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SWA  
23/3/2022



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

THE NATIONAL ASSEMBLY  
PARLIAMENTARY DEPARTMENT

DATE: 23 MAR 2022 WEB COPY

TABLED BY:	HON. KRUMI KEMO CHAIR, RAC
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DEPARTMENTAL  
COMMITTEE ON  
DEFENSE & FOREIGN  
RELATIONS

**REPUBLIC OF KENYA**



**THE NATIONAL ASSEMBLY**

**TWELFTH PARLIAMENT – SIXTH SESSION**

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**DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS**

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

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## PART I

### 1.0 PREFACE

#### 1.1 Introduction

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

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

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

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

#### 1.2 Mandate and Membership of the Committee

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

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

- e) *investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House;*
- f) *to vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment); and*
- g) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

### 1.3 Committee Membership

The Committee Membership is as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **1.4 Committee Secretariat**

The Committee secretariat is composed of the following technical staff;

Mr. Victor Weke  
First Clerk Assistant  
Senior Clerk Assistant

Mr. Abdiaziz Shobay  
Clerk Assistant II

Mr. Edison Odhiambo  
Fiscal Analyst

Mr. Salem Lorot  
Legal Counsel

Mr. Eric Kariuki  
Research Officer

Mr. John Ng'ang'a  
Hansard Recorder

Mr. Edwin Machuki  
Fiscal Analyst

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

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

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

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

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

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

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

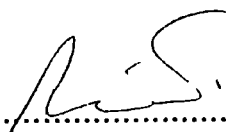
- (i) 1041: Ministry of Defence
- (ii) 1052: Ministry of Foreign Affairs
- (iii) 1221: State Department for East African Community
- (iv) 1222: State Department for Regional Development and Northern Corridor Development
- (v) 1281: National Intelligence Service

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

### 1.6 Acknowledgement

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

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

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

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

## PART II

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

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

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

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

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

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

### **3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES**

#### **3.1 National Intelligence Service**

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

#### **3.2 Ministry of Defence**

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

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

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

#### **3.3 Ministry of East African Community & Northern Corridor Development**

##### **3.3.1 State Department for East African Community**

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

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

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

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

The State Department had no new projects.

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

### 3.3.2 State Department for Regional & Northern Corridor Development

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

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

### **3.4 Ministry of Foreign Affairs**

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

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

## PART III

### 4.0 OBSERVATIONS

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

## 5.0 RECOMMENDATIONS

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

### 2.1 Reductions

Reduce the allocation towards:

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

### 2.2 Re-allocations

Re-allocate the funds towards:

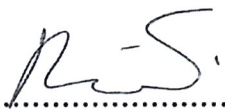
- a) KSh. 40 million towards construction of Badasa Earth dam/Peace dam in Marsabit, Saku Constituency under Ewaso N'giro North Development Authority
- b) KSh. 40 million towards construction of Rhamu Peace dam in Rhamu, Mandera county under Ewaso N'giro North Development Authority
- c) KSh. 40 million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

**SCHEDULE I: REDUCTIONS**

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

**SCHEDULE II: RE-ALLOCATIONS(INCREASES)**

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

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

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

**Annexures**


Annex 1: PBO brief on the proposed Supplementary I Estimates

Annex 2: MDA's submissions

Annex 3: Minutes of the Committee sittings

### 2.3 Other Financial Recommendations (Wish List)

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

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

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

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

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**DEPARTMENTAL COMMITTEE ON LANDS**

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

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**PUBLISHED BY: -**

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NAIROBI**

**FEBRUARY, 2022**

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**Annexures**

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

Annexe2: MDA's submissions

## **PART I**

### **1.0 PREFACE**

#### **1.1 Introduction**

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

#### **1.2 The mandate of the Committee**

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

The Committee oversights:

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

### 1.3 Committee Membership

4. The Committee Membership is as follows:

#### **Chairperson**

Hon. Dr. Rachael Nyamai, CBS, MP

**Kitui South Constituency**

**Jubilee Party**

Hon. Benjamin Washiali, CBS, MP  
Mumias East Constituency

**Jubilee Party**

Hon Joshua Kutuny Serem, MP  
Cherangany Constituency

**Jubilee Party**

Hon. Mishi Mboko, MP  
Likoni Constituency

**Orange Democratic Movement (ODM)**

Hon. Omar Mwinyi, MP  
Changamwe Constituency

**Orange Democratic Movement (ODM)**

Hon. William Kisang, MP  
Marakwet West Constituency

**Jubilee Party**

Hon. Ahmed Kolosh, MP  
Wajir West Constituency

**Jubilee Party**

Hon. Ali Mbogo, MP  
Kisauni Constituency

**Wiper Democratic Movement (WDM)**

Hon. Babu Owino, MP  
Embakasi East Constituency

**Orange Democratic Movement (ODM)**

Hon. Caleb Kipkemei Kositany, MP  
Soy Constituency

**Jubilee Party**

Hon George Aladwa, MP  
Makadara Constituency

**Orange Democratic Movement (ODM)**

Hon George Risa Sunkuyia, MP  
Kajiado West Constituency

**Jubilee Party**

Hon. John Muchiri Nyaga, MP  
Manyatta Constituency

**Jubilee Party**

Hon. Josphat Gichunge Kabeabea, MP  
Tigania East Constituency

**Party of National Unity (PNU)**

Hon. Lilian Tomitom, MP  
West Pokot County

**Jubilee Party**

Hon. Owen Yaa Baya, MP  
Kilifi North Constituency

**Orange Democratic Movement (ODM)**

Hon. Patrick Munene Ntwiga, MP  
Chuka/Igambangombe Constituency

**Jubilee Party**

Hon. Samuel Kinuthia Gachobe, MP  
Subukia Constituency

**Jubilee Party**

Hon. Teddy Mwambire, MP  
Ganze Constituency

**Orange Democratic Movement (ODM)**

#### **1.4 Committee Secretariat**

5. The Committee secretariat comprises:

**Lead Clerk**

Mr. Leonard Machira

**Senior Clerk Assistant**

Mr. Ahmad Guliye

Ms. Jemimah Waigwa

**Second Clerk Assistant**

**Legal Counsel I**

Dr. Kefa Omoti

Mr. Collins Namulen

**Principal Research Officer**

**Fiscal Analyst III**

Mr. Joseph Okongo

**Media Relations Officer**

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

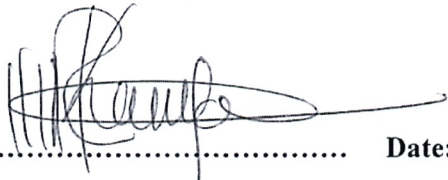
6. The First Supplementary Estimates for the FY 2021/22 were tabled in the National Assembly on Tuesday 1<sup>st</sup> February 2022 and subsequently tabled in the House. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44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

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

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

#### **1.6 Acknowledgement**

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

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

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

## PART II

### 2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES I FY 2020/21

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

### 3.0 Briefing by the Parliamentary Budget Office

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

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

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

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

*Source: First Supplementary Estimates for FY2021/22*

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

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

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

*Source: Supplementary Estimates No.1 (National Treasury)*

### 3.0 SUBMISSIONS BY MINISTRY AND THE NATIONAL LANDS COMMISSION

#### 3.1 Ministry of Lands and Physical Planning

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

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

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

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

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

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

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

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

**Table 3: Summary of Revenue Collection,**

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

### 3.2 Submissions by the National Lands Commission

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

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

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

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

## PART III

### 4.0 COMMITTEE OBSERVATIONS

#### a) Ministry of Lands and Physical Planning – Vote 1112

The Committee made the following observations:

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

#### b) National Land Commission – Vote 2021

The Committee made the following observations.

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

## **5. 0 COMMITTEE RECOMMENDATIONS**

### **5.1 Non-Financial Recommendations**

The Committee made the following recommendations:

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

### **5.2 Financial Recommendations**

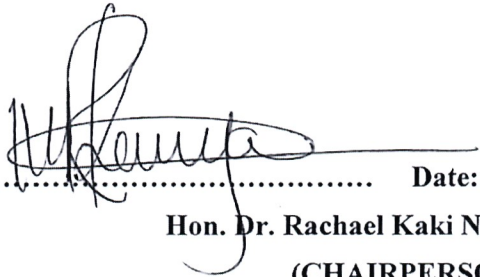
The Committee made the following recommendations:

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

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

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

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

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

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

DEPARTMENTAL  
COMMITTEE ON  
COMMUNICATION,  
INFORMATION  
AND INNOVATION

**REPUBLIC OF KENYA**



**THE NATIONAL ASSEMBLY**

**TWELFTH PARLIAMENT – SIXTH SESSION**

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

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

**STATE DEPARTMENT FOR ICT & INNOVATION (VOTE 1122)**

**STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION (1123)**

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**February, 2022**

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## PART I

### 1.0 PREFACE

#### 1.1 Introduction

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

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

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

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

#### 1.2 Mandate of the Committee

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

- a. **Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;**

- b. Study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
  - c. Study and review all legislation referred to it;
  - d. Study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
  - e. Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
  - f. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
- (fa) examine treaties, agreements and conventions;
- g. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
  - h. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
  - i. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
  - j. Examine any questions raised by Members on a matter within its mandate.

### 1.3 Membership of the Committee

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

#### **Chairperson**

Hon. Jane Wanjiku Njiru, M.P

MP for Embu County

**Jubilee Party**

#### **Vice-Chairperson**

Hon. Mark Nyamita,

MP for Uriri Constituency

**Orange Democratic Party**

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

**Jubilee Party**

Hon. Gertrude Mbeyu , MP  
MP for Kilifi County

**Orange Democratic Party**

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

**Kenya National Congress**

Hon. Anthony Kiai, MP  
MP for Mukurweini Constituency

**Jubilee Party**

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

**Jubilee Party**

Hon. Gathoni Wamuchomba  
MP for Kiambu County

**Jubilee Party**

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

**Wiper Democratic Party**

Hon. Victor Munyaka, MP  
MP for Machakos Town Constituency

**Jubilee Party**

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

**Jubilee Party**

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

**New Democrats Party**

Hon. Mwambu Mabongah, MP  
MP for Bumula Constituency

**Independent**

Hon. Innocent Momanyi Obiri, MP  
Bobasi Constituency

**People's Democratic Party**

Hon. Maritim Sylvanus, MP  
MP for Ainamoi Constituency

**Jubilee Party**

Hon. Godfrey Osotsi Atieno, MP  
Nominated

**African National Congress**

Hon. Mwangaza Kawira, MP  
MP for Meru County  
**Independent**

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

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

#### **1.4 Committee Secretariat**

The Committee secretariat is composed of the following technical staff;

##### **Head of the Secretariat**

Ms. Hellen Kina  
**Clerk Assistant I**

Ms. Ella Kendi  
**Clerk Assistant II**

Mr. Salem Lorot  
**Legal Counsel**

Mr. Donald Manyala  
**Research Officer II**

Mr. Thomas Ogwel  
**Fiscal Analyst I**

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

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

### **1.6 Acknowledgement**

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

**HON. JANE WANJUKI NJIRU, M.P - CHAIRPERSON**

## PART II

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

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

### 3.0 PRESENTATION BY PARLIAMENTARY BUDGET OFFICE

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

#### Justifications for Supplementary Estimates

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

#### Highlights of the 2021/22 Supplementary I Estimates

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

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

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

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

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

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

## The Salient Issues

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

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

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

#### **4.0 SUBMISSIONS BY THE STATE DEPARTMENTS AND AGENCIES (Annexed)**

##### **4.1 STATE DEPARTMENT FOR ICT & INNOVATION**

###### **Overview of the Proposed Variations**

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

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

### **First Half Year Budget Implementation**

#### **Recurrent Expenditure**

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

#### **Development Expenditure**

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

#### **Non-Financial Performance**

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

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

### **New Projects**

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

### **Impacts of the Proposed Variations on the Projects**

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

## **4.2 THE STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATION**

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

### **Overview of the Proposed Variations**

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

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

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

#### **First Half Year Budget Implementation Performance**

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

#### **Non-Financial Performance**

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

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

#### **New Projects**

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

#### **Pending Bills**

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

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

##### **Recurrent Vote**

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

##### *Administrative and Support Services Programme*

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

##### *Information and Communications Services Programme*

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

### *Film Development Service Programme*

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

#### **Development vote**

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

#### **Other relevant Information**

##### ***General Election Preparedness***

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

## PART III

### 5.0 COMMITTEE OBSERVATIONS

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

#### a) State Department for ICT & Innovation

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

#### b) State Department for Broadcasting and Telecommunications

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

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

## 6.0 RECOMMENDATIONS

49. Policy Recommendations include

### a) State Department for ICT & Innovations

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

**b) State Department for Broadcasting and Telecommunications**

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

**6.1 Financial Recommendations**

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

**Proposed Committee Reductions**

The proposed Committee reductions are entirely on the development vote

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

## Proposed Increases

The Proposed increases are entirely on the recurrent votes


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

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

**Wishlist**

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

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

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

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

**Annexures**

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

**Mini Schedule indicating the final ceilings per programme**

Program	Suppl.I Estimates			Proposed Committee Amendments			Final Estimates		
	Rec	Dev.	Total	Re c	Dev .	Tota l	Rec	Dev.	Total
<b>Vote 1122 : State Depart of ICT &amp; Innovation</b>									
Gen Admin	257.5		257.5				257.5		257.5
ICT Infrast. Devt	573.6	19,338.9	19,912.5		593	593	573.6	19,931.9	20,505.5
E-Govt Services	964.6	1,128.0	2,092.7				964.6	1,128.0	2,092.7
<b>Vote Total</b>	<b>1,795.7</b>	<b>20,466.9</b>	<b>22,262.7</b>				<b>1,795.7</b>	<b>21,059.9</b>	<b>22,855.7</b>
<b>1123: State Department for Broadcasting and Telecommunication</b>									
Gen Admin	215.0		215.0	36		36	251.0		251.0
Info. & Comm. Services	5,372.5	211.4	5,583.9	438		438	5,810.5	211.4	6,021.9
Mass Media Skills Devt	224.5	100.5	325.0				224.5	100.5	325.0
Film Devt Services	887.1	85.0	972.1	119		119	1,006.1	85.0	1,091.1
<b>Vote Total</b>	<b>6,699.1</b>	<b>396.9</b>	<b>7,096.0</b>	<b>593</b>		<b>593</b>	<b>7,292.1</b>	<b>396.9</b>	<b>7,689</b>

DEPART MENTAL  
COMMI TTEE ON  
JUSTICE A ND  
LEGAL AFF AIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

.....

TWELFTH PARLIAMENT

SIXTH SESSION - 2022

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DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

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

CLERK'S CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI

FEBRUARY 2022

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**LIST OF ABBREVIATIONS AND ACRONYMS**

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

### **CHAIRPERSON'S FOREWORD**

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

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

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

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

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

**HON. CLEMENT MUTURI KIGANO, M.P.**

## PART 1

### 1.0 PREFACE

#### 1.1. Introduction

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

#### 1.2. Mandate of the Committee

2. The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides for the functions of Departmental Committees as follows-

- (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- (b) study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
- (c) study and review all legislation referred to it;
- (d) study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
- (e) investigate and enquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;
- (f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments)
- (g) examine treaties, agreements and conventions;
- (h) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- (i) consider reports of Commissions and Independent Offices submitted to the House pursuant to provisions of Article 254 of the Constitution; and
- (j) Examine any questions raised by Members on a matter within its mandate.

3. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows-

- (a) Constitutional affairs;
- (b) The administration of law and Justice
- (c) The Judiciary;
- (d) Public prosecutions;
- (e) Elections;
- (f) Ethics, integrity and anti-corruption; and
- (g) Human rights.

### **1.3. Committee Membership**

#### **Chairperson**

Hon. Clement Muturi Kigano, M.P.

**Kangema Constituency  
Jubilee Party**

#### **Vice Chairperson**

Hon. Tom Joseph Francis Kajwang, M.P.

**Ruaraka Constituency  
ODM - Party**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **1.4. Committee Secretariat**

4. The Committee secretariat is as follows-

Mr. Abenayo Wasike  
**Principal Clerk Assistant**  
**Lead Clerk**

Mr. Denis Abisai  
**Deputy Director – Legal Services**

Ms. Halima Hussein  
**Clerk Assistant II**

Emma Essendi  
**Legal Counsel I**  
Mr. Donald Manyalla  
**Research Officer**

Mr. Omar Abdirahim  
**Fiscal Analyst II**

Mr. Clive Oyunge  
**Clerk Assistant III**

Mr. Nickson Mutai  
**Audio Officer**

Ms. Roselyne Ndegi  
**Serjeant-at-Arms I**

Ms. Noelle Chelegat  
**Media Liaison Officer**

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

#### **1.5. Overview of the Examination of the Estimates**

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

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

#### **1.6. Acknowledgements**

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

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

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

## **PART 2**

### **2.0 INTRODUCTION**

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

### **2.1 THE LEGAL FRAMEWORK FOR SUPPLEMENTARY BUDGET**

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

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

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

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

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

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

Source: PBO

#### 2.4 Overview of Supplementary I for FY 2021/22

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

##### 2.4.1 The State Law Office and Department of Justice

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

**Table 2: A Summary of the Departments Affected Projects**

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

Source: Budget Estimate, National Treasury

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

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

#### 2.4.2 The Judiciary

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

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

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

Source: Budget Estimate, National Treasury

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

#### 2.4.3 The Independent Electoral & Boundaries Commission

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

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

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

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

Source: Budget Estimate, National Treasury

#### 2.4.4 The Office of Director of Public Prosecutions

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

#### 2.4.5 The Office of the Registrar of Political Parties

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

#### 2.4.6 The Witness Protection Agency

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

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

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

#### **2.4.7 The Judicial Service Commission**

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

#### **2.4.8 The Commission on Administration Justice**

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

### PART 3

#### **3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

##### **3.1 OBSERVATIONS**

###### **3.1.1 Judiciary and Judicial Service Commission**

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

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

### 3.1.2 Office of the Attorney General and Department of Justice

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

### 3.1.3 Independent Electoral and Boundaries Commission

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

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

#### **3.1.4 Commission for Administrative Justice**

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

#### **3.1.5 Witness Protection Agency**

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

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

### **3.1.6 Kenya National Commission on Human Right**

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

### **3.1.7 Ethics and Anti-Corruption Commission**

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

### **3.1.8 Office of the Director of Public Prosecution**

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

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

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

### **3.1.9 Registrar of Political Parties**

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

### 3.2 Recommendations

#### 3.2.1 Proposed Reductions

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

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

#### 3.2.2 Proposed Increases

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

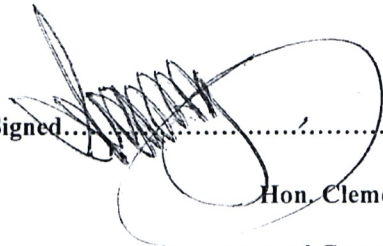
Vote	Programme	Proposed Increase	Justification
Office of the Registrar of Political Parties	Registration and Regulation of Political Parties and Funding Political Parties	Increase the allocation for the Programme of Registration and Regulation of Political Parties and Funding Political Parties by <b>Kshs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

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

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

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

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

DEPART MENTAL  
COMMI TTEE ON  
HEA LTH



REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

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DEPARTMENTAL COMMITTEE ON HEALTH

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

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## PART I

### 1.0 PREFACE

#### 1.1 Introduction

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

#### 1.2 Mandate of the Committee

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

### 1.3 Committee Membership

#### Chairperson

Hon. Sabina Chege, MP  
Murang'a County

**Jubilee Party**

#### Vice-Chairperson

Hon. Joshua Kutuny, MP  
Cherangan'y Constituency

**Jubilee Party**

#### **Members**

Hon. (Dr.) Eseli Simiyu, MP  
Tongaren Constituency

**Ford Kenya Party**

Hon. Gideon Ochanda, MP  
Bondo Constituency

**ODM Party**

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

**ODM Party**

Hon. Alfred Agoi Masadia,  
MPSabatia Constituency

**ANC Party**

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

**Jubilee Party**

Hon. Muriuki Njagagua, MP  
Mbeere North Constituency

**Jubilee Party**

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

**KANU Party**

Hon. Beatrice Adagala, MP  
Vihiga County

**ANC Party**

Hon. James G Wamacukuru  
Kabete Constituency

**Jubilee Party**

Hon. Prof. Mohamud Sheikh, MP  
Wajir South

**Jubilee Party**

Hon. Sarah Puleta Korere, MP  
Laikipia North Constituency

**Jubilee Party**

Hon. Capt. Ruweida Mohamed, MP  
Lamu County

**Jubilee Party**

Hon. Kipsengeret Koros, MP  
Sigowet-Soin Constituency

**Independent Party**

Hon. Martin Peters Owino,  
MPNdhiwa Constituency

**ODM Party**

Hon. Joyce Ekai Emanikor, MP  
Turkana County

**Jubilee Party**

Hon. Said Hirabe, MP  
Galole Constituency

**Ford Kenya Party**

Hon. Tongoyo Gabriel Koshal, MP  
Narok West Constituency

**CCM Party**

#### **1.4 Committee Secretariat**

The following members of the Secretariat support the Committee;

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

#### **1.5 The Examination of the Supplementary Estimates I 2021/22**

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

#### **1.6 Acknowledgement**

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

**HON. SABINA WANJIRU CHEGE, MP**

**(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH)**

PART II

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

Mr. Chairman,

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

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

Mr. Chairman,

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

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

*Recurrent*

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

**Mr. Chairman,**

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

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

**Mr. Chairman,**

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

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

### **3.0 SUBMISSION BY THE MINISTRY OF HEALTH AND ITS VARIOUS SAGAS**

**Mr. Chairman,**

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

**Mr. Chairman,**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## PART III

### 4.0 COMMITTEE OBSERVATIONS

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

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

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

B.

## 5.0 COMMITTEE RECOMMENDATIONS

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

### (a) Financial recommendations

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

#### a) Proposed Reductions

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

b) Proposed increments

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

**Mr. Chairman,**

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

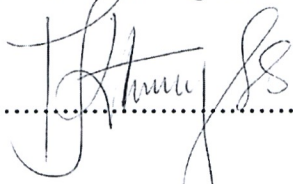
i.) **The GESDek COVID 19 response project.** The project is meant to support COVID-19 response by providing; oxygen plants in Lamu, Tana River, Samburu and Narok; PPEs for health workers; test kits and laboratory consumables; risk communication to enhance COVID-19 vaccines campaign and address vaccines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

**Mr. Chairman,**

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

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

SIGNED.....



DATE.....

8/02/2022

**HON. SABINA WANJIRU CHEGE, MP**

**(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH)**

**ANNEXURES**

Annex 1: Adoption List

Annex 2: Adoption minutes of the Committee sittings

Annex 3: PBO brief on Supplementary Estimates

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DEPARTMENTAL  
COMMITTEE ON  
AGRICULTURE  
& LIVESTOCK

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

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TWELFTH PARLIAMENT – SIXTH SESSION

DEPARTMENTAL COMMITTEE  
ON  
AGRICULTURE AND LIVESTOCK

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

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

DIRECTORATE OF COMMITTEE SERVICES  
CLERKS CHAMBERS  
PARLIAMENT BUILDINGS  
NAIROBI

FEBRUARY, 2022

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## 1.0 Preface

### 1.1 Establishment and Mandate of the Committee

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

## 1.2 Committee Membership

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

**Hon. Silas Kipkoech Tiren, MP- Chairperson**  
Moiben Constituency  
**Jubilee Party**

Hon. Abdikhain Osman M.P – **Vice - Chairperson**  
Fafi Constituency  
**Kanu Party**

Hon. Maison Leshomo, M.P  
Samburu County  
**KANU**

Hon. Dr. Chrisantus Wamalwa, CBS, M.P  
Kiminini Constituency  
**FORD Kenya Party**

Hon. Gabriel Kago Mukuha, M.P  
Githunguri Constituency  
**Jubilee Party**

Hon. Jude Njomo, M.P  
Kiambu Constituency  
**Jubilee Party**

Hon. Janet Jepkemboi Sitienei, M.P  
Turbo Constituency  
**Independent**

Hon. (Dr.) John Mutunga, M.P  
Tigania West Constituency  
**Jubilee Party**

Hon. Ferdinand Wanyonyi, M.P  
Kwanza Constituency  
**FORD Kenya Party**

Hon. Simba Arati, M.P  
Dagoreti North Constituency  
**Orange Democratic Movement Party**

Hon. Cecily Mbarire, MGH, M.P  
Nominated Member  
**Jubilee Party**

Hon. Adan Haji Yusuf, M.P  
Mandera West Constituency  
**EFP Party**

Hon. Julius Kibiwott Melly, M.P  
Tinderet Constituency  
**Jubilee Party**

Hon. Geoffrey Odanga, M.P  
Matayos Constituency  
**Orange Democratic Movement Party**

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

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

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

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

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

**Committee Secretariat**

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

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

### **1.3 Acknowledgement**

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

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

## 2.0 INTRODUCTION

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

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

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

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

2021/22 Supplementary Estimates I.

#### 2.1 State Department for Livestock

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

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

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

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

## **2.2 State Department for Fisheries, Aquaculture and Blue Economy**

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

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

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

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

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

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

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

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

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

### 2.3 State Department for Crop Development & Agricultural Research

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

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

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

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

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

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

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

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

## 4.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

### 4.1 State Department for Livestock

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

### Particulars of Affected Programmes

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

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

#### 4.2 State Department for Fisheries, Aquaculture, and Blue Economy

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

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

#### **4.3 State Department for Crop Development & Agricultural Research**

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

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

## **4.0 COMMITTEE OBSERVATIONS**

### **4.1 General Observations**

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

### **4.2 State Department for Livestock**

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

### **4.3 State Department for Crops Development and Agricultural Research**

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

the high cost of fertilizers. The cost of fertilizer is currently retailing between Ksh. 6,000 to Ksh. 6,700 per 50Kg bag.

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

#### **4.4 State Department for Fisheries, Aquaculture, and Blue Economy**

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

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

## 5.0 COMMITTEE RECOMMENDATIONS

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

### 5.1 Policy Recommendations

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

### 5.2 Financial recommendations/Proposed reallocations

#### Livestock Department

##### Proposed Reductions:

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

### **Proposed Increases**

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

### **State Department for Crops Development and Agricultural Research**

#### **Proposed Reductions:**

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

#### **Proposed Increases**

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

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

#### **Additional Requests**

The Departmental Committee further recommends the following allocations:

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

#### **State Department for Fisheries, Aquaculture, and Blue Economy**

The Departmental Committee recommends the following:

##### **Proposed Reductions:**

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

##### **Proposed Increases**


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

##### **Additional Requests**

The Departmental Committee recommends an additional allocations for:

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

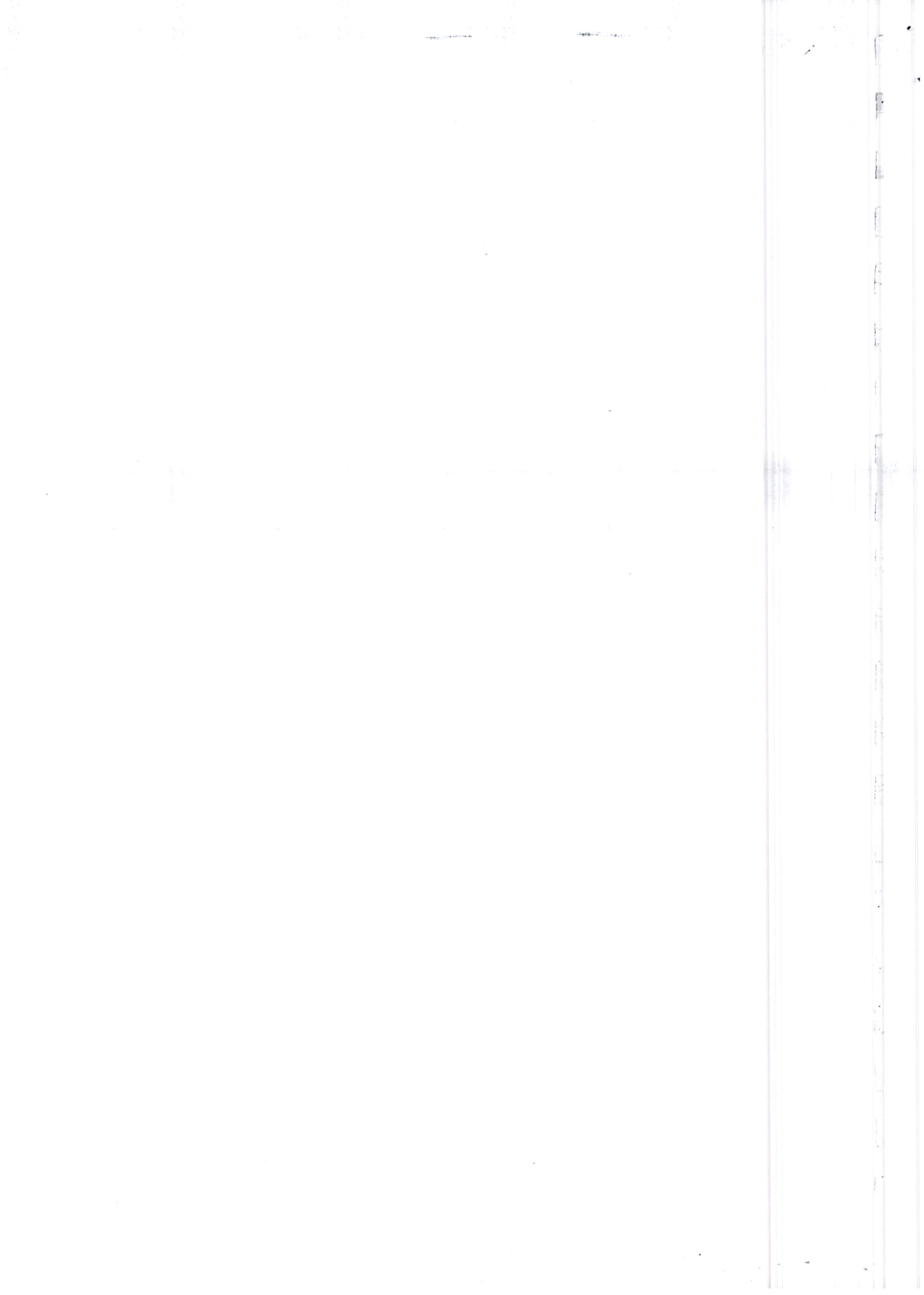
118. **Ksh. 99 million** for Personnel Emoluments under Kenya Marine Fisheries Research Institute (KMFRI) for implementation of the approved human resource policy instruments under KMFRI annual budget FY2021/22.
119. **Ksh. 362 million** for towards L. Victoria landing sites to enable completion of two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

Signature: .....  ..... Date: 18/02/2022 .....

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



DEPARTMENTAL  
COMMITTEE ON  
ADMINISTRATION  
& NATIONAL  
SECURITY



106  
REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

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TWELFTH PARLIAMENT – SIXTH SESSION

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

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

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

FEBRUARY 2022



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

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**PRESENT**

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

**IN ATTENDANCE-**

**COMMITTEE SECRETARIAT**

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

**MIN No. 10/2022:-**

**PRELIMINARIES AND COMMUNICATION FROM  
THE CHAIRPERSON**

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

**MIN No. 11/2022:-**

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



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

## **Observations**

### **Executive Office of the President**

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

### **State Department for Interior and Citizen Services**

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

### **State Department for Correctional Services**

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

### **State Department for Public Service**

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

### **Public Service Commission**

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

#### **National Police Service Commission**

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

#### **Independent Policing Oversight Authority**

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

#### **Recommendations-**

##### **Reductions**

##### **Executive Office of the President**

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

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

##### **State Department for Interior and Citizen Services**

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

##### **State Department for Correctional Services**

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

##### **Increases**

##### **Executive Office of the President**