increase sector revenue to **KSh. 23,776 million** through enhanced tourism and park management strategies.
        - Expand park visitation to **4 million visitors** by improving visitor experience and marketing efforts.

    b. **Anti-Poaching and Security Enhancement:** Acquire **six categories of specialized equipment** to modernize anti-poaching technology.

    c. **Infrastructure Development and Maintenance:**
        - Construct **210 km**, rehabilitate **215 km**, and maintain **6,250 km** of protective fencing to reduce human-wildlife conflict.
        - Construct **166 new ranger houses** and rehabilitate **666 houses** to improve ranger welfare.
        - Maintain **7,050 km of park roads** and **908 km of roads in conservancies** to enhance accessibility.

    d. **Habitat and Environmental Conservation:**
        - Restore **6,000 hectares** of degraded habitat land to support biodiversity.
        - Conduct **30 wildlife population counts** to monitor species trends.
        - Construct **40 water pans** and drill **38 boreholes** for communities to support sustainable water access.
        - Map **1,000 hectares** of wildlife corridors and dispersal areas for effective conservation planning.
        - Conduct **6 climate studies** and adopt **6 wildlife technologies** to enhance conservation practices.
        - Map **6 invasive species areas** to support biodiversity protection.

    e. **Human-Wildlife Conflict (HWC) Management:** Settle **100% of all verified and approved** HWC compensation claims to support affected communities.

f. **Research and Forensic Capabilities:**
   - Conduct **300 zoonotic forensic DNA analyses** to strengthen wildlife health monitoring.
   - Rehabilitate research and training facilities in **Naivasha** to enhance capacity building and innovation in conservation.

Expenditure Ceilings in the State Department for Wildlife

Table 10 provides a summary of the Programme Expenditure Ceilings for the State Department for Wildlife

Table 10: Program Expenditure Ceilings for the State Department for Wildlife

S/No	Programme	Category	Supp Estimates I 2024/25	BPS 2025	Variations (BPS 2025-Supp Estimates I 2024/25)	% Variation
1	Wildlife Conservation and Management	Rec	12,054.1	12,083	28.9	0.2%
		Dev	360	2,298	1,938	538.3%
		Total	**12,414.1**	**14,381**	**1,966.9**	**15.8%**
TOTAL EXPENDITURE		**Rec**	12,054.1	12,083	28.9	0.2%
		Dev	360	2,298	1,938	538.3%
		Total	**12,414.1**	**14,381**	**1,966.9**	**15.8%**

Source: The National Treasury: BPS 2025

37. The Budget Policy Statement (BPS) 2025 reflects a notable increase in expenditure allocations for the State Department for Wildlife, from KSh. 12,414.1 million in the 2024/25 Supplementary Estimates I to KSh. 14,381 million in BPS 2025, representing a **15.8%** overall increase.

38. A significant portion of this increase is directed towards development expenditure, which has risen from KSh. 360 million to KSh. 2,298 million, marking a substantial 538.3% growth. This sharp increase indicates a strong focus on infrastructure development, habitat restoration, and the modernization of conservation efforts. Investments in fencing, anti-poaching technology, and ecosystem restoration are expected to be key priorities under this expanded development budget.

39. On the other hand, recurrent expenditure has seen only a marginal increase of 0.2%, rising from KSh. 12,054.1 million to KSh. 12,083 million. This allocation will support ongoing conservation activities, operational costs, and administrative functions necessary for sustaining wildlife protection and management.

40. The significant growth in development funding highlights the government's recognition of the need for long-term investments in wildlife conservation. This increased allocation aligns with strategic efforts to mitigate human-wildlife conflict, enhance biodiversity protection, and strengthen conservation infrastructure, ensuring the sustainability of Kenya's rich wildlife heritage.

SUMMARY OF KEY ISSUES IN THE BPS 2025

STATE DEPARTMENT FOR TOURISM

41. **SAGA Mergers** – As part of the government's broader SAGA Mergers initiative, the Kenya Tourism Board (KTB) is set to merge with the Tourism Research Institute (TRI), while the Tourism Promotion Fund (TPF) will be merged with the Tourism Fund (TF). These mergers are aimed at eliminating duplication, enhancing efficiency, and streamlining resource utilization within the tourism sector. However, the transition may face challenges such as staff restructuring, legal adjustments, and integration of existing systems. Effective change management will be critical to ensure a smooth transition and maximize the benefits of these mergers.

42. **Inconsistent policies** - The 2025 Budget Policy Statement (BPS) introduces new priorities, such as foreign language translation services and planned roundtable discussions, which appear misaligned with the key policy priorities set in the 2024 BPS. There is no clear assessment of the progress or outcomes of the 2024 policies, raising concerns about policy continuity, effectiveness, and accountability. Without a structured evaluation of past initiatives, the introduction of new policies may lead to fragmentation, inefficiencies, and resource misallocation in sector planning and implementation.

STATE DEPARTMENT FOR WILDLIFE

43. **Delay in Compensation of Human Wildlife Conflict Victims** – The Human Wildlife Compensation Committee has been unable to meet for about two years due to budgetary issues, which has slowed down the process.

44. **Backlog on the status of the claims** – There is insufficient transparency and reporting on the status of verified and paid claims, leading to a backlog of unresolved cases. The lack of clear, publicly available information makes it difficult to track progress, ensure accountability, and address delays in claim settlements. This gap in reporting may undermine public trust and confidence in the claims process, affecting stakeholders who rely on timely compensation.

POLICY OPTIONS

Based on the analysis in the above sections, the make the following decisions:

Policy Options	Implications
i. Approve 2025 BPS for the two State Departments (State Department for Tourism and State Department for Wildlife) as presented	The Committee agrees with the policies, priorities, programmes, and projects planned for implementation in the FY 2025/2026 and the medium term.
ii. Amend the policies; priorities; programmes; and projects for the FY 2025/2026 and the medium term	The Committee may amend the sub-sector's policies; priorities; programmes; and projects for implementation in the period as follows: a. Repealing of the laws forming the TPF and TF in order to effect the proposed merger. b. Ensure that the Human Wildlife Compensation Insurance operation is hastened to reduce the compensation claims.

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT -FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TOURISM & WILDLIFE

MEMBERS ATTENDANCE SCHEDULE

Date: 27/2/2025

Start Time: 10.00am **End Time:**
VENUE: Committee Room on 5th Floor, Bunge Tower

AGENDA: CONSIDERATION OF THE REPORT ON BUDGET POLICY STATEMENT 2025

NO.	NAME	SIGNATURE
1.	**Hon. Mbiuki, Japhet Miriti Kareke, CBS, M.P.** **Chairperson**	
2.	**Hon. Wanjiku, John Njuguna, M.P** **Vice- Chairperson**	
3.	Hon. (Capt.) Obo, Ruweida Mohamed, M.P	
4.	Hon. Bedzimba, Rashid Juma, M.P	
5.	Hon. Khamis, Abdi Chome, M.P.	
6.	Hon. (Dr.) Gichuki, Edwin Mugo, M.P	
7.	Hon. Mugabe, Innocent Maino, M.P	
8.	Hon. Kailemia, Elizabeth Karambu, M.P.	
9.	Hon. Abdi, Abdi Ali, M.P	
10.	Hon. Ruku, Geoffrey Kariuki Kiringa, M.P	
11.	Hon. Kilel, Richard Cheruiyot, M.P	
12.	Hon. Kiprono, Mutai Alfred, M.P	
13.	Hon. Paul Chebor, M.P.	
14.	Hon. Shake, Peter Mbogho, M.P	
15.	Hon. Abubakar, Talib Ahmed, M.P	

Forwarded by:
Signed.....**Date**...27.2.2025.....
Ms. Mary Lemerelle
Clerk Assistant I
Departmental Committee on Tourism & Wildlife.

Approved By:
Signed.....**Date**.....
Mr. Peter Chemweno
Director, Directorate of Departmental Committees.

DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT (BPS)

VOTE 1091 – STATE DEPARTMENT OF ROADS
VOTE 1092 – STATE DEPARTMENT OF TRANSPORT
VOTE 1093 –STATE DEPARTMENT OF SHIPPING AND MARITIME AFFAIRS

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MARCH, 2025

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ABBREVIATIONS

BMA	- Bandari Maritime Academy
BPS	- Budget Policy Statement
FY	- Financial Year
GoK	- Government of Kenya
RMLF	-Road Maintenance Levy Fund
ICT	- Information and Communication Technology
NMTP	- National Maritime Transport Policy
METP	- Maritime Education and Training Policy
INTP	- Integrated National Trasport Policy

CHAIRPERSON'S FOREWORD

This is a report on the consideration of the 2025 Budget Policy Statement (BPS) by the Departmental Committee on Transport and Infrastructure. The report is as a result of deliberations between the Committee and various State Departments under its purview.

The 2023 Budget Policy Statement (BPS) was tabled in the House on 13th February 2025 and committed to the relevant Departmental Committees for consideration in accordance with Section 25(2) of the Public Finance Management Act, 2012, as read together with Standing Order 232(5). The Committees are required to consider the 2025 Budget Policy Statement (BPS) 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 and Infrastructure held meetings to consider the proposed 2025 Budget Policy Statement (BPS). The Committee held meetings with the spending agencies and received their submissions in meetings on 25th February 2025. Thereafter, the Committee proceeded to compile its report for submission to the Liaison Committee.

The report contains the committee's discussions, observations, and recommendations regarding the proposed Budget Policy Statement (BPS) for all the votes and SAGAs under its oversight.

The Committee observed that all the State Departments under the oversight of the Departmental Committee have been allocated ceilings below their budgetary requirements for implementation of various programmes, projects and activities.

The Committee, therefore, recommends, among others, that in pursuit of the Policy goal of mobilizing private sector resources to develop and expand key trunk networks in the country, in particular, the *Mombasa - Nairobi – Malaba/Busia* road corridor as outlined in the first Budget Policy Statement (BPS 2023), the Ministry of Roads and Transport in consultation with the National Treasury initiates the process of engaging the Private Sector to finance the remaining sections of the Corridor, particularly the stretch between *Mau summit to Kisumu* and beyond to avoid traffic snarl-up at *Mau summit area.* The Committee further recommends that during the formulation of the annual estimates for the Financial year 2025/26, the National Treasury enhances the operations and Maintenance budget for the State Department for Roads by **Kshs. 182 million** to enable the Department to monitor the entire Portfolio of projects under implementation effectively.

HON. G.K. GEORGE KARIUKI, CBS, M.P
CHAIRPERSON

CHAPTER ONE

1.0 PREFACE

1.1 Mandate of the Committee

1. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -

    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 the implementation;
    iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    iv. study and review all legislation referred to it;
    v. study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
    vi. 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;
    vii. 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);
    viii. examine treaties, agreements and conventions;
    ix. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
    x. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    xi. examine any questions raised by Members on a matter within its mandate.

1.2 Committee Subjects

2. The Committee is mandated to consider the following subjects:

    i. Transport, including non-motorized transport;
    ii. Construction and maintenance of roads;
    iii. Rails, air and marine transport; Seaports and national integrated infrastructure policies and
    iv. programmes; and
    v. Transport safety.

1.3 Oversight

3. The Committee oversights the Ministry of Roads and Transport which has two state departments namely:
    i. State department for Roads
    ii. State department for Transport

4. Further, Committee oversights the State Department for Shipping and Maritime Affairs which is under the Ministry of Mining, Blue Economy, and Maritime Affairs.

1.4 Committee Membership

1. The Committee comprises the following Members:

The Hon. G.K George Kariuki, CBS, M.P - **Chairperson**
Ndia Constituency
United Democratic Alliance Party

The Hon. Mutua Didmus Wekesa Barasa, M.P- **Vice- Chairperson**
Kimilili Constituency
United Democratic Alliance Party

The Hon. Arama Samuel. M.P
Nakuru Town West Constituency
Jubilee Party

The Hon. Abdul Rahim Dawood, M.P.
North Imenti Constituency
Independent

The Hon. Naicca, Johnson Manya, CBS, M.P
Mumias East Constituency
Orange Democratic Movement Party

The Hon. Elsie Muhanda, M.P.
Kakamega County
Orange Democratic Movement Party

The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P
Ruaraka Constituency
Orange Democratic Movement Party

The Hon. Chege John Kiragu, M.P.
Limuru Constituency
United Democratic Alliance Party

The Hon. Kiaraho, David Njuguna, M.P.
Jubilee Party

Ol Kalao Constituency
The Hon. Kiunjuri Festus Mwangi, M.P.
Laikipia East Constituency
The Service Party

The Hon. Bady, Bady Twalib, M.P.
Jomvu Constituency
Orange Democratic Movement Party

The Hon. Abdirahman, Husseinweytan Mohamed, M.P.
Mandera East Constituency
Orange Democratic Movement Party

The Hon. Komingoi Kibet Kirui, M.P.
Bureti Constituency
United Democratic Alliance Party

The Hon. Saney Ibrahim Abdi, M.P
Wajir North Constituency
United Democratic Alliance Party

The Hon. Jhanda Zaheer, M.P
Nyaribari Chache Constituency
United Democratic Alliance

1.5 Committee Secretariat

2 The Committee is serviced by the following Members of Staff

Ms Tracy Chebet Koskei
Senior Clerk Assistant
Lead Clerk

Mr. Mohamednur Mohamud Abdullahi
Clerk Assistant III

Mr Abdinasir Moge
Fiscal Analyst

Mr Eric Kariuki
Research Officer

Mr. Clinton Sindiga
Legal Counsel II

Ms Clare Choper Doye
Clerk Assistant III

Ms Rihna Saineye
Media Relations Officer

Mr Danton Kimutai
Audio Officer

Ms Faith Makena
Serjeant at-Arms

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE 2025 BUDGET POLICY STATEMENT (BPS)

5. The theme for the 2025 BPS is *"Consolidating Gains under Bottom–up Economic Transformation Agenda for Inclusive Green Growth"*. The Agenda is geared towards economic turnaround and inclusive growth. The Agenda aims to increase investments in at least five sectors expected to have the largest impact and linkages to the economy as well as on household welfare. These will include agricultural transformation, micro, small, and medium enterprises (MSME), housing and settlement, healthcare, digital superhighway, and creative industry. While the five key sectors are listed as the main drivers of the government agenda, other sectors, including roads, are listed as enablers.

6. The 2025 BPS explicitly sets out two main policy objectives to be pursued by the sub-sectors of roads and Transport in the next financial year and over the medium term. These are;

   i. Continued investment in road infrastructure by completing all roads under construction. The Government will also prioritize upgrading and maintaining rural access roads, improving road infrastructure in urban informal settlements, and critical national and regional trunk roads that have the highest immediate economic impact.
   ii. Develop a turnaround strategy for Kenya Airways. A critical plank of this strategy will be a financing plan that does not depend on operational support from the exchequer beyond December 2023.

7. The Policy Prioritization and Ceilings with regard to the State Departments under the purview of the Departmental Committee on Transport and Infrastructure are as discussed below;

a) State Department for Roads

8. The State Department of Roads falls under the Energy, Infrastructure, and ICT Sector. The State Department presented to the Energy, Infrastructure, and ICT Sector a budget resource requirement of Kshs.460.6 billion for 2025/26 and has received an allocation of Kshs.198.9 billion in the 2025 BPS, resulting in a budget shortfall of Kshs.261.7 billion.

9. Out of the **Recurrent BPS** allocation of Ksh 71,898,000,000, Ksh 69,523,000,000 (or 97% of the ceiling) is allocated to the Road Maintenance Levy Fund RMLF). Out of this Ksh 71.898 billion, Ksh 1.2 billion is for Transit Tolls and the balance of Ksh 70.698 billion is fuel levy allocation. This Ksh 70.698 billion fuel levy allocation is the estimated collection from the Ksh 15 per litre of fuel. This amount will be used for Road Maintenance in 2025/2026.

10. **Annuity Fund** collections from the Ksh 3/= per litre of fuel are captured under the Development Budget BPS Ceilings.

11. The State Department for Roads has a net GOK resource requirement of Ksh 287 billion for the 2025/2026 Financial Year but has only been allocated Ksh 60.5 billion, resulting into a shortfall of Ksh 226.5 billion. The total outstanding project portfolio chargeable to the GOK component is approximately Ksh 700 billion. Added to this outstanding portfolio is a pending bills component of Ksh 175 billion as of 31st December 2024, made up of certified works, land compensation and relocation of services. The pending bills are mainly due to inadequate budget provisions over the years, viz-a-vis the portfolio of projects.

12. The Subsector continues to experience an increasing financing gap. The GOK shortfall in funding will negatively affect road project implementation, resulting in delayed project completion, interest and other claims, abandoned projects, expensive projects, and reduced confidence in the Government's honouring its obligations, among other negative issues.

13. **The Roads Bond**: The Cabinet approved the securitization of the additional Fuel Levy of Ksh 7 per litre approved in July 2024. This translates to approximately Ksh 32 billion per year. Based on the Cabinet's approval, the State Department for Roads, through the Kenya Roads Board, is securitizing the Ksh 7/= through a bond issuance to raise Ksh 175 billion by 30th June 2025. The amount raised will mainly be utilized to settle pending bills. The budget provision balances in the current budget will be utilized to settle current works on contracted projects.

b) State Department for Transport

14. Despite the country's fiscal challenges, the State Department for Transport has continued implementing the government agenda. In FY2024/25, the State Department has absorbed Kshs. 23 billion, out of which Kshs. 6.6 billion is under the recurrent budget, while Kshs.16.4 billion is under the development budget. This reflects a 40% and 51% absorption rate under the recurrent and development budgets, respectively. The low absorption under the recurrent budget is due to delays in the exchequer releases, especially transfers.
15. The FY 2025/26 resource requirement is Kshs. 99.3 billion for the State Department's proposed FY 2025/26 budget allocation based on the Budget Policy Statement is Kshs. 66.4 billion. There is, therefore, a shortfall of Kshs. 32.9 billion, out of which Kshs. 1 billion is recurrent, while Kshs 31.9 billion is in the development budget.

16. The LAPSSET Corridor Development Authority (LCDA) is one of the agencies affected by the Cabinet resolution on reforming State Corporations. LCDA was established under the State Corporations Act Cap. 446. Executive Order Gazette Notice No 58 of 2013 to serve as one of the delivery agencies under the State Department to support the coordinated planning, development, and management of Multi-Modal Transit and Transport Corridors.

17. The LAPSSET corridor is one of the modal transit and transport corridors that requires critical coordination of planning, development, and management. The LAPSSET Corridor Development Authority (LCDA) is proposed to continue operating under the State

Department for Transport to safeguard a structure that ensures the realization of the original goal of LAPSSET integrated economic multi-modal transport corridor planning and development, an independent budget line for LAPSSET Corridor Development Authority (LCDA) under the State Department for Transport ought to be retained.

c) State Department for Shipping and Maritime Affairs

18. The State Department implements one programme, namely Shipping and Maritime Affairs. The reso urce requirement for FY 2025/26 is Kshs. 7.35 Billion. However, due to budgetary constraints, the resource allocation as contained in the BPS is Kshs 6.05 Billion, of which Kshs 3.69 Billion is for the Recurrent Budget and Kshs 2.36 Billion is for the Development Budget.

19. The growth of Shipping and maritime affairs is guided by the Updated Integrated National Transport Policy (INTP 2024). The State Department and its SAGAS implement the policy's objectives under maritime transport.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

20. The Committee held meetings with State Departments under its purview on 25th February 2025 regarding the 2025 Budget Policy Statement. The Submissions are as follows:

3.1 STATE DEPARTMENT FOR TRANSPORT

21. The Cabinet Secretary for the Ministry of Roads and Transport, Mr. Davis Chirchir, CBS, presented on the Budget Policy Statement for the State Department for Transport. He begun by emphasizing that; to execute the mandates and functions bestowed to the State Departments for Transport, the following five (5) MTEF Budgeting programmes provide the basis for funding the programmes, projects and services;

1) Air Transport;
2) Road Transport Safety and Regulation;
3) Marine Transport;
4) Rail Transport;
5) General Administration, Planning and Support.

3.1.1 Implementation Status of the 2024/25 Financial Year Budget As At 31st December 2024

a) Cumulative Financial Performance

22. The Principal Secretary for the State Department for Transport, Mr. Mohamed Daghar, submitted that the State Department has continued implementing the government agenda despite the country's fiscal challenges. The State Department has so far absorbed **Kshs. 23 billion**, out of which **Kshs. 6.6 billion** is under the recurrent budget, while **Kshs.16.4 billion** is under the development budget. This reflects a 40% and 51% absorption rate under the recurrent and development budgets, respectively. The low absorption under the recurrent budget is due to delays in the exchequer releases, especially transfers.

b) Status of Capital projects as of December 2024

23. The Cabinet Secretary provided an annex to the project implementation status report detailing the progress of all capital projects as of 31 December 2024.

3.1.2 Key Policies Underlying the Expenditure Ceilings in the 2025 BPS

24. On the Key Policies Underlying the Expenditure Ceilings in the 2025 BPS, the Principal Secretary submitted that the overriding policy that informed the expenditure ceilings for the State Department for Transport in the 2025 Budget Policy Statement is the **Integrated National Transport Policy (INTP).** The Policy aims to create a conducive environment that stimulates rapid development and efficient management of safe and widely accessible transport systems. The specific policies and interventions that formed the basis of the expenditure ceiling include;

    a. Adoption of electric mobility as a priority intervention to achieve the win-win outcomes of reducing greenhouse gas emissions, providing cheaper transport, and leveraging our large local and regional motorcycle market to build an electric vehicle industry.
    b. Implementation of the Kenya Urban Mobility Improvement Project (KUMIP)
    c. Expansion and modernization of airstrips to connect various parts of the country and enhance Kenya's connectivity and competitiveness in the region
    d. Construction of the Riruta-Lenana-Ngong Railway Line
    e. Construction Phase I of the Nairobi Railway City (NRC) project
    f. Completion of the new MGR link connecting Mombasa SGR terminus to Mombasa MGR station, along with construction of a railway bridge across the Makupa Causeway
    g. Acquisition of a new ferry for Lake Victoria;
    h. Completion of construction of the control tower at Kisumu Airport;
    i. Completion of rehabilitation of the terminal building and apron at Ukunda Airport;
    j. Automation and upgrading of nine motor vehicle inspection centres and establishment of five new motor vehicle inspection centres.

3.1.3 Indicative Financial And Non-Financial Performance Targets Linked to the policies and Programmes in the Budget Policy Statement

25. The Principal Secretary stated that the FY 2025/26 resource requirement is **Kshs. 99.3 billion**. The State Department's proposed FY 2025/26 budget allocation based on the Budget Policy Statement is Kshs. 66.4 billion. This brings a shortfall of **Kshs. 32.9 billion**, out of which **Kshs. 1 billion** is recurrent, while **Kshs 31.9 billion is** in the development budget.

b) Recurrent and Development Budget Allocation for State Corporation

26. The resource requirement and the proposed budget allocation for State Corporations under the State Department for the FY 2025/26 & MTEF period under the recurrent and development budget are summarised in the tables below;

(i) Recurrent Budget

Recurrent Resource Requirement vs. Allocation for State Corporation

State Corporations (Recurrent)		Baseline FY2024/25		Requirements FY2025/26		Allocation FY2025/26	
		GoK	AIA	GoK	AIA	GoK	AIA
1.	Kenya Railways Corporation [KRC]	654	-	500	-	500	-
2.	National Transport and Safety Authority [NTSA]	200	2,300	300	4,653	200	4,653
3.	Kenya Ports Authority		503	-	503	-	503
4.	Kenya Civil Aviation Authority [KCAA]	-	11,217	-	13,926	-	13,926
5.	LAPSSET Corridor Development Authority [LAPSSET]	515	-	947	-	615	-
6.	Nairobi Metropolitan Area Transport Authority [NaMATA]	518	-	1,005	-	518	-
7.	Kenya Millennium Development Fund	-	-	94	-	50	-
Total		**1,887**	**14,020**	**2,846**	**19,082**	**1,883**	**19,082**

(ii) Development Budget

Development Resource Requirement vs. Allocation for State Corporations

State Corporations (Development)		Baseline FY2024/25			Requirements FY2025/26			Allocation FY2025/26		
		Gok	AIA	Donor	AIA	GoK	Donor	AIA	GoK	Donor
1	Kenya Airports Authority [KAA]	-	-	-	-	1,000	-	-	600	-
2	KPA – Kenya Ferry Services	365	-	2,000	2,365	450	1,500	2,365	300	1,500
3	Kenya Railways Corporation [KRC]	-	25,217	2,200	34,250	15,000	2,380	34,250	1,210	1,380

State Corporations (Development)	Baseline FY2024/25			Requirements FY2025/26			Allocation FY2025/26		
	Gok	AIA	Donor	AIA	GoK	Donor	AIA	GoK	Donor
4 National Transport and Safety Authority [NTSA]	120		760	-	750	1,000	-	290	774
5 LAPSSET Corridor Development Authority [LAPSSET]	20	-	73	-	500	20	-	210	20
6 Nairobi Metropolitan Area Transport Authority [NaMATA]	582	-	19	-	4,600	-	-	500	-
7 Kenya Millennium Development Fund	-	-	-	-	500	1,813	-	0	500
Total	**1,087**	**25,217**	**5,052**	**36,615**	**22,800**	**6,713**	**36,615**	**3,110**	**4,174**

27. On the Non-Financial Performance for FY2025/26 and the MTEF period, the Cabinet Secretary submitted that the State Department intends to implement the following programmes and projects in the FY 2025/26 and MTEF. The targets are within the Budget Policy Statement resource sharing ceiling.

28. The Principal Secretary also provided a list of proposed projects and the respective expenditure allocations for the financial year 2025/26-2027/28, which is attached to this report as an annexure.

3.1.4 Implementation status of the Cabinet Resolution on reforming State Corporations

29. Regarding the Implementation status of the Cabinet Resolution on reforming State Corporations, the Principal Secretary submitted that the LAPSSET Corridor Development Authority (LCDA) is one of the agencies affected by the Cabinet resolution on reforming State Corporations. LCDA was established under the State Corporations Act Cap. 446. Executive Order Gazette Notice No 58 of 2013. The Authority serves as one of the delivery agencies under the State Department to support the coordinated planning, development, and management of Multi-Modal Transit and Transport Corridors. The LAPSSET corridor is one of the multi-modal transit and transport corridors that require critical coordination of planning, development, and management.

30. He added that the LAPSSET Corridor Development Authority (LCDA) is proposed to continue operating under the State Department for Transport to safeguard a structure that ensures the realization of the original goal of LAPSSET integrated economic multi-modal transport corridor planning and development. An independent budget line for the LAPSSET Corridor Development Authority (LCDA) under the State Department for Transport ought to be retained.

3.1.5 Critical Underfunded/ Not Funded Areas

31. The Cabinet Secretary requested the Departmental Committee to consider additional funding in the following key underfunded/unfunded areas as summarized in the table below for recurrent and development, respectively.

Recurrent Budget for FY2025/26 (Kshs. Million)

S/No.	Item	Requirements	Allocation	Funding Gap
1.	**Nairobi Metropolitan Area Transport Authority (NaMATA)**			
	Personnel Emolument	235	185	50
	Operations and Maintenance	445	219	226
	Sub-total	**680**	**404**	**276**
2.	**SDoT Headquarter**			
	Operations and Maintenance	496	178	318
3.	**Kenya Railways Corporation**			
	Pending bill for RAP Project	154	-	154
	Total	**1,330**	**582**	**748**

Development Budget for FY2025/26 (Kshs. Million)

S/No.	Item	Requirements	Allocation	Funding Gap
1.	**Nairobi Metropolitan Area Transport Authority (NaMATA)**			
	Bus Rapid Transit (BRT)-Line 2 Simba	4,664	1,005	3,664
2.	**Kenya Airports Authority**			
	Rehabilitation of Malindi Airstrip runway	150	-	150
3.	**Kenya Railways Corporation (KRC)**			
	Relocation Units at Kibera & Mukuru	2,677	400	2,277
	Development of Nairobi Railway City	951	500	451
4.	**SDoT Headquarter**			
	Refurbishment of Transcom House	300	60	240
	TOTAL	**8,742**	**1,965**	**6,777**

32. The Principal Secretary concluded by thanking the Committee for the opportunity to deliberate on the BPS and requesting your continued support and partnership with the State Department in fulfilling the Ministry's mandate.

Committee Concerns

33. The Members raised the following issues;

(i) The Ministry should prioritize completing ongoing projects instead of initiating new ones, which leads to the accumulation of pending bills.

(ii) Given the country's tight fiscal space, the Ministry should consider prioritizing some projects and shelving others until there are enough funds instead of asking for additional funds.

(iii) The Committee directed the State Department to allocate development funds for Airports and airstrips, including Isiolo Airport, which is an important project in the Lapsset development corridor, and Kakamega Airstrip, which has been abandoned and is in a state of disrepair. The Committee was informed that the ministry is developing an airstrip policy that will guide the sector

(iv) The Committee noted that motor vehicle inspection should be delinked from the National Transport and Safety Authority by allowing private companies to conduct the exercise. The Committee directed that the regulations on public-private partnerships in relation to motor vehicle inspection be fast-tracked to enable the private sector to conduct motor vehicle inspection

(v) The Committee was informed that plans to extend the standard gauge railway from Naivasha to Malaba are still ongoing Beacons will be elected along the corridor, and thereafter, land compensation will be undertaken

3.2 STATE DEPARTMENT FOR ROADS

34. The Principal Secretary for the State Department for Roads, Eng. Joseph Mbugua, while appearing before the Committee on Tuesday, 25th February 2025, apprised the Committee on the mandate and SAGAs under the State Department for Roads.

35. The Principal Secretary highlighted that the State Department presented to the Energy, Infrastructure, and ICT Sector a budget resource requirement of **Kshs.460.6 billion** for 2025/26 and received an allocation of **Kshs.198.9 billion** in the 2025 BPS, resulting in a budget shortfall of **Kshs.261.7 billion**, as shown below.

The Principal Secretary stated the 2025 Budget Policy Statement ceilings as follows:

Recurrent Ceilings

36. The State Department for Roads's recurrent resource requirement is 104.463 billion, and it received an allocation of 71.898 billion in the 2025 BPS, resulting in a shortfall of **32.565 billion.**
37. He further added that the State Department's projections, as contained in the Energy Infrastructure and ICT Sector report, were inclusive of the Fuel levy increment of Ksh 7 per Litre under the Road Maintenance Levy Fund (RMLF). The BPS 2025 ceiling is exclusive of this increment; whose impact is approximately Ksh 32 billion.

38. The Principal Secretary emphasized that the State Department continues to experience a budget shortfall in headquarters Operations and maintenance. The Ksh 108 million provided for Headquarters Operations and Maintenance is completely inadequate to oversee a Development Budget of Ksh 140 billion under the Road Agencies.

39. The Ksh 182 million shortfalls will negatively impact the State Department Headquarters in terms of constrained supply of office necessities, constrained travel to monitor and evaluate projects, affect Small and Micro Enterprises in terms of reduced supply for small user items, among other negative consequences.

40. On the **Development Budget Ceiling**, the Principal Secretary set out that the development resource requirement for the State Department for Roads is 356.166 billion. The department received an allocation of 126.991 billion in the 2025 BPS, resulting in a shortfall of **229.175 billion.**

3.2.1 The Implementation status of the financial year 2024/25 budget as at 31st December, 2024

41. The Principal Secretary Submitted that the 1st Revised Budget 2024/2025 was **72,072,170,790 Ksh** while the 1st Half Expenditures 24/25 was **35,421,601,862 Ksh.** This shows the overall recurrent budget performance, averaging 49% in terms of expenditure, was at par with half-year expectations of 50%

42. The Principal Secretary also Submitted that the 1st Revised Budget 2024/2025 was **119,911,779,946 Ksh** while the 1st Half Expenditures 24/25 was **39,472,562,109 Ksh.** He further informed the Committee that The Development Budget expenditure was below par at 32% rather than the expected 50% at half year, mainly due to delays in the release of net GOK exchequer and subdued development partner component. The under expenditure under the Development Partner portion mainly affected the projects under Horn of Africa Gateway Development Project (HoAGDP)

43. He also added that, The State Department received additional allocation in advance of Appropriation under Article 223 of the Constitution amounting to **Ksh 12 billion** in December 2024. An Exchequer of **Ksh 8 billion** was received against the additional provision of **Ksh 12 billion**.

44. The Balance of Ksh 4 Billion exchequer will be received in the course of this week. The Ksh 12 billion additional budget and concurrent exchequer releases have been excluded from the analysis of the half year budget performance shown in the table above. The Additional provision of Ksh 12 billion has been captured in the submitted 2nd Supplementary Estimates II 2024/25.

46. On the Status of Capital projects, a project implementation status report showing the status of all the capital projects as at 31st December, 2024 has been attached to this report.

3.2.2 The Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement

47. Regarding the **Key Policies Underlying the Expenditure Ceilings in the 2025 Budget Policy Statement,** the Principal Secretary submitted that the Road Subsector is a key stakeholder in the Energy, Infrastructure and ICT Sector. The 2025 BPS has focused on the implementation of policies and strategies geared towards reducing the cost of living, Sustainable inclusive economic Transformation and Improving livelihoods.

48. The BPS focuses on core thematic areas of Agricultural Transformation for inclusive green growth, Transforming Micro, Small and medium Enterprise (MSME) Economy, Housing and settlement, Healthcare, and Digital Superhighway & Creative Economy.

49. The Principal Secretary emphasized that the Roads sub-sector is a Key enabler to the realization of the government deliverables in the thematic areas. The sub-sector has prioritized the proposed allocations to construction, rehabilitation and maintenance of rural roads geared towards achieving the objectives of creation of Employment, equitable distribution of income, social security expansion of tax base and increasing foreign exchange earnings.

50. In addition, he submitted that the criteria for the subsector resource allocation was guided by , among others, Material allocation to projects rather than thinly spreading the allocations across all the projects resulting to no physical impact, Linkage of the programme with the priorities of the Medium Term Plan IV and the Vision 2030; and the degree to which a programme addresses Job creation and poverty reduction.

3.2.3 The Indicative performance targets linked to the policies and programmes in the Budget Policy Statement

51. The Principal Secretary submitted that the State Department has one programme – "Road Transport" against which targets and key physical performance indicators are based. The physical Key outputs and targets for State Department for the Financial Year 2025/26-2027/28 are as detailed below;

No.	Sub-Programme	Key Out	Key Performance Indicator	Target 2025/26	Target 2026/27	Target 2027/28
1	Construction of Roads and Bridges	Roads & bridges	KM of Roads Constructed	349	326	423
			No. of Bridges Constructed	20	22	20
2	Rehabilitation of Roads	Roads	KM of Roads Rehabilitated	210	225	240
3	Maintenance of Roads	Roads	Km of Road Maintained Under Periodic	480	545	608
			Km of Road Maintained Under Routine	28,327	28,328	28,333
			KM Maintained Under Performance Based Contracts	10,075	10,078	10,083

52. The Principal Secretary provided a list of proposed projects and the respective expenditure allocations for the financial year 2025/26-2027/28 under the project implementation status report which has been attached to the report.

3.2.4 The Implementation Status of the Cabinet Resolution on Reforming State Corporations aimed at addressing operation and financial inefficiencies, enhancing service delivery and reduce reliance on the Exchequer

53. The Principal Secretary submitted that The Road Agencies under the state Departments are established under Acts of Parliament. The State Department, after in-depth consultations will embark on the process of reform of the Parastatals. Prior to the proposal for amendments to any of the Acts of Parliament, the State Department will engage with the relevant Departmental Committees of Parliament, especially the Transport and Infrastructure Committee, the State Law Office and the National Treasury.

Members Concerns

54. The following matters arose:

i. *On reforms of state corporations and the Cabinet's decision to Merge the Kenya Urban Roads Authority with the Kenya Rural Roads Authority, the Committee recommended that the merger's implementation* be carefully undertaken in consultation with all relevant stakeholders and in adherence to the constitution and relevant laws.

ii. The Committee raised concern over the low absorption of the development budget, which was 32% in the first half of the financial year 2024/2025. In response, the Principal Secretary for the State Department for Roads submitted that this was occasioned by the delay in ex-chequer releases.

iii. Criteria for allocation of funds to road projects: The Committee was concerned about the criteria used by the Kenya Urban Roads Authority to allocate development projects, as several counties were not included in their plans. The Committee directed that the State Department ensure equity in the allocation of road projects across the Country.

iv. The Committee noted that pending bills within the State Department for Roads had resulted in contractors abandoning road projects, affecting their completion dates. The Department was directed to prioritize funding of ongoing projects before embarking on new projects.

v The Committee was concerned that many roads within Nairobi City were not in motorable conditions that reflected the status of a capital city The Committee directed that the State Department engage with the Nairobi County Government to develop a plan for maintaining roads in the City

3.3 STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

55. The Principal Secretary for the State Department for Shipping and Maritime Affairs, Mr. Geoffrey Kaituko, appeared before the Committee on Tuesday, February 25th, 2025, and apprised the Committee on the mandate and SAGAs under the State Department for Shipping and Maritime Affairs.

3.3.1 The implementation Status of the Financial Year 2024/25 budget as at 31st December 2024

56. The Principal Secretary submitted a detailed financial performance for the State Department for the FY 2024/25 as follows;

Economic Classification	Printed Estimates FY 2024/25	Revised Estimates FY 2024/25	Half year Cumulative Expenditure	Absorption (%) 50
(Kshs Millions)				
Headquarters				
Compensation to Employees	151	151	97	64
Use of Goods and Services	152	132	65	50
Transfers to SAGAs	**1,937**	**1,937**	**662**	**34**
Kenya Maritime Authority	1,515	1,515	496	33
Kenya National Shipping Line	122	122	56	46
Bandari Maritime Academy	300	300	110	37
Social Benefits	1.2	1.2	1.2	100
Acquisition of Non-Financial Assets	29	2	1	49
Gross Expenditure	**2,270**	**2,222**	**936**	**42**

3.3.2 Key policies underlying the expenditure ceilings in the 2025 BPS

57. In regards to the Key policies underlying the expenditure ceilings in the 2025 BPS The Principal Secretary submitted that the growth of Shipping and Maritime Affairs is guided by the Updated Integrated National Transport Policy (INTP 2024). The objectives of the Policy, under Maritime transport, are implemented by the State Department and its SAGAS. These include:

i. Review the legal and regulatory frameworks and operationalization of the Merchant Shipping Act and domestication of conventions/protocols/treaties including IMO conventions to promote maritime service delivery efficiency.
ii. Develop legal and regulatory framework for an open ship register (KENSHIP) to promote development of Kenya as a maritime hub;
iii. Develop a cabotage regulatory framework to support private investments.
iv. Develop a medium and long-term capital investment plan and strategy to attract investment for inland water transport;
v. Domesticate international treaties/conventions and develop requisite legal and regulatory frameworks to promote
vi. domestic private sector investment in maritime transport services and supporting infrastructure (local ship building, repair, inspection and bunkering facilities)
vii. Formulate and implement a national strategy for the development of human capital and training facilities for the maritime sub-sector.
viii. Develop and implement a Maritime Transport Information Management System (MTIMS), including a Rapid Data
ix. Management and Recovery, as part of the NTIMS.
x. Develop a legal and institutional framework for maritime transport accidents investigation in line with IMO requirements.

58. The Principal Secretary also added that the State Department has developed the National Maritime Transport Policy (NMTP) and the Maritime Education and Training Policy, which are under review by relevant Cabinet Ministers before being considered by the Cabinet. Once approved, the state department expects the two policies to be key in guiding budget proposals in the future.

59. On *the Budget Allocation*, the Principal Secretary submitted that the State Department implements one programme, namely Shipping and Maritime Affairs. The resource requirement for FY 2025/26 is Kshs. 7.35 Billion. However, due to budgetary constraints, the resource allocation as contained in the BPS is Kshs 6.05 billion, of which Kshs 3.69 Billion is for the Recurrent Budget and Kshs 2.36 billion is for the Development Budget.

3.3.3 The Indicative Performance Targets linked to the policies and programmes in the Budget Policy Statement

60. The Principal Secretary submitted that the State Department will in the FY 2025/2026 and The Medium Term aim to Develop a Maritime spatial plan; Construct a survival training and certification centre; Inspect all eligible ships that dock at Mombasa port; Train 20,000 and recruit 15,500 seafarers; Develop a centralized Maritime databank and develop 5 Marine regulations among others. He also submitted an indicative performance target linked to the policies and programmes in the budget policy statement and a detailed list of proposed projects and the respective expenditure allocations in annexures as attached in this report

3.3.4 The Implementation Status of the Cabinet Resolution on Reforming State Corporations

61. The Principal Secretary submitted that the Cabinet Resolution on reforming the State Corporations affected the Kenya National Shipping Line (KNSL), which was established in 1987 under Cap 486 of the Companies Act to enable the country to play a role in international maritime trade. However, the State Department had not received formal communication on the way forward.

62. The Principal Secretary submitted the Challenges facing the State Department as follows;

i. Budgetary constraints have hindered the department's ability to support ongoing maritime projects, resulting in challenges in fulfilling its mandates and commitments, including international agreements
ii. Without proper funding, job creation opportunities for youth in the maritime sector have been significantly curtailed, limiting their chances of gaining employment through international partnerships and agreements.
iii. The sub-sector faces inadequate technical and/or human resource development to facilitate the implementation of the mandate
iv. There is a lack of sea-time training for Kenyan-qualified cadets due to a lack of training ships, which denies many youths job opportunities in the global job market.
v. Inadequate training facilities and infrastructure for maritime education and training institutions limit the number of courses offered locally.

63. The Principal Secretary concluded by requesting the Committee to consider that;

i. Bandari Maritime Academy is implementing the Survival Training and Certification Centre project, which was projected to take three years. In the current FY2024/25 it had an allocation of Kshs.574 Million at the Printed Estimates. However, this was revised to zero in the Supplementary 1 budget, which has affected the progress of the ongoing project. At the resource bidding during the Sector Working groups, the subsector secured an allocation of Kshs.700 Million for the project for the next FY2025/26. However, in the BPS presented to the National Treasury has gone further to reduce the amount to Kshs.270 Million. He requested the Committee to intervene so that this amount be reinstated to Kshs 700 million, which was initially allocated at the sector level for the project as the work is ongoing and there is a pending certificate. This will enable them to minimise the risks of litigations and cost escalations.
ii. In the BPS, the spatial plan project secured an allocation of Kshs 100 million in the Sector Working Group. However, this has been reduced to Kshs 30 million. Therefore, they also request the Committee reinstatement of the Kshs 70 million reduction to allow the project to be implemented as planned.
iii. Over the last three financial years, the State Department Headquarters budget has suffered successive budget cuts of more than Kshs.200Million. This has significantly affected operations to the extent that the State Department can hardly implement our

mandates. Therefore, they request consideration of additional funding of Kshs. 214 Million under the Headquarters Recurrent Budget for smooth implementation of our mandates.

iv. The State Department is responsible for both inland and ocean waters; this FY 2024/25, it received approval to undertake the Lake Turkana transport project. The National Treasury has recommended conducting a feasibility study, and the state department is requesting Kshs.100 Million for this purpose. The request comes given that the approval was granted after the sector working group had concluded its work and therefore no provision was made for the same.

64. The Principal Secretary appreciated the positive collaboration and invaluable support from the Committee which has greatly enabled it to effectively carry out its mandate. He also assured the Committee of their commitment in enabling the Government to deliver on the economic development agenda. In the process of working towards achieving these, there is a need to ensure that programmes and projects are funded adequately and that other necessary support is availed to the State Department and its Agencies.

Members Concerns

65. The Members raised concerns over the Kenya National Shipping Line (KNSL) which was established in 1987, under Cap 486 of the Companies Act, to enable the country to play a role in International Maritime Trade was affected by the Cabinet Resolution on reforming the State Corporations. The Principal Secretary submitted that they were yet to receive formal communication on the way forward and would engage the Committee on the modalities for implementing the Cabinet Resolution once the formal communication was received.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

66. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

General Observations

1) All State Departments under the Departmental Committee on Transport and Infrastructure oversight have been allocated ceilings below their budgetary requirements for implementing various programmes, projects, and activities.

2) Infrastructure projects require huge capital outlay for timely completion and meaningful contribution to the economy. However, the Sector has been struggling with issues emanating from inadequate funding, which has resulted in the non-completion of earmarked projects and the accumulation of pending bills denying the economy the intended benefits in the short run.

State Department for Roads

1) The State Department for Roads has continued to experience a budget shortfall in its Operations & Maintenance budget at the Headquarters. The ceilings provided in the BPS 2025 for Operations &Maintenance at the Headquarters of Kshs.108 million are inadequate to oversee a Development Budget of Ksh 140 billion under the Road Agencies.

2) The State Department for Roads has a proposed ceiling of Kshs. 198,889 million for FY 2025/26, up from Kshs. 191,984 million in the revised estimates 1 for FY 2024/25. The ceiling comprises Kshs. 71,898 million and Kshs. 126,991 million for recurrent and Development expenditures, respectively. It is worth noting that the recurrent ceiling includes resources from the fuel levy for maintenance of roads across the Country through the road agencies.

3) The State Department for Roads has a net GOK resource requirement of Kshs. 287 billion for the 2025/2026 Financial Year but has only been allocated a ceiling of Kshs. 60.5 billion, resulting in a shortfall of Kshs. 226.5 billion. The total outstanding project portfolio chargeable to the GOK component of the budget is approximately Ksh 700 billion, excluding an outstanding pending bills component of Ksh 175 billion as of 31 December 2024, mainly because of inadequate budget provisions over the years.

4) The Cabinet approved the securitization of the additional Ksh 7 per litre of the Fuel Levy which translates to approximately Ksh 32 billion additional collection per year. Based on the Cabinet's approval, the State Department, through the Kenya Roads Board, is securitizing the Ksh7 through a bond issuance with a goal of raising Ksh 175 billion by 30 June 2025. The amount raised will mainly be utilized to settle pending bills. The budget provision balances in the current budget will be utilized to settle current works on contracted projects.

5) In its first Budget Policy Statement (BPS 2023), the current administration planned to mobilize private sector resources to develop and expand key trunk networks in the country, particularly the *Mombasa - Nairobi – Malaba/Busia road* corridor. However, there is no reference to the sections of the Corridor beyond *Mau –summit.*

6) The Statement Department for Roads and Road Agencies prioritise the construction of new low-volume seal roads as opposed to the maintenance of existing roads, which are key assets to the country. This leads to dilapidated roads that are more costly to rehabilitate.

State Department for Transport

7) The State Department is allocated **Kshs. 66,449 million** in the proposed BPS for 2025/26, compared to Kshs. 48,344 million in the revised estimates 1 for FY 2024/25. The ceilings are broken down into Kshs. 21,009 million for recurrent expenditures and Kshs. 22,021 million for Development expenditures.

8) The LAPSSET Corridor Development Authority (LCDA) is one of the agencies affected by the Cabinet resolution on reforming State Corporations. LCDA was established under the State Corporations Act Cap. 446, *Executive Order Gazette Notice No 58 of 2013,* to serve as one of the delivery agencies under the State Department for Transport. The Authority support's the coordinated planning, development, and management of Multi-Modal Transit and Transport corridors.

State Department for Shipping and Maritime Affairs

9) The State Department for Shipping and Maritime is allocated **Kshs. 6,050 million** in the proposed ceilings, increasing from the Kshs. 2,973 million allocations in the revised estimates 1 for the FY 2024/25. The proposed ceiling comprises Kshs. 3,691 million and Kshs. 2,359 million for recurrent and development expenditures, respectively.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

67. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following recommendations:

Non-Financial recommendations

1) That in pursuit of the Policy goal of mobilizing private sector resources to develop and expand key trunk networks in the country, in particular, the *Mombasa - Nairobi – Malaba/Busia* road corridor as outlined in the first Budget Policy Statement (BPS 2023), the Ministry of Roads and Transport in consultation with the National Treasury initiates the process of engaging the Private Sector to finance the remaining sections of the Corridor, particularly the stretch between *Mau summit to Kisumu* and beyond to avoid traffic snarl-up at *Mau summit.*

2) That, during the formulation of the annual Estimates for the Financial Year 2025/26, the State Department for Roads and Road Agencies prioritize funding towards the maintenance of existing low-volume seal roads. However, consideration should be given to areas that do not have low-volume seal roads to ensure equity;

3) That, during the formulation of annual Estimates for the Financial Year 2025/26, the National Treasury retains an independent budget line for LAPSSET Corridor Development Authority (LCDA) under the State Department for Transport. This is to safeguard a structure that ensures the realization of the original goal of the LAPSSET integrated economic multi-modal transport corridor and smoothly executes its critical role of coordination, planning, development and management of the Corridor.

Financial recommendations

4) The Committee approves the proposed ceilings for each of the State Departments as follows:

- State Department for Roads **Kshs. 198,899 million**
- State Department for Transport **Kshs. 66,449 million**
- State Department for Shipping and Maritime Affairs **Kshs. 6,050 million**

5) That, during the formulation of the annual estimates for the Financial year 2025/26, the National Treasury enhances the operations and Maintenance budget for the State Department for Roads by **Kshs. 182 million** to enable the Department to monitor the entire Portfolio of projects under implementation effectively.

Annex I Schedule of Wish list

Unfunded Priorities

6) subject to the availability of resources, the Committee further recommends the following

State Department for Transport

Recurrent Budget

Programme	Item	Requirements	Allocation	Funding Gap
Administration, planning and Support Services	Nairobi Metropolitan Area Transport Authority (NaMATA)			
	Personnel Emolument	235	185	50
	Operations and Maintenance	445	219	226
	Sub-total	680	404	276
	SDoT Headquarter			
	Operations and Maintenance	496	178	318
Rail Transport	Kenya Railways Corporation			
	Pending bill for RAP Project	154	-	154
	Total	1,330	582	748

Development Budget for FY2025/26 (Kshs. Million)

7) Subject to the availability of resources, the National Treasury enhances budgetary allocations for the following **Development** items:

Programme	Item	Requirements	Allocation	Funding Gap
General Administration, Planning and Support Services	Bus Rapid Transit (BRT)-Line 2 Simba (NaMATA)	4,664	1,005	3,664
	Refurbishment of Transcom House – HDQs	300	60	240
Air Transport	Rehabilitation of Malindi Airstrip runway-KAA	150	-	150
Rail Transport	Relocation Units at Kibera & Mukuru – KRC	2,677	400	2,277
	Development of Nairobi Railway City - KRC	951	500	451
	TOTAL	8,742	1,965	6,777

SIGNED _____ **DATE** _____

HON. G.K. GEORGE KARIUKI , CBS, M.P

CHAIRPERSON

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

Annex II Minutes

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF NINTH SITTING OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE HELD ON TUESDAY, 4TH MARCH 2025 IN 5TH FLOOR, COMMMITTEE ROOM, CONTINENTAL HOUSE, PARLIAMENT PRECINTS AT 10:00 AM

MEMBERS PRESENT

1. The Hon. GK George Kariuki, CBS, M.P – **Chairperson**
2. The Hon. Kiunjuri Festus Mwangi, M.P.
3. The Hon. Abdul Rahim Dawood, M.P
4. The Hon. Arama Samuel, M.P
5. The Hon. Bady, Bady Twalib, M.P.
6. The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P.
7. The Hon. Kiaraho, David Njuguna, MP
8. The Hon. Saney Ibrahim Abdi, M.P.
9. The Hon. Hussein Weytan Mohamed, MP
10. The Hon. Komingoi Kibet Kirui, M.P

APOLOGIES

1. The Hon. Didmus Wekesa Barasa, M.P. – **Vice-Chairperson**
2. The Hon. Naicca, Johnson Manya, CBS, MP
3. The Hon. Chege John Kiragu, M.P
4. The Hon. Muhanda Elsie, M.P
5. The Hon. Jhanda Zaheer, M.P

SECRETARIAT

1. Ms. Chebet Koskei - Senior Clerk Assistant
2. Mr. Mohamednur M. Abdullahi - Clerk Assistant III
3. Ms. Clare Choper Doye - Clerk Assistant III
4. Mr. Erick Kariuki - Research Officer I
5. Mr. Abdinasir Moge - Fiscal Analyst I
6. Mr. Clinton Sindiga - Legal Counsel II
7. Ms. Rina Saineye - Media Relations Officer

8. Mr. Danton Kimutai - Audio Officer
9. Ms. Sharleen Kyalo - Intern
10. Mr. Ian Kasawa - Intern
11. Ms. Grace Habona Gijo - Intern
12. Ms. Edna Lenah Wambui - Intern
13. Mr. Vincent Lweroh Okech - Intern

MIN./NO.041/NA/T&I/2025: PRELIMINARIES

The meeting was called to order at Twenty minutes past Ten O'clock (10:20 am) with a word of prayer from the Chairperson. The Agenda of the meeting was adopted having been proposed by the Hon. Bady Bady Twalib, M.P, and seconded by the Hon. Samuel Arama, MP as follows:

AGENDA

1. Prayers
2. Preliminaries;
    i. Adoption of the Agenda
    ii. Remarks by Chairperson
3. Confirmation of Minutes/Matters Arising;
4. **Consideration and adoption of the report on the 2025 Budget Policy Statement**
5. Pending Business
6. Any Other Business
7. Adjournment

MIN./NO.042/NA/T&I/2025: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

Minutes of the Seventh Sitting held on 25th February 2025 were confirmed as true record of the proceedings after being proposed and seconded by the Hon. Samuel Arama, MP and the Hon. Ibrahim, Abdi Saney, MP, respectively.

Minutes of the Eight Sitting held on 25th February 2025 were confirmed as true record of the proceedings after being proposed and seconded by the Hon. Abdul Rahim Dawood , MP and the Samuel Arama, MP, respectively.

MIN./NO.043/NA/T&I/2025: ADOPTION OF THE REPORT ON THE 2025 BUDGET POLICY STATEMNT

The Committee considered and adopted its Report on the 2025 Budget Policy Statement, after being proposed and seconded by the Hon. Komingoi Kibet Kirui, MP and the Hon. Samuel Arama, MP respectively.

Committee Observation

Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

General Observations

1) All State Departments under the Departmental Committee on Transport and Infrastructure oversight have been allocated ceilings below their budgetary requirements for implementing various programmes, projects, and activities.

2) Infrastructure projects require huge capital outlay for timely completion and meaningful contribution to the economy. However, the Sector has been struggling with issues emanating from inadequate funding, which has resulted in the non-completion of earmarked projects and the accumulation of pending bills denying the economy the intended benefits in the short run.

State Department for Roads

1) The State Department for Roads has continued to experience a budget shortfall in its Operations & Maintenance budget at the Headquarters. The ceilings provided in the BPS 2025 for Operations &Maintenance at the Headquarters of Kshs.108 million are inadequate to oversee a Development Budget of Ksh 140 billion under the Road Agencies.

2) The State Department for Roads has a proposed ceiling of Kshs. 198,889 million for FY 2025/26, up from Kshs. 191,984 million in the revised estimates 1 for FY 2024/25. The ceiling comprises Kshs. 71,898 million and Kshs. 126,991 million for recurrent and Development expenditures, respectively. It is worth noting that the recurrent ceiling includes resources from the fuel levy for maintenance of roads across the Country through the road agencies.

3) The State Department for Roads has a net GOK resource requirement of Kshs. 287 billion for the 2025/2026 Financial Year but has only been allocated a ceiling of Kshs. 60.5 billion, resulting in a shortfall of Kshs. 226.5 billion. The total outstanding project portfolio chargeable to the GOK component of the budget is approximately Ksh 700 billion, excluding an outstanding pending bills component of Ksh 175 billion as of 31 December 2024, mainly because of inadequate budget provisions over the years.

4) The Cabinet approved the securitization of the additional Ksh 7 per litre of the Fuel Levy which translates to approximately Ksh 32 billion additional collection per year. Based on the Cabinet's approval, the State Department, through the Kenya Roads Board, is securitizing the Ksh7 through a bond issuance with a goal of raising Ksh 175 billion by 30 June 2025. The amount raised will mainly be utilized to settle pending bills. The budget provision balances in the current budget will be utilized to settle current works on contracted projects.

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6) The Statement Department for Roads and Road Agencies prioritise the construction of new low-volume seal roads as opposed to the maintenance of existing roads, which are key assets to the country. This leads to dilapidated roads that are more costly to rehabilitate.

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7) The State Department is allocated **Kshs. 66,449 million** in the proposed BPS for 2025/26, compared to Kshs 48,344 million in the revised estimates 1 for FY 2024/25 The ceilings are broken down into Kshs 21,009 million for recurrent expenditures and Kshs 22,021 million for Development expenditures.

8) The LAPSSET Corridor Development Authority (LCDA) is one of the agencies affected by the Cabinet resolution on reforming State Corporations. LCDA was established under the State Corporations Act Cap 446, *Executive Order Gazette Notice No 58 of 2013*, to serve as one of the delivery agencies under the State Department for Transport The Authority support's the coordinated planning, development, and management of Multi-Modal Transit and Transport corridors

State Department for Shipping and Maritime Affairs

9) The State Department for Shipping and Maritime is allocated **Kshs. 6,050 million** in the proposed ceilings, increasing from the Kshs. 2,973 million allocations in the revised estimates 1 for the FY 2024/25. The proposed ceiling comprises Kshs 3,691 million and Kshs. 2,359 million for recurrent and development expenditures, respectively

Committee Recommendation

Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following recommendations

Non-Financial recommendations

1) That in pursuit of the Policy goal of mobilizing private sector resources to develop and expand key trunk networks in the country, in particular, the *Mombasa - Nairobi – Malaba/Busia* road corridor as outlined in the first Budget Policy Statement (BPS 2023), the Ministry of Roads and Transport in consultation with the National Treasury initiates the process of engaging the Private Sector to finance the remaining sections of the Corridor, particularly the stretch between *Mau summit to Kisumu* and beyond to avoid traffic snarl-up at *Mau summit.*

2) That, during the formulation of the annual Estimates for the Financial Year 2025/26, the State Department for Roads and Road Agencies prioritize funding towards the maintenance of existing low-volume seal roads However, consideration should be given to areas that do not have low-volume seal roads to ensure equity,

3) That, during the formulation of annual Estimates for the Financial Year 2025/26, the National Treasury retains an independent budget line for LAPSSET Corridor Development Authority (LCDA) under the State Department for Transport. This is to safeguard a structure that ensures the realization of the original goal of the LAPSSET integrated economic multi-modal transport corridor and smoothly executes its critical role of coordination, planning, development and management of the Corridor.

Financial recommendations

4) The Committee approves the proposed ceilings for each of the State Departments as follows:

- State Department for Roads **Kshs. 198,899 million**
- State Department for Transport **Kshs. 66,449 million**
- State Department for Shipping and Maritime Affairs **Kshs. 6,050 million**

5) That, during the formulation of the annual estimates for the Financial year 2025/26, the National Treasury enhances the operations and Maintenance budget for the State Department for Roads by **Kshs. 182 million** to enable the Department to monitor the entire Portfolio of projects under implementation effectively.

Schedule of Wish list

Unfunded Priorities

subject to the availability of resources, the Committee further recommends the following

State Department for Transport

Recurrent Budget

Programme	Item	Requirements	Allocation	Funding Gap
Administration, planning and Support Services	Nairobi Metropolitan Area Transport Authority (NaMATA)			
	Personnel Emolument	235	185	50
	Operations and Maintenance	445	219	226
	Sub-total	680	404	276
	SDoT Headquarter			
	Operations and Maintenance	496	178	318
	Kenya Railways Corporation			

Rail Transport	Pending bill for RAP Project	154	-	154
	Total	1,330	582	748

Development Budget for FY2025/26 (Kshs. Million)

Subject to the availability of resources, the National Treasury enhances budgetary allocations for the following **Development** items:

Programme	Item	Requirements	Allocation	Funding Gap
General Administration, Planning and Support Services	Bus Rapid Transit (BRT)-Line 2 Simba (NaMATA)	4,664	1,005	3,664
	Refurbishment of Transcom House – HDQs	300	60	240
Air Transport	Rehabilitation of Malindi Airstrip runway- KAA	150	-	150
Rail Transport	Relocation Units at Kibera & Mukuru – KRC	2,677	400	2,277
	Development of Nairobi Railway City - KRC	951	500	451
	TOTAL	8,742	1,965	6,777

MIN./NO.044/NA/T&I/2025: ANY OTHER BUSINESS

The Hon. Chairperson brought to the attention of the meeting that the Committee is scheduled to meet with the Ministers, Departments and Agencies under it's purview on **Thursday, 6th March 2025 at 9:00 am**

MIN./NO.045/NA/T&I/2025: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at Eleven O'clock (11.00 pm). The next meeting will be held on Thursday, 6th March 2025 at 9:00 am

SIGNED.....DATE.....

HON. GK GEORGE KARIUKI, CBS, MP
CHAIRPERSON

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF THE EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE HELD ON TUESDAY 25TH FEBRUARY 2025 AT COMMITTEE ROOM 18 & 19 , BUNGE TOWER AT 3:00PM

MEMBERS PRESENT

1. The Hon. GK George Kariuki, CBS, M.P. – **Chairperson**
2. The Hon. Didmus Wekesa Barasa, M.P. – **Vice-Chairperson**
3. The Hon. Kiunjuri Festus Mwangi, M.P.
4. The Hon. Saney Ibrahim Abdi, M.P.
5. The Hon. Arama Samuel, M.P
6. The Hon. Chege John Kiragu, M.P
7. The Hon. Naicca, Johnson Manya, CBS, MP
8. The Hon. Kiaraho, David Njuguna, MP.
9. The Hon. Abdul Rahim Dawood, M.P
10. The Hon. Hussein Weytan Mohamed, MP
11. The Hon. Jhanda Zaheer, M.P
12. The Hon. Komingoi Kibet Kirui, M.P

APOLOGIES

1. The Hon. Bady, Bady Twalib, M.P.
2. The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P.
3. The Hon. Muhanda Elsie, M.P

INATTENDANCE

STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

1. Mr. Geoffrey Kaituko, CBS - Principal Secretary, State Department of Shipping and Maritime Affairs
2. Mr. Gerald Kamau - Finance Manager-

3. Julius Koech – Director, Maritime Safety
4. Evans Yiego – Bandari Maritime Authority

SECRETARIAT

1. Ms. Tracy Chebet Koskei - Senior Clerk Assistant
2. Mr. Mohamednur M. Abdullahi - Clerk Assistant III
3. Ms. Clare Choper Doye - Clerk Assistant III
4. Ms. Rinha Saineye - Media Relations Officer
5. Mr. Erick Kariuki - Research Officer
6. Mr. Clinton Sindiga - Legal Counsel
7. Mr. Abdinasir Moge - Fiscal Analyst
8. Mr. Danton Kimutai - Audio Officer
9. Ms. Makena - Serjeant at Arms

MIN./NO.000/NA/T&I/2025: PRELIMINARIES

The meeting was called to order at Ten minutes past Three O'clock (3:10 pm) with a word of prayer from the Chairperson. The Agenda of the meeting was adopted with amendments having been proposed by the Hon. Samuel Arama M.P, and seconded by the Hon. Abdul Rahim Dawood, M.P as follows:

AGENDA

1. Prayers
2. Preliminaries;
    i. Adoption of the Agenda
    ii. Remarks by Chairperson
3. Confirmation of Minutes/Matters Arising;
4. **Presentation by the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs on the Budget Policy Statement for the State Department for Shipping and Maritime Affairs and Agencies**
5. Pending Business
6. Any Other Business
7. Adjournment

MIN./NO.038/NA/T&I/2025: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

Confirmation of Minutes of the previous meeting were deferred

MIN./NO.039/NA/T&I/2025: PRESENTATION BY THE CABINET SECRETARY FOR MINING, BLUE ECONOMY AND MARITIME AFFAIRS ON THE BUDGET POLICY STATEMENT

FOR THE STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS AND AGENCIES

The Principal Secretary for the State Department for Shipping and Maritime Affairs while appearing before the Committee apprised the Committee on the mandate and SAGAs under the state Department and Maritime Affairs.

In regards to *the Key policies underlying the expenditure ceilings in the 2025 BPS* The Principal Secretary submitted that the growth of Shipping and Maritime Affairs is guided by the Updated Integrated National Transport Policy (INTP 2024). The objectives of the Policy, under Maritime transport, are implemented by the State Department and its SAGAS. These include:

i. Review the legal and regulatory frameworks and operationalization of the Merchant Shipping Act and domestication of conventions/protocols/treaties including IMO conventions to promote maritime service delivery efficiency.
ii. Develop legal and regulatory framework for an open ship register (KENSHIP) to promote development of Kenya as a maritime hub;
iii. Develop a sabotage regulatory framework to support private investments.
iv. Develop a medium and long-term capital investment plan and strategy to attract investment for inland water transport;
v. Domesticate international treaties/conventions and develop requisite legal and regulatory frameworks to promote
vi. domestic private sector investment in maritime transport services and supporting infrastructure (local ship building, repair, inspection and bunkering facilities)
vii. Formulate and implement a national strategy for the development of human capital and training facilities for the maritime sub-sector.
viii. Develop and implement a Maritime Transport Information Management System (MTIMS), including a Rapid Data
ix. Management and Recovery, as part of the NTIMS.
x. Develop a legal and institutional framework for maritime transport accidents investigation in line with IMO requirements.

The Principal Secretary also submitted that the State Department has also developed the National Maritime Transport Policy (NMTP) and the Maritime Education and Training Policy which are under review by relevant Cabinet Ministers before being considered by the Cabinet. The State Department expects the two policies to be key in guiding budget proposals going forward once approved.

On *the Budget Allocation*, the Principal Secretary submitted that the State Department implements one programme namely **Shipping and Maritime Affairs.** The resource requirement for FY 2025/26 is **Kshs. 7.35 Billion**. However, due to budgetary constraints, the resource allocation as contained in the BPS is **Kshs 6.05 Billion** of which **Kshs 3.69 Billion** is for Recurrent Budget and **Kshs 2.36 Billion** is for Development Budget .

In regards to *the Indicative Performance Targets linked to the policies and programmes in the Budget Policy Statement*, the Principal Secretary submitted that the State Department will in the FY 2025/2026 and The Medium Term aim to Develop Maritime spatial plan; Construct a survival training and certification centre; Inspect all eligible ships that dock Mombasa port; Train 20,000 and recruit 15,500 seafarers; Develop a centralized Maritime databank and develop 5 Marine regulations among others.

He also added that the Kenya National Shipping Line (KNSL), established in 1987 under Cap 486 of the Companies Act to enable the country to play a role in international maritime trade, was affected by the Cabinet Resolution on reforming the State Corporations. However, the State Department has yet to receive any formal communication on the way forward.

The Principal Secretary submitted the Challenges facing the State Department as follows;

i. Budgetary constraints have hindered the department's ability to support ongoing maritime projects, resulting in challenges in fulfilling its mandates and commitments, including international agreements
ii. Without proper funding, job creation opportunities for youth in the maritime sector have been significantly curtailed, limiting their chances of gaining employment through international partnerships and agreements.
iii. The sub sector faces inadequate technical and/or human resource development to facilitate the implementation of the mandate
iv. There is a lack of seatime training for Kenyan qualified cadets due to a lack of training ships, which denies many youths job opportunities in the global job market.
v. Inadequate training facilities and infrastructure for maritime education and training institutions limit the number of courses offered locally.

The Principal Secretary concluded by requesting the Committee to consider that;

i. Bandari Maritime Academy is implementing the Survival Training and Certification Centre project, which was projected to take three years. In the current FY2024/25 it had an allocation of Kshs.574 Million at the Printed Estimates. However, this was revised to zero in Supplementary 1 Budget which has affected the progress of the ongoing project. At the resource bidding during the Sector Working groups, the subsector secured an allocation of Kshs.700 Million for the project for the next FY2025/26. However, in the BPS presented to you, the National Treasury has gone further to reduce the amount to Kshs.270 Million. He requested the Committee to intervene so that this amount be reinstated to Kshs 700 million that was initially allocated at the sector level for the project as the works are ongoing and there is a pending certificate. This will enable them to minimise the risks of litigations and cost escalations.
ii. In the BPS, the spatial plan project secured an allocation of Kshs 100 million in the Sector Working Group. However, this has been reduced to Kshs 30 million. Therefore, they also request the Committee reinstatement of the Kshs 70 million reduction to allow the project's implementation as planned.

iii. Over the last three financial years, the State Department Headquarters budget has suffered successive budget cuts of more than Kshs. 200 million. This has significantly affected operations to an extent that the State Department can hardly implement our mandates. They therefore request for consideration of additional funding of Kshs. 214 Million under Headquarters Recurrent Budget for smooth implementation of our mandates.

iv. The State Department is responsible for both inland and ocean waters, this FY 2024/25 it had received approval to undertake Lake Turkana transport project. The National Treasury has recommended conducting feasibility study and the State Department is requesting to Kshs.100 Million for this purpose. The request comes given that the approval was granted after the sector working group had concluded its work and therefore no provision was made for the same.

Members Concerns

i. The Members raised concerns over the Kenya National Shipping Line (KNSL) which was established in 1987, under Cap 486 of the Companies Act, to enable the country to play a role in International Maritime Trade was affected by the Cabinet Resolution on reforming the State Corporations. However the Cabinet Secretary informed the Committee that the State Department was yet to received a formal communication on the implementation of the Cabinet resolution and undertook to involve the Committee when they received the communication.

MIN./NO.040/NA/TI/2025: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at Four O'clock (4.00 pm). The next Meeting will be held on notice.

SIGNED.....DATE.....

HON. GK GEORGE KARIUKI, MP
CHAIRPERSON

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF SEVENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE HELD ON TUESDAY, 25TH FEBRUARY 2025 IN COMMMITTEE ROOM 18 & 19, 3RD FLOOR, BUNGE TOWER AT 10:00 AM

MEMBERS PRESENT

1. The Hon. GK George Kariuki, CBS, M.P – **Chairperson**
2. The Hon. Didmus Wekesa Barasa, M.P. – **Vice-Chairperson**
3. The Hon. Kiunjuri Festus Mwangi, M.P.
4. The Hon. Abdul Rahim Dawood, M.P
5. The Hon. Arama Samuel, M.P
6. The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P.
7. The Hon. Kiaraho, David Njuguna, MP
8. The Hon. Naicca, Johnson Manya, CBS, MP
9. The Hon. Chege John Kiragu, M.P
10. The Hon. Muhanda Elsie, M.P
11. The Hon. Saney Ibrahim Abdi, M.P.
12. The Hon. Hussein Weytan Mohamed, MP
13. The Hon. Jhanda Zaheer, M.P
14. The Hon. Komingoi Kibet Kirui, M.P

APOLOGIES

1. The Hon. Bady, Bady Twalib, M.P.

IN-ATTENDANCE
Ministry of Roads and Transport

1. Mr. Davis Chirchir - Cabinet Secretary for Roads and Transport
2. Mr. Mohamed Daghar - Principal Secrretay, State Department for Transport

3.	Eng Joseph Mbugua	- Principal Secretary, State Department for Roads
4	Eng Kungu Ndungu	- Director General, Kenya National Highway Authority
5.	Eng Philemon Kandie	- Director General, Kenya Rural Roads Authority
6.	Capt. William Ruto	- Managing Director, Kenya Ports Authority
7	Mr Philip Mainga	- Managing Director, Kenya Railways Corporation
8.	Mr. Rashid Mohamed	- Director General, Kenya Roads Board
9	Mr George Njao	- Director General, National Transport and Safety Authority
10	Mr. Emile Arao	- Director General, Kenya Civil Aviation Authority
11.	Mr. John Mose	- Chief Finance Officer, State Department for Transport
12.	Mr. Philip Wachira	- Chief Finance Officer, State Department for Roads
13	Fred Amayo	- Principal Finance Officer, State Department for Transport
14	Mr. Joseph Muoka	- Finance Officer, State Department for Roads

SECRETARIAT

1	Ms Chebet Koskei	- Senior Clerk Assistant
2	Mr. Mohamednur M Abdullahi	- Clerk Assistant III
3	Ms Clare Choper Doye	- Clerk Assistant III
4	Mr. Erick Kariuki	- Research Officer I
5	Mr. Abdinasir Moge	- Fiscal Analyst I
6.	Mr. Clinton Sindiga	- Legal Counsel II
7.	Ms. Rina Saineye	- Media Relations Officer
8.	Mr. Danton Kimutai	- Audio Officer
9	Faith Makena	- Serjeant At-Arms

MIN./NO.029/NA/T&I/2025: PRELIMINARIES

The meeting was called to order at Ten O'clock (10:00 am) with a word of prayer from the Chairperson The Agenda of the meeting was adopted having been proposed by the Hon. Samuel Arama, M P, and seconded by the Hon Chege Kiragu, MP as follows.

AGENDA

1 Prayers
2. Preliminaries,
    i. Adoption of the Agenda
    ii. Remarks by Chairperson
3. Confirmation of Minutes/Matters Arising;
4 **Briefing by the Legal Counsel on the recourse for a Parliamentary Committee when MDAs fail to adhere to Committee/House directives**
5. **Consideration of the 2025 Budget Policy Statement from the Ministry of Roads and Transport**

6. Pending Business
7. Any Other Business
8. Adjournment

MIN./NO.030/NA/T&I/2025: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

Confirmation of Minutes of the previous sitting were differed

MIN./NO.031/NA/T&I/2025: BRIEF BY LEGAL COUNSEL ON THE RECOURSE FOR A PARLIAMENTARY COMMITTEE WHEN MDAs FAIL TO ADHERE TO COMMITTEE/HOUSE DIRECTIVES

The Legal Counsel informed the Committee that during the consideration of the Budget policy statement estimates for 2024/2025, it was observed that non-SGR projects were to be financed from the Railway Development Levy. The Departmental Committee declined to approve these allocations which amounted to Ksh.9.272 Billion.

In that regard, the Legal Counsel presented the recourse for a Parliamentary Committee when Ministries, Departments and Agencies fail to adhere to Committee or House resolutions as follows;

Legal Framework

The Legal Counsel informed the Committee that Article 95 (4) of the Constitution provides that the National Assembly shall:

a) Determine the allocation of national revenue between the levels of government

b) Appropriate funds for expenditure by the national government and other national State organs; and

c) Exercise oversight over national revenue and its expenditure.

The Legal Counsel further informed the Committee that when a parliamentary Committee issues directives that are not complied with, it has several recourse options based on the Constitution of Kenya (2010), the Parliamentary Powers and Privileges Act (2017), and the Standing Orders of Parliament. These include:

1. Summoning and Compelling Compliance

The Legal Counsel brought to the attention of the Committee that Parliamentary committees can summon individuals, including government officials and private citizens, to appear before them and provide information (Article 125 of the Constitution).

Article 125 (1) provides that either House of Parliament and any of its Committees, has powers to summon any person to appear before it for the purpose of giving evidence or providing information.

Article 125(2) provides that a House of Parliament and any of its committees has the same powers as the High Court to-

a) To enforce the attendance of witnesses and examine them on oath, affirmation or otherwise;

b) To compel the production of documents; and

c) To issue a commission or request to examine witnesses abroad.

2. Contempt of Parliament (Parliamentary Powers and Privileges Act)

The Legal Counsel stated the Penalties for Non-Compliance, saying that failure to comply with a committee's directive may be considered contempt of Parliament, which can lead to fines, imprisonment, or other disciplinary measures.

Offences under the Act: The Parliamentary Powers and Privileges Act (2017) provides penalties for:

a) Refusing to appear before a committee.

b) Providing false information.

c) Disobeying lawful orders of the committee.

3. Referral to Law Enforcement

The Legal Counsel stated that if the non-compliance involves criminal elements (e.g., obstruction of parliamentary processes, corruption, or fraud), the committee through official parliamentary reports can refer the matter to relevant agencies such as:

a) The Director of Public Prosecutions (DPP).

b) The Ethics and Anti-Corruption Commission (EACC).

c) The Directorate of Criminal Investigations (DCI).

4. Withholding Budgetary Allocations

The Legal Counsel informed the Committee that Committees such as the Public Accounts Committee (PAC) and the Budget and Appropriations Committee can recommend withholding funds from government departments or state agencies that fail to comply with parliamentary directives.

5. Impeachment or Censure Motions

The Legal Counsel further stated that if a state officer, such as a Cabinet Secretary or Principal Secretary, refuses to comply, the committee can recommend:

a) A censure motion in Parliament.

b) Initiating impeachment proceedings (for Cabinet Secretaries, Governors, or other State officers).

In concluding the brief, the Legal Counsel stated that the Committee may invite the relevant state agency or department to give evidence on the matter at hand. Thereafter it may use any of the above mechanisms if the evidence is unsatisfactory.

Members Concerns

i. Members sought clarification on how the Railway Development Levy (RML) is spent.
ii. Members stated that the Committee can compile a report and recommend prosecution if necessary.
iii. Members sought specific details on what was declined and the rationale behind it.
iv. Members emphasized that the Hansard of the Committee disapproving the money in question must be provided.
v. Members noted that Kenya Railways must be granted the right to a hearing before the committee.
vi. Members stressed that the resolution of the committee must be properly documented and filed, for instance, a copy of the budget document that left Parliament to Treasury. Members underscored the need for critical documents that will help establish the facts of the matter.
vii. Members requested to be informed on the regulations governing the management of the Railway Development Levy.

MIN./NO.032/NA/T&I/2025: REMARKS BY THE CABINET SECRETARY FOR ROADS AND TRANSPORT ON THE 2025 BUDGET POLICY STATEMENT

The Cabinet Secretary for Roads and Transport informed the Committee that the State Department of Roads falls under the Energy, Infrastructure and ICT Sector. The State Department presented a budget resource requirement of Kshs. 460.6 billion for 2025/26 but received an allocation of Kshs. 198.9 billion in the 2025 BPS, resulting in a budget shortfall of Kshs. 261.7 billion.

Out of the recurrent BPS allocation of Kshs. 71.9 billion, Kshs. 69.5 billion (97%) is allocated to the Road Maintenance Levy Fund (RMLF), including Kshs. 1.2 billion for Transit Tolls and Kshs. 70.7 billion for fuel levy allocation. Annuity Fund collections from the Kshs. 3 per litre fuel levy are included in the Development Budget BPS Ceilings.

The Cabinet Secretary, stated that the development budget requirement is Kshs. 356.2 billion, but only Kshs. 127 billion is allocated, leaving a shortfall of Kshs. 229.2 billion. The State Department has a net GOK resource requirement of Kshs. 287 billion but received only Kshs. 60.5 billion, leading to a shortfall of Kshs. 226.5 billion. The total outstanding project portfolio chargeable to the GOK component is approximately Kshs. 700 billion, with pending bills of Kshs. 175 billion as of December 31, 2024.

Mr. Chirchir brought to the attention of the Committee that the Cabinet approved the securitization of the additional Kshs. 7 per litre Fuel Levy approved in July 2024, expected to generate Kshs. 32 billion per year. The Kenya Roads Board is securitizing this levy through bond issuance to raise Kshs. 175 billion by June 30, 2025, primarily to settle pending bills.

The Cabinet Secretary further informed the Committee that the State Department for Transport has absorbed Kshs. 23 billion in FY 2024/25, with Kshs. 6.6 billion under recurrent and Kshs. 16.4 billion under development, reflecting absorption rates of 40% and 51%, respectively. The FY 2025/26 resource requirement is Kshs. 99.3 billion, but only Kshs. 66.4 billion is allocated, leaving a shortfall of Kshs. 32.9 billion.

The LAPSSET Corridor Development Authority (LCDA) is affected by the Cabinet's resolution on reforming State Corporations. LCDA was established to support the coordinated planning, development, and management of multi-modal transit and transport corridors. It is proposed to continue operating under the State Department for Transport, with an independent budget line retained to ensure the realization of the LAPSSET corridor's original goals.

MIN./NO.033/NA/T&I/2025: SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR TRANSPORT ON THE 2025 BUDGET POLICY STATEMENT

The Principal Secretary stated that the State Department for Transport is responsible for transport policy management, rail, marine, and air transport infrastructure, road safety, and urban public transport coordination. The department also oversees seven state corporations, including Kenya Ports Authority (KPA), Kenya Railways Corporation (KRC), Kenya Airports Authority (KAA), and others, which play a vital role in the country's transport sector.

Implementation Status of the 2024/25 Financial Year Budget

The Principal Secretary informed the Committee that, despite fiscal challenges, the State Department had absorbed Kshs. 23 billion as of 31st December 2024. Out of this, Kshs. 6.6 billion was under the recurrent budget, while Kshs. 16.4 billion was allocated to development. The absorption rates were 40% and 51%, respectively, with lower recurrent budget absorption attributed to delays in exchequer releases, particularly transfers.

He brought to the attention of the Committee the financial performance per programme as detailed below:

Table 1: Recurrent/Development Budget Performance as of 31st December 2024

Name of the Programme & Sub-Programme	Gross Revised Estimates (Kshs.)			Gross Expenditure as at 31st December 2024 (Kshs.)		
	Rec	Dev	Total	Rec	Dev	Total
	a	b	c=a+b	d	e	f=d+e
P1: General Administration, Planning and Support Services	1,254	694	1,948	605	306	911
P2: Rail Transport	677	27,417	28,094	674	15,607	16,281
P3: Marine Transport	521	2,365	2,886	258	153	411
P4: Air Transport	11,367	0	11,367	3175	0	3,175
P5: Road Safety	2,518	1,531	4,049	1,863	367	2,230
Grand Total	**16,337**	**32,007**	**48,344**	**6,575.00**	**16,433**	**23,008**

The Principal Secretary, further stated that a project implementation status report detailing the progress of all capital projects as of 31st December 2024 had been circulated to Committee members.

Key Policies Underlying the 2025 Budget Policy Statement (BPS)

The Principal Secretary informed the Committee that the 2025 BPS was guided by the Integrated National Transport Policy (INTP), which promotes efficient, safe, and widely accessible transport systems. Key policy interventions include:

i. Adoption of electric mobility to reduce greenhouse gas emissions and lower transport costs.
ii. Implementation of the Kenya Urban Mobility Improvement Project (KUMIP) to enhance urban transport.
iii. Expansion and modernization of airstrips to improve connectivity.
iv. Construction of the Riruta-Lenana-Ngong Railway Line and Phase I of Nairobi Railway City.
v. Completion of the Mombasa SGR-MGR link, including the construction of a railway bridge at Makupa Causeway.
vi. Acquisition of a new ferry for Lake Victoria.
vii. Upgrading and automating motor vehicle inspection centers.

Indicative Financial Performance for FY 2025/26 and MTEF Period

The Principal Secretary brought to the attention of the Committee that the FY 2025/26 resource requirement stood at Kshs. 99.3 billion, but the proposed allocation was Kshs. 66.4 billion, resulting in a shortfall of Kshs. 32.9 billion. The shortfall included Kshs. 1 billion in recurrent expenditure and Kshs. 31.9 billion in development expenditure.

Table 2: Resource Requirement vs. Allocation for FY 2025/26 (Kshs. Billion)

Vote	Approved Supp No. I FY 2024/25	Resource Requirement			Proposed Resource Allocation			Shortfall
		2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	FY 2025/26
Recurrent	16,337	22,022	22,937	24,090	21,009	22,299	23,828	1,013
Development	32,007	77,318	79,259	78,475	45,440	57,167	56,958	31,878
Total	48,344	99,340	102,195	122,565	66,449	79,466	80,786	32,891

The Principal Secretary informed the Committee that the allocation for each programme was as follows;

Table 3: FY 2025/26 Proposed Budget Allocation by Programme (Kshs. Billion)

Programme and Sub-Programme	Supplementary Estimates No.1 2024/25			Requirements 2025/26			Allocations 2025/26		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
P1: General Administration, Planning and Support Services	1,254	694	1,948	2,376	5,714	8,090	1,420	1,799	3,219
P2: Rail Transport	677	27,417	28,094	695	59,298	59,993	677	36,840	37,517
P3: Marine Transport	521	2,365	2,886	25	6,3	6,340	18	4,165	4,183

					15				
P4: Air Transport	11,368	-	11,368	14,045	3,224	17,269	14,021	750	14,771
P5: Road Safety	2,518	1,531	4,049	4,880	2,768	7,593	4,873	1,886	6,759
Total	**16,337**	**32,007**	**48,344**	**22,021**	**77,318**	**99,340**	**21,009**	**45,440**	**66,449**

The Principal Secretary informed the Committee that the allocation for each programme was as follows:

Table 3: FY 2025/26 Proposed Budget Allocation by Programme (Kshs. Billion)

Programme and Sub-Programme	Supplementary Estimates No.1 2024/25			Requirements 2025/26			Allocations 2025/26		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
P1: General Administration, Planning and Support Services	1,254	694	1,948	2,376	5,714	8,090	1,420	1,799	3,219
P2: Rail Transport	677	27,417	28,094	695	59,298	59,993	677	36,840	37,517
P3: Marine Transport	521	2,365	2,886	25	6,315	6,340	18	4,165	4,183
P4: Air Transport	11,368	-	11,368	14,045	3,224	17,269	14,021	750	14,771
P5: Road Safety	2,518	1,531	4,049	4,880	2,768	7,593	4,873	1,886	6,759

Total	**16,337**	**32,007**	**48,344**	**22,021**	**77,318**	**99,340**	**21,009**	**45,404**	**66,449**

Recurrent and Development Budget Allocation for State Corporations

The Principal Secretary brought to the attention of the Committee that the resource requirement and proposed budget allocation for state corporations were as follows

Table 4: Recurrent Budget Allocation for State Corporations (Kshs. Million)

State Corporations (Recurrent)		Baseline FY2024/25		Requirements FY2025/26		Allocation FY2025/26	
		GoK	AIA	GoK	AIA	GoK	AIA
1	Kenya Railways Corporation [KRC]	654	-	500	-	500	-
2.	National Transport and Safety Authority [NTSA]	200	2,300	300	4,653	200	4,653
3.	Kenya Ports Authority		503	-	503	-	503
4.	Kenya Civil Aviation Authority [KCAA]	-	11,217	-	13,926	-	13,926
5.	LAPSSET Corridor Development Authority [LAPSSET]	515	-	947	-	615	-
6.	Nairobi Metropolitan Area Transport Authority [NaMATA]	518	-	1,005	-	518	-
7.	Kenya Millennium Development Fund	-	-	94	-	50	-
Total		**1,887**	**14,020**	**2,846**	**19,082**	**1,883**	**19,082**

Table 4.1 : Development Resource Requirement vs. Allocation for State Corporations

State Corporations (Development)	Baseline FY2024/25			Requirements FY2025/26			Allocation FY2025/26		
	Gok	AIA	Donor	AIA	GoK	Donor	AIA	GoK	Donor
1 Kenya Airports Authority [KAA]	-	-	-	-	1,000	-	-	600	-
2 KPA – Kenya Ferry Services	365	-	2,000	2,365	450	1,500	2,365	300	1,500
3 Kenya Railways Corporation [KRC]	-	25,217	2,200	34,250	15,000	2,380	34,250	1,210	1,380
4 National Transport and Safety Authority [NTSA]	120		760	-	750	1,000	-	290	774
5 LAPSSET Corridor Development Authority [LAPSSET]	20	-	73	-	500	20	-	210	20
6 Nairobi Metropolitan Area Transport Authority [NaMATA]	582	-	19	-	4,600	-	-	500	-
7 Kenya Millennium Development Fund	-	-	-	-	500	1,813	-	0	500
Total	**1,087**	**25,217**	**5,052**	**36,615**	**22,800**	**6,713**	**36,615**	**3,110**	**4,174**

Implementation Status of Cabinet Resolution on State Corporations

The Principal Secretary informed the Committee that the LAPSSET Corridor Development Authority (LCDA) was one of the agencies affected by the Cabinet resolution on state corporation

reforms. However, he brought to the attention of the Committee that LCDA should remain under the State Department for Transport to ensure the realization of its objectives in multi-modal transport corridor development and should retain an independent budget line.

Critical Underfunded/Unfunded Areas

In FY 2025/26, the State Department requests consideration for additional funding in the following key underfunded/unfunded areas summarised in Table 5 and Table 5.1 for recurrent and development, respectively.

Table 5: Recurrent Budget for FY2025/26 (Kshs. Million)

S/No.	Item	Requirements	Allocation	Funding Gap
1.	**Nairobi Metropolitan Area Transport Authority (NaMATA)**			
	Personnel Emolument	235	185	50
	Operations and Maintenance	445	219	226
	Sub-total	**680**	**404**	**276**
2.	**SDoT Headquarter**			
	Operations and Maintenance	496	178	318
3.	**Kenya Railways Corporation**			
	Pending bill for RAP Project	154	-	154
	Total	**1,330**	**582**	**748**

Table 5.1: Development Budget for FY2025/26 (Kshs. Million)

S/No.	Item	Requirements	Allocation	Funding Gap
1.	**Nairobi Metropolitan Area Transport Authority (NaMATA)**			
	Bus Rapid Transit (BRT)-Line 2 Simba	4,664	1,005	3,664
2.	**Kenya Airports Authority**			

S/No.	Item	Requirements	Allocation	Funding Gap
	Rehabilitation of Malindi Airstrip runway	150	-	150
3.	**Kenya Railways Corporation (KRC)**			
	Relocation Units at Kibera & Mukuru	2,677	400	2,277
	Development of Nairobi Railway City	951	500	451
4.	**SDoT Headquarter**			
	Refurbishment of Transcom House	300	60	240
	TOTAL	**8,742**	**1,965**	**6,777**

MIN./NO.034/NA/T&I/2025: COMMITTEE CONCERNS/OBSERVATIONS

The Following matters arose:

i. The Committee directed the State Department to allocate development funds for Airports and airstrips, including Isiolo Airport, which is an important project in the LAPSSET Development Corridor, and Kakamega Airstrip, which has been abandoned and is in a state of disrepair. The committee was informed that the ministry is developing an airstrip policy that will guide the sector.

ii. The Committee noted that motor vehicle inspection should be delinked from the National Transport and Safety Authority by allowing private companies to conduct the exercise. The Committee directed that the regulations on public-private partnerships in relation to motor vehicle inspection be fast-tracked to enable the private sector to conduct motor vehicle inspection.

iii. The Committee was informed that plans to extend the Standard Gauge Railway from Naivasha to Malaba are still ongoing. Beacons will be elected along the corridor, and thereafter, land compensation will be undertaken.

MIN./NO.035/NA/T&I/2025: SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR ROADS ON THE 2025 BUDGET POLICY STATEMENT

The Principal Secretary stated that the State Department presented to the Energy, Infrastructure, and ICT Sector a budget resource requirement of Kshs. 460.6 billion for 2025/26 and has received an allocation of Kshs. 198.9 billion in the 2025 BPS, resulting in a budget shortfall of Kshs. 261.7 billion as shown below

The Principal Secretary informed the Committee that the 2025 Budget Policy Statement ceilings as set out in the Summary of Expenditure by Programme for the Road Transport programme are broken down as follows:

The recurrent resource requirement VS allocation for 2023/24:

Description	Resource Requirement 2025/26 (Ksh M)	2025/26 BPS Ceiling (Ksh M)	Shortfall for 2025/26 (Ksh M)
Road Maintenance Levy Fund	101,536	69,523	32,013
Mechanical Fund Collections	500	500	0
Salaries (Hqs)	1,158	1,158	0
Transfer to EBK& KETRB(Net Gok)	349	85	264
EBK Projected AIA	90	90	0
KETRB Projected AIA	14	14	0
KIHBT -School Fees	350	350	0
Materials Testing -Agency fees	70	70	0
Other Recurrent (Operations & Maintenance)	396	108	182
Total	**104,463**	**71,898**	**32,565**

The Principal Secretary brought to the attention of the Committee that the projections of the State Department, as contained in the Energy, Infrastructure, and ICT Sector report, were inclusive of the Fuel Levy increment of Kshs. 7 per litre under the Road Maintenance Levy Fund The BPS 2025 ceiling is exclusive of the increment of Kshs. 7 per litre, whose impact is approximately Kshs. 32 billion

The Principal Secretary stated that the State Department continues to experience a budget shortfall on the Operations & Maintenance for Headquarters. The Kshs. 108 million provided for the Headquarters O&M is completely inadequate to oversee a Development Budget of Kshs 140

billion under the Road Agencies. The Kshs. 182 million shortfall will impact negatively on the State Department Headquarters in terms of constrained supply of office necessities, constrained travel to monitor and evaluate projects, and reduced supply for Small and Micro Enterprises, among other negative consequences.

Development Budget Ceiling

The development resource requirement versus allocation as set out in the 2025 BPS is as detailed below:

Description	**Resource Requirement 2025/26**	**BPS Ceilings 2025/26**	**Shortfall for 2025/26**
Net Gok Exchequer	287,064	60,587	226,477
Development Partner	55,468	52,770	2,698
Annuity Programme	13,634	13,634	0
Total	**356,166**	**126,991**	**229,175**

The Principal Secretary informed the Committee that the BPS 2025 development indicative ceilings are further disaggregated as detailed below:

	AGENCY	**Net Gok**	**Local AIA**	**Dev Partner**	**Gross**
A	**B**	**C**	**D**	**E**	**F=C+D+E**
1	KeNHA	12,425		38,077	50,502
2	KURA	7,746		3,870	11,616
3	KeRRA	38,878		8,973	47,851
4	EBK	150			150
5	KETRB	40			40
6	HeadQuarters	948		1850	2,798
7	Mechanical & Transport Fund	400			400
8	Road Annuity Fund Collections		13,634		13,634
	TOTAL	**60,587**	**13,634**	**52,770**	**126,991**

The Principal Secretary stated that the effect of inadequate net GoK ceilings was well articulated by the Cabinet Secretary.

The Principal Secretary informed the Committee that the cumulative financial performance for the first half of the 2024/25 financial year was as follows:

Gross Budget Financial Performance for First Half 2024/25

Description	1st Revised Budget 2024/2025	1st Half Expenditures 24/25	% Expenditure
Recurrent	72,072,170,790	35,421,601,862	49%
Development	119,911,779,946	46,422,562,110	39%
Gross Budget	**191,983,950,736**	**81,844,163,971**	**43%**

The Principal Secretary brought to the attention of the Committee that the development budget expenditure was below par at 32% rather than the expected 50% at half-year, mainly due to delays in the release of net GoK exchequer and subdued development partner contributions. The under-expenditure under the development partner portion mainly affected the projects under the Horn of Africa Gateway Development Project (HoAGDP).

The Principal Secretary stated that the State Department received an additional allocation in advance of Appropriation under Article 223 of the Constitution amounting to Kshs. 12 billion in December 2024. An exchequer of Kshs. 8 billion was received against the additional provision of Kshs. 12 billion. The balance of Kshs. 4 billion exchequer will be received in the course of this week. The Kshs. 12 billion additional budget and concurrent exchequer releases have been excluded from the analysis of the half-year budget performance shown in the table above. The additional provision of Kshs. 12 billion has been captured in the submitted 2nd Supplementary Estimates II 2024/25.

The Principal Secretary informed the Committee that the State Department has one programme "Road Transport"—against which targets and key physical performance indicators are based. A summary of the non-financial physical key performance outputs for the first half of 2024/25 and for the Financial Year 2025/26 are as follows:

No.	Sub-Programme	Key Outputs	Key Performance Indicator	Annual Target for FY 2024/25	Actual Achivement as at 31st December, 2024	Annual Target for FY 2025/26
1	Construction of Roads and Bridges	Roads & Bridges	KM of Roads Constructed	266	136	349
			No. of Bridges Constructed	22	8	20
2	Rehabilitation of Roads	Roads	KM of Roads Rehabilitated	413	190	210
3	Maintenance of Roads	Roads	Km of Roads Maintained Under Periodic	437	109	480
		Roads	KM of Roads Maintained Under Routine	30,278	10,353	28,327
		Roads	KM of Roads Maintained Under Performance Based Contracts	10,398	7,854	10,075

The Principal Secretary concluded by thanking the Committee for the opportunity to deliberate on the 2025 Budget Policy Statement and requested continued support and partnership with the State Department.

MIN./NO.036/NA/T&I/2025: COMMITTEE OBSERVATIONS

The Committee made the following observations:

i. On reforms of state corporations and the decision by Cabinet to Merge Kenya Urban Roads Authority with Kenya Rural Roads Authority, the Committee recommended that the implementation of the merger be carefully undertaken in consultation of all relevant stakeholders and in adherence to the constitution and relevant laws.
ii. The Committee was informed that late and inadequate exchequer releases was the main hindrance as reflected in the low absorption of development budget which was at 32% in the first half of financial year 2024/2025.
iii. The committee was concerned on the criteria used to allocate development projects by Kenya Urban Roads Authority due to several counties not reflecting in their plans. The Committee directed that the State Department ensures that there is equity in the allocation of the road projects across the Country.
iv. The Committee noted that pending bills within the state department had resulted to abandoning of road projects by contractors affecting completion dates of the projects.
v. The Committee was concerned that many roads within Nairobi City were not in motorable conditions that are reflective of the status of a capital city. The Committee directed that the State Department engages with Nairobi County Government to come up with a plan of maintenance of city roads.

MIN./NO.037/NA/T&I/2025: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at Three O'clock (3.00 pm). The next meeting will be at Ten past Three O'clock (3.10 pm). same day.

SIGNED.....**DATE**...4/3/2025.....

HON. GK GEORGE KARIUKI, CBS, MP
CHAIRPERSON

THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES

COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

.....

REPORT ON THE CONSIDERATION OF THE 2025 BUDGET POLICY STATEMENT FOR:

1. VOTE 1173: The State Department for Cooperatives
2. VOTE 1174: The State Department for Trade
3. VOTE 1175: The State Department for Industry
4. VOTE 1176: State Department for Micro Small and Medium Enterprises Development
5. VOTE 1177: State Department for Investment Promotion

VOLUME I

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS

MARCH, 2025

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Annexure 4: Speaker's Communication of Tuesday, 18th February, 2025

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LIST OF ABREVIATIONS AND ACRONYMS

1. ACA - Anti- Counterfeit Authority
2. AIA - Appropriations in Aid
3. AVAU - Apparel Value Addition Units
4. BETA - Bottom-Up Economic Transformation Agenda
5. BPS - Budget Policy Statement
6. CBD - Central Business District
7. CIDC - Constituency Industrial Development Centres
8. COMESA - The Common Market for Eastern and Southern Africa
9. EPZ - Export Promotion Zone
10. EPZA - Export Promotion Zone Authority
11. EU - European Union
12. FIF - Financial Inclusion Fund (Hustler Fund)
13. FY - Financial Year
14. KENAS - Kenya Accreditation Service
15. KEPROBA - Kenya Export Promotion and Branding Agency
16. KIE - Kenya Industrial Estates
17. KIRDI - Kenya Industrial Research and Development
18. KJET - Kenya Jobs Economic Transformation project
19. Kshs. - Kenya Shilling
20. MDAs - Ministries, Departments and Agencies
21. MP - Member of Parliament
22. MSME - Medium, Small and Micro Enterprises
23. MTEF - Medium Term Economic Framework
24. NKCC - New Kenya Cooperative Creameries
25. NMC - Numerical Machining Complex
26. NYOTA - National Youth Opportunities Towards Advancement
27. PBO - Parliamentary Budget Office
28. PE - Personell Emolument
29. PFM Act - Public Finance Management Act
30. PLWDs - People Living With Disabilities
31. Sacco - Savings and Credit Cooperatives
32. SEZ - Special Economic Zone
33. SEZA - Special Economic Zone Authority
34. SME - Small and Micro Enterprises
35. SO - Standing Order
36. TVET - Technical and Vocational Education and Training

CHAIRPERSON'S FOREWORD

The Budget Policy Statement (BPS) is a policy document that sets out the broad strategic priorities and policy goals to guide the National Government and County Governments in preparing their budgets for the subsequent financial year and over the medium term. It is prepared in accordance with Section 25 of the Public Finance Management (PFM), Act 2012, which requires the National Treasury to set out the broad strategic priorities and policy goals that will guide the National Government and County Governments in the preparation of their budgets, both for the following financial year, and over the medium term.

According to Section 25 (2) of the Public Finance Management (PFM), Act 2012, the 2025 BPS was submitted to the National Assembly on **Thursday 13th February, 2025**, and subsequently tabled on the floor of the House. Further, Standing Orders No. 232 (5) requires Departmental Committees to review the BPS and make recommendations to the Budget and Appropriations Committee (BAC) (**Liaison Committee according to the Speaker's Communication of Tuesday, 18th February, 2025**) within 7 days upon tabling before the House. In executing its mandate, the Committee held meetings with the Ministries, Departments and Agencies (MDAs) within its mandate to deliberate on the BPS. The Committee's observations and recommendations regarding the BPS are captured in this report following fruitful deliberations. The report also contains the submissions put forth by the MDAs under the purview of this Committee.

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 further wishes to thank all MDAs who submitted their views on the BPS. Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made useful contributions towards the consideration of the 2025 BPS and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and according to the provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to the Liaison Committee the Report of the Committee on its consideration of the 2025 BPS.

for 03-03-25

Hon. James Mwangi Gakuya, MP.
Chairperson, Departmental Committee Trade, Industry and Cooperatives

CHAPTER ONE

1.0 PREFACE

1.1 Establishment and mandate of the Committee

1) The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate under the **Standing Order 216 (5)** is as follows: -

(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 the implementation;*

(iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*

(iv) *study and review all legislation referred to it;*

(v) *study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

(vi) *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;*

(vii) *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;*

(viii) *examine treaties, agreements and conventions;*

(ix) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*

(x) *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*

(xi) *examine any questions raised by Members on a matter within its mandate.*

1.2 Subjects under the Committee

The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows

i. trade, including securities exchange, consumer protection;
ii. pricing policies, commerce;
iii. industrialization including special economic zones;
iv. enterprise promotion & development including micro, small & medium enterprises (MSMEs);
v. small and medium enterprises (SMEs);
vi. intellectual property;
vii. industrial standards;
viii. anti-counterfeit policies; and,

ix. Co-operatives development.

In executing its mandate, the Committee oversees the following government Ministries, State departments and Agencies:

1173: State Department for Cooperatives
1174: State Department for Trade
1175: State Department for Industry
1176: State Department for MSMEs Development
1177: State Department for Investment Promotion

1.3 Committee Membership

2) The House constituted the Committee on Thursday 27th October, 2022 and comprises the following Members:

Chairperson
Hon. James Mwangi Gakuya, MP
Embakasi North Constituency
United Democratic Alliance (UDA)

Vice Chairperson
Hon. Marianne Jebet Kitany, MP
Aldai. Constituency
United Democratic Alliance (UDA)

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
United Democratic Alliance (UDA)

Hon. Dr. Wilberforce Ojiambo Oundo, MP
Funyula Constituency
Orange Democratic Movement (ODM)

Hon. Dr. Beatrice Kahai Adagala, MP
Vihiga County
Amani National Congress (ANC)

Hon. Joyce Kamene, MP
Machakos County
Wiper Democratic Movement–Kenya

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
Orange Democratic Movement (ODM)

Hon. Antony Njoroge Wainaina, MP
Kieni Constituency
United Democratic Alliance (UDA)

Hon. John Waithaka Machua, MP
Kiambu Constituency
United Democratic Alliance (UDA)

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU

Hon. Samuel Sakimba Parashina, MP
Kajiado South
Orange Democratic Movement (ODM)

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
United Democratic Alliance (UDA)

1.4 Committee Secretariat

3) The following staff facilitates the Committee:

Mr. Abenayo Wasike
Principal Clerk Assistant I/Head of Secretariat

Mr. Ellam Omuhinda
Clerk Assistant III

Ms. Evelyn Kerubo
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Pauline Sifuma
Hansard Officer

Ms. Priscilla Wangu
Fiscal Analyst III

Ms. Priscilla Saidi
Research Officer III

Mr. Mumin Arkan
Research Officer III

Ms. Florence Wanja
Protocol Officer

Mr. Daniel Psirmoi
Media Relations Officer III

Ms. Peris Kaburi
Serjeant At Arms

Mr. Cosmas Akhonya
Audio Officer

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE 2025 BPS

6. The 2025 Budget Policy Statement (BPS) themed **"Consolidating gains under bottom-up economic transformation agenda for inclusive green growth"** is the third under Kenya Kwanza administration.

7. The BPS emphasizes promoting investment in BETA core pillars and enablers and harnessing implementation of the targeted interventions through a value chain approach. The five core pillars are: (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small, and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry

8. Over the medium term, the Government will consolidate the gains realized under the BETA for inclusive green growth with a special focus on the following six (6) objectives: bringing down the cost of living; eradicating hunger; creating jobs; expanding the tax base; improving foreign exchange balances; and inclusive growth.

9. The total budget for FY 2025/26 is projected at Ksh 4,336.07 billion. The allocations to the three arms of government, including shareable revenues to the County Governments, is summarized in **Table 1.**

10. **Table 1: Summary of Proposed MTEF allocations (Kshs. Billions)**

S/No.	Details	Supplementary Estimate No.1 FY 2024/25	2025 BPS	Variances	BPS Vs Approved Supplementary Estimate No.1FY 2024/25
1	National Government	2300.5	2,562.0	2,61.5	11.37%
	Executive	*2237.2*	*2,493.8*	2,56.6	11.47%
	Parliament	*40.9*	*42.5*	1.6	3.97%
	Judiciary	*22.5*	*25.7*	3.2	14.42%
2	Consolidated Fund Services (CFS)	1237.2	1,369.0	131.8	10.65%
3	County Government	410.8	405.1	-5.8	-1.40%
	Total	**3948.6**	**4,336.1**	**387.5**	9.81%

Source: National Treasury and Economic Planning, 2025

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

11. In consideration of the 2025 BPS, the Departmental Committee on Trade, Industry and Cooperatives held consultative meetings with the Ministries, State Departments and agencies under its purview and on which it exercises oversight.

3.1 State Department for Cooperatives

12. The Committee held a briefing meeting with a delegation from the State Department for Cooperatives on 24th February, 2025. The State Department made submissions that covered the thematic areas that had been sought for in the invitation letter.

13. The major policies/ strategic objectives of the State Department for the 2025 BPS submitted were as follows:

i. Programmes that enhance value chain and linkage to BETA priorities;
ii. Linkage of the programme with the priorities of Medium-Term Plan IV of Kenya Vision 2030;
iii. Presidential directives and cabinet decisions;
iv. Completion of ongoing projects, stalled projects and payment of verified pending bills;
v. Degree to which the programme addresses job creation and poverty reduction;
vi. Degree to which a programme addresses the core mandate of the MDA;
vii. Programmes that support mitigation and adaptation of climate change;
viii. Cost effectiveness, efficiency and sustainability of the programme; and,
ix. Requirements for furtherance and implementation of the Constitution.

14. Some of the targets under the State Department include: one new NKCC plant constructed, refurbishment of 300 coffee factories, refurbishment of 250 coffee pulping stations, and a 100% review of governance and anti-corruption policies for cooperative societies, among others.

15. The State Department further submitted its approved recurrent budget for FY 2024/25, as Kshs. **6,709.71** million, and the proposed recurrent budget for the FY 2025/26, 2026/27 and FY 2027/28 to be Kshs. **6,871.32** million, Kshs. **6,947.11** million and Kshs.**7,009.53** million, respectively.

16. The total approved development budget for the State Department for the FY 2024/25, as Kshs. **2,000.00** million, and the proposed recurrent budget for the FY 2025/26, 2026/27 and FY 2027/28 to be Kshs. 1,765.50 million, Kshs. **3,028.49** million and Kshs.**3,486.14** million, respectively.

3.2 State Department for Trade

17. The Committee held a briefing meeting with a delegation from the State Department for

Trade on 20th February, 2025. The State Department made submissions that covered the thematic areas that had been sought for in the invitation letter.

18. The major policies/ strategic objectives of the State Department for the 2025 BPS submitted were as follows:

i. To broaden and deepen the product base and export market;
ii. To reduce unfair trade practices and enhance consumer protection;
iii. To improve the business environment;
iv. To support growth and development of wholesale and retail trade; and,
v. To provide policy direction and ensure coordination for quality service delivery.

19. Some key targets under the State Department include registering 10,000 sector-regulated/value chain actors, up from 5,000 targeted in FY 2024/25, certifying 50 warehouses, increased from a target of 30 in FY 2024/25, conducting 3 investigations into unfair import trade practices affecting identified BETA Priority value chain, coordinating 3 International Trade Fairs and Exhibitions per year and KNTC targets to increase rice distribution from 7,100 metric tonnes to 7,400 metric tonnes among others.

20. The State Department further submitted its approved recurrent budget for FY 2024/25, as Kshs. **3,071.7** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **3,459.3** million, which is an increase of Kshs. **387.6** million.

21. The State Department further submitted its approved development budget for FY 2024/25, as Kshs. **290.0** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **170.0** million, which is a decrease of Kshs. **120** million.

22. The funding gap for recurrent in FY 2025/26 is Kshs. **5,563.21** million and Kshs. **5,231.93** million for development.

3.3 State Department for Industry

23. The Committee held a briefing meeting with a delegation from the State Department for Industry on 20th February, 2025. The State Department made submissions that covered the thematic areas that had been sought for in the invitation letter.

24. To support the development of value chains, special emphasis has been placed on increasing productivity and value addition, addressing input constraints, strengthening extension services, and enhancing markets for locally manufactured products. The key value chains prioritized are agro-processing; leather and leather products; building and construction materials; textiles and apparel; dairy products; edible and crop oils; Coffee and Tea.

25. Some of the planned targets under the State Department include Apparel Value Addition Units (AVAUs) constructed and equipped with 100% completion in Nyando, 50% completion in Lusegeti, and 90% completion of industrial research laboratories

constructed and equipped in Nairobi, South B, among others.

26. The State Department further submitted its approved recurrent budget for FY 2024/25, as Kshs. **2207.4** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **2,999.3** million, which is an increase of Kshs. **791.9** million.

27. The State Department further submitted its approved development budget for FY 2024/25, as Kshs. **3,343.9** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **6,132.4** million, which is an increase of Kshs. **2,788.5** million.

28. The funding gap for recurrent in FY 2025/26 is Kshs. **582.6** million and Kshs. **5,480.9** million for development.

3.4 State Department for MSMEs Development

29. The Committee held a briefing meeting with a delegation from the State Department for MSMEs Development on 24th February, 2025. The State Department made submissions that covered the thematic areas that had been sought for in the invitation letter.

30. Some of the key policy priorities under the State Department include;

i. The Government plans to launch a third product for Small and Medium Enterprises (SMEs), initially targeting 2 million beneficiaries with a proven credit history to help them transition to formal banking systems;

ii. Reviewing the Micro, Small Enterprise (MSE) 2020 Policy to tackle the challenges faced by MSMEs, this review aims to eliminate barriers in the MSME sector that hinder business growth and development. The new policy will enhance access to finance, reduce regulatory burdens, improve market access, upgrade MSME infrastructure, and foster a supportive ecosystem for MSMEs;

iii. The sensitization of MSMEs regarding opportunities in animal feeds and the prioritization of financial inclusion to the dairy value chain; and,

iv. Establishment of MSME business development centers in every ward, along with an industrial park and a business incubation center at each TVET institution.

31. Some key targets under the State Department include: 20 CIDCs Refurbished/operationalized and equipped, Kshs. 6,262 million disbursed to youth MSMEs (Kshs) as startup capital under NYOTA project, 5,250 jobs improved and created through Kenya Jobs Economic Transformation project (KJET), Kshs. 60 billion credit issued under Financial Inclusion Fund, Kshs. 850 million credit disbursed to Youth, Women and PWDs Groups under Uwezo Fund, and, under KIE the amount of industrial credit is targeted at Ksh 3.2 billion.

32. The State Department further submitted its approved recurrent budget for FY 2024/25,

as Kshs. **1,487.0** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **1,724.3** million, which is an increase of Kshs. **237.3** million.

33. The State Department further submitted its approved development budget for FY 2024/25, as Kshs. **4,528.5** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **4,629.0** million, which is an increase of Kshs. **100.5** million.

34. The funding gap for recurrent in FY 2025/26 is Kshs. **1,101** million and Kshs. **13,543** million for development.

3.5 State Department for Investment Promotion

35. The Committee held a briefing meeting with a delegation from the State Department for Investment Promotion on 20th February, 2025. The State Department made submissions that covered the thematic areas that had been sought for in the invitation letter.

36. The key policy priorities under the State Department include;

i. Completion of the Kenya Leather Industrial Park in Kenanie to enhance the value addition of leather; and,
ii. Finalization of the development and operationalization of public Special Economic Zones (SEZs) in Naivasha, Kisumu, Lamu.

37. Some of the key targets under the State Department include 85% completion of Athi River Textile Hub, 70% completion of Industrial Sheds within Athi River Zone constructed, 100% phase 2 completion of Delmonte (Murangá) Flagship EPZ, 100% phase 2 completion of Nasewa (Busia) Flagship EPZ, 100% phase 2 completion of Eldoret ICDC (Uasin Gishu) Flagship EPZ, 100% phase 2 completion of Sagana (Kirinyaga) Flagship EPZ, 100% phase 1 completion of Egerton Park (Nakuru) Flagship EPZ, and 100% phase 1 completion of Samburu (Kwale) Flagship EPZ, among others.

38. The State Department further submitted its approved recurrent budget for FY 2024/25 as Kshs. **1,165.7** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **1,391.4** million, which is an increase of Kshs. **225.7** million.

39. The State Department further submitted its approved development budget for FY 2024/25, as Kshs. **1,200.0** million, and the proposed recurrent allocation for the FY 2025/26 of Kshs. **4,313.4** million, which is an increase of Kshs. **3,113.4** million.

40. The cumulative funding gap for recurrent in FY 2025/26 is Kshs. **3275.39** million and Kshs. **13,543** million for development.

3.6 Proposed State Corporation for Mergers/Dissolution

41. During the cabinet meeting held on **25 January 2025** the cabinet approved various reforms in line with the commitment to streamline government operations, reduce wastage, and curb excesses. Some of the reforms affecting the state corporation under the

purview of the Committee include·

i. Export processing zones authority (EPZA) and special economic zones authority (SEZ),
ii. Kenya Industrial Research and Development Institute (KIRDI) and Kenya Industrial Estate (KIE),
iii Anti-Counterfeit Authority (ACA), Kenya Industrial property Institute and Kenya Copy Right Board, and,
iv Uwezo fund, Youth Enterprise Development Fund and Youth Enterprise Development Fund.

42. State corporations with outdated mandates or those whose goods and services can be effectively provided by the private sector are proposed for dissolution are:

i **Scrap metal council** established under the Scrap Metal Act with the mandate to regulate and control activities in the scrap metal business, as well as to oversee any other related functions
ii **Numerical Machining Complex (NMC)** is mandated to manufacture metallic components and other industrial products to promote industrial development.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 State Department for Cooperatives

43. The Committee observed that:

i. The State Department's FY 2025/26 proposed ceiling is KShs. 8,436.8 million, with recurrent expenditure of KShs. 6,871.3 million and development expenditure of KShs. 1,565.5 million. This represents a short financial fall of KShs. 16,816 million under recurrent and KShs. 8,136 million under development.

ii. There is a turnaround of the New KCC with a noted improvement in payment timelines to farmers, having reduced delays from six months to one month.

iii. The verified debts of coffee cooperative societies stood at KShs. 6.8 billion, with an allocation of KShs. 2 billion in FY 2024/25 and a proposed allocation of KShs. 2 billion in the 2025 BPS, leaving a shortfall of KShs. 2.8 billion. Concerns were raised regarding the criteria to be applied in the settlement of the debts, with the Committee noting the need to fully allocate the required resources to avoid the accumulation of interest.

iv. Kenya needs to internationally market coffee to new markets, especially China, which is a new coffee market. For this, the State Department requires KShs. 500 million.

v. SASRA requires a higher allocation of funds from its Appropriations-in-Aid (AIA) collections, particularly towards staff training (KShs. 30 million), to strengthen the enforcement of SASRA regulations. Further, it requires KShs. 12 million for legislative review of the SASRA Act for robust supervision of Saccos.

vi. The need for New KPCU to renovate its CBD premises to enhance its AIA collection through rental incomes. Further, it noted that the coffee cherry fund was operational despite the reduction in allocation during supplementary No.1 of FY2024/25. Also, New KPCU needs KShs. 600 million for modernization of their warehouses as part of the coffee reforms program.

4.2 State Department for Trade

44. The Committee observed that:

i. The State Department's FY 2025/26 proposed ceiling is KShs. 3,629.3 million, with a recurrent expenditure of KShs. 3,459.3 million and a development expenditure of KShs. 170 million. This represents a short financial fall of KShs. 9,192 million under recurrent and KShs. 5,232 million under development according to its submission.

ii. The implementation of trade agreements remained low despite Kenya having signed various agreements, such as those with the EU and COMESA. Although the country has many products that could be exported to other markets, inadequate stakeholder awareness of available opportunities has hindered effective utilization of these agreements.

iii. For the country to be able to retain and expand the market share of Kenya's BETA priority and value chain products, there is a need to support the trade negotiations as well as information dissemination on trade opportunities to key stakeholders. To this end, the State Department has a financing gap of KShs. 534 million.

iv. The State Department is currently preparing to participate in the Expo 2025 Osaka in Kansai, Japan through Kenya Export Promotion and Branding Agency (KEPROBA) which requires KShs. 350 million in FY 2025/26, this is part of its mandate to showcase Kenyan products to the outside world and expand market access for Kenyan products, further, it has a PE shortfall of KShs. 47 million.

v. The State Department has donor-funded projects aimed at enhancing trade, digital e-commerce, and product quality, which require KShs. 23 million in counterpart funding from the Government of Kenya as per the financing agreement. This funding is necessary to unlock the KShs. 234 million donor commitment.

vi. The Department of Weights and Measures needs KShs. 430 million for modernization of legal metrology project laboratories to bring into control measurement in the utility sector, which includes the electricity and water sector, by procuring and installing the requisite equipment and standards for testing electricity and water meters.

vii. The State Department needs KShs. 430 million to upscale marketing of Kenya's products overseas.

4.3 State Department for Industry

45. The Committee observed that:

i. The State Department's FY 2025/26 proposed ceiling is KShs. 9,131.7 million, with recurrent expenditure of KShs. 2,999.3 million and development expenditure of KShs. 6,132.4 million. This represents a short financial fall of KShs. 582.6 million under the recurrent budget and KShs. 5,480 million under the development budget according to its submission.

ii. The recurrent shortfall is inclusive of KShs. 230 million, which was a resolution from parliament on the compensation of former Pan Paper employees.

iii. The key cost driver under the development budget for the State Department is the allocation towards County Aggregation and Industrial Parks (CAIPS) with a proposed allocation of KShs. 4,600 million, which is expected to be funded over the medium term.

iv. The CAIPs model is uniform in Phase One, but in Phase Two, it will be adapted to align with the economic activities of each county. Further, the partnership between the county and national governments appears to face challenges, as some county governments have fulfilled their contributions while others have not. Members noted the need for a progress report from the State Department.

v. KIRDI Industrial Research Laboratories, constructed and equipped in Nairobi South C require 2.6 billion to be completed. The State Department got approval from the National Treasury on financing, where the amount will be issued in 2 years. In FY 2025/26 they are expected to receive KShs. 1 billion yet the proposed allocation is KShs. 500 million, thereby creating a shortfall of KShs. 500 million.

vi. There is low funding for the industrial sector, despite it being relied upon to increase the contribution of manufacturing from 7% to 15% by 2027.

vii. There is a perception that Kenya's business climate is unfavorable due to the frequent publication of company closures, while new business entries receive little recognition. To provide a clearer picture of the business environment, there is a need for a quarterly or half-yearly report on industry and business closures, as well as new market entrants.

viii. The Export and Investment Promotion Levy was introduced to support local manufacturers by encouraging local production over imports. However, at the time of its introduction, the price of cement was Ksh 600 per 50kg bag, but it has since increased to approximately Ksh 930 for the same quantity. Furthermore, steel prices have continued to rise despite a global reduction in costs. This has negatively impacted the construction industry by increasing the costs of government projects and making it more expensive for Kenyans to build their own home.

ix. The Committee observed that the levy appears to be benefiting an individual rather than the industry sector as originally envisioned. The intended goal was to promote investment in the industry using the proceeds collected.

x. RIVATEX has been approved for privatization by the cabinet to address sustainability challenges and improve efficiency. The Committee needs to be informed of all debt owed to the state agency.

xi. The prevalence of fake goods in the market remains high despite the Kenya Bureau of Standards (KEBs) and Anti-Counterfeit Authority resource base. This is due to the

absence of an internal enforcement arm, forcing the agency to rely on external entities for enforcement, including investigations. However, the members were informed that an enforcement arm is currently being constituted within the authority.

xii. There is no cotton seed distribution mechanism in place to support farmers. The State Department highlighted that they were working on a mechanism that will ensure farmers are directly supplied with the cotton seeds.

xiii. KENAS needs an additional KShs. 120 million for enhancement of the national accreditation program.

4.4 State Department for MSMEs

46. The Committee observed that:

i. The State Department's FY 2025/26 proposed ceiling is KShs. 6,353.3 million, with recurrent expenditure of KShs. 1,724.3 million and development expenditure of KShs. 4,629.0 million. This represents a short financial fall of KShs. 1,101 million under recurrent and KShs. 13,543 million under development according to its submission.

ii. The Financial Inclusion Fund (Hustler Fund) reportedly had a big nonperforming loan portfolio. The State Department committed to submit a comprehensive performance report to the Committee detailing measures in place to recover nonperforming loans, reform defaulters and increase uptake of the facility.

iii. The planned merger of the Uwezo Fund, the Women Enterprise Development Fund, and the Youth Enterprise Development Fund into a single fund. The State Department informed the Committee that the merger process is still ongoing, and as a result, the allocations for each fund will remain as proposed in the 2025 Budget Policy Statement (BPS).

iv. NYOTA requires KShs. 6700 million but has been allocated KShs. 500 million while KJET requires KShs. 3100 million but has been allocated KShs. 429 million. These projects are key in skill building and employment creation for youths across all constituencies in the country.

4.5 State Department for Investment Promotion

47. The Committee observed that:

i. The State Department's FY 2025/26 proposed ceiling is KShs. 5,704.8 million, with recurrent expenditure of KShs. 1,391.4 million and development expenditure of KShs. 4,313.4 million. This represents a shortfall of KShs. 1,642 million under recurrent and KShs.11, 699.0 under development as per it's submission.

ii. There is a donor-funded project of KShs. 1.95 billion through the Exim Bank of India on the development of SMEs through the Importation of plant, equipment, and machinery and

consultancy services being implemented by (KDC). The project is ongoing with an FY2024/25 allocation of KShs. 550 million and a similar amount in FY 2025/26, but has not been captured in the development loan AIA in the 2025 BPS.

iii. The Special Economic Zones Authority can generate more AIA from the current KShs. 30 million to KShs. 95 million.

iv. There are land speculators in the Special Economic Zones holding land without an intention of investment. The State Department was advised to carry out due diligence before allocating land.

v. The Export Processing Zones Authority (EPZA), and the Special Economic Zones Authority (SEZ) were among the agencies targeted for mergers. The State Department averred that no mandate will be lost.

vi. Out of the 6 flagship projects 4 (Sagana, Delmonte, Eldoret, and Nasewa in Busia) are at 45% completion and are expected to complete phase 1 in FY2025/26 and commence phase 2 while the other 2 (Egerton and Kwale) are yet to commence phase 1 in FY 2025/26 due to land ownership challenge. The State Department informed the Committee that the challenges had been resolved.

vii. The Kenya Development Corporation (KDC) has historical bad debts amounting to Kshs. 30.82 billion, originally issued as Kshs. 1.35 billion. These debts have accumulated interest over the years from 1960 to 2008 and are still reflected in its book balances. This portrays a negative image of the agency, limiting its capacity to source funds. KDC lacks a framework of handling these historical non-performing loans.

viii. The Committee noted that the Naivasha Special Economic Zone (SEZ) and the Athi River Textile Hub have significant potential to drive economic growth by promoting industrialization, creating employment opportunities, and enhancing Kenya's export competitiveness. However, these projects continue to face financial constraints, with the Athi River Textile Hub experiencing a funding shortfall of KShs. 1.445 billion in FY 2024/25, while the Naivasha SEZ faces a deficit of KShs. 551 million.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

5.1 Non-financial Recommendations

5.1.2 State Department for Industry

48. The Committee recommends that:

i. The State Department to submit a detailed progress report on the implementation of the CAIPs by **1st May 2025**. The report should outline the status of county contributions, challenges faced in the county-national government partnership, and strategies for aligning Phase Two with county-specific economic activities. Clear timelines and accountability measures should also be established to ensure uniform progress.

ii. By **30th June, 2025** the State Department to start publishing a half-year report on industry and business closures, new market entrants, as well as areas with potential investment opportunities. This initiative will present a balanced and accurate image of Kenya's business climate, counter negative perceptions, and support informed policymaking and investor confidence.

iii. By 30th June 2025, the National Treasury in collaboration with the State Department for Industry to table a report on the impact of the Export and Investment Promotion Levy (EIPL) on the economy with a clear focus on the construction industry, evaluating its effect on cement and steel prices, market competitiveness, and growth of local manufacturing.

5.1.3 State Departments for MSMEs Development and Industry

49. The Committee recommends that:

i. Within **six months after adoption of the 2025 BPS report,** the two State Departments to establish a clear framework of collaboration between Constituency Industrial Development Centers (CIDCs) and County Aggregation and Industrial Parks (CAIPs). Strengthening the linkage and coordination between these entities will enhance industrial growth, improve market access, and promote efficient resource utilization.

5.1.4 State Department for Investment Promotion

50. The Committee recommends that:

i. The Kenya Development Corporation (KDC) in collaboration with the National Treasury to develop and implement a time-bound framework for dealing with historical non-performing loans by **June 30th, 2025.** This should align with the best financial practices and regulatory guidelines to improve KDC's financial position, enhance its credibility, and strengthen its capacity to attract funding.

5.2 Financial Recommendations

51. The Committee having considered the 2025 BPS for the State Departments under its purview recommends that the ceiling be approved as tabled for the following State Departments:

1173 State Department for Cooperatives
1174: State Department for Trade
1175: State Department for Industry
1176: State Department for MSMEs Development

5.2.1 State Department for Investment Promotion

52. The proposed ceiling for the State Department FY 2025/26 is Ksh 5,704.8 million, with recurrent expenditure of Ksh 1,391.4 million and development expenditure of Ksh 4,313.4 million.

The Committee recommends that:

i. An enhancement of **KShs. 65 million** toward the recurrent budget of Special Economic Zones Authority resulting in enhanced capacity to generate more AIA. **See schedule No.1**

5.3 Additional Funding Requests

53. The Committee recommends that the Liaison Committee consider allocating additional resources to the following State Departments to address critical areas essential for economic growth that remain unfunded. **See schedule No.2**

5.3.1 State Department for Cooperatives

54. The proposed ceiling for the State Department FY 2025/26 is KShs. 8,436.8 million, with recurrent expenditure of KShs. 6,871.3 million and development expenditure of KShs. 1,565.5 million be enhanced as follows:

Recurrent

i. Additional funding of **KShs. 42 million** to SASRA for capacity building and legislative reforms. All this will support SASRA's supervisory function to curb loss of savings in the cooperative movement;
ii. Additional funding of **KShs. 500 million** for coffee marketing in new international markets, especially China, which is a new coffee market;
iii. Additional funding of **KShs. 2.8 billion** to cater for coffee debt waiver;

Development

i. Additional funding of **KShs. 196 million** PAVI cotton farmers cooperative society ginnery; and,
ii. Additional funding of **KShs. 600 million** to New KPCU for refurbishment of warehouses as part of coffee reforms and modernization the government is undertaking.

5.3.2 State Department for Trade

55. The proposed ceiling for the State Department FY 2025/26 is KShs. 3,629.3 million, with a recurrent expenditure of KShs. 3,459.3 million and a development expenditure of KShs. 170 million be enhanced as follows:

Recurrent

i. Additional funding of **KShs.250 million** to facilitate trade negotiations;
ii. Additional funding of **KShs. 430 million** for international marketing of Kenya's products overseas;

Development

i. Additional funding of **KShs. 430 million** for the Department of Weight and Measures for modernization of legal metrology project laboratories to bring into control measurement in the utility sector (energy and water). This will enhance generation of AIA and protect consumers in the energy and water sectors of the economy; and,
ii. Additional funding of **KShs.23 million** for counterpart funding required to unlock **KShs. 234 million.**

5.3.3 State Department for Industry

56. The proposed ceiling for the State Department FY 2025/26 is KShs. 9,131.7 million, with recurrent expenditure of KShs. 2,999.3 million and development expenditure of KShs. 6,132.4 million to be enforced as follows:

Development

i. Additional funding of **KShs. 120 million** for Enhancement of the Accreditation Programme in Kenya- KENAS; and,
ii. Additional funding of **KShs. 500 million** towards completion of KIRDI building under phase 1.

5.3.4 State Department for MSMEs

57. The proposed ceiling for the State Department FY 2025/26 is KShs. 6,353.3 million, with recurrent expenditure of KShs. 1,724.3 million and development expenditure of KShs. 4,629.0 million to be enforced as follows:

Development

i. Additional allocation of **KShs. 6.2 billion** under the NYOTA project and **KShs. 2.6 billion** under the KJET project which are time-bound donor-funded projects

5.3.5 State Department for Investment Promotion

58. The proposed ceiling for the State Department FY 2025/26 is KShs. 5,704.8 million, with

recurrent expenditure of KShs. 1,391.4 million and development expenditure of KShs. 4,313.4 million to be enforced as follows:

Recurrent

i. Additional funding of **KShs. 134 million** for Headquarter Personnel Emoluments (PE);

Development

i. Additional funding of **KShs. 551 million** for Development of industrial park SEZA towards payment of administration block access road and critical infrastructure development; and,

ii. Additional funding of **KShs.1,445 million** for Development of Athi River Textile hub-EPZA for construction of investor sheds and pending bill towards Kenanie Effluent treatment plant.

SIGNED..... **DATE**.....03-03-25.....

HON. JAMES MWANGI GAKUYA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES