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DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ON THE CONSIDERATION OF THE 2024/2025 BUDGET ESTIMATES WITH RESPECT TO: -

1. EXECUTIVE OFFICE OF THE PRESIDENT;
2. OFFICE OF THE DEPUTY PRESIDENT;
3. OFFICE OF THE PRIME CABINET SECRETARY;
4. STATE DEPARTMENT FOR PARLIAMENTARY AFFAIRS;
5. STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT;
6. STATE DEPARTMENT FOR CABINET AFFAIRS;
7. STATE HOUSE;
8. STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES;
9. NATIONAL POLICE SERVICE;
10. STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION;
11. NATIONAL POLICE SERVICE COMMISSION; AND
12. INDEPENDENT POLICING OVERSIGHT AUTHORITY

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PART I

PREFACE

1.1 Introduction

1. This is the report of the Departmental Committee on Administration and Internal Security on the scrutiny of the 2024/2025 Budget Estimates with respect to Ministries, Departments and Agencies(MDAs) oversighted by the Committee The MDAs include the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority. The report is as a result of deliberations between the Committee and the aforementioned Offices.

2. The report contains the Observations, and the Recommendations of the Committee as regards the consideration of the 2024/2025 Budget Estimates for the sub-sectors within the oversight of the Committee.

1.2 Mandate of the Committee

3. The Departmental Committee on Administration and Internal Affairs of the National Assembly is established under Standing Order 216 whose functions pursuant to the Standing Order 216 (5) are as follows: -

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

b. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;

(ba) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;

c. study and review all legislation referred to it;

d. study, assess and analyze the relative success of the Ministries and departments by the results obtained as compared with their stated objectives;

e. investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;

f. vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);

(fa) examine treaties, agreements and conventions;

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

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

i. examine any questions raised by Members on a matter within its mandate.

1.3 Subjects of the Committee

4. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following subjects: -
   a. Home affairs, internal security – including police services and coast guard service;
   b. Public administration; and
   c. Immigration and citizenship.

5. In terms of budget oversight, the Committee oversights the following Offices, Ministry and Agencies:

   a. Executive Office of the President, Vote 1011;
   b. Office of the Deputy President, Vote 1012;
   c. Office of the Prime Cabinet Secretary, Vote 1013;
   d. State Department for Parliamentary Affairs, Vote 1014;
   e. State Department for Performance & Delivery Management, Vote 1015;
   f. State Department for Cabinet Affairs, Vote 1016;
   g. State House, Vote 1017;
   h. State Department for Immigration & Citizen Services, Vote 1024;
   i. National Police Service, Vote 1025;
   j. State Department for Internal Security & National Administration, Vote 1026;
   k. National Police Service Commission, Vote 2101; and
   l. Independent Policing Oversight Authority, Vote 2151.

6. The Semi-Autonomous Government Institutions under the Committee include:-
   a. National Authority for Campaign Against Drug Abuse. (NACADA);
   b. Firearms Licensing Board;
   c. NGO Coordination Board;
   d. National Crime Research Centre;
   e. Private Security Regulatory Authority Board; and
   f. National Cohesion & Integration Commission.

1.4 Committee Membership

7. The Committee comprises of the following Members: -

Hon. Gabriel Tongoyo, MP
Chairperson
Narok West Constituency

Hon. Col. (Rtd.) Dido Rasso, MBS, MP
Vice Chairperson
Saku Constituency

Hon. Kaluma George Peter, MP
Homa Bay Constituency

Hon Protus Ewesit Akujah, MP
Loima Constituency

Hon. Aduma Owuor, MP
Nyakach Constituency

Hon. Rozaah Akinyi Buyu, MP
Kisumu West Constituency

Hon. Fred C. Kapondi, MP
Mt. Elgon Constituency

Hon. Caroline Ng'elechi, MP
Elgeyo-Marakwet County

Hon. Liza Chepkorir Chelule, MP
Nakuru County

Hon. Fatuma Jehow, MP
Wajir County

Hon. Sarah Paulata Korere, MP
Laikipia North Constituency

Hon. Francis Sigei, EBS, MP
Sotik Constituency

Hon. Oku Kaunya, MP
Teso North Constituency

Hon. Hussein Weytan, MP
Mandera East Constituency,

Hon. Mburu Kahangara, MP
Lari Constituency

1.5 Committee Secretariat

8. The Committee Secretariat consists of the following:

Mr. John Mugoma
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant III

Mr. Gideon Kipkogei
Clerk Assistant III

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Clarah Kimeli
Principal Legal Counsel II

Ms. Judy Kanyoko
Legal Counsel II

Ms. Delvin Onyancha
Research Officer III

Mr. Rodgers Kilungya
Audio Officer

Mr. Benson Kimanzi
Serjeant-At-Arms

Ms. Ivy Maritim
Media Relations Officer III

1.6 Examination of the 2024/2025 Budget Estimates

9. The 2024/2025 Budget Estimates were tabled in the National Assembly on Thursday, 30th April, 2024 and subsequently committed to Departmental Committees for consideration in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4). The Committees were required to consider the 2024/2025 Budget Estimates with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.

10. Following the committal of the Estimates of Expenditure for the financial year ending 30th June 2025, the Committee was briefed by the Parliamentary Budget Office on Tuesday 14th May, 2024 on the contents of the Estimates and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate from Tuesday, 14th to Friday, 17th May, 2024.

11. The Committee deliberated on the issues contained in the 2024/2025 Budget Estimates and subsequently adopted the report.

12. Details on this presentation on the Parliamentary Budget Office brief and submissions from the Agencies are **annexed in this report**.

1.7 Acknowledgement

13. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2024/2025 Budget Estimates.

14. On behalf of the Departmental Committee on Administration and Internal Security, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2024/2025 Budget Estimates with respect to the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority.

Hon. Gabriel Tongoyo, MP
Chairperson
Departmental Committee on Administration and Internal Security

PART II

2.0 OVERVIEW OF 2024/2025 BUDGET ESTIMATES

2.1 Overall Estimates

15. The total budget for the fiscal year FY 2024/25 is Kshs 3,914.94 billion. The executive arm of the government has been allocated Kshs 2,243.1 billion, of which Kshs 1,518.7 billion is recurrent and Kshs 724.4 billion is for development. Additionally, there is Kshs 1,213.5 billion in the Consolidated Fund Services (CFS) and Kshs 391.12 million in county equitable share. The CFS expenditure includes domestic interest payments of Kshs 749.9 billion, foreign interest payments of Kshs 259.9 billion, and payments of Kshs 203.6 billion for pensions, salaries, and allowances.

Table 1: Overall Outlook of Budget Estimates for FY 2024/25 (Ksh. Millions)

S/No.	Details	Approved Original Budget FY 2023/24	Supplementary Estimates No.1 FY 2023/24	2024 Approved BPS	Budget Estimates FY 2024/25	Variance (Budget Estimates and 2024 BPS)	% share in Allocation FY 2024/25 Estimates
1	**National Government**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**	**59%**
	Executive	**2,308.34**	**2,400.93**	**2,488.65**	**2,243.05**	**(245.60)**	**57.30%**
	Recurrent	*1,504.62*	*1,620.72*	*1,612.04*	*1,518.68*	*(93.36)*	
	Development	*803.73*	*780.20*	*876.61*	*724.38*	*(152.23)*	
	Parliament	**41.00**	**40.74**	**43.62**	**43.62**	**-**	**1.10%**
	Recurrent	*38.94*	*39.18*	*41.56*	*41.56*	-	
	Development	*2.07*	*1.57*	*2.07*	*2.07*	-	
	Judiciary	**23.18**	**22.78**	**23.69**	**23.69**	**-**	**0.60%**
	Recurrent	*21.33*	*21.33*	*22.19*	*22.19*	-	
	Development	*1.85*	*1.45*	*1.50*	*1.50*	-	
2	**CFS**	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27.70)**	**31%**
3	**County Government**	**385.42**	**385.42**	**391.12**	**391.12**	**-**	**10%**
Total Expenditures		**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**	**100%**

Source: National Treasury

16. The allocations to Parliament and the Judiciary have been maintained as approved in the 2024 Budget Policy Statement (BPS), according to the National Treasury FY2024/25 tabled estimates. However, the PSC tabled Parliament's estimates for FY 2024/25 amount to KSh 65.81 billion, which exceeds the approved 2024 BPS ceiling by KSh 22.19 billion.

2.2 The Executive Office of the President

17. The total proposed allocation to the executive Office of the President amounts to KSh. 22,226 million. This is a reduction from the BPS ceiling of KSh. 23,428 million previously approved by the House on account of underperformance of revenues in FY 2023/24 and the need to contain borrowing and rationalize expenditures to sustainable levels. Table 2 summarizes the proposed expenditures for the FY 2024/25 and the medium term for all the Votes under the Executive Office of the President

Table 2: Summary of Proposed Expenditure under the Executive Office of the President

		BPS Ceilings	Proposed Expenditure	Deviation	2025/26	2026/27
1.	Office of the President	5,430.9	5,373.4	(57.50)	5,771.3	5,951.4
2.	Office of the Deputy President	4,469.0	4,876.0	407.00	5,161	5354
3.	Office of the Prime Cabinet Secretary	1,502.1	1,140.8	(361.30)	1,532.4	1,563.9
4.	Stat Department for Parliamentary Affairs	846.1	458.3	(387.80)	870.1	893.2
5.	State Department for Performance & Delivery Management	1,064.5	607.1	(457.40)	1,072.1	1,096.8
6.	State Department for Cabinet Affairs	881.8	275.1	(606.70)	893.2	926.9
7.	State House	9,233.8	9,496.0	262.20	10,052.4	10,693.5
	Total	**23,428.2**	**22,226.7**	**(1,201.5)**	**25,352.5**	**26,479.7**

18. It is however noted that the Office of the Deputy President, Vote 1012 and State House, Vote 1017 have seen their proposed expenditures go up on account of increased operations and Personnel emoluments respectively.

2.3 GJLOS Sub-Sectors

19. Under the GJLOS sub-sector, all the expenditures have been revised downwards in line with the government policy on fiscal consolidation. The net reduction amounts to KSh. 4,938 million from the approved Budget Policy Statement. It is however noted that the allocation to the Independent Policing Oversight Authority has been revised marginally upwards on account of increased personnel emoluments win line with the approved structure by the Salaries and Remuneration Commission

Table 3.0: Summary of allocation in KSh. Millions

S/No.	MDA	Baseline	BPS Ceilings	Proposed expenditure	Variance from BPS	2025/26	2026/27
	Immigration & Citizen Services	12,633.3	15,873.3	15,150.6	(722.7)	19,597.9	23,334.3
	National Police Service	107,978.2	114,291.7	110,447.1	(3,844.6)	122,529.3	135,463.3

Table 3.0: Summary of allocation in KSh. Millions							
S/No.	MDA	Baseline	BPS Ceilings	Proposed expenditure	Variance from BPS	2025/26	2026/27
	Internal Security & National Administration	37,003	35,236.5	34,986.9	(249.6)	39,130.2	40,566.5
	National Police Service Commission	1,152	1,269.5	1,131.2	(138.3)	1,279.1	1,326.5
	Independent Policing Oversight Authority	1,019.3	1,090.9	1,107.6	16.7	1,231.8	1,252.6
	Total	**159,785.8**	**167,761.9**	**162,823.40**	**(4,938.5)**	**183,768.3**	**201,943.2**

PART III

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES

20. The Ministry, Departments and Agencies appeared before the Committee from 14th May, 2024 to 17th May, 2024 to deliberate the contents of the 2024/2025 Budget Estimates. The detailed presentations made to the Committee are annexed to this report.

21. The section below outlines a summary of the presentations made by the Ministry, Departments and Agencies:

3.1 Executive Office of the President

22. The Committee held a consultative meeting with the delegation from the Executive Office of the President led by Principal Administrative Secretary Mr. Athur A. Osiya, EBS on Wednesday, 15th May 2024 to consider the 2024/2025 Budget Estimates. The Committee was informed that: -

a. In the 2024 Budget Policy Statement (BPS), the Executive Office of the President was allocated a total of **Ksh. 5,430.94 Million** in the FY2024/25 budget estimates of which **Ksh. 4,578.6Million** and **Ksh. 852.3Million** is for recurrent and development estimates respectively;

b. In addition, **KSh. 100Million** (***Baseline budget for the office of the government spokesperson***) was not moved from the Energy, Infrastructure and ICT sector. This reduction will impact negatively on the attainment of "whole of Government approach" especially the leadership and Coordination of Government Services Programme.;

c. As at 31st of March 2024, EOP pending bills figure stands at **Ksh. 52.172Million.** In addition, pending bills totaling to **Ksh. 13,851.67Million** belonging to the defunct Nairobi Metropolitan Services (NMS) have been submitted to the Pending Bills Verification Committee set up by the National Treasury and Planning; and

d. This Office therefore appeals for reinstatement of the rationalized budget during finalization of 2024 BPS of **KSh.57 Million** and **KSh. 100Million** that was to be moved from the Energy, Infrastructure and ICT sector for the Office of the Government Spokesperson. In addition, the office appeals for consideration for additional funding of **Ksh. 2,385 Million** of which **Ksh. 1,885Million** and **Ksh.500Million** is under the Recurrent and Development respectively. The funds will ensure the office optimally deliver on its mandate.

3.2 Office of the Deputy President

23. The Committee held a consultative meeting with the delegation from the Office of the Deputy President led by Principal Administrative Secretary Mr. Zachary Mwangi on Wednesday, 15th May, 2024 to consider the 2024/2025 Budget Estimates. The Committee was informed that: -

a. Vote 1012 for Office of the Deputy President was allocated KSh. **4.469 Million** for 2024/25 BPS, comprising **of KSh. 4.219 billion** for recurrent expenditure and **Ksh 250.4** million for Development expenditure;

b. In the draft Budget estimates, the allocation has increased by **KSh. 400.3 Million**, to **KSh. 4.872 Billion** comprising of **KSh. 4.572 Billion** for recurrent expenditure and KSh. **300.4 Million** for development expenditure. This increase was attributed to medals and awards, compensation of employees and alcohol and abuse initiatives and refurbishment of buildings at Harambee House Annex;

c. There were neither new projects nor stall projects. There were historical pending bills of **ksh 1,350,529, 095**; and

d. Key underfunded areas were, National Honors and Medals, the requirement is **KSh. 500 Million,** was allocated KSh. **250 Million**; operationalization of IEBC subcommittees as per the Act, the requirement is **KSh. 100 Million** and the allocation is **KSh. 40 Million**

3.3 Office of the Prime Cabinet Secretary

24. The Committee held a consultative meeting with a delegation from the Office of the Prime Cabinet Secretary led by the Chief of Staff on the examination of the 2024/2025 Budget Estimates on Wednesday, 15th May, 2024. The Committee was informed that:

a. The total budget allocation for Office of the Prime Cabinet Secretary in the FY 2024/25 Budget amounts to **Ksh 2,345.2 Million**. The Resources comprises of Ksh 232 Million for Compensation to employees, **Ksh 173.2 Million** for contractual obligations and **Ksh 1,940 Million** for other recurrent expenditure;

b. The approved Budget Policy Statement (BPS) 2024 Ceilings for the OPCS was **Ksh 1,502.10** Million, comprising of **Ksh 232 Million** for Compensation to employees, **Ksh 173.2 Million** for contractual obligations and **Ksh 1,096.90 Million** for other recurrent expenditure;

c. The National Treasury further reviewed the OPCS FY 2024/25 Budget downwards to **Ksh 1,140.79 Million** from the approved BPS ceiling of **Ksh 1,502.10 Million.** The budget reduction was subjected to the Operations & Maintenance (O&M) budget leaving the PE budget unchanged at **Ksh 232.00 Million;**

d. The FY 2024/25 O&M budget has been reduced by **Ksh 361.31 Million** which is **28.45%** of the approved O&M BPS ceiling of **Ksh 1,270.10 Million**. The new level of OPCS O&M budget after the cuts is now **Ksh 908.79 Million** which comprises the **Ksh 173.2 Million** for contractual obligations **Ksh 735.59 Million** for other recurrent expenditure;

e. The overall FY 2024/25 budget shortfall has therefore now raised **to Kshs 1,204.41 Million** from the initial **Kshs 843.10 Million;** and

f. The reduction of OPCS budget by **Ksh. 361.31 million** will affect the ongoing refurbishment work at the Kenya railways Headquarters to accommodate the PCS and the offices under him, it will also slow the operationalization and facilitation of the Coordination Organs and affect provision of effective administrative support and facilitative services to the PCS while on official duty and representing the President on State functions both locally and abroad.

3.4 State Department for Parliamentary Affairs

25. The Committee held a consultative meeting with a delegation from the State Department led by the Principal Secretary, CPA. Aurelia Chepkirui Rono on Thursday, 16th May, 2024. They informed the committee that:-

    a. The BPS allocation FY 2024/25 was **KSh 846.1 million** and the budget estimates allocation was **KSh 458.2 million**. This was a deviation of **KSh 387.9 million;**

    b. The most affected programme was Parliamentary Liaison and Legislative Affairs with a cut of **KSh 200 million**;

    c. There State Department had no on going, new or stalled projects;

    d. The State Department had no pending bills as at 31st March 2024; and

    e. The State Department requested for adjustment of budget estimates to **KSh 846.1 million** as per the approved BPS, to cater for the implementation of Government Legislative Agenda, and BETA

3.5 State Department for Performance and Delivery Management

26. The Committee held a consultative meeting with a delegation from the State Department led by the Cabinet Secretary, Hon. Moses Kuria and the Principal Secretary, Ms. Veronica Nduva on Thursday, 16th May, 2024. They informed the Committee as follows:-

    a. The State Department had been allocated **KSh 607.113 Million** FY 2024/25, and the amount was revised by a reduction of **KSh57.387 Million;**

    b. The most affected programme is Service Delivery Management Program where out of **KSh 228 Million** Budgetary Allocation only **KSh 36 Million** was available;

    c. There are no new projects but there are three proposed development projects namely, Government Performance Management Improvement Programme, Government Innovation Coordination Programme and GPRS- Spartial Integration Programme (GPRS- SIP). These has been forwarded to treasury for approval. The are no stalled projects;

    d. The State Department has an outstanding rent at KICC amounting to **KSh 18, 950, 910**; and

    e. The State Department requested for an additional funding of 1,294.17 **million** to acquire office space, employ more staff, upgrade the existing systems and develop legal framework to support implementation of performance management.

3.6 State Department for Cabinet Affairs

27. The Committee held a consultative meeting with a delegation from the State Department led by the Principal Secretary, Dr. Idris Salim Dokota on Friday, 17th May, 2024. They informed the Committee as follows:-

a. The total budgetary allocation for State Department for Cabinet Affairs in the FY 2024/25 Budget Estimates is **KSh. 275.136 million** against the approved 2024 Budget Policy Statement (BPS) ceiling of **KSh. 881.800 million** reflecting a decrease of **KSh. 606.663 million**;

b. The Total budgetary reduction of 69% in the FY 2024/25 budget, will not only affect implementation of activities but will bring to a stall critical cabinet decision that are ongoing and at the tail end. The cuts will basically paralyze the mandate andprograms of the State Department;

c. The State Department has no pending bill asat 31st March 2024;

d. The State Department has two major projects that are ongoing despite with no budgetary provision. The Government Delivery Monitoring Information System (GDMIS) and the Electronic Document (ERDMS); and

e. The budget cuts of KSh 606.663 million will affect the following programmes:-

   i. Cabinet Decisions and Presidential Directives Sub Program – **KSh 186.142 million**;
   ii. Coordination of Development Partners and Implementation of Special Government Initiatives Sub – Program – **KSh 86.239 million**;
   iii. Public Sector Reforms Sub – Program – **KSh 37.627 million**; and
   iv. General Administration, Planning and Support Services Sub-program – **KSh 296.653.**

3.7 State House

28. The Committee held a consultative meeting with a delegation from State House led by the State House Comptroller on Thursday, 16th May, 2024. The meeting was informed that: -

a. The total budgetary allocation for State House in the FY 2024/25 Budget Estimates is **KSh.9, 496 million** against the approved 2024 Budget Policy Statement (BPS) ceiling of **KSh.9,233.8 million** reflecting an increase of **KSh.262.2 million** on account of Recurrent Expenditure (personnel emoluments);

b. State House does not have any new or stalled project but it is implementing thirteen projects across State Houses and State Lodges at a total cost of **KSh 11,520 million**. A total of **KSh 1.,58 million** is need in the FY 2024/25 to complete the projects;

c. As at 30th June, 2023 State House had pending bill totaling **Ksh.589.5 million** comprising of **Ksh.579.7 million** under recurrent and **Ksh.9.8 million** under development, which has since been cleared. Therefore, as at 31st March 2024 there was no pending bill;

d. In order to implement the planned activities, programmes, and projects efficiently and effectively, State House would require additional funding in the FY 2024/25; and

e. The mandate for State House was expanded vide Executive Order No. 2 of 2023, which established the office of President's Strategy & Execution. Therefore, State House needs an

additional funding of **KSh.4.2 billion** for operation and maintenance and **KSh. 850 million** to adequately facilitate implementation of ongoing programmes and projects.

3.8 State Department for Immigration and Citizen Services

29. The Committee held a consultative meeting with a delegation from the State Department for Immigration & Citizen Services led by the Principal Secretary on Wednesday, 15th May, 2024 to consider the 2024/2025 Budget Estimates. The Committee was informed that: -

    a. The State Department had an allocation of KSh. 15,873 million in the BPS but was revised downwards to KSh. 15,151 million in the draft estimates;

    b. The reduction was mainly on development budget where the budget was reduced by KSh. 722 million, from KSh. 5,584 million to KSh. 4,861 million;

    c. Under the Recurrent budget allocation, the State Department had an additional funding of KSh. 566 million for Personnel Emoluments while its Operations & Maintenance was also reduced by the same amount;

    d. The Recurrent budget of KSh. 10,290 million will be financed by KSh. 1,245 million AIA and KSh. 9,045 million through GoK Exchequer;

    e. Out of the KSh. 4,861 million for Development Expenditure, KSh. 2,700 million will be financed by AIA, KSh. 7 million by Development partners and KSh. 2,154 million by GoK exchequer to implement BETA projects including e-citizen services, Roll out of 3rd generation ID card, Unique Personal Identifier among others;

    f. The State Department had nether stalled project nor new project;

    g. The pertinent issues that would infringe on the attainment of the set targets by the State Department included Court cases on Maisha Ecosystem, Budget cuts, Underfunded BETA projects, delayed Exchequer Releases among others;

    h. The critical items which were not funded fully included procurement of 772,000 passport booklets where there was a deficit of KSh. 1,392 million, roll out of 3rd Generation ID cards where there was a deficit of KSh585 million, Operationalization of Civil registration offices countrywide with a deficit of KSh. 400 million and upgrading of the population registration system with a deficit of KSh. 705 million; and

    i. The State Department implored upon the Committee to enhance AIA for the state Department to KSh. 5,400 million and additional KSh. 6,200 million for the underfunded areas.

3.9 National Police Service

30. The Committee had a consultative meeting with a delegation from the National Police Service led by the Inspector General of the Police and the Secretary of Administration/Accounting Officer on Thursday, 16th May, 2024. The delegation submitted as follows:-

a. The NPS had been proposed for allocation of KSh. 110.5 billion KSh. 122.5 billion and KSh. 135.5 billion in FY 2024/25 and the medium term against a resource requirement of KSh.171.9 billion KSh. 171.9 billion and KSh. 173.5 billion respectively;

b. The Recurrent budget allocation in FY 2024/25 and the medium term amounted to KSh. 108.7 billion, KSh. 118.9 billion and KSh. 131.6 billion against a recurrent resource requirement of KSh. 152.4 billion, KSh. 157.9 billion and KSh. 161.1 billion respectively;

c. Review of the proposed estimates showed that Personnel emoluments would take KSh. 88,224.6 million (81.9 %) followed by Other Operating Expenses at KSh. 5,745 million (5.3%), specialized materials at KSh. 3,675.4 million (3.4%), and Insurance cost at KSh. 3,540 million (3.3%) among others;

d. There was a change in Recurrent budget by KSh. 3,200 million on account of resource towards recruitment for police constables. The allocation was comprised of KSh. 450 million for Trainee allowance, KSh. 1,057 million for purchase of police small equipment and supplies, KSh. 702 million towards Food Rations and KSh. 939.3 million towards uniforms;

e. The NPS Development allocation in FY 2024/25, 2025/26 and 2026/27 amounted to KSh. 1.75 billion, KSh. 3.55 billion and KSh. 3.89 million respectively against a resource requirement of KSh. 17.17 billion, KSh. 13.95 billion and KSh. 12.35 billion;

f. The Service will be implementing a total of 69 projects that have been ongoing and 16 of the projects had stalled due to lack of funds;

g. The modernization programme run by the NPS comprised of acquisition of assorted security equipment, Tooling and Kitting of officers, Acquisition of motor vehicles, capacity building the police Airwing and overhaul of police communication infrastructure; and

h. The critically underfunded areas under the General Administration and Support Services included Personnel Emoluments for implementation of the Maraga Taskforce recommendations with a requirement of KSh. 15,000 and not funded, security operations with a deficit of KSh. 2,853.4 million, Insurance Costs with a deficit of KSh. 9,414.6 million, National Police Reservist with a deficit of KSh. 2,110 million, Maintenance of ICS with a deficit of KSh. 985 million and KSh. 104 million towards operationalization of the NPS Hospital.

3.10 State Department for Internal Security and National Administration

31. The Committee held a consultative meeting with a delegation from the State Department for Internal Security and National Administration led by the Principal Secretary on Tuesday, 14th May, 2024. The delegation informed the Committee that: -

a. In the draft estimates for FY 2024/25 the State Department had been allocated a gross budget of **KSh34,986.9million** comprising of Recurrent budget of **KSh27,831.6million** and

Development budget of **KSh7,155.3million;**

b. The budget would be financed through two sources namely GoK **KSh34,893.98million** and **A.I.A KSh92.92milion;**

c. Compared to the Budget Policy Statement ceilings of **Kshs35,236.44million**, the State Department allocation had reduced by **KSh249.5million** on account of the recent directive on rationalization of the annual budget to ensure the Government overall budget policy was anchored on expenditure consolidation;

d. On the Recurrent Vote, the draft budget allocation of **KSh34, 986.9million** falls short of the FY 2023/24 revised baseline budget of **KSh40, 367.22million** by **KSh5, 380.32million**. The shortfall will have a significant effect on the performance of the State Department towards its attainment of its strategic objectives;

e. The funding gap under Headquarters was pronounced in Operations and Maintenance **(Kshs 12,409.57Million).** This would adversely affect ongoing security operations, operationalization of newly gazetted administration units, training of NGAOs, ongoing digitization of the State Department other critical Ministerial operations;

f. The recurrent budget for SAGAS had significantly reduced by **Kshs203.86million** from the BPS allocation of **KSh 2,276.05million** to the draft estimate allocation of **KSh2, 072.19million**. The reduction would affect delivery of the planned activities in line with the mandate of these entities;

g. The Private Security Regulatory Board had seen its budget reduced from the current KSh208.9 million to 100 million representing a budgetary reduction of 57 percent. This reduction translates to inadequate funding towards Personnel Emoluments which currently stands at KSh. 123 million, contractual obligations which currently stands at KSh 86.9 million among others;

h. The funding gap under development which amounted to KSh.5,076 million was related to construction of new administrative units which was critical in service delivery at the grassroot;

i. The draft estimate ceiling for development budget had reduced by **KSh324million** from the BPS allocation of **KSh7,479 million** to **KSh7,155million**. The reduction would affect delivery of Projects within the planned timelines ultimately affecting effective service delivery to the Public;

j. The State Department had historical pending bills amounting to **KSh12.9billion** the bulk of which were under legal compensation. The said bills had been forwarded to the Pending Bills Verification Committee for consideration. Upon clearance by the Committee the State Department would seek additional funding for the National Treasury to settle the bills; and

k. The State Department has five (5) stalled projects whose cumulative cost was **KSh921, 626,030**. Cumulative Expenditure to date amounted to **KSh702, 151,377** resulting to a

funding gap of **KSh219, 474,653** of critical intervention was The Migori District Headquarters project which required special allocation to complete the first phase and the remaining phases. The estimated cost to complete the project was **KSh600 million.** The State Department was liaising with Public works for a formal handover.

3.11 National Police Service Commission

32. The Committee held a consultative meeting with a delegation from the National Police Service Commission led by the Vice Chairperson of the Commission on Tuesday, 14th May, 2024 to consider the 2024/2025 Budget Estimates. The Committee was informed that: -

a. The Commission's 2024/2025 budget estimate is **KSh 1,131,272,317** with a significant deviation of **Kshs 138,177,683** from the approved 2024 Budget Policy Statement Ceilings of **Kshs 1,269,450,000.** A reduction in this budget will incapacitate the Commissions operations and hinder its ability to execute its mandate. This budget has been aligned to the Bottom-up Economic Transformative Agenda (BETA) and is contained within the ceilings;

b. The budget breakdown for FY 2024/25 is as follows – compensation of employees **KSh 711.46 million** and operations and maintenance at **KSh 557.99 million** totalling to **KSh 1.13 billion;**

c. The Commission does not have any Capital Projects. Further, the Commission does not have pending bills;

d. The following are key items with budget cuts totalling to **KSh 138.18 million** will affect the operations and service delivery in the Commission:-

i. Communication, supplies and service delivery – 1.91 million;
ii. Daily subsistence allowances – 4.73 million;
iii. Foreign travel – 0.41 million;
iv. Printing, advertising and information supplies and services – 0.72 million;
v. Training expenses – 1.81 million;
vi. Hospitality and supplies – 5.59 million;
vii. Insurance costs – medical insurance and motor vehicle insurance – 49.62 million;
viii. Office and general supplies and services – 1.14 million;
ix. Fuel oil and lubricants – 1.71 million;
x. Other operating expenses – 2 million;
xi. Maintenance expenses – motor vehicles – 1.95 million;
xii. Routine maintenance of other assets – 0.56 million;
xiii. Refurbishment of non-residential buildings – 24.88 million;
xiv. Purchase of vehicles and other transport equipment – 10 million;
xv. Purchase of office furniture and general equipment – 10.14 million;
xvi. Purchase of specialized plant, equipment and machinery – 7.90 million;
xvii. Domestic loans to individual and households – 21 million.

e. The Commission is implementing the following key programmes that have budget deficit of

KSh 754.72 million as shown below-

i. Decentralization of NPSC HR, counselling and wellness services – 136 million;
ii. Automation and digital transformation of NPSC & NPS processes – 57.20 million;
iii. Implementation of the medical assessment report recommendations – 189 million;
iv. Recruitment of civilian staff (logistics for recruitment) – 10 million;
v. Recruitment of 10,000 police officers (logistics) – 366 million;
vi. Human Resource audit – 116.52 million;
vii. Office partitioning – 21 million; and
viii. Lease of motor vehicles – 75 million.

3.12 Independent Policing Oversight Authority

33. The Committee held a consultative meeting with a delegation from the Independent Policing Oversight Authority led by the Chief Executive Officer on Tuesday, 14th May, 2024 to consider the 2024/2025 Budget Estimates. The Committee was informed that: -

a. The Authority was allocated a budget ceiling of KSh. 1,090.94 million but was revised to KSh. 1,212.7 million following the implementation of the new remuneration structure for the Authority;

b. The Operations & Maintenance budget for the Authority was however revised downwards from KSh. 380.3 million to KSh. 275.3 million resulting in a deficit of KSh. 104.9 million;

c. The reduction made the Authority not to receive budgetary allocation towards items such as foreign Travel and subsistence, and other transportation costs, communication, supply and services among others; and

d. The reduction in O&M would further impact negatively on the operations of the Authority. Some of the areas to be affected include Backlog in processing complaints by the public, inspection and monitoring services as well as implementation of the Maraga Taskforce Recommendations.

PART IV

4.0 COMMITTEE OBSERVATIONS

34. The Committee having reviewed the 2024/2025 Budget Estimates as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

A. Executive Office of the President, Vote 1011

1. The proposed budgetary allocation for the Office amounts to Ksh. 5,373.4 million. The proposed allocation was marginally reduced by KSh. 57.5 million from the approved BPS of KSh. 5,430.9 million;

2. The Office was underfunded to the tune of KSh.2, 385 million. Key areas to be affected by the underfunding included KSh. Government press that required additional KSh. 200 million for purchase of materials that are required to print confidential documents, Power of Mercy Advisory Committee which required additional KSh. 100 million, Commission of Inquiry and Tribunal which required KSh. 490 million towards the taskforce for review of Legal and Regulatory Framework Governing Religious Organizations, Taskforce on modernization of Government printer and the Tribunal on removal of Hon Justice Kullow;

3. Government Printer: -It was observed that the Government printer was not operating at its optimal capacity on account of obsolete equipment. There was need to upgrade the printing equipment to increase its efficiency and generate more revenue to the Exchequer; and

4. The Betting Control and Licensing Board was not adequately funded to carry out its mandate in line with the Betting Lotteries and Gaming Act Cap 131. It was observed that the Betting industry was generating billions of shillings to the Exchequer, yet the Board which is supposed to regulate and control the industry was severely underfunded to carry out this mandate to the tune of KSh. 144 million.

B. Office of the Deputy President, Vote 1012

1. The Office was allocated KSh. 4,469 million at the BPS level, however the estimates has revised the allocation upwards to KSh. 4,872 million. The increase was on account of KSh. 250 million towards procurement of insignia and medals, KSh. 57 million towards Personnel Emoluments and KSh. 50 million towards Alcohol and Drug Abuse initiatives; and

2. The allocation towards Development expenditure has also increased from the approved KSh. 250.4 million in the BPS to KSh. 300.4 million. The increase of KSh. 50 million would be towards the refurbishments.

C. Office of the Prime Cabinet Secretary, Vote 1013

1. The proposed estimates for the Office of the Prime Cabinet Secretary amounted to KSh. 1,140.8 million from the approved BPS ceiling of KSh. 1,502.1 million; and

2. The reduction will impact negatively on the service delivery by not facilitating the PCS on official duties, stalling of the ongoing refurbishment at Railways Headquarters and deferred development of the National Government Coordination dash board to support coordination services.

D. State Department for Parliamentary Affairs, Vote 1014

The proposed budgetary allocation for the State Department amounted to KSh. 458.2 million, downwards from KSh. 846.1 million approved at the BPS level on account of revised fiscal framework.

E. State Department for Performance and Delivery Management, Vote 1015

1. The State Department had been allocated KSh. 1,064 million at the BPS level but due to revised fiscal framework has now been allocated KSh. 607.1 million. The allocation however is an increase from the current budgetary allocation of KSh. 355.2 million; and

2. There was duplication of functions between the State Department and the Office of the Prime Cabinet Secretary on monitoring the performance of National Programmes and projects. The duplication was leading to inefficiency in resource allocation.

F. State Department for Cabinet Affairs, Vote 1016

1. The State Department has one of the lowest budgetary absorption at 59%. This has led the budgetary allocation of the State Department to be reviewed downwards in the course of budget implementation. The printed estimates in FY 2023/24 was KSh. 903 million but now the proposed budgetary allocation is KSh. 275 million; and

2. The State Department was tasked to develop the Government Delivery Monitoring Information System (GDMIS) and the Electronic Document (ERDMS) but had not been considered for any allocation for the same.

G. State House, Vote 1017

1. The total budgetary allocation for the State House amounted to KSh. 9,496 million against the approved Budget Police State (BPS) allocation of KSh. 9,233.8 million. The increase of KSh. 262.2 million on account of increased Personnel Emoluments; and

2. The allocation to State House has been on the rise mainly on account of hospitality services, pensions and benefits accruing to the Retired Presidents and other designated state officers as well renovations to various state houses and lodges that have not had a facelift for a long period of time.

H. State Department for Internal Security and National Administration, Vote 1026

1. The proposed allocation of **KSh. 34,986.9 million** for the State Department was slightly below the House Resolutions on the BPS 2024 and the medium term by **KSh. 249.5 million** on account of governments policy to contain borrowing and re-aligning expenditures to sustainable levels;

2. The decline in budgetary provision to **Private Security Regulatory Authority** from **Kshs186.32 million** to **Kshs100.92million** would adversely affect the operations of the entity given that the Regulations to permit collection of revenue were still pending. In such circumstances, the institution would be unable to meet its salary obligations to the tune of **KSh32.5Million**, Rent for Regional offices **KSh40million** and Annual staff medical insurance of **KSh12.8million;**

3. The reduction in the Budget for NGO Coordination Board from KSh. 257.6 million to KSh. 192.9 million would affect the Operationalization of the PBO Act which recently came to force. Full operationalization of the PBO Act is critical to facilitate revenue generation to supplement Exchequer;

4. The funding gap under development which amounted to **KSh.5, 076 million** was related to construction of new administrative units which was critical in service delivery at the grassroots;

5. The draft estimate ceiling for development budget had reduced by **KSh324million** from the BPS allocation of **KSh7, 479million** to **KSh7, 155 million**. The reduction would affect delivery of Projects within the planned timelines ultimately affecting effective service delivery to the Public;

6. The State Department had a number of newly gazetted administrative units which had not been operationalized since August 2017 on account of resource constraints. It was therefore observed that there was a need to stop further gazettement of these units before operationalizing the already existing one;

7. There was a need to cater for the scaled-up surveillance and security operations along the Kenyan borders and regions with inter-ethnic conflicts mainly cattle rustling and implementation of a directive to crackdown on illegal firearms, drugs, and narcotics to the tune of **KSh. 5, 500 million**;

8. The Kenya Coast Guard services had spread its operations to inland waters and opened stations in Mbita and Baringo but had no resources to maintain their operations. They had a shortfall of **KSh. 1,256.3 million**;

9. To ease access to high-risk areas and facilitate security operations, there was need to enhance

funding for security Roads and Airstrips. The Resource requirement in the FY 2024/25 amounted to **KSh. 500 million** but was only proposed to receive **KSh. 55 million**, which was below the baseline allocation of **KSh. 160 million**; and

10. The State Department has five (5) stalled projects whose cumulative cost was **KSh921, 626,030**. Cumulative Expenditure to date amounted to **KSh702, 151,377** resulting to a funding gap of **KSh219, 474,653**.Of critical intervention was The Migori District Headquarters project which required special allocation to complete the first phase and the remaining phases. The estimated cost to complete the project was **KSh600 million.** The State Department was liasing with Public works for a formal handover.

I. State Department for Immigration and Citizen Affairs, Vote 1024

1. The proposed budget estimates for the State Department had been reduced by KSh. 722 million from KSh. 15,873 million at the BPS level to KSh. 15,151 million;

2. The proposed budget would be financed partly by AIA amounting to KSh. 3,900 million as had been resolved by the House to allow the State Department solve problems related to issuance of critical documents such as passports, Birth and Death certificates among others without delay;

3. Critical flagship projects of Vision 2030 projects under the Fourth Medium Term plan were grossly underfunded. They included Roll out of 3rd Generation ID (Maisha card) that had a resource requirement but only received KSh. 1,375 million, Unique Personal Identifier (Maisha Namba) that had a resource requirement of KSh. 1,440 million but had only KSh. 330 million among others;

4. The Service delivery by the National Registration Bureau Filed services was hampered by inadequate funding to enable Citizens across the country apply and receive their identification documents in time. The Field Services operations were underfunded to the tune of KSh. 1 billion; and

5. The e-citizen services which is a core pillar of the Kenya Kwanza Administration could not meet its target of having more services brought on board on account of underfunding to the tune of KSh. 745 million.

J. National Police Service, Vote 1025

1. There was an increase of **KSh. 119 million** over and above the BPS ceiling for recurrent expenditures. The increase was attributed to the National Police Service Airwing which had been transferred back to the NPS from the Ministry of Defence in line with the House Resolution on the same;

2. The Insurance Costs had been reduced from **KSh. 7,081 million** as had been projected in the BPS 2024 to **KSh3, 540.7 million**. The cut would severely affect the ability of the service to provide

medical care to its 120,000 workforces;

3. The Service was grossly underfunded. The Personnel Emoluments constituted 81.2 per cent of its total budget leaving only 19 per cent for Operations & Maintenance (O&M). The bulk of O&M expenditures were towards mandatory & contractual obligations. Consequently, out of the 1500 police stations, only 600 were received AIEs for operations at the Ward level;

4. The Automated Palm Fingerprint Identification System (APFIS) for finger print analysis had become obsolete. There was need to upgrade to the latest version Multi Biometric Identification System (MBIS) that would enhance efficient and timely processing of Police Clearance Certificates (PCCs) and criminal records from 14 days to 1 day. To this end, the draft estimates provided for **KSh. 518.4 million** against a requirement of **KSh. 1,000 million** for the upgrade;

5. There was a need to enable the Directorate of Criminal Investigations Department retain part of the revenue they collect through issuance of certificate of Good Conduct to support the operations of the National Forensic Laboratory, which often experience exchequer delays;

6. The National Police Service had not recruited police officers over the last 3 years and there was a growing need to recruit over 10,000 officers to replace those who had left the Service through natural attrition but also to boost the police to human population ration. To this end, the total requirement for this activity was **KSh. 5,030 million** but the draft estimates had only provided **KSh. 3,200** million towards trainee allowance, Purchase of Police equipment, food & rations and purchase of uniform;

7. Development Projects: - the National Police Service will be implementing a total of 69 projects in the FY 2024/25 and the Medium Term. All the projects were ongoing and there was no new project. There were however 16 stalled projects which included staff houses for officers, expansion of training colleges as well as administrative blocks;

8. There were increased security operations in many parts of the country including North Rift without corresponding additional resources for such activities, and the underfunding was a risk to obtaining the objectives of such operations;

9. Generally, inadequate funding of the Service would lead to delay in implementation of the Maraga Taskforce report on police reforms; and

10. The Service had pending bills amounting to KSh. 5,479.3 million at the beginning of the FY 2023/24 and manage to clear pending bills amounting to KSh. 4,217.6 million leaving a balance of KSh. 1,261.7 million.

K. National Police Service Commission, Vote 2101

1. The proposed budget for the Commission had a reduction of KSh. 138.2 million from the approved BPS ceiling of KSh. 1,269.5 million on account of austerity measures;

2. There was a growth in Personnel Emoluments for the Commission from KSh. 593.9 million in Supplementary I of FY 2023/2024 to KSh. 711.5 million. The growth was attributed to KSh.

review of the Commission's staff salaries leading to a total monthly increment of KSh. 3.3 million for basic salaries and Pension adjustment and annual growth in leave travel allowance by KSh. 2.7 million;

3. The Commission had employed and deployed 25 counsellors and 13 Social workers to different regions but were overwhelmed with the enormous request for counselling services. There was need to upscale such services; and

4. The Commission plans to recruit 10,000 police officers but there was no budgetary allocation towards the Exercise which was costed at KSh. 150 million.

L. Independent Policing Oversight Authority, Vote 2151

1. The Authority was allocated a budget ceiling of KSh. 1,090.9 million at the BPS but the proposed estimates revised the allocation upwards to KSh. 1,212.7 million on account of implementation of the new remuneration structure from Salaries and Remuneration Commission. The Personnel Emoluments for the Authority was therefore rising from KSh. 639 million in FY 2023/24 to KSh. 832 million in 2024/25; and

2. The total operation & Maintenance expenditure was reducing from KSh. 380.3 million in FY 2023/24 to KSh. 275.3 million in 2024/25. The reduction would affect the Authorities core mandate of conducting investigations, attending court cases, monitoring police operations, among others. The failure by IPOA to attend to cases in court would lead to cases which are of public interest and human rights issues not to be fast-tracked hence justice may be denied.

PART V

5.0 COMMITTEE RECOMMENDATIONS

35. The Committee having reviewed the 2024/2025 Annual estimates of expenditure as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following financial recommendations as contained in Schedules I & II : -

Schedule I: Proposed Reductions -(KSh. Millions)					
Vote	**Programme**	**Head/Project**	**Details**		**Justification**
			Draft Net Estimates	**Proposed Reduction**	
1011	General Administration, Planning and Support Services	1011000118- Commission of Inquiry/Tribunals(**Recurrent**)	210	(60)	Rationalization of Expenditures
		1011000114- Office of Government Spokesperson (**Recurrent**)	114.2	(30)	Rationalization of Expenditures
1015	Public Service Performance Management	1015000101 Headquarters(**Recurrent**)	200	(10)	Rationalization of Expenditures
1024	General Administration and Planning	1024000101- Headquarters(**Recurrent**)	916.8	(70)	Rationalization of Expenditures
	Migration and Citizen Services	1024000101-Immigration Department Headquarters(**Recurrent**)	1,481	(70)	Rationalization of Expenditures
	Population Management Services	1024103100- National Integrated Identity Management System(**Development**)	80	(60)	Rationalization of Expenditures
1026	General Administration & Support Services	1026006602 -National Cohesion and Integration Commission	627.9	(60)	Rationalization of Expenditures
	Total			**(360)**	

Schedule II: Proposed Increases – KSh. Millions					
Vote	**Programme**	**Head/Project**	**Details**		**Justification**
			Draft Net Estimates	**Proposed Increase**	
1011	Government Printing Services	3111000 -Purchase of Office Furniture and General Equipment **(Development)**	400	100	To equip the Government Printer
1025	Policing Services	1025000101 – Headquarters **(Recurrent)**	5,015.4	70	To support Operations & Maintenance of the Office of the Secretary, Administration
1026	General Administration Services	1026000100 -OOP Headquarters**(Recurrent)**	7,251	80	Towards Security Operations
		1026000125 Private Security Regulatory Service Board**(Recurrent)**	100.9	60	To meet shortfall in PE and other contractual obligations
		1026101020- Security Roads and Airstrips **(Development)**	55	50	To enhance the allocations towards security roads
	Total			**360**	

SIGNED _____ **DATE** 21st-05-2024

HON. GABRIEL TONGOYO, MP

CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

ANNEXURES

Annex 1: List of Unfunded Areas

Annex 2: Minutes of the Committee sittings

Annex 2: Adoption List

Annex 3: PBO brief on the Estimates

Annex 4: MDA's submissions

Schedule III: Proposed Increases – KSh. Millions(UNFUNDED AREAS)						
Vote	**Programme**	**Head/Project**	**Details**			**Justification**
			Recurrent	**Development**	Total	
1011	Government Printing Services	Government Printer		1,000	1,000	
1026	General Administration and Support Services	OOP Headquarters	5,500	-	5,500	
		County Administration	1,900	-	1,900	AIE allocation to new administrative Units
		Hospitality Services	361	-	361	National celebrations
		Domestic Travel	400			Local Presidential Visits
		Current Transfers-NGO Board	64	-	64	To meet shortfalls in Contractual obligations
		Current Transfers-PSRA	25	-	25	
1025	Policing Services	Insurance Costs	9,414.6	-	9,414.6	Towards Medical Insurance and GPA
		General Administration -HQs	100	-	100	Towards O&M
		Office of the Inspector General	1,841.3	-	1,841.3	Towards Multi agency security Operations
		National Police Reservist	1,000	-	1,000	Towards NPR
		Special Supplies	1,881	-	1,881	
1016	State Department for Cabinet Affairs	HQ Administrative Services	45	-	45	Towards Automation of Government Systems
2101	National Police Service Human Resource Management	HQ Administrative Service	150	-	150	Towards recruitment of police constables
2151	Policing Oversight Services	HQ Administrative Service	104	-	104	Enhanced O&M
	Total		**15,024.9**	**1,000**	**16,024.9**	

MINUTES OF THE 56TH SITTING OF THE DEPARTMENTAL, COMMITEEE ON ADMINISTRATION AND INTERNAL SECURITY HELD ON TUESDAY, 21ST MAY, 2024 IN THE MINI-CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. **Hon. Gabriel Koshal Tongoyo, MP** - **Chairperson**
2. **Hon. Col (Rtd) Dido Rasso, MBS, MP** - **Vice Chairperson**
3. Hon. Kaluma George Peter, MP
4. Hon. Fred C. Kapondi, MP
5. Hon. Liza Chepkorir Chelule, MP
6. Hon. Mburu Kahangara, MP
7. Hon. Protus Ewesit Akujah, MP
8. Hon. Oku Kaunya, MP
9. Hon. Rozah Akinyi Buyu, MP
10. Hon. Amb. Francis Kipyegon Sigei, EBS, MP
11. Hon. Fatuma Abdi Jehow, MP
12. Hon. Caroline Jeptoo Ng'elechei, MP
13. Hon. Hussein Weytan Mohammed, MP

ABSENT WITH APOLOGY

1. Hon. Aduma Owuor, MP
2. Hon. Sarah Paulata Korere, MP

IN ATTENDANCE

COMMITTEE SECRETARIAT

1. Mr. John Mugoma - Clerk Assistant I
2. Mr. Gideon Kipkoech - Clerk Assistant III
3. Mr. Edison Odhiambo - Fiscal Analyst
4. Ms. Ivy Maritim - Media Relations Officer
5. Mr. Rodgers Kilungya - Audio Officer

MIN./NO./DC-AIS/2024/279: PRELIMINARIES & ADOPTION OF AGENDA

The Chairperson, Hon. Gabriel Koshal Tongoyo, MP called the meeting to order at 10.30 a.m. and said a prayer. The agenda of the meeting was adopted having been proposed by Hon. Fred C. Kapondi, MP and seconded by Hon. Oku Kaunya, MP.

MIN./NO./DC-AIS/2024/280: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

The confirmation of Minutes was deferred to a later date.

MIN./NO./DC-AIS/2024/281: CONSIDERATION AND ADOPTION OF THE REPORT ON BUDGET ESTIMATES FOR FY 2024/25 AND SUPPLIMENTARY ESTIMATES II FOR FY 2023/24

A. BUDGET ESTIMATES FOR FY 2024/25

COMMITTEE OBSERVATIONS

The Committee having reviewed the 2024/2025 Budget Estimates as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

A. Executive Office of the President, Vote 1011

1. The proposed budgetary allocation for the Office amounts to Ksh. 5,373.4 million. The proposed allocation was marginally reduced by KSh. 57.5 million from the approved BPS of KSh. 5,430.9 million;

2. The Office was underfunded to the tune of KSh.2, 385 million. Key areas to be affected by the underfunding included KSh. Government press that required additional KSh. 200 million for purchase of materials that are required to print confidential documents, Power of Mercy Advisory Committee which required additional KSh. 100 million, Commission of Inquiry and Tribunal which required KSh. 490 million towards the taskforce for review of Legal and Regulatory Framework Governing Religious Organizations, Taskforce on modernization of Government printer and the Tribunal on removal of Hon Justice Kullow;

3. Government Printer: -It was observed that the Government printer was not operating at its optimal capacity on account of obsolete equipment. There was need to upgrade the printing equipment to increase its efficiency and generate more revenue to the Exchequer; and

4. The Betting Control and Licensing Board was not adequately funded to carry out its mandate in line with the Betting Lotteries and Gaming Act Cap 131. It was observed that the Betting industry was generating billions of shillings to the Exchequer, yet the Board which is supposed to regulate and control the industry was severely underfunded to carry out this mandate to the tune of KSh. 144 million.

B. Office of the Deputy President, Vote 1012

1. The Office was allocated KSh. 4,469 million at the BPS level, however the estimates has revised the allocation upwards to KSh. 4,872 million. The increase was on account of KSh. 250 million towards procurement of insignia and medals, KSh. 57 million towards Personnel Emoluments and KSh. 50 million towards Alcohol and Drug Abuse initiatives; and

2. The allocation towards Development expenditure has also increased from the approved KSh. 250.4 million in the BPS to KSh. 300.4 million. The increase of KSh. 50 million would be towards the refurbishments.

C. Office of the Prime Cabinet Secretary, Vote 1013

1. The proposed estimates for the Office of the Prime Cabinet Secretary amounted to KSh. 1,140.8 million from the approved BPS ceiling of KSh. 1,502.1 million; and

2. The reduction will impact negatively on the service delivery by not facilitating the PCS on official duties, stalling of the ongoing refurbishment at Railways Headquarters and deferred development of the National Government Coordination dash board to support coordination services.

D. State Department for Parliamentary Affairs, Vote 1014

The proposed budgetary allocation for the State Department amounted to KSh. 458.2 million, downwards from KSh. 846.1 million approved at the BPS level on account of revised fiscal framework.

E. State Department for Performance and Delivery Management, Vote 1015

1. The State Department had been allocated KSh. 1,064 million at the BPS level but due to revised fiscal framework has now been allocated KSh. 607.1 million. The allocation however is an increase from the current budgetary allocation of KSh. 355.2 million; and

2. There was duplication of functions between the State Department and the Office of the Prime Cabinet Secretary on monitoring the performance of National Programmes and projects. The duplication was leading to inefficiency in resource allocation.

F. State Department for Cabinet Affairs, Vote 1016

1. The State Department has one of the lowest budgetary absorption at 59%. This has led the budgetary allocation of the State Department to be reviewed downwards in the course of budget implementation. The printed estimates in FY 2023/24 was KSh. 903 million but now the proposed budgetary allocation is KSh. 275 million; and

2. The State Department was tasked to develop the Government Delivery Monitoring Information System (GDMIS) and the Electronic Document (ERDMS) but had not been considered for any allocation for the same.

G. State House, Vote 1017

1. The total budgetary allocation for the State House amounted to KSh. 9,496 million against the approved Budget Police State (BPS) allocation of KSh. 9,233.8 million. The increase of KSh. 262.2 million on account of increased Personnel Emoluments; and

2. The allocation to State House has been on the rise mainly on account of hospitality services, pensions and benefits accruing to the Retired Presidents and other designated state officers as well renovations to various state houses and lodges that have not had a facelift for a long period of time.

H. State Department for Internal Security and National Administration, Vote 1026

1. The proposed allocation of **KSh. 34,986.9 million** for the State Department was slightly below the House Resolutions on the BPS 2024 and the medium term by **KSh. 249.5 million** on account of governments policy to contain borrowing and re-aligning expenditures to sustainable levels;

2. The decline in budgetary provision to **Private Security Regulatory Authority** from **Kshs186.32 million** to **Kshs100.92million** would adversely affect the operations of the entity given that the Regulations to permit collection of revenue were still pending. In such circumstances, the institution would be unable to meet its salary obligations to the tune of **KSh32.5Million**, Rent for Regional offices **KSh40million** and Annual staff medical insurance of **KSh12.8million;**

3. The reduction in the Budget for NGO Coordination Board from KSh. 257.6 million to KSh. 192.9 million would affect the Operationalization of the PBO Act which recently came to force. Full operationalization of the PBO Act is critical to facilitate revenue generation to supplement Exchequer;

4. The funding gap under development which amounted to **KSh.5, 076 million** was related to construction of new administrative units which was critical in service delivery at the grassroots;

5. The draft estimate ceiling for development budget had reduced by **KSh324million** from the BPS allocation of **KSh7, 479million** to **KSh7, 155 million**. The reduction would affect delivery of Projects within the planned timelines ultimately affecting effective service delivery to the Public;

6. The State Department had a number of newly gazetted administrative units which had not been operationalized since August 2017 on account of resource constraints. It was therefore observed that there was a need to stop further gazettement of these units before operationalizing the already existing one;

7. There was a need to cater for the scaled-up surveillance and security operations along the Kenyan borders and regions with inter-ethnic conflicts mainly cattle rustling and implementation of a directive to crackdown on illegal firearms, drugs, and narcotics to the tune of **KSh. 5, 500 million**;

8. The Kenya Coast Guard services had spread its operations to inland waters and opened stations in Mbita and Baringo but had no resources to maintain their operations. They had a shortfall of **KSh. 1,256.3 million**;

9. To ease access to high-risk areas and facilitate security operations, there was need to enhance funding for security Roads and Airstrips. The Resource requirement in the FY 2024/25 amounted to **KSh. 500 million** but was only proposed to receive **KSh. 55 million**, which was below the baseline allocation of **KSh. 160 million**; and

10. The State Department has five (5) stalled projects whose cumulative cost was **KSh921, 626,030**. Cumulative Expenditure to date amounted to **KSh702, 151,377** resulting to a funding gap of **KSh219, 474,653**.Of critical intervention was The Migori District Headquarters project which required special allocation to complete the first phase and the remaining phases. The estimated cost to complete the project was **KSh600 million.** The State Department was liasing with Public works for a formal handover.

I. State Department for Immigration and Citizen Affairs, Vote 1024

1. The proposed budget estimates for the State Department had been reduced by KSh. 722 million from KSh. 15,873 million at the BPS level to KSh. 15,151 million;

2. The proposed budget would be financed partly by AIA amounting to KSh. 3,900 million as had been resolved by the House to allow the State Department solve problems related to issuance of critical documents such as passports, Birth and Death certificates among others without delay;

3. Critical flagship projects of Vision 2030 projects under the Fourth Medium Term plan were grossly underfunded. They included Roll out of 3rd Generation ID (Maisha card) that had a resource requirement but only received KSh. 1,375 million, Unique Personal Identifier (Maisha Namba) that had a resource requirement of KSh. 1,440 million but had only KSh. 330 million among others;

4. The Service delivery by the National Registration Bureau Filed services was hampered by

inadequate funding to enable Citizens across the country apply and receive their identification documents in time. The Field Services operations were underfunded to the tune of KSh. 1 billion; and

5. The e-citizen services which is a core pillar of the Kenya Kwanza Administration could not meet its target of having more services brought on board on account of underfunding to the tune of KSh. 745 million.

J. National Police Service, Vote 1025

1. There was an increase of **KSh. 119 million** over and above the BPS ceiling for recurrent expenditures. The increase was attributed to the National Police Service Airwing which had been transferred back to the NPS from the Ministry of Defence in line with the House Resolution on the same;

2. The Insurance Costs had been reduced from **KSh. 7,081 million** as had been projected in the BPS 2024 to **KSh3, 540.7 million**. The cut would severely affect the ability of the service to provide medical care to its 120,000 workforces;

3. The Service was grossly underfunded. The Personnel Emoluments constituted 81.2 per cent of its total budget leaving only 19 per cent for Operations & Maintenance (O&M). The bulk of O&M expenditures were towards mandatory & contractual obligations. Consequently, out of the 1500 police stations, only 600 were received AIEs for operations at the Ward level;

4. The Automated Palm Fingerprint Identification System (APFIS) for finger print analysis had become obsolete. There was need to upgrade to the latest version Multi Biometric Identification System (MBIS) that would enhance efficient and timely processing of Police Clearance Certificates (PCCs) and criminal records from 14 days to 1 day. To this end, the draft estimates provided for **KSh. 518.4 million** against a requirement of **KSh. 1,000 million** for the upgrade;

5. There was a need to enable the Directorate of Criminal Investigations Department retain part of the revenue they collect through issuance of certificate of Good Conduct to support the operations of the National Forensic Laboratory, which often experience exchequer delays;

6. The National Police Service had not recruited police officers over the last 3 years and there was a growing need to recruit over 10,000 officers to replace those who had left the Service through natural attrition but also to boost the police to human population ration. To this end, the total requirement for this activity was **KSh. 5,030 million** but the draft estimates had only provided **KSh. 3,200** million towards trainee allowance, Purchase of Police equipment, food & rations and purchase of uniform;

7. Development Projects: - the National Police Service will be implementing a total of 69 projects in the FY 2024/25 and the Medium Term. All the projects were ongoing and there was no new project. There were however 16 stalled projects which included staff houses for officers, expansion of training colleges as well as administrative blocks;

8. There were increased security operations in many parts of the country including North Rift without corresponding additional resources for such activities, and the underfunding was a risk to obtaining the objectives of such operations;

9. Generally, inadequate funding of the Service would lead to delay in implementation of the Maraga

Taskforce report on police reforms; and

10. The Service had pending bills amounting to KSh. 5,479.3 million at the beginning of the FY 2023/24 and manage to clear pending bills amounting to KSh. 4,217.6 million leaving a balance of KSh. 1,261.7 million

K. National Police Service Commission, Vote 2101

1. The proposed budget for the Commission had a reduction of KSh. 138.2 million from the approved BPS ceiling of KSh. 1,269.5 million on account of austerity measures;

2. There was a growth in Personnel Emoluments for the Commission from KSh. 593.9 million in Supplementary I of FY 2023/2024 to KSh. 711.5 million. The growth was attributed to KSh. review of the Commission's staff salaries leading to a total monthly increment of KSh. 3.3 million for basic salaries and Pension adjustment and annual growth in leave travel allowance by KSh. 2.7 million;

3. The Commission had employed and deployed 25 counsellors and 13 Social workers to different regions but were overwhelmed with the enormous request for counselling services. There was need to upscale such services; and

4. The Commission plans to recruit 10,000 police officers but there was no budgetary allocation towards the Exercise which was costed at KSh. 150 million.

L. Independent Policing Oversight Authority, Vote 2151

1. The Authority was allocated a budget ceiling of KSh. 1,090.9 million at the BPS but the proposed estimates revised the allocation upwards to KSh. 1,212.7 million on account of implementation of the new remuneration structure from Salaries and Remuneration Commission. The Personnel Emoluments for the Authority was therefore rising from KSh. 639 million in FY 2023/24 to KSh. 832 million in 2024/25; and

2. The total operation & Maintenance expenditure was reducing from KSh. 380.3 million in FY 2023/24 to KSh. 275.3 million in 2024/25. The reduction would affect the Authorities core mandate of conducting investigations, attending court cases, monitoring police operations, among others. The failure by IPOA to attend to cases in court would lead to cases which are of public interest and human rights issues not to be fast-tracked hence justice may be denied.

COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2024/2025 Annual estimates of expenditure as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following financial recommendations as contained in Schedules I & II : -

Schedule I: Proposed Reductions -(KSh. Millions)					
Vote	**Programme**	**Head/Project**	**Details**	**Justification**	
			Draft Net Estimates	**Proposed Reduction**	
1011	General Administration, Planning and Support Services	1011000118- Commission of Inquiry/Tribunals(**Recurrent**)	210	(60)	Rationalization of Expenditures
		1011000114- Office of Government Spokesperson (**Recurrent**)	114.2	(30)	Rationalization of Expenditures
1015	Public Service Performance Management	1015000101 Headquarters(**Recurrent**)	200	(10)	Rationalization of Expenditures
1024	General Administration and Planning	1024000101- Headquarters(**Recurrent**)	916.8	(70)	Rationalization of Expenditures
	Migration and Citizen Services	1024000101-Immigration Department Headquarters(**Recurrent**)	1,481	(70)	Rationalization of Expenditures
	Population Management Services	1024103100- National Integrated Identity Management System(**Development**)	80	(60)	Rationalization of Expenditures
1026	General Administration & Support Services	1026006602 -National Cohesion and Integration Commission	627.9	(60)	Rationalization of Expenditures
	Total			**(360)**	

Schedule II: Proposed Increases – KSh. Millions					
Vote	**Programme**	**Head/Project**	**Details**		**Justification**
			Draft Net Estimates	**Proposed Increase**	
1011	Government Printing Services	3111000 -Purchase of Office Furniture and General Equipment **(Development)**	400	100	To equip the Government Printer
1025	Policing Services	1025000101 – Headquarters **(Recurrent)**	5,015.4	70	To support Operations & Maintenance of the Office of the Secretary, Administration
1026	General Administration Services	1026000100 -OOP Headquarters**(Recurrent)**	7,251	80	Towards Security Operations
		1026000125 Private Security Regulatory Service Board**(Recurrent)**	100.9	60	To meet shortfall in PE and other contractual obligations
		1026101020- Security Roads and Airstrips **(Development)**	55	50	To enhance the allocations towards security roads
	Total			**360**	

B. SUPPLIMENTARY ESTIMATES II FOR FY 2023/24

COMMITTEE OBSERVATIONS

The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

1) The supplementary expenditure for the Executive Office of the President is net increase of **Ksh 687.2 million**. However, there are also re-allocations and decreases across various heads. The major increase will mainly go towards the ongoing task-force expenses and operation & maintenance under the Office of the Government Spokesperson which is domiciled under the Office of the Chief of Staff.

2) The Approved Estimates for the Office of the Deputy President have been revised from **Ksh4.3 billion** to **Ksh4.8 billion** under the FY 2023/24 Supplementary Estimates No. II, reflecting an increase of **Ksh 463.4 million** on account of operation and maintenance, capital expenditure and Appropriation In Aid. Other changes are on account of reallocation of funds amounting to Ksh 31 million.

3) The Office of the Prime Cabinet Secretary has been proposed to receive additional **Ksh171.3 million** on account of Personnel Emoluments, Gratuity and Confidential Expenditures. In addition, funds amounting to **Ksh 53.2 million** have been reallocated within the expenditure to cater for operations and maintenance.

4) The Approved Estimates for the State Department for Parliamentary Affairs have been revised to **Ksh 388.1 million** under the FY 2023/24 Supplementary Estimates No.II. This reflects a decrease of **Ksh 5 million** on account of reduction of Personnel Emoluments. In addition, funds amounting to **Ksh 31.4 million** have been reallocated within the expenditures.

5) The increase of **Ksh1.5 billion** under State House will mainly go towards personnel emoluments and operations & maintenance. Other changes are on account of re-allocation of funds.

6) The development of Government Delivery Monitoring Information System (GDMIS) was critical for the delivery of the mandate of the State Department for Cabinet Affairs though there was no provision for the same.

7) The National Police Service was still underfunded in critical areas included **Ksh 250 million** for security operations as well as **Ksh 1,899 million** towards Medical and Group Life insurance covers for the Service. The underfunding in Medical Cover would lead to accumulation of pending Bills besides police officers not accessing medical care in several hospitals across the country due to non-payment of premiums as per the contract of the cover.

8) The proposed re-allocation of **Ksh 1,000 million** towards special supplies by the National Police Service may not be absorbed due to short time period for procurement for such supplies.

9) Despite the increases towards the State Department for Internal security, the state Department still required **Ksh 1,000 million** for security operations in North Rift and rescue operations by the Kenya Coast Guard, **Ksh 96 million** to pay for electricity bills for NGAO offices across the country, **Ksh 152 million** to cater for allowances of the National Police Taskforce members and **Ksh 31 million** towards Government Chemist among others.

COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations:-

a) The expenditures made pursuant to Article 223 of the Constitution as shown in Schedule I (A) be approved.

SCHEDULE I(A): WITHDRAWALS MADE UNDER ARTICLE 223 OF THE CONSTITUTION

Vote	Programme	Recurrent	Capital	Total	Remarks
1017	State House Affairs	1,200	-	1,200	Being Expenditure towards Other Operating Expenses
1025	Policing Services	2,030	-	2,030	Being Expenditure towards Insurance costs
1026	General Administration and Support Services	2,300	-	2,300	Being Expenditure towards Multi agency security operations in the North

					Rift & mitigation of effects of Elnino floods

b) Special approval request be granted on adjustments made by the National Treasury on programmes that have exceeded 10 percent pursuant to regulation 40(9) of the Public Finance Management Regulations, 2015 as shown in Schedule 1(B).

SCHEDULE I(B): PROGRAMMES WITH MORE THAN 10% ADJUSTMENTS PURSUANT TO REGULATION 40(9)

Vote	Programme	Gross Total Estimates	Gross Total Supplementary II	Change In Estimates	% Change	Remarks
1011	General Administration, Planning & Support Services	2,424.4	3,078.1	653.7	27	Enhanced Operations & Maintenance
1012	Deputy President Services	4,298.1	4,761.5	463.4	10.8	Enhanced O&.
1013	Government Coordination and Supervision	1,195.6	1,366.9	171.3	14.3	Enhanced Operations & Maintenance
1017	State House Affairs	9,838.6	11,338.6	1,500	15.2	Adjustments on Personnel Emoluments

c) The reduction amounting to **Ksh 1,098.3 million** be effected across Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(A).

SCHEDULE 2(A): PROPOSED REDUCTIONS (KSH MILLIONS)

Vote	Programme	Head/Project	Details		Justification
			Draft Net Estimates	Proposed Reduction	
1012	Deputy President Services	3111119 – Purchase of lifts **(Development)**		(5.1)	Being request for re-allocation by the Office of the Deputy President.
		2210400 - Foreign Travel and subsistence, and other transportation cost		(93.2)	

1025	Policing Services	1025004401 – Headquarters (2211000 - Specialized Materials and Supplies)	1,000	(1,000)	The Expenditure is not likely to be utilized
	Total			**(1,098.3)**	

d) The increases be effected on Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(B)

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)

Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
1012	Deputy President Service	3110302 - Refurbishment of Non-Residential Buildings(**Development**)	-	5.1	Towards Refurbishment of Harambee House Annex.
		Hospitality, local travel, Routine maintenance, fuel, Uniforms)	-	93.2	Towards enhancing local operations of the Office of the Deputy President.
1025	Policing Services	National Police Hospital-Mbagathi (**Development**)	-	638	Towards Pending Bills for the National Police Hospital
		General Administration - 1025000101 Headquarters	12,199.3	70	Towards enhancing O&M of the Office of the Secretary, Administration/Accounting Officer
		Office of the IG - (1025004401 Headquarters – Other Operating Expenses)	1,615	40	Towards Security Operations
		Office of the DIG -KPS (1025001801 Headquarters – 2211300 Other Operating Expenses)	1,412.2	40	Towards Security Operations

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)					
Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
		Office of the DIG-AP (1025000501-Headquarters)		40	Towards Security Operations
		1025001401 Headquarters-DCI (2211300 - Other Operating Expenses)	1,439.7	50	Towards Security Operations
		1025004001 Headquarters-GSU (2211300 Other Operating Expenses)	724.8	30	
1026	General Administration and Support services	1026000101 Headquarters- (2211300 - Other Operating Expenses)	6,538	92	Towards Security Operations
	Total			**1,098.3**	

MIN./NO./DC-AIS/2024/282: ANY OTHER BUSINESS

Underfunded Budget Areas (Wishlist)

The Committee further deliberated on the key underfunded budget areas across the sector in both the Annual Estimates for FY 2024/25 and the Supplementary Estimates for FY 2023/24 and proposed additional budget funding as shown in the Committee reports.

MIN./NO./DC-AIS/2024/283: ADJOURNMENT

There being no other business, the meeting was adjourned at 1.10 p.m. The next meeting will be held Notice.

SIGNED _____ **DATE** 21st-05-2024

HON. GABRIEL TONGOYO, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

DEPARTMENTAL COMMITTEE ON AGRICULTURE &LIVESTOCK



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE CONSIDERATION OF THE FY 2024/25 ESTIMATES OF REVENUE AND EXPENDITURE FOR:

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT
VOTE 1169: THE STATE DEPARTMENT FOR AGRICULTURE

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PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure Estimates is based on Article 221 of the Constitution of Kenya, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulations, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.

2. Standing Order Number 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, after which the Committee shall consider, discuss and review the Estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one (21) days of submission.

3. The National Assembly Standing Orders assign the Departmental Committee on Agriculture and Livestock the mandate to consider matters in relation to *agriculture, livestock, food production and marketing.*

4. In that regard, the Committee is mandated to analyze, scrutinize and approve the Estimates for the following government agencies under its purview:

    i. Vote 1162: The State Department for Livestock Development; and
    ii. Vote 1169: The State Department for Agriculture.

1.2 Mandate of the Committee

5. The Departmental Committee on Agriculture and Livestock is one of the twenty (20) Departmental Committees of the National Assembly established under *Standing Order 216* whose mandates pursuant to the *Standing Order 216 (5)* are as follows:

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

6. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider agriculture, livestock, food production and marketing.

7. In executing its mandate, the Committee oversees the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

8. The Departmental Committee on Agriculture and Livestock was constituted by the House on 27th October 2022 and comprises the following members:

Chairperson
Hon. (Dr.) John Kanyuithia Mutunga, PhD, MP
Tigania West Constituency
UDA Party

Vice-Chairperson
Hon. Brighton Leonard Yegon, MP
Konoin Constituency
UDA Party

Members

Hon. Sabina Wanjiru Chege, CBS, MP
Nominated Member
Jubilee Party

Hon. Ferdinand Kevin Wanyonyi, MP
Kwanza Constituency
Ford Kenya Party

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

Hon. Justice Kipsang Kemei, MP
Sigowet/Soin Constituency
UDA Party

Hon. Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

Hon. Lawrence Mpuru Aburi, MP
Tigania East Constituency
NOPEU Party

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

Hon. Gabriel Gathuka Kagombe, MP
Gatundu South Constituency
UDA Party

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Pamela Njoki Njeru, MP
Embu County
UDA Party

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

Hon. Peter Kalerwa Salasya, MP
Mumias East Constituency
DAP-K Party

Hon. Yussuf Mohamed Farah, MP
Wajir West Constituency
ODM Party

1.4 Committee Secretariat

9. The Committee is facilitated by the following secretariat:

Ms. Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Mr. Victor Kilimo
Clerk Assistant III

Ms. Brigitta Mati
Legal Counsel I

Mr. Gerald Kadede
Legal Counsel II

Mr. Muhumed Shillow
Research Officer III

Ms. Edith Chepngeno
Media Relations Officer III

Mr. David Ng'eno
Principal Research Officer II

CPA. Robert Ng'etich
Fiscal Analyst II

Zainabu Sora
Serjeant-at-Arms II

Mr. Erastus Lotuk
Public Relations Officer III

Ms. Diana Chepkemoi
Audio Assistant

1.5 Overview on the Examination of the FY 2024/25 Estimates of Revenue and Expenditure

10. The Budget Estimates for the FY 2024/25 were tabled in the House on **Tuesday, 30th April 2024** and thereafter referred to Departmental Committees for consideration.

11. The Committee held meetings with the State Department for Livestock Development on 16th May 2024; and the State Department for Agriculture on 21st May 2024.

12. In considering the FY 2024/25 Estimates of Revenue and Expenditure, the Committee made the following key observations, that: The budgetary allocation for the Ministry of Agriculture and Livestock Development had reduced with KSh. 17.05 billion, from KSh. 75.4 billion in FY 2023/24 to KSh. 58.35 billion in FY 2024/25; and out of the nine (9) value chains that will transform the Bottom-up Economic Transformation Agenda, six (6) are under the Ministry of Agriculture and Livestock.

13. In line with the above observations, the Committee made both policy and financial recommendations aimed at addressing the issues raised in the observations. Details of the Committee's observations and recommendations are contained in Parts IV and V of this Report.

1.6 Acknowledgement

14. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the FY 2024/25 Estimates of Expenditure and Revenue.

15. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the Ministry of Agriculture and Livestock Development and its agencies for the useful contributions they made towards the preparation and production of this report.

16. On behalf of the Committee and pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

PART II

2 BROAD OVERVIEW OF THE FY 2024/25 ESTIMATES OF REVENUE AND EXPENDITURE

2.1 Overall Fiscal Framework for FY 2024/25

17. The total overall gross expenditure for FY 2024/25 is KSh. 3.91 trillion comprising of KSh. 2.24 trillion for the National Government, KSh. 1.21 trillion for the Consolidated Fund Services and KSh. 391.1 billion for county government equitable share. The allocation to the National Government of KSh. 2.31 trillion comprising of KSh. 1.52 trillion for recurrent expenditure and KSh. 724.4 billion for development expenditure.

18. The FY 2024/25 overall budget has been reduced by KSh. 273.3 billion from the approved 2024 BPS. When compared to the FY 2023/24 approved budget, the National Government budget is proposed to reduce by KSh. 154 billion.

19. The table below shows the proposed allocations and the variations from the approved 2024 BPS:

Table 1: Proposed allocations and variations from the 2024 BPS

S/NO.	DETAILS	APPROVED 2023/24 (KSh. Millions)	2024 BPS (KSh. Millions)	2024/25 ESTIMATES (KSh. Millions)	VARIANCE FROM BPS (KSh. Millions)
1.	National Government	2,464,454.40	2,555,963.60	2,310,368.20	-245,595.40
	o/w Executive	*2,400,928.40*	*2,488,650.30*	*2,243,054.90*	*-245,595.40*
	Parliament	*40,742.00*	*43,623.00*	*43,623.00*	-
	Judiciary	*22,784.00*	*23,690.30*	*23,690.00*	-
2.	Consolidated Fund Services (CFS)	1,131,650.10	1,241,151.70	1,213,453.20	-27,698.50
3.	County Government Equitable Share	385,424.60	391,117.1	391,117.1	-
	TOTAL	**3,981,529.00**	**4,188,232.40**	**3,914,938.4**	

Source: FY 2024/25 Budget Estimates

Bottom-Up Economic Transformation Agenda and BETA Value Chains

20. The FY 2024/25 Estimates and the Medium-Term Budget will continue to focus on the implementation of the BETA and prioritized value chains. The Agenda is geared towards economic turnaround and inclusive growth, and aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare. These include: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; Digital Superhighway and Creative Industry. The value chains are:

    i. Cotton to textile and apparel;

ii. Edible oil crop production;
iii. Dairy;
iv. Leather and leather products;
v. Rice production;
vi. Tea;
vii. Blue economy & fisheries;
viii. Minerals and tree planting; and
ix. Construction and building material.

2.2 FY 2024/25 Budgetary Allocations to the Ministry of Agriculture and Livestock Development

21. The FY 2024/25 Budget Estimates propose an allocation of KSh. 58.3 billion to the Ministry of Agriculture and Livestock Development. The State Department for Livestock Development is allocated KSh. 10.5 billion while the State Department for Agriculture is allocated KSh. 47.7 billion.

22. The resource requirement for the sector is KSh. 131.4 billion while the FY 2024/25 Estimates is providing KSh. 58.3 billion leaving a funding gap of KSh. 73.1 billion. The table below shows the FY 2024/25 proposed allocations to the two State Departments.

Table 2: Proposed Allocations to the State Departments of Livestock Development and Agriculture for FY 2024/25

STATE DEPARTMENT		FY 2023/24 APPROVED ALLOCATION	FY 2024/25 BUDGET ESTIMATES	CHANGES	% CHANGES
Livestock Development	Current	5,678,182,065	4,059,904,089	(1,618,277,976)	-28
	Capital	9,306,000,000	6,524,450,000	(2,781,550,000)	-30
	Total	**14,984,182,065**	**10,584,354,089**	**(4,399,827,976)**	**-29**
Agriculture	Current	18,627,500,431	16,140,696,299	(2,486,804,132)	-13
	Capital	41,784,691,275	31,620,728,896	(10,163,962,379)	-24
	Total	**60,412,191,706**	**47,761,425,195**	**(12,650,766,511)**	**-21**
GRAND TOTAL		**75,396,373,771**	**58,345,779,284**	**(17,050,594,487)**	**-23**

Source: FY 2024/25 Budget Estimates

State Department for Livestock Development

23. The State Department for Livestock Development derives its mandate from the Executive Order No. 1 of 2023. Its mandate is to promote, regulate and facilitate livestock industry for socio-economic development and industrialization.

24. In the FY 2024/25 Budget Estimates, the State Department has a proposed allocation of KSh. 10.58 billion which comprises of KSh. 4.06 billion for recurrent expenditure and KSh. 6.52 billion for development expenditure. The State Department has an approved allocation of KSh. 14.98 billion in the FY 2023/24. When compared with the allocations for FY 2023/24, the allocation for the next financial year is reducing by KSh. 4.40 billion which represents a 29% reduction.

25. The 2024 Budget Policy Statement (BPS) had a ceiling allocation of KSh. 15.57 billion comprising of KSh. 4.53 billion for recurrent and KSh. 11.04 billion for development expenditure. The FY 2024/25 proposed allocation is below the 2024 BPS ceiling by KSh. 4.95 billion. The recurrent allocation is below the BPS allocations by KSh. 433 million while the development is KSh. 4.51 billion below the BPS allocation.

Table 3: Variation between the 2024 BPS and the FY 2024/25 Estimates

ITEM	2024 BPS (in KSh. Millions)	FY 2024/25 BUDGET ESTIMATES (in KSh. Millions)	VARIATION (in KSh. Millions)
Recurrent	4,529	4,096	-433
Development	11,038	6,524	-4,514
Total	**15,566**	**10,620**	**-4,946**

Source: FY 2024/25 Budget Estimates

26. The huge variation between the 2024 BPS and FY 2024/25 development allocation is due to unrealized donor funding for: Livestock Value Chain Support Project which had BPS allocation of KSh. 3.48 billion but realized KSh. 1.05 billion in the Estimates; and De-Risking, Inclusion & Value Enhancement of Pastoral Economies which had BPS allocation of KSh. 4.02 billion but realized KSh. 2.40 billion in the FY 2024/25 Estimates.

Proposed Recurrent Allocations

27. The proposed allocation for recurrent expenditure is KSh. 4.06 billion. When compared to the budgetary allocation for FY 2023/24 of KSh. 5.68 billion, the allocation is a reduction by KSh. 1.62 billion. The reduction is mainly on account of the transfer of budget for Kenya Meat Commission to the Ministry of Defence. Provision for Compensation to Employees is set to increase by KSh. 47.1 million while the allocation to Other Recurrent is proposed to reduce by KSh. 209 million, from an allocation of KSh. 245 million in FY 2023/24 to an allocation of KSh. 35 million.

Table 4: Composition for Recurrent Expenditure

ITEM	FY 2023/24 APPROVED ALLOCATION	FY 2024/25 BUDGET ESTIMATES	VARIATION
Current Expenditure	**5,678,182,065**	**4,059,904,089**	**-1,618,277,976**
Compensation to Employees	1,569,000,000	1,616,100,000	47,100,000
Use of Goods and Services	656,320,737	653,173,375	-3,147,362
Current Transfers to Govt. Agencies	3,207,525,000	1,755,042,600	-1,452,482,400
Other recurrent	245,336,328	35,588,114	-209,748,214

Source: FY 2024/25 Budget Estimates

Table 5: Breakdown of FY 2024/25 Recurrent Allocation to SAGAs

S/NO.	SAGA	FY 2023/24 APPROVED ALLOCATION			FY 2024/25 PROPOSED ESTIMATES			% CHANGE
		GROSS	AIA	NET	GROSS	AIA	NET	
1.	Veterinary Medicines Council	138	100	38	102	102	0	-26
2.	Kenya Dairy Board	617	578	39	612	612	0	-1
3.	Kenya Genetic Resource Centre (KAGRC)	358	230	128	290	235	55	-19
4.	Kenya Veterinary Vaccines Production Institute (KEVEVAPI)	450	450	0	400	400	0	-11
5.	Kenya Tsetse and Trypanosomiasis Eradication Council	92	0	92	32	0	32	-65
6.	Kenya Leather Development Council - HQ	218	3	215	230	3	227	6
7.	Kenya Meat Commission (KMC)	1,186	1,186	0	0	0	0	100
Total		**3,208**	**2,579**	**629**	**1,755**	**1,417**	**338**	

Source: FY 2024/25 Budget Estimates

28. From the table above, it is noted that except for the allocation to the Kenya Leather Development Council, all other SAGAs' recurrent budgets are reducing. Slight reductions have been proposed on the allocations to the Kenya Dairy Board and KEVEVAPI. Significant reductions have been proposed on allocations to the Kenya Tsetse and Trypanosomiasis Eradication Council (65% reduction) and Kenya Veterinary Board (40% reduction).

Proposed Development Allocations

29. The State Department has a proposed allocation of KSh. 6.52 billion which is meant to fund 35 projects. When compared with the allocation for FY 2023/24 of KSh. 9.31 billion, the allocation is a reducing by KSh. 2.78 billion which represents a 30% reduction. The reduction is mainly on account of reduced funding for donor projects: Livestock Value Chain Support Project (reducing by KSh. 1.5 billion) and De-Risking, Inclusion & Value Enhancement of Pastoral Economies (reducing by KSh. 1.2 billion).

30. Out of the development budget of KSh. 6.52 billion, external funding is KSh. 5.03 billion (77.1%) which comprises KSh. 240 million grants and KSh. 4.79 billion loans. The table below shows the donor-funded projects with funding source.

Table 6: Donor Funded Projects and their Source of Funding

PROJECT	FY 2024/25 ALLOCATION (in KSh. Millions)	GOK FUNDING (in KSh. Millions)	EXTERNAL FUNDING (in KSh. Millions)	
			LOAN	GRANT
Livestock Value Chain Support Project-BETA	1,045	45	1,000	
Kenya Livestock Commercialization Programme (KeLCoP)-BETA	1,541	150	1,391	
Towards Ending Drought Emergencies in Kenya (TWENDE)-BETA	340	100	0	240
De-Risking, Inclusion & Value Enhancement of Pastoral Economies	2,400	0	2,400	
Total	**5,326**	**295**	**4,791**	**240**

Source: FY 2024/25 Budget Estimates

Implementation and Funding of BETA Value Chains

31. Dairy and Leather are among the nine value chains to be prioritized. The table below shows the allocations that support funding to the two value chains:

Table 7: Allocations Supporting BETA Value Chains

PROJECT	FY 2023/24 ALLOCATION	FY 2024/25 ALLOCATION
Livestock Value Chain Support Project-BETA	2,630	1,045
Establishment of Liquid Nitrogen Plants- KAGRC	135	30
Equipping of Milk Research & Processing Plant	70	8.6
Embryo Transfer Project	166	192
Development of Leather Industrial Park - Kenanie	350	300
Leather Value Chain Promotion Programme	50	50
TOTAL	**3,401**	**1,625.6**

Source: FY 2024/25 Budget Estimates

Conditional Grants to Counties

32. The Project, Kenya Livestock Commercialization Programme (KeLCoP) is providing KSh. 378 million as conditional grants to county governments.

State Department for Agriculture

33. The State Department is tasked with ensuring food and nutrition security through creation of an enabling environment, increased crop production and productivity, market access and supporting agricultural research and dissemination of research findings to the stakeholders.

34. The State Department for Agriculture is proposed to be allocated KSh. 47.76 billion in the FY 2024/25 consisting of a recurrent expenditure of KSh. 16.14 billion and capital expenditure of

KSh. 31.62 billion. When compared with the FY 2023/24 allocation of KSh. 60.41 billion, the FY 2024/25 allocation is reducing by KSh. 12.65 billion representing a reduction of 21%.

Table 8: Proposed Allocations for FY 2024/25

ITEM	APPROVED BUDGET FOR FY 2023/24	FY 2024/25 BUDGET ESTIMATES	CHANGES	% CHANGES
Current	18,627,500,431	16,140,696,299	(2,486,804,132)	-13
Capital	41,784,691,275	31,620,728,896	(10,163,962,379)	-24
Total	**60,412,191,706**	**47,761,425,195**	**(12,650,766,511)**	**-21**

Source: FY 2024/25 Budget Estimates

35. The 2024 Budget Policy Statement provided a ceiling of KSh. 47.64 billion comprising of KSh. 16.44 billion for recurrent and KSh. 31.21 billion for development expenditure. The FY 2024/25 proposed expenditure exceeds the 2024 BPS allocation by KSh. 117 million as shown in the table below.

Table 9: Variation between the 2024 BPS and the FY 2024/25 Estimates

ITEM	2024 BPS (in KSh. Millions)	FY 2024/25 BUDGET ESTIMATES (in KSh. Millions)	VARIATION (in KSh. Millions)
Recurrent	16,436	16,140	-296
Development	31,207	31,620	413
Total	**47,643**	**47,760**	**117**

Source: FY 2024/25 Budget Estimates

Proposed Recurrent Allocations

36. The State Department has a proposed allocation of KSh. 16.14 billion in FY 2024/25. Out of the total recurrent allocation, 93% are current transfers to SAGAs' under the State Department. The table below shows the breakdown of recurrent allocations.

Table 10: Breakdown of Recurrent Expenditure

ITEM	FY 2023/24 APPROVED ESTIMATES	FY 2024/25 BUDGET ESTIMATES	VARIATION
Current Expenditure	**18,627,500,431**	**16,140,696,299**	**-2,486,804,132**
Compensation to Employees	847,000,000	875,900,000	28,900,000
Use of Goods and Services	194,697,931	247,694,145	52,996,214
Current Transfers to Govt. Agencies	17,569,000,000	15,003,237,654	-2,565,762,346
Other recurrent	16,802,500	13,864,500	-2,938,000

Source: FY 2024/25 Budget Estimates

37. When compared with the FY 2023/24 recurrent allocation, there is a reduction of KSh. 2.49 billion, reducing from an allocation of KSh. 18.63 billion allocated in the FY 2023/24, to an allocation of KSh. 16.14 billion in FY 2024/25.

Table 11: Breakdown of FY 2024/25 Recurrent Allocation to SAGAs

S/NO.	SAGA	FY 2023/24 APPROVED BUDGET (in KSh. Millions)			FY 2024/25 BUDGET ESTIMATES (in KSh. Millions)			% CHANGE
		GROSS	AIA	NET	GROSS	AIA	NET	
1.	Bukura Agricultural College	421	255	166	417	262	155	-1
2.	Pest Control Products Board (PCPB)	249	145	104	340	150	190	37
3.	Agriculture and Food Authority (AFA)	2,084	1,686	398	2,838	2,838	0	36
4.	Kenya Agriculture and Livestock Research Organisation (KALRO)	5,204	889	4,315	5,209	894	4,315	0
5.	Kenya Plant Health Inspectorate Service (KEPHIS)	1,715	1,593	122	1,614	1,614	0	-6
6.	Pyrethrum Processing Company	395	276	119	362	362	0	-8
7.	Agricultural Development Corporation (ADC)	2,422	2,422	0	2,422	2,422	0	0
8.	Commodities Fund	278	227	51	299	299	0	8
9.	Tea Board of Kenya	311	25	286	276	75	201	-11
10.	National Biosafety Authority	182	7	175	184	12	172	1
11.	Biosafety Appeals Board	32	0	32	32	0	32	0
12.	Sugar Reforms	1,700	0	1,700	1,000	0	1,000	
13.	National Food Security	2,516	0	2,516	0	0	0	
TOTAL		**17,509**	**7,525**	**9,984**	**15,003**	**8,938**	**6,065**	

Source: FY 2024/25 Budget Estimates

38. A number of SAGAs will not be receiving exchequer support in the FY 2024/25 including Agriculture and Food Authority (AFA), Pyrethrum Processing Company of Kenya, Kenya Plant Health Inspectorate Service and Commodities Fund.

Proposed Development Allocations

39. The State Department is proposed to be allocated KSh. 31.62 billion which is meant to fund 32 development projects. When compared with the FY 2023/24 allocation of KSh. 31.21 billion, the FY 2024/25 allocation is an increase of KSh. 413 million.

40. Provision for Fertilizer Subsidy Programme (KSh. 10 billion); Coconut Industry Revitalization Project - BETA (KSh. 90 million); Food Security and Crop Diversification Project - BETA (KSh. 716 million); Emergency Locust Response (KSh. 2.5 billion); National Agricultural Value Chain Development Project (NAVCDP) - BETA (KSh. 6.1 billion); Food Systems Resilience Project (KSh. 3.1 billion); MSMEs Agricultural Credit AFC (KSh. 1 billion).

41. A number of projects that the State Department has been implementing from the recent past have not been provided with funding because the projects are deemed county functions. The projects include: Crop Insurance Programme; Fall Army Worm Mitigation; Aflatoxin Management; and Expansion of Improved Indigenous Chicken.

42. Out of the development budget of KSh. 31.62 billion, KSh. 16.58 billion (52%) is external funding comprising of KSh. 15.62 billion loans and KSh. 961 million grants.

Table 12: Donor Funded Projects and their Source of Funding

S/NO.	PROJECT	FY 2024/25 ALLOCATION	GoK FUNDING	EXTERNAL FUNDING	
				LOAN	GRANT
1.	Kenya Cereal Enhancement Programme (KCEP)	475	56	284	135
2.	Capacity Building Project for Enhancement of Rice Production (CADREP)	34	10	0	24
3.	Smallholder Horticulture Empowerment Project (SHEP Biz)	93	24	0	69
4.	Small-Scale Irrigation and Value Addition Project (SIVAP)	747	117	630	
5.	Enable Youth Kenya Programme	2,231	53	2,178	
6.	Emergency Locust Response	2,491	0	2,491	
7.	Resilience for Food & Nutrition Security Program in Horn of Africa	1,051	95	956	
8.	National Agricultural Value Chain Development Project (NAVCDP)	6,106	100	6,006	
9.	Kenya Agricultural Business Development Programme (KABDP)	775	42		733
10.	Food Systems Resilience Project.	3,120	42	3,078	
Total		**17,123**	**539**	**15,623**	**961**

Source: FY 2024/25 Budget Estimates

Conditional Grants to Counties

43. The allocations for the following projects are conditional grants to counties: Food Systems Resilience Project with an allocation KSh. 2.25 billion; National Agricultural Value Chain Development Project (NAVCDP) with an allocation of KSh. 5 billion; and Emergency Locust Response KSh. 1.9 billion.

Implementation and Funding of BETA Value Chains

44. The State Department has four of the nine priority value chains:

i. **Cotton to Textile and Apparel value chain**: Cotton Industry Revitalization Project, KSh. 150 million; National Agricultural Value Chain Development Project (NAVCDP) - BETA, KSh. 6.1 billion; and Food Security and Crop Diversification Project, KSh. 842 million;

ii. **Edible Oil crop production value chain**: National Edible Oil Crops Promotion Project, KSh. 414 million; Coconut Industry Revitalization Project, KSh. 90 million; Food Security and Crop Diversification Project, KSh. 842 million; and National Value Chain Support Programme, KSh. 440 million;

iii. Rice production value chain: Quelea Quelea Management, KSh. 90 million; Capacity Building for Enhancement of Rice Production (CADREP), KSh. 34 million; Food Security and Crop Diversification Project, KSh. 842 million; and National Value Chain Support Programme, KSh. 440 million; and

iv. Tea value chain: Construction & Equipping of Tea Research & Development Factory Ksh.101 million.

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretary for the State Departments for Livestock Development appeared before the Committee on 16th May 2024 while the Principal Secretary for Agriculture appeared before the Committee on 21st May 2024 and submitted as follows:

3.1 The State Department for Livestock Development

45. The deviation in the recurrent budget for the State Department for FY 2024/25 Budget Estimates from the approved 2024 BPS ceiling reflects a reduction of KSh. 468.7 million.

Table 13: Recurrent Budget Estimates Vs Approved BPS Ceilings (KSh. Millions)

VOTE 1162	APPROVED 2024 BPS	FY 2024/25 BUDGET ESTIMATES	DEVIATION	PROJECTIONS	
				FY 2025/26	FY 2026/27
Gross	**4,528.60**	**4,059.90**	**(468.70)**	**4,763.40**	**4,971.80**
AIA	1,563.20	1,563.20	-	1,648.90	1,724.20
NET	2,965.40	2,496.70	(468.70)	3,114.40	3,252.60
Compensation to Employees	1,616.10	1,616.10	-	1,677.00	1,729.30
Grants and Transfers	2,026.30	1,755.04	(271.26)	2,168.1	2,301.20
Operations and Maintenance	886.2	688.76	(197.44)	918.20	941.3

Source: State Department for Livestock Development

46. The Deviation in the development budget for the State Department of Livestock Development for FY 2024/25 from the approved 2024 BPS ceiling reflects a reduction of KSh. 4.51 billion.

Table 14: Development Budget Estimates Vs Approved BPS Ceilings (KSh. Millions)

S/NO.	APPROVED 2024 BPS	FY 2024/25 BUDGET ESTIMATES	DEVIATION	PROJECTIONS	
				2025/26	2026/27
Gross	**11,037.50**	**6,524.45**	**(4,513.05)**	**12,807.00**	**11,105.00**
GoK	2,133.50	1,493.45	(640.05)	3,807.00	4,046.00
Loans	8,465.00	4,791.00	(3,674)	8,831.00	6,890.00
Grant	439.00	240.00	(199.00)	169.00	169.00

Source: State Department for Livestock Development

47. The State Department was implementing thirty-seven (37) projects. The budgetary requirement for the projects in FY 2024/25 is KSh. 17.94 billion against an allocation of KSh. 6.52 billion.

48. The State Department will start the following new projects in the FY 2024/25:
    i. Construction and refurbishment of thirteen (13) Kenya Veterinary Board Regional offices at an estimated cost of KSh. 323 million with a proposed allocation of KSh. 80 million in the FY 2024/25. The Project aims at improving productivity, value addition and market access in the livestock value chain; and

ii. Livestock Training Institute, Mogotio at an estimated cost of KSh. 470 million with an initial budget of KSh. 35 million in the FY 2024/25.

49. The State Department requested for funds to implement the following Presidential Directives:
    i. The Meru Central Dairy Cooperative Union Animal Feed Production Plant at a cost o KSh. 100 million; and
    ii. Livestock Restocking at KSh. 500 million.

50. The State Department had pending bills amounting to KSh. 91.93 million comprising recurrent bills of KSh. 73.89 million and development bills of KSh. 18.04 million. The State Department also has a historical pending bill of KSh. 4 billion which is a court award to Halal Meats Products Limited.

51. The following programmes will be affected by budget cuts in the State Department:

Table 15: Effects of Budget Cuts to Programmes

S/NO.	PROGRAMME	REDUCTION (IN KSH. MILLIONS)	EFFECT
RECURRENT BUDGET FOR FY 2024/25			
1.	Headquarters Administrative Services & CPPMU	(56)	Will constrain achievement of PC targets
2.	Operations and maintenance under Directorates of Livestock Production, Livestock Policy, Veterinary Services and Livestock Training Institutions	(141.4)	Livestock Training Institutes will not be able to maintain students on training due to limited food rations. Collection of A-i-A will be affected drastically since resources used to collected A-i-A have been slashed.
3.	Current Transfers to SAGAs	(271.3)	Salary payments, core operations and recruitment of technical personnel will be constrained
CAPITAL BUDGET FOR FY 2024/25			
4.	Livestock Industry Training Institutions (AHITI Ndomba, Kabete and Nyahururu) and Meat Training Institute, Dairy Training Institute, Livestock Training Institutes and other GoK Projects	(640)	Completion of learning facilities will not be realised.
5.	Towards Ending Drought Emergencies in Kenya (TWENDE)	(199)	The Project's field activities will be adversely affected.
6.	De-Risking, Inclusion and Value Enhancement (DRIVE) among Pastoral Economies Project	(1,565)	Non delivery of livestock insurance, livestock investments and extended project completion timelines.

S/NO.	PROGRAMME	REDUCTION (IN KSH. MILLIONS)	EFFECT
7.	Livestock Value Chain Support Project	(2,400)	Deleivery and installation of 300 milk coolers, 9 grain dryers and 1 grain storage facility will not be achieved.

Source: State Department for Livestock Development

3.2 The State Department for Agriculture

52. The proposed budgetary allocation for the FY 2024/25 for the State Department is KSh. 47.76 billion which comprises KSh. 16.14 billion recurrent and KSh. 31.62 billion as development expenditure. The State Department had an allocation of KSh. 60.41 billion comprising KSh. 18.63 billion recurrent budget and KSh. 41.78 billion development budget in the FY 2023/24.

Table 16: Allocations Vs Budget Estimates Allocation for FY 2024/25

VOTE	APPROVED ESTIMATES FOR FY 2023/24 (IN KSH. MILLIONS)	2024 BPS ALLOCATION (IN KSH. MILLIONS)	FY 2024/25 BUDGET ESTIMATES (IN KSH. MILLIONS)	RESOURCE GAPS
Recurrent Vote	18,627.50	17,435.90	16,140.30	(1,295.60)
Development Vote	41,784.70	33,707.40	31,621.40	(2,086.00)
Total	**60,412.20**	**51,143.30**	**47,761.7**	**(3,381.60)**

Source: State Department for Agriculture

53. The State Department will be implementing the following new projects in FY 2024/25: Kenya Agricultural Business Development Programme (KABDP) at a cost of KSh. 775 million (KSh. 42 million GoK and KSh. 733 million donor); Food Systems Resilience Project at a cost of KSh. 3.12 billion (KSh. 42 million GoK and KSh. 3.078 billion donor); Nutrition Sensitive Agriculture Programme at a cost of KSh. 32 million; and MSMEs Agricultural Credit AFC at KSh. 1 billion.

54. The following SAGAs in the State Department had no exchequer support in the FY 2024/25 Budget Estimates:

Table 17: SAGAs without Exchequer Support in FY 2024/25

S/NO.	SAGAS	2024 BPS ALLOCATION (in KSh. Millions)			BUDGET ESTIMATES FOR FY 2024/25 (in KSh. Millions)		
		GROSS	AIA	NET	GROSS	AIA	NET
1.	Agriculture and Food Authority (AFA)	3,531.70	2,838.40	693.30	2,838.40	2,838.40	0
2.	Pyrethrum Processing Company of Kenya	496.00	362.00	134.00	362.00	362.00	0

S/NO.	SAGAS	2024 BPS ALLOCATION (in KSh. Millions)			BUDGET ESTIMATES FOR FY 2024/25 (in KSh. Millions)		
		GROSS	AIA	NET	GROSS	AIA	NET
3.	Kenya Plant Health Inspectorate Service (KEPHIS)	1,756.00	1,614.00	142.00	1,614.00	1,614.00	0
4.	Commodities Fund	350.00	299.00	51.00	299.00	299.00	0
5.	Agricultural Development Corporation	2,422.00	2,422.00	-	2,422.00	2,422.00	0
Total		**8,555.70**	**7,535.40**	**1,020.30**	**7,535.40**	**7,535.40**	**0.00**

Source: State Department for Agriculture

55. The resource gaps will have the following impact on project implementation:

Table 18: Impact of Resource Gaps on Project Implementation

S/NO.	PROJECT	RESOURCE GAP (IN KSH. MILLIONS)	IMPACT ON PROJECT IMPLEMENTATION
1.	MSMEs Agricultural Credit, AFC	1,000	More farmers will access affordable credit
2.	Resilience for Food & Nutrition Security Programme in Horn of Africa	254	Will affect rehabilitation and development of irrigation schemes
3.	Fall Army Worm Management	120	Will negatively affect the interventions planned to counter the effects of fall army worm in the country's food systems.
4.	National Agricultural Value Chain Development Project	800	Will affect the number of farmers and value chains supported by the project
5.	Nutrition Sensitive Agriculture Programme	300	Infrastructure to support kitchen gardening will not be achieved.
6.	Crop Insurance	200	The targeted number of farmers may not be reached with the risk mitigation measures for food security which aims at reducing dependency on food aid.
7.	Development of Mau Buffer Tea Zone	50	Will affect establishment of the buffer belt to protect Mau and Embolus Forests.
8.	MSMEs Agricultural Credit, AFC	1,000	More farmers will access affordable credit

S/NO.	PROJECT	RESOURCE GAP (IN KSH. MILLIONS)	IMPACT ON PROJECT IMPLEMENTATION
9.	Resilience for Food Nutrition Security Programme in Horn of Africa	254	Will affect rehabilitation and development of irrigation schemes.
10.	Aflatoxin Management	180	Will negatively affect the interventions planned to counter the effects of aflatoxins in the country's food systems.
11.	Construction and Equipping of Milk Research and Processing Plant	31.40	Will affect completion of the facility which will be used to develop appropriate technologies on milk processing, quality preservation and training of value chain actors.
12.	Strengthening Mechanisation	16	The Project will not get all machinery supporting the identified value chains and associated capacity building.
13.	Development of Agriculture Technology Innovation Centre	14.8	Will negatively affect technology development and testing to support the agriculture sector.
14.	Construction of Omoloi ATC	30	Will undermine infrastructure development of the ATC.
15.	Mechanisation of Agricultural Development	230	Will not meet the target for quality seed production.
16.	Food Systems Resilience Project	800	Will affect implementation of the project interventions at the community level.
17.	Youth and Women Empowerment in Modern Agriculture Project	106	Will negatively affect the inclusion of youth and women in the agricultural sector.
18.	Cashew Nut Revitalisation Project	40	Will affect the interventions targeting the revitalization of the cashew nut industry.

Source: State Department for Agriculture

56. The following projects in the State Department are underfunded:

Table 19: Underfunded Projects/Programmes

S/NO.	DESCRIPTION	AMOUNT (IN KSH.)
1.	Sugarcane Farmers Arrears	353,397,053.69
2.	Sugarcane Workers' Pensions	5,234,465,033.00

S/NO.	DESCRIPTION	AMOUNT (IN KSH.)
3.	Sugar Research Institute	600,000,000.00
4.	Factory Maintenance	399,237,186.00
5.	Other Debts	26,717,029,621.12

Source: State Department for Agriculture

57. The State Department had the following pending bills:

Table 20: List of Pending Bills

S/NO.	DESCRIPTION	FINANCIAL YEAR	AMOUNT IN KSH.
1.	Fertilizer Subsidy Programme	2017/2018	3,409,099,005.66
2.	Maize Flour Subsidy Programme	2022/2023	3,023,029,817.68
3.	Maize Subsidy Programme	2017/2018	1,427,022,383.03
4.	Other Pending Bills		499,509,023.90
TOTAL			**8,358,660,280.27**

Source: State Department for Agriculture

PART IV

4 COMMITTEE OBSERVATIONS

After considering the FY 2023/24 Estimates of Revenue and Expenditure the Committee observed that:

4.1 General Observations

1. The Estimates of Revenue and Expenditure for FY 2024/25 propose to reduce the budgetary allocation for the State Department for Livestock Development and the State Department for Agriculture. This applies to all agencies under the two State Departments except those that are working under capacity and need to be enabled to realize their potential.

4.2 The State Department for Livestock Development

2. The recurrent allocation for the Kenya National Tsetse and Trypanosomiasis Eradication Council (KENTTEC) has been reduced from KSh. 92 million to KSh. 31.8 million. Provision for compensation to employees in the FY 2023/24 was KSh. 35 million meaning that the Council will be unable to pay its employees' salaries in the FY 2024/25. Other recurrent expenditures will be crippled as there will be no resources to fund them. KENTTEC plays a critical role in the suppression and eradication of Tsetse and Trypanosomiasis in seven tsetse belts across the country making it possible for communities to engage in profitable livestock production.

3. There is no budgetary allocation for the Establishment of Feedlots, Fodder and Pasture in the FY 2024/25 Budget Estimates. The Project requires KSh. 20 million for completion and operationalization. The Project is critical as it ensures that there is pasture for livestock in ASAL areas all year round.

4. The Livestock Masterplan Plan Project requires KSh. 150 million for its completion. Development of a Livestock Master Plan (LMP) is critical in enabling 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.

5. Bee keeping is a promising enterprise in the livestock sector with the potential of providing employment and additional income for rural households. There is need to exploit the potential of the sub-sector through supporting bee farmers.

6. The budgetary allocation for the support of livestock breeding farms is inadequate and requires additional funding of KSh. 100 million. The Programme is meant to support provision of the critical supplies including food rations, fuel, and specialized supplies to the various livestock breeding farms across the country.

4.3 The State Department for Agriculture

7. KSh. 1 billion has been provided in the Budget Estimates for payment of sugarcane workers' salary arrears and other emoluments for employees of the five state-owned sugar companies. The total amount for worker's arrears is KSh. 5.2 billion. Provision of the balance of Ksh. 4.2 billion is essential in ensuring the smooth implementation of the planned sugar reforms in the sector.

8. The recurrent allocation for Headquarters, Land and Crop Development Services has a new budget item, Specialized Materials and Supplies which has an allocation of KSh. 80 million but with no justification.

9. The National Value Chain Support Programme has an allocation of KSh. 440 million which is meant for the provision of subsidized fertilizers which is already provided under the Fertilizer Subsidy Programme. In addition, a great proportion of these resources are given to non-essential items within the Project.

10. The Project, Crop Post-Harvest Management has an allocation of KSh. 205 million for the provision of fungicides and insecticides. This function is usually discharged by county governments hence a duplication of functions by the State Department.

11. The Agriculture and Food Authority collects levies from the importation of edible oil and horticultural products. There has been growth in the A-i-A collected by AFA in the recent past and the Authority can therefore comfortably finance its development projects.

12. Nutrition Sensitive Agriculture Programme is meant to support kitchen gardening across the country for food and nutrition security as well as a means to impart modern farming practices in the country to enhance food productivity. The Programme requires an allocation of KSh. 332 million but was allocated KSh. 32 million in the Budget Estimates.

13. Youth and Women Empowerment in Modern Agriculture Project has not been provided with funds in the FY 2024/25. The project is critical in the engagement of youth and women in agricultural value chain development and in the establishment of 4K Clubs.

14. The Cashew Nut Revitalization Project is critical in reviving the cashew nut industry in the coastal region and therefore the need to allocate resources. There is no budgetary allocation for the Project in the Budget Estimates for FY 2024/25.

15. Construction of Headquarters and Satellite Campuses for the Kenya School of Agriculture which is meant to support Nyeri, Ainabkoi, Nakuru, and Thika has a resource gap of KSh. 50 million. The facilities need to be equipped to support the increased enrolment.

16. The Development of Agriculture Technology Innovation Centers is a critical program in the enhancement, acceleration, and adoption of innovation, research, and modern farming practices to boost agricultural productivity. The project has a requirement of KSh. 645 million but has an allocation of KSh. 112 million.

17. There is duplication in the provision of seedlings among the various interventions. For instance, Food Security and Crop Diversification Project provides rice, sunflower, canola, and cotton

seeds; the National Edible Oil Crops Promotion Project provides sunflower, sesame, Canola, oil palm, and coconut; while Cotton Industry Revitalization Project provides cotton seeds.

PART V

5 COMMITTEE RECOMMENDATIONS

After review of the FY 2024/25 Estimates of Revenue and Expenditure, the Departmental Committee on Agriculture and Livestock recommends approval of the Budget Estimates for the State Department for Livestock and the State Department for Agriculture in line with the following recommendations.

5.1 Financial recommendations

The Committee recommends as follows:

i. Proposed Committee Reductions

S/NO.	Programme/Sub-programme	Area/Item	Proposed Reductions (KSh. Millions)	Justification
VOTE 1162: STATE DEPARTMENT FOR LIVESTOCK				
DEVELOPMENT EXPENDITURE				
1.	Livestock Resources Management and Development	Disease Free Zones Programme	**10**	The reduction is on account of rationalization and prioritization.
2.		Sustainable Tsetse and Trypanosomiasis free areas in Kenya (KENTTEC)	**15**	This reduction is to contribute funds for the support of KENTTEC recurrent expenditure.
3.		Construction of National Dairy Laboratory Complex	**50**	The reduction is on account of rationalization of the budget and prioritization of key unfunded areas.
4.		Establishment of the Kenya Veterinary Board Regional Offices	**80**	The State Department has so many ongoing projects with small budgetary allocations. The removal of the allocation is to encourage the State Department to complete the existing projects before embarking on new projects.

S/NO.	Programme/Sub-programme	Area/Item	Proposed Reductions (KSh. Millions)	Justification
5.		Establishment of Livestock Export Zone, Lamu	**46**	The allocation is too little to make any meaningful impact (Expected Cost-Ksh. 5.5 billion) and therefore the need for proper negotiation for better funding.
SUB-TOTAL			**201**	
VOTE 1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
6.	General Administration Planning and Support Services	Sugar Reforms Support Project	**354**	A reduction of KSh. 354 million on the Project, KSh. 354 million has since been provided under FY 2023/24 Supplementary Estimates No. II for clearing the balance owed to sugarcane farmers.
7.	Crop Development and Management	Headquarters Land and Crop Development Services	**80**	This is a new provision for Specialized Materials and Supplies under the Plant Genetic but with no justifiable output and targets
8.		Bukura Agricultural College	**37**	The reduction is on account of rationalization of the budget and observance of the circular on 30% reduction of SAGAs' budgets.
SUB-TOTAL			**471**	
DEVELOPMENT EXPENDITURE				

S/NO.	Programme/Sub-programme	Area/Item	Proposed Reductions (KSh. Millions)	Justification
9.	General Administration Planning and Support Services	Sugar Reforms Support Project	**100**	A reduction of KSh. 100 million on the allocation for the maintenance of Cane Testing Units. While this is a necessary provision, the reduction is to provide funding for other more pressing priorities.
10.		National Edible Oil Crops Promotion Project	**154**	The Agriculture and Food Authority collects a substantive amount of money and can therefore fund the Project comfortably hence the decision to remove the GoK funding to the Project.
11.		Horticultural Produce Compliance Enhancement Project	**45**	This is to be financed through the A-i-A collection from horticulture.
12.		Crop Post-Harvest Management	**205**	The allocation is meant for the provision of fungicides and insecticides which are also provided by county governments.
13.	Crop Development and Management	Food Security and Crop Diversification Project	**200**	Rationalization on account of duplication in the provision of seedlings among the various interventions.
14.		Cotton Industry Revitalisation Project	**30**	Rationalization on account of duplication in the provision of seedlings among the various interventions.
15.		Quelea Quelea Management	**30**	Rationalization of the budget and prioritization of key underfunded areas.

S/NO.	Programme/Sub-programme	Area/Item	Proposed Reductions (KSh. Millions)	Justification
16.		National Value Chain Support Programme	**440**	The project is meant for the provision of subsidized fertilizers which is already provided under the Fertilizer Subsidy Programme. In addition, a great proportion of these resources are given to non-essential items within the Project.
17.		Construction of Educational Complex at Bukura Agricultural College	**20**	Rationalization of the budget and prioritization of areas with greater impact.
SUB-TOTAL			**1,224**	
GRAND TOTAL			**1,896**	

ii. **Proposed Increments**

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
VOTE 1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)	**52**	The recurrent budget for the Council has been reduced by 65%, from KSh. 92 million to KSh. 32 million. This will make it difficult for the Council to discharge its mandate hence the enhanced budget.
2.		Livestock Masterplan	**100**	The additional allocation is for the implementation of the Masterplan which is key in aiding investments in the sector.
3.		Livestock Resources and Market	**100**	This is meant to provide supplies for production at the livestock breeding farms. The Department is constrained on resources for operations (food rations,

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
		Development services		fuels, and specialized supplies) meant to support livestock breeding farms.
SUB-TOTAL			**252**	
DEVELOPMENT EXPENDITURE				
4.	Livestock Resources Management and Development	Livestock Training Institute, Mogotio	**15**	To support the implementation of the Livestock Training Institute which is key in the provision of animal training in Mogotio.
5.		Livestock Production Interventions	**40**	To support the refurbishment and revival of two dairy cooperative plants, Adungozi in Teso South, and Kora Kora in Garissa
6.		Establishment of Feedlots, Fodder and Pasture	**20**	There is no budgetary allocation for this item in the FY 2024/25. The additional funding is for the completion of feedlots whose construction is ongoing.
7.		Bee Bulking Project – Apiculture and Emerging Livestock Services	**60**	This is to revitalize the sub-sector through the provision of Bee hives, technological packages, auxiliary infrastructure as well as support to the honey value chain.
SUB-TOTAL			**95**	
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
8.	General Administration Planning and Support Services	Pest Control Products Board (PCPB)	**65**	PCPB has been tasked by the National Security Council to implement a number of measures to curb supply of illegal pest products in the country which include recruitment of staff and support to multi-agency collaboration in the fight against illegal pest products.
9.	General Administration	Tea Board of Kenya	**54**	To support tea reform programmes including finalization of tea regulations,

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
	Planning and Support Services			public participation on tea regulations, and overseeing elections of smallholder tea factory companies
SUB-TOTAL			**119**	
DEVELOPMENT EXPENDITURE				
10.	Crop Development and Management	Nutrition Sensitive Agriculture Programme	**300**	The Program is meant to support kitchen gardening across the country to support food and nutrition security as well as a means to impart modern farming practices to enhance food productivity. The programme requires an allocation of KSh. 332 million but has been allocated KSh. 32 million.
11.		Youth and Women Empowerment in Modern Agriculture Project	**200**	The Project has not been provided with funds in the FY 2024/25. The project is critical in engagement of youth and women in agricultural value chain development as well as in the establishment of 4K Clubs.
12.		Development of Agriculture Technology Innovation Centres	**430**	A critical program in enhancing the acceleration and adoption of innovation, research, and modern farming to boost agricultural productivity.
13.		Development of Aggregation Centres	**295**	Allocation to provide resources for the establishment of aggregation centers as well as completion of the ongoing projects.
14.		Cashew Nut Revitalisation Project	**65**	To support revival of the cashew nut industry within the Coastal Region
15.		Banana Enterprise Financing Project	**50**	There was no budgetary allocation for the Project in the FY 2024/25. The funding will support to banana value chain

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
16.		Construction of Headquarters and Satellite Campuses for Kenya School of Agriculture	50	The allocation is meant to support Nyeri, Ainabkoi, Nakuru, and Thika campuses. The project has a resource gap of KSh. 50 million. There is a need to equip the facilities to support the increased enrolment.
SUB-TOTAL			**1,390**	
GRAND TOTAL			**1,896**	

SIGNED:..... **DATE**24/05/2024.....

HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, MP
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK)

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

.....

REPORT ON THE CONSIDERATION ON THE BUDGET ESTIMSTES FOR FY 24/25 FOR;

1) VOTE 1094: STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT; AND,

2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

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CHAPTER ONE

1.0 Introduction

1) This is the Committee's report on its consideration of the 2024/2025 Budget Estimates which was tabled in the House on Tuesday 30th April, 2024 in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Mandate and establishment of the Committee

2) The Departmental Committee on Housing, Urban Planning and Public Works is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows: -

i) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
ii) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
iii) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
iv) study and review all legislation referred to it;
v) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
vi) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment)
vii) examine treaties, agreements and conventions;
viii) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
ix) Examine any questions raised by Members on a matter within its mandate.

1.3 Subjects under the Committee

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

i) Housing
ii) Public works
iii) Urban planning
iv) Metropolitan affairs
v) Housing development
vi) Built environment

4) The Committee, in executing its mandate, oversights the **State Department for Housing & Urban Development** and **State Department for Public Works**

1.4 Committee Membership

5) The Departmental Committee on Housing, Urban Planning and Public Works was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson

Hon. Johana Ng'eno Kipyegon, EGH, MP
Emurua Dikirr Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon. Mugambi Murwithania Rindikiri, MP
Buuri Constituency
United Democratic Alliance (UDA)

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

Hon. Esther Muthoni Passaris, OGW, MP
Nairobi county
Orange Democratic Movement (ODM)

Hon. Innocent Obiri Momanyi, MP.
Bobasi Constituency
Wiper Democratic Movement–Kenya

Hon. Joshua Kivinda Kimilu, MP
Kaiti Constituency
Wiper Democratic Movement–Kenya

Hon. Samuel Kinuthia Gachobe, MP
Subukia Constituency
United Democratic Alliance (UDA)

Hon. Abraham Kipsang Kirwa, MP
Mosop Constituency
United Democratic Alliance (UDA)

Hon. Caleb Mutiso Mule, MP
Machakos Town Constituency
Maendeleo Chap Chap Party

Hon. (Dr.) Daniel Ogwoka Manduku, MP
Nyaribari Masaba Constituency
Orange Democratic Movement (ODM)

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

Hon. Jane Wangechi Kagiri, MP
Laikipia County
United Democratic Alliance (UDA)

Hon. John G. Mwaniki Mukunji, MP
Manyatta Constituency
United Democratic Alliance (UDA)

Hon. Maurice Kakai Bisau, MP
Kiminini Constituency
DAP-Kenya

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

1.5 Committee Secretariats

6) The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Elzy Moroto
Senior Legal Counsel

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Ms. Ashley Cherono
Public Relations Officer III

Ms.Mercy Ondego
Research Officer III

Mr. Meldrick Kevin Sakani
Audio Officer

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Mr. James Muguna
Research Officer II

Mr. Nelson Odida
Research Officer III

Ms. Mercy Mayende
Media Relation Officer III

Mr. Mohamed Said
Sergeant-at-Arms

CHPATER TWO

2.0 Overview of the Examination of the 2024/2025 Budget Estimates

7) The FY 2024/25 Annual Budget Estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and Standing Order 235 of the National Assembly Standing Orders and subsequently tabled in the floor of the House on Tuesday 30th April, 2024. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and recommendations to the Budget and Appropriations Committee (BAC) pursuant to Standing Order 235(4).

8) The Committee held a total of five (5) sittings scrutinizing the Estimates, considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Tuesday 21st and Wednesday 22nd May, 2024 and made their submissions concerning the proposed Estimates. The Committee considered and unanimously adopted its report on the consideration of the Annual Budget Estimates for FY 24/25

Acknowledgement

9) 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 Estimates for FY 24/25 successfully. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

10) On behalf of the Departmental Committee on Housing, Urban Planning and Public Works, it is my privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the Budget Estimates for FY 24/25.

Hon. Johana Ng'eno Kipyegon, EGH, MP
Chairperson, Departmental Committee on Housing, Urban Planning and Public Works

CHAPTER THREE

3.0 Highlights of the 2024/25 Estimates

11) The 2024/25 Budget Estimates has been reduced by **Kshs. 273.29 billion** from the approved 2024 BPS. The reduction was occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality. The FY 2024/25 Budget Estimates has a proposed reduction of **Ksh. 273.29 billion** compared to the approved 2024 BPS. The reduction has been occasioned by a reduction in the national government ministerial expenditure by **Kshs. 245.6 billion** of which **Ksh. 93.36 billion** is a reduction in recurrent expenditure and **Kshs. 153.23 billion** in development expenditure. The Consolidated Fund Services (CFS) has a proposed reduction of **Ksh. 27.7 billion**. The allocations to Parliament and the Judiciary as well as the equitable share to County Governments have remained unchanged in comparison to the approved 2024 BPS as shown in **table 1** below.

Table 1: Summary of the proposed Expenditure Estimates of FY 2023/24 (Ksh. billions)

S/No.	Details	Approved Budget 2023/24	Supp No. 1 2023/24	2024 Approved BPS	Budget Estimates 2024/25	Variance of Proposed estimates with BPS
1.	**National Government**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**
	o/w Executive	2,308.34	2,400.93	2,488.65	2,243.05	(245.60)
	Parliament	41	40.74	43.62	43.62	-
	Judiciary	23.18	22.78	23.69	23.69	-
2.	**CFS**	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27)**
3.	**County Government**	**385.42**	**385.42**	**391.12**	**391.12**	**-**
	Total	**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**

Source: National Treasury

3.1 Review of recent budget allocations and performance

State Department for Housing and Urban Development

12) During the medium-term 2020/21 – 2022/23, the State Department's allocation was **Ksh.28.2 billion**, **Ksh.15.5 billion** and **Ksh.11.8 billion** respectively. The actual expenditure for the same period was **Ksh.26.6 billion, Ksh.11.4 billion** and **Ksh.10.3 billion** representing absorption rates of 94.3%, 73.5% and 87.3% respectively.

13) In the FY 2023/24 the State Department's Revised Estimates amounted to Ksh. **80,562 million** comprising of Ksh. **1,368 million** for recurrent expenditure and **Ksh. 79,193 million** for Development expenditure. The Development expenditure was funded

through: Appropriation in Aid (AiA) collected through the Housing Levy, proceeds from government pool housing and Civil servants Housing Scheme amounting to **Ksh. 63,220 million**, **Ksh. 992 million** and **Ksh. 37 million** respectively; Donor funds from the World Bank for the KUSP and KISIP programmes amounting to **Ksh. 6,078 million**; and GoK exchequer amounting to **Ksh. 8,867 million** as shown in the table below;

Table 2: Summary of Allocation and Source of funds for the FY 2023/24 in Ksh. millions

		Gross Estimates	Appropriation in Aid (AIA)	Donor Funds	Net Estimates
State Department for Housing and Urban Development	Recurrent	1,368	86	-	1,282
	Development	79,194	64,249	6,078	8,867
	Total	**80,562**	**64,335**	**6,078**	**10,149**

Source: National Treasury/PBO

14) As at 31st December 2023, the Controller of Budget reported the total expenditure for the State Department amounting to **Ksh. 6,019 million** comprising of **Ksh. 634 million** for recurrent expenditure and **Ksh. 5,384 million** for Development expenditure.

15) As at 31st March 2024, the State Department had received 63% of the Net approved estimates under recurrent expenditure and 23% under Development expenditure as shown in the table below.

Table 3: Exchequer issues as at 31st March 2024 in Ksh. millions

		Revised Gross Estimates	Revised Net Estimates	Expenditure as at 31st Dec 2023	Exchequer Issues as at 31st March 2024	% of exchequer releases to Net Estimates
State Department for Housing and Urban Development	**Recurrent**	1,368	1,282	634	811	**63%**
	Development	79,194	14,945	5,384	3,386	**23%**
	Total	**80,562**	**16,227**	**6,019**	**4,197**	**26%**

Source: CoB/PBO

16) The low exchequer releases for Development Expenditure was attributed to the delay in the approval of the Affordable Housing bill of 2023 and the County Governments Additional Allocation Bill 2023/24 which were accented to in the 3rd Quarter of the FY 2023/24.

17) The forecast for collections from the Housing Levy in the 2023/24 FY amounted to **Ksh. 63.2 billion** of which Ksh. 45 billion was the Government employer contribution to the Housing levy. Despite court action on the legality of the imposition of the Housing levy,

the State Department had reported total collections amounting to **Ksh. 26,700 million** as at 31st December 2023.

State Department for Public Works

18) During the FY 2020/21 and the medium-term the approved budget for the State Department was **Ksh.3.1 billion, Ksh.4.2 billion** and **Ksh.3.5 billion** respectively. Actual expenditure over the period was **Ksh.2.9 billion, Ksh.3.8 billion** and **Ksh.3.3 billion** respectively translating to absorption levels of 93%, 92% and 95% in the respective years.

19) In the FY 2023/24 the State Department's Revised Estimates amounted to **Ksh. 4,296 million** comprising **Ksh. 3,482 million** for recurrent expenditure and **Ksh. 814 million** for Development expenditure. The State Department's budget is funded through GoK exchequer amounting to **Ksh. 3,246 million** and Appropriation in Aid collected through regulatory bodies under the State Department's purview amounting **Ksh. 1,050 million** as shown in the table below;

Table 4: Summary of Allocation and Sources of funds for the FY 2023/24 in Ksh. M

Vote		Gross Estimates	Local Appropriation in Aid (AIA)	Net Estimates
State Department for Public Works	Recurrent	3,482	950	2,532
	Development	814	100	714
	Total	**4,296**	**1,050**	**3,246**

Source: National Treasury

20) As at 31st December 2023 the Controller of Budget reported a total expenditure for the State Department amounting to **Ksh. 1,261 million** comprising **Ksh. 1,159 million** for recurrent expenditure and **Ksh. 102 million** for Development expenditure. As at 31st March 2024, the State Department had received 59% of the Net approved estimates under recurrent expenditure and 27% under Development expenditure as shown in table below.

Table 5: Exchequer Issues as at 31st March 2024 in Ksh. millions

		Revised Gross Est	Revised Net Esti	Expenditure	Exchequer Issues	% of exchequer releases to Net Est
State Department for Public Works	**Recurrent**	3,482	2,532	**1,159**	**1,507**	**59%**
	Development	814	714	**102**	**194**	**27%**
	Total	4,296	3,246	**1,261**	**1,701**	**52%**

Source: National Treasury/PBO

CHAPTER FOUR

4.1 Analysis of the Proposed Expenditure Allocations for Votes under Committee's Purview (FY 2024/25)

4.1 State Department for Housing &Urban Development

21) The State Department was allocated **Ksh. 87,590 million** comprising of **Ksh. 86,275 million** for recurrent expenditure and **Ksh. 1,315 million** for development expenditure **representing** an increase of **Ksh. 7,081 million** (9%) compared to the approved allocations for FY 2023/24 as shown in the table below;

Table 6: Summary of Allocation by Programme for the FY 2024/25

		Revised Estimates FY 2023/24	Proposes Estimates 2024/25	BPS 2024 Variance	Percentage change vis a vis Revised Estimates
Housing Development and Human Settlement	Recurrent	883	869	14	(2%)
	Development	74,069	76,780	6,440	4%
	Total	**74,952**	**77,603**	6,408	**3%**
Urban and Metropolitan Development	Recurrent	155	146	(42)	(6%)
	Development	5,125	9,495	(335)	85%
	Total	**5,280**	**9,641**	**(377)**	**83%**
General Administratio n Planning and Support Services	Recurrent	330	347	26	5%
	Development	-	-	-	-
	Total	**330**	**347**	**26**	**5%**
TOTAL	**Recurrent**	**1,368**	**1,315**	**(49)**	(4%)
	Development	**79,194**	**86,275**	**6,102**	9%
	Total	**80,562**	**87,590**	**6,056**	9%

Source: National Treasury/PBO

22) The State Department's **Recurrent expenditure** will be funded through GoK exchequer and **Appropriation in Aid (AiA)** amounting to **Ksh. 1,229 million** and **Ksh. 86 million**

respectively which will majorly cater for employees compensation with an allocation of **Ksh. 925 million** and **Ksh. 390 million** for operations.

23) The State Department's **Development expenditure** will be funded through: **Appropriation in Aid (AiA)** collected through the Housing Levy, Government pool housing as well the Civil servants Housing Scheme amounting to Ksh. 64,159 million; **Donor funds** for the KUSP and KISIP programmes amounting to Ksh. 19,401 million; and **GoK exchequer** amounting to **Ksh. 2,434 million** as shown in the table below.

Table 7: Summary of Proposed Development expenditure Allocation and Sources of funds for FY 2024/25 in Ksh. millions

Source of funding	Revised Estimates FY 2023/24	Proposed Estimates FY 2024/25	Change	Percentage Change
Gross Estimates	**79,194**	**86,275**	**7,081**	**9%**
GoK exchequer	**8,866**	**2,434**	**(6,432)**	**(72%)**
Appropriation in Aid (AiA)	**64,249**	**64,159**	**(90)**	**(0.1%)**
of which				
CSHS	37	19	(18)	(48)
Estates	992	820	(172)	(17%)
Housing Levy	63,220	63,220	-	-
Kirip (Grant)	-	100	100	100%
Donor Funds	**6,079**	**19,401**	**13,322**	**219%**
of which				
Kisip II	5,270	11,199	5,929	112%
Kusp II	808	8,202	7,394	915%

Source: National Treasury/PBO

24) **A significant increase** of **Ksh. 13,322 million** or 219% from **Ksh. 6,079 million** to **Ksh. 19,401 million** in regards to donor funding was noted. The increase in allocation from **Ksh. 808 million** in FY 2023/24 to **Ksh. 8,202 million** under Kenya Urban Support Programme in the 2024/25 FY is attributed to the commencement of phase II of the programme. Likewise, the Kenya Informal Settlement improvement programme, also in its second phase, has an increased allocation of **Ksh. 5,929 million** or 112% from **Ksh. 5,270 million** in the 2023/24 FY to **Ksh. 11,199 million** in the proposed FY 2024/25 estimates. These funds, along with those for the Kenya Urban Support programme, are administered by the State Department, which oversees their supervision and coordination through implementation frameworks.

25) A significant decrease was noted in the proportion of GoK exchequer funded projects from **Ksh. 8,866 million** in the revised budget for 2023/24 to **Ksh. 2,434 million** in the proposed FY 2024/25 estimates, a reduction of **Ksh. 6,432** or 72%. This was attributed to

reduced allocation for the completion of ESP markets, vision 2030 flagship markets, Alternative Building and Construction Technology (ABMT) and Gok exchequer funding for Affordable, social and Police housing. Funding for these projects will be undertaken through the proceeds collected from the Housing levy (AiA) in the proposed estimates for FY 2024/25.

26) The key outputs/services to be delivered during FY 2024/25 and the medium term include; construction of **52,981 affordable houses**, **40,992 social houses** and **100,000 constituency affordable housing units**; **5,000 hostel units**; disbursement of mortgage loans to 800 Civil Servants; establishment of 33 constituency ABMT Training centers; preparation of 60 Local Physical Development, Land Use Plans (LPDP) and processing of 23,000 title deeds for issuance to informal settlement residents under KISIP II in 33 Counties; refurbishment of 2,250 Government pool housing units; implementation of social and physical infrastructure in slums and informal settlements; **construction of 434 markets** and implementation of; **KUSP II**, Building Climate Resilience for the Urban Poor **(BCRUP)** Programme and Kenya Informal Settlement Redevelopment Programme **(KISRP)** in Kilifi, Kajiado and Siaya counties.

27) **Pending bills:** As at 31st December 2023, the State Department had pending bills amounting to **Ksh. 1,513 million** under Development expenditure

4.2 State Department for Public Works

28) The State Department was allocated **Ksh. 3,275 million** comprising of **Ksh. 2,070 million** for recurrent expenditure and **Ksh. 1,205 million** for development expenditure representing a decrease **Ksh. 1,021 million** (23%) compared to the approved allocations for FY 2023/24 as shown in the table below;

Table 8: Summary of Allocation by Programme for the FY 2024/25

Programme		Revised Estimates FY 2023/24	Proposes Estimates 2024/25	BPS Variance	Percentage change vis a vis Revised estimates
Government Building	Recurrent	582	586	(9)	0.7%
	Development	533	587	(86)	10%
	Total	**1,116**	**1,172**	**(96)**	**5%**
Coastline Infrastructure and Pedestrian Access	Recurrent	92	92	(4)	0
	Development	152	492	(168)	223%
	Total	**244**	**585**	**(171)**	**140%**
General	Recurrent	367	360	5	(2%)

Programme		Revised Estimates FY 2023/24	Proposes Estimates 2024/25	BPS Variance	Percentage change vis a vis Revised estimates
Administration Planning and Support Services	Development	6	4	(10)	(33%)
	Total	**373**	**364**	**(5)**	**(2%)**
Regulation and Development of the Construction Industry	Recurrent	2,440	1,030	(1,318)	(57%)
	Development	122	122	(58)	0
	Total	**2,563**	**1,152**	**(1,376)**	**(55%)**
TOTAL	Recurrent	**3,482**	**2,070**	**(1,324)**	**(40%)**
	Development	**814**	**1,205**	**(322)**	**48%**
	Total	**4,296**	**3,275**	**(1,646)**	**(23%)**

Source: National Treasury/PBO

29) The State Department's Recurrent expenditure will be funded through GoK exchequer and Appropriation in Aid (AiA) amounting to **Ksh. 1,120 million** and **Ksh. 950 million** respectively. This will majorly cater for employees compensation with an allocation of **Ksh. 920 million** while the allocation for operations as well as transfer to the Government Agencies (NCA) amounts to **Ksh. 208 million** and **Ksh. 941 million** respectively. When compared to the revised estimates for FY 2023/24 the allocation for employee compensation has a marginal increase of **Ksh. 18 million** or 2% increase while that for operations/use of goods and services has a decrease of Ksh. 24 million or 10% decrease underscoring Government's Fiscal consolidation efforts aimed at reducing non-essential spending while reallocating resource to priority areas.

30) In the allocation to Government Agencies there was reduction of **Ksh. 1,405 million** or **a 59% decrease** from **Ksh. 2,346 million** in FY 2023/24 to **Ksh. 941 million** in the proposed estimates for FY 2024/25. This reduction impacts the National Construction Authority, whose budget faces a decrease **of Ksh. 1,405 million** or **60%**, potentially affecting service delivery and mandate fulfillment.

31) The State Department's Development expenditure will also be funded through GoK exchequer and Appropriation in Aid (AiA) amounting to **Ksh. 1,105 million** and **Ksh. 100 million** respectively. The Development expenditure is majorly utilized for the construction and maintenance of Government Building as well as the Development of coastline infrastructure and pedestrian Access with allocation for the FY 2024/25 amounting to **Ksh. 586 million** and **Ksh. 492 million** respectively.

Table 9: Analysis of Development expenditure for the FY 2024/25 in Ksh. millions

	Gross Estimates FY 2023/24	Gross Estimates FY 24/25	Appropriation in Aid (AIA)	Net Estimates FY 24/25	% change in Gross Estimates
Recurrent	**3,482**	**2,070**	**950**	**1,120**	**(40%)**
Compensation to Employees	902	920	-	920	**2%**
Use of Goods and Services	232	208	24	184	**(10%)**
Current Transfers to Govt. Agencies	2,346	941	926	15	**(60%)**
Non-financial Assets	2	0.8	-	-	**(60%)**
Development	**714**	**1,205**	**100**	**1,105**	**68%**
Use of Goods and Services	88	165	-	-	87%
Current Transfers to Govt. Agencies	100	100	100	100	0
Non financial Assets	626	999	999	999	59%
Total	**4,296**	**3,275**	**1,050**	**2,225**	**76%**

Source: National Treasury/PBO

32) In the FY 2024/25 and the medium term, the State Department's planned outputs and targets include: complete the construction of **Voi Pool Housing Site II**; complete construction of **5 County Government headquarters**; design, document and **supervise construction** of Bottom – Up Economic Transformation Agenda projects in affordable housing, health care and manufacturing; construction of 285 new government building projects and rehabilitation and maintenance of 385 public buildings as requested by Ministries, Departments, Agencies and Counties; refurbish 8 regional works offices; construct **11,798 meters of seawall, 3 jetties, 150** footbridges countrywide; upgrade and maintain ICT infrastructure; refurbish MOW sports club facilities; **register and regulate 29,500 contractors; accredit 156,000 skilled construction workers** and site supervisors; train 157 skilled construction workers and site supervisors; register 16,500 projects; **audit and inspection of 27,000 buildings to ascertain a safe, healthy and clean built environment**; test **950 of buildings to ascertain their structural integrity**; carry out 6 research on innovative building materials and technology and disseminate the findings; train 600 environment practitioners on Green Building Agenda; **register and**

regulate 18,750 architects and quantity surveyors; and train 13,700 architects and quantity surveyors.

33) **Pending Bills -** As at 31st December 20323, the State Department had pending bills amounting to **Ksh. 739 million** which comprised K**sh. 45.7 million** for recurrent expenditure and **Ksh. 694 million** for Development expenditure. Critical to note is that, the pending bills were carried forward from the 2022/23 financial year and no effort had been made to settle the same as of close of the half as required by Regulation No. 42 (1) (a) of the PFM (National Government) Regulations of 2015.

CHAPTER FIVE

5.0 SUBMISSIONS BY THE AGENCIES

5.1 State Department for Housing and Urban Development

34) The Principal Secretary for Housing and Urban Development Mr. Charles Hinga, CBS, appeared before the Committee on Tuesday, 21st May 2024and submitted the following on the Budget Estimates for FY 2024/25;

35) The 2024 Budget Policy Statement provided an allocation of **Kshs. 81.534 billion** comprising of **Kshs. 80.170 billion** Development and **Kshs. 1.364 billion** Recurrent. In the proposed Budget Estimates for FY 24/25, the State Department has a total allocation of **Kshs. 87.590 billion** comprising of **Kshs. 86.275 billion** Development and **Kshs. 1.315 billion** Recurrent as shown in the tables below.

Table 10: Summary of FY 2024/25 Budget estimates and approved 2024 BPS ceilings

Description	Approved FY 2024/25 BPS ceilings (Kshs. M)	FY 2024/25 Budget Estimates (Kshs. M)	Variance
Recurrent Budget	**1,364**	**1,315**	**(49)**
Development Budget	**80,170**	**86,275**	**6,105**
Total	**81,534**	**87,590**	**6,056**

Table 11: Recurrent Budget - Summary of FY 2024/25 Budget Estimates and Approved 2024 BPS Ceilings Analysis by Economic Classification

Description	Approved FY 2024/25 BPS ceilings (Kshs M)	FY 2024/25 Budget Estimates (Kshs M)	Variance
Compensation to Employees	925	925	-
Use of goods and services & Transfers being;			
Rent	198.565	198.565	-
Contracted Guards & Cleaning Services	89.797	128.319	39
National Secretariat for Human Settlement	60	30	(30)
Training	3.377	1.283	(2)
Other O&M	87.261	31.833	(55)
Transfers			
Total	**1,364.00**	**1,315.00**	**(49)**

Table 12: Development Budget - Summary of FY 2024/25 Budget Estimates and Approved 2024 BPS Ceilings

Description	Approved FY 2024/25 BPS ceilings (Kshs M)	FY 2024/25 Budget Estimates (Kshs M)	Variance
GOK(Exchequer)	**2,450**	**2,706.20**	**256.2**
Local AIA	**64,249**	**64,058.8**	**(190.2)**
CSHS	*37*	*18.5*	*(18.5)*
Estates	*992*	*820.3*	*(171.7)*
Housing Levy	*63,220*	*63,220*	-
Donor:	**13,471**	**19,501**	**6,030**

KUSP II	8,201	*8,201*	-
KISIP II	5,270	*11,200*	*5,930*
KISRIP	-	*100*	*100*
Total	**80,170**	**86,275**	**6,105**

36) **Alignment of the Estimates to the Bottom-Up Economic Transformation Agenda (Beta):** The State Department aligned its FY2024/2025 programmes and activities towards implementation of Housing and Settlement pillar with a focus on the following:

i) **Facilitating delivery of 250,000 houses per annum** – through PPPs and other delivery mechanisms thereby creating several job opportunities

ii) **Enabling low-cost housing mortgages** – working with Kenya Mortgage Refinance Company (KMRC) to offer affordable mortgages to potential home owners

iii) **Providing incentives to developers to build more affordable houses** – such as VAT exemption on importation and local purchase of goods for construction of affordable hoses, stamp duty exemption to first time home owners; and

iv) **Strengthening MSMEs capacity to produce high quality construction materials** - Jua Kali groups and artisans will be contracted to supply items such as materials e.g. doors and windows.

37) During FY 2024/25 and Medium Term, the State Department development expenditure was prioritized to implement the following MTP IV programmes;

i) **Affordable Housing Program** – objective is to facilitate delivery of 200,000 housing units (social, affordable, civil servants and disciplined forces) annually thereby creating job opportunities in the construction sector.

ii) **Urban and Metropolitan Development Programs** - objective is to strengthen the capacities of urban institutions in order to improve service delivery and develop resilient urban infrastructure.

iii) **Markets Development** - objective is to improve incomes of traders and create job opportunities by constructing markets of different categories country wide such as Metropolitan area markets serving multiple counties, Economic Stimulus Package (ESP) markets, County level markets, Municipal level markets and containerized hawkers' stalls.

iv) **Slum Upgrading and improvement** - objective is to improve access to basic social and physical infrastructure services and land tenure security of residents in slums and informal settlements in Kenya.

v) **Estates Management-** entails maintenance of government pool housing.

38) The table below list of projects, including priority Bottom-up economic Transformation Agenda (BETA) projects - Summary of FY 2024/25 Budget Estimates and Approved 2024 BPS Ceilings;

Table 13: List of projects, including priority BETA projects

Project Details	Approved FY 2024/25 BPS ceilings (Kshs. M)		FY 2024/25 Budget Estimates (Kshs. M)		Variance	
	GoK	Foreign	GoK		GoK	Foreign
National Housing Development Fund	**63,220**		**63,220**			
Affordable Housing	*32,506*		*32,506*		-	
Social Housing	*15,000*		*15,000*		-	
Police Housing	*1,050*		*1,050*		-	
Social and Physical Infrastructure	*14,664*		*14,664*		-	
Construction of 6,100 Housing Units for Civil Servants – BETA	37		18.5		(18.5)	
Redevelopment of Soweto East Zone A - National Slum Upgrading Policy	70		49		(21)	
Redevelopment of Soweto East Zone A - Various Social and Physical Infrastructure	0		1,000		1,000	
Kenya Informal Settlement Improvement Project (KISIP) II	200	5,270	140	11,200	(60)	5,930
Construction of Nakuru Multipurpose Market	150		105		(45)	
Homabay Modern Fish Market	245		171.5		(73.5)	
Refurbishment of Government pool housing units	992		820.3		(171.7)	
Repair and Refurbishment of State Department of Housing Offices in 47 Counties & HQ	55		56		1	
Nairobi Metropolitan Services Improvement Project (NaMSIP)	150		105		(45)	
Ruai Wholesale Market	400		280		(120)	
Redevelopment of Dagoretti market	0		104.30		104.30	
Kangari Market	129		165.20		36.2	
Urban Renewal of Gikomba Market	371		371			

Project Details	Approved FY 2024/25 BPS ceilings (Kshs. M)		FY 2024/25 Budget Estimates (Kshs. M)		Variance	
	GoK	Foreign	GoK		GoK	Foreign
Construction of Chaka Market	139		0		(139)	
Completion of 79 No. ESP markets	301		0		(301)	
Kenya Urban Support Programme II (KUSP II)	200	8,201	140	8,201	(60)	0
Building Climate Resilience of Urban Poor (BCRUP)	40		28		(12)	
Kenya Informal Settlement Redevelopment Project (KISRIP)				100		100
Total	**66,699**	**13,471**	**66,774**	**19,501**	**75**	**6,030**

39) The PS stated that the Affordable Housing Fund became effective on 19th of March 2024 and a Board to oversee its implementation gazetted on 12th April 2024. The FY 2024/25 budget will be reorganized as per the Affordable Housing Act, 2024.

40) **List of all new projects and justification:** The table below details list of new projects and justification as shown below;

Table 14: List of new projects and justification

Project Details	Justification
Building Climate Resilience for Urban Poor (BCRUP)	This is a programme that will be rolled out in 12 pilot countries. Kenya is taking the lead role with the H.E. President having launched the Programme in November 2023 during COP 28 in Dubai. In Kenya, the implementation of this program will target specific areas characterized by urban poverty and vulnerability to climate change. The selection process will focus on identifying 77 settlements across various cities and municipalities. Specifically; one settlement will be chosen from each municipality serving as a county headquarters in 45 Counties, two settlements will be selected from Mombasa County, while Nairobi County will have three settlements chosen for the program.
Kenya Informal Settlement Redevelopment Project (KISRIP)	This project is funded by Grant Revenue from Italy. The project became effective in March 2023 and will be implemented in Kajiado, Kilifi and Siaya Counties.

41) **Pending bills:** The State Department has a pending bill of **Kshs. 2,079,726,668.90** as shown in the **table below**

Table 15; Summary of pending bills status as of 3rd April, 2024

Financial Year		FY 2022/2023		Prior years		Total
		Kshs.		Kshs.		Kshs.
Category		Rec.	Dev.	Rec.	Dev.	
1	Bills verified & payable	0	1,457,911,203.00	0	131,720,348.45	1,589,631,551.45
2	Bills under verification	0	0	0	265,726,672.10	265,726,672.10
3	Bills under the DCI/EACC	0	0	0	0	0.00
4	Contested/Courts Award	0	0	0	224,368,445.35	224,368,445.35
5	Ineligible Bills	0	0	0	0	0.00
	Total pending bills	0	1,457,911,203.00	0.00	621,815,465.90	2,079,726,668.90

5.2 State Department for Public Works

42) The Principal Secretary for Public Works Mr. Joel Arumonyag', appeared before the Committee on Tuesday, 21st May 2024 and submitted the following on the Budget Estimates for FY 2024/25.

43) The State Department Gross BPS allocation was **Kshs.4,920Million** while the Budget Estimates stand at **Kshs.3,274Million.** This is a gross budget deviation of **Kshs.1,646Million** as tabulated below.

Table 16: Recurrent and Development Budget deviation

	BPS Allocation FY 2024/25	Budget Estimates FY 2024/25	Deviation
	Kshs. (Million)		
Recurrent	3,393	2,069	(1,324)
Development	1,527	1,205	(322)
TOTAL	**4,920**	**3,274**	**(1,646)**

44) The Net Recurrent BPS allocation was **Kshs.2,443 Million** while the Net Printed Estimates is **Kshs.1,119 Million** indicating a net reduction of **Ksh.1,324 Million** representing 54% net deviation. The analysis of the deviation of the Recurrent budget estimates by economic classification is as shown in the table below:

Table 17: Analysis of Recurrent Budget requirement vs allocation

Vote Details	Economic classification	BPS Allocation FY 2024/25	Printed Estimates FY 2024/25	deviation
Vote 1095: State Department of Public Works	**Gross**	**3,393**	**2,069**	**(1,324)**
	A.I.A	950	950	0
	Net	**2,443**	**1,119**	**(1,324)**
	Compensation to employees	920	920	0
	Grants and Transfers	2,252	941	(1,311)
	Utilities	11	11	0
	Rent	78	78	0
	Contracted Guards & Cleaning Services	42	42	0
	Office Operations and maintenance	91	77	(14)

45) AIA allocation consists of **Kshs.926Million** collection target for NCA and **Kshs.24Million** collection by the Supplies Branch. The entire Gok funding of **Kshs.1,311 million** to the National Construction Authority has been removed leaving only the AIA component. This implies that NCA will no longer receive GOK funding and is expected to fund its operations exclusively from internally generated funds in form of fees and levies

46) The PS requested enhancement of the recurrent budget by **Kshs.336Million** in order to support office operations

47) Net Development BPS allocation was **Kshs.1,427Million** while the Printed Estimates is **Kshs.1,105Million** representing net deviation of ksh.322Million representing 23% reduction as shown in the table below:

Table 18: Development Budget Deviation

Description	BPS allocation	Printed Estimates	Deviation
	2024/25	**2024/25**	**2024/25**
	Kshs. (Million)		
Gross	**1,527**	**1,205**	**(322)**
GOK	1,427	1,105	(322)
Grants	-	-	-
Local AIA	100	100	0

48) From the BPS allocation the State Department had proposed completion of the ongoing footbridges and allocation to construction of additional footbridges. The foot bridges are part of BETA infrastructure development and are constructed in areas of difficult terrain to provide communication between human settlement and accessibility to markets, schools, health facilities and other social amenities, thus promoting regional economic growth.

49) **Pending Bills/Carry Overs**: The State Department pending bills as at 31st March 2024 stood at **Kshs.960Million** comprising of **Kshs.44Million** in recurrent and **Kshs.916Million** in Development. These are accumulated bills which were not paid due to inadequate budget provision and have continued to accrue interests on delayed payment. The bills were forwarded to the pending bills committee as directed through The National Treasury and Economic Planning via letter dated 22nd December 2023.

50) **Status of stalled projects**: The table below shows list of all stalled projects including status of completion levels as of 31st March 2024.

Table 10; Stalled Projects

S/No	Project Name	Project commencement Date (a)	Expected date of completion (b)	Source of Funds (c)	Estimated value of project (Kshs.) (d)	Amount Paid on the Stalled project (e)	Outstanding Balance as of 31st March 2024 (f)	Percentage of completion before stalling of the project (g=e/d)	Reasons for Project stalling
1	Migori District Headquarters Phase I	31-Jul-09	30-Jun-21	GoK	1,500,000,000	450,300,000	1,049,700,000	30.0	Lack of budgetary provision
2	Kericho Pool Housing	4/8/2012	30-Jun-14	GoK	495,000,000	33,300,000	461,700,000	6.7	Lack of budgetary provision
3	Makueni District Headquarters	1/8/2017	30-Dec-19	GoK	925,000,000	296,000,000	629,000,000	32.0	Lack of budgetary provision

51) **Issues affecting the State Department delivery of its mandate**: The PS stated the following issues that are affecting service delivery;

i) Weak legal and institutional framework – The State Department is in the process of developing and reviewing various policies and legislation aimed at streamlining the built environment in line with its mandate. Some of the policy documents and legislations being developed are at advanced stages and include: The National Public Works policy, the National building code 2024, Building Standards and Control Bill; Architectural and Quantity Surveying practitioners Bill, 2024.

ii) Inadequate budget allocation for office operations – The State Department is underfunded on office operations. Project management activities are to be carried out through regular site inspections and meetings involving the client, the State Department and the contractors. These activities require adequate facilitation for staff to effectively advise and provide oversight of building activities. Further the Department is in the process of automating its services as its officers have been using outdated ICT equipment's which cannot accommodate modern software. In addition, the State Department has over 500 professional officers and the allocated budget is inadequate to cater for officer capacity development programmes.

iii) Shortage of technical staff - As a measure of reclaiming Public Works presence in all the 47 counties, the State Department sought and was granted approval to recruit the first lot of 517 technical officers to be deployed in the 47 counties at an annual additional cost of **Kshs.302Million**. The State Department is engaging with the Public Service Commission and the National Treasury for the expansion of the staff establishment in subsequent years.

iv) Lack of motor vehicles - The State Department has an old fleet of vehicles. The serviceable fleet are few and have a high maintenance cost and fuel consumption. This greatly affects service delivery both at the headquarters and field operations. The State Department will require **Ksh.200Million** in the FY 2024/25 to procure vans, double cabins and 4-wheel drive vehicles.

CHAPTER SIX

6.0 Committee observations and recommendations
State Department for Housing and Urban Development

52) The Committee Observed the following that:

i) In the FY 2024/25, the State Department has been allocated **Ksh. 87,590 million** which comprises of **Ksh. 1,315 million** for recurrent expenditure and **Ksh. 86,275 million** for development expenditure. Compared to the approved allocations for FY 2023/24, this allocation was an increase of **Ksh. 7,028 million** comprising of 4% (**Ksh. 53 million)** decrease in recurrent expenditure and a **9% (Ksh. 7,081 million**) increase in development expenditure.

ii) The State Department's Development expenditure will be funded through: Local Appropriation in Aid (AiA) collected through the Housing Levy, Government pool housing as well the Civil servants Housing Scheme amounting to **Ksh. 64,159 million**; Donor funds for the KUSP and KISIP programmes amounting to **Ksh. 19,401 million**; and GoK exchequer amounting to **Ksh. 2,434 million**

iii) It was noted there was a significant increase in **donor funds by Ksh. 13,322 million** from **Ksh. 6,079 million** to **Ksh. 19,401 million**. The observed increase is attributed to the enhanced budgetary allocations under the second phase of the Kenya Urban Support Programme, which saw an increment of **Ksh. 7,394 million**. Additionally, the second phase of the Kenya Informal Settlement Improvement Programme which likewise saw a substantial increase, with its allocation rising by **Ksh. 5,929 million**. These funds are appropriated through the National Assembly and transferred to Counties through the Annual County Government's Additional Allocation Bill for implementation.

iv) The proportion of GoK exchequer-funded projects significantly decreased from **Ksh. 8,866 million** to **Ksh. 2,434 million**, which represents a reduction of **Ksh. 6,432 million** (72%). Projects affected by the reduction include the completion of ESP markets and other Vision 2030 flagship markets, Construction of Alternative Building Material Technology Hubs in various constituencies, and Gok funding for Police Housing projects. Funding for these projects in FY 2024/25 will come from proceeds collected from the Housing Levy (AiA). The Affordable Housing Act No.2 of 2024 defines Affordable Housing Scheme as the construction of affordable housing units, along with related social amenities, infrastructure, services, and land development for social welfare and trading purposes.

v) The State Department has two new projects namely; Building Climate Resilience for Urban Poor (BCRUP) and the Kenya Informal Settlement Redevelopment Project (KISRIP). The Building Climate Resilience for Urban Poor (BCRUP) is funded through GoK exchequer amounting to Ksh. 28 million and will be rolled out in 12 pilot counties targeting specific areas characterized by urban poverty and vulnerability to climate change. On the other the Kenya Informal Settlement Redevelopment Project (KISRIP) is funded through a Grant amounting to Ksh. 100 million from the Government of Italy

targeting three counties (Kajiado, Kilifi and Siaya). However, the State Department did not provide the list of projects to be funded under the Kenya Informal Settlement Redevelopment Project (KISRIP).

vi) The Committee noted that the Affordable Housing Board was constituted and already met to put in place timelines for the presentation of Investment plans by the implementing agencies listed under the First Schedule of the Affordable Housing Act No. 2 of 2024. According to Section 11(2) of the Act, fund allocations are contingent upon the submission of an annual investment program. Additionally, Sections 15 and 17 mandate that the Board submit these plans to the Cabinet for approval, after which the Cabinet Secretary presents them to Parliament.

vii) As of April 30, 2024, the State Department reported a total collection of **Ksh. 34.72 billion** through the housing levy. The committee noted that the State Department had sought approval from the National Treasury to utilize the surplus Ksh. 20 billion proceeds of the Housing levy for investment in Treasury Bills following the Boards approval and the recommendations of the National Treasury. The State Department provided the relevant documentation to support the above decision.

viii) In the FY 2024/25 and the Medium Term, the State Department targets to complete the Construction of **67,178** housing units with a contract sum of **Ksh. 154 billion**. As at 30th April 2024, the State Department had incurred **Ksh. 6,412 million** on these projects of which **Ksh. 1,664 million** was for Lot 1 of Constituency Housing projects and **Ksh. 4,747 million** for ongoing projects under Slum upgrading as shown in Annex 1. In the FY 2024/25, the State Department shall require **Ksh. 22,472 million** for already commenced projects while planned projects with a contract sum of Ksh. **Ksh. 158,908 million** shall be determined by the Affordable Housing Board pursuant to the provisions of the Affordable Housing Act No. 2 of 2024. See annex 2 for list of projects

ix) The Committee noted with concern the lack of collaboration and input from relevant government departments, particularly the State Department of Public Works, in the design phase of already completed projects such as Park Road, ongoing projects, and recently advertised projects.

x) In the FY 2023/24 the State Department initially allocated Ksh. 3 billion for the completion of 182 ESP markets. However, the implementation challenges necessitated adjustments in name, location and budget. A design review, mandated by executive directive, aimed at enhancing market viability and accommodating approximately 300 traders per market. This adjustment increased the average cost per market from Ksh. 15 million to Ksh. 60 million. Some markets deemed unviable could not justify further investment resulting in a budget cut of Ksh. 1.5 billion in the Supplementary Estimates No. 2. In the FY 2024/25 the State Department will require Ksh. 14.5 billion to complete the reviewed list of markets as well as other presidential directive markets.

xi) As at 31st December 2023, the State Department had pending bills amounting to Ksh. 1,513 million under Development expenditure. The committee noted that no effort had been made to settle the same as of close of the half as required by Regulation No. 42 (1) (a) of the PFM (National Government) Regulations of 2015.

State Department for Public Works

53) The Committee observed the following;

i) For the FY 2024/25, the State Department has been allocated a total of **Ksh. 3,275 million**, which includes **Ksh. 2,070 million** for recurrent expenditure and **Ksh. 1,205 million** for development expenditure. Compared to the approved allocations for FY 2023/24, this represents a net decrease of Ksh. 1,021 million (23%). This change is attributed to a significant 40% reduction **(Ksh. 1,412 million)** in recurrent expenditure, and a 48% increase **(Ksh. 391 million)** in development expenditure.

ii) The State Department's transfer allocation to Government Agencies for FY 2024/25 was reduced by **Ksh. 1,405 million**, from **Ksh. 2,346 million** to **Ksh. 941 million**. This significantly impacts the National Construction Authority, whose GoK exchequer funding has been entirely cut, resulting in a 60% reduction from **Ksh. 2,232 million** in FY 2023/24 to **Ksh. 926 million** in FY 2024/25. The Committee noted that the remaining allocation of **Ksh. 926 million** was insufficient to cover the Authority's non-discretionary expenses (employee costs, rent, utilities, contracted services, and insurance) and additional staffing needs due to the increased construction activity from the Affordable Housing Programme.

iii) The committee noted that the National Construction Authority Construction levy as per NCA Act Section 31 was repealed via Legal Notice No. 24 of 2017 dated February 28, 2017, as read with Kenya Gazette Corrigenda No. 25 of 2017. To compensate for the reduced Appropriation in Aid (AIA) collection, the National Treasury allocated GoK funding to the Authority. However, this funding has been entirely rationalized in the proposed FY 2024/25 estimates. The allocated funds for FY 2024/25 are insufficient to cover personnel emoluments amounting to **Ksh. 1,085 million** and other operating expenses amounting to **Ksh. 1,245 million**. This shortfall presents significant challenges to maintaining operational efficiency and meeting financial obligations.

iv) Pursuant to the First Schedule of the Affordable Housing Act No. 2 of 2024, the State Department of Public Works and the National Construction Authority constitute implementing institutions for the Affordable Housing Programme.As key enablers of the Bottom-Up Economic Transformation Agenda under the Housing and Settlement pillar, the State Department and the National Construction Authority have substantial resource requirements for FY 2024/25. Specifically, the State Department requires funding through the Housing levy amounting to **Ksh. 7,750**

million, while the National Construction Authority's funding needs total **Ksh. 3,954 million**. These allocations are crucial to support their strategic initiatives and ensure the successful implementation of the housing and settlement goals.

v) As at 31st December 2023, the State Department had pending bills amounting to **Ksh. 739 million** under Development expenditure. The committee noted that no effort had been made to settle these outstanding pending bills as required by Regulation No. 42 (1) (a) of the PFM (National Government) Regulations of 2015.

Recommendations

Non - Financial Recommendations

State Department for Housing and Urban Development

i) By 31st July 2024, the Affordable Housing Board, in consultation with the Cabinet Secretary, appointed a substantive Chief Executive Officer as required by Section 25 of the Affordable Housing Act No.2 of 2024.

ii) BY 31st July 2024, the Affordable Housing Board should allocate **Ksh. 16,060 million** to the State Department for Housing and Urban Development, for the completion of **46 Ongoing projects** in line with the provisions of section 60 of the affordable Housing Act No. 2 of 2024 and consider for funding the State Department's **88 projects pipeline list** with a contract sum of **Ksh. 158,908 million.**

iii) The Cabinet Secretary for Ministry of Lands, Public works, Housing and Urban Development should by August 31st, 2024, forward to the National Assembly the Annual Investment plans from implementing agencies under the State Department for Housing and Urban Development as approved by the Affordable Housing Board and Cabinet in line with provisions of Section 11 and 15 of the Affordable Housing Act No. 2 of 2024.

iv) The Cabinet Secretary for the Ministry of Lands, Public Works, Housing, and Urban Development should ensure a more collaborative approach between the State Departments of Housing and Urban Development and Public Works during project design and implementation, with minimal use of external consultants unless absolutely necessary due to expertise constraints

v) To avoid duplication of projects as well as guide the Committee in undertaking its oversight mandate, the Principal Secretary State Department for Housing and Urban Development should by 30th August 2024 ensure that all ongoing and new projects tendered by the State Department are geo-referenced and the report presented to Parliament.

vi) The Principal Secretary State Department for Housing and Urban Development should by 30th August 2024, submit to the National Assembly the list of projects implemented under the Kenya Informal Settlement Redevelopment Project (KISRIP) in the three counties (Kajiado, Kilifi and Siaya) to facilitate proper oversight.

vii) The Principal Secretary State Department for Housing and Urban Development should ensure that all outstanding pending bills totaling Ksh. 1,513 million are paid by August 31, 2024, in accordance with Regulation No. 42 (1) (a) of the PFM (National Government) Regulations of 2015.

State Department for Public Works

i) The Cabinet Secretary for Ministry of Lands, Public works, Housing and Urban Development should by August 31st, 2024, table to the committee Annual Investment plans from implementing agencies under the State Department for Public Works as approved by the Affordable Housing Board and Cabinet in line with the provisions Section 11 and 15 of the Affordable Housing Act No. 2 of 2024. In the FY 2024/25, the State Department for Public Works

ii) Before the enactment of the Finance Bill 2024 on June 30, 2024, the Cabinet Secretary Lands, Public Works, Housing, and Urban Development consults with the Finance Committee on reintroducing the Construction levy as per NCA Act Section 31 and repealing Legal Notice No. 24 of 2017 dated February 28, 2017, as read with Kenya Gazette Corrigenda No. 25 of 2017.

iii) The Principal Secretary State Department for Public Works should ensure that all outstanding pending bills totaling Ksh. 739 million are paid by August 31, 2024, in accordance with Regulation No. 42 (1) (a) of the PFM (National Government) Regulations of 2015.

Financial Recommendations

The Committee having scrutinized and reviewed the proposed estimates for FY 2023/24, it recommends the following:

i) **Vote 1094: State Department for Housing and Urban Development,** the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent expenditure amounting to **Ksh. 1,315,392,681** and the allocation for development expenditure amounting to **KSh. 86,274,800,000** million be approved.
   a) Reduce the allocation for maintenance of Government pool housing by Ksh. 50 million
   b) Reduce the allocation for Construction of Vision 2030 flagship & ESP markets by Ksh. 50 million
   c) Reduce the allocation for Nairobi Metropolitan Services Improvement project (NAMSIP) by Ksh. 50 million.
   d) Reduce the allocation for Ruai wholesale Market by Ksh. 280 million.
   e) Reduce the allocation for the Construction of Gikomba Market by Ksh. 50 million
   f) Reduce the allocation for the Construction of Chaka Market by Ksh. 50 million.

ii) **Vote 1095: State Department for Public Works,** the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent

expenditure amounting to Ksh. **2,069,978,552** and the allocation for development expenditure amounting to **KSh. 1,205,100,000** be approved.

a) Increase the allocation Current transfers to Government Agencies (National Construction Authority by Ksh. 530 million.

Requests for Additional Funding

State Department for Housing and Urban Development

Recurrent Expenditure: Increase the recurrent allocation by **Ksh. 440 million** for purchase and maintenance of 34 motor vehicles to ensure thorough monitoring of ongoing and planned affordable housing units.

State Department for Public Works

Recurrent Expenditure: Increase the recurrent allocation by **Ksh. 556 million** to facilitate staff recruitment and purchase 10 motor vehicles for effective supervision of various projects.

SIGNED..... DATE.....24/5/24.....

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		Justification
			REC	DEV	REC	DEV	REC	DEV	
					State Department for Housing and Urban Development				
0102000 Housing Development and Human Settlement	0102020 Estate Management	Maintenance of Government Pool Houses		876		(50)		826	The Allocation i million and GoK State Departme pave way for t hence the requi to reduce.
0105000 Urban and Metropolitan Development	0105020 Metropolitan Planning & Infrastructur e Development	Nairobi Metropolitan Services Improvement Project (NAMSIP)		105		(50)		55	The State Depart to justify the allo additional fundin the State Depart achieve with the
0105000 Urban and Metropolitan Development	0105040 Urban Development and Planning Services	Construction of Vision 2030 Flagship & ESP Markets		186.2		(50)		136.5	The reduction in the projects.
0105000 Urban a Metropolitan Development	0105040 Urban Development and Planning Services	Construction of Chaka Market		104.3		(50)		54.3	The reduction in the project since Affordable Housi
0105000 Urban and Metropolitan Development	0105040 Urban Development and Planning Services	Construction of Gikomba Market		259.7		(50)		209.7	The reduction in the project since
0 5000 Urban a Metropolitan	0105020 Metropolitan	Ruai Wholesale		280		(280)		-	The State Depart Committee's rec

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		Justification
Development	Planning & Infrastructure Development	Market							the allocation as three differen Kasarani) afte was put on hold
Total Reductions						(530)			

Schedule 2: Proposed Committee increases on the proposed Budgets 2024/25 (Ksh. millions)

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		J
			REC	DEV	REC	DEV	REC	DEV	
State Department for Public Works									
0218000 Regulation and Development of the Construction Industry	0218010 Regulation of Constructions	1095001100 National Construction Authority	926	100	530	-	1,456	100	

									a F t r a
Total Increases					530				

Schedule 3: The Departmental Committee's request for additional funding to the Budget and Appropriations Committee

Programme	Sub - programme	Project	Amount	Justifications
		State Department for Housing and Urban Development		
0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	Headquarters Administrative services	440	Request for additional funding of Ksh. maintenance of 34 motor vehicles to ongoing and planned affordable housi
		State Department for Public Works		
0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	1095001000 Headquarters Administrative services %level of service delivery 100 100 100 and Administrative Services	550	Request for additional funding of Ksh. recruitment and purchase 10 motor v various projects
Total Increases				530

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		Justification
			REC	DEV	REC	DEV	REC	DEV	
			State Department for Housing and Urban Development						
0102000 Housing Development and Human Settlement	0102020 Estate Management	Maintenance of Government Pool Houses		876		(50)		826	The Allocation i million and GoK State Departme pave way for t hence the requi to reduce.
0105000 Urban and Metropolitan Development	0105020 Metropolitan Planning & Infrastructur e Development	Nairobi Metropolitan Services Improvement Project (NAMSIP)		105		(50)		55	The State Depart to justify the allo additional fundin the State Depart achieve with the
0105000 Urban and Metropolitan Development	0105040 Urban Development and Planning Services	Construction of Vision 2030 Flagship & ESP Markets		186.2		(50)		136.5	The reduction in the projects.
0105000 Urban a Metropolitan D elopment	0105040 Urban Development and Planning Services	Construction of Chaka Market		104.3		(50)		54.3	The reduction in the project since Affordable Housi
0105000 Urban and Metropolitan velopment	0105040 Urban Development and Planning Services	Construction of Gikomba Market		259.7		(50)		209.7	The reduction in the project since
5000 Urban a Metropolitan	0105020 Metropolitan	Ruai Wholesale		280		(280)		-	The State Depart Committee's rec

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		Justification
velopment	Planning & Infrastructure Development	Market							the allocation as three different a Kasarani) after th was put on hold
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Schedule 2: Proposed Committee increases on the proposed Budgets 2024/25 (Ksh. millions)

Programme	Sub - programme	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates		J
			REC	DEV	REC	DEV	REC	DEV	
State Department for Public Works									
0218000 Regulation and Development of the Construction dustry	0218010 Regulation of Constructions	1095001100 National Construction Authority	926	100	530	-	1,456	100	T e r r i u v v A u

									a F t r a
Total Increases					530				

Schedule 3: The Departmental Committee's request for additional funding to the Budget and Appropriations Committee

Programme	Sub - programme	Project	Amount	Justifications
		State Department for Housing and Urban Development		
0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	Headquarters Administrative services	440	Request for additional funding of Ksh. maintenance of 34 motor vehicles to ongoing and planned affordable housi
		State Department for Public Works		
0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	1095001000 Headquarters Administrative services %level of service delivery 100 100 100 and Administrative Services	550	Request for additional funding of Ksh. recruitment and purchase 10 motor v various projects
Total Increases				530



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCRURE ON THE CONSIDERATION OF THE ANNUAL ESTIMATES FOR THE FINANCIAL YEAR 2024/25 FOR:

1. VOTE 1091 – STATE DEPARTMENT OF ROADS
2. VOTE 1092 – STATE DEPARTMENT OF TRANSPORT
3. VOTE 1093 –STATE DEPARTMENT OF SHIPPING AND MARITIME AFFAIRS

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2024

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ACRONYMS

AIA	-	Appropriations in Aid
BETA	-	Bottom UP Economic Transformation Agenda
FY	-	Financial Year
GoK	-	Government of Kenya
HQs	-	Headquarters
NTSA	-	National Transport and Safety Authority
KeNHA	-	Kenya National Highways Authority
KURA	-	Kenya Urban Roads Authority
KeRRA	-	Kenya Rural Roads Authority
KCAA	-	Kenya Civil Aviation Authority
KPA	-	Kenya Ports Authority
LAPSSET	-	Lamu Port-South Sudan-Ethiopia Transport
MDAs	-	Ministries, Departments and Agencies
NaMaTA	-	Nairobi Metropolitan Area Transport Authority
PFMA	-	Public Finance Management Act
SAGAs	-	Semi-Autonomous Government Agencies
SDoT	-	State Department for Transport

CHAIRPERSON'S FOREWORD

This is a report on the consideration of the report on the Annual Estimates for the Financial Year 2024/25 by the Departmental Committee on Transport and Infrastructure. The report is as a result of deliberations between the Committee and the State Departments under its purview.

The Annual Estimates for the Financial Year 2024/25 were tabled in the National Assembly on the 30th of April 2024. Upon being laid in the House, the Estimates were committed to the respective Departmental Committees which will consider, deliberate and review them in accordance with their respective mandates and make recommendations to the Budget and Appropriations Committee.

The Departmental Committee on Transport and Infrastructure held four (4) meetings to consider the Supplementary Estimates II. The Committee held meetings with the spending agencies and received their submissions in meetings that were held on 20th and 21st May, 2024. Thereafter, the Committee proceeded to compile its report for submission to Budget and Appropriations Committee.

Following deliberations and engagements with the State Departments and Agencies, the Committee observed that the trends of budgetary allocation to the State Department for Roads has been on down ward trajectory from a high of Kshs. **240 billion** in 2019/20 to **Kshs. 184 billion** in the proposed estimates for FY 2024/25. The Committee also observes that a number of projects under the Metre Gauge Railway and others outside the Standard Gauge Railway (SGR) project, are earmarked for funding from the Railway Development Levy Fund. This is in contravention of section 8 (3) of the Miscellaneous Fees and Levies Act, 2016 that stipulates that the Railway Development Levy provides funding for the construction and operations of a Standard Gauge Railway network.

Further, the Recurrent budget for Agencies under the Committee's purview, namely Nairobi Metropolitan Area Transport Authority (NAMATA), LAPSET Corridor Development Authority **the National Transport and Safety Authority, Bandari Maritime Academy,** for the financial year 2024/2025 have been reduced significantly. The Committee is concerned that the Agencies may not be able to meet its non-discretionary expenses, including personnel expenses, Board Expenses, Insurance & Medical Covers for the employees, rent, Contracted services and other operations.

The Committee therefore recommends that given the 100% withdrawal of the GoK Grant to the National Transport and safety Authority and given the criticality of the Authority in matters road safety, effective Financial Year 2024/25 the Cabinet Secretary for National Treasury to enhance the Appropriation in Aid (AIA) for the Authority by granting approval of retention of revenue from the Transfer of Motor Vehicles.

The Committee recommends that the proposed funding to projects outside the Standard Gauge Railway from the Railway Development Levy Fund be **declined** as it is in contravention of section8 (3) of the Miscellaneous Fees and Levies Act, 2016. The Committee also proposes reduction of Kshs**. 700 million** from the Rail Transport and Marine Transport Programmes and consequently proposes to increase **Kshs. 700 million** to the following agencies under the State Department for Transport, Kshs. 300 million to the National Transport and Safety Authority (NTSA), Kshs. 200 million Nairobi Metropolitan Area Transport Authority (NAMATA); and Kshs. 200 million to LAPSET Corridor Development Authority.

HON. G.K. GEORGE KARIUKI, M.P
CHAIRPERSON

PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure Estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.

2. 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, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.

3. The Annual Estimates for the Financial Year 2024/25 were tabled in the National Assembly on the 30th of April 2024. Upon being laid in the House, the Estimates were committed to the respective Departmental Committees which will consider, deliberate and review them in accordance with their respective mandates and make recommendations to the Budget and Appropriations Committee.

4. The Standing Orders assigns the Departmental Committee on Transport and Infrastructurethe mandate to consider matters in relation to *transport, including non-motorized transport, construction and maintenance of roads, rails, air and marine transport, seaports and national integrated infrastructure policies and programmes and transport safety.*

5. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
   i. Vote 1091:State Department for Roads
   ii. Vote 1092: State Department for Transport
   iii. Vote 1093: State Department for Shipping and Maritime Affairs

1.2 Mandate of the Committee

6. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference:
   i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
   ii. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;

iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
iv. study and review all legislation referred to it;
v. study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
vi. investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
vii. vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
viii. examine treaties, agreements and conventions;
ix. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
x. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
xi. examine any questions raised by Members on a matter within its mandate.

7. In executing its mandate, the Committee oversights the Ministry of Roads and Transport which has two state departments namely:
    i. State department for Roads
    ii. State department for Transport
8. Further, Committee oversights the State Department for Shipping and Maritime Affairs which is under the Ministry of Mining, Blue Economy, and Maritime Affairs.

1.3 Committee Membership

9. The Committee membership comprises of the following members:

Chairperson
Hon. GK George Kariuki, MP
M.P for Ndia Constituency
United Democratic Alliance Party

Vice-Chairperson
Hon. Mutua Didmus Wekesa Barasa
M.P. for Kimilili Constituency
United Democratic Alliance Party

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

Hon. Naicca, Johnson Manya, M.P
M.P for Mumias East Constituency
Orange Democratic Movement Party

Hon. Francis, Kajwang' Tom Joseph, M.P.
M.P for Ruaraka Constituency
Orange Democratic Movement Party

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

The Hon. Kiunjuri Festus Mwangi, M.P.
M.P for Laikipia East Constituency
The Service Party

The Hon. Bady, Bady Twalib, M.P.
M.P for Jomvu Constituency
Orange Democratic Movement Party

Hon. Abdul Rahim Dawood, M.P.
M.P for North Imenti Constituency
Independent

Hon. Elsie Muhanda, M.P.
M.P for Kakamega County
Orange Democratic Movement Party

Hon. Chege John Kiragu, M.P.
M.P for Limuru Constituency
United Democratic Alliance Party

Hon. Husseinweytan Mohamed, M.P.
M.P for Mandera East Constituency
Orange Democratic Movement Party

Hon. Komingoi Kibet Kirui, M.P.
M.P for Bureti Constituency
United Democratic Alliance Party

Hon. Saney Ibrahim Abdi, M.P
M.P for Wajir North Constituency

United Democratic Alliance Party

Hon. Jhanda Zaheer, M.P

M.P for Nyaribari Chache Constituency

United Democratic Alliance Party

1.4 Committee Secretariat

10. The Committee is facilitated by the following secretariat:

Head of Secretariat
Ms. Tracy Chebet Koskei
Senior Clerk Assistant

Mr. Abdinasir Y. Moge
Fiscal Analyst

Mr. Mohamednur M. Abdullahi
Clerk Assistant III

Ms. Clare Chopper Doye
Clerk Assistant III

Mr. Erick Kariuki
Research Officer I

Ms. Faith Makena
Serjeant-at-Arms II

Mr. Clinton Sindiga
Legal Counsel

Ms. Rihna Saineye
Media Relations Officer III

Mr. Danton Kimutai
Audio Office

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2024/25

11. The Budget Estimates comprise of the estimates of revenue and expenditure for the National Government, Parliament and Judiciary for the FY 2024/25 and the Medium Term. The Estimates are prepared and processed in accordance with Article 221 of the Constitution, Section 235 of the Public Finance Management (PFM) Act, 2012 and Standing Order No. 235 of the National Assembly.

2.1 Overall Expenditure for FY 2024/25

12. The overall proposed total gross expenditure for 2024/25 is projected at **Kshs 3,915 billion** which is below the approved 2024 BPS ceiling of **Kshs 4,188 million**. This means that the budget for 2024/25 has been reduced by **Kshs 273 billion** compared to what was approved as the ceiling during the approval of the Budget Policy Statement (BPS) in February 2024.

13. The deviation of the overall budget from the approved ceiling is as result of underperformance of projected revenues during the approval of the Budget Policy Statement 2024. Thus, the revision of the fiscal framework has been effected to reflect the reality of revenue underperformance.

14. The Executive arm of the government (Ministerial) will receive **Kshs. 2,310 billion**, with **Kshs. 2,243 billion** for recurrent expenditure and **Kshs.1,519 billion** for development expenditure. Parliament is proposed to receive **Kshs.44 billion**, divided into **Kshs.22 billion** for recurrent expenditure and **Kshs.2.0 billion** for development expenditure. The Judiciary and the judicial service commission will be allocated **Kshs.24 billion**, with **Kshs.22 billion** for recurrent expenditure and **Kshs.2billion** for development.

15. The estimate of expenditure for the FY 2024/25 with regards to State Departments under the purview of the Departmental Committee on Transport and Infrastructure are as discussed below;

a) **State Department for Roads**

16. The State Department for Roads has been allocated **Kshs. 184,504 million** of which **Kshs. 72,087million** is towards recurrent expenditure and **Kshs. 112,417 million** is for development expenditure. The allocation is 17% below the approved BPs ceiling of **Kshs.221, 945 million**. The bellow ceiling allocation affects the development budget that is reduced **by Kshs. 37,340** million reflecting **25% reduction**. This will obviously affect planned development projects as well as ongoing road projects which are at different levels of completion.

17. It is further observed from the trends of budgetary allocation to the State Department for roads that allocation has been reducing from Kshs. 240 billion in 2019/20 to Kshs. 184 billion in the proposed estimates for FY 2024/25.

18. With regards to recurrent expenditure, the Estimates for 2024/25 allocate Ksh**72,087**million to finance recurrent expenditure for the State Department of Roads out of which **69,536** million is a current transfer to Kenya Roads Board (KRB) for maintenance of national roads through the various road agencies and the Kenya Wildlife Service (KWS) using a legislated formula.

19. In addition, the Mechanical and Transport Department is expected to collect **Kshs. 500 Million** whereas Kenya Institute of High way and building Technology and Material Department and engineers board of Kenya are expected to collect **Kshs.350 million**, Kshs.53 million and 108 million respectively. This leaves **Kshs. 1.54 billion** for other recurrent expenditures including salaries at the Headquarters. As regards development expenditure, the State Department for Roads has a gross development allocation of **Kshs.112,417** million of which net Gok accounts for 46% of the development budget up from the 44% in the 2023/24 estimates while loans account for 36% down from the 43% in the FY 2023/24.

20. Local AIA accounts for 14% of the development budget financing up from the 10% in the estimates for financial year 2023/24. The share of grants remains at 3% as was the case in 2023/24 Estimates.

b) State Department for Transport

21. The State Department of Transport has a gross allocation of Kshs. 60,549 million in the proposed estimates for 2024/25. The proposed allocation comprises of Kshs. 15,614 million for recurrent and Kshs. 44,935 million for development expenditure. The proposed allocation is 1% below the approved BPS ceiling of Kshs. 61,346 million.

22. The recurrent expenditure has an allocation of Kshs 15,614 million of which Kshs11, 216 million is an AIA collection by KCAA and Kshs. 503 million is collected by Kenya Ferry Services which also. NTSA is also projected to collect Kshs. 2,300 million.

23. LAPSSET Corridor Development Authority is allocated Kshs. 384 million down from Kshs. 620 million it was allocated in 2023/24 financial year. NaMaTA is proposed to receive Kshs. 217 million down from the Kshs. 334 million allocated in 2023/24.

24. **The** State Department for Transport has been allocated **Kshs. 44,935million** for development. The allocations are largely financed through local AIA (77%), net exchequer (11%) and development partner support of 12 %.

25. **The** Local AIA of **Kshs. 34,489 million** is a projected collection from the Railway Development Levy (RDL) and is allocated to various MGR and SGR development projects. it is to be noted that the RDL is, by law, meant for the construction and operations of the Standard Gauge Railway (SGR) network therefore need for clarification from the state department on its applicability on MGR and other projects.

c) State Department for Shipping and Maritime Affairs

26. The State Department for Shipping and Maritime has a proposed gross allocation of **Kshs 3,544 million** comprising of **Kshs. 2,270million** for recurrent and **Kshs. 1,324million** for development expenditure. The proposed gross allocation is **Kshs. 641 million** less the approved ceiling in the BPS.

27. With regards to the recurrent expenditure, the State Department has a proposed recurrent budget of Kshs. 2,270 million of which Kshs. 1,515 million is an AIA collection by the Kenya Maritime Authority (KMA), Kshs.20 million collections by government clearing agency, Kshs, 300 million for Bandari College which is an AIA collection by the College. In addition, the Kenya Shipping line is allocated Kshs. 122 million of which Kshs. 15 million is collected as an AIA.

28. The Development expenditure has an allocation of **Kshs. 1,324 million.**

PART III

3 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

29. The Committee engaged all State Departments under its purview with regards to the 2023/24 Budget Estimates on 20th and 21st May, 2024 The submissions are as follows:

3.1 State Department for Roads

30. Eng. Joseph Mbugua, the Principal Secretary for the State Department for Roads appeared before the Committee together with officials of the State Department for Roads and Transport to present the State Department's Estimates for the FY 2024/2 on Monday, 18th May 2024. He submitted **That:**

31. The State Department presented to the Energy, Infrastructure, and ICT Sector a budget resource requirement of Kshs.479 billion for 2024/25. The State Department in the Draft Budget 2024/25 has received an allocation of Kshs.185 billion resulting in a budget Shortfall of **Kshs.295 billion.**

32. With regards to the Recurrent Budget, the Principal Secretary submitted that the Department has a Resource Requirement for **Kshs. 72,427 million** against an allocation of **Kshs. 72,087 million** resulting to a shortfall of **Kshs. 340 million.**

33. He noted that the State Department has an acute shortfall on the Recurrent budget for Operations & Maintenance for Headquarters amounting to over **Kshs.172 million**. This shortfall will adversely affect Project Monitoring and Evaluation among other negative factors.

34. He further noted that the Road Maintenance Shortfall for 2024/2025 financial year of **Ksh.43.5 billion** implies the Road Maintenance Levy Fund cannot adequately and sufficiently finance the required Road Maintenance in the Financial Year 2024/25.

35. With regards to the **Development Budget, Eng. Mbugua submitted that** development budget indicates a Resource Requirement for **2024/25 Kshs. 406,784 million** against an allocation of **Kshs. 406,784 million** resulting to a shortfall of **Kshs294,36 million**

36. The Sub-sector continues to experience a financing gap over the years. The Net GOK shortfall for 2024/2025 is **Kshs.268 billion.** This financing gap will negatively affect Road Project implementation resulting into delayed project completion, interest, claims, abandoned projects, expensive projects, reduced confidence in Government contracts among other negative issues.

31.1 2024/25 Draft Budget ceiling for the State Department deviates from the Budget Policy Statement

37. The Gross Approved 2024 Budget Policy Statement Ceiling for the State Department Amounted to **Ksh.220 billion** while the Draft Budget 2024/25 has a revised ceiling of **Ksh.185 billion** resulting in a deviation of **Ksh.36 billion** *(Ksh.110 Million under Recurrent and Ksh.35.8 billion under Development)*.

3.1.2 Status of the Budget Implementation for FY 2023/24

38. The 1St Revised Approved Budget 2023/24 amounts to **Ksh.233 billion** against an expenditure of **Ksh.113 billion** broken down into recurrent and Development expenditures leading to an absorption of 49%.

39. The Committee heard that an analysis of the Recurrent budget indicates that the**1st Supplementary Budget 2023/24** was **Kshs 82,845 million** while the expenditures as at 31st March 2024 was **53,119** showing an **absorption rate of 64%.** The under absorption for the Recurrent Budget was mainly due to the underperformance of the Road Maintenance Levy Collections and the Mechanical and Transport Fund Collections. The Appropriation in Aid under the Road Maintenance Levy Fund, Mechanical Fund and KIHBT have been rationalized to realizable figures in the 2nd Supplementary Budget 2023/24.

40. With regards to the Development Budget, analysis indicates that the 1st **Supplementary Budget 2023/24 was Ksh.149,844 million** while the expenditures as at 31st March 2024 was **Ksh.60,198** showing an absorption rate **of 40%.**

41. The amount reflected as absorption for the net GOK refers to actual Net GOK exchequer received from the National Treasury as at the end of the third quarter of 31st March, 2024. The targeted ideal exchequer receipts should have been **75%** of the approved Net GOK Budget. The approved GOK budget of **Ksh.62.3 billion** should have been funded to the tune of **Ksh.46.7 billion***(75% of provision)* but has been funded at **Ksh.25.6 billion (41%).**

42. On the Physical Output Performance, **the** State Department's physical key output targets and achievement for the first Nine Months of the Financial Year 2023/24 is as shown below:

No.	Sub-Programme	Key Outputs	Annual Target 2023/24	First Nine Months Target	First Nine Months Achievement	Percentage of Achievement
1.	Construction of Roads and Bridges	KM of Roads Constructed	942	706	504	71%
		No. of Bridges Constructed	23	17	16	94%
2.	Rehabilitation of Roads	KM of Roads Rehabilitated	158	118	60	51%
3.	Maintenance of Roads	KM Maintained Under Routine	45,600	34,200	28,910	85%

The Principal Secretary informed the Committee that the underperformance was mainly due to suspension of Works by Contractors due to pending bills occasioned by inadequate Provision and delayed exchequer financing.

With regards to the **project Information including start date, total project cost, cumulative expenditure as of 31st March 2024, Physical completion status as at 31st March 2024 and geographical location (County and Sub-County) of the project, allocation for FY 2024/25 and the medium term, the Principal Secretary a project implementation schedule which is attached to this report.**

3.1.3 List of New Projects and Justification

With regards to new projects being implemented, the Principal Secretary submitted that the State Department does not intend to implement new capital projects in the next financial year apart from those whose Financing Agreement have been signed with Development Partners. The reduced uptake of new Projects is to help address the issue of pending bills and delayed Projects' completion. The intention is to concentrate on the already awarded Contracts to completion prior to taking on board new Projects.

3.1.4 List of Pending Bills as of 31st March 2024, if any and the Strategy for their Resolution

3.1.5 Eng. Mbugua informed the Committee that the State Department's GoK Road Projects pending bill as at 31st March, 2024 amounted to **Ksh162.1Billion**. A summary analysis of the Pending Bills per Agency is as detailed below: -

Agency	**Amount (Kshs.)**
Kenya National Highways Authority (KeNHA)	85,813,729,191
Kenya Rural Roads Authority (KeRRA)	62,831,075,074
Kenya Urban Roads Authority (KURA)	13,463,607,644
Total	**162,108,411,909**

43. He added that the pending bills have resulted to slowed progress of Works resulting into delayed Project completion, interest and other claims, abandoned Projects, expensive Projects, reduced confidence in Government Contracts among other negative issues

44. He also added that the Department will continue to engage the National Treasury and the National Assembly for enhanced Budget Allocation together with engaging Multilateral and other Development Partners for budget support.

3.1.6 List of stalled projects

45. With regard to stalled Projects, the Principal Secretary submitted that the State Department is faced with slowed progress on almost all the Projects across the Country due to inadequate budgetary provisions for its Under Implementation leading to outstanding bills owed to Contractors.

46. He however submitted that to address the issue of stalled projects, the State Department **is** engaging the Contractors through the Implementing Agencies on a mutual resumption of Works Plan as the Department continues to seek additional resources through the National Treasury to settle the pending bills and finance the undone Contracted Works.

3.1.6 A Statement on the alignment of the estimate to the Medium Term Plan IV of the Vision 2030 and Bottom Up Economic Transformation Agenda (BETA)

47. With regards to alignment of the Estimates to the Medium Term Plan IV of the Vision 2030 and Bottom Up Economic Transformation Agenda (BETA), Eng. Mbugua submitted that the Roads Sub Sector is a key enabler to realization of the Government Deliverables. The Sub Sector has aligned its allocations to Construction, Rehabilitation and Maintenance of Rural Roads towards achieving the objectives of people centered, expansion of tax base, alternative financing and digitization deliverables.

48. **Further,** Department has prioritized 2024/25 allocations towards the Low Volume Seal Roads Strategy. The Low Volume Seal Roads play a vital cross-cutting role in supporting the Bottom Up Economic Transformation Agenda (BETA) through providing access to markets for fresh agricultural produce.

49. Additionally, the State Department has further prioritized maintenance of Rural Roads through gravelling to provide rural access to markets, farms, production collection centres and ease mobility within the rural set up. Through these interventions, it is expected that the Citizens at the bottom levels of the pillar will experience a positive Economic and Social Change.

3.2 State Department for Transport

50. Mr. Mohamed Daghar, the Principal Secretary for the State Department for Transport appeared before the Committee together with other officers from the State Department for Transport on Monday, 20th May, 2024. He submitted **That:**

3.2.1 Budget Estimates for FY 2024/25

51. In the FY 2023/24, the State Department for Transport has been allocated Kshs. 60,548 million, of which **44,935 million** is recurrent and Kshs. **15,613million**million in development.
52. The Table below is a Summary of Budget Allocation for FY2023/24 and the Medium Term (Ksh Millions)

Table: Summary of Budget Allocation for FY 2023/24 and the Medium Term

Description	Approved Budget	Proposed Allocation		
	FY2022/23	FY2023/24	FY2024/25	FY2025/26
Recurrent	10,721	13,742	14,854	15,767
Development	2,740	46,643	42,713	43,354
TOTAL	**13,461**	**60,385**	**57,567**	**59,121**

Source: SDoT

53. In the Medium-Term Expenditure Framework, the State Department has five (5) programmes to cover its mandates, namely:

i. Air Transport Services;
ii. Road Transport Safety and Regulation Services;
iii. Marine Transport Services;
iv. Rail Transport Services;
v. General Administration, Planning and Support Services

3.2.2 Budget Estimates Vs Approved 2024 Budget Policy Statement (BPS) Ceilings

54. The Principal Secretary submitted that the overall budget for State Department is Kshs. 60,548million in the budget estimates and Kshs. 61,346million in the approved BPS for FY2024/25 and the Medium Term.

55. The Recurrent Budget Estimates has reduced significantly by **Kshs. 927million** from the Approved BPS ceilings of **Kshs. 16,540million** to **Kshs. 15,613million** in the Budget Estimates.

56. The reduction has been occasioned by **100%** rationalization of the GoK Recurrent Grant component to NTSA of **Kshs. 513.8 million**. In addition, NaMATA, LAPSSET and State Department Headquarters have suffered a budget cut of **Kshs.164 million, Kshs.234 million** and **Kshs. 15.2 million** respectively.

57. The foreign travel budget allocation has been reduced to zero by **Kshs.15.2 million** in all the budget heads which will hinder the operations of the State Department. To open up the Country to the rest of world, negotiations of transport instruments require counter visits to Partner States. In addition, the Air Accident and Investigations Department requires facilitation from time to time to carry out investigations in collaboration with other countries in the event accidents/incidences occur within and outside the country.

58. **With regards to the Development Budget,** the Committee heard that the approved BPS allocation is **Kshs. 44,806 million**, and the Budget Estimate is **Kshs. 44,935 million**, translating into a net increment of **Kshs. 129 million** under the Development Vote.

59. Under the GoK component, the State Department suffered a cut of **Kshs.2,071million** as a result of reduction from **Kshs. 41,391million** in the approved BPS to **Kshs. 39,320 million** in the Proposed Estimates. Regarding the donor component, the State Department has an allocation of **Kshs. 3,415 million** in the approved BPS and **Kshs. 5,615 million** in the Budget Estimates resulting in a donor component increment of **Kshs. 2,200 million**. This is in respect of the two new projects that have been brought on board under the Kenya Railways Corporation (Supply & Commissioning of KRC Rolling Stock, **Kshs. 2,000 million** and Modernization, Extension and Operation of Commuter Line 4, **Kshs. 200 million**.

60. An analysis of the Approved BPS vs Budget Estimates for SAGAs for **FY 2024/25** indicates a total of **Kshs. 168,822 million** for recurrent and **Ksh119,681million** for Development. The Budget estimates are, **Ksh.141,393 million** for Recurrent and **Kshs. 117,504** leading to a variance of **Kshs. (27,430)** and **Kshs. (2,177)** respectively.

3.2.3 Status of the Budget Implementation for FY2023/24

61. As of **30th April 2024**, the overall absorption rate by the State Department was at 44%. The absorption rate for Recurrent was at **80%** whereas that of Development was at **30%**.

3.2.4 Project Information Under the State Department

62. The project information, including the start date, total project cost, cumulative expenditure as of 31st March 2024, physical completion status as of 31st March 2024, and geographical location (county and sub-county) of the project, allocation for FY 2024/25, and the medium term was provided to the Committee.

3.2.5 List of new projects and justification

63. the State Department has seven (7) new projects all under the Road and Rail Programme as shown in the table below-

List of New Projects and Justification

S/No.	**Project Name**	FY2024/25 Allocation (Kshs. Million)	Source of Funding	Justification
1.	**Construction of Logistics hub in Athi River**	624	RDLF	This is to enhance cargo movement on both SGR and MGR Network by ensuring the corridor is and economic corridor
2.	**Overhaul of 56 SGR Locomotives**	1,175	RDLF	Railways has 56 locomotives. They are due for overhaul after achieving 1.2 million Kilometers. The project will be done in phases: Phase 1 is in FY 24/25 for 12 locomotives.
3.	**Acquisition of 700 SGR wagons**	2,075	RDLF	Kenya Railways has 1920 assorted SGR wagons. It intends to purchase an extra 700 wagons for cargo haulage.
4.	**Overhaul of 1620 SGR wagons**	2,970	RDLF	As of May 2017, Kenya Railways acquired 1620 wagons, which have been in use for 8 years and are due for overhaul as per the Original Equipment Manufacturer.
5.	**Supply, Installation, Testing & Commissioning of Rolling Stock Maintenance Workshop Equipment and Capacity Building.**	2,000	Gov. of Spain	To equip the existing Metre Gauge Railway Workshops in Nairobi, Mombasa, and Nakuru. The workshops are old, with dilapidated and outdated equipment, which makes it difficult to maintain the MGR locomotives and Rolling Stock.
6.	**Modernization, Extension and Operation of Nairobi Commuter Line 4**	200	Gov. of France	To modernize and extend the Nairobi Commuter rail
7.	**Promotion of E-Mobility project**	316	GIZ/GOK	Create an enabling environment for E Mobility vehicles in the country

64. In addition to the above, the State Department has established a Fund and a project that are not in the FY2024/25 Budget Estimates.

65. Kenya Millenium Development Fund (KMDF) was established after the Budget Estimates process had been finalized. In this regard, the Nairobi Metropolitan Area Transport Authority (NaMATA) will require support to support expenses on staff, office space, and office supplies in the Interim as per the signed agreement. In order to activate the Threshold Program, the State Department requires additional funding of **Kshs. 300 million** during **FY 2023/2024Supplementary Budget II**, which we are appealing to you to consider granting and **Kshs.1,100million in FY2024/25.**

66. Construction and equipping of SGR Overhaul Workshop at an estimated cost of **Kshs. 7,844million**, this project will be funded through the Railway Development Levy Fund (RDLF), and the cost will be staggered into two financial years. The proposed allocation for FY2024/25 is **Kshs. 3,922 million** and is proposed to be realized from reallocations from "Rehabilitation of Longonot - Malaba MGR Phase II (**Kshs. 1,022million**)", "Riruta - Lenana - Ngong Railway Line (**Kshs. 1,500million**)" and "Purchase of 1 No. marine vessel -MV Uhuru II (**Ksh. 1,400million**)".

3.2.6 List of Pending Bills

67. On list of Pending Bills, the Principal Secretary informed the Committee that the State Department had a total of **Kshs. 6,895 million** in pending bills as of **31st March 2024**. The strategy for their resolution is that they will be prioritized under FY2024/25.

3.2.7 List of Stalled projects

68. The Committee heard that the State Department has three (3) stalled projects, and their status of completion as of 31st March 2024 is summarized in the table below,

Details of stalled projects New Projects and Justification

S/No.	Stalled Projects name	Total Cost (Ksh. Million	Estimated Cost of Remaining Works (Kshs.M)	% Status as at 31st March 2024	Reasons for Stalling	Measures being taken
1.	**Kibera and Mukuru Resettlement Action Plan (Rap) Project**	11,352.45	3,966.77	92	Lack adequate budgetary provision.	The pending bill report has been submitted to the Pending Bill Committee for verification. The State Department is in discussions with the State Department for Housing to have the remaining works accommodated under the affordable housing programme
2.	**Fencing works at Wilson Airport.**	86..92	24.45	95	Due to boundary overlap. Part of the fence is crossing a building belonging to Public Works.	Beacon's re-establishment process is in progress.
3.	**Rehabilitation of Tseikuru Airstrip (Phase II)**	150	50	85	The survey indicated that the runway is located within the road reserve (Class C Road) from	Stakeholder consultation has been undertaken to address and resolve this.

S/No.	Stalled Projects name	Total Cost (Ksh. Million	Estimated Cost of Remaining Works (Kshs.M)	% Status as at 31st March 2024	Reasons for Stalling	Measures being taken
					Tseikuru town to Usweni. Moreover, it has been noted that stormwater from the road is flooding the runway.	

3.2.7 Alignment to the Medium–Term Plan IV of the Vision 2030 and Bottom-up Economic Transformation Agenda (BETA)

69. The State Department for Transport will play a critical role in the Bottom-Up Economic Transformation Agenda over the Medium-Term Plan period. It has prioritized projects and programs which are geared towards economic turnaround, creation of jobs, expansion of revenue base, supporting inclusive growth and improving balance of trade. In view of this and in line with the Sector priorities, the State Department will implement the following programmes and projects in the FY2024/25:

i. Expansion of MGR Network:Construction of phase 1 of Riruta- Ngong-Kiserian – Rongai line, Modernization and upgrade of Nairobi Commuter Rail (NCR) Line 5 (Nairobi –Embakasi village), Revitalization of Voi – Taveta line, Construction of Mombasa SGR Terminus to -Miritini MGR Station, Rehabilitation of Miritini to Old Mombasa Town railway line, Detailed Designs for modernization of 165Km of NCR Network, Modernization of NCR line 2 (Nairobi Central Station-Ruiru-Thika), Equipping of MGR Locomotive workshop and, Acquisition of additional MGR rolling stock and rehabilitation of the existing ones.

ii. Development of Nairobi Railway City;

iii. Construction of SGR phase 2B (Naivasha - Kisumu) and 2C (Kisumu - Malaba);

iv. Development of a Cool Logistics Corridor for Kenya aimed at shifting transportation of bulk perishables from road to rail and air to sea with the aim of reducing Green House Gas (GHG) emissions. Toward this move, an MOU between The Netherlands and Kenyan Governments was signed.

v. Establishment of Commercial hubs in Dongo Kundu and Naivasha to facilitate cargo evacuation from the Dongo Kundu and Naivasha Special Economic Zones. Rail tracks will be constructed and cargo evacuating areas established;

vi. Development of Urban Mobility Plan for Nairobi Metropolitan Area (NMA) in support of the implementation of Mass Rapid Transit Systems;

vii. Upgrading and automation of Thika and Garissa motor vehicle inspection centres-;

viii. Construction and Equipping of Dongo Kundu Berth 1. The projects will facilitate transshipment of cargo and increase cargo handling capacity;

ix. Expansion, development and commercialization of 3 additional Berths at Lamu Port, Phase 3 of Second Container Terminal (CT2) and Berth 19B at the Port of Mombasa;

x. Automation of Air Accidents Investigation Services;

xi. Development of Nairobi Bus Rapid Transit Network - BRT Line 1, 2, 3, 4, 5 (Ndovu, Simba, Chui, Kifaru and Nyati lines respectively). The projects will enhance mobility and reduce travel time within Nairobi Metropolitan Area.

xii. Development of Lamu Special Economic Zone, SEZ to generate cargo traffic for Lamu Port, as well as job creation and industrialization;

xiii. Implementation of Integrated National Transport Information Management System and Dashboard. PPP process has started for the Installation of traffic and speed cameras along main highways;

xiv. Implementation of Road safety Action Plan.

3.2.8 Pertinent issues affecting the State Department in the attainment of program performance targets

70. The issues affecting the attainment of programme performance targets by the State Departments majorly are:

i. Budget cut mid-way the project implementation period;

ii. Delayed exchequer releases; and

iii. Delays in approval of projects.

71. With regard to the issues that will highly affect attainment of programme performance targets by the Agencies in FY 2024/2025 and the Medium Term, the Principal Secretary submitted as follows:

i. **LAPSET Corridor Development Authority** – budget cut to 70% of 2023/2024 implies that the Authority will not be able to meet its operational obligation because the recurrent is largely tied to Personal emolument, board expenses, rent and other operational expenses. The total approved budget for FY 2023/2024 is Ksh. 620.8 million whereby 70% of this approved budget will be Ksh. 434.6 million, resulting in a deficit of Ksh. 186.2 million. However, the Authority's budget has been rationalized for FY 2024/2025 by 38% of the FY 2023/2024 Budget, which is Ksh.384.9, resulting in a deficit of Ksh.235.9 million (38% of the budget).

ii. **National Transport and Safety Authority (NTSA)** – The budget cut by 30% and withdrawal of the 100% GOK grant will have an adverse effect on the attainment of the Authority's performance. Furthermore, the total revenue collected by the Authority (Exchequer and AIA) has a direct co-relation with the cost of generating the revenue and thus the need to consider additional revenue stream in addition to the nine retained for the NTSA against 42 revenue streams.

iii. **Nairobi Metropolitan Area Transport Authority (NAMATA)** - The Authority's recurrent budget for FY 2024/2025 has been forecasted at **Kshs 217.5 million**, down from **Kshs 381 million**. The Authority will not be able to meet its non-discretionary expenses, including personnel expenses, Board Expenses, Insurance & Medical Covers for the employees, rent, Contracted services and other operations. Hon. Chairman, NAMATA needs to complete the BRT line 2 for it to start collecting its own revenues for sustainability going forward and to serve as model for the BRT in the country. In this case they need budget allocation of Kshs. 3,000 million to complete BRT line 2 and pay the outstanding pending bills. Additionally, following the Gazettement of

KMDF vide Gazette Notice No. 5350 dated 3rd May 2024 there is need to support NAMATA with initial capital to operationalize the KMDF.

iv. **Kenya Ports Authority -** KPA's budget was rationalized as per the National Treasury circular, the areas that will be affected are the maintenance of cranes and purchase of spares, fuel and electricity which are very key in the operations of the Port. If these areas are not funded to the required level, it will affect the efficient operations of the port, which might be detrimental to its competitiveness in the region, leading to the loss of business. We appeal to this Committee to reconsider reinstating the Authority's budget for FY2024/25.

v. **Kenya Civil Aviation Authority (KCAA)**'s budget was rationalized for FY 2024/2025 from **Kshs. 11,216million** to **Kshs. 5,343 million** in line with the National Treasury directive. However, with the rationalization, the Authority cannot execute its mandate adequately. Some of the key activities that will be affected include the facilitation of certification, licensing and registration of aerodromes, air navigation service providers, implementation of safety standards as per the international regulatory bodies in the aviation industry and training for aviation industry providers.

3.3. State Department for Shipping and Maritime Affairs

72. Mr. Geoffrey Kaituko, the Principal Secretary for the State Department for Shipping and Maritime Affairs, and other Ministry officials appeared before the Committee on Tuesday, 21st May, 2024 to present the State Department's budget. The Principal Secretary He submitted THAT:

3.3.1 Budget Estimates for FY 2024/25

73. The FY 2024/25 Annual Estimates of SDSMA totals to **Kshs. 3.594 billion** comprising of **Kshs. 2.270 billion** Recurrent Estimates and **Kshs.1.324 billion** Development Estimates.

74. The allocation in the approved 2024 Budget Policy Statement (BPS) Ceilings amounted to **Kshs. 4.235 billion** made up of an allocation of **Kshs. 2.665 billion** for Recurrent Estimates and **Kshs. 1.570 billion** for Development Estimates.

75. The Principal Secretary noted the significant reduction between Annual estimates and

approved 2024 BPS ceiling by **Kshs.641 million.**

76. He also noted that the reduction in the FY 2024/25 Estimates of the State Department and its SAGAs will have a direct and negative impact on their ability to deliver on the core mandates as follows,

    a) The allocation for the State Department's Headquarters in FY 2024/25 Recurrent Estimates allocation has been reduced from the 2024 BPS Ceiling of **Kshs 432 million** to **Kshs 333 million** in the FY 2023/24 approved estimates which translates to decrease of **Kshs 99 million.**

    b) The allocation of **Kshs 333 million** comprises of Salaries **Kshs 151 million;** Rent **Kshs 35 million** Balance for operations and maintenance **Kshs 147 million** for the entire financial year for the headquarters.

    c) Strategic intervention allocation of **Kshs 152 million** has been reduced to Zero. This is an allocation that was specifically earmarked for the BETA initiative to facilitate employment creation for the youth through engagement of seafarers. This entails engagement with partners globally to enable placement of our seafarers in major ships throughout the world.

    d) Bandari Maritime Academy The reduced allocation of **Kshs 178 million** is to cater salaries for the staff of the academy. As from July the Academy shall not be able to pay salaries for its staff. BMA is paying full salaries for the first time in FY 2024/25. Previously it has been supported by staff from KPA and State Department, who has since left the organization.

3.3.2 Status of Current FY 2023/24 Budget Implementation-

77. The Principal Secretary submitted that the total Approved Budget of SDSMA is **KSh.3.263 billion** comprising of **KSh.2.513 billion** for recurrent budget and **KSh.750 million** Development budget in the current FY2023/2024.

78. Expenditure as at 31st March 2024, (3rd quarter), amounts to **Kshs. 1,789 million** which is **55 %** of the Approved Estimates.

3.3.3 Status of FY 2023/24 Budget Implementation-Non-Financial Performance

SP 1.1: Administrative, Planning and Support Services

i. The Maritime Education and Training Policy and the National Maritime Transport Policies were finalized;
ii. Maritime Spatial plan draft concept note prepared;
iii. Two MoUs between the Republic of Kenya and the Republic of Egypt and Angola on Maritime Affairs signed;
iv. Development of 5 Maritime regulations finalized

SP 1.2: Shipping Affairs

i. Nine hundred and two (902) seafarers employed;
ii. Twenty-two (22) No. of twenty feet equivalent units (TEUs) lifted under current model;
iii. Twenty -Six (26) consignments Cleared.

SP 1.3: Maritime Affairs

i. Three (3) training curricula developed;
ii. Conducted Twelve (12) training of training of trainers;
iii. One thousand eight hundred and nine (1809) of students graduated under Maritime Training;
iv. Two hundred and twenty two (222) students supported annually under the Seafarers Training Support Programme ;
v. Fourteen (14) recruitment and placement agencies audited and approved;
vi. Sixteen (16) medical practitioners for seafarers audited and approved;
vii. Four hundred and Ninety (490) persons trained on Maritime Search and Rescue;
viii. Trained Five thousand six hundred and fifteen coxswain (5,615) trained;
ix. 15% completion of Survival Training Centre and
x. 10% completion of Kenya Maritime Data Bank Project

79. **The Principal Secretary submitted that the State Department does not** have any new projects for implementation in FY 2024/25. Additionally, it has no stalled projects.
80. **The State Department's** pending bills as at 31st March 2024 totals to **Kshs. 12,248,010**.

3.3.4 Alignment of Estimates to BETA AND MTP IV

81. With regards to alignment to BETA, the Principal Secretary outlined the following projects:

S/NO.	Priority Area/Key Commitment/ Value chain/sector	Programme/project	Alignment to BETA	Remarks
1.	Environment and Natural Resources/ Blue Economy	Construction of survival training and certification centre	This is part of the implementation of the Bandari Maritime Academy proposed Master Plan. This will enhance the Academy's capacity to offer various maritime courses hence creation of employment	This entails construction of Maritime Regional Coordination Centre at Lake Victoria to ensure safety and security of Lake Victoria this is ongoing
2.	Environment and Natural Resources/ Blue Economy	Construction of survival training and certification centre	This is part of the implementation of the Bandari Maritime Academy proposed Master Plan. This will enhance the Academy's capacity to offer various maritime courses hence creation of employment	Technical Steering Committee formed and draft Concept note developed .
3.	Environment and Natural Resources/ Blue Economy	Construction of Maritime Regional Coordination Centre in Kisumu	This will enhance maritime safety and security and spur investment in Lake Victoria	The consultant to undertake the business analysis for the project has been identified and the inception meeting was held

4.	Environment and Natural Resources/Blue Economy	Development of Maritime Spatial Plan	This project will enhance utilization of maritime resources and spur investment in the sector	Technical Steering Committee formed and draft Concept note developed.
5.	Environment and Natural Resources/Blue Economy	Development of Kenya Maritime Data Bank	This is development of a web-based Kenya Maritime Data Bank System for collection, collation, storage, analysis and retrieval of maritime data.	The consultant to undertake the business analysis for the project has been identified and the inception meeting was held

3.3.5 Pertinent Issues affecting the State Department for Shipping and Maritime Affairs in the attainment of its Performance Targets

82. With regards to issues affecting the State Department in the attainment of its performance targets, the Committee was informed of the following:

i. **Underfunding**

Shortfalls in Operations and Maintenance allocation will affect the implementation of the mandates of the State Department headquarters given that the current executive order added eight (8) new mandates to the existing seven (7) mandates

ii. **Insufficient legal and policy framework** to support implementation of the state Department mandates

iii. **Inadequate staffing and capacity gaps** at the State Department and Sagas which affects service delivery.

83. **In his concluding remarks the Principal Secretary made the following requests to the Committee:**

i. To consider reinstatement of **Kshs.178 million** for payment of salaries to the Bandari Maritime Academy staff since as from July 2024 the college will be adversely affected as this is the first time that the Academy will fully cater for its salaries after the withdrawal of Kenya Ports Authority staff and recruitment of own staff.

ii. To consider to reinstatement of **Kshs 152 million** under strategic intervention that was approved at BPS. This is an allocation that was specifically earmarked for the BETA initiative to facilitate employment creation for the youth through engagement of seafarers. This entails engagement with partners globally to enable placement of our seafarers in major ships throughout the world.

iii. To consider reinstatement of **Kshs.99 million** under operations and maintenance budget for headquarters given that amount of **Kshs 147 million** will not be adequate for the entire Financial Year to implement its mandates.

iv. To consider reinstatement of **Kshs.246 million** under construction of survival training center. This project is already ongoing and would be delayed if funding is reduced. BMA's future revenue streams depend on completion of this project, which is expected to enhance the Academy's training capacity.

PART IV

4.0 COMMITTEE OBSERVATIONS

84. After consideration of the Budget Estimates for financial year 2024/25, the Committee makes the following observations as captured under each State Department,

(a) State Department for Roads

1) That the trends of budgetary allocation to the State Department for Roads has been on down ward trajectory from a high of Kshs. **240 billion** in 2019/20 to **Kshs. 184 billion** in the proposed estimates for FY 2024/25.

2) The State Department for Roads has been allocated **Kshs. 184,504 million** of which **Kshs. 72,087million** is towards recurrent expenditure and **Kshs. 112,417 million** is for development expenditure. The allocation is 17% below the approved BPs ceiling of **Kshs.221, 945 million**. The Committee notes that the reduction from the approved BPS ceiling affects the development budget that is reduced **by Kshs. 37,340** million reflecting **25% reduction**. This will obviously affect planned development projects as well as ongoing road projects which are at different levels of completion.

3) That the proposed recurrent allocation of **Kshs. 72,087 million** is largely financed from the Roads Maintenance Fuel Levy Fund

4) as a current transfer to Kenya Roads Board for maintenance of national roads through the various road agencies and the Kenya Wild Life Service (KWS). This projection is a decline from the 2023/24 budget estimates projections occasioned by reduced fuel consumptions.

5) That the State Department for Roads has a gross development allocation of Kshs. 112,417 million of which Kshs. 51,984 million (46%) is financed through the exchequer, Kshs.

44,245 million (40%) are loans and grants, and Kshs. 16,187 million (14%) is through Local Appropriations in Aid.

6) That 24% of the development budget amounting to over Kshs.26.77 billion for the State Department for Roads goes to different batches/clusters of low volume seal roads. However, there has always been a concern on the distribution of these roads across the Country.

(b) State Department for Transport

7) The State Department for Transport has a gross allocation of **Kshs. 60,549 million** in the proposed estimates for 2024/25 of which Kshs.**15,614 million** is towards recurrent expenditure and **Kshs. 44,935 million** for development expenditure.

8) That, 77% of the development budget for the State Department of Transport will be financed through the Railway Development Levy, 11% through the exchequer and 12% will be financed through development Partners support.

9) That, the Recurrent Budget Estimates has reduced significantly by **Kshs. 927million** from the Approved BPS ceilings of **Kshs. 16,540million** to **Kshs. 15,613million** in the Budget Estimates. The reduction has been occasioned by 100% rationalization of the GoK Recurrent Grant component to NTSA of **Kshs. 513.8 million**. In addition, NaMATA, LAPSSET and State Department Headquarters have suffered budget cuts of **Kshs.164million, Kshs.234million** and **Kshs. 15.2million** respectively.

10) That, the foreign travel budget allocation has been reduced to zero by **Kshs.15.2million** in all the budget heads which will hinder the operations of the State Department open up the Country to the rest of world, negotiations of transport instruments require counter visits to Partner States. In addition, the Air Accident and Investigations Department requires facilitation from time to time to carry out investigations in collaboration with other countries in the event accidents/incidences occur within and outside the Country.

11) That the LAPSET Corridor Development Authority suffered a budget cut of 38% of the approved budget for 2023/24 which is above the directive of cutting recurrent budget by 30%. This implies that the Authority will not be able to meet its operational obligation because the recurrent is largely tied to Personal emolument, board expenses, rent and other operational expenses.

12) That the Transport and Safety Authority (NTSA) suffered a budget cut of 30% and withdrawal of the 100% GOK grant from the exchequer. This will have an adverse effect on the attainment of the Authority's performance. It is further observed that the total revenue collected by the Authority has a direct co-relation with the cost of generating the revenue. The Committee further notes that the Authority is allowed to retain only 9 revenue streams against the 42 revenue streams.

13) That the recurrent budget for Nairobi Metropolitan Area Transport Authority (NAMATA) for the financial year 2024/2025 has been forecasted at Kshs 217.5 million, down from Kshs 381 million. The Committee was concerned that the Authority may not be able to meet its non-discretionary expenses, including personnel expenses, Board Expenses, Insurance & Medical Covers for the employees, rent, Contracted services and other operations.

14) That the budget for Kenya Ports Authority was rationalized as per the National Treasury circular majorly affecting the areas like maintenance of cranes and purchase of spares, fuel and electricity which are very key in the operations of the Port. The Committee notes that if these areas are not funded to the required level, it will affect the efficient operations of the port, which might be detrimental to its competitiveness in the region, leading to the loss of business.

15) That the budget for Kenya Civil Aviation Authority rationalized for FY 2024/2025 from Kshs.11,216 million to Kshs. 5,343 million in line with the National Treasury directive.

However, with the rationalization, the Authority cannot execute its mandate adequately. Some of the key activities that will be affected include the facilitation of certification, licensing and registration of aerodromes, air navigation service providers, implementation of safety standards as per the international regulatory bodies in the aviation industry and training for aviation industry providers.

16) That the Operations and Maintenance of the Standard Gauge Railway has been allocated Kshs. 901 million from the Railway Development Levy Fund for integrated security management system and completion of SGR passenger ticketing system. This implies that the Standard Gauge Railways project is supported by the tax payer which is an indication that the project is struggling to break– even six years after operationalization of both passenger and freight services.

17) That a number of projects under the Metre Gauge Railway and others outside the Standard Gauge Railway (SGR) project, are earmarked for funding from the Railway Development Levy Fund. This is in contravention of section 8 (3) of the Miscellaneous Fees and Levies Act, 2016 that stipulates that the Railway Development Levy provides funding for the construction and operations of a Standard Gauge Railway network.

(c) State Department for Shipping and Maritime Affairs

18) The State Department for Shipping and Maritime has a proposed gross allocation of **Kshs 3,544 million** comprising of **Kshs. 2,270 million** for recurrent and **Kshs. 1,324 million** for development expenditures.

19) That Bandari Maritime Academy suffered 100% withdrawal of GoK grant despite the college still being its formative stage and not able to collect enough AIA to support its operations and maintenance. The College will also not be able to pay for salaries of its staff.

PART V

5.0 COMMITTEE RECOMMENDATIONS

85. After consideration of the Budget Estimates for Financial Year 2024/25, the Committee makes the following recommendations,

Non-financial Recommendation

i. That, given the 100% withdrawal of the GoK Grant to the National Transport and safety Authority and given the criticality of the Authority in matters road safety, effective Financial Year 2024/25, the Cabinet Secretary for National Treasury to enhance the Appropriation in Aid (AIA) for the Authority by granting approval of retention of revenue from the Transfer of Motor Vehicles.

Financial recommendations

State Department for Roads

ii. The Committee approves the gross allocations of **Kshs. 184,503,788,075**

Proposed Reductions

iii. Reduced **Kshs. 2.11 billion** from following projects for rationalization of allocations for financial year 2024/25

	Project code and name	2024/25 Allocation	Proposed Reductions	Amended Estimates
1	1091133700 Low Volume Sealed Roads (Lvsr); Phase 1 - Batch 1A	2,113,609,836	(185,000,000)	1,928,609,836
2	1091133800 Low Volume Seals Phase 1 Batch 2	2,665,980,121	(190,000,000)	2,475,980,121
3	1091133900 Low Volume Seals Phase 1 Batch 2	4,405,701,465	(420,000,000)	3,985,701,465
4	1091134100 Low Volume Seal Roads Batch 1	2,559,440,297	(201,000,000)	2,358,440,297
5	1091135400 Low Volume Seal Roads	3,786,567,014	(300,000,000)	3,486,567,014
6	1091152800 Low Volume Seals LVSR	2,166,683,164	(150,000,000)	2,016,683,164

	Project code and name	2024/25 Allocation	Proposed Reductions	Amended Estimates
7	1091169900 Low Volume Seals LVSR II	2,290,266,159	(200,000,000)	2,090,266,159
8	1091174400 Low Volume Seals LVSR IV	1,887,304,967	(260,000,000)	1,627,304,967
9	1091124800 Dualling of Nairobi Eastern Bypass Project	205,384,258	(15,000,000)	190,384,258
10	1091174300 Consultancy Services for Roads Projects	1,131,329,803	(174,000,000)	957,329,803
11	1091169533 Land Compensation: Isebania - Mukuyu - Kisii - Ahero Road (A1) Lot 1	65,000,000	(15,000,000)	50,000,000
	Total		**(2,110,000,000)**	

Proposed Increases

Increase **Kshs. 2.11 billion** to maintenance and rehabilitation of damaged tarmacked roads in Urban centres.

State Department for Transport

Financial Recommendations

i. The Committee **declines** the approval for funding from the Railway Development Levy to projects outside the Standard Gauge Railway as it is in contravention of section8 (3) of the Miscellaneous Fees and Levies Act, 2016. These projects are; Rehabilitation of Longonot - Malaba MGR Phase II; Rehabilitation of Mombasa MGR station-Miritini MGR station link; Upgrade of RTI Infrastructure; Purchase of 16 MGR locomotives; and Purchase of 1 No. Marine Vessel (MV Uhuru II). The projects have a gross proposed allocation of **Kshs.9.72 billion** from the Railway Development Levy Fund (RDLF). Consequently, the proposed gross allocation for State Department of Transport for Financial Year 2024/25 reduces from **Kshs. 60,549,203,728 to Kshs. 51,277,203,728.**

Proposed Reductions for Reallocations

ii. Reduce **Kshs. 700 million** from the following projects for rationalization of expenditures for FY 2024/25.

Programme	Project code/Tittle	2024/25 Allocation		Reductions	
		Current	Capital	Current	Capital
Rail Transport	1092108800	-	439,400,000	-	(200,000,000)
	1092105600	-	191,100,000	-	(100,000,000)
	1092101001	-	432,600,000	-	(100,000,000)
Marine Transport	1092105501	-	2,565,000,000	-	(200,000,000)
	1092108700	-	300,000,000		(100,000,000)
Total				-	**(700,000,000)**

Proposed Increases

i. Increase **Kshs. 700 million** to the following agencies under the State Department for Transport

Programme	Project code/Tittle	Increases		Justification
		Current	Capital	
Road Safety	National Transport and Safety Authority	200,000,000	-	Technical support to the implementation of the National Road Safety Action Plan
General Administration, Planning and Support Services	Nairobi Metropolitan Area Transport Authority (NAMATA)	300,000,000	-	Logistical and Technical support towards planning and execution of various projects
	LAPSET Corridor Development Authority	130,000,000	70,000,000	Kshs. **50 million** for enhancement of recurrent expenditures, **Kshs. 70 million (Development)** for LAPSSET Corridor Master Plan and **Kshs.80 million**

Programme	Project code/Tittle	Increases		Justification
		Current	Capital	
				(Recurrent) for coordination support to supervision and capacity enhancement of ongoing projects
Total		**630,000,000**	**70,000,000**	

State Department for Shipping and Maritime Affairs

iii. The Committee approves the gross allocations of **Kshs 3,593,974,935.**

SIGNED _____ **DATE** 24/05/2024

HON. G.K. GEORGE KARIUKI M.P
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

Annex 1: Unfunded Critical priorities –for FY 2024/245

			Increase
Vote	**Programme**	**Head**	
		Headquarters	Additional funding of **Kshs. 120 million** to cater to critical foreign travel, tree planting, and other operations.
1092		NAMATA	• Reinstatement of the recurrent budget by **Kshs.164million** and **Kshs.410million** under the development budget in FY2024/25 • Additional funding of **Kshs.300million** under FY2024/25 recurrent budget to facilitate operationalization of the Kenya Millennium Development Fund (KMDF). • Additional funding in FY2024/25 development of **Kshs. 3,000million** to cater for pending bills and completion of the remaining works under BRT Line 2 and **Kshs. 1,500 million** for the establishment of Non-Motorized transport facilities within the Nairobi Metropolitan Area.
		LAPSSET Corridor Authority	Reinstatement of **Kshs. 236 million** for the Authority to cover all the cost of personnel and other non-discretionary expenditures.

			Increase
Vote	**Programme**	**Head**	
	General Administration, Planning and support services		
	Marine Transport	Kenya Ports Authority	Reinstatement of **Kshs. 970 million** for the maintenance of Cranes, fuel and electricity, which are critical in port operations.
	Air Transport	Kenya Civil Aviation Authority	Reinstatement of **Kshs. 5,875 million** to enable the Authority to execute its mandate and maintain Safety and Security Standards of the Kenyan Airspace as required by various International Aviation and Oversight Bodies.
		Kenya Airports Authority	Reinstatement of **Kshs. 7,788 million** for recurrent expenditure to cater for non-discretionary expenditures, including insurance, personnel emolument and other operational costs, including payment of pending bills and consultancy fees for running the contracts.
	Road Safety	NTSA	• Reinstatement of the GoK grant of **Kshs. 500 million** or approval of the retention of revenue from the "Transfer of Motorvehicles" revenue stream as the Authority's AIA.

			Increase
Vote	**Programme**	**Head**	
			• Approval for adjusting the AIA ceiling from the current **Kshs. 2,300million** to**Kshs. 2,800million** in both FY2023/24 Supplementary II and FY2024/25 Budget Estimates.
1093	Shipping and Maritime Affairs	State Department for Shipping and Maritime	To consider reinstatement of **Kshs.178 million** for payment of salaries to the Bandari Maritime Academy staff since as from July 2024 the college will be adversely affected as this is the first time that the Academy will fully cater for its salaries after the withdrawal of Kenya Ports Authority staff and recruitment of own staff. To consider to reinstatement of **Kshs 152 million** under strategic intervention that was approved at BPS. This is an allocation that was specifically earmarked for the BETA initiative to facilitate employment creation for the youth through engagement of seafarers. This entails engagement with partners globally to enable placement of our seafarers in major ships throughout the world. To consider reinstatement of **Kshs.99 million** under operationS and maintenance budget for headquarters given that amount of **Kshs 147 million** will not be adequate for the entire Financial Year to implement its mandates. To consider reinstatement of **Kshs.246 million** under construction of survival training center. This project is already ongoing and would be delayed if funding is reduced. BMA's future revenue streams depend on completion of this project, which is expected to enhance the Academy's training capacity.

Annex 2: Schedule of Proposed reductions and Reallocations

		2024/25 Allocation			Committee Amendments			Amended 2024/25 Estimates		
Vote	**Programme**	**current**	**capital**	**Total**	**Current**	**Capital**	**Total**	**current**	**capital**	**Total**
1092 State Department for Transport	0201000 General Administration, Planning and support Service	855,116,899	1,288,000,000	2,143,116,899	430,000,000	70,000,000	500,000,000	1,285,116,899	1,358,000,000	2,643,116,899
	0203000 Rail Transport	532,056,937	38,435,900,000	38,967,956,937	-	-9,672,000,000	-9,672,000,000	532,056,937	28,763,900,000	29,295,956,937
	0204000 Marine Transport	524,035,822	2,865,000,000	3,389,035,822	-	-300,000,000	-300,000,000	524,035,822	2,565,000,000	3,089,035,822
	0205000 Air Transport	11,380,568,630	675,500,000	12,056,068,630	-	-	-	11,380,568,630	675,500,000	12,056,068,630
	0216000 Road Safety	2,322,025,440	1,671,000,000	3,993,025,440	200,000,000	-	200,000,000	2,522,025,440	1,671,000,000	4,193,025,440
	Total for Vote 1092	**15,613,803,728**	**44,935,400,000**	**60,549,203,728**	**630,000,000**	**-9,902,000,000**	**-9,272,000,000**	**16,243,803,728**	**35,033,400,000**	**51,277,203,728**

DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY & MINING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION 2024

THE DEPARTMENTAL COMMITTEE

ON

ENVIRONMENT, FORESTRY AND MINING

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2024/25 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1331 - State Department for Environment and Climate Change
Vote 1332 - State Department for Forestry
Vote 1192 – State Department of Mining

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI **MAY, 2024**

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PART I

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the FY 2024/25 Budget Estimates which was tabled in the House on **30th April, 2024** in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Mandate of the Committee

2. The Departmental Committee on Environment, Forestry and Mining is one of the twenty departmental committees of the National Assembly established pursuant to Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
    ii. ***To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;***
    iii. ***On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;***
    iv. ***To study and review all legislation referred to it;***
    v. ***To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;***
    vi. ***To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;***
    vii. ***To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);***
    viii. ***To examine treaties, agreements and conventions;***
    ix. ***To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;***
    x. ***To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and***
    xi. ***Examine any questions raised by Members on a matter within its mandate.***

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, the following Subject: ***Climate change; environment management and conservation; forestry; mining and natural resources; pollution;*** and ***waste management.***
4. In executing its mandate, the Committee oversees the **State Department for Environment and Climate Change; the State Department for Forestry,** and **the State Department for Mining.**

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson
The Hon. David Gikaria, MP
Nakuru Town East Constituency
UDA Party

Vice-Chairperson
The Hon. Charles Kamuren, MP
Baringo South Constituency
UDA Party

Members

The Hon. Mbalu Jessica Nduku Kiko, M.P.
Kibwezi East Constituency
Wiper Democratic Movement

The Hon. Yakub Adow Kuno, M.P.
Bura Constituency
United Party of Independent Alliance (UPIA)

The Hon. Mwanyanje Gertrude Mbeyu, M.P.
Kilifi County,
Orange Democratic Movement (ODM)

The Hon. Salim Feisal Bader, M.P.
Msambweni Constituency
United Democratic Alliance (UDA)

The Hon. Hiribae Said Buya, M.P.
Galole Constituency
Orange Democratic Movement (ODM)

The Hon. Joseph Wainaina Iraya, M.P.
Nominated,
United Democratic Alliance (UDA)

The Hon. Emathe Joseph Namuah, M.P.
Turkana Central Constituency
United Democratic Party (UDA)

The Hon. Kururia Elijah Njoroge. M.P.
Gatundu North Constituency
Independent Member

The Hon. Kemei Beatrice Chepng'eno, M.P.
Kericho County
United Democratic Alliance (UDA)

The Hon. Nguro Onesmus Ngogoyo, M.P.
Kajiado North Constituency
United Democratic Alliance (UDA)

The Hon. Masito Fatuma Hamisi, M.P.
Kwale County
Orange Democratic Movement (ODM)

The Hon. Mohamed Tubi Bidu, M.P.
Isiolo South Constituency
Jubilee Party (KPP)

The Hon. Titus Lotee, M.P
Kacheliba Constituency
Kenya Union Party (KUP)

1.4 Committee Secretariat

6. The Committee is serviced by the following Members of Staff:

Ms. Hellen Ekadeli
Clerk Assistant I/Head of Secretariat

Ms. Nancy Chamunga
Fiscal Analyst III

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Mr. Joseph Kuria
Research Officer II

Ms. Mercy Kinyua
Legal Counsel

Mr. Kevin Otieno
Sergeant-At-Arms

Mr. Kevin Obilo
Media Relations Officer III

1.5 Overview of the Examination of the FY 2024/25 Budget Estimates

7. The FY 2024/25 Budget Estimates were submitted to the National Assembly under Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and the Standing Order 235 of the National Assembly Standing Orders and subsequently tabled on the floor of the House on **30th April, 2024**. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and make recommendations to the Budget and Appropriations Committee under Standing Order 235(4).
8. The Committee held a total of four (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview from **Wednesday 15th** to **Thursday, 16th May 2024 at Bunge Tower.**

1.6 Acknowledgment

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the **FY 2024/25 Budget Estimates.**
11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Environment, Forestry and Mining to submit its Report on the consideration of the FY 2024/25 Budget Estimates.

The Hon. David Gikaria, M.P, Chairperson, Departmental Committee on Environment, Forestry and Mining

PART II

2. BROAD OVERVIEW OF THE FY 2024/25 BUDGET ESTIMATES

2.1 Overall Fiscal Framework for FY 2024/25

12. The total expenditures for the FY 2024/25 amount to **Kshs. 3.9 trillion** which comprises **Kshs. 2.3 trillion** for the National Government, **Kshs. 1.2 billion** for Consolidated Fund Services (CFS) and **Kshs. 391.1 million** for County Government Equitable Share.
13. Compared to Supplementary Estimates I for FY 2023/24, the total budget has **decreased by 2 percent** with the largest change being witnessed on the CFS of **a 7 percent increase**. The allocation for the national government has **a 6 percent decrease** while the County Government Equitable Share has **an increase of 1 percent**.
14. A breakdown of the allocations for the National Government shows that the Executive will spend **Kshs. 2.2 trillion**, Parliament has **Kshs. 43.6 billion**, while the Judiciary has **Kshs. 23.7 billion**. Compared to Supplementary Estimates I for FY 2023/24, the allocation for the Executive has **a 7 percent decrease**, while that of the Judiciary has a **4 percent increase**. The allocation for Parliament has an **increment of 7 percent.**

Table 1: Summary of the Proposed Expenditure Estimates for FY 2024/25

Details	Supplementary Estimates 1 FY 2023/24	Proposed Estimates FY 2024/25	% Change
National Government (MDAs)	2,464.45	2,310.37	(6)
Executive	*2,400.93*	*2,243.05*	(7)
Parliament	*40.74*	*43.62*	7
Judiciary	*22.78*	*23.69*	4
Consolidated Fund Services	1,131.65	1,213.45	7
County Government Equitable Share	385.42	391.12	1
Total	**3,981.52**	**3,914.94**	(2)

Source: Budget Summary for FY 2024/25

2.2 Proposed FY 2024/25 Estimates of Expenditure

15. Compared to the Approved Estimates for FY 2023/24, the proposed estimates for the votes under the Committee's purview have been revised downwards. **Kshs. 1.78 billion (27 percent reduction)** for the State Department for Environment and Climate Change, **Kshs. 1.92 billion (13 percent reduction)** for the State Department for Forestry, and **Kshs. 2.22 billion (59 percent reduction)** for the State Department for Mining.
16. On the other hand, when compared to the BPS ceilings for FY 2024/25, the proposed estimates for the votes under the Committee's purview have been revised downwards. **Kshs. 1.63 billion (25 percent reduction)** for the State Department for Environment and Climate Change, **Kshs. 2.47 billion (16 percent reduction)** for the State Department for Forestry, and **Kshs. 3.54 billion (69 percent reduction)** for the State Department for Mining.

Table 2: Summary of Proposed Estimates vs Approved & BPS Estimates FY 2023/24 (Kshs. Millions)

MDA	Category	Approved Estimates FY 2023/24	BPS Estimates FY 2024/25	Proposed Estimates FY 2024/25	% Change (Proposed/ BPS)	% Change (Proposed/ Approved)
State Department for Environment and Climate Change	Recurrent	4,149.8	3,848.0	3,082.3		
	Development	2,401.9	2,550.0	1,686.8		
	Total	**6,551.7**	**6,398.0**	**4,769.1**	**(25.0)**	**(27.0)**
State Department for Forestry	Recurrent	10,123.4	9,900.0	9,043.6		
	Development	4,357.3	5,131.0	3,520.3		
	Total	**14,480.7**	**15,031.0**	**12,563.9**	**(16.0)**	**(13.0)**
State Department for Mining	Recurrent	2,094.1	3,779.6	905.9		
	Development	1,685.5	1,317.0	652.3		
	Total	**3,779.6**	**5,096.6**	**1,558.2**	**(69.0)**	**(59.0)**

Source: National Treasury

PART III

3. SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 State Department for Environment and Climate Change - Vote 1331

17. The State Department for Environment and Climate Change prepared its FY 2024/25 Estimates in line with the guidelines provided by the National Treasury Circular No. 02/2024 dated 16th March 2024.
18. The State Department's allocation for FY 2024/25 is **Kshs 4.77 billion** being **Kshs 3.08 billion** and **Kshs. 1.69 billion** for recurrent and development respectively.

Table 3: Summary of the Budget – Vote 1331 (Kshs. Million)

VOTE	BUDGET POLICY STATEMENT ALLOCATION	ANNUAL ESTIMATES FOR FY 2024/25	DEVIATION
Recurrent	3,848	3,082	**(766)**
Development	2,550	1,687	**(863)**
Total Expenditure	**6,398**	**4,769**	**(1639)**

19. The State Department is implementing key programmes and projects that are in line with the **Bottom-up Economic Transformation Agenda (BETA)** and the **Medium-Term IV Plan of Vision 2030** which include;

Table 4: Alignment of the Annual Estimates to the MTP IV of Vision 2030 and BETA

		Allocation FY 2024/25					
No	**Project Name**	**GOK**	**Donor**	**Total Allocation**	**Source of funds**	**BETA priority area**	**MTP IV of Vision 2030**
1.	Modernization of Meteorological Services	486	0	486	GOK, WB KCSAP	Climate Change	Social
2.	Community Livelihood Improvement Project	13	0	13	GOK,/PPP	Livelihood	Social
3.	Strengthening Drought Resilience for farmer & pastoralist in IGAD	23	132	155	Adaptation Fund Board	Livelihood	Social
4.	Construction of Centers of Excellence and Innovation one Environment	12.5	0	12.5	GOK, Danida	Natural Resource Conservation	Social
5.	Lake Victoria Climate Résilience & Environment Management Project (LVCREMP)	10	0	10	GOK & Development partner	Natural Resource Conservation	Social

		Allocation FY 2024/25					
No	**Project Name**	**GOK**	**Donor**	**Total Allocation**	**Source of funds**	**BETA priority area**	**MTP IV of Vision 2030**
6.	Securing and protection of Water Towers Programme	30	0	30	GoK	Natural Resource Conservation	Social
7.	Plastic Waste Management and Pollution Control	32.5	0	32.5	GoK	Sustainable Waste Management	Social
8.	National Solid Waste Management	40	0	40	GoK	Sustainable Waste Management	Social
9.	Kenya Gold Mercury Free ASGM Project	20	150	170	UNDP GRANT and GoK	Livelihood	Social

Source: National Treasury

20. About 2024/25 Financial and Medium Term, the State Department will be implementing **3 new projects.** Information regarding the budgetary allocations in the Financial Year 2024/25 is included in the table below.

Table 5: List of New Projects and Justification

No	Project Name	Start Date	End Date	Total Project Cost	ANNUAL ALLOCATION FY 2024/25	SOURCE OF FUNDING	IMPLEMENTING AGENCY	PROJECT OBJECTIVES/ JUSTIFICATION
1.	Early Action Support(EAS) Project	July 2024	August 2025	33.375M	13M	United Nations Environmental Programme (UNEP)	Multilateral Environmental Agreements (MEAS)	The project aims at fast tracking readiness and early actions to implement Biodiversity Framework
2.	Agroforestry and Commercial Forestry (Sustainable Restoration of Cherangany Forest	July 2024 -	June 2026	641.8M	170M	Government of Italy (ITALY)	National Environmental Trust Fund (NETFUND)	The aims to restore and conserve the forest ecosystem for Climate resilience and improved livelihood.
3.	Increasing Global Implementation of GHS	July 2024	October 2026	11.347M	10M	United Nations Environnemental Programme (UNEP)	Multilateral Environmental Agreements (MEAS	This project aims to minimize the adverse impact of chemicals and waste on human health and environment
	Total			**686.522M**	**193M**			

21. The State Department for Environment and Climate Change accumulated pending bills totaling **Kshs 156,200,195.60** as of 30th April, 2024 of which **Kshs 53,331,150** has been settled in the current financial year leaving a balance of **Kshs 102,869,045.60** that is yet to be paid due to inadequate budgetary provision.

3.2 State Department for Forestry - Vote 1332

22. In line with its mandate, the structure of the program and sub-programs has been revised for the FY 2024/25 to improve service delivery as follows:

Table 6: Approved Programmes and Sub-Programmes in the FY 2024/25

S/No.	Programme	Sub Programme
1.	Forestry Development, Management and Conservation	Forest Conservation and Management
		Forestry Research and Development
		Ecological Restoration and Management
2.	Agroforestry and Commercial Forestry Development	Agroforestry
		Commercial Forestry
3.	General Administration, Planning and Support Services	General Administration, Planning and Support Services

23. In FY 2024/25, the total budget allocation for the State Department is **Kshs. 12.564** billion out of which, recurrent is Kshs. **9.044 billion** and development is **Kshs. 3.520 billion.** Under the development budget, **Kshs. 2.548 billion** is from development partners' financing and **Kshs. 972.3 million** from GoK.
24. The State Department has a total resource requirement of **Kshs. 92.064 billion** and a resource shortfall of **Kshs 79.499 billion.**

Table 7: Expenditure funding against the Requirement - Kshs. Million

Expenditure	Resource Requirement	Budget Estimates	Deficit/Surplus
Rec	15,027.0	9,043.0	5,983.0
Dev	77,037.0	3,520.3	73,516.0
Total	**92,064.0**	**12,564.3**	**79,499.0**

25. The State Department -Headquarters has been allocated a recurrent budget of **Kshs. 179 million;** Kenya Forestry Service - **Kshs. 7,442 million** and Kenya Forestry Research Institute - recurrent **Kshs. 1,423 million.**

Table 8: Areas affected by the budget reductions under the recurrent budget

S/No.	BPS Ceiling	Budget Estimate 2024/25	Reduction
HQs	220	179	(41)
KFS	8,067	7,442	(625)
KEFRI	1,613	1,423	(190)
Total	**9,900**	**9,044**	**(856)**

26. Under the State Department HQs, the reduction by **Kshs.41 million** will affect the operations and maintenance activities at the State Department whose BPS ceiling was **Kshs.220 million** against the budget estimate of **Kshs. 179 million**.
27. For KFS, the reduction by **Kshs. 625 million** will affect the payment of salaries amounting to **Kshs. 6,297 million** since the certainty of collecting projected AIA of **Kshs. 4,474 million** which is tied to the payment of salaries is not guaranteed.
28. Further, this reduction will also affect operations and maintenance as well as forest protection of 2.6 million hectares whose requirement is **Kshs. 1,800 million** but only **Kshs. 1,145 million** is available and also, activities related to forest protection of 2.6 million hectares.
29. For KEFRI, the reduction of **Kshs. 190 million** will directly affect Personnel Emolument whose total requirement is **Kshs.1,481 million** which is already underfunded by **Kshs. 58 million**. In addition, it's important to note that the institute has no allocation for operations and maintenance. Therefore, with no resources provided for operations and maintenance, the institute will be incapacitated to execute its mandate.
30. The key projects that will immensely be affected by the budget reductions under the **development budget** are as shown below.

Table 9: Projects affected by the budget reductions under the Development Budget

Project Name	Supp No.1	BPS CEILING	Current Status	Reduction
		Kshs. Millions	Kshs. Millions	Kshs. Millions
Forest Fire Protection	20	20	10	(10)
Management Project	30	170	-	(170)
Green Zones Development Support Project Phase II	1,290	2,118	1,544	(574)
Tree Growing Campaign and Rangeland Restoration	971	1,134	413	(721)
Construction of tree seed processing units	330	280	230	(50)
Development of Forest Research Technologies	1,353	30	20	(10)

31. On **Forest Fire Prevention and Management Project,** the revised allocation of **Kshs. 10 million** being the GoK funding will affect the management of forest fires since the project seeks to reduce the damage of forest fires in Kenya and thereby reduce devastation and environmental disturbances caused by the fire which in turn have an impact on forest cover and loss of biodiversity. This will affect the attainment of 30% tree cover by 2032.
32. On **Green Zones Development Support Project Phase II,** the reduction by **Kshs. 574 million** will affect the project timelines as the project is coming to an end in December 2025 and therefore the Donor may not commit to funding after the end of the project implementation period. This will hinder the achievement of the following targets; raising 70 million tree seedlings, erecting a 200km electric perimeter solar fence, planting/protecting a total of 68,000 ha of degraded forest areas, and restoring other landscapes. The GoK component is also very critical as it finances activities that the Donor does not cover, such as vehicle insurance, taxes, and other priority activities. This will push the overall absorption rate to over 80%.
33. On **Tree Growing Campaign and Rangeland Restoration,** the reduction by **Kshs. 720.8 million** from the BPS Ceiling will affect the following activities: Expansion of the existing 300 Kenya Forest Service tree nurseries to produce 300 million seedlings annually, Establishment of 50 New KFS Tree Nurseries, Supporting Production of 7.9 billion seedlings by adopting a whole of Government whole of Society approach, growing of 7.5 billion seedlings which translates to 1.5 billion seedlings annually, Drilling and equipping of 300 boreholes in all tree nurseries, Mapping, Monitoring and evaluation of the 15 billion tree growing.
34. On **construction of tree seed processing units,** this is a strategic intervention that will contribute to the 15 billion National Tree Growing Campaign and Rangeland Restoration Project by producing and distributing 100 metric tonnes of tree seed. This reduction will adversely affect the attainment of the 15 Billion tree-growing Beta promise that includes; the purchase of laboratory equipment, collection, processing, certifying, and appropriate tree storage for the 18 newly constructed seed centers.
35. The **development of forest research technologies** is the core mandate of KEFRI. The project funds research scientists to deliver on the core mandate of the institute. The reduction will directly affect the morale of the scientists who are highly trained and yet have no resources to undertake activities leading to brain drain.
36. As of March, 31st 2024, the State Department had pending bills totaling **Kshs. 1,937.54 million** in respect of the Kenya Forest Service.

3.3 State Department for Mining - Vote 1192

37. The State Department for Mining's FY 2024/25 Budget Estimates amount to **Kshs. 1,558.16 Million** against the approved 2024 Budget Policy Statement's ceiling of **Kshs. 2,248.80 Million** as indicated below.

Table 10: Comparison between 2024 BPS & the FY 2024/25 Budget Estimates by Economic Classifications (Kshs. Million)

Economical Classification	2024 BPS Ceilings	FY24/25 Budget Estimates	Deviation
Current Expenditure	1,317.0	906.0	**(411.0)**
Compensation to Employees	501.0	501.0	0.0
Transfers, Grants & Subscription	325.0	89.0	(236.0)
Other Recurrent	491.0	316.0	(75.0)
Capital Expenditure	**932.0**	**652.2**	**(279.8)**
2200000 Use of Goods and Services	620.0	415.0	(205.0)
3100000 Non-Financial Assets	312.0	237.2	(74.8)
Total Expenditure	**2,249.0**	**1,558.2**	**(690.8)**

38. The State Department's Budget has suffered a reduction in recurrent and development estimates by **Kshs 411.1 million** and **Kshs. 279.8 million** from the 2024 BPS as tabled.

Table 11: Expenditure funding against the BPS Ceilings (Kshs. Million)

VOTE	2024 BPS Ceilings	FY24/25 Budget Estimates	Deviation
Recurrent	1,317.00	905.90	(411.10)
Development	931.80	652.26	(279.54)
TOTAL	**2,248.80**	**1,558.16**	**(690.64)**

39. The Recurrent Budget reduction of **Kshs 104.62 Million** under General Administration will hamper mining sector regulation, compliance management, artisanal mining activities, Mineral Rights Board operations, and revamping the Legal and Institutional entities to streamline the Mining Sector.
40. The Recurrent Budget reduction of **Kshs 68.4 Million** under the Geological Surveys Directorate will hamper ongoing ground truthing activities and continuous mineral exploration leading to a loss of investment opportunities for the Country's mineral resources thus hindering economic diversification.
41. The reduction of **Kshs 236 Million** for the National Mining Corporation (NAMICO) will highly affect its operations whereas the Agency is just setting up and building the base for internal revenue generation to reduce reliance on the exchequer; this may even

contractual obligations and halts operations besides the Agency recruiting staff in FY2023/24.

Table 12: Comparison between 2024 BPS and FY 2024/25 Budget Estimates (Kshs. Million)

Programme		2024 BPS Ceilings	FY24/25 Budget Estimates	Deviation
General Administration Planning and Support Services	Recurrent	697.0	356.4	(340.6)
	Development	-	-	-
Mineral Resources Management	Recurrent	269.0	266.7	(2.3)
	Development	292.8	270.8	(22.0)
Geological Survey and Geoinformation Management	Recurrent	351.0	282.9	(68.1)
	Development	639.0	381.5	(257.5)
TOTAL		**2,248.8**	**1,558.2**	**(690.6)**

42. The State Department has suffered a reduction of the Development Budget of **Kshs 279.54 million** as per FY 2024/25 Proposed Estimates in comparison to the 2024 BPS.

43. The Development reduction of **Kshs 257.54 million** under the Geological Survey will affect the decentralization & equipping of mining laboratories; making mineral identification costly and encouraging illegal trading. It will also affect mining exploration equipping; hampering expedited discoveries and valuation of minerals which would grant the Country mining investment opportunities.

44. There is an urgent need for digitization of Mining Information Management Systems to enhance efficiency and revenue generation in the Sector; reduction in provision is counter-productive for the Country's funds sources' diversification.

45. The State Department is a critical enabler under the BETA-identified Value Chain Approach in Natural Resources offering a variation of employment, direct foreign exchange, import substitution through mineral value addition, and revenue collection through mineral royalties and associated fees.

Table 13: Development Budget Estimates for FY 2024/25 (Kshs. Million)

Project Name	Project Cost	Cumulative Expenditure as at 30-06-23	Actual Expenditure as at Apr-24	Balances as at Apr-24	% Abs.	Estimates FY 2024/25
Geological Data Bank Project-Beta	400.0	196.5	6.0	24.0	51%	42.5
Online Transactional Mining Cadastre Portal - Beta	380.0	127.2	27.6	42.4	41%	166.8
Mineral Audit Support- Beta	445.0	215.8	10.3	64.7	51%	66.0
Rehabilitation of Madini House	300.0	89.2	12.5	20.5	34%	38.0
Mineral Certification Laboratory	1,326.0	278.0	77.7	299.3	27%	105.2
Geological Mapping and Mineral Exploration	1,861.0	501.2	177.2	861.3	36%	183.8
Geo Technical Site Investigations	694.0	22.9	-	50.0	3%	50.0
Gemstone Value Addition Centre - Taita Taveta	120.0	105.0	11.4	0.6	97%	0.0
Total	**5,526.0**	**1,535.8**	**322.7**	**1,362.8**		**652.3**

46. The State Department has no new projects to implement during the 2024/25 Financial Year.
47. As of May, 9th 2024, the State Department had total pending bills of **Kshs. 75.287 million; Kshs. 0.85 million** on recurrent and **Kshs. 74.43 million** on development.

PART IV

4. COMMITTEE OBSERVATIONS

48. Having scrutinized the FY 2024/25 Budget Estimates, the Committee made the following observations:

4.1 State Department for Environment and Climate Change

49. In FY 2024/25, the State Department has been allocated **Kshs 4.77 billion**, out of which **Kshs. 3.08 billion** is in respect of recurrent vote while **Kshs. 1.69 billion** is under development vote. However, it was noted that **Kshs 1.64 billion (25 percent reduction)** has been reduced from the BPS ceiling.

50. The Development vote of **Kshs. 1.69 billion** constitute **Kshs. 0.81 billion** funded by GOK exchequer and **Kshs. 0.88 billion** funded through Appropriation in Aid. The key allocations to thematic areas in FY 2024/25 are **Kshs. 486 million** under **Meteorological Service; and Kshs. 1.17 billion** under the **Environment Management and Protection program.**

51. The Committee noted that there are twelve (12) capital projects for which borrowing will be undertaken in FY 2024/25; three (3) of which are new namely: **UNEP - Early Action Support (EAS) Project** at a cost of **Kshs. 13 million**; **Agroforestry and Commercial Forestry project** at a cost of **Kshs. 170 million**; and **Increasing Global Implementation of GHS project** at a cost of **Kshs. 10 million.**

52. The State Department will be **implementing 26 BETA projects** out of the **35 ongoing** projects with the **Weather Radar Surveillance Network** having the highest allocation at **Kshs. 197 million**. Nine (9) projects have **no budget allocation** in the FY 2024/25 Budget Estimates such as the Capacity Building for Control of Movement of Hazardous Wastes & Chemicals; and Sound Chemicals Management Mainstreaming & UPOPs Reduction in Kenya.

53. The Recurrent vote of **Kshs. 3.08 billion** constitute **Kshs. 918.9 million** funded by GOK exchequer and **Kshs. 2.163 billion** funded by **Appropriation in Aid. Kshs. 900 million** for the National Environment Management Authority (NEMA); **Kshs. 1.098 billion** for the Meteorological Department; **Kshs. 59 million** for the National Environment Tribunal; **Kshs. 208 million** for the Kenya Water Towers Agency (KWTA); **Kshs. 67 million** for the National Environmental Trust Fund (NETFUND); **Kshs. 125 million** for the National Environmental Complaints Committee (NECC); and **Kshs. 625.3 million** under Headquarters.

54. The State Department has pending bills amounting to **Kshs. 102.87 million** comprising **Kshs. 92.16 million** in various stages of payment, and **Kshs. 10.71 million** for bills awaiting exchequer funding by the National Treasury.

55. The Committee noted that the National Environment Management Authority has limited human capital required to undertake operations in the regional offices. The Authority needs sufficient human capital and budgetary support for the effective and efficient delivery of services in line with its mandate.

56. The Committee further noted that considering the expectations placed upon the State Department by the public in terms of climate change response, more resources are needed for the State Department to fulfill its core mandates including but not limited to waste management and disposal; the modernization of meteorological services in Kenya; participation in international meetings where various conventions are ratified for domestication under the multi-lateral environment agreements (MEAs) and undertaking environmental education; awareness and sensitization of stakeholders in environmental management.

57. The Committee observed that climate change and associated extreme weather events, like floods, have destroyed the Kenya Meteorological Offices, necessitating a financial demand of **Kshs 205 million** to repair infrastructure, restore and replace instruments and equipment in 30 affected stations.

58. The Committee noted that the State Department has inadequate human capacity due to natural attrition and retirement. The current approved staff establishment of **927** versus the in-post staff of **718** creates a shortfall of **209** which has adversely affected the implementation of planned programs and activities of the State Department.

59. The Committee further noted that the National Environment Management Authority (NEMA) can raise adequate revenue if the regulations under the Environment Management and Coordination Act, CAP 387, are enacted. It also noted that NEMA has inadequate human capital limiting its potential of collecting additional revenue.

60. Inadequate funds and delays in the release of funds have adversely affected the implementation of the planned programs and activities by the State Department.

61. The Committee noted that the State Department has been implementing **31 projects** across the country in the current Financial Year 2023/24. In the 2024/25 Financial Year, it will be implementing **3 new projects.**

4.2 State Department Forestry

62. In FY 2024/25, the State Department has been allocated **Kshs 12.564 billion**, out of which **Kshs. 9.044 billion** is in respect of recurrent votes while **Kshs. 3.520 billion** is under development vote. However, it was noted that **Kshs 2.467 billion (16 percent reduction)** has been reduced from the overall BPS ceiling of the State Department.

63. The Recurrent vote of **Kshs. 9.044 billion** constitute **Kshs. 4.55 billion** funded by GOK exchequer and **Kshs. 4.494 billion** funded from the Appropriation-in-Aid through Kenya Forest Service **(Kshs. 7.442 billion)** and Kenya Forestry Research Institute **(Kshs. 1.423 billion),** and the Forestry Headquarters **(Kshs. 178.7 million).**

64. The Development vote of **Kshs. 3.52 billion** constitute **Kshs. 972.3 million** funded by GOK exchequer and **Kshs. 2.548 billion** funded through Appropriation in Aid. The key allocations to thematic areas in FY 2024/25 are **Kshs. 10.69 billion** under Forests Resources Conservation and Management and **Kshs. 1.71 billion** under Forests Research and Development.

65. The Committee noted that there are two (2) capital projects for which borrowing will be undertaken in FY 2024/25; Green Zones Development Support Project Phase II at a cost of **Kshs. 476 million** ***(loan AIA)*** and **Kshs. 1 billion** ***(loan Revenue)*** funded by the **Intergovernmental Authority on Development;** and the Supply of Forest Fire Fighting Equipment and Associated Services to the Kenya Forest Service in Kenya at a cost of **Kshs. 1.072 billion** ***(loan AIA)*** to be funded by the **Government of France.**

66. The State Department will be implementing **nineteen (19) BETA projects** out of the **21 ongoing** projects with the **Green Zones Development Support Project Phase II** having the highest allocation at **Kshs. 1.544 billion,** followed by the **Capacity Development for Modern Technology in Forest Fire Management project** at **Kshs. 1.072 billion**. Two(2) projects have **no budget allocation** in the FY 2024/25 Budget Estimates such as the System for Land-Based Emissions Estimation in Kenya (SLEEK); **and** Kenya's Water Tower Protection & Climate Change (WaTER) Programme.

67. The Committee noted that the State Department has prioritized key projects in the FY 2024/25 and the medium-term estimates namely: the National Tree Growing and Restoration Campaigns targeting growing 1.5 billion tree seedlings annually to reach 15 billion trees by 2032, raising the Country tree cover from the current 12.13 percent to 30

percent, and reducing the degraded landscapes by 10.6million Ha; Agroforestry and Commercial Forestry development; Forest protection and management; Forest research and development; Policy, legal and Institutional reforms; Forest product revenue; and Livelihood and Job creation.

68. The State Department has pending bills amounting to **Kshs. 1.938 billion** concerning Kenya Forest Service.

69. The State Department has one stalled project on mapping, verification, and valuation of mature and mature forest plantations. To complete the project, KFS is in the process of sourcing for funding to complete the project, but from the time the project stalled in 2021, very minimal work has been done through minimal identified savings. Further, KFS is working with the State Department on innovative ways to complete the project.

70. The Committee observed that the Forest sector has the potential to generate more revenue if they embrace the Carbon Markets after the formulation of the regulations under the Climate Change Act.

71. The Committee noted that the newly recruited forest rangers lack adequate housing facilities which is a basic human right, thus, some funds should be allocated to cater for the accommodation facilities.

72. The Committee observed that the Kenya Forest Service is underperforming in Appropriation-in-Aid collection due to the court order. The targeted collections for the FY 2023/24 were Kshs. 4.474 billion but the collections for the Service as of May 2024 was Kshs. 1.5 billion. This is affecting personnel emoluments and operations and maintenance for the Service.

73. The Committee noted that Kenya Forest Research Institute should benchmark with other institutes that have developed various tree species that have faster growth, are fire and are pest and disease-resistant, to facilitate the National Tree Growing and Restoration campaigns targeting growing 1.5 billion tree seedlings annually to reach 15 billion trees by 2032, raising the Country tree cover from the current 12.13 percent to 30 percent

74. The Committee observed that the State Department is facing various challenges which include: inadequate human capital especially technical personnel coupled with slow pace, succession planning and management, lack of clear linkage between the National Government and County Governments in the implementation of forestry functions, forest encroachments and illegal exploitation of forests, inadequate facilities and equipment to

support forest research and adverse impacts of climate change such as fires, landslides, emergence of invasive species, outbreak of pests and disease infestation among others.

75. The Committee noted that the State Department has aligned the estimates to the MTP IV of Vision 2030 which implements the BETA commitments through mainstreaming issues of forestry management, conservation, climate change mitigation and adaptation, halting and reversal of deforestation and land degradation in all its programmes and projects.

76. The Committee further noted that considering the expectations placed upon this State Department by the State on growing 15 billion trees by 2030 for the restoration of 10.6 million hectares of degraded landscapes, which will involve the recruitment of 100,000 green armies of youth to raise seedlings, rehabilitation of degraded forests and rangelands, and establishment of protection of green spaces in cities and urban centers, more financing is needed from the National Treasury to enable the State Department to establish and coordinate multi-stakeholder actions that mobilize additional financing from other multi-lateral, bilateral and private sectors, including climate and carbon trading financing.

4.3 State Department for Mining

77. In FY 2024/25, the State Department has been allocated **Kshs 1.558 billion**, out of which **Kshs. 905.9 million** is in respect of recurrent vote while **Kshs. 652.3 million** is under development vote. However, it was noted that **Kshs 3.54 billion (69 percent reduction)** has been reduced from the overall BPS ceiling.

78. The Recurrent vote of **Kshs. 905.9 million** constitute **Kshs. 805.9 million** funded by GOK exchequer and **Kshs. 100 million** funding from the Appropriation-in-Aid; through the Directorate of Corporate Affairs(General Administration and Planning)**(Kshs. 339.6 million);** Directorate of Geological Survey **(Kshs. 282.9 million);** Directorate of Mines **(Kshs. 266.7 million);** and Central Planning & Project Monitoring Unit **(Kshs. 16.8 million).**

79. The Committee noted that the Recurrent Budget reduction of **Kshs 104.62 million** under General Administration will hamper mining sector regulation, compliance management, artisanal mining activities, operations of the Mineral Rights Board, and revamping of the Legal and Institutional entities to streamline the Mining Sector.

80. The Recurrent Budget reduction of **Kshs 68.4 Million** under the Geological Surveys Directorate will hamper ongoing ground truthing activities and continuous mineral

exploration leading to a loss of investment opportunities for the Country's mineral resources thus hindering economic diversification.

81. The Development vote of **Kshs. 652.26 million** is funded entirely by the GOK exchequer. The key allocations to thematic areas in FY 2024/25 are **Kshs. 537.5 million** under Mineral Resources Management, and **Kshs. 664.3 million** under Geological Survey and Geoinformation Management.

82. The State Department will be implementing **seven (7) BETA projects** out of the **8 ongoing** projects with the **Geological Mapping and Mineral Exploration** having the highest allocation at **Kshs. 183.8 million,** followed by the **Online Transactional Mining Cadastre Portal-BETA project** at **Kshs. 166.8 million**.

83. The Committee noted that the allocation for the Geological Mapping and Mineral Exploration project which is meant for undertaking the ground truthing activities around the country to ascertain the outcome of the National Airborne Geophysical Survey project is not sufficient for the State Department to effectively carry out the exercise and enable exploration to start.

84. The reduction of **Kshs 236 Million** for the National Mining Corporation (NAMICO) will highly affect its operations whereas the Agency is just setting up and building the base for internal revenue generation to reduce reliance on the exchequer; this may even contractual obligations and halts operations besides the Agency recruiting staff in FY2023/24.

85. The State Department has pending bills amounting to **Kshs. 71.77 million** as of May 15, 2024. **Kshs. 24.07 million** and **Kshs. 47.70 million** for recurrent and development expenditures respectively. **Kshs 50.78 million** pending bills have been paid during the FY 2023/24.

86. The Committee noted that the focus of the State Department in the medium term will be:
    i. Geological ground truthing to ascertain the economic viability of the country's mineral resources and delineate mineralization;
    ii. Formalization of the Artisanal and small-scale miners into Mining Marketing Co-operatives, operationalization of the Artisanal Mining Committees, issuance of mining permits to ASM as well as delineation of ASM mining areas;
    iii. Enhancing mineral testing capabilities through ISO Certification of the Mining Laboratories;

iv. Automation of services through implementation of the online Cadastre, development of the Royalty Management System (RMS), Online Artisanal Mining Register, Explosive Management System, Library Management Information System (LIMIS) and Laboratory Management Information System;

v. Legal and institutional reforms. This will entail the review of the Mining Policy, Act, and attendant regulations;

vi. Operationalization of the National Mining Corporation (NAMICO) to explore strategic minerals (Radio Active Minerals (Uranium, Thorium), Cobalt, Lithium, Coltan (Tantlaum and Niobium), Copper, Nickel, Graphite, Tin, Tsavorite, Chromite and Rare Earth Elements); and Generation of Kshs 12 billion revenue in the Medium Term.

87. The Committee observed that the State Department has challenges in the operations and maintenance of the nineteen (19) Regional Mining Offices which are meant to cover a wide territorial range due to insufficient funding.

88. The Committee noted that all the projects in the State Department are highly underfunded and there is a need for more financing from the National Treasury to effectively manage the minerals in the country. Minerals management requires prior investments in exploration, identification, evaluation, and management for the country to benefit commensurately from the mineral values.

89. The Committee further noted that the State Department has efficiently and effectively utilized the funds allocated for various projects during Supplementary Estimates No. 1 and has noted good progress in the projects. However, for the projects to be completed and start operations, the State Department still requires additional funding.

90. The State Department has limited technical staff to help forestall the menace of widespread cases of revenue and A.I.A leakages in the Country.

91. The Committee observed that even though the Ministry has implemented various reforms in the mining sector which include the establishment of Artisanal Mining Committees and Artisanal Mining Cooperatives in various counties, illegal mining and smuggling of minerals is still rampant.

92. The Committee noted that the mining sector requires adequate investment to support exploration, mapping, ground truthing, development of the minerals cadaster, mineral exploitation, inspections, and enforcement of various regulations under the Mining Act, CAP 306 to attract investors. Thus, underfunding the sector will be counterproductive against the gains achieved in the Financial Year 2023/24.

PART V

5. RECOMMENDATIONS

93. Having scrutinized the FY 2024/25 Budget Estimates, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Environment and Climate Change

94. The Principal Secretary for the State Department of Environment and Climate Change to coordinate with the National Climate Change Council regarding the effective utilization of climate finance by submitting quarterly reports to the Committee by at least 15 days after every quarter. This will require improved coordination and reporting between Kenyan actors at all levels: Ministries, Agencies, County-level government entities, International development partners, and private sector stakeholders.

95. Climate finance flows still fall short of what is needed to achieve the Nationally Determined Contribution (NDC), and this gap is mostly in the adaptation sector. Therefore, the Principal Secretary for the State Department of Environment and Climate Change should scale up financing for adaptation to meet its Nationally Determined Contribution (NDC) targets and build a resilient economy by mainstreaming climate considerations into most investment decisions and aligning investment decisions according to the country's climate ambitions by 31st December 2024.

96. The State Department should fast-track the installation of airport weather observing systems in Mombasa, Malindi, Wajir, Isiolo, Meru, Laikipia, and Moi Airbases and install a new generation weather surveillance radar system by 31st December 2024.

5.1.2 State Department of Forestry

97. The Cabinet Secretary, Ministry of Environment, Climate Change, and Forestry should ensure the integration of afforestation and reforestation in the design of carbon pricing by September, 30th 2024. This should be done by taking into account the potential for businesses to lower their tax obligations by acquiring offsets from forestry projects as part of the design suggestions for a carbon tax program.

98. The Cabinet Secretary, Ministry of Environment, Climate Change, and Forestry in conjunction with the Cabinet Secretary, National Treasury should explore the option of a public-private partnership to avail housing facilities to the Kenya Forest Rangers by 31st December 2024. Appropriation – in – Aid collected by the Kenya Forest Service can be utilized as counterpart funding for the project.

99. The Cabinet Secretary, National Treasury in conjunction with the Cabinet Secretary, Environment, Climate Change and Forestry, to ensure there is adequate funding from the Government exchequer to cater for personnel emoluments and operations and maintenance for the forest rangers due to the frequent underperformance of Appropriation – in –Aid collected by Kenya Forest Service, within six (6) months upon adoption of the FY 2024/25 Budget Estimates Report by the National Assembly.

100. The Cabinet Secretary, Ministry of Environment, Climate Change, and Forestry should fast-track the amendment of the Forest Conservation and Management Act, 2016 by 31st December 2024, to introduce a clause on sharing of revenues earned from the sale of forest products to increase the incentive to collect all forest money and boost efficiency. A percentage of the money earned from the sale of forest products can be invested in forest management while the logging and plantation revenues can be used to raise bonds for the restoration of arid and semi-arid lands.

5.1.3 State Department for Mining

101. The Cabinet Secretary, Ministry of Mining, Blue Economy, and Maritime Affairs to fast-track the promotion and formalization of Artisanal and Small-Scale Mining (ASM) which is the highest contributor to job creation and rural growth. This should be undertaken by registering and forming SACCOs for the artisanal miners by 31st December 2024.

102. The State Department to continuously undertake the promotion and marketing of mineral-based cottage industries in counties to help prioritize minerals that each county desires to promote. This is in addition to the continued promotion of mineral royalties for national, county, and communities.

5.2 Financial Recommendations/ Proposed Reallocations

103. The committee recommends THAT:

a) The proposed expenditure allocation for the State Department for Environment and Climate Change of **Kshs. 4.769 billion**, comprising **Kshs. 3.082 billion** for recurrent expenditure and **Kshs. 1.687 billion** for development expenditure, as provided in the 2024/25 Budget Estimates be **approved.**

b) The proposed expenditure allocation for the State Department for Forestry of **Kshs. 12.563.9 billion**, comprising **Kshs. 9.044 billion** for recurrent expenditure and **Kshs. 3.520 billion** for development expenditure, as provided in the 2024/25 Budget Estimates be **approved**.

c) The proposed expenditure allocation for the State Department for Mining of **Kshs. 1.558 billion**, comprising **Kshs. 905.9 million** for recurrent expenditure and **Kshs. 652.3 million** for development expenditure, as provided in the 2024/25 Budget Estimates be **approved**.

6. COMMITTEE REQUEST FOR ADDITIONAL FUNDING

104. The Committee further recommends that the proposed estimates for the State Departments be enhanced with the following additional funding:

a) The **State Department for Environment and Climate Change** be allocated an additional **Kshs. 907.9 million** for the following:

   i) Increment of **Kshs. 205 million** for the recurrent expenditure of the Kenya Meteorological Department as climate change and associated extreme weather events like floods, have destroyed the Kenya Meteorological Offices which has necessitated a financial demand of **Kshs 205 million** to repair infrastructure, restore and replace instruments and equipment in 30 affected stations across the country.

   ii) Increment of **Kshs. 102.9 million** for the recurrent expenditure of Headquarters Administrative Services to clear the outstanding pending bills as of April, 30th 2024.

   iii) Increment of **Kshs.600 million** for the development expenditure in Environment Management and Protection to implement programmes related to National Solid Waste Management with an allocation of **Kshs.150 million**, Plastic Waste and Pollution Control with an allocation of **Kshs.150 million** and Implementation of National Climate Change action plan with an allocation of **Kshs.300 million**.

b) **The State Department for Forestry** is allocated an additional **Kshs. 815 million** for the following:

   i) Increment of **Kshs. 625 million** for the recurrent expenditure of KFS, as a reduction by **Kshs. 625 million** from the BPS ceiling will affect the payment of salaries amounting to **Kshs. 6,297 million** since the certainty of collecting a projected AIA of **Kshs. 4,474 million** which is tied to the payment of salaries is not guaranteed.

   ii) Increment of **Kshs. 190 million** for the recurrent expenditure of the Kenya Forestry Research Institute (KEFRI). The reduction of **Kshs. 190 million** from the BPS ceiling will directly affect Personnel Emolument whose total requirement is **Kshs.1,481 million** which is already underfunded by **Kshs. 58 million.** In addition, it's important to note that the Institute has no allocation for operations and maintenance. Therefore, with no resources provided for operations and maintenance, the Institute will be incapacitated to execute its mandate.

c) **The State Department for Mining** is allocated additional **Kshs. 666.5 million** for the following:

   i) Increment of **Kshs. 257.5 million** under development expenditure to the Mineral Certification Laboratory as the underfunding will affect the decentralization and equipping of mining laboratories; making mineral identification costly and encouraging illegal trading. It will also affect mining exploration equipping;

hampering expedited discoveries and valuation of minerals which would grant the Country mining investment opportunities.

ii) Increment of **Kshs. 104.6 million** under recurrent expenditure to the General Administration as the underfunding will hamper mining sector regulation, compliance management, artisanal mining activities, operations of the Mineral Rights Board, and revamping of the Legal and Institutional entities to streamline the Mining Sector.

iii) Increment of **Kshs. 236 million** under recurrent expenditure to the Mining Corporation (NAMICO) as the underfunding will highly affect its operations whereas the Agency is just setting up and building a base for internal revenue generation to reduce reliance on the exchequer; this may even contractual obligations and halts operations besides the Agency recruiting staff in FY2023/24.

iv) Increment of **Kshs. 68.4 million** under recurrent expenditure to the Geological Surveys Directorate as the underfunding will hamper ongoing ground truthing activities and continuous mineral exploration leading to loss of investment opportunities for the country's mineral resources thus hindering economic diversification.

SIGNED ..... **DATE** 21-5-2024

THE HON. DAVID GIKARIA, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND MINING)

PART VI
SCHEDULE 1: COMMITTEE'S REQUEST FOR ADDITIONS (Kshs. Millions)

Vote/	Recurrent	Development	Total	Justification
1331 - State Department For Environment and Climate Change				
1331001000 Meteorological Department	205.0	-	205.0	Climate change and associated extreme weather events like floods, that have destroyed the Kenya Meteorological Offices which has necessitated a financial demand of **Kshs 205 million** to repair infrastructure, restore and replace instruments and equipment in 30 affected stations.
1331000100 Headquarters Administrative Services	102.9	-	102.9	**Kshs. 102.9 million** to clear the outstanding pending bills as of April, 30th 2024
1331101300 National Solid Waste Management	-	150.0	150.0	**Kshs.150.0 million** to enable sustainable waste management improvement in order to improve the health of all Kenyans
1331101700 Plastic Waste Management and Pollution Control	-	150.0	150.0	**Kshs.150 million** to encourage the adoption of sustainable alternatives to single-use plastics
1331102200 Implementation of National Climate Change Action Plan	-	300.0	300.0	**Kshs.300 million** to help Kenya adapt to climate change and reduce greenhouse gas emissions
Total	**307.9**	**600.0**	**907.9**	

SCHEDULE 2: COMMITTEE'S REQUEST FOR ADDITIONS (Kshs. Millions)

Vote/	Recurrent	Development	Total	Justification
1332 - State Department For Forestry				
1332000200 Kenya Forest Service	**625.0**	-	**625.0**	For KFS, the reduction by **Kshs. 625 million** will affect payment of salaries amounting to **Kshs. 6,297 million** since the certainty of collecting projected AIA of **Kshs.4,474 million** which is tied to payment of salaries is not guaranteed.
1332000300 Kenya Forestry Research Institute	**190.0**	-	**190.0**	For KEFRI, the reduction of **Kshs.190 million** will directly affect Personnel Emolument whose total requirement is **Kshs.1,481 million** which is already underfunded by **Kshs.58 million**. In addition, it's important to note that the institute has no allocation for operations and maintenance. Therefore, with no resources provided for operations and maintenance, the institute will be incapacitated to execute its mandate.
Total	**815.0**		**815.0**	

SCHEDULE 3: COMMITTEE'S REQUEST FOR ADDITIONS (Kshs. Millions)

Vote/	Recurrent	Development	Total	Justification
1192 – State Department For Mining				
1192100500 Mineral Certification Laboratory	-	257.5	257.5	The Development reduction of **Kshs 257.54 Million** under the Geological Survey will affect the decentralization & equipping of mining laboratories; making mineral identification costly and encouraging illegal trading. It will also affect mining exploration equipping; hampering expedited discoveries and valuation of minerals which would grant the Country mining investment opportunities
1192000500 Directorate of Corporate Affairs(General Administration and Planning)	104.6	-	104.6	The Recurrent Budget reduction of Kshs 104.62 Million under General Administration will hamper mining sector regulation, compliance management, artisanal mining activities, operations of the Mineral Rights Board and revamping of the Legal and Institutional entities to streamline the Mining Sector.
1192000504 National Mining Corporation	236.0	-	236.0	The reduction of **Kshs 236 million** from the BPS ceilings for the National Mining Corporation (NAMICO) will highly affect its operations whereas the Agency is just setting up and building a base for internal revenue generation to reduce reliance on the exchequer; this may even contractual obligations and halts operations besides the Agency recruiting staff in FY2023/24.
1192000600 Directorate of Geological Survey.	68.4	-	68.4	The Recurrent Budget reduction of **Kshs 68.4 Million** under the Geological Surveys Directorate will hamper ongoing ground truthing activities and continuous mineral exploration leading to loss of investment opportunities for the Country's mineral resources thus hindering economic diversification.
Total	**409.0**	**257.5**	**666.5**	

Annex 2: PBO brief on the proposed 2020/21 Budget Estimates
Annex 3: MDA's submissions
Annex 4: Minutes of the Committee Sittings
Annex 5: Adoption List

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY & IRRIGATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION

.....

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE 2024/2025 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

VOTE 1109: STATE DEPARTMENT FOR WATER & SANITATION

VOTE 1104: STATE DEPARTMENT FOR IRRIGATION

VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

MAY , 2024

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PART 1

1.0 PREFACE

1.1 Introduction

1. This is the Committee's report on its consideration of the 2024/2025 Budget Estimates which was tabled in the House on 30th April, 2024 in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Establishment of the Committee

2. The Departmental Committee on Blue Economy, Water and Irrigation is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all legislation referred to it;*
   v. *To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

1.3 Subject of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.

4. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:
   i. The State Department for Water and Sanitation
   ii. The State Department for Irrigation
   iii. The State Department for Blue Economy and Fisheries

1.4 Committee Membership

5. The Departmental Committee on Blue Economy, Water and Irrigation was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson
Hon. Bowen David Kangogo, MP - **Chairperson**
Marakwet East Constituency
United Democratic Alliance Party

Vice- Chairperson
Hon. Kemero Maisori Marwa, MP - **Vice- Chairperson**
Kuria East Constituency
United Democratic Alliance Party

Hon. Stanley Muiruri Muthama, MP
Lamu West Constituency
Jubilee Party

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency
United Democratic Alliance Party

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency
Orange Democratic Party

Hon. Were Charles Ong'ondo, MP
Kasipul Constituency
Orange Democratic Party

Hon. Nebart Bernard Muriuki,MP
Mbeere South Constituency
Independent Member

Hon. Adow Mohamed Aden, MP
Wajir South Constituency
Orange Democratic Party

Hon.George Gachagua, MP
Ndaragwa Constituency
United Democratic Alliance Party

Hon. Tandaza Kassim Sawa, MP
Matuga Constituency
Amani National Congress

Hon. William Kamket, MP
Tiaty Constituency
KANU

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency
Wiper Democratic Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated
United Democratic Alliance Party

Hon. Mnyazi Amina Laura, MP
Malindi Constituency
Orange Democratic Movement

Hon. Eric Mwangi Kahugu, MP
Mathira Constituency
United Democratic Alliance Party

1.5 Committee Secretariat

6. The Committee is facilitated by the following staff:

Mr. Nicodemus K. Maluki
Clerk Assistant I/Head of Secretariat

Ms. Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Senior Fiscal Analyst

Ms. Lynette Otieno
Senior Legal Counsel

Ms. Veron D. Aluoch
Research Officer III

Ms. Joyce Wachera
Hansard Officer

Mr. Allan Gituku
Senior Sergeant-At-Arms

Ms. Fridah Ngari
Media Relations Officer

Mr. Eugene Luteshi
Audio Officer

1.6 Overview of the examination of the 2023/2024 Budget Estimates

7. The FY 2024/25 Budget Estimates was submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and the Standing Order 235 of the National assembly Standing Orders and subsequently tabled on the floor of the House on 30th April, 2024. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and make recommendations to the Budget and Appropriations Committee pursuant to Standing Order 235(4).
8. The Committee held a total of six (6) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 20th, 21st , 22nd and 23rd May, 2023 in Parliament.

1.7 Acknowledgement

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the FY 2024/2025 Budget Estimates.
11. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Blue Economy, Water and Irrigation to submit its Report on the consideration of the FY 2024/2025 Budget Estimates.

Hon. David Bowen Kangogo, M.P.
Chairperson, Departmental Committee on Blue Economy, Water and Irrigation

PART II

2.0 BROAD OVERVIEW OF THE FY 2024/2025 BUDGET ESTIMATES

12. The 2024/25 Budget Estimates have been reduced by Kshs.273.29 billion from the approved 2024 BPS. The reduction has been occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality. The allocation to the National Government is Kshs. 2,310.36 billion which comprises of Kshs. 2,243.05 billion for the Executive, Kshs 43.62 billion for Parliament, and Kshs. 23.69 billion for the Judiciary, with allocations to the two arms of government maintained as approved in the 2024 BPS.

13. The allocation to County Governments of Kshs. 391.12 billion excludes conditional grants from National governments amounting to 54.9 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs1,213.45 billion. This allocation includes Kshs. 749.9 billion for domestic interest payments, Kshs. 259.9 billion for foreign interest payments and Kshs 203.6 billion for pensions, salaries, and allowances.

14. To remain on the fiscal consolidation path, the Budget Summary for FY 2024/25 outlined the need to contain borrowing and rationalize expenditures to sustainable levels. The fiscal consolidation path pursued aims at reducing expenditures by improving efficiency in public spending and ensuring value for money through expenditure rationalization, as follows:-

i. Reduction of GoK grants to State Corporations to not more than 70% of the approved budget in FY 2023/24;
ii. Reduction of non-priority expenditures in the recurrent budget by up to 50%, and freezing foreign travel;
iii. Scaling down funding of GoK capital projects in the FY 2024/25 budget by up to 30%; and
iv. Scaling down funding of Development Partners' Funded Projects by 25%.

c. State Department for Water and Sanitation

15. The State Department for Water and Sanitation has an allocation of Kshs. 49.46 billion comprising of Kshs. 5.48 billion for recurrent expenditure and Kshs. 43.98 billion for development expenditure. When compared to the ceilings approved in the Budget Policy Statement (BPS), the allocation is lower by Kshs. 17.59 billion with the recurrent expenditure being lower by Kshs. 664.8 million while the development expenditure is lower by Kshs. 16.92 billion.

16. Under the Recurrent Expenditure the State Department has been allocated Kshs. 5.48 billion for recurrent expenditure. This will be funded from Appropriations-in-Aid (AIA) of Kshs. 3.26 billion and GoK Exchequer funding of Kshs. 2.22 billion. Compared to the

approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to decrease by Kshs. 1.11 million with the AIA collection being lower by Kshs. 131.5 million while the GoK Exchequer funding will reduce by Kshs. 982.7 million.

17. Under the Development Expenditure the State Department has been allocated Kshs. 43.98 billion. This will be funded from Donors by Kshs. 35.51 billion and GoK Exchequer by Kshs. 8.47 billion. Compared to the approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to decrease by Kshs. 14.34 billion with the Donor funding being lower by Kshs. 7.22 billion and the GoK Exchequer funding will be lower by Kshs. 7.12 billion.

18. There will be 99 projects being implemented by the State Department in the FY 2024/25. Out of these, 11 projects are new while the rest are ongoing projects.

b. State Department for Irrigation

19. The State Department for Irrigation has an allocation of Kshs. 20.02 billion comprising of Kshs. 1.15 billion for recurrent expenditure and Kshs. 18.87 billion for development expenditure. When compared to the ceilings approved in the Budget Policy Statement (BPS), the allocation is lower by Kshs. 4.98 billion with the recurrent expenditure being lower by Kshs. 383.1 million while the development expenditure is lower by Kshs. 4.6 billion.

20. Under the recurrent expenditure the State Department has been allocated Kshs. 1.15 billion. This will be funded from Appropriations-in-Aid (AIA) of Kshs. 358 million and GoK Exchequer funding of Kshs. 788.9 million. Compared to the approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to decrease by Kshs. 394.9 million with the AIA collection being lower by Kshs. 50 million while the GoK Exchequer funding will reduce by Kshs. 344.9 million.

21. Under the Development Expenditure, the State Department has been allocated Kshs. 18.87 billion. This will be funded from Donors by Kshs. 9.79 billion and GoK Exchequer by Kshs. 9.08 billion. Compared to the approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to decrease by Kshs. 3.77 billion with the Donor funding being lower by Kshs. 556 million and the GoK Exchequer funding will be lower by Kshs. 3.22 billion.

22. The reduction for all the spending entities under the State Department is more than 10% thus it is likely to either affect salaries for employees or immobilize the entity from undertaking its mandate.

c. State Department for Blue Economy and Fisheries

23. The State Department for Blue Economy and Fisheries has an allocation of Kshs. 11.35 billion comprising of Kshs. 2.32 billion for recurrent expenditure and Kshs. 9.04 billion for development expenditure. When compared to the ceilings approved in the Budget Policy Statement (BPS), the allocation is lower by Kshs. 2.22 billion with the recurrent expenditure being lower by Kshs. 757.8 million while the development expenditure is higher by Kshs. 1.47 billion.

24. Under Recurrent Expenditure the State Department has been allocated Kshs. 2.32 billion. This will be funded from Appropriations-in-Aid (AIA) of Kshs. 70 million and GoK Exchequer funding of Kshs. 2.25 billion. Compared to the approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to decrease by Kshs. 504.7 million with the change being wholly due to a reduction in GoK Exchequer funding.

25. Under the Development Expenditure, the State Department has been allocated Kshs. 9.04 billion. This will be funded from Donors by Kshs. 5.82 billion and GoK Exchequer by Kshs. 3.22 billion. Compared to the approved expenditure estimates for FY 2023/24, the overall budget for the State Department is expected to increase by Kshs. 52 million with the Donor funding being higher by Kshs. 532 million and the GoK Exchequer funding will be lower by Kshs. 480 million.

26. There will be 30 projects being implemented by the State Department in the FY 2024/25. Out of these, 10 projects are new while the rest are ongoing projects.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

27. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the 2024/ 25 Budget Estimates on 20th , 21st and 22nd May, 2024 in Parliament. The MDAs included Ministry of Water, Sanitation and Irrigation and State Department for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 State Department for Blue Economy and Fisheries

28. The Cabinet Secretary, Ministry of Mining, Blue Economy and Marine Affairs, Hon. Salim Mvurya, EGH appeared before the Committee on Monday 20th May, 2024 and submitted on the 2024/25 Budget Estimates for the State Department for Blue Economy and Fisheries as follows:

i. The State Department for Blue Economy and Fisheries is implementing three programmes namely; Fisheries Development and Management, General Administration, Planning and Support Services and Development and Coordination of the Blue Economy.

ii. The State Department was allocated a total of Kshs. 13,577million in the approved 2024 Budget Policy Statement. The allocation comprised of Kshs, 3,074million for recurrent expenditures and Kshs 10,503million for development expenditures. This allocation has been reduced by Kshs. 2,223 million.

iii. Under the recurrent vote, the State Department baseline estimates (FY2023/24) for recurrent expenditure is Kshs. 2,821million. The Department was allocated Kshs. 3,074 million in the 2024 Budget Policy Statement. However, this has been reduced by Kshs. 758million to Kshs. 2,316 million in the FY 2024/25. The reduction affected grants and transfer s to SAGAs Kshs. 700million and operations and maintenance (Kshs 58milion).

iv. The FY 202/25 allocations include Appropriation in Aid (AIA) of Kshs. 20million for Kenya Marine Fisheries and Research Institute (KMFRI), Kshs. 22million for Kenya Fisheries (KeFS) and Kshs. 28million for Kenya Fishing Industries Cooperation (KFIC).

v. Under the Development, the State Department had been allocated of Kshs. 8,986 million comprising of Kshs. 3,698million GoK contribution and Kshs 5,288million from development partners. In the FY2024/25 the State Department has been allocated Kshs. 9,038million against approved 2024 Budget Policy Statement allocation of Kshs 10, 503million hence a reduction of Kshs. 1,465million. The reduction in GoK allocation will affect implementation of Marine Fish Stock Assessment, completion of fish markets, fish landing sites and Ultra- Modern hub at Liwatoni.

vi. As at the end of third quarter, the State Department received a total of Kshs. 4,252 as exchequers comprising of 1,718 million and 2,534 million for recurrent and Development expenditures respectively. Kshs 2,442 million was received as donor funding under the Aquaculture Business Development (ABDP) and Kenya Marine

Fisheries and Social Economic Development (KEMFSED) Project. **Kshs 9 million** in Appropriation in Aid (AIA) was collected by Kenya Marine Fisheries and Research Institute, 15million collected by Kenya Fisheries Services and **Kshs 21** million by fishing Industries Corporation.

vii. The State Department has three new projects to be implemented in 2024, namely; Kabonyo Fisheries and Aquaculture services and training Centre of excellence, construction of fish landing sites in lake Baringo, Lake Naivasha, Lake Turkana and Muhurubay fish landing site in Migori and construction of fish markets.

viii. The pending bills at 31st March, 2024 amounts to Kshs. 240 million related to conference facilities, air tickets, contractors pending certificates, contracted guards and cleaning services, gratuity and general supplies and others

ix. Due to the low sector ceilings, the budget allocation for the State Department could not accommodate some key areas. The Department appealed for intervention by the Committee on the following under recurrent and development budgets.

- State Departments O & M Budget – Kshs 300M
- Kenya Fisheries Service - Kshs 279Million
- Kenya Marine and Fisheries Research Institute – Short fall (Kshs 619million)
- Kenya Fish Marketing Authority – Shortfall Kshs (Kshs 46 million)
- Kenya Fish Industries Corporation – Shortfall (Kshs 55 Million)
- Fish Levy Trust Fund – Shortfall (Kshs 30million)
- Kshs. 1 Billion for marine Stock assessment
- Kshs 500 Million to complete Phase 1 of Lwawatoni Ultra-Modern Fish Hub.

3.2 State Department for Irrigation

29. The Principal Secretary, State Department for Irrigation Mr. Ephantus Kimotho appeared before the Committee on Wednesday 22nd May, 2024 and submitted as follows:

i. The State Department is implementing four programmmes in the current Financial Year and in the year 2024/25 and the medium term; General Administration, Planning and planning Services, Irrigation and Land Reclamation, Water Harvesting and Storage for Irrigation and Water Storage and Flood Control.

ii. The Total Recurrent estimates has dropped by Kshs 329 million (being 279million GoK and Kshs 50 million AIA from the Budget Policy Statement gross level of Kshs 1.530 million to 1,201million in the proposed estimates.

iii. As a result, NIA has lost Kshs. 208 million of its GoK net Budget OF Kshs. 401 million in the FY2024/25and NWHSA has lost Kshs. 71million of its 384million GoK allocated in the FY 2024/25. This drop has been occasioned by the ongoing budget rationalization process of the SAGAs budget by National Treasury to achieve fiscal consolidation.

iv. A drop in Appropriation in Aid under NWHSA of Kshs 50million is due to reduced revenue generation of the business development unit at the agency due to unserviceable drilling equipment.

v. The allocation to National Water Harvesting and Storage Authority (NWHSA) has been reduced by Kshs. 84.6 million (27%) when compared to FY 2023/24.

vi. The allocation to National Irrigation Authority (NIA) has been reduced by Kshs. 222.3 million (31%) when compared to FY 2023/24.

vii. The allocation for the State Department Headquarters has been reduced by Kshs. 38 million (12%) when compared to FY 2023/24.

viii. The reduction for all the spending entities under the State Department is more than 10% thus it is likely to either affect salaries for employees or immobilize the entity from undertaking its mandate.

3.3 State Department for water and Sanitation

i. The State Departments total allocation for the FY/ 2024/25 is Kshs. 49.46billion. A total recurrent allocation is Kshs5.48 billion, while Development allocation is Kshs. 43.98bilion. Overall the Budget has been reduced by Kshs 17.589billion from BPS ceiling. In addition, the budget has been reduced by Kshs. 15.454 billion when compared with the FY2023/24 approved estimates.

ii. Under the recurrent allocation for the FY 2024/25 is 5.48 billion, a reduction of Kshs 665million from BPS ceilings. When compared with the FY 2023/24 approved estimates the budget was reduced by Kshs. 1.114 billion. Recurrent grants and transfers suffered the biggest cut of Kshs. 657million while other recurrent (O & M) was reduced by Kshs. 8million. This will severely affect the SAGAs operations particularly the payment of personnel emoluments and operational costs.

iii. The total development allocation has been reduced by Kshs. 16.9 Billion from the BPS ceilings. GoK was reduced by Kshs. 1.25 Billion while loans and grants reduced by Kshs13.8billion and Kshs. 1.83 billion respectively. Compared with the FY2023/24 approved estimates, the Budget was reduced by Kshs. 14.34 billion. GoK development allocation reduced by Kshs. 7.117billion while loans and grants reduced by 5.89billion and 1.33billion respectively.

iv. The total recurrent transfers to SAGAs have been reduced by Kshs 657 million to from the BPS ceilings. This will severally affect the SAGAs operations particularly the payment of personnel emoluments and other operational costs.

v. The total recurrent expenditure is Kshs. 2.67 billion against w budget allocation of Kshs. 3.2 billion translating to an absorption rate of 74%.

vi. The total development expenditure is Kshs. 22.23Billion against allocation of Kshs 58.2 Billion translating to absorption rate of 38%. However, the State Department has made commitments totaling to Kshs. 32 Billion.

vii. The allocation to Water Services Regulatory Authority has been maintained at the FY 2023/24 level of Kshs. 650 million and will be fully funded by Appropriations-in-Aid (AIA) collected by WASREB.

viii. The allocation to Hydrologist Registration Board has been increased by Kshs. 15 million (60%) when compared to the approved estimates for FY 2023/24.

ix. All other SAGAs and the State Department headquarters have a decrease in their allocations when compared to the approved estimates for FY 2023/24. The spending entitles that have the largest reductions include Water Appeals Board (100%), Water Sector Trust Fund (52%), Lake Victoria North WWDA (41%), Kenya Water Institute (36%), Lake Victoria South WWDA (24%), Athi WWDA (24%), Tana WWDA (23%), TANATHI WWDA (23%), Central Rift Valley WWDA (17%), Northern WWDA (17%), North Rift Valley WWDA (14%), Regional Center for Ground Water Resources (9%), Coast WWDA (7%) and State Department Headquarters (4%).

PART IV

4.0 COMMITTEE OBSERVATIONS

30. The Committee, having scrutinized the Expenditure Estimates for FY 2024/25 for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations:

a. State Department for Blue Economy and Fisheries

31. The Committee noted that the State Department has a Gross Estimates of Kshs. 11.354 billion. It comprises of Kshs. 2.317 billion for recurrent expenditure and Kshs. 9.038 billion for development expenditure.

32. The Committee noted that there were a number of ongoing projects that have been facing implementation challenges and the State Department adopted various strategies to address these challenges. The affected projects include the Liwatoni Ultra-Modern Fish Hub, Mombasa Fish Market and Malindi Fish Market. With the corrective measures in place, the Committee is confident that these projects will be finalized within the current financial year so their allocations need to be enhanced.

33. The Committee noted that all the SAGAs in the State Department headquarters have a decrease in their allocations when compared to the approved estimates for FY 2023/24. Since the decrease in most SAGAs is more than 10%, it is likely to either affect salaries for employees or immobilize the entity from undertaking its mandate. Some of the SAGAs with the largest reductions include Kenya Fish Marketing Authority (90%), Fish Levy Trust Fund (60%), Kenya Fisheries Industries Corporation (51%) and Kenya Marine and Fisheries Research Institute (23%).

b. State Department for Irrigation

34. The Committee noted that the State Department has a Gross Estimates of Kshs. 20.018 billion. It comprises of Kshs. 1.147 billion for recurrent expenditure and Kshs. 18.871 billion for development expenditure.

35. The Committee noted that the State Department has made strides in addressing the challenges of delays in project completion and budget absorption which had belaboured it in the past. Its prioritization of projects and equity in distribution across the country was also applauded by the Committee.

36. The Committee noted that both SAGAs in the State Department headquarters have a decrease in their allocations when compared to the approved estimates for FY 2023/24. Since their decreases are more than 25%, it is likely to either affect salaries for employees or immobilize the entity from undertaking its mandate. The allocation to National Irrigation Authority (NIA) has been reduced by 31% and the allocation to National Water Harvesting and Storage Authority (NWHSA) has been reduced by 27%.

c. State Department for Water and Sanitation

37. The Committee noted that the State Department has a Gross Estimates of Kshs. 49.46 billion. It comprises of Kshs. 5.48 billion for recurrent expenditure and Kshs. 43.979 billion for development expenditure.

38. The Committee noted that the State Department was allocating huge resources for projects at the Headquarters, yet the implementing agencies are the 9 Water Works Development Agencies (WWDAs). This made project implementation unnecessarily bureaucratic, leading to frequent delays in project implementation. There is need to have all projects being implemented at headquarters transferred to WWDAs.

39. The Committee noted that all the SAGAs in the State Department headquarters have a decrease in their allocations when compared to the approved estimates for FY 2023/24. Since the decrease in most SAGAs is more than 10%, it is likely to either affect salaries for employees or immobilize the entity from undertaking its mandate. Some of the SAGAs with the largest reductions include Water Sector Trust Fund (52%), Lake Victoria North WWDA (41%), Kenya Water Institute (36%), Lake Victoria South WWDA (24%), Athi WWDA (24%), Tana WWDA (23%) and TANATHI WWDA (23%).

40. The Committee noted that the slow progress of implementation for donor funded projects was being caused by two main challenges. First, government has not been providing adequate counterpart funding for these projects. The counterpart funding is what is used for payment of resettlement action plans (RAP) and also any tax liabilities with the KRA. Second, there has been delays in disbursement of donor funds by the Headquarters to projects especially those that are being implemented by WWDAs. With respect to the inadequacy of counterpart funding, there needs to be a consulted effort to increase GoK Exchequer allocation to the State Department. Similarly, with respect to the challenges with disbursement of donor funding, the State Department should put in measures to address this issue.

PART V

5.0 Committee Recommendations

Financial Recommendations

41. The Committee recommends that for the **State Department for Irrigation**, the Gross Expenditure for the FY 2024/25 of Kshs. 20.018 billion comprising of Kshs. 1.147 billion for recurrent expenditure and Kshs. 18.871 billion for development expenditure be approved without amendments.

42. The Committee recommends that for the **State Department for Blue Economy and Fisheries**, the Gross Expenditure for the FY 2024/25 of Kshs. 11.354 billion comprising of Kshs. 2.317 billion for recurrent expenditure and Kshs. 9.038 billion for development expenditure be approved with the following amendments as shown in Table 1.

Table 1: Proposed Committee Reallocations for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
0111000 Fisheries Development and Management	1166101503 Construction of Fish Market in Mombasa	35,000,000	33,000,000	Reinstatement of allocation reduced in Supplementary II for FY 2023/24
	1166101504 Construction of Fish Market in Malindi	25,000,000	30,000,000	Reinstatement of allocation reduced in Supplementary II for FY 2023/24
	1166101506 Construction of Fish Market in Kwale	50,000,000	(10,000,000)	Reduction of funds so as to complete other ongoing projects
0118000 Development and Coordination of the Blue Economy	1166101703 Fish Landing Site in Gazi	40,000,000	18,000,000	Reinstatement of allocation reduced in Supplementary II with the aim of completing the project.

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
	1166101608 Fish Landing Sites in Lake Turkana	140,000,000	(16,000,000)	This is a new project so reduction of part of funds will be used to complete other ongoing projects
	1166101702 Fish Landing Site in Kibuyuni	44,000,000	(4,000,000)	Reduction of funds so as to complete other ongoing projects
	1166101802 Marine Fish Stock Assessment	226,010,000	(226,010,000)	Reallocation of funds to Liwatoni Ultra-Morden Fish Hub since the next phase of the project will be undertaken in FY 2025/26 due to limited government funding.
	1166101804 Capacity Building - Deep Sea Fishing - BETA	51,000,000	(51,000,000)	Reallocation of funds since the project has been paused as the government focuses on placement of the currently trained deep-sea fishermen.
	1166102500 Liwatoni Ultra-Modern Fish Hub	469,500,000	226,010,000	Reinstatement of allocation reduced in Supplementary II for FY 2023/24 since the State Department will have completed the recruitment of a new contractor within the 1st quarter.
Total			-	

43. The Committee recommends that for the **State Department for Water and Sanitation**, the Gross Expenditure for the FY 2024/25 of Kshs. 49.46 billion comprising of Kshs. 5.48 billion for recurrent expenditure and Kshs. 43.979 billion for development expenditure be approved with the following amendments as shown in Table 2.

Table 2: Proposed Committee Reallocations for the State Department of Water and Sanitation (Kshs)

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
1017000 Water and Sewerage Infrastructure Development	1109124101 Construction of Water Pans & Small Dams - NWWDA	40,000,000	(40,000,000)	Reallocation of uncommitted funds to reinstate reductions done in Supplementary II for FY 2023/24 to projects in NWWDAs
	1109128050 Bojigaras Waterpan	-	10,000,000	Reinstatement of allocation reduced in Supplementary II for FY 2023/24 so as to ensure the project is completed
	1109128051 Turbi Waterpan	-	20,000,000	
	1109119002 Dadantallai-Eldas-Jukala-Waradey	41,000,000	120,000,000	Reinstatement of funds that were reduced in Supplementary II for FY 2023/24.
	Dandora Estate Sewerage Treatment – Phase II	-	200,000,000	The project will help in cleaning up Nairobi River whose water feeds to Thwake Dam.
	1109125801 Drilling of Bukananchi Prophetic Church borehole	50,000,000	(50,000,000)	Reduction since the project was already funded in FY 2022/23 through National Water Harvesting and ground water Exploitation
	Ziwa – Little Nzoia - Tongaren	-	50,000,000	Allocation to a project that was damaged during 2007/08 post-election violence and

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
				has never been rehabilitated.
	Languraa Water Supply	-	100,000,000	Allocation for a project in Wajir which has no functional water supply infrastructure.
	1109126902 Mosongo Water Project - LVNWWDA	-	250,000,000	Allocation to complete the project which is ongoing.
	1109115800 Cross-County Bulk Water and Sanitation Improvement Project	498,000,000	(300,000,000)	Reallocation of part of the funds to respective WWDA since the money is domiciled in the Headquarters yet the projects are implemented in WWDAs.
	1109115500 Water for Schools - BETA	693,300,000	(500,000,000)	Reallocation of part of the funds to respective WWDA since the money is domiciled in the Headquarters yet the projects are implemented in WWDAs.
	1109126801 Water harvesting Projects - Headquarters	-	150,000,000	Allocation to construct water harvesting projects in water scarce counties under CWWDA
	Rehabilitation of Water Facilities - CWWDA	-	150,000,000	Allocation to rehabilitate water facilities damaged by recent floods under CWWDA.
	1109105600 Malava	534,000,000	(100,000,000)	Reduction of funds due to challenges in

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
	Gravity Scheme Water Project			absorptions of funds
	1109128109 Kapyego community water supply	-	180,000,000	Allocation to extend the water supply from an intake that was constructed in FY 2023/24 so as to effectively use the water.
	1109113300 Nairobi City Regeneration Programme	100,000,000	(100,000,000)	Reduction of funding due to duplication of the same function with Nairobi Water Commission
	1109119000 National Water Harvesting and ground water Exploitation	700,000,000	(300,000,000)	Reallocation of part of the funds since the money is domiciled in the Headquarters instead of in WWDAs. So the Committee proposes to have the monies fund specific projects in WWDAs.
	1109113100 Mathira Water supply Project	50,000,000	80,000,000	To reinstate the reductions done in Supplementary II for FY 2023/24
	1109127101 Water Harvesting and Rehabilitation of Water Infrastructure - Headquarters	-	80,000,000	Allocation to construct water harvesting projects in water scarce counties under TANATHI WWDA
Total			-	

Requests for Additional Funding

44. Further, the Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding of key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA) as detailed in Tables 3 - 5.

Table 3: Wish List for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
0111000 Fisheries Development and Management	1166001600 Kenya Fisheries Services	524,830,000	-	80,000,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 530 million.
	1166001207 Kenya Fish Marketing Authority (KFMA)	4,890,000	-	46,110,000	-	To fund PE and O&M
	1166001210 Fish Levy Trust Fund (FLTF)	12,000,000		18,000,000		To fund PE and O&M
	1166001211 Kenya Fishing Industries Corporation	20,000,000		50,000,000		To fund PE and O&M
	1166001100 Kenya Marine Fisheries Research Institute	1,135,900,000	-	342,000,000	-	To fund PE and O&M
Total				**536,110,000**		

Table 4: Wish List for the State Department of Irrigation (Kshs)

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
1014000 Irrigation and Land Reclamation	1104000300 National Irrigation Authority (NIA)	501,250,000	-	208,000,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 550 million.
	1104101000 Rwabura Irrigation Devt Project	-	208,000,000	-	900,000,000	For Resettlement Action Plan
	1104100700 Galana Kulalu Irrigation devt project	-	100,000,000	-	264,000,000	For construction of Water Reservoir
	1104101800 Water Security and Climate Resilience Project (KWSCRP-II) - Mwache Dam Phase I	-	4,700,000,000	-	2,000,000,000	For Resettlement Action Plan
1015000 Water Storage and Flood Control	1104000700 National Water Harvesting Authority (NWHSA)	362,900,000	-	72,000,000		To fund shortfalls in personnel emoluments which stand at Kshs. 365 million.
	Soin-Koru Dam	-	-	-	3,889,000,000	For Resettlement Action Plan and payment

						of pending bills.
	1104102300 Umaa Dam	-	250,000,000	-	1,000,000,000	To fastrack the completion of the dam
	1104102100 Flood Control Works-ESP	-	-	-	1,200,000,000	To rehabilitate flood control works destroyed by the recent long rains.
Total				**280,000,000**	**9,235,000,000**	

Table 5: Wish List for the State Department of Water and Sanitation (Kshs)

Programme	**Head/ Project**	**Original Estimate**		**Proposed Change**		**Details**
		Recur.	**Devt.**	**Recur.**	**Devt.**	
1017000 Water and Sewerage Infrastructure Development	Rehabilitation and Expansion of Ogembo Water Supply	-	-	-	138,600,000	This is a presidential directive project in Kisii County
	Kiamuguongo Water Project	-	-	-	55,000,000	This is a critical water project in Kirinyaga County.
	Kibunga-Kikimiki Water Project	-	-	-	250,000,000	This is a critical water project in Tharaka Nithi County.
	Rehabilitation of Manyatta Community Water Project	-	-	-	20,000,000	It's a colonial water project in Nyandarua County but been out of

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
						operation since 1988 despite having existing infrastructure.
	Ithanga Water Supply Project	-	-	-	471,440,000	To settle tax demand notice by KRA.
	1109111300 Mwache water pipeline extension	-	-	-	576,000,000	For resettlement action plan.
	Githagara Mairo Water Project	-	-	-	203,000,000	For relocation of pipelines along the road which is currently being tarmacked.
	Tigithi Humuka Water Project	-	-	-	59,000,000	The project will serve the Ngare Ng'iro Community in Laikipia County.
	Eight Treatment Plans – Culligan Technologies Project	-	-	-	2,000,000,000	Development of 8 dams in Uasin Gishu and solar system for water treatment.
	1109001500 Water Resources Authority	1,585,000,000	-	358,000,000	-	The WRA is fully funded by AIA but there are 3

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
						Petitions in different courts that have stopped part of the AIA collection. This means that there will be AIA shortfalls and GoK exchequer support is necessary.
	1109000700 Kenya Water Institute	249,400,000	-	138,600,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 324 million.
	1109000300 Water Services Trust Fund	150,600,000	-	140,000,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 200 million.
	1109001400 Regional Centre on Ground Water Resources	62,500,000	-	16,100,000	-	To meet O&M shortfalls
	1109003500 Coast WWDA	1,030,400,000	-	80,000,000	-	To meet O&M shortfalls

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
	1109003300 Lake Victoria North WWDA	87,185,800	-	110,114,200	-	To fund shortfalls in personnel emoluments which stand at Kshs. 197.3 million.
	1109003200 Lake Victoria South WWDA	108,600,000	-	62,023,878	-	To fund shortfalls in personnel emoluments which stand at Kshs. 120 million.
	1109003100 Athi WWDA	260,000,000	-	8,029,739	-	To fund Affordable Housing Levy Contributions.
	1109004500 Central Rift Valley WWDA	177,800,000	-	37,642,324	-	To meet O&M shortfalls
	1109003600 Tana WWDA	163,400,000	-	49,000,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 165 million.
	1109003800 TANATHI WWDA	100,800,000	-	88,000,000	-	To fund shortfalls in personnel emoluments which stand at Kshs. 130 million.
	1109003700 Northern	76,600,000	-	15,400,000	-	To meet O&M

Programme	Head/ Project	Original Estimate		Proposed Change		Details
		Recur.	Devt.	Recur.	Devt.	
	WWDA					shortfalls
	1109004400 North Rift Valley WWDA	106,000,000	-	17,000,000	-	To meet O&M shortfalls
Total						

SIGNED .....
HON. BOWEN KANGOGO, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON BLUE ECONOMY AND IRRIGATION)

DATE 24/05/2024.

ANNEXURES

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2. Minutes
3. PBO Brief
4. MDAs presentations

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION 2024

THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON THE BUDGET ESTIMATES FOR THE F.Y. 2024/2025 FOR THE AGENCIES UNDER GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR (GJLOS)

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY 2024

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CHAIRPERSON'S FOREWORD

The Budget Estimates for the FY 2024/25 were tabled in the House on Tuesday, 30th April, 2024 and subsequently referred to the relevant Departmental Committees for consideration and review.

The Second Schedule of the National Assembly Standing Orders assigns the Departmental Committee on Justice and Legal Affairs the mandate to consider matters related to constitutional affairs; the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption; and human rights.

Following the referral of the Budget Estimates to the Departmental Committees, the Departmental Committee on Justice and Legal Affairs was briefed by the Parliamentary Budget Office on the contents of the Budget Estimates with regard to the Governance, Justice, Law and Order sector. Thereafter, the Committee engaged the relevant stakeholders and met with the Accounting Officers of the various agencies under the purview of the Committee and reviewed their Estimates, as proposed under the Budget Estimates for the FY 2024/2025.

Emanating from those discussions and reviews, the Committee made several observations as contained in section 3 of the Report. Subsequently, the Committee made several recommendations also as contained in section 4 of the Report.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the FY 2024/25 Budget Estimates.

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

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the FY 2024/25 Budget Estimates.

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE OF JUSTICE AND LEGAL AFFAIRS
COMMITTEE

PART 1

1.0 PREFACE

1.1. ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. 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; an
   (j) Examine any questions raised by Members on a matter within its mandate.

2. 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.

1.2. COMMITTEE MEMBERSHIP

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

Chairperson
Hon. Murugara George Gitonga, MP
Tharaka Constituency
UDA Party

Vice-Chairperson
Hon. Mutuse Eckomas Mwengi
Kibwezi West Constituency
MCCP Party

Members

Hon. Maalim Farah, MP
Dadaab Constituency
WDM-K

Hon. Francis Kajwang' Tom Joseph, MP
Ruaraka Constituency
ODM Party

Hon. Junet Mohamed, MP
Suna East Constituency
ODM Party

Hon Onyiego Silvanus Osoro, MP
South Mugirango Constituency
UDA Party

Hon. (Dr.) Otiende Amollo, SC, MP
Rarieda Constituency
ODM Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok Constituency
UDA Party

Hon. Makali John Okwisia, MP
Kanduyi Constituency
FORD-Kenya

Hon. Muriu Wakili Edward, MP
Gatanga Constituency
UDA Party

Hon. Maina Jane Njeri, MP
Kirinyaga (CWR)
UDA Party

Hon. Gichohi Kaguchia John Philip, MP
Murukweini Constituency
UDA Party

Hon. Mogaka Stephen M, MP
West Mugirango Constituency
Jubilee Party

Hon. Mohamed Aden Daudi, MP
Wajir East Constituency
Jubilee Party

Hon. Siyad Amina Udgoon, MP
Garissa Township
Jubilee Party

1.3. COMMITTEE SECRETARIAT

4 The Committee secretariat is as follows–

Mr. Ahmed Salim Abdalla
Clerk Assistant I / Head of the Secretariat

Mr. Ronald M. Walala
Senior Legal Counsel

Mr. Abdikafar Abdi
Clerk Assistant III

Ms. Jael Ayiego Kilaka
Clerk Assistant III

Mr Omar Abdirahim
Fiscal Analyst II

Mr. John Nduaci
Serjeant-at-Arms

Ms. Vivienne Ogega
Research Officer III

Mr. Calvin Karungo
Media Relations Officer

Mr. Peter Mutethia
Audio Officer

Ms. Mary Kamande
Public Communications Officer

Mr. Isaac Nabiswa
Legal Counsel II

1.4. COMMITTAL OF THE BUDGET ESTIMATES FOR FY 2024/25 TO DEPARTMENTAL COMMITTEES

5. The Budget Estimate for FY 2024/25 were tabled in the House by the Majority Leader on Tuesday, 30th April 2024 and thereafter referred to the various Departmental Committees for consideration and subsequently the Departmental Committees are required to submit reports to the Budget and Appropriations Committee.

1.5. COMMITTEE'S EXAMINATION OF THE BUDGET ESTIMATES FOR FY 2024/2025

6. The Committee held five (5) sittings examining the estimates. The first sitting took place on 14th May, 2024 at 10:00am where the Committee was briefed on the Budget Estimates by the Parliamentary Budget Office before interacting with the State Agencies.

7. The Committee subsequently held sittings with the Accounting Officers from the following State Agencies; the Judiciary and Judicial Service Commission, the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR) , 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 Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), Witness Protection Agency and the Office of the Directorate of Public Prosecution (ODPP) and the State Department for Correctional Services.

8. The Committee's examination of the Budget Estimates for FY 2024/2025 was based on a brief from the Parliamentary Budget Office and submissions from the spending Agencies under the Committee purview which is captured in the report. In addition, the submissions received from the Agencies under the purview of the Committee are annexed to the report.

PART 2

2.0 BACKGROUND

9. The FY 2024/25 Budget Estimates set out the priority programs, policies and reforms of the Administration that will be implemented in the Medium-Term Expenditure Framework (MTEF).

10. The FY 2024/25 Budget Estimates are anchored on the *Bottom-up Economic Transformation Agenda (BETA)* that is geared towards economic turnaround and inclusive growth. The objective of BETA is to increase investments in at least five sectors deemed to have the greatest impact on the economy and household welfare. The five sectors include*: (i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry.*

11. Justice and Legal Affairs Committee considers issues under the Governance, Justice Law and Order Sector that play an important role in creating a favorable environment for economic, social, and political development and is a huge contributor towards the achievement of Kenya's Vision 2030 political pillar.

2.1 OVERVIEW AND PURPOSE OF THE FY 2024/25 BUDGET ESTIMATES

12. The Budget Estimates of Revenue and Expenditure for the National Government were submitted and tabled before the National Assembly on Tuesday 30th April 2024, pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act, 2012.

13. The legislature has made great strides in the oversight of the budget since the enactment of the Constitution 2010. The Constitution backed by the Public Finance Management Act Section 38 and 39, gives Parliament the mandate to review the Budget Estimates and make recommendations before the budget is approved.

14. The Standing Orders 235 of the National Assembly Provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committees shall consider, discuss and review the Estimates according to their mandates and make recommendation to the Budget and Appropriations Committee of the National Assembly.

15. Regulation 32 of the PFM (National Government) Regulation 2015 provides that Budget Estimates of the national government entities, or agencies shall be reviewed and consolidated and the annual Budget Estimates submitted to Parliament by 30th April of every financial year.

16. The legislative scrutiny of the Budget Estimates promotes good governance, fiscal transparency and accountability, and is expected to facilitate effective allocation and mobilization of resources and ensure that fiscal policies are unbiased and effectively implemented.

2.2 MANDATE AND SPENDING AGENCIES UNDER THE PURVIEW OF THE COMMITTEE

17. In accordance with the Second Schedule of the National Assembly Standing Orders, the Committee is mandated to oversee all matters pertaining to Constitutional affairs, the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In executing its mandate, the Committee oversees the following agencies;
    i. State Law Office & Department of Justice
    ii. The Judiciary
    iii. State department for Correctional Services
    iv. Ethics & Anti-Corruption Commission
    v. Office of the Director of Public Prosecutions
    vi. Office of the Registrar of Political Parties
    vii. Witness Protection Agency
    viii. Kenya National Commission on Human Rights
    ix. Independent Electoral & Boundaries Commission
    x. Judicial Service Commission
    xi. Commission on Administrative Justice

2.3 HIGHLIGHTS OF THE 2024/2025 BUDGET ESTIMATES

18. The 2024/25 Budget Estimates are anchored on the ***"the Bottom-up Economic Transformation Agenda (BETA)"*** that is geared towards economic turnaround and inclusive growth. Special focus will be placed on the interventions that: *reduce the cost of living; increase employment; achieve more equitable distribution of income; enhance social security, expand tax base for more revenue; and increase foreign exchange earnings*. The objective of BETA is to increase investments in at least five sectors deemed to have the greatest impact on the economy and household welfare. The five sectors include: *(i) Agricultural Transformation and Inclusive Growth; (ii) Transforming the Micro, Small and Medium Enterprise (MSME) Economy; (iii) Housing and Settlement; (iv) Healthcare; and (v) Digital Superhighway and Creative Industry.*

19. Over the medium term, the Government will support the BETA through a growth-friendly fiscal consolidation plan that slows public debt growth and implements an effective liability management strategy without compromising service delivery.

a) Overall Budget

20. The 2024/25 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2024/25 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are as shown in Table 1.

Table 1: Overall Outlook of Budget Estimates for FY 2024/25 (KES. Billions)

S/No.	Details	Approved Original Budget FY 2023/24	Supp. Est. No.1 FY 2023/24	2024 Approved BPS	Budget Estimates FY 2024/25	Variance Between Budget Estimates and 2024 BPS
1	**NG**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**
	Executive	2,308.34	2,400.93	2,488.65	2,243.05	(245.60)
	o/w Recurrent	*1,504.62*	*1,620.72*	*1,612.04*	*1,518.68*	*(93.36)*
	Development	*803.73*	*780.20*	*876.61*	*724.38*	*(152.23)*
	Parliament	41.00	40.74	43.62	43.62	-
	o/w Recurrent	*38.94*	*39.18*	*41.56*	*41.56*	-
	Development	*2.07*	*1.57*	*2.07*	*2.07*	-
	Judiciary	23.18	22.78	23.69	23.69	-
	o/w Recurrent	*21.33*	*21.33*	*22.19*	*22.19*	-
	Development	*1.85*	*1.45*	*1.50*	*1.50*	-
2	***CFS**	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27.70)**
3	****CGs**	**385.42**	**385.42**	**391.12**	**391.12**	**-**
	Total	**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**

Source: National Treasury

21. From Table 1, the 2024/25 Budget Estimates have been reduced by KES. 273.29 billion from the approved 2024 BPS. The reduction has been occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality. To remain on the fiscal consolidation path, there is also a need to contain borrowing and rationalize expenditures to sustainable levels.

PART 3

3.0 BUDGET PERFORMANCE REVIEW AND PROPOSED ALLOCATIONS FY 2024/25

3.1 Judiciary

22. Judiciary is creation of Article 161 of the Constitution and is one of the arms of Government whose core mandate is the delivery of justice through resolution of disputes. It implements one program called Dispensation of Justice which has two sub-programs namely; Access to Justice and the general administration, planning and support services.

3.1.1 Budget Performance Review FY 2020/21 – 2022/23

23. The Judiciary Budget allocations in FY 2020/21 was 17,133 million which grew by 8.3% to stand at Kshs 18,560 million in FY 2021/22 and increased further by 13.9% to Kshs 21,132.4 million in FY 2022/23.

24. In particular, the recurrent vote during the period under review increased by Kshs 4.7 billion translating to an increase of 31.9% which is largely due to enhanced allocation for recruitment of additional judicial officers and staff. However, the development vote has decreased by Kshs 658 million (25.7%) when the World Bank funding has ended.

25. The absorption rate for the department has steadily improved over the years from 93.6% in FY 2020/21 to 95.8% in the FY 2022/23. However, the absorption of the development funds is quite low albeit a slight improvement from 64.7% in the FY 2020/21 to 77.8% in the FY 2022/23.

26. The low absorption of the development budget was as a result of increased cost of building materials due to inflation causing contractors to abandon site awaiting contract price review, delayed exchequer releases, long and tedious procurement processes, as well as IFMIS related challenges.

Table 2: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote & Vote Details		Approved Allocation			Actual Expenditure			Absorption Rates		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
1261 The Judiciary	Recurrent	14,575	15,968	19,232	14,377	15,639	18,653	98.6%	97.9%	97%
	Dev't	2,558	2,592	1,900	1,656	1,809	1,478	64.7%	69.8%	77.8%
Total	**Total**	**17,133**	**18,560**	**21,132.4**	**16,033**	**17,448**	**20,239.7**	**93.6%**	**94.0%**	**95.8%**

Source: National Treasury - Sector Reports 2024

27. The Judiciary's performance during the period under review will be accessed under the following topics:

i. Caseload Statistics

28. The most visible quantitative indicator of service delivery of the justice system is the numerical turnover of cases. The total number of cases filed is also an important indicator of people's confidence in the court. In the FY 2022/23, a total of 423,394 cases were filed in the Judiciary and a total of 419,262 cases were resolved during the period under review. This resulted in a case clearance rate of 99%, an improvement by 5% from the previous financial year. In addition, the overall case backlog in the Judiciary improved by 19 percent from 334,711 cases in June 2022 to 270,015 cases at the end of June 2023. The steady improvement in the case clearance rate can be attributed to a number of initiatives such as the judiciary service weeks, mobile courts, and increased number of judicial officers and staff.

ii. Enhanced Access to Justice

29. In the period under review, the Judiciary sought to enhance access to justice through establishment of 15 courts and 6 sub-registries, holding of 28 court and 26 tribunal circuits as well as 57 mobile courts, and continued expansion of court annexed mediation with the establishment of 17 mediation registries and pursuit of alternative justice systems among others.

iii. Election Petitions

30. A total of 222 election petitions including party list petitions were filed and determined. These included nine petitions filed at the Supreme Court and later consolidated into five. Out of 126 petitions, 12 were with regard governors, two were related to senators, four relate to women representative seats, 28 relate to the position of Member of Parliament while 80 related to member of the county assembly. In addition, 87 party list petitions were filled, 3 high court and 84 in magistrate courts were all concluded.

iv. Mobile courts

31. In the period under review, the Judiciary conducted 57 mobile courts in far flung areas. During the period under review, a total of 7,398 cases were filed out of which 5,190 cases were resolved. In comparison, the caseload of the mobile courts in the FY 2020/21 was 7,250 cases out of which 5,664 cases were determined.

3.1.2 Judiciary's Proposed Budget Estimates 2024/25

32. The proposed budgetary allocation to the Judiciary in the FY 2024/25 is Kshs. 22.8 billion comprised of Kshs. 21.3 billion for recurrent expenditure and Kshs 1.5 billion for development expenditure. The recurrent expenditure has increased by Kshs 0.850 billion (4.2%) from an allocation of Kshs. 20.4 billion in 2023/24. The increase is largely due to the allocation for the implementation of the recommendations of the Salaries and Remuneration Commission under the Third Remuneration and Benefits Review Cycle for the state officers under the Judiciary.

33. Under the development vote, the department's budget has reduced significantly by Kshs 350 Million (18.9%) from an allocation of Kshs. 1.85 billion in 2023/24. The proposed allocation under the development vote is largely meant for the following projects;
    (i) Renovation of Supreme Court Building-Headquarters – Kshs 303.4 million.
    (ii) Modernization of the Judiciary ICT systems as part of its digital strategy - Kshs 700 Million.
    (iii) Construction of Court of Appeal Complex – Kshs 100 Million.
    (iv) Completion of JPIP Projects – Kshs 60 million.

(v) Completion of the construction of Small Claim Court – Kshs 20 million
(vi) Construction of Meru High Court – Kshs 60 million.
(vii) Refurbishment of the Children's Court in Hurlingham – Kshs 31 million.

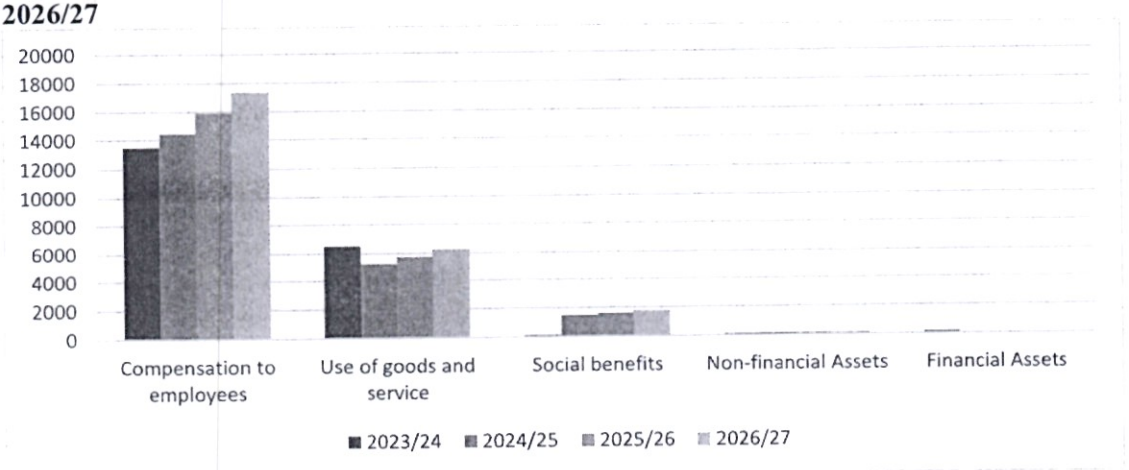
Table 3: Programmes Allocation (FY 2020/21 – FY 2024/25) - Kshs Million

Programme	Sub-programs	2020/21	2021/22	2022/23	Revised Estimates 2023/24	BPS Ceiling 2024	Proposed Estimates 2024/25
Dispensation of Justice	Access to Justice	11,993	12,992	15,268	15,601	15,951	15,951
	General administration, planning and support services	5,140	5,568	5,729	6,686	6,836	6,836
	Total	**17,133**	**18,561**	**20,997**	**22,287**	**22,787**	**22,787**

Source: FY 2024/25 Budget Estimates, National Treasury

34. The trend in allocation shows that compensation to employees has increased significantly from Kshs 13.5 billion in FY 2023/24 to Kshs 14.5 billion in FY 2024/25 which can be attributed to the enhanced allocation availed to the Judiciary by the new administration to improve its workforce capacity and other resource gaps it has faced in the past. The share of the other recurrent budget has slightly reduced from Kshs. 6,942 million in 2023/24 to Kshs. 6,826 million in FY 2024/25.

Figure 1: Trends in Recurrent Expenditure allocations (Kshs Millions) – FY 2023/24-2026/27



Source: FY 2024/25 Estimates, National Treasury

3.1.3 Pending Bills

35. The pending bills for the department as at the end of the FY 2022/23 totaled to Kshs 614 million comprised of Kshs 266 million under the recurrent vote and Kshs. 348 million under the development vote.

36. The pending bills arose due to austerity measures in the middle of the financial year which caused non-payment of most of the existing contracts. This is compounded by frequent down time of IFMIS and delays in presentation of invoices by suppliers.

Table 4: Pending bills FY 2020/21 - 2022/23

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Judiciary	Recurrent	71	95	-	136	15.0	266
	Development	125	113	103	208	-	245
Total		**196**	**208**	**103**	**344**	**15.0**	**511**

Source: Sector Report 2024 – Judiciary

3.2 Judicial Service Commission

37. The Judicial Service Commission (JSC) is a constitutional body established under Article 171(1) of the Constitution of Kenya. The Constitution confers upon the JSC an expansive and liberal mandate in the discharge of its functions. The mandate of the Commission as provided for under Article 172 (1) of the Constitution is to promote and facilitate the independence and accountability of the Judiciary and the efficient, effective and transparent administration of justice.

3.2.1 Budget Performance Review FY 2020/2021 – 2022/23

38. The approved allocation for the Commission has grown over the years from Kshs 531 million in FY 2020/21 to Kshs 887 million in the FY 2022/23. The growth is largely due to the new administration resolve to enhance the budgetary allocation of the Commission to enable it discharge its mandate as provided for under Article 172 (1) of the Constitution.

39. An analysis of the trends in absorption rate of the budget allocated for the Commission shows there is a slight improvement in absorption of funds from 92.5% in FY 2020/21 to 94.9% in FY 2022/23. The reasons why the departments' do not fully absorb the allocated funds include the following; delayed exchequer releases, long and tedious procurement processes, as well as IFMIS related challenges.

Table 5: Analysis of Approved Budget Vs Actual Expenditure in Kshs Million – FY 2020/21–2022/23

Vote & Vote Details	Approved Allocation			Actual Expenditure			Absorption Rates		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Judicial Service Commission	531	618	887	491.2	577.3	841.9	92.5%	93.4%	94.9%
Total	531	618	887	491.2	577.3	841.9	92.5%	93.4%	94.9%

Source: Sector Report - Judicial service Commission

40. In the review period, the Commission advertised and competitively recruited 7 Court of Appeal Judges, 27 High Court Judges, 63 Resident magistrates and 436 judicial staff to address the staffing needs of the Judiciary for effective service delivery.

41. In addition, the Judiciary Training Institute facilitated the training of judges and magistrates through holding Annual Judges, Magistrates and Kadhis Colloquia whose target is 100% attendance.

42. The Commission also developed several policy documents during the period under review and are at various completion stages. These include Development of Draft Rules and Guidelines on Alternative Dispute Resolution (AJS), Justice Needs Survey, Training Needs Assessment (TNA), Courts Administrators Hand-book, Kadhi's Court Handbook and Manual, Training policy, Employee Handbook and Induction Manual, Strategies to clear case backlogs in superior courts, environmental law bench book and Manual on complaints against Judicial Officers.

3.2.2 Proposed Budget Estimates FY 2024/25

43. The Commission executes this mandate under **General administration; Planning and support services programme.** The Programme has two sub programmes namely: **Administration and Judicial Services;** and **Judicial Training.**

44. The Commission executes this mandate under **General administration; Planning and support services programme.** The Programme has two sub programmes namely: **Administration and Judicial Services;** and **Judicial Training.**

45. In the FY 2024/25, the proposed allocation to the Judicial Service Commission is **Kshs. 902.4 million** which is a solely for recurrent expenditure. The Commission recorded a slight increase of Kshs 6.3 million when compared to its previous year of Kshs 896.6 million. However, the allocation for the Commission is significantly lower than its resource requirement for FY 2024/25 of Kshs 1.2 billion.

46. The resources are meant to fund critical areas such as recruitment of judicial officers and staff; hearing and determination of complaints; finalization of pending policy documents and capacity development for judicial officers and staff aimed at ensuring enhanced access to justice.

Table 6: Proposed Budget Estimates FY 2024/25

Sector/ Vote/Details		2023/24 Allocations	Resource Requirement	2024 BPS Ceiling	2024/2025 Estimates
Judicial Service Commission	Current	896.6	1,228	902.4	902.4
	Capital	0	0	0	0
	Total	**896.6**	**1,228**	**902.4**	**902.4**

Source: Judicial Service Commission

3.3 State Law Office and The Department of Justice

47. The office of the Attorney General and the Department of justice is mandated to enhance protection and promotion of the rule of law, provide legal advice to the government and defend public interest. The Office has three programmes: *Legal Services; Governance, Legal Training and Constitutional Affairs; and General Administration, Planning and Support Services.*

3.3.1 Budget Performance Review FY 2020/21 – 2022/23

48. The Department's Budgetary allocations in FY 2020/21 was 4,891 million which grew slightly by 7.3% to Kshs 5,250 million in FY 2021/22 and increased by a further 10.8% to Kshs 5,815 million in FY 2022/23.

49. In comparison, the actual expenditure attained in FY 2020/21 was Kshs 4,658 million translating to an absorption rate of 95.2% of its approved allocation. In the FY 2021/22, the actual expenditure was Kshs 5,087 Million which was 96.9% of the year's allocation and in FY 2022/23, the actual expenditure was Kshs 5,520 million translating to 94.9% of the approved allocation.

Table 7: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
State Law Office & Dep't of Justice	4,891	5,250	5,815	4,658	5,087	5,520	95.2%	96.9%	94.9%
Total	**4,891**	**5,250**	**5,815**	**4,658**	**5,087**	**5,520**	**95.2%**	**96.9%**	**94.9%**

Source: Sector Reports – National Treasury

50. The major achievements during the period under review includes conclusion of 3,759 cases filed against the government thereby dismissing liability worth Kshs. 110.3 billion; drafting of 1,122 bills; issuing of 4,590 legal advisories and opinions; and vetting of 290 procurement contracts. The Office also finalized 13,437 estates and trusts files; registered 432,501 business entities, 2,241 societies, 25 Coat of Arms and 114,823 marriages; offered legal aid to 291,051 indigent persons; conducted civic education in 35 counties on constitution, sensitized 34 counties on legislative and law reform knowledge, and issued licenses to 1,387 qualified auctioneers.

51. In addition, the Office printed 46,010 copies of special case digests on selected thematic areas and 15 volumes of Kenya Law Reports, recovered Kshs.1.29 billion worth of assets and cash and forfeited the same to the state; Gazetted 4,063 qualified candidates for admission into the Roll of Advocates and provided 359 trainee lawyers with pupilage opportunities, completed the refurbishment and equipping of Kisii regional office and acquired land for construction of Malindi regional office.

3.3.2 Proposed Budget Estimates FY 2024/25

52. The proposed allocation for the Office in FY 2024/25 is **Kshs. 5.5 billion** comprised of Kshs. 5.3 billion for recurrent expenditure and Kshs 0.2 billion for development expenditure. The allocation has decreased by Kshs 1.1 billion (16.8%) from the **Ksh 6.6 Billion** allocated in the FY 2023/24. The recurrent budget has decreased by Kshs 1.1 billion from Kshs 6.4 billion in FY 2023/24 to 5.3 billion in FY 2024/25 largely due to rationalization of budgets for the SAGAS under the State Law Office; Kenya Law Reform Commission – (Kshs 68.8 million), Kenya National Anti-Corruption Steering Committee – (Kshs 62.9 million), National Coroner Service – (Kshs 10.0 million), Kenya School of Law – (Kshs 151.3 million), Council of Legal Education – (Kshs 200.3 million), Asset Recovery Agency – (Kshs 37.5 million), Nairobi International Center for Arbitrations – (Kshs 50 million), and National Council for Law Reporting – (Kshs 185 million).

Table 8: Allocations per programme (Kshs Millions)

	2023/24 Approved Estimates	2024 BPS	2024/25 Proposed Estimates	2025/26 Projected Estimates	2026/27 Projected Estimates
Total Programmes	**6,586.8**	**6,503.6**	**5,477.6**	**6,899.9**	**7,236.9**
Legal Services	2,990.2	2990.2	2,968.6	3,260.7	3,335.9
Governance, Legal Training and Constitutional Affairs	2,072.9	2,072.9	1,395.2	2,186.3	2,325.8
General Administration, Planning and Support Services	1,523.8	1,440.6	1,113.8	1,452.9	1,575.8

Source: FY 2024/25 Budget Estimates, National Treasury

53. The allocation to the various semi-autonomous agencies under the department is as shown in the table below:

Table 9: The Semi-Autonomous State Agencies allocations (Kshs Million)

Agency	Approved Estimates 2023/24			Proposed Estimates 2024/25			Deviation
	AIA	Gov't Grants	Total	AIA	Gov't Grants	Total	
Kenya Law Reform Commission	0.1	306.8	306.9	0.1	238.0	238.1	(68.8)
National Coroners Service	-	40.0	40.0	0.0	30.0	30.0	(10.0)
Nairobi Centre for International Arbitrations	24	202	226.0	7.0	145.1	152.1	(73.9)
Assets Recovery Agency (ARA)	-	272.8	272.8	-	235.3	235.3	(37.5)
Kenya School of Law	377.5	151.3	528.8	377.5	-	377.5	(151.3)
Council for Legal Education	170.1	200.3	370.4	170.1	-	170.1	(200.3)

Auctioneer's Licensing Board	-	27.0	27.0	-	29.5	29.5	2.5
National Council for Law Reporting	10.0	435.0	445.0	10.0	240.5	250.2	(194.8)
Total	**581.7**	**1,635.2**	**2,216.9**	**564.7**	**918.4**	**1,482.8**	**(734.1)**

Source: FY 2024/25 Budget Estimates, National Treasury

54. The Department's development budget of **Kshs 157.0 million** will be for the following ongoing projects:
    (i) Refurbishment of Sheria House and Company's Registry- **Kshs 52.0 million**
    (ii) Refurbishment of Regional offices in Machakos, Kisii, Kisumu & Malindi- **Kshs. 20.0 million**.
    (iii) Automation of the State Law Office Services - **Kshs. 50 million**.
    (iv) Programme for Legal Empowerment & Aid Delivery in Kenya - **Kshs. 35.0 million**.

55. During the medium term 2024/25 - 2026/27 the Office will continue to provide timely legal services to support the implementation of the National development priorities; drafting legislation's; vetting procurement contracts, providing legal opinions on commercial matters; negotiating, vetting and interpreting commercial and financial agreements.

56. Additionally, the Office will establish Quality Assurance and Compliance Department to sensitize and follow-up with the government entities on legal compliance on advisories issued by AG's Office; sensitize MDAs and other relevant stakeholders on compliance to the laws and advisories issued from AG's Office for proper management of contracts and adherence to legal service policies; modernize, digitize and automate the services. Building capacity of the State Law Office and training of State Counsel to match current development in the legal profession at both the headquarters, regional offices and in MDAs will also be prioritized. The Office will also embrace automation and digitization of its services.

3.3.3 Review of the Pending Bills

57. During the period under review the Office recorded pending bills amounting to Kshs. 115.0 Million in the FY 2022/23 which are solely for recurrent expenditure. The pending bill for the Agency has increased significantly by Kshs 108.6 million.

58. It is important to note that implementation of activities by accounting officers without approved budgets and or failing to pay for legally incurred expenditures constitutes an offence under section 74 of the PFM Act. In addition, pending bills are required to form first charge in the subsequent financial year.

Table 10: Departments Pending Bills – Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
State Law Office & Dep't of Justice	Recurrent	13.5	4.91	115.0	-	-	-
	Development	-	1.5	-	-	-	-
Total		**13.5**	**6.41**	**115.0**	-	-	-

Source: Sector Reports – National Treasury

3.4 State Department for Correctional Services

59. The State Department for Correctional Services is mandated to contain offenders in humane and safe custody; supervise and provide correctional services to all offenders; and effectively contribute to expeditious administration of criminal justice.

3.4.1 Budget Performance Review FY 2020/21 – 2022/23

60. During the period under review, the State Department was allocated Kshs. 27.1 billion, Kshs. 28.9 billion and Kshs. 32.1 billion in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. During the same period, actual expenditure was Kshs Kshs 25.9 billion, Kshs 28.4 billion and Kshs 31.7 billion reflecting an absorption rate of 96%, 96% and 99.3% respectively.

Table 11: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote		Approved Allocation			Actual Expenditure			Absorption		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
State department for Correctional Services	Recurrent	26,867	28,521	31,566	25,889	28,033	31,269	96.4%	98.3%	99.1%
	Dev't	258	360	505	45	323	423	17.4%	89.7%	83.8%
Total		**27,125**	**28,881**	**32,071**	**25,934**	**28,356**	**31,692**	**95.6%**	**98.2%**	**98.8%**

Source: Sector Reports - National Treasury

61. During the period under review, the State Department achieved the following outputs and services; recruited and trained 8,022 new prison officers and 986 probation officers; provided 29,123 pairs of uniforms and 24,819 bedding and linen to inmates; offered medical insurance cover to 29,880 prisons staff annually and offered containment services to a daily average of 50,070 inmates in humane and safe custody.

62. The State Department rehabilitated, reformed and re-integrated 14,138 offenders, registered 306 and 2,112 inmates for KCSE and KCPE respectively; provided vocational training to 11,964 custodial offenders and 1761 ex-offenders; facilitated the administration of justice and services through generation and submission of 180,261 reports to courts and penal institutions; supervised 89,352 non-custodial offenders

under probation orders; supervised 134,271 non-custodial offenders under community service orders; rehabilitated 97,325 non-custodial offenders over the medium term; provided temporary accommodation to 1,085 probationers within the probation hostels; reintegrated 1,030 probationers and acquired 4 title deeds for official ownership of land.

3.4.2 Proposed Budget Estimates FY 2024/25

63. The proposed allocation for the State Department of Correctional services amounts to Ksh. 35,550.3 million comprising of KSh. 34,727.3 million for recurrent expenditure and Ksh. 823 million for development expenditures. The recurrent estimates decreased by Kshs 123.3 million while the development estimate has increased by Kshs 128 million resulting in a net increase of Kshs 4.7 million when compared to the approved estimates for FY 2023/24.

Table 12: Analysis of Proposed Estimates 2024/25 Against Approved Estimates 2023/24 in Kshs Millions

	Programme	Approved Estimates 2023/2024			Proposed Estimates 2024/25			Deviation %		
		Rec	Cap	Total	Rec	Cap	Total	Rec	Cap	Total
1.	General Administration	565.1	-	565.1	603.7	7.0	610.7	38.6	7	45.6
2.	Prison Services	32,113.6	550.2	32,663.9	31,970.9	689.7	32,660.7	(142.7)	139.5	(3.2)
3.	Probation and Aftercare	2,171.9	144.8	2,316.7	2,152.7	126.3	2,278.9	(19.2)	(18.5)	(37.7)
	Total	**34,850.6**	**695.0**	**35,545.6**	**34,727.3**	**823.0**	**35,550.4**	**(123.3)**	**128**	**4.7**

Source: The National Treasury, Budget Estimates 2024/25

64. In the FY 2024/25 and the Medium Term, the major outputs to be provided include; safe and humane containment of inmates; offer formal and vocational education/training to inmates, provide psychological/ spiritual counseling to all inmates, modernization of prison farms and prison industries; construction of gate lodges and armories; preparation and submission of social reports to courts and power of mercy advisory committee and supervision and rehabilitation of non-custodial offenders.

3.4.3 Analysis of the recurrent Expenditure

65. The State Department for Correctional Services will be implementing 73 projects in the FY 2024/25 and over the medium term with an estimated cost of Kshs. 5.4 billion. In the FY 2024/2025, the proposed allocation towards the projects amounts to Kshs. 823.0 million. The following table shows the thematic areas under which the projects are clustered with their proposed allocation in FY. 2024/25.

3.4.4 Analysis of Development Expenditure

66. The State Department for Correctional Services will be implementing 73 projects in the FY 2024/25 and over the medium term with an estimated cost of Kshs. 5.4 billion. In the FY 2024/2025, the proposed allocation towards the projects amounts to Kshs. 823.0 million. The following table shows the thematic areas under which the projects are clustered with their proposed allocation in FY. 2024/25.

Table 13: Analysis of Development Expenditure in Kshs. Millions

	Project	Estimated Cost	Start Date	Compl. Date	Cum. Exp	Proposed 2024/25
1.	Security in Penal Facilities	424.5	2016/17	2024/25	146.5	112.0
2.	Construction of Penal Facilities	576.6	2010/21	-	263.4	52.6
3.	Construction of Staff Houses	1,234	2017/18	2020/25	346	13.0
4.	Modernization of Prison Industries	343	2016/17	2024/25	214.8	4.5
5.	Completion of stalled projects	336	2016/17	2011/26	5.2	15.0
6.	Probation Office blocks	381	2012/13	2020/25	-	97.7
7.	Probation hostels	338	2012/13	2020/25	106.8	28.6
8.	Construction of Magereza level 4	600	2022	2024/25	-	451.1
9.	Acquisition of prison telecommunication and ICT	-	2023/24	2025/26	-	7.0
10.	Others	834.7	-	-	-	41.5
	Total	**5,427.8**				**823.0**

3.4.5 Review of the Pending Bills

67. The Departments pending bills for the period under review stood at Kshs 1,166.5 million comprised of Kshs 175.7 Million for recurrent expenditure and Kshs 990 million for development expenditure. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 14: Agencies Pending Bills FY 2020/21 – 2022/23 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
State Department for Correctional Services	Recurrent	214.5	118.1	175.7	-	-	-
	Development	18.5	82.9	990.9	-	-	-
Total		**233.0**	**201.1**	**1,166.5**	**-**	**-**	**-**

Source: Sector Reports, National Treasury

3.5 Office of the Registrar of Political Parties (ORPP)

68. The Office of the Registrar of Political Parties (ORPP) is established by the Political Parties Act, 2011. The mandate of the Office is to register and regulate political parties and administer the Political Parties Fund.

3.5.1 Budget Performance Review FY 2020/21 – 2022/23

69. The Agency's Budget allocations in FY 2020/21, FY 2021/22 and FY 2022/23 were Kshs 1,306 million, Kshs 3,315 million and Kshs 1,580 million indicating a significant increase in budgetary provision as we approached the 2022 general election.

70. The actual expenditure attained in FY 2020/21, FY 2021/22 and FY 2022/23 was Kshs 1,295 million, Kshs 3,174 million and Kshs 1,455 million translating to an absorption rate of 99.2%, 95.7% and 95.1% respectively.

71. Key achievements during the period under review include: enactment of the Political Parties (Amendment) Act, 2022 and the Political Parties (Membership) Regulations, 2021; upgraded the Integrated Political Parties Management System (IPPMS); reviewed nomination and election rules of 67 political parties and guided them on areas of non-compliance; developed independent candidates management system and certified membership status and symbols of 6,944 independent candidates, trained 3,200 aspirants and 1,795 county and national political party chief agents, developed Political Parties Education Source Book and developed and launched ORPP Post-Election Evaluation report.

Table 15: Analysis of Approved Budget Vs Actual Expenditure Amount In Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
1311 Office of the Registrar of Political Parties	1,306	3,315	1,530	1,295	3,174	1,455	99.2%	95.7%	95.1%
Total	1,306	3,315	1,530	1,295	3,174	1,455	99.2%	95.7%	95.1%

Source: Sector Reports - National Treasury

3.5.2 Proposed Budget Estimates FY 2024/25

72. In the financial year 2024/2025, the Office of the Registrar of Political Parties proposed allocation is Kshs 1,037.9 Million out of which Kshs 422.1 million was for office operations for the Agency, Kshs 608.3 million for Political Parties Fund and Kshs 7.5 million for the Pollical Parties Liaison Committee.

73. In comparison, The Agency's allocation for FY 2024/25 is slightly lower than the allocation for FY 2023/24 by Kshs 222.4 million (17.6%). The reduction is largely due to rationalization of the Agency's budget for operations. The allocation for the Political Parties Fund in FY 2024/25 Kshs 608.3. However, the allocation for the Political Parties Fund is significantly lower than the statutory allocation of the fund which ideally should be 0.3 percent of the National Government share of revenue collected by the government.

Table 16: Proposed Budgetary Allocations FY 2024/25 – Kshs Million

Vote	Approved Allocation				Approved Estimates	Proposed Allocation
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Office of the Registrar of Political Parties	1,212	1,306	3,315	1,530	1,260.3	1,037.8
Total	**1,212**	**1,306**	**3,315**	**1,530**	**1,260.3**	**1,037.8**

Source: Budget Estimates 2024/25, National Treasury

74. During the FY 2024/2025 and the Medium-Term, ORPP will institute legal reforms in line with lessons learnt from the last General Elections; recruit additional staff to enhance human resource capacity; decentralize services to the public through establishment of additional county offices; digitize the office processes to enhance efficiency; hold stakeholder's engagement forums with relevant government agencies, youths, women, and persons with disabilities (PWDs) to enhance participation in the political processes; and capacity building of Political Party organs and officials to ensure compliance.

3.5.3 Review of the Pending Bills

75. The departments pending bills for the period under review stood at Kshs 1.5 Million in FY 2022/23. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 17: Agencies Pending Bills FY 2020/21 – 2022/23 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Registrar of Political Parties	Recurrent	1.4	39.2	1.5	-	-	-
	Development	-	-	-	-	-	-
Total		**1.4**	**39.2**	**1.5**	**-**	**-**	**-**

Source: Sector Reports, National Treasury

3.6 Witness Protection Agency (WPA)

76. The witness protection agency is mandated to provide special protection, on behalf of the state, to persons in possession of important information and who are facing potential risk due to their cooperation with the prosecution and other enforcement agencies. The Agency implements the witness protection programme.

3.6.1 Budget Performance Review FY 2020/2021 – 2022/23

77. The Witness Protection Agency's budgetary allocation rose over the medium term slightly from Kshs. 462 million in FY 2020/21 to Kshs. 632 million in 2022/23 representing an increase of 1.7% over the period.

78. The department's actual expenditure for the period was Kshs 462million, Kshs 490 million and Kshs 632 million in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. The absorption rate of the department was impressive averaging at 99.9%.

Table 18: Analysis Of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Witness Protection Agency	462	490	632	462	489	632	100.00%	99.8%	100%
Total	**462**	**490**	**632**	**462**	**489**	**632**	**100.00%**	**99.8%**	**100%**

Source: Sector Reports, National Treasury

79. During the period under review, the Agency received increased applications for witness protection from 153 in FY 2021/22 to 157 in FY 2022/23. Applicants admitted into the Witness Protection Programme also increased from 43 in FY 2021/22 to 50 in FY 2022/23 and there were no witnesses harmed in the programme. The client satisfaction level from independent survey was at 96.6% and the Agency scored 2.35 which falls under "Excellent" category in the evaluation of Performance Contract of Ministries, State Corporations and Tertiary Institutions for the FY 2021/22.

3.6.2 Proposed Budget Estimates FY 2024/25

80. In the FY 2024/25, the Agency has been allocated Kshs. 714.2 million comprised of Kshs 426.9 million for compensation of employees, Kshs 253.6 million for witness protection services and Kshs 60.7 million for other recurrent expenditures. In comparison, the Agency's budget for FY 2024/25 is slightly lower by Kshs 60 million (7.5%) from the Kshs. 813.5 million allocated in 2023/24. The decrease in budgetary allocation is largely due to reduced provision for witness protection services.

Table 19: Proposed Budgetary Allocations FY 2024/25

Vote	Approved Allocation					Proposed Allocation
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Witness Protection Agency	482.0	462.0	490.0	632	813.5	714.2
Total	**482.0**	**462.0**	**490.0**	**632**	**813.5**	**714.2**

Source: Budget Estimates 2024/25, National Treasury

81. In the FY 2024/25 and the medium term, the Agency expects to successfully manage an average of 155 witnesses with an average of 5 related persons per witness. The Agency will apply the allocated resources in the following major service outputs; admission of threatened witnesses, maintenance and management of witnesses, provide physical security to staff, resettlement and re-integration of witnesses, and enhancing Institutional capacity to support the programme.

3.7 Kenya National Commission on Human Rights (KNCHR)

82. The Kenya National Commission on Human Rights' mandate is to ensure the promotion and protection of human rights. It is an independent commission established under Article 59 of the Constitution. It implements the programme; Promotion and Protection of Human Rights.

3.7.1 Budget Performance Review FY 2020/21 – 2022/23

83. The Commission's budgetary allocation has slightly grown over the medium term from Kshs. 374.0 million in FY 2020/21 to Kshs. 451.0 million in 2022/23 representing an average increase of 20.6% over the period.

84. The department's actual expenditure for the period was Kshs 366 million, Kshs 397.0 million, and Kshs 451.0 million in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. The absorption rate of the department was impressive averaging at 98.4%.

Table 20: Analysis of Approved Budget Vs Actual Expenditure Amount In Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
Kenya National Commission on Human Rights	374.0	400.0	451	366.0	397.0	451	97.9%	99.3%	100%
Total	**374.0**	**400.0**	**451**	**366.0**	**397.0**	**451**	**97.9%**	**99.3%**	**100%**

Source: Sector Reports, National Treasury

85. During the period under review, the Commission received and processed 6,092 human rights violation complaints whereby 2,274 were from women, 3,595 from men, 57 from intersex individuals, and 166 from various other categories including, 275 from persons with disabilities. The Commission also engaged in Public Interest Litigation relating to human rights, and provided training on human rights standards to 3,303 individuals across public and private sectors.

86. Through its public awareness efforts, it reached 22,432 individuals via forums and extended its message to over 10 million people through media engagements focused on the Bill of Rights. Additionally, the Commission undertook the review of over 100 laws and policies at both national and county levels, issuing 86 advisory notes to stakeholders and conducting inspections in 73 public and private entities to assess human rights compliance. Internationally, it made 26 submissions to global human

rights forums and assisted in the preparation of three state compliance reports on human rights.

3.7.2 Proposed Budgetary Estimates FY 2024/25

87. The proposed allocation to the Commission in FY 2024/25 is **Ksh. 478.1 million** which is a decrease of 12.9% from the **Kshs. 539.8 million** allocated in FY 2023/24. The decrease in allocation is as a result of reduced provision towards the following items; Domestic travel – (Kshs 23.2 million), Foreign travel – (Kshs 3.5 million), Insurance costs – (Kshs 21.7 million), fuel and lubricants – (Kshs 6.6 million) and Government pension and retirement benefits – (Kshs 10.9 million).

Table 21: Budgetary Allocation FY 2019/20 - 2024/25 Kshs Millions

Vote	Approved Allocation					Proposed Allocation
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Kenya National Commission on Human Rights	395.0	374.0	400.0	445.8	539.8	478.1
Total	**395.0**	**374.0**	**400.0**	**445.8**	**539.8**	**478.1**

Source: Budget Estimates, National Treasury

88. In the FY 2024/25 and over the medium-term period, the Commission plans to undertake the following : resolution of public complaints alleging human rights violations; enhance public awareness on human rights; review policies and legislation on human rights; research and produce thematic reports on human rights; conduct institutional audits for improved protection of human rights; increase redress on human rights through Public Interest Litigation, amicus briefs, and direct litigation; and enhance resolution of human of human rights Alternative Dispute Resolution (ADR).

3.7.3 Pending Bills FY 2020/21 – 2022/23

89. The Commission's pending bills for the FY 2022/23 is Kshs 28.4 million which is specifically for recurrent expenditure. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 22: Agencies Pending Bills FY 2020/21 – 2022/23 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Kenya National Commission on Human Rights	Recurrent	4.3	-	-	4.0	13.2	28.4
	Development	-	-	-	-	-	-
Total		**4.3**	**-**	**-**	**4.0**	**13.2**	**28.4**

Source: Sector Reports, National Treasury

3.8 Ethics and Anti-Corruption Commission (EACC)

90. The Ethics and Anti-Corruption Commission (EACC) has one programme, Anti-Corruption programme. It is mandated to fight and prevent corruption and economic crime in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity.

3.8.1 Budget Performance Review FY 2020/21 – 2022/23

91. The Commission's budgetary allocation has consistently been increasing over the medium term 2020/21-2022/23 from Kshs. 3.3 billion to Kshs. 3.5 billion representing an increase of 6.1% over the period. The increase has been due to expenditures related to the recruitment of additional staff and refurbishment of the Commission's integrity center.

92. The department's actual expenditure for the period was Kshs 3.2 billion, Kshs 3.5 billion, and Kshs 3.4 billion in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. The absorption rate of the department was impressive averaging at 98.2%.

Table 23: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Ethics & Anti-Corruption Commission	3,272	3,519	3,521	3,241	3,495	3,392	99.0%	99.3%	96.3%
Total	**3,272**	**3,519**	**3,521**	**3,241**	**3,495**	**3,392**	**99.0%**	**99.3%**	**96.3%**

Source: Sector Report, National Treasury

3.8.2 Proposed Budgetary Estimates FY 2024/25

93. The proposed allocation for the Commission in FY 2024/25 is **Kshs. 3,971.6 million** comprised of Kshs 3,913.6 million for recurrent expenditure and Kshs 57.9 million for development expenditure. The Commission recorded an increase of Kshs 209.8 million (5.6%) when compared to Kshs. 3,761.6 million allocated in 2023/24.

94. The increase of Kshs. 209.8 million under the recurrent vote is due to additional allocation of Kshs 76 million for salary increments and Kshs 133.8 million for other recurrent expenditures. The proposed allocation of Kshs 57.9 million under the development vote is for refurbishment of the EACC Headquarters.

Table 24: Proposed Budget Estimates FY 2024/25 Kshs Millions

Vote		Approved Allocation					Proposed Allocation
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
EACC	Recurrent	3,105.0	3,272.0	3,519.0	3,521	3,693.6	3,913.6
	Development	-	41.0	67.0	47.0	68.2	57.9
Total		**3,105.0**	**3,313**	**3,586**	**3,568.0**	**3,761.8**	**3,971.6**

Source: Budget Estimates, National Treasury

95. During the FY 2024/25 and the medium-term period, the Commission projects to: investigate 1,292 corruption and economic crime cases valued at KShs.25 billion; finalize 275 files on ethical breaches on high impact cases and assessed 240 cases on compliance of Declaration of Income Assets and Liabilities (DIALS). Additionally, the Commission will trace corruptly acquired assets valued at KShs.18.3 billion; create public awareness and reach out to 105 million people; conduct 55 system reviews; issue 600 advisories on bribery and assess 210 institutions on implementation status. To achieve this, 440 integrity officers and a total of 1,050 learners will be sensitized and 60 institutions supported on implementation of gifts, donation and conflict of interest.The proposed allocation for the Commission in FY 2023/24 Budget Estimates is Kshs. 3,951.6 million comprised of Kshs 3,823.6 million for recurrent expenditure and Kshs 128 million for development expenditure. The Commission recorded an increase of 11.7% when compared to Ksh. 3,503.9 billion allocated in 2022/23.

3.8.3 Pending Bills FY 2020/21 – 2022/23

96. The Commission has incurred pending bills amounting to Kshs 35.5 million in FY 2021/22 comprised of Kshs 9.7 million for recurrent expenditure and Kshs 25.8 million for development expenditure. However, the pending bills were settled in the FY 2022/23 as shown in table 27 below.

Table 25: Agencies Pending Bills FY 2020/21 – 2022/23 Kshs Billions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Ethics & Anti-Corruption Commission	Recurrent	-	9.7	-	-	-	-
	Development	-	-	-	25.4	25.8	-
Total		**-**	**9.7**	**-**	**25.4**	**25.8**	**-**

Source: Sector Reports, National Treasury

3.9 Office of the Director of Public Prosecutions (ODPP)

97. The Office of the Director of Public Prosecutions (ODPP) is an independent Constitutional Office established by Article 157 of the Constitution to ensure an independent, accountable and professional prosecution service. Its programme is Public Prosecution Services.

3.9.1 Budget Performance Review FY 2020/21 – 2022/23

98. The Agencies budgetary allocation in FY 2020/21, FY 2021/22, and FY 2022/23 was Kshs 3,330 million, Kshs 3,476 million and Kshs 3,682 million respectively.

99. The department's actual expenditure for the period was Kshs 3,161 million, Kshs 3,423 million, and Kshs 3,523 billion in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. The absorption rate of the department was averaging at 96.4%.

Table 26: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Office of the Director of Public Prosecutions	3,330	3,476	3,682	3,161	3,423	3,527	94.9%	98.5%	95.8%
Total	**3,330**	**3,476**	**3,682**	**3,161**	**3,423**	**3,527**	**94.9%**	**98.5%**	**95.8%**

Source: Sector Report, National Treasury

100. For the period under review, the total number of matters handled (caseload) were 477,572 (FY 2020/21), 315, 664 (FY 2021/22) and 299,535 (FY 2022/23). The conviction rates for the three reporting periods were 93.3%, 91.1% and 92% respectively.

101. The decrease in the caseload down from 315,664 matters in FY 2021/22 to 292,512 matters in FY 2022/23, is attributed to among other factors: the decrease in number of Covid-related offenses registered in the financial year 2022/23; adherence to the decision to charge guidelines during screening of cases to ensure that only cases that meet the evidential and public interest threshold are filed in court; alternatives to prosecutions such as Plea Bargain and Diversion of cases that are taken to court; digitization of cases registered leading to accurate data capture hence avoiding double entry of cases; and sensitization of members of the public during community dialogues on the laws, nature and consequences of crime, as well as on access to justice.

3.9.2 Proposed Budgetary Estimates FY 2024/25

102. The proposed allocation for the Office is **Kshs. 3,907.5 million** in 2024/25 comprised of **Kshs 3,859 million** for recurrent expenditure and Kshs 48.5 million for development expenditure representing a decrease of Kshs 149.5 million (3.7%) from the **Kshs 4,057 million** allocated in FY 2023/24. The decrease in allocation is under the recurrent vote and it mainly relates to operations and maintenance.

103. The Office of the Director of Public Prosecution has been allocated **Kshs 48.5 million** for development expenditure. The allocation is meant for the following:

(i) UNFPA 8th Country Programme on FGM has been allocated **Kshs. 6 million**.

(ii) The Uadilifu Case Management System - **Kshs. 42.5 million.**

Table 27: Proposed Budget Estimates FY 2024/25 Kshs millions

Vote		Approved Allocation					Proposed Allocation
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
ODPP	Recurrent	3,270.0	3,281.0	3,326.0	3,670.0	4,007.0	3,859.0
	Development	14.0	49.0	150.0	12.0	55.0	48.5
Total		**3,284.0**	**3,330.0**	**3,476.0**	**3,682.0**	**4,057.0**	**3,907.5**

Source: Budget Estimates, National Treasury

104. In the FY 2024/25 and the medium term, the ODPP will focus on improving the prosecution service by engaging in the fight against corruption, expeditious handling of files from investigative agencies, facilitation of victims and witnesses, prosecution of hate speech and electoral offenses, full operationalization of the Prosecutors Training Institute, rolling out to Uadilifu Case Management System in all ODPP stations across the Country, improving the case conclusion rates, improving the capacity of prosecutors to handle emerging crimes among other initiatives.

3.9.3 Pending Bills FY 2020/21 – 2022/23

105. The departments pending bills in FY 2022/23 stood at Kshs 101.4 Million. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 28: Agencies Pending Bills FY 2019/20 – 2021/22 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Office of the Director of Public Prosecution	Recurrent	2	13	101.4	-	-	-
	Development	-	-	-	-	-	-
Total		**2**	**13**	**101.4**	**-**	**-**	**-**

Source: Sector Reports, National Treasury

3.10 Independent Electoral and Boundaries Commission (IEBC)

106. IEBC is an independent constitutional commission and its role is to conduct or supervise referenda and elections as well as to manage the electoral process and review electoral boundaries. It implements one (1) programme; Management of Electoral Process with an objective to deliver free, fair and credible elections.

3.10.1 Budget Performance Review FY 2020/21 – 2022/23

107. The Commission's budgetary allocation in FY 2020/21, FY 2021/22, and FY 2022/23 was Kshs 5,384 million, Kshs 23,165 million and Kshs 20,631 million respectively. The significant increase in FY 2021/22 and FY 2022/23 is due to the expenditures related to the general election that was held in 2021/22.

108. The Commission's actual expenditure for the period was Kshs 4,997 Million, Kshs 20,254 Million, and Kshs 20,229 Million in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. The absorption rate of the department was averaging at 92.8%.

Table 29: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
IEBC	5,384	23,165	20,631	4,997	20,254	20,229	92.8%	87.4%	98.1%
Total	**5,384**	**23,165**	**20,631**	**4,997**	**20,254**	**20,229**	**92.8%**	**87.4%**	**98.1%**

Source: Budget Estimates – National Treasury

109. During the review period, the Commission had several achievements which include; conducted the 2022 General Elections for Presidential, 290 Members of the National Assembly, 1,448 Members of County Assembly, 47 County Governors, 47 Senators and 47 County Women Members of the National Assembly. Further, the Commission conducted byelections for 2 Senators and 8 Members of County Assembly.

3.10.2 Proposed Budgetary Estimates FY 2024/25

110. In the FY 2024/25, The Commission was allocated **Ksh. 3755.2 million** comprised of **Kshs 3,755.2 million** for recurrent expenditure and **Kshs 24.3 million** for development expenditure. The allocation to the Commission has decreased significantly by Kshs 943.1 million (19.8%) from **Kshs 3,755.2 million** allocated in FY 2023/24.

111. The decrease in expenditure is largely on account of significant reduction in allocation for the Commission following the conclusion of the 2022 general election. In particular, the budget for rentals of produced assets was reduced by **Kshs 531.5 million,** the budget for ICT was reduced by **Kshs 169.4 million** and the budget for regional election coordination services was reduced by **Kshs 138.7 million.**

Table 30: Proposed Budget Estimates FY 2024/25 Kshs Millions

Vote	Approved Allocation					Proposed Allocation
		2020/21	2021/22	2022/23	2023/24	2024/25
Independent Electoral & Boundaries Commission	Recurrent	5,309	23,040	20,631	4,674	3,730.9
	Development	75	125	-	77.0	24.3
Total		**5,384**	**23,165**	**20,631**	**4,751.0**	**3,755.2**

Source: Budget Estimates, National Treasury

112. In the FY 2024/25 and the Medium-Term period, the Commission intends to: review electoral and boundary delimitation laws; undertake boundaries delimitation for Constituencies and County Assembly Wards; map registration and polling centers; conduct surveys on electoral and boundaries review processes; conduct Post Boundary Evaluation; establish an Election Resource Centre; and complete the construction of an office block and warehouses in Turkana County.

3.10.3 Pending Bills FY 2020/21 – 2022/23

113. The Commission has pending bills totaling **Kshs. 3,646 million** as at 30 June, 2023 that were not settled during the financial year 2022/2023 but were instead carried forward to 2023/2024 financial year. Further, the amount comprised of legal pending bills of **Kshs. 3,013.3 million** and **Kshs. 632 million** for other suppliers of goods and services. The pending bills are as a result of lack of exchequer and lack of provision.

Table 31: Agency's Pending Bills FY 2020/21 – 2022/23 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Independent Electoral & Boundaries Commission	Recurrent	-	-	1,528	2,281	1,912	3,646
	Development	-	-	-	-	-	-
Total		**-**	**-**	**1,528**	**2,281**	**1,912**	**3,646**

Source: Sector Reports, National Treasury

3.11 Commission on Administrative Justice (CAJ)

114. The Commission is established as envisaged under Article 59(4) of the Constitution and the Commission on Administrative Justice Act, 2011. Its mandate is to enforce administrative justice in the Public Sector by addressing mal-administration through effective complaints handling and alternative dispute resolution. It implements one (1) programme; Promotion of Administrative Justice.

3.11.1 Budget Performance Review FY 2020/21 – 2022/23

115. The Commission's budgetary allocation in FY 2020/21, FY 2021/22 and FY 2022/23 was Kshs. 474.5 million, Kshs. 624.5 million and Kshs 577.8 million. The commission's absorption rate has averaged at 96.6% during the period under review.

116. During the period under review, the Commission accomplished the following: provided administrative justice for aggrieved consumers of public services; promoted quality service delivery by public institutions through handling of 17,296 public complaints against public officers and institutions out of which 7,353 (43%) were resolved.

117. In addition, the commission has provided alternative dispute resolution mechanism; enhanced transparency and accountability in the public and private sectors, the Commission adjudicated on 430 requests for information and determined 416 (97%) appeals; enhanced responsiveness and efficiency in public service delivery, by strengthening the capacity of public institutions to manage public complaints; and enhanced oversight on service delivery at the counties.

Table 32: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23	2020/2021	2021/22	2022/23
Commission on Administrative Justice	474.5	624.8	577.8	458.2	592.7	568.8	96.6%	94.9%	98.4%
Total	**474.5**	**624.8**	**577.8**	**458.2**	**592.7**	**568.8**	**96.6%**	**94.9%**	**98.4%**

Source: Budget Estimates, National Treasury

3.11.2 Proposed Budgetary Estimates FY 2024/25

118. The Proposed allocation to the Commission in the FY 2024/25 is **Kshs. 662.0 million.** The allocation for the commission has decreased by Kshs 83.5 (11.2%) from the Kshs. 745.2 million allocated in 2023/24. The decrease in allocation will affect for the following areas; Purchase of vehicles – Kshs 14.0 million, domestic travel – (Kshs 9.8 million), foreign travel – (Kshs 28.3 million), Hospitality Supplies and Services – (Kshs 13.6 million).

Table 33: Proposed Budget Estimates FY 2024/25 Kshs Millions

Vote	Approved Allocation					Proposed Allocation
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Commission on Administrative Justice	540.0	470.0	620.0	586.6	745.2	662.0
Total	**540.0**	**470.0**	**620.0**	**586.6**	**745.2**	**662.0**

Source: Budget Estimates, National Treasury

119. In the FY 2024/25 and the medium term, the Commission will provide the following services/outputs: resolution of public complaints; enforcement of the right to information; public education and awareness creation on administrative justice and access to information; decentralization of Ombudsman services to enhance accessibility and oversight; technical support to strengthen MDACs capacity to manage public complaints; and strengthening institutional capacity of the Commission through automation, enhancement of staff establishment and skills development.

120. It is worthwhile to note that the Commission will play a pivotal role, in promoting open governance envisaged by the Government. This will be through oversight and enforcement of the Access to Information Act (ATI), 2016.

3.11.3 Pending Bills FY 2020/21 – 2022/23

121. The Commission has incurred pending bills of Kshs 6.7 million in FY 2022/23 for the period under review due to lack of exchequer to pay commitments.

Table 34: Agency's Pending Bills FY 2020/21 – 2022/23 Kshs Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Commission on Administrative Justice	Recurrent	2.6	5.5	6.7	-	-	-
	Development	-	-	-	-	-	-
Total		**2.6**	**5.5**	**6.7**	-	-	-

Source: Sector Reports, National Treasury

PART 4

4.0 OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE ON THE FY 2024/25 BUDGET ESTIMATES

4.1 OBSERVATIONS OF THE COMMITTEE

4.1.1 Judiciary and Judicial Service Commission

Observations

a) The Judiciary resource requirement in the FY 2024/2025 is Kshs 44.9 billion comprised of Kshs 37.5 billion for recurrent expenditure and Kshs 7.4 billion for development expenditure. However, the department was allocated Kshs. 22.79 billion comprised of Kshs 21.29 billion for recurrent expenditure and Kshs 1.5 billion for development expenditure leading to a shortfall of Kshs 22.1 billion which translates to 49.0% of the total resource requirement for the FY 2024/25.

b) The shortfall will affect the following critically underfunded areas; facilitation of 36 new judges with office equipment, fuel and reimbursable utilities – Kshs 317.7 million, Purchase of building for offices in Community Area – Kshs 1200.0 million, implementation of SRC Circular on Magistrates and Kadhis Salaries – Kshs 299.96 million, Settlement of outstanding arbitration awards - Kshs 0.2 billion, Purchase and leasing of motor vehicles – Kshs 0.82 billion, Operationalization of new courts – Kshs 0.15 billion, Operationalization of small claims Courts – Kshs 0.150 billion, Digital Strategy and Automation – Kshs 0.25 billion, Tribunals' operations – Kshs 50 million, Mortgage - Housing loans – Kshs 0.3 billion and Special benches established by the Hon CJ - Kshs 96.2 million.

c) The Judiciary requires an additional Kshs 500 million to support its planned recruitment of an additional 1000 recruits under the Ajira programme under long term contracts to support its digitization programme.

d) The Committee observed that the Judiciary plans to dispose the CJ Residence in Runda which was acquired in 2013 at a cost of Kshs 317 million. The current and former chief justices of the judiciary have not been able to occupy the residence due to the legal issues surrounding the procurement of the residence. This has led to dilapidation of the residence over the years occasioning considerable loss of value of the residence.

e) The Committee has also observed that the Judiciary has won the case involving the Court of Appeal offices in Elgon View. The Court has also granted the Judiciary as compensation Kshs 79.1 million.

f) The Committee was also informed that the Judiciary is set to Gazette magistrates Courts in Twenty (20) Constituencies in areas where they secured offices in partnership with Members of Parliament and they are also in the process of designing a model constituency magistrate court which will be adopted across the country.

g) The Committee also observed that the Judiciary has twenty-two (22) stalled projects across the country. However, five projects which were at advanced stage of completion (Nyeri, Butali, Eldama Ravine, Marsabit Judges Residence and Wanguru) were revived and prioritised for completion in the FY 2024/25

h) **Court Awards -** According to the State of the Judiciary and Administration of Justice (SOJAR report) for FY 2021/2022, the court awards stood at **Kshs. 1.150 billion** out of which **Kshs 910 million** was settled leaving a balance of **Kshs 240 million.** These bills continue to grow owing to interest accruing over the period they remain unpaid. It is important to note that **Kshs. 95 million** was allocated for the same in FY 2024/2025. The Committee was concern about the circumstances that led to the court awards and who should take responsibility for such loss of funds.

i) **Ongoing Projects - Constructions and Rehabilitations** – The Committee also urged the Judiciary to adopt strategic prioritization to promote allocative efficiency in the implementation of its projects based on affordability, and the expected results. The Judiciary has many ongoing projects yet there are no adequate funds for the completion of those projects. It is therefore imperative that the department prioritizes ongoing projects without introducing new projects.

j) 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.

k) Judicial Service Commission was allocated Kshs 902.3 million against a resource requirement of Kshs 2,432 million in the Financial Year 2024/25. The following are the key unfunded areas; implementation of SRC remuneration guidelines for Commissioners and staff at JSC – Kshs 150 million, reduction of case backlog through recruitment of Judges, Judicial officers and staff – Kshs 139 million, Annual Judges, Magistrates and Kadhis colloquiums – Kshs 120 million, enhancing accountability and combating corruption through complainst and investigation management - Kshs 40 million and Construction of Kenya Judiciary Academy – Kshs 200 million.

l) The Committee has also observed that the Judiciary intends to make the Kenya Judiciary Academy a semi-autonomous government agency. The legal instruments are currently under consideration at the state law office.

4.1.2 Office of the Attorney General and Department of Justice

Observations

a) In the FY 2024/25, the office resource requirement is Kshs 7.92 billion composed of Kshs 7.64 billion for recurrent expenditure and Kshs 0.32 billion for development expenditure. However, the proposed Budget Estimates for the department is Kshs 5.5 billion composed of Kshs 5.3 billion for recurrent expenditure and Kshs 0.157 billion for development expenditure.

b) The shortfall will affect the following areas; Equipping, and decentralization of services to 47 counties – Kshs 300 million, Additional allocation of Kshs 500 million for operation and maintenance for the State Law Office, Business Registration Services – Kshs 255 million, National Council for Law Reporting (operations and maintenance) – Kshs 172.6 million, Nairobi Centre for International Arbitration (Recruitment, Relocation from current offices and law reform for ADR Policy) – Kshs 125 million and operationalization of the National Coroner Service – Kshs 70 million.

c) Huge Budget Cuts for the SAGAS under the State Law Office - The department has also decried about the underfunding of **Kshs 1.4 billion** for its SAGAS that could not be provided by the National Treasury during the sector resource sharing for the state departments and SAGAS. This gap has further been aggravated by the proposed reduction of **Kshs 993 million** from the approved budget for the SAGAS in the Budget Policy Statement. The reduction in budgetary provision for the Agencies is likely to hinder the implementation of planned activities and in some cases trigger layoffs by the various Agencies.

d) It has further been observed by the Committee that the Attorney General's Office litigates on behalf of the state agencies however when the court awards claims against those agencies, they don't promptly settle the claims but rather abandon the claims with the Attorney General office. In addition, the state law does not get the necessary support from the state agencies in terms of facilitating the legal counsels with daily subsistence allowance in order for them to execute their work.

e) The Committee further observed that there are suits against the government with financial risks to the tune of Kshs 1.2 trillion. In addition, the awards against the government pending payment stand at approximately Kshs 88.1 billion and they are ranging from awards to victims of torture as well as business litigants against the State.
f) The State Law Office is faced with the challenge of retaining staff due to uncompetitive remuneration package by the Office. The Office has lost considerable number of staffs to other organization such as Parliament, Judiciary and Ethics and Anti-Corruption Commission.
g) The Office has a total pending bill of Kshs 99.5 million as at 31st March 2024 emanating from FY 2022/23 and prior years, out of which historical pending bills incurred in the period 2014/15 – 2021/23 of Kshs 58.7 million have been forwarded to pending bills committee at the National Treasury for verification. These pending bills were incurred as a result of lack of exchequer release, merchants submitting incomplete documents, deactivation of procurement and payment module of IFMIS, among others.

4.1.3 State Department for Correctional Services

Observations

a) In the FY 2024/25, the proposed Budget Estimates for the department is Kshs 35.6 billion composed of Kshs 34.7 billion for recurrent expenditure and Kshs 0.82 billion for development expenditure against a resource requirement of Kshs 57.9 billion comprised of Kshs 54.60 billion for recurrent expenditure and Kshs 3.27 billion for development expenditure. The resultant shortfall is Kshs 16.9 billion for recurrent expenditure and Kshs 5.3 billion for development expenditure.
b) The budgetary shortfall will affect the following areas; food and rations – Kshs 1.94 billion, purchase of uniforms and clothing for staff – Kshs 1.84 billion, purchase of uniforms and clothing for inmates – Kshs 342.0 million, purchase of bedding and linen – Kshs 1.2 billion, medical drugs for inmates – Kshs 1.0 billion, Fuel and lubricants – Kshs 326.2 million, purchase of security equipment – 7.8 billion, operationalization and payment of pending bills for Wanini Kireri Magera Level IV Hospital – Kshs 517 million, acquisition of motor vehicles – 4.3 billion, transition to LPG and Bio Gas – 1.4 billion, Modernization and Mechanization of the Prison Enterprises – Kshs 2.4 billion, Operations and maintenance to cater for the newly recruited 400 probation officers – Kshs 0.52 billion among other needs.
c) The Committee has observed there is a cute shortage of beddings and linen for inmates in most of the prison facilities in the country leading to prisoners leaving in deplorable conditions. In the FY 2024/25, the department was allocated Kshs 59.2 million against a resource requirement of Kshs 1.2 billion.
d) The Committee has also observed that the state department plans to recruit 3000 officers at an estimated cost of Kshs 1.7 billion in the FY 2024/25 occasioned by the increasing number of inmates which is currently averaging at 63,000 as well as natural attritions. However, the National Treasury has not provisioned for this activity in the FY 2024/25
e) The Committee has also observed that there is need for the department to leverage on public private partnerships to implement some of its programmes. In addition, the Committee has also urged the state department to leverage on the huge tracks of land at its disposal and the convicted prisoners to generate food in order to complement the resources it has received from the exchequer.
f) The Committee has also observed the need for the departments in the Justice sector to collaborate together with a view to developing policies that are geared towards decongesting our prisons considering other forms of restorative justice that can be implemented.

4.1.4 Independent Electoral and Boundaries Commission

Observations

a) The Commission resource requirement for the FY 2024/25 is estimated to be Kshs 18.79 billion comprised of Kshs 16.57 billion for recurrent expenditure and Kshs 2.1 billion for development expenditure. However, the Commission was allocated Kshs. 3.755 billion comprised of Kshs 3.730 billion for recurrent expenditure and Kshs 24.3 million for development expenditure.

b) The Committee further noted that the Commission's budgetary shortfall of Kshs 15.24 billion will affect the following key areas in the FY 2024/25; Kshs 3.9 billion for pending bills (legal pending 2.6 billion and non- legal Kshs 1.3 billion), Kshs 1.2 billion for Uchaguzi Centre and Kshs 7.2 billion for boundary delimitation process comprised of Kshs 1.1 billion for wages, equipment – Kshs 0.6 billion, legal fees – Kshs 1.3 billion, ICT – Kshs 0.4 billion, Capacity building – Kshs 0.3 billion, Communication – Kshs 1.1 billion, public education and partnerships – Kshs 1.2 billion and post delimitation voter registration – Kshs 1.2 billion.

c) The Committee noted with concern that the Commission has pending bills amounting to Kshs 3.895 billion of which legal fees accounts for Kshs 2.6 billion, election logistics – Postal Corporation of Kenya - Kshs 0.499 billion and other pending bills – Kshs 0.796 billion. The Commission has requested an allocation of Kshs 1 billion in the Supplementary Estimates II and the balance of Kshs 2.9 billion in the FY 2024/25 budget. The Committee stressed the need for the Commission to standardize and cap the fees charged by the law firms particularly for the presidential election.

d) 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 the legal bills for consideration and scrutiny to ascertain whether the Auditor General should undertake a special audit on the same.

4.1.5 Commission for Administrative Justice

Observations

a) The Committee noted that the Commission's proposed Budget Estimates for FY 2024/25 is Kshs 661.9 million against a resource requirement of Kshs 1.8 billion.

b) The Committee further observed that the Commission's budgetary shortfall will affect the following critical areas; Recruitment of additional staff – Kshs 15.0 million, Promotion of open governance in public administration – Kshs 20 million, Automation and digitization of ombudsman services – Kshs 20 million, International Obligations under the International Ombudsman Institute and other Regional Bodies – Kshs 15 million, establishment of two county offices – Kshs 15 million, public education and awareness creation – Kshs 25 million and Research and investigations – Kshs 5 million.

c) 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.

4.1.6 Witness Protection Agency

Observations

a) In the FY 2024/25, the Agency's proposed Budget Estimates is Kshs 741.2 million against a resource requirement of Kshs 1,478.1 million. The proposed allocation will cater for the following budget items; Compensation to employees – Kshs 426.9 million, witness expenses – Kshs 249.2 million, and other recurrent – Kshs 65.2 million.

b) The shortfall will affect the following key areas; witness protection programme – Kshs 150 million, Acquisition of motor vehicles – Kshs 120 million, staff housing mortgage scheme – Kshs 80 million, Re-instatement of the FY 2024/25 budget to the base FY

2023/24 by Kshs 80.8 million, and recruitment of additional core staff – Kshs 133 million.

c) The Committee further observed that the witness protection programme which is the main mandate of the Agency has consistently been unfunded despite the agency's critical role in the protection of witnesses in crucial cases. This has hampered the office ability to protect the witnesses under the programme.
d) It is important to note that the minimum average annual cost of assessing, admitting, maintaining, resettling or relocating a witness with a dependency ration of 1:3 in the programme amounts to Kshs 5.7 million in a year.
e) The Committee further acknowledges the critical role the office plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses and further noted that the office has played crucial role in the prosecution of complex corruption and terrorism related cases in the recent past.

4.1.7 Kenya National Commission on Human Rights

Observations

a) The Commission's proposed estimates in the FY 2024/25 is Kshs. 478.1 million against a resource requirement of Kshs. 989.9 million by the National Treasury. This leaves a resource gap of about Kshs. 511.8 million.
b) The Committee further observed that the Commission is underfunded in the following critical areas; Complaints, investigation, public education and awareness – Kshs 137.7 million, KNCHR staff car loan and mortgage scheme – Kshs 50 million, purchase of Commissioners' vehicles – Kshs 90.0 million, Devolution of Human Rights Services to the Counties – Kshs 118.8 million and prevention of Torture Act and Intersex Rights – Kshs 70 million.

4.1.8 Ethics and Anti-Corruption Commission

Observation

a) In the FY 2024/25 the Commission resource requirement is 8.7 billion comprising of Kshs 6.3 billion for recurrent expenditure and Kshs 2.4 billion for development expenditure. However, the proposed Budget Estimates for the Commission is Kshs 3.971 billion comprised of Kshs 3.913 billion for recurrent expenditure and Kshs. 57.9 million for development expenditure. The shortfall is likely to impact the commission's ability to effectively discharge its prescribed mandate.
b) In particular, the Commission has a shortfall in the following key areas; recruitment of new staff – Kshs 322.5 million, Tracing and recovery corruptly acquired assets – Kshs 80 million, investigation of corruptly acquired assets – Kshs 100 million, public education, training and awareness – Kshs 30 million, prevention of corruption and unethical practises – Kshs 40 million, and refurbishment of EACC Headquarters – Kshs 28.2 million.
c) The Committee also observed the need for the Commission to think its strategy of refurbishing the Integrity Centre at a cost of Kshs 828.2 million but rather consider constructing a new headquarter preferably at the old campus of the Kenya school of law.
d) The Committee has also observed that the commission is currently operating at 50% of its establishment with an in post of 767 employees against a staff establishment 1,508 employees. The Commission requests for resource allocation of Kshs 322.5 million to recruit 63 technical officers.
e) In addition, the Committee has also observed that there is high level of unexplained staff turnover at the Commission despite the competitive remuneration package offered

by the Commission to its staff which can be attributed to straining of the Commission staff.

4.1.9 Office of the Director of Public Prosecution

Observations

a) The Office of Director of Public Prosecutions budgetary requirement in FY 2024/25 is Kshs. 5.88 billion against a proposed allocation of Kshs 3.90 billion leading to a deficit of Kshs 1.974 billion. The allocation is comprised of Kshs 3.859 billion for recurrent expenditure and Kshs 48.5 million for development expenditure.

b) The Office resource shortfall will affect the following key unfunded areas;
   i) Rolling out of ICT solutions and implementation of a case management system – Kshs 157.5 million
   ii) Enhancement of overall ODPP operations and maintenance – Kshs 815 million
   iii) Construction of five (5) Regional Offices – Kshs 200 million
   iv) Staff medical cover, and staff mortgage and car loan facility – Kshs 251.0 million
   v) Construction of Prosecution Training Institute (Administration block and lecture halls) – Kshs 550 million

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

d) The Committee has also observed that the ODPP has operationalized the Prosecution Training Institute. The Office has pointed out the Institute will be a premier Institution for training prosecutors for other Agencies in the region and has the potential to raise sufficient AIA for the Agency.

4.1.10 Registrar of Political Parties

Observations

a) The Office resource requirement in the FY 2024/25 is Kshs. 10.9 billion out of which Kshs 1.34 billion was to cater for the Agency's Office operations, Kshs 9.5 billion for the Political Parties Fund and Kshs 101.6 million for the Political Parties Liaison Committee.

b) The FY 2024/25 proposed Budget Estimates for the Agency is Kshs 1.037 billion, out of which Kshs 422.1 million will cater for the Office Operations, Kshs 608.3 million will cater for the Political Parties Fund and Kshs 7.5 million for Political Parties Liaison Committee. This will result in budgetary shortfall of Kshs 8.5 billion.

c) Further, the Committee has observed that the allocation to the Political Parties Fund is not in compliance with the provision of the Section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the Section 24 of the Act.

d) The Committee has also observed that the Office of the Registrar of Political Parties is frequently enjoined in matters filed in courts and in the Political Parties Dispute Tribunal (PPDT) arising from intra and inters political parties' wrangles. This affects the office in terms of legal fees and time used in defending cases.

e) The Office has requested for additional funds of Kshs 505.2 million to cater for the following unfunded areas; Establishment of five regional offices – Kshs 75 million, Refurbishment of office space at HQs and seven county offices – Kshs 50 million, Purchase of six motor vehicles – Kshs 55.5 million, Legal Fees – Kshs 78 million and Capacity building of Political Parties and ORPP - Kshs 35.5 million, Maintenance of mobile platform for access of unstructured supplementary service data (USSD) – Kshs

25 million, Recruitment of additional staff for the new County offices and other vacant critical positions – 25.5 million and Legal reforms – Kshs 50 million.

4.2 COMMITTEE RECOMMENDATIONS

4.2.1 PROPOSED REDUCTIONS

The Committee recommends a reduction of **Kshs 330.0 million** from the proposed allocation of the vote below:

Vote	Programme	Proposed Reduction	Justification
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties.	Reduce **Kshs 330 million** from the Political Parties Fund under the programme of Registration, Regulation and Funding of Political Parties.	The Committee recommends a reduction of **Kshs 330 million** from the approved allocation for the Political Parties Fund for FY 2024/25 (**Kshs 608.3 million).** The Committee recommends the budget for the Office of the Registrar of Political Parties to be rationalized to accommodate Agencies with more pressing needs in the sector that are not funded.

4.2.2 PROPOSED INCREASES

The Committee recommends the funds deducted from the budget of the vote stated above be reallocated to the following Agencies as shown in the table below:

Vote	Programme	Proposed Increase	Justification
Judiciary	Dispensation of Justice	Increase the allocation for the Programme of Dispensation of Justice by **Kshs 150 million.**	i. The proposed additional allocation of **Kshs 150 million** is meant to support its planned recruitment of an additional 1000 recruits under the Ajira programme under long term contracts to support its digitization programme. This will create job opportunities for the youth who will be undertaking transcription of court proceedings for the Judiciary.

Vote	Programme	Proposed Increase	Justification
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties.	Increase the allocation for the Programme of Registration, Regulation and Funding of Political Parties by **Kshs 100 million.**	The proposed allocation of **Kshs 100 million** to facilitate the following; ii. **Kshs 38 million** for training/capacity building of Political Parties iii. **Kshs 62 million** to enhance and increase the Office budget for operations and maintenance.
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Commission	Increase the allocation for the Programme of Ethics and Anti-Corruption Commission by **Kshs 50 million.**	iv. The proposed allocation of **Kshs 50 million** is meant to facilitate the recruitment of additional staff for the Commission. The Commission is currently operating at 50% of its Staff establishment with an in post of 767 employees against a staff establishment 1,508 employees. The Commission requests for resource allocation of Kshs 322.5 million to recruit 63 technical officers.
State law office and Department of Justice	Legal Services	Increase the allocation for the programme of Legal Services by **Kshs 30 Million**	v. The additional allocation of **Kshs 30 million** is meant for the Asset Recovery Agency to enhance and scale up the Agency's budget for operation and maintenance.

4.2.3 PROPOSED REALLOCATIONS

The Committee recommends the reallocation of **Kshs 550 million** to various programmes as shown in the table below;

Vote	Programme	Proposed Reallocation	Justification
State Department for Correctional Services	Prison Service	Reallocate **Kshs 500 million** from the **Kshs 4.647 billion** meant for Food and Rations under the programme of Prison Service.	Reallocate the **Kshs 500 million** to the programme of Prison service to facilitate the recruitment of additional 3000 prison officers. The decision has been informed by the increasing number of inmates which is currently averaging at 63,000 as well as natural attritions. The estimated cost of the recruitment is **Kshs 1.7 billion** in the FY 2024/25

Vote	Programme	Proposed Reallocation	Justification
State law office and Department of Justice	Legal Service	Reallocate **Kshs 50 million** from the **Kshs 1.5296 billion** meant for the Sub-Programme of 0606010 Civil litigation and Promotion of legal ethical standards under the Programme of Legal Service.	The proposed reallocation of **Kshs 50 million** will be allocated to the National Council for Law Reporting under the Programme of Legal Service to facilitate the following; i. **Kshs 25 million** to facilitate the maintenance of the Kenya legislation and case law databases to provide updated legal information to ensure efficiency in service delivery. ii. **Kshs 10 million** to facilitate the Publication of the 25th Annual Supplement as directed by H.E. the President of Republic of Kenya. iii. **Kshs 15 million** for provision of ICT software, website hosting, provision of internet service, security firewall and preventive maintenance of servers to secure Kenya Law Systems from hacking threats.

4.2.4 ADDITIONAL FINANCIAL RECOMMENDATIONS

The Committee recommends the Budget Estimates for the following Agencies be increased as indicated in the table below:

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
State Department for Correctional Services	Prison Services	**Kshs 57.9 billion**	**Kshs 35.6 billion**	**Kshs 22.3 billion**	Increase the allocation for the Programme of Prison Service by **Kshs 2.199 billion**	The additional allocation will cater for the following critically unfunded areas; I. **Kshs 1.2 billion** to facilitate the recruitment of additional 3000 prison officers. The decision has been informed by the increasing number of inmates which is currently averaging at 63,000 as well as natural attritions. However, the National Treasury has not provisioned for the **Kshs 1.7 billion** required for this activity in the FY 2024/25. II. **Kshs 398.8 million** for the purchase of prisoner's bedding and linen. The state department has been experiencing an acute shortage of prisoner's beddings as a result of limited funds. The department has only been able to procure and issue beddings to a total of 22,066 inmates against an annual average population of 63,000 inmates. II. **Kshs 200 million** for acquisition of adequate, modern and serviceable security equipment. Kenya Prison Service has acquired firearms for over three decades, jeopardizing the security/ management of inmates within and outside penal institutions.

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						v. **Kshs 150 million** for purchase of tractors and seeds for the prison service agency. The funds will support the department ability to mechanize and modernize its farms in order for the department to generate adequate food for its inmates and complement the funds for food and rations for the inmates.
Judiciary	Dispensation of Justice	**Kshs 44.9 billion**	**Kshs 22.8 billion**	**Kshs 22.1 billion**	Increase the allocation for the programme of Dispensation of Justice by **Kshs 2.1 billion.**	The Committee recommends an additional allocation of **Kshs 3.2 billion** to cater for the following unfunded areas; - Purchase of building for Offices in Community Area (Madison House) – **Kshs 1.2 billion.** - Settlement of outstanding arbitration awards (Lodwar Law Courts) - **Kshs 0.2 billion,** - Refurbishment of Supreme Court Building – **Kshs 400 million,** - Purchase and leasing of motor vehicles – **Kshs 0.3 billion,** - Mortgage – Housing loans – **Kshs 0.3 billion,** - Facilitation of 36 new judges (Office equipment, fuel and reimbursable utilities) – **Kshs 0.32 billion,** - Operationalization of small claims Courts – **0.2 billion,** and - Digital Strategy and Automation – **Kshs 0.3 billion.**

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
Commission for Administrative Justice	Promotion of administrative Justice	**Kshs 1.745 billion**	**Kshs 661.9 million**	**Kshs 1.083 billion**	Increase the allocation for the programme of Promotion of administrative Justice by **Kshs 95 Million**	The Committee recommends an additional allocation of **Kshs 95 million** to cater for the following unfunded areas; i. Promotion of open governance in public administration – **Kshs 20 million,** ii. Automation and digitization of ombudsman services – **Kshs 20 million,** ii. Purchase of motor vehicles for the branch offices and outreach services – **Kshs 30 million,** v. Public education and awareness creation – **Kshs 25 million**
State Law Office and Department of Justice	Governance, Legal Training and Constitutional Reforms	**Kshs 7.92 billion**	**Kshs 5.5 billion**	**Kshs 2.42 billion**	Increase the allocation for the programme of Governance, Legal Training and Constitutional Reforms by **Kshs 897.5 million.**	The additional funds will cater for the underfunded areas; i. Equipping, and decentralization of services to 47 counties – **Kshs 300 million,** ii. Additional allocation of **Kshs 100 million** for the Kenya School of Law to establish campuses in Counties. ii. Additional allocation of **Kshs 250 million** for operations and maintenance v. National Council for Law Reporting (operations and maintenance) – **Kshs 122.6 million,** v. Nairobi Centre for International Arbitration (Recruitment, Relocation from current offices and law reform for ADR Policy) – **Kshs 125 million**

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Commission	**Kshs 8.7 billion**	**Kshs 3.971 billion**	**Kshs 4.73 billion**	Increase the allocation for the programme of Ethics and Anti-Corruption Commission by **Kshs 490.7 million.**	The additional funds will cater for the underfunded areas; i. Trace, preserve and recover corruptly acquired assets – **Kshs 80 million.** ii. Public education, training and awareness – **Kshs 30 million.** iii. Prevention of corruption and unethical practises – **Kshs 30 million.** iv. Staff recruitment and promotion – **Kshs 322.5 million.** v. Refurbishment of EACC Headquarters – **Kshs 28.2 million**
Kenya National Commission on Human Right.	Protection and Promotion of Human Right	**Kshs 0.989 billion**	**Kshs 0.478 billion**	**Kshs 0.512 billion**	Increase the allocation for the Programme of Protection and Promotion of Human Right by **Kshs 346.5 Million**	The additional funds will cater for the underfunded areas; i. Complaints, investigation, public education and awareness – **Kshs 137.7 million.** ii. Devolution of Human Right Services to Counties – **Kshs 118.8 million.** iii. Purchase of new Commissioners' vehicles – **Kshs 90.0 million.**
Independent Electoral and Boundaries Commission	Management of electoral processes	**Kshs 19.0 billion**	**Kshs 3.76 billion**	**Kshs 15.24 billion**	Increase the allocation for the Programme of management of Electoral Processes by **Kshs 9.2 billion**	The Committee recommends an additional allocation of **Kshs 9.2 billion** to cater for the following unfunded areas; i. **Kshs 2 billion** for Pending Bills comprised of Kshs 1.5 billion for legal bills and Kshs 0.5 billion for Non-legal bills (Postal Corporation of Kenya) and ii. **Kshs 7.2 billion** for boundary delimitation process comprised of Kshs 1.1 billion for

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
						wages, equipment – Kshs 0.6 billion, legal fees – Kshs 1.3 billion, ICT – Kshs 0.4 billion, Capacity building – Kshs 0.3 billion, Communication – Kshs 1.1 billion, public education and partnerships – Kshs 1.2 billion and post delimitation voter registration – Kshs 1.2 billion.
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	**Kshs 10.9 billion**	**Kshs 1.04 billion**	**Kshs 9.86 billion**	Increase the allocation for the Programme of Registration, Regulation and Funding of Political Parties by **Kshs 231.0 million**	The Committee recommends an additional allocation of **Kshs 231.0 million** to cater for the following unfunded areas; - Establishment of five regional offices – **Kshs 75 million,** - Recruitment of additional staff for the new county offices – **Kshs 25.5 million,** - Refurbishment of office space at HQs and seven county offices – **Kshs 50 million,** - Purchase of six motor vehicles – **Kshs 55.5 million,** - Maintenance of mobile platform for access of unstructured supplementary service data – **Kshs 25 million**
Witness Protection Agency	Witness Protection Programme	**Kshs 1.48 billion**	**Kshs 0.741 billion.**	**Kshs 0.737 billion**	Increase the allocation for the Programme of Witness Protection by **Kshs 403.0 million**	The Committee recommends an additional allocation of **Kshs 268.8 million** to cater for the following unfunded areas; - witness protection programme – **Kshs 150.0 million,** - **Kshs 133 million** to recruit an additional 46 officers to boost its frontline protection officers, and **Kshs 120 million** for acquisition of motor vehicles.

Vote	Programme	Resource Requirement	Proposed Ceiling	Shortfall	Committee Recommendation	Justification
Office of the Director of Public Prosecution.	Public Prosecution Services	**Kshs 5.9 billion**	**Kshs 3.90 billion**	**Kshs 2.0 billion**	Increase the allocation for the Programme of Prosecution Services by **Kshs 407 million**	The Committee recommends an additional allocation of **Kshs 407 million** to cater for the following unfunded areas; - Rolling out of Uadilifu Case Management System to the remaining County and Sub-County Offices – **Kshs 157 million.** - Construction of 5 Regional Offices – **Kshs 150 million.** - Construction of Prosecution Training Institute (Administration block and lecture halls) – **Kshs 100 million.**

Signed..... **Date**.....23.5.024.....

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

DEPARTMENTAL COMMITTEE ON DEFENSE, INTELLIGENCE &FOREIGN RELATIONS

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

REPORT ON THE CONSIDERATION OF BUDGET ESTIMATES FOR FY 2024/25:

The Ministry of Defence
The Ministry of Foreign and Diaspora Affairs
The State Department for Foreign Affairs
The State Department for Diaspora Affairs
The State Department for East African Community
The National Intelligence Service

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

May 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

AIA	Appropriation in Aid
ARC	Association of Regional Cooperation
ASALs	Arid and Semi-Arid Lands and Regional Development
BETA	Bottom-up Economic Transformation Agenda.
BPS	Budget Policy Statement
EAC	East African Community
EAMI	East African Monetary Institute
ECA	Export Credit Arrangement
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management System
IGAD	Intergovernmental Authority on Development
KMC	Kenya Meat Commission
KOFC	Kenya Ordinance Factories Corporation
KSA	Kenya Space Agency
KSL	Kenya Shipyards Limited
MDAS	Ministries, Departments and Agencies
MFDA	Ministry of Foreign and Diaspora Affairs
MOD	Ministry of Defence
MOU	Memorandum of understanding
MSNE	Micro Small and Medium Enterprise
NASD	National Airs Support Department
NDU-K	National Defence University Kenya
NIS	National Intelligence Service
NSTS	National Security Telecommunications Services
OSBPS	One Stop Border Posts
PAIR	Public Administration and International Relations
PSO	Peace Support Operations
SAGAS	Semi-Autonomous Government Agencies
SDDA	State Department for Diaspora Affairs
SDEAC	State Department for East African Community
SDFA	State Department for Foreign Affairs
UN	United Nations

PART I

1.0 PREFACE

1.1 Introduction

1. The processing of the annual revenue and expenditure Estimates is grounded on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012, and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year. The Budget Estimates for Financial Year (FY) 2023/24 were tabled in the National Assembly on the **30th of April, 2024**.
2. 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. The respective Committees shall then consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee within twenty-one days of submission.
3. The National Assembly Standing Orders assigns the Departmental Committee on Defence, Intelligence and Foreign Relations the mandate to consider matters in related to *Defence, intelligence, foreign relations, diplomatic and consular services, international boundaries including territorial waters, international relations, and veteran affairs.*
4. Therefore, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
    a) National Security Sector
        (i) Vote 1041: Ministry of Defence (MoD)
        (ii) Vote 1281: National Intelligence Service (NIS)
    b) Foreign Relations Sub-sector
        (i) Vote 1053: State Department for Foreign Affairs (SDFA)
        (ii) Vote 1054: State Department for Diaspora Affairs (SDDA)
        (iii) Vote 1221: State Department for East African Community (SDEAC)

1.2 Mandate of the Committee

5. The Departmental Committee on Defence, Intelligence and Foreign Relations is one of the twenty Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5), among others, include ***"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; and to study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation."***
6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
    a) The Ministry of Defence,
    b) The Ministry of Foreign and Diaspora Affairs,
    c) The State Department for East African Community (EAC) Affairs,
    d) The National Intelligence Service (NIS)

1.3 Committee Membership

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

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

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

Members

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

Hon. Hassan Abdi Yusuf, MP
Kamkunji Constituency
Jubilee Party

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

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

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

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

Hon. Luyai Caleb Amisi, MP
Saboti Constituency
ODM Party

Hon. Joshua Kandie, MP
Baringo Central Constituency
UDA Party

Hon. Kwenya Thuku Zachary, MP
Kinangop Constituency
Jubilee Party

Hon. Logova Sloya Clement, MP
Sabatia Constituency
UDA Party

Hon. Ikana Fredrick Lusuli, MP
Shinyalu Constituency
ANC Party

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

Hon.Teresia Wanjiru Mwangi, MP
Nominated Member
UDA Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following staff:

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

Mr. Lenny Muchangi **Legal Counsel II**	Mr. Bernard Njeru **Clerk Assistant III**
Mr. Salat Ali **Principal Serjeant-at-Arms**	Mr. Edwin Machuki **Fiscal Analyst III**
Ms. Noelle Chelagat **Media Relations Officer I**	Mr. John Ng'ang'a **Audio Recording Officer**
Mr. Daniel Ominde **Research Officer III**	Ms. Faith Malala **Public Communications Officer III**

1.5 Overview of the Examination of the Budget Estimates for FY 2024/25

9. The Budget Estimates for the FY 2023/24 FY were tabled in the House on Thursday, **30th of April 2024**, and thereafter referred to Departmental Committees for consideration.

10. The Departmental Committee on Defence, Intelligence, and Foreign Relations held a Sitting on **15th May, 2024** for a briefing on the Budget Estimates by the Parliamentary Budget Office. Thereafter (on the same day), the Committee held Sittings to scrutinize and deliberate on the Estimates with the Ministries, Departments, and Agencies under its purview - the Ministry of Defence, the Ministry of Foreign and Diaspora Affairs, the State Department for East African Community (EAC) Affairs, and the National Intelligence Service (NIS). Finally, it prepared this report and submitted it to the Budget and Appropriations Committee, pursuant to Standing Order 207(6).

1.6 Summary of Observations and Recommendations

11. In considering the Budget Estimates for the FY 2024/25, the Committee made the following key observations: The State Department for East African Community (SDEAC) received a recurrent budget allocation of KES 612.09 million, exceeding the approved 2024 BPS ceiling of KES 607.60 million by KES 4.49 million to support critical regional integration activities. Additionally, SDEAC proposed KES 35 million for the Busia Jumuiya Market project preparation. However, there are unfunded priorities totaling KES 1,479.76 million, including MSME Development, Market Access, and Trade Facilitation, which the Committee observed overlap with the roles of the Ministry of Investments, Trade, & Industry, and the Ministry of Foreign and Diaspora Affairs. The State Department for Foreign Affairs (SDFA) had a recurrent budget allocation of KES 20,707.35 million, surpassing the approved 2024 BPS ceiling of KES 20,260.90 million by KES 446.45 million due to additional personnel emoluments for newly appointed ambassadors and deputy heads of missions. The budget is divided with 78% (KES 16,124.13 million) allocated to missions and 22% (KES 4,583.22 million) to the headquarters. For development, KES 2,390.10 million is proposed for renovating and refurbishing mission properties. The State Department for Diaspora Affairs

(SDDA) had a recurrent budget of KES 829.10 million, lower than the approved 2024 BPS ceiling of KES 1,258.00 million by KES 429.00 million. This negative deviation resulted from expenditure rationalisation and a freeze on foreign travel, which significantly impacts the department's activities in protecting diaspora rights and welfare. The Ministry of Defence (MoD) received a recurrent budget allocation of KES 161,232.82 million, below the approved 2024 BPS ceiling of KES 161,734.60 million by KES 501.78 million due to expenditure rationalisation. The proposed development allocation is KES 6,854.00 million, significantly lower than the approved ceiling of KES 38,836.00 million by KES 31,982.00 million, due to delayed ECA funding agreements. The ministry plans to use KES 1 billion from Israel for procuring a missile system but faces a deficit of KES 2 billion. The National Defence University-Kenya (NDU-K) lacks the authority to utilise KES 299.5 million in fees and related income. Similarly, the Kenya Space Agency (KSA) can collect KES 100 million from the Luigi Broglio-Malindi Space Centre but lacks collection authority. KSA prioritises KES 500 million for a Spaceport project and faces staffing issues due to a recruitment moratorium, affecting long-term training for its technical staff. The Kenya Meat Commission (KMC) revised its AIA projection from KES 5.3 billion to KES 3.9 billion due to livestock supply issues. Meanwhile, Kenya Shipyard Limited (KSL) projected revenue of KES 4.75 billion, primarily covering production and operating costs, leaving a surplus insufficient to cover CAPEX and contractual obligations. Finally, the National Intelligence Service (NIS) had a recurrent budget allocation of KES 45.85 billion, below the approved ceiling of KES 46.85 billion by KES 1 billion. For FY 2024/25, NIS requires KES 65.89 billion, facing a funding gap of KES 20.04 billion, with KES 10 billion deemed critical for recruitment, intelligence modernisation, surveillance expansion, and counter-terrorism operations.

12. In considering the Budget Estimates for the FY 2024/25, the Committee made the following key recommendations: The CS, National Treasury, grants authority for NDU-K and KSA to utilize AiA collected to the tune of KES 299.50 million and KES 100.00 million respectively; The CS, Ministry of Defence, and CS, National Treasury, consider lifting the moratorium on KSA staff recruitment to allow the Agency to recruit its own staff and absorb seconded staff from MDAs and technical staff on one-year contracts; and The CS, Ministry of Foreign and Diaspora Affairs, to consult with the CS, National Treasury, about funding and building the Ministry of Foreign Affairs Headquarters completely by Kenya to protect Kenya's sovereignty and foreign policy.

1.7 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Budget Estimates for the FY 2024/25. I also wish to express my appreciation to the Honorable Members of the Committee, the Ministry of Defence, the Ministry of Foreign and Diaspora Affairs, the State Department for East African Community (EAC) Affairs, and the National Intelligence Service (NIS) for the useful information that they provided to the Committee on the Budget Estimates for the FY 2024/25.

14. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Nelson Koech, MP
Chairperson, Departmental Committee on Defence, Intelligence and Foreign Relations

PART II

2.0 BROAD OVERVIEW OF BUDGET ESTIMATES FOR FY 2024/25

15. The 2024/25 budget is based on the approved 2024 BPS and the Fourth Medium-Term Plan (MTP4). Table 1 displays the total proposed expenditures for FY 2024/25 for the National Government (NG), which includes the Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs).

16. The total budget for FY 2024/25 is **KES 3,914.94 billion**, comprising **KES 1,582.43 billion** in recurrent expenditures, **KES 727.95 billion** in development expenditures, **KES 1,213.45 billion** in CFS and **KES 391.12 billion** in county equitable share.

17. The 2024/25 Budget Estimates have been reduced by **KES.273.29 billion** from the approved 2024 BPS. The reduction has been occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality. To remain on the fiscal consolidation path, there is also a need to contain borrowing and rationalize expenditures to sustainable levels.

18. The allocations to Parliament and the Judiciary have however been maintained as approved in the 2024 BPS.

19. The fiscal consolidation path pursued aims at reducing expenditures by improving efficiency in public spending and ensuring value for money through expenditure rationalization, as follows: -

    a) Reduction of GoK grants to State Corporations to not more than 70% of the approved budget in FY 2023/24;
    b) Reduction of non-priority expenditures in the recurrent budget by up to 50%, and freezing foreign travel;
    c) Scaling down funding of GoK capital projects in the FY 2024/25 budget by upto 30%; and
    d) Scaling down funding of Development Partners' Funded Projects by 25%.

20. The above measures aim to curb wastage, eliminate leakages, and control public expenditure.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

19. The Committee held meetings with the Ministries, Departments and Agencies under its purview to interrogate the 2024/25 Budget Estimates on **Wednesday 15th and Thursday 16th May, 2024**. The highlights of the submissions by the MDAs are recorded hereunder:

3.1 State Department for East African Community (SDEAC)

1) The Cabinet Secretary, Ministry of East African Community (EAC), ASALs and Regional Development, Ms. Peninah Malonza, E.G.H., appeared before the Committee on **Wednesday 15th May, 2024** and briefed as follows: -

17. The State Department's Recurrent Budget Estimates for the Financial Year 2024/2025 is KES 612.08 million while the approved 2024/2025 BPS ceiling was **KES 607.6 million**, reflecting a positive deviation of **KES 4.48 million** from the Financial Year 2024/2025 BPS ceiling. This is as shown in **Table 1**.

Table 1: Recurrent Budget (KES. Millions)

	2024/25 Budget Estimates	**2024/2025 BPS ceiling**	**Deviation**
	a	**b**	**a-b**
Personal emoluments (PE)	336.18	311.18	25
Other recurrent (O & M)	275.9	296.42	(20.52)
Total	**612.08**	**607.6**	**4.48**

***Source**: State Department for East African Community (SDEAC) Submissions, 15th May, 2024*

18. The State Department will, however, implement the Busia Cross Border Market Project in the Financial Year 2024/2025. It received funding of **KES 35 million** for the Financial Year 2024/25 for project preparation activities for Busia Jumuiya market. There is however, no significant deviation between the Development Budget Estimates and the Approved Budget Policy Statement ceiling.

19. The overall absorption for the first nine months of the Financial Year is 70.4%. The State Department will accelerate the absorption during the 4th Quarter especially on procurement of capital items. This is as shown in **Table 2.**

Table 2: FY 2023/24 Third Quarter Cumulative Financial Performance (KES. Millions)

Details	**Approved Estimates**	**Expenditure**	**% Absorption**
Personal emoluments (PE)	342.4	226.4	66.1
Other recurrent (O & M)	640.3	465.2	72.6
Total	**982.7**	**691.6**	**70.4**

***Source**: State Department for East African Community Submissions, 15th May, 2024*

20. The State Department's pending bills which are currently in various stages of payment totals **KES 20,036,472**. The Department does not have any stalled project in the current Financial Year 2023/2024.

21. The State Department presented a total recurrent resource requirement of **KES 2,091.88 million** in Recurrent Budget, upon which the State Department was allocated **KES 612.08 million** creating a resource gap/budget deficit of **KES 1,479.8 million**. This is shown in **Table 3**.

Table 3: Unfunded/Underfunded areas in the Financial Year 2024/25 Budget

Programme/Activities		**Amount (KES)**
Strengthen regional coordination for EAC	Participation in regional cooperation and integration policy dialogues	317,003,000
MSME development	National outreach and development of export capacity	295,976,000
Competitiveness of the Northern Corridor	Opening of the corridor to serve Central African States	25,000,000
Market access	Development and implementation of a National Blueprint on trade and investment opportunities	139,821,000
	Negotiations for third party market access in EAC-SADC-COMESA and AfCFTA	
	Evidence based integration – research, surveys, data	
Trade facilitation	Feasibility studies for Taveta and Isebania markets	133,964,458
	Feasibility studies for the establishment of Kenya Centre in Dar Es Salaam and Bunjumbura	
	Operationalization and staffing of 6 OSBPs (4 new)	
	Deploy staff of Kenya consulate in Arusha	
Institutional capacity development	Additional rent	253,000,000
	Refined fuel and lubricants	
	Maintenance of motor vehicles	
	Rebranding/media engagement	
	Digitization of library records	
	Purchase of new vehicles	
Regional legislative agenda	Execution of EALA (Kenya Chapter), EAC programmes and activities	115,000,000
Northern Corridor Integrated Project (NCIP)	Monitoring and evaluation of the implementation of the project, regional cluster meetings, annual NCIP Summit meetings	200,000,000
Total		**1,479,764,458**

***Source**: State Department for East African Community Submissions, 15th May, 2024*

3.2 State Department for Foreign Affairs (SFDA)

34. The Prime Cabinet Secretary and Cabinet Secretary, Ministry of Foreign and Diaspora Affairs, Hon. Musalia Mudavadi, E.G.H., appeared before the Committee on **Wednesday 15th May, 2024** and briefed as follows: -

35. The State Department has a Recurrent Budget allocation of **KES 20.71 billion** against requirement of **KES 41.37 billion** for the Financial Year 2024/25. The breakdown for recurrent spending is as in **Table 4**.

Table 4: Recurrent resource requirement versus allocation (KES. Millions)

Economic Classification	Requirement 2024/25	Allocation 2024/25	Variance 2024/25
Gross	**41,372.3**	**20,711.0**	***(20,661.3)***
AIA	150.00	150.00	-
Net	**41,222.3**	**20,561.0**	***(20,661.3)***
Compensation to Employees	12,017.6	11,118.2	*(899.4)*
Transfers	3,737.1	738.0	*(2,999.1)*
Other Recurrent	25,617.7	8,854.8	*(16,762.9)*
Total Vote	**41,372.3**	**20,711.0**	***(20,661.3)***

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

36. Regarding other recurrent budget allocation, it should be noted that the Department's budget is distributed **72%** to the Missions and **28%** to Headquarter operations. It should be noted further that out of the **28%** dedicated to the Headquarters, **88%** is allocated for state visits thereby leaving only **12%** (barely **KES 280 million**) for operations & maintenance costs at the Headquarters.

37. Further breakdown of the utilization of the Department's recurrent budget among various cost items is shown in **Table 5**.

Table 5: SDFA Detailed Breakdown of Recurrent Budget for FY 2023/24 (KES. Millions)

Details	Missions	Headquarters	Total
Personnel Emoluments (PE)	**8,923.76**	**2,194.44**	**11,118.2**
Basic Salaries - Permanent Employees	*0*	*1,385.70*	*1,385.70*
Basic Salaries - Contractual employees	*2,109.76*	*527.44*	*2,637.2*
Foreign Service Allowance	*5,688.80*	*0*	*5,688.80*
Other allowances (social contribution, medical, transport, leave etc.)	*1125.2*	*281.30*	*1,406.5*
Grants & Other Transfers	**631.34**	**106.50**	**738.0**
Scholarships & Education Benefits	*631.3*	*0*	*631.3*
Foreign Service Academy	*0*	*106.7*	*106.7*
Operations & Maintenance	**6,375.50**	**2,479.30**	**8,854.80**
Rent	*2,910.28*	*163.64*	*3,073.92*
Hospitality	*397.78*	*13.05*	*410.83*
Local Travel	*194.65*	*13.19*	*207.84*
Foreign Travel	*626.6*	*7.56*	*634.16*
State Visits (Inbound & Outbound)	*0*	*2,200.00*	*22,200.00*

Details	Missions	Headquarters	Total
Fuel & Lubricants	*108.42*	*10.23*	*118.65*
Other Operating Expenses	*578.86*	*7.06*	*585.92*
Insurance costs	*102.1*	*6.37*	*108.47*
Routine Maintenance	*190.99*	*22.88*	*213.87*
Utilities & Communication	*762.59*	*29.9*	*792.49*
Others	*503.23*	*5.42*	*508.65*

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

38. The Department has a total recurrent shortfall of **KES 20.66 billion**. Some of the notable shortfalls relate to items shown in **Table 6**.

Table 6: SDFA Recurrent Shortfalls for FY 2023/24 (KES)

Item	Alloc.	Req	Shortfall	Remarks
Personnel Emoluments	11.1bn	12.02bn	(0.92bn)	The State Department requires an additional KES 0.92bn to cater for postings of officers to Kenyan missions abroad, recruitment of cadets and drivers, promotions and education supplement. Remuneration for retired Ambassadors awaiting recall.
Operationalization/ Establishment of new Missions	-	3.0bn	(3.0bn)	The State Department acting on Cabinet instruction has opened new missions in: **Rabat** in the FY 2023/24, **Maputo, Jakarta, Arusha, Hargeisa and Goma** in the FY 2021/22 and **Dakar, Bern, Djibouti, and Accra in the FY** 2019/20 The State Department requires KES 3.00bn to fully operationalize these Missions and open new missions in **(Jeddah, Asmara, Abidjan and Bogota)** in the FY 2024/25.
Service visit	2.2bn	3.9bn	(1.7bn)	The State Department requires an annual allocation of KES 3.9bn for state visits to cater for outbound state visits.
Foreign exchange risk assumption facility	-	1bn	(1b)	Kenya Missions budgets are prepared in Kenya shillings and disbursed to the respective Missions on quarterly basis. To facilitate the transfer, multiple translations are done initially from Kenya Shillings to the currency of remission and

Item	Alloc.	Req	Shortfall	Remarks
				then to the currency of the recipient country. This occasions huge net foreign exchange losses which erode their allocated budgets.
Multiple Accreditation	-	500mn	500mn	Due to financial constraints, Kenya cannot establish diplomatic footprint in all countries. As such, the State Department requires KES 500 million to facilitate effective representation by Missions accredited to few (2 to 3) surrounding countries.
Operationalization of Foreign Service Academy	-	1bn	1bn	Establishment & operationalization of FSA requires KES 1bn to cater for personnel emoluments, training/curriculum costs and administrative, operations and maintenance costs
Rent	2.965bn	3.335mn	370mn	His Excellency the President recently made appointments of Heads and Deputy Heads of Missions at Ambassadorial level and the same have been posted to the Kenyan Missions abroad including the newly established Embassies effective September 2020.
Unfunded ICT Budget	67mn	250mn	183mn	The State Department requires KES 250mm for; (i) Purchase of computers/printers for newly recruited officers (ii) Newly opened Missions/Consulates General (iii)Replacement of obsolete computers/printers; procure ICT networking and communication equipment and maintain ICT equipment for Missions and State Department Headquarters. The ICT budget KES 250mm (i.e., 200mm for Missions and Ksh.50 for HQ) was taken to the State Department for ICT, the policy has been reversed but the funds have not been availed to the Ministry.

Item	Alloc.	Req	Shortfall	Remarks
Regional peace and security negotiation processes	-	400mn	400mn	A committee of seven (7) special envoys have been appointed to undertake peace negotiation processes with a view to resolving ongoing conflict in Northern Sudan, Eastern DRC, Somalia and Tigray in Ethiopia. The secretariat has commenced the process and requires a budget of 400mn to roll out its operations

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

39. For development spending the requirements vs. allocation for the Ministry in FY 2024/25 and into the medium term is shown in **Table 7**.

Table 7: SDFA- Development Resource Requirement Vs. Allocation (KES. Millions)

Details	Requirement	Baseline	Allocation	Variance
Gross	11,609.0	1,171.0	2,39010	9,218.9
GOK	11,609.0	1,171.0	2,390.10	9,218.
Loans	-	-	-	-
Grants	-	-	-	-
Local AIA	-	-	-	-
Other Recurrent	-	-	-	-
Total Development	**11,609.0**	**1,171.0**	**2,390.10**	**9,218.9**

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

40. Despite the huge shortfall above, the State Department will continue to implement its ongoing projects, completion of which has been delayed due to funding constraints. The State Department has no stalled projects although the projects. However, the State Department has ongoing projects as shown in **Table 8**.

Table 8: The State of Development(KES. Millions)

Project	Cost of the project	Allocation 2023/24	Allocation 2024/25	Remarks
Refurbishment of Headquarters Building	689.33	50.00	100.00	The MFA Headquarter is an old building and always requires some repair works, renovations, and upgrading. During this FY, the State Department intends to refurbish the main conference room, create a new conference room and meeting rooms and a dining room.
Construction of Non-Residential Buildings - State Department Headquarters and Construction of	4,800.00	176.68	200.00	GOK counterpart funds to the China funded construction of MFA Headquarters (BQs, technical drawings, ground preparation and technical supervision). The State Department is in the process of

Project	Cost of the project	Allocation 2023/24	Allocation 2024/25	Remarks
Foreign Service Academy Building & land acquisition				acquiring the identified land for the construction of the headquarters building.
Construction of an office block and other works in Mogadishu	300.00	29.20	39.20	Construction of embassy properties completed. Funds required for the construction of store, car park, gymnasium and gazebo for the staff. In addition the Mission requires approximately 50.0 million for installation of solar power, repair the properties, electric fence and improvement grounds.
Renovation of government owned properties in Washington DC	1,000.00	30.00	35.00	Funds allocated during this FY will cater for completion of upgrading and renovation of ambassador's residence and staff houses. Renovation works is ongoing.
Upgrading and renovations of ambassador's residence in London	450.00	30.00	30.00	Renovation for the Ambassador's house has been completed and renovation at the staff house is about 60% complete. Fund will be required to redesign the Chancery once acquired to fit the needs of the Mission.
Purchase of Chancery London.	2,670.00	450.00	550.00	Procurement process for acquisition of a chancery building is ongoing.
Renovation of Ambassador's Residence in Rome	120.00	25.50	-	Major renovations of the residence were completed in 2019.
Redevelopment and Renovation of government owned properties in Kinshasa	600.00	20.00	20.00	In Kinshasa, GOK has three depilated properties that have been condemned by Public Works. These need to be redeveloped. The Chancery is also dilapidated and requires upgrading and renovations. Works have not been carried out due to inadequate budgetary allocation and funds allocated during this year will be utilized to procure a Consultant and in outer years for development of ambassador's residence and staff houses.
Renovation of Ambassador's Residence in Rome	120.00	25.00	-	Major renovations of the residence were completed in 2019.
Redevelopment and Renovation of government owned properties in Addis Ababa	500.00	20.00	20.00	In Addis Ababa GOK owns the Chancery, Amb. residence, deputy Amb. residence and two apartment blocks comprising 6 apartments. Most of the properties were condemned by public works and there is need for funds to redevelop the properties. The allocated funds shall be utilized for the renovation of the Chancery which is at procurement stage. The State

Project	Cost of the project	Allocation 2023/24	Allocation 2024/25	Remarks
				Department is also in the process of preparing a masterplan to guide on the redevelopment of the condemned houses.
Purchase of an Ambassador's residence, construction of staff houses at the current ambassador's residence in New York	2,600.00	50.00	1,000.00	Funds to be used to procure a consultant for the major renovations and upgrading. The process is ongoing.
Redevelopment and Renovation of government owned properties in Lusaka	600.00	20.00	70.00	GOK owns nine properties in Lusaka most of which are dilapidated and need redevelopment. Funds allocated during this year are for procurement of Consultant and renovation of one of staff house which is dilapidated.
Purchase of Chancery and Ambassador's Residence - Geneva.	3,000.00	-	-	Purchase of Chancery was completed. The State Department now intends to purchase an ambassador's residence due to the high rental expenditure currently being incurred
Kenya International Technical Co-operation Facility	4,500.00	150.00	200.00	The Technical fund was established with the purpose of soft power diplomacy in the region. The original estimate was KES 400.0mm per year. Current estimate is KES 1.0bn per year but the allocation has been way below the target
ICT Infrastructures in the State Department Headquarters and Kenya Missions Abroad	735.80	100.00	115.10	There is need to install reliable and secure ICT infrastructure that would enable linkage between the Missions and the State Department's Headquarters. And implementation of IFMIS system.
1053100801 Renovation of GoK properties in Dar es Salaam and fencing of the land allocated in Dodoma	65.00	20.12	10.00	Funds allocated during the FY will cater for renovations of the Chancery building while in the outer years the funds will be utilized for fencing of the land allocated in Dodoma
Total	**22,630.13**	**1,171.00**	**2,390.10**	

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

41. The Government of Kenya has over time acquired properties in Missions abroad. These properties require constant maintenance especially in countries with harsh weather conditions. Due to inadequate budgetary provision, most of the properties are dilapidated forcing Missions to move to rental accommodations which has resulted to high rental costs for diplomatic properties as leases and rent.

42. The State Department developed an Assets Acquisition and Management Plan (AAMP) to provide a framework that will guide decision-making in the allocation of resources for capital projects, provide criteria for determining the Missions where Kenya should own diplomatic properties, the optimal property mix for different Missions, and proposed a fifteen-year plan of acquisition.

43. Some of the shortfalls for development spending relate to the following critical projects that are unfunded which the department requests for enhancement of the Strategic Intervention (**Table 9**).

Table 9: Critical but Unfunded Projects (KES)

Project	Amount	Remarks
Project Maintenance of GOK owned Properties	350m	This requires provision of an adequate budgetary allocation of approximately KES 350mn to enable contracting of firms to undertake annual maintenance on all existing 110 properties.
Project Refurbishment	3bn	An adequate budget estimated at Ksh. 3 billion is required annually for a period of 4 years to carry out refurbishment of the Government owned properties that have deteriorated with time. New York, Paris, London, Addis Ababa, Stockholm, Lusaka, Harare, Kinshasa, New Delhi.
Acquisition/construction of official residence and staff houses	8bn	There is need to prioritize acquisition of Chanceries, Ambassadors' residences and six residential houses in all Kenya Missions abroad to avoid payment of large amounts of rent. This requires an annual allocation of Ksh. 8 Billion annually for a period of 10 years to enable the acquisition/construction of such properties.
ICT infrastructure in State Department Headquarters and Kenya Missions abroad	380mn	The funds are to cater for rollout of IFMIS to missions to enable interactive data capture and reporting. *The ICT budget KES 250mn (i.e. **KES 200mn** for Missions and **KES 50mn** for HQ) was taken to the State Department for ICT, the policy has been reversed but the funds have not been availed to the Ministry.*
Transformation of the Foreign Service Academy into a SAGA	1.5bn	Acquisition of land and properties for administration block, training rooms, development of curriculum, training equipment and furniture.
Kenya International Technical Cooperation Facility	1.5bn	To cater for presidential commitments.

Source: *State Department for Foreign Affairs (SDFA) Submissions, 15th May 2024*

44. Some of the challenges faced by the department include: -
    a) Budgetary cuts/Austerity measures leading to non-implementation of planned Ministry activities and ineffective representation in Missions with Multiple accreditations.

b) Foreign exchange losses occasioned by transfer of funds in multiple currencies on a Quarterly basis even though mission's budget is prepared in KES leading to erosion of allocated budget.
c) Inadequate financial system in Missions abroad: Kenyan missions abroad are not connected to IFMIS hence financial data is captured manually affecting optimal budget absorption.
d) High rental/leasing costs in Kenyan Mission abroad leading to high costs incurred in rental costs for diplomatic properties as leases and rent.

45. The Department proposed the following as recommendations to address the above challenges:
a) Ringfencing and exempting the Ministry of Foreign and Diaspora Affairs budget allocation from negative effects of budgetary cuts/austerity measures.
b) Creation of a Foreign exchange loss assumption facility to mitigate and cushion against the effects of foreign exchange losses and fluctuations on mission's budgets.
c) Prioritize and fund the roll out of IFMIS System in all the Sixty (60) Kenyan Missions abroad in a phased manner to ensure timely reporting of financial reports.
d) Roll out the asset acquisition plan where the Ministry acquires "own" properties abroad in addition to adequately funding the maintenance and repairs of Government properties abroad to avoid dilapidation of the said properties.

3.3 State Department for Diaspora Affairs (SDDA)

46. The Prime Cabinet Secretary and Cabinet Secretary, Ministry of Foreign and Diaspora Affairs, Hon. Musalia Mudavadi, E.G.H., together with Ms. Roseline K. Njogu, C.B.S., the Principal Secretary, State Department for Diaspora Affairs, appeared before the Committee on **Wednesday 15th May, 2024** and briefed as follows: -

46. The State Department (Vote 1054) Financial Year 2024/25 and Medium-Term budget will be implemented under one (1) Program and four (4) Sub-programs as stated below:
Programme: Management of Diaspora and Consular Affairs
a) SP 1: Diaspora Welfare and Rights
b) SP 2: Diaspora Liaison Services
c) SP 3: Diaspora Investments, Remittances and International Jobs
d) SP 4: General Administration, Planning and Support Services

47. The State Department noted **KES 429.0 million** deviation between FY 2024/25 Estimates and 2024 BPS as shown in **Table 10**.

Table 10: Deviation between budget estimates and 2024 BPS (KES. Millions)

Description	**Budget Estimates**
2024 BPS	1,258.10
FY 2024/25 Estimates	829.10
Deviation	429.00

Source: *State Department for Diaspora Affairs (SDDA) Submissions, 15th May 2024*

48. The State Department noted that the reduction of **KES 429.0 million** will have a major impact in the operations of the Department in the FY 2024/25 and the medium term. It also noted that the budget cut will hinder the attainment of the expanded mandate as outlined in the Executive Order No. 2 of 2023 and the Diaspora Policy 2014. It highlighted major items affected by the reduction/deviation in FY 2024/25 in **Table 11**.

Table 11: Major Items Affected by Reduction/Deviation FY 2024/25 (KES. Millions)

Description	BPS 2024 (	2024/25 Estimates	Variance	Effect
Communications	23.61	6.81	16.81	Affect the communication needs (internet, courier and mobile telephones) of the State Department.
Domestic travel related costs	65.40	21.25	44.15	Affect the day-to-day operations of the State Department affecting the attainment of its expanded mandate.
Foreign travel related costs	450.45	219.23	231.23	Affect the implementation of the core mandate of the State Department e.g. protection of Diaspora welfare and rights including reparation of Kenyan Diaspora in distress.
Printing, advertising a& information services	17.84	4.22	17.62	Affect the dissemination of information and policies to the Department's stakeholders including trade shows & exhibitions.
Training & capacity building	17.19	8.60	8.60	Affect the roll out of promotional courses for staff establishment as the Kenya School of Government.
Hospitality services	44.32	33.61	10.71	Affect the day-to-day operation of the Department.
Office & general supplies	29.52	9.40	20.13	Affect the day-to-day operation of the Department.
Fuel for motor vehicles	7.01	3.51	3.51	Affect the day-to-day operations of the State Department Motor Vehicle fleet.
Contracted technical services	10.55	0.91	9.64	Affect the contracted technical needs.
Refurbishment pf buildings – non-residential	40.00	20.00	20.00	Affect the reallocation of the Department's rented State Department headquarters at UAP Old

				Mutual towers in Upper Hill in view of the expanded staff establishment.
Purchase of motor vehicles	40.00	20.00	20.00	Affect the acquisition of motor vehicle plan for the Department headquarters as well as in selected missions abroad.
Purchase of office furniture	40.89	30.67	10.22	Affect the acquisition plan of office furniture and equipment plan of the Department for the newly recruited Third secretary Cadets as well as other officers in the staff establishment and those posted to the Department.
Purchase of ICT networking & communication equipment	38.01	28.20	9.80	Affect the roll out of the Diaspora Integrated Information Management System (DIIMs).
Total	**1,258.10**	**829.10**	**429.00**	

Source: *State Department for Diaspora Affairs (SDDA) Submissions, 15th May 2024*

49. The State Department does not have development expenditure in FY 2024/25. However, plans are underway to start establishing and equipping safe houses in four Missions abroad (Riyadh, Doha, Dubai and New Delhi). The State Department does not have any pending bills as at 31st March, 2024 and does not have any stalled project for the period under review.

50. The issues and challenges affecting the State Department in the attainment of its program performance targets include: -
    a) International labour migration, plight of the migrant workers and volatility of peace and security which affects Kenyans in Diaspora;
    b) Evolving global conflicts and insecurity that threatens Kenyan Diaspora;
    c) Lack of accurate data of Kenyans in Diaspora coupled with low registration of Kenyans abroad affecting planning and decision making;
    d) Inadequate diaspora policy and legal framework; and
    e) Expanded mandate without requisite funds.

51. The State Department highlighted its key priorities in respect to FY 2024/25 and the Medium Term for consideration in **Table 12**.

Table 12: Key Priorities for FY 2024/25 and the Medium Term (KES. Million)

Priority	Strategic areas for enhanced funding	FY 2024/25 requirements
Diaspora jobs, investment and remittances	• Operationalize the Diaspora Placement Agency (DPA) as a SAGA (**KES 507 million**) • Avail adequate funding for core mandate activities to be undertaken including travel related costs (**KES 230 million**). • Hospitality/reception costs (**KES 20.7 million**) • Communication supplies and services (**KES 26.8 million**)	784.500
Welfare	• Posting of Diaspora officers in ten (10) selected Missions abroad (**KES 577.8 million**). • Establishment of safe houses in four (4) Missions abroad (**KES 300 million**).	877.80
ICT & digital infrastructure	• Operationalize the Diaspora Integrated Information Management System (**KES 50 million**). • Establish 24 hour Diaspora Response Centre (**KES 50 million**).	100.00
Total		1,762.30

Source: *State Department for Diaspora Affairs (SDDA) Submissions, 15th May 2024*

52. The State Department appealed to the Committee to: -
    a) Consider allocating the State Department an additional **KES 2,832.76 million** in operations and maintenance expenditure to enable optimal service delivery in pursuit of the department's mandate;
    b) Reinstate the State department budget level as per 2024 BPS level;
    c) Allocate development funds amounting to **KES 300.00 million** to enable the establishment and operationalization of four (4) safe houses in Riyadh, Doha, Dubai and New Delhi;
    d) Allocate a one-line current grant allocation of **KES 507.00 million** to enable the State Department operationalize the Diaspora Placement Agency in line with the expanded mandate as outlined in the Executive Order No. 2 of 2023.

3.4 Ministry of Defence

53. The Principal Secretary MoD, Mr. Patrick Mariru, appeared before the Committee on Thursday 16th May, 2024 and briefed as follows: -

54. The Ministry has four SAGAs and two departments drawing their expenditure allocation from its overall budget allocations.

    a) The SAGAs include: -
        (i) Kenya Ordinance factories corporation (KOFC)
        (ii) Kenya Space Agency (KSA)
        (iii) Kenya Shipyard Limited (KSL)
        (iv) National Defence University-Kenya (NDU-K)

    b) The Departments include: -

(i) National Air Support Department (NASD)
(ii) National Security Telecommunication Services (NSTS) Department

55. The Ministry of Defence's total budget estimates for the Financial Year 2024/25 is KES 168.08 billion comprising of KES 161.2 billion recurrent expenditure and KES 5.8 billion development expenditure estimates. The budget estimates are as shown in **Table 13**.

Table 13: FY 2024/25 Budget Estimates (KES. Millions)

Expenditure	**Funding**	**FY 23/24**	**FY 24/25**		
		Printed Estimates	**BPS Ceilings**	**Budget Estimates**	**Deviation**
Recurrent	GoK	150,181.4	161,734.6	161,232.8	*(501.8)*
150,181.4Development	GoK	3,254.0	5,854.0	5,854.0	-
	Foreign Funding	-	32,982.0	1,000.0	*(31,982.0)*
Total		**153,435.4**	**200,570.6**	**168,086.8**	***(32.483.8)***

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

56. The Ministry of Defence has the National Defence, general administration, planning and support services, National Space management, and civil aid as its priority programmes for implementation. The Ministry's programme resource allocation and SAGAs budget estimates are as outlined in **Tables 14 and 15**.

Table 14: Programme Resource Allocation (KES. Millions)

Programme	**FY 2023/24**	**FY 2024/25 (KES million)**		
	Printed Est	**BPS Ceiling**	**Budget Estimates**	**Deviation**
National Defence	150,189.2	197,212.7	164,815.8	(32,401.9)
General Admin, Planning and Support Services	2,496.2	2,657.9	2,608.5	(49.4)
Civil Aid	500.0	350.0	350.0	-
National Space Management	250.0	350.0	312.5	(37.5)
Total	**153,435.0**	**200,570.6**	**168,086.8**	**(32,483.8)**

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

Table 15: SAGAs Budget Estimates (KES. Millions)

SAGA	**FY 23/24**	**FY 24/25**		
	Printed Est	**BPS Ceiling**	**Budget Estimates**	**Deviation**
KSA	250.0	350.0	312.5	*(37.5)*
KSL	250.0	250.0	-	*(250.0)*
KMC	-	5,397.4	5,397.4	-
NASD	779.0	350.0	231.1	*(119.0)*
NDU-K	306.0	435.0	389.1	*(45.9)*
Total	**1,585.0**	**6,782.4**	**6,330.0**	***(452.4)***

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

57. The Ministry had a carryover pending bill of KES 10 billion from the Financial Year 2022/23 occasioned by delayed exchequer. However, the pending bill was fully settled as a first charge in the current Financial Year.

58. The Ministry does not have stalled projects but ongoing modernization projects. The Ministry also have new infrastructure projects and systems programmes for the Financial Year 2024/24. The new projects and programmes are outlined in **Tables 16 and 17**.

Table 16: New Infrastructure Projects FY 24/25 (KES. Millions)

Programme/Project Name & Title	**Contractual Obligation**	**New Projects FY 24/25**	**FY 24/25 Allocation**
Projects in Support of KA	1,564.6	393.0	1,957.6
Projects in Support of KAF	166.5	461.2	627.7
Projects in Support of KN	109.1	331.6	440.7
Projects in Support of DCUs	1,937.0	357.0	2,294.0
Total	**3,777.2**	**1,542.8**	**5,320.0**

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

Table 17: New Systems Programmes and Projects FY 24/25 (KES. Millions)

Name of Project/Service		**Total Project Cost**	**FY 24/25 Requirement**	**FY 24/25 Allocation**
GOK	Sustainment	25,390.0	6,687.0	4,000.00
	Protection	24,345.4	4,998.9	
	Info & Int	2,248.7	493.1	
	Fire Power	7,740.0	2,051.0	
ECA programmes			41,939.9	32,982.0

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

59. The Ministry highlighted **KES 477.1 million** reimbursement for support to the Deputy President, Prime Cabinet Secretary and other VIPs in local and international flights. It also highlighted KES 5 billion for procurement of Mine-Resistant Ambush Protected (MRAP) vehicles, assorted weapons and ammunitions. It further sought authority for NDU-K to utilize fees and related incomes (**KES 299.5 million**) collected as AIA, and KSA to collect and utilize (**KES 100 million**) AIA.

60. The Ministry further requested to move GOK development allocation of **KES 5.3 billion** to recurrent. It also requested for the reinstatement of KSL recurrent estimates (**KES 250 million**) as per BPS ceilings. The Ministry highlighted critical funding gap as indicated in **Table 18**.

Table 18: Critical Funding Gap Summary (KES. Millions)

S/No	**Expenditure Area**	**Amount**	**Remarks**
1.	Military recruitment	1,100.00	To cater for the planned recruitment
2.	KDF institutional housing	3,003.00	To alleviate housing deficit
3.	Modernization programme – GoK	4,300.00	Contractual obligations and critical strategic programmes

S/No	Expenditure Area	Amount	Remarks
4.	KOFC	500.00	Refurbishment of existing production lines
5.	NASD	400.00	Contractual obligations
6.	NDU-K	200.00	Equipping libraries and capacity building in research
7.	Development GoK	2,713.00	Contractual obligation
8.	KSA Development	500.00	To establish a space port
Su-total MoD		12,716.00	

Source: *Ministry of Defence (MoD) Submissions, 16th May 2024*

3.5 The National Intelligence Service (NIS)

61. On behalf of the Director-General for the National Intelligence Service (NIS), the Deputy Director-General, NIS, Ms. Agnes Shikuku appeared before the Committee on Thursday 16th May, 2024 and briefed as follows: -

62. The Service is an enabler towards achievement of the Bottom-Up Economic Transformation Agenda (BETA). It is responsible for security intelligence, counter intelligence, and other functions as prescribed by national legislation.

63. The Service has been allocated **KES 45.85 billion** against the budgetary requirement of **KES 65.896 billion**, therefore having a funding gap of **KES 12.0 billion** as itemized in **Table 19**.

Table 19: FY 2024/25 Budget Requirement Vs Proposed Allocation (KES. Millions)

S/No.	Expenditure Area	FY 2024/25 Requirement	FY 2024/25 Proposed Allocation	Funding Gap	Critical Funding Gap
1.	Personnel Emolument	28,751.0	28,751.0	-	-
2.	Proposed Recruitment	1,000.0	-	(1,000.0)	1,000.0
3.	Operations & Maintenance)	12,545.0	8,000.0	(4,545.0)	-
4.	Multi-Agency Security Operations	2,500.0	2,200.0	(300.0)	-
5.	Modernization-Intelligence	8,500.0	2,400.0	(6,100.0)	4,000.0
6.	External CT Operations	3,000.0	2,400.0	(600.0)	-
7.	Internal CT Operations	2,000.0	-	(2,000.0)	2,000.0
8.	Expansion of Surveillance Systems	5,000.0	-	(5,000.0)	5,000.0
9.	Support Infrastructure Projects	500.0	500.0	-	-
10.	Project Research & Development	1,000.0	1,000.0	-	-
11.	Border securitization	100.0	100.0	-	-
12.	N.I.R.U.C	1,000.0	500.0	(500.0)	-
Total		**65,896.0**	**45,851.0**	**(20,045.0)**	**12,000.0**

Source: *National Intelligence Service (NIS) Submissions, 16th May 2024*

64. The Service requested for additional budgetary resources amounting to KES 12.0 billion to cater for: -
    (i) **KES 1.0 billion** - recruitment of additional personnel.
    (ii) **KES 4.0 billion** – expansion of the intelligence modernization programme.
    (iii) **KES 5.0 billion** – expansion of surveillance systems.
    (iv) **KES 2.0 billion** – internal counter terrorism operations.

65. The Service did not have any new or stalled projects as at **31st March, 2024**. It closed the FY 2022/23 without any pending bills thus had none as at **31st March, 2024**.

PART IV
4.0 COMMITTEE OBSERVATIONS

66. The Committee, having received, scrutinized, and deliberated on both the contents of the 2024/25 Budget Estimates and the submissions from the various MDAs under its purview, made the following observations:

4.1 State Department for East African Community (SDEAC)

1) In FY 2024/25, the Department's recurrent budget allocation is **KES.612.09 million** while the approved 2024 BPS ceiling was **KES.607.60 million.** This reflects a positive deviation of KES.4.49 million to cater for critical EAC regional integration activities, i.e., participation in regional cooperation and integration policy dialogues.
2) In FY 2024/25, the SDEAC has a proposed allocation of **KES.35 million** for project preparation activities for Busia Jumuiya Market. There is no significant deviation between the development budget estimates and the approved 2024 BPS ceiling.
3) The SDEAC had unfunded priorities amounting to **KES.1,479.76 million** for FY 2024/25. Some of the unfunded areas include MSME Development, Market Access, and Trade Facilitation, for which the Committee opined that it amounts to duplication of functions of Ministry of Investments, Trade, & Industry and Ministry of Foreign and Diaspora Affairs.
4) As of 31st March 2024, the SDEAC pending bills total **KES.20.04 million**. They are currently in various stages in the payment processing.

4.2 State Department for Foreign Affairs (SDFA)

5) In FY 2024/25, the Department's recurrent budget allocation is **KES.20,707.35 million** while the approved 2024 BPS ceiling was **KES.20,260.90 million.** This reflects a positive deviation of **KES.446.45 million** between the 2024 Approved BPS and the 2024/25 budget estimates figures. *The variance is in respect of additional Personnel Emoluments requirements to cater for the newly appointed Ambassadors and the Deputy Heads of Missions appointed at Ambassadorial level to Kenyan missions abroad.*
6) It should be noted that the Department's recurrent budget is distributed **78% (KES.16,124.13 million)** to Missions and **22% (KES.4,583.22 million)** to Headquarters.
7) Regarding the HQ O&M budget of **KES.2,475.65 million, 89% (KES.2,200.00 million)** is allocated for State Visits, thereby leaving only **11% (barely KES.280 million)** for O&M expenses at the HQ which is not sufficient to take care of rent, hospitality, utilities, and other O&M expenses.
8) In FY 2024/25, the SDFA has a proposed development allocation of **KES.2,390.10 million** which is equal to the approved 2024 BPS ceiling. The development allocation will cater for various renovations and refurbishments of the Mission properties that are in a dilapidated condition, including the renovation of SDFA Headquarters, the purchase of the London Chancery, construction of SDFA Headquarters, and ICT infrastructure in Missions.
9) Foreign relations is a security issue, and the SDFA through the peace diplomacy pillar, has continued to foster and promote peace and security in the region. To accomplish this objective, a committee of seven (7) special envoys has been appointed to undertake peace negotiation processes with a view to resolving ongoing conflict in Northern Sudan, the

Eastern DRC, Somalia, and Tigray in Ethiopia. The secretariat has commenced the process and requires a budget of **KES.400 million** to roll out its operations.

10) The depreciation of the Kenyan Shilling saw the Kenyan Mission's hardly hit by huge foreign exchange losses while translating their remittances to the home country's currencies for transactions. This has rendered the Missions' budgetary provisions insufficient, resulting in pending bills and pecuniary embarrassment on the part of the staff. Therefore, there is a need for an establishment of exchange loss assumption facility to cushion the Department against such losses.
11) Due to inadequate budgetary provisions for the maintenance of the acquired properties in Missions abroad, majority of the properties are dilapidated, forcing Missions to move to rental accommodations which has resulted to high rental costs for diplomatic properties as leases and rent. For example, in FY 2024/25, the Missions budgetary allocation towards rent is **KES.2,910.28 million** which is 46% of their total O&M expenditures. This is **10.20% (KES.269.28 million)** more than the **KES.2,641.00 million** allocated in FY 2023/24.
12) To address the problem of ever-increasing rental expenditures by the Missions, the SDFA has developed an Assets Acquisition and Management Plan (AAMP) that provides a criterion for determining the Missions where Kenya should own diplomatic properties, the optimal property mix for different Missions, and proposes a fifteen-year plan of acquisition.
13) To ensure stability in Kenyan Foreign Policy, the SDFA has developed a Foreign Policy Sessional Paper that will ensure that Kenya's fundamental foreign policy principles are well-anchored in a review of Kenya Foreign Policy (2014). This will ensure that when there is a change in leadership, there isn't a fundamental shift in Kenya's Foreign Policy but just operational reassignments.
14) To address the problem of delayed disbursements to the Missions, the PS SDFA is engaging with the National Treasury to have disbursements to Missions prioritized.
15) Regarding the construction of SDFA Headquarters, the project has an estimated cost of **KES.4.8 billion**, comprising a **KES.3.60 billion** grant from the Chinese Government and **KES.1.2 billion** in GoK counterpart funds. China's grant funding and being the main contractor of the project could potentially compromise Kenya's sovereignty and foreign policy. Therefore, such projects should be adequately financed through GoK funding and undertaken solely by the Kenyan Government. For instance, the military, having proven its ability to execute certain projects within the nation, ought to spearhead these initiatives to safeguard Kenya's sovereignty.

4.3 State Department for Diaspora Affairs (SDDA)

16) In FY 2024/25, the Department's recurrent budget allocation is **KES.829.10 million** while the approved 2024 BPS ceiling was **KES.1,258.00 million.** This reflects a negative deviation of **KES.429.00 million** between the 2024/25 budget estimates figures and the 2024 Approved BPS ceiling. *The variance is in respect of rationalization of expenditures through the reduction of non-priority expenditures and the freezing of foreign travel.*
17) It should be noted that the Department's most activities involve foreign travel in championing the protection of Kenya's diaspora rights and welfare. Of the **KES.429**

million reduction approximately **80% (KES.340 million)** relate to foreign travel, which forms the basis of SDDA's attainment of its mandate.

18) The SDDA is currently reviewing the Diaspora Policy (2014) which will culminate in a new Diaspora Policy that captures the current realities in respect of Diaspora Rights and Welfare.
19) To ensure the safety and welfare of distressed Kenyans abroad, the SDDA plans to establish and equip safe houses in four (4) Missions namely Riyadh (Saudi Arabia), Doha (Qatar), Dubai (UAE) and New Delhi (India), in a bid to champion the protection of the welfare and rights of the Kenyan Diaspora.
20) Such safe houses should be government-owned and controlled to ensure the security and safety of distressed Kenyans. To have this accomplished, the SDDA has presented a concept note to the National Treasury on what is the most cost-effective way to set up safe houses in the above four (4) Missions.

4.4 Ministry of Defence (MoD)

21) In FY 2024/25, the Ministry's recurrent budget allocation is **KES.161,232.82 million** while the approved 2024 BPS ceiling was **KES.161,734.60 million.** This reflects a negative deviation of **KES.501.78 million** between the 2024/25 budget estimate figures and the 2024 Approved BPS ceiling. *The variance is in respect of rationalization of expenditures through the reduction of non-priority expenditures and the freezing of foreign travel.*
22) In FY 2024/25, the MoD has a proposed development allocation of **KES.6,854.00 million** against the approved 2024 BPS ceiling of **KES.38,836.00 million** resulting in a negative deviation of **KES.31,982.00** million between the 2024/25 budget estimate figures and the 2024 Approved BPS ceiling. The variance is in respect to the ECA funding of **KES.32 billion** the MoD had projected to get, but only got **KES.1 billion**. The **KES.1 billion** that has been factored into the FY 2024/25 estimates is Loan AIA from the Government of Israel for the procurement of quantity one (1) Reinforced Battery of Missile System (Spider Air Defence System). **KES. 3 billion** is required as a down payment for this system (costing **KES.15 billion**) but only **KES.1 billion** has been provided, hence there is a deficit of **KES.14 billion**.
23) The rationale given for the non-crystallization of ECA funding is a delay in the fastracking of the ECA funding agreements deposited at the National Treasury (Public Debt Management Office (PDMO) and the Resource Mobilization Department).
24) The Ministry's infrastructure development modernization projects are currently under development vote. Such projects are linked to some other programmes that are funded under the recurrent vote. The separation of the two has hampered support for other programmes in recurrent vote. For there to be a proper execution of the linked programmes, there is need to move **KES.5.32 billion** under the development vote to the recurrent vote under modernization for proper alignment of the modernization programme.
25) National Defence University-Kenya (NDU-K) does not have authority to utilize fees and related incomes collected as AiA to a tune of **KES.299.5 million**.
26) Kenya Space Agency (KSA) has the capacity to collect AiA amounting to **KES.100 million** from Luigi Broglio-Malindi Space Centre but has not been granted authority to utilize the collected AiA.

27) To enhance Kenya's space capabilities, KSA plans to undertake the following projects:
    a) Construction of a Commercial Spaceport for launch satellite launch activities leveraging on strategic geographical location on the equator;
    b) Establishment of Sovereign Earth Observation Satellite System to provide high resolution satellite imagery for security and spatial planning;
    c) Establishment of Multi-satellite Ground Station to operate own satellites and offer Ground Station as a service; and
    d) Establishment of Centre for Microsatellite Development for advanced research, design, manufacturing, assembly, integration, and testing of satellite systems.
28) The above technologies and applications are critical in supporting the economy through job creation and income generation[1]. Therefore, there is a need for KSA to be adequately resourced to enable it to realize the above projects.
29) Out of the above 4 projects, KSA is prioritizing the establishment of the Spaceport at a cost of **KES.500 million** which it considers as a quick win in terms of revenue generated via satellite launch activities leveraging its strategic geographical location on the equator.
30) Since its establishment, the KSA has not recruited or employed its own staff on permanent and pensionable terms. The Agency is still relying on personnel attached from Ministries, Departments and Agencies (MDAs) to fill key positions and supplementing these with staff on temporary terms (short-term contracts and interns). Currently, the Agency has 27 personnel attached from MDAs and 34 on temporary terms.
31) The moratorium on staff recruitment is affecting KSA's capacity to recruit its own staff and absorb the seconded staff from MDAs and technical staff engaged on short-term contracts of 1 year.
32) The technical staff that KSA currently has, have a background in STEM courses, and KSA offers them short-term training opportunities to align their capabilities and knowledge in space technology. Since the staff are on a 1-year contract renewable every year, KSA is unable to offer long-term training to their technical staff, which is key to KSA realizing its mandate.
33) KSA is engaging in a comprehensive review of the space policy, legal and regulatory framework by sponsoring the review processes of the Kenya Space Policy and development of Kenya's first ever space legislation through wide consultative stakeholder engagement and public participation processes. Once the *Kenya Space Bill 2024* is enacted into law, the Agency will be empowered to draw up sector regulations and more effectively carry out its regulatory function. It will be able to set standards, issue licenses to industry players for products and services, and generate more revenues for its operations.
34) Initially, KMC had a projection of **KES.5.3 billion** as AiA for FY 2024/25 in the tabled budget books, which has now been revised to **KES.3.9 billion** due to a cut in supply of

[1] **Agriculture**-Use of satellite imagery and analytics to map crops, monitor crop health, predict yield, and monitor soil conditions; **Healthcare**-Telemedicine, epidemiology, and facilities mapping; **Digital Superhighway and Creative Economy**-connectivity and data provision; **Environment and Climate Change**- Accurate weather prediction, monitoring carbon sinks and concentration of gases in atmosphere; **MSME Economy**- Opportunities for start-ups in space ecosystem to develop decision-support tools and applications; and Housing and Settlements-use of satellite imagery and geospatial data for land and physical planning, infrastructure and utilities mapping and disaster management.

livestock by farmers occasioned by delayed payments to suppliers and favorable weather, making livestock keepers hesitant to sell because there is enough food for their livestock.

35) In FY 2024/25, Kenya Shipyard Limited (KSL) projected revenue from businesses will be **KES.4.75 billion** (***KES.3.4 billion*** *from Kenya Ports Authority,* ***KES.900 million*** *from Kenya Railways Corporation,* ***KES.200 million*** *from Kenya Navy,* ***KES.140 million*** *from Kenya Coast Guard Services and* ***KES.110 million*** *from other MDAs*).

36) Out of the total anticipated revenue of **KES.4.75 billion** by KSL, 87% (KES.4,128.88 million) will cater for production costs and 11% (KES.525.85 million) caters for operating expenses. The remaining 2% (KES.95.27 million) takes care of depreciation (KES.40 million) and forex loss (KES.49.38 million) thereby leaving a surplus of KES.5.89 million which not adequate to cover CAPEX of KES.255.89 million and contractual obligations of KES.763.00 million.

37) KSL considers **KES.255.89 million** for CAPEX activities as the most critical funding gap for which they are seeking additional funding.

4.5 National Intelligence Service (NIS)

38) In FY 2024/25, the Agency's budget allocation that is only recurrent is **KES.45.85 billion** while the approved 2024 BPS ceiling was **KES.46.85 billion.** This reflects a negative deviation of **KES.1 billion** between the 2024/25 budget estimate and the 2024 approved BPS ceiling.

39) In FY 2024/25, the Agency budgetary requirement is **KES.65.89 billion** against an allocation of **KES.45.85 billion** leaving them with a funding gap of **KES.20.04 billion**.

40) Out of the **KES.20.04 billion** funding gap, the agency considered **KES.10 billion** as the most critical, necessitating additional funding to enable them to undertake recruitment, intelligence modernization, expansion of surveillance systems, and carry out internal counter terrorism operations.

PART V
5.0 COMMITTEE RECOMMENDATIONS

67. The Committee, having received, scrutinized, and deliberated on both the contents of the 2024/25 Budget Estimates and the submissions from the various MDAs under its purview, recommends the following:

5.1 Non-Financial Recommendations

1) The CS, National Treasury, grants authority for NDU-K to utilize fees and related incomes collected as AiA to the tune of **KES.299.50 million** to enhance NDU-K resource allocation within 6 months upon the adoption of the FY 2024/25 Budget Estimates Report by the National Assembly.

2) The CS, National Treasury, grants authority to KSA to utilize AiA collected from Luigi Broglio-Malindi Space Centre to the tune of **KES.100.00 million** to enhance KSA resource allocation by 31st December 2024.

3) The CS, Ministry of Defence in conjunction with the CS, National Treasury, explores the option of lifting the moratorium on staff recruitment for KSA to enable the Agency to recruit its own staff and be allowed to absorb the seconded staff from MDAs and technical staff engaged on short-term contracts of one year by 31st December 2024.

4) The CS, Ministry of Foreign and Diaspora Affairs, to liaise with the CS, National Treasury, to explore the option of having the funding and construction of the Ministry of Foreign Affairs Headquarters solely by the Kenyan Government to safeguard Kenya's sovereignty and foreign policy by 31st December 2024.

5.2 Financial Recommendations

5) The allocation for the programmes for the State Department for Foreign Affairs (SDFA), State Department for Diaspora Affairs (SDDA), State Department for East African Community (SDEAC), and the National Intelligence Service (NIS) be approved as tabled.

6) **KES.5.32 billion** development allocation under the modernization programme for the Ministry of Defence be moved to the recurrent vote under the modernization programme for proper alignment of the modernization programme. Therefore, the new amount for modernization under the recurrent vote will be **KES.9.32 billion**. Table 1 details the changes to the MoD budget. Annex I provides a detailed breakdown of the MoD budget.

Table 20: Committee Amendments Schedule (KES. Million)

Details	2024/25 Estimates	Committee Amendments	Amended Estimates
Recurrent	**161,232.82**	**5,320.00**	**166,552.82**
Defence Programme	*157,961.80*	*5,320.00*	*163,281.80*
Civil Aid Programme	*350.00*	-	*350.00*
General Administration, Planning & Support Service Programme	*2,608.52*	-	*2,608.52*
National Space Management Programme	*312.50*	-	*312.50*
Development	**6,854.00**	**(5,320.00)**	**1,534.00**
Defence Programme	*6,854.00*	*(5,320.00)*	*1,534.00*
Grand Total	**168,086.82**	-	**168,086.82**

Source: *The National Treasury and Committee Calculations*

5.3 Other Financial Recommendations (Additional Requests)

7) The Committee recommends that the Budget and Appropriations Committee (BAC) consider allocating resources for the following areas:

Table 21: Additional Requests (KES. Millions)

Vote/Programme	Recurrent	Development	Total	Justification
1041 MoD	-	3,755.89	3,755.89	
0801000 Defence	-	*3,755.89*	*3,755.89*	***KES.500 million*** *for the establishment of a Spaceport by KSA;* ***KESS.255.89 million*** *for KSL to undertake CAPEX activities; and* ***KES.3.00 billion*** *for procurement of Reinforced Battery of Missile System (Spider Air Defence System.*
1053 SDFA	2,100.00	50.00	2,150.00	
0715000 Foreign Relation and Diplomacy	*2,100.00*	*50.00*	*2,150.00*	***KES.1.7 billion*** *fill the funding gap of state visits (inbound and outbound) under the Protocol Division;* ***KES.50 million*** *for renovations and refurbishment works of the Kenyan Embassy in Paris where the 2024 Summer Olympics will take place.;* ***KES.400 million*** *for committee of seven (7) special envoys appointed to undertake peace negotiation processes with a view to resolving ongoing conflict in Northern Sudan, the Eastern DRC, Somalia, and Tigray in Ethiopia*
1054 SDDA	340.00	-	340.00	
0752000 Management of Diaspora and Consular Affairs	*340.00*	-	*340.00*	***KES.340 million*** *to reinstate the SDDA foreign travel cut since most of its activities involve foreign travel.*
1281 NIS	1,000.00	-	1,000.00	
0804000 National Security Intelligence	*1,000.00*	-	*1,000.00*	***KES.1 billion*** *for NIS recruitment*
Total	**3,440.00**	**3,805.89**	**7,245.89**	

Source: *The National Treasury, MDA Submissions and Committee Calculations*

SIGNED: ..... **DATE:** 20/05/24

THE HON. NELSON KOECH, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY & COOPERATIVES

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

.....

REPORT ON THE CONSIDERATION OF THE FY 2024/25 EXPENDITURE ESTIMATES FOR:

1. VOTE 1173: The State Department for Cooperatives
2. VOTE 1174: The State Department for Trade
3. VOTE 1175: The State Department for Industry
4. VOTE 1176: The State Department for Micro Small and Medium Enterprises (MSMEs) Development
5. VOTE 1177: The State Department for Investment Promotion

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CHAPTER ONE

1.0 PREFACE

1.1 Chairperson's foreword

1. This report details the consideration of the FY 2024/25 Budget Estimates for the Ministries, Departments and Agencies (MDAs) within the mandate of the Departmental Committee on Trade, Industry and Cooperatives.
2. The preparation and processing of the Expenditure Estimates is anchored on various legal provisions, including Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.
3. Article 221 of the Constitution provides that the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of revenue and expenditure of the National Government for the next financial year for consideration. In addition, Section 37 of the PFM Act, 2012, provides that the Cabinet Secretary shall submit to the National Assembly the Budget Estimates excluding those for Parliament and the Judiciary by 30th April in every financial year as well as documents supporting the submitted Estimates; and any other bills required to implement the National Government's budget. Regulation 32 of the PFM (National Government) Regulation 2015, provides that budget estimates of the National Government entities or agencies shall be reviewed and consolidated and the Annual Budget Estimates submitted to Parliament by 30th April of the financial year.
4. Standing Orders No. 235 provides that the Estimates submitted to the National Assembly and tabled shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee.
5. In this regard, The FY 2024/25 Expenditure Estimates were presented to the National Assembly on 30th April, 2024. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2024/25 Estimates of Expenditure for the MDAs within its mandate. The Committee considers the proposed Estimates of Expenditure for the State Departments under its purview namely:

   i. Vote 1173 State Department for Cooperatives;
   ii. Vote 1174 State Department for Trade;
   iii. Vote 1175 State Department for Industry;
   iv. Vote 1176 State Department for MSMEs Development;
   v. Vote 1177 State Department for Investment Promotion.

6. On behalf of the Departmental Committee on Trade Industry and Cooperatives and pursuant to the provisions of Standing Order 235, it is my pleasant privilege and honor to present to the Budget and Appropriation Committee, the Report on the consideration of the FY 2024/25 Budget Estimates for the Ministries, Departments and Agencies (MDAs) that fall under its purview.

1.2 Establishment and Mandate of the Committee

8. The Departmental Committee on Trade, Industry and Cooperatives is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows:

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***

   ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*

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

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

   v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

   vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*

   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*

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

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

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

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

9. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, Trade, including securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development, Micro, small & and; medium enterprise (MSMEs), and small and medium enterprise (SMEs), intellectual property, industry standards, anti-counterfeit and cooperative development.
10. In executing its mandate, the Committee oversees the Ministry of Investments, Trade and Industry and the Ministry of Cooperatives and Micro, Medium and Small Enterprises (MSMEs).

1.3 Committee Membership

2 The Departmental Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday, 27th October, 2022 and comprises of the following Members of Parliament;

Chairperson
Hon. James Mwangi Gakuya, MP
Embakasi North Constituency
UDA Party

Vice-Chairperson
Hon Kitany Jebet Marianne, MP
Aldai Constituency
UDA Party

Members

Hon. Dr. Oundo Wilberforce Ojiambo, MP
Funyula Constutiency
ODM Party

Hon. Adagala Beatrice Kahai, MP
Vihiga Constituency
ANC Party

Hon. Githinji Robert Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Kamene Joyce, MP
Machakos Constituency
WDM Party

Hon. Mwalyo Joshua Mbithi, MP
Masinga Constituency
Independent Member

Hon. Oluoch Anthony, MP
Mathare Constituency
ODM Party

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU Party

Hon. Korir Adams Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Maina Mwago Amos, MP
Starehe
JP Party

Hon. Sakimba Parashina Samwel, MP
Kajiado South Constituency
ODM Party

Hon. Wanaina Antony Njoroge, MP
Kieni Constituency
UDA Party

Hon. Waithaka John Machua
Kiambu Constituency
UDA Party

1.4 Committee Secretariat

11. The Committee is facilitated by the following members of staff;

Ms. Rose Mudibo, OGW
Senior Clerk Assistant /Head of Secretariat

Mr. Ellam Omuhinda
Clerk Assistant III

Ms. Everlyne Orina
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Loice Olesia
Fiscal Analyst III

Mr. Arkan Ali Mumin
Research Officer III

Ms. Priscilla Saidi
Research Officer III

Mr, Daniel Psirmoi
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Peris Kaburi
Senior Sergeant-At-Arms

Ms. Pauline Sifuma
Hansard Reporter

Ms. Wanja Mbuthi
Protocol Officer

1.5 Overview of the Examination of the Budget Estimates for FY 2024/25

12. In accordance with the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is required to table the Budget Estimates in the House by 30th of April in every financial year. Pursuant to the provisions of Standing Order No 235, the Budget Estimates subsequently stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee within twenty-one days of committal.
13. The FY 2024/25 Budget Estimates were tabled before the House on Tuesday, 30th April, 2024 and thereafter committed to the relevant Departmental Committees for deliberation according to their respective mandates. Following the tabling of the FY 2024/25 Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held a briefing session with the Parliamentary Budget Office and subsequently held two consultative meetings with the Ministries, Departments and Agencies under its purview and on which it exercises oversight.

1.6 Acknowledgement

14. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Trade, State Department for Investment Promotion, State Department Industry, State Department for Micro Small and Medium Enterprises Development and the State Department for Cooperatives for the fruitful deliberations held with the Committee.
15. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation and commitment in the preparation of this report. It is therefore, my pleasant duty and privilege, to present this report.

HON. JAMES GAKUYA, MP
CHAIRPERSON

(DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES)

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE FY 2024/25 BUDGET ESTIMATES

2.1 Overall Expenditure Estimates for FY 2024/25

16. The FY 2024/25 Budget Estimates has a proposed reduction of Kshs. 273.29 billion compared with the approved 2024 BPS. The reduction has been occasioned by a reduction in the national government ministerial expenditure by Kshs. 245.6 billion of which Kshs. 93.36 billion is a reduction in recurrent expenditure and Kshs. 153.23 billion is a reduction in development expenditure. The Consolidated Fund Services (CFS) has a proposed reduction of Kshs. 27.7 billion.
17. The allocations to Parliament and the Judiciary have remain unchanged in comparison to the approved in the 2024 BPS as well as the equitable share to County Governments as shown in table 1.

Table 1: FY 2024/25 Overall Budget Estimates (Kshs. Billions)

S/No.	Details	Approved Original Budget FY 2023/24	Supp. Est. No.1 FY 2023/24	2024 Approved BPS	Budget Estimates FY 2024/25	Variance Between Budget Estimates and 2024 BPS
1.	**N.G**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**
	Executive	2,308.34	2,400.93	2,488.65	2,243.05	(245.60)
	o/w Recurrent	*1,504.62*	*1,620.72*	*1,612.04*	*1,518.68*	*(93.36)*
	Development	*803.73*	*780.20*	*876.61*	*724.38*	*(152.23)*
	Parliament	41.00	40.74	43.62	43.62	-
	o/w Recurrent	*38.94*	*39.18*	*41.56*	*41.56*	-
	Development	*2.07*	*1.57*	*2.07*	*2.07*	-
	Judiciary	23.18	22.78	23.69	23.69	-
	o/w Recurrent	*21.33*	*21.33*	*22.19*	*22.19*	-
	Development	*1.85*	*1.45*	*1.50*	*1.50*	-
2.	**CFS**	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27.70)**
3.	**County Governments**	**385.42**	**385.42**	**391.12**	**391.12**	**-**
	Total	**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

18. In considering the FY 2023/24 Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held consultative meetings with the Ministries, State Departments and agencies under its purview and on which it exercises oversight.

3.1 Vote 1173: State Department for Cooperatives

19. The State Department submitted that its FY 2024/25 recurrent expenditure has a deviation from the 2024 BPS ceiling from Kshs. 3,856.80 million in the 2024 BPS to Kshs. 3,734.18 in the Estimates million while development expenditure has a proposed decline from Kshs. 503.80 million in the 2024 BPS to Kshs. 336.77 million.
20. The State Department submitted its budget implementation status for FY 2023/24 as at 31st March 2024. Recurrent expenditure has an actual expenditure of Kshs. 1,210.49 million against gross approved expenditure of Kshs. 1,331.89 million translating into an absorption rate of 91% while development expenditure has an actual expenditure of Kshs. 937.88 million against gross approved expenditure of Kshs. 5,014.5million translating into an absorption rate of 19%. The low absorption in development expenditure is attributed to delays in exchequer disbursements for the remaining Kshs. 3.5 billion for the Coffee Cherry Advance Revolving Fund. Kshs. 500 million has been disbursed for the fund.
21. The State Department submitted the total pending bills for the State Department for Cooperatives as at 31st March 2024 amounting to Kshs. 33.79 million.
22. In the State Department's submission on its alignment to Bottom-Up Economic Transformation Agenda (BETA) and the MTP IV, the role of the State Department in all the value chains is mobilization and registration of individuals and enterprises into viable cooperatives in order to reap the benefits of economies of scale. Others include; aggregation and marketing infrastructure for cooperative produce such as modernization of coffee factories; modernization of New KCC and cotton ginneries.

3.2 Vote 1174: State Department for Trade

23. The total proposed allocation to the State Department for Trade is Kshs. 3,073.66 million against its 2024 BPS ceiling of Kshs. 3,500.40 million. The proposed allocation for recurrent expenditure is Kshs. 3,073.66 million against its 2024 BPS ceiling of Kshs. 3,450.40 million while development expenditure has no proposed allocation in FY 2024/24 against its 2024 BPS ceiling of Kshs. 50 million. This reflects a total reduction of Kshs 426.69 million from the approved 2024 BPS comprising of Khs 376.69 million under recurrent expenditure and Kshs 50 million under development expenditure.
24. In the State Department's submission on its alignment to Bottom-Up Economic Transformation Agenda (BETA) and MTP (IV), the State Department has aligned its estimates amounting to Kshs. 249.68 million towards the support of BETA priority value chains of which Kshs. 135.68 million is to undertake route to market analysis and Kshs 114 million is to support KEPROBA in creation of market access for the BETA priority value chains.
25. The State Department submitted that it requested the National Treasury for approval and was granted approval for renaming of its MTEF Programme No 1: Sub Programme 1.1 ,1.3 and 2.1 as shown in table 2 however the approved renaming has not been effected in the proposed budget.

Table 2: MTEF Programmes and sub-programmes to be renamed

S/No	Programme/Sub programme code	Current Name	Proposed Name
1	Programme 1:	Domestic Trade and Enterprise Development	Domestic Trade Promotion and Regulation
2.	Sub programme 1.1	Promotion of Local Content	Enabling Environment for Business Growth
3.	Sub programme 1.2	Development, Promotion and Regulation of Wholesale and Retail Trade	Development, Promotion and Regulation of Wholesale and Retail Trade
4.	Sub programme 1.3	Development, Promotion and Regulation of Micro, Small and Medium Enterprises	Development and promotion of BETA Priority Value Chains

S/No	Programme/Sub programme code	Current Name	Proposed Name
5.	Sub programme 2.1	Enforcement of Intellectual Property Rights and Trade Remedies Measures	Enforcement of trade remedies measures

3.3 Vote 1175: State Department for Industry

26. The total proposed allocation to the State Department for Industry is Kshs. 8,558.29 million against its 2024 BPS ceiling of Kshs. 9,681.10 million. The proposed allocation for recurrent expenditure is Kshs. 2,002.60 million against its 2024 BPS ceiling of Kshs. 2,776.90 million while development expenditure has a proposed allocation of Kshs. 6,555.69 million against its 2024 BPS ceiling of Kshs. 6,904.20 million.
27. In comparison with the FY 2023/24 Budget Estimates, the proposed decrease in recurrent expenditure is mostly on account of a cumulative decrease of Kshs. 734.44 million in the budgetary allocation to some of the SAGAs. The decline is in the net allocation from the exchequer while the AiA has remained unchanged for the SAGAs as shown in table 3. The net allocation from the exchequer to Numerical Machine Complex has been reduced entirely such that it will only be reliant on AiA.

Table 3: FY 2024/25 major changes in recurrent allocation to SAGAs in Kshs. millions

	FY 2023/24 Revised Estimates			FY 2024/25 Budget Estimates		
Semi-Autonomous Government Agency (SAGA)	**Gross**	**AiA**	**Net**	**Gross**	**AiA**	**Net**
Kenya Industrial Research Development Institute (KIRDI)	643.42	26	617.42	606.73	26	580.73
Numerical Machine Complex	476.03	146	330.03	146.00	146	-
Kenya Accreditation Service	380.2	154	226.2	196.71	154	42.71
Anti-Counterfeit Authority	370.02	20	350.02	182.79	20	162.79
Total	**1869.67**	**346.00**	**1523.67**	**1132.23**	**346.00**	**786.23**

28. The State Department further submitted its budget implementation status for FY 2023/24 as at 31st March 2024. Recurrent expenditure has an actual expenditure of Kshs. 2,234.62 million against gross approved expenditure of Kshs. 2,951.66 million translating into an absorption rate of 87%.
29. The State Department's audit review on pending bills established that as at 31st March 2024, the State Department had total pending bills of Kshs. 106.7 million comprising of Ksh. 71.6 million for the FY 2022/23 and Ksh. 35.17 million relating to historical pending bills prior to FY 2022/23. As at 31st March 2024, the State Department submitted that it has settled bills amounting to Ksh. 50.4 million and is in the process of settling Ksh. 1 million. The State Department may be unable to settle the balance of Ksh. 21.2 million due to budgetary constraints.
30. The State Department further reported the pending bills in the SAGAs as follows: KIRDI has pending bills of Kshs. 897.7 million of which Ksh 838.6 million relates to development expenditure and Kshs 59.1 million relates to recurrent expenditure for staff deductions and Contractual obligations. RIVATEX was also reported to have pending bills on an outstanding electricity bill of Kshs. 160.9 million as a result of a Presidential Directive issued in 2019.
31. The State Department submitted that the list of stalled projects includes the following: Modernization of NMC's Foundry Plant & CNC & Fabrication Workshop; Fencing of 1,200 Acres 0f NMC Land; Development of Kieni Apparels and Value Addition Centre (RIVATEX) and Acquisition of Regional Anti-Counterfeit Agency Exhibit Warehouses (ACA).
32. It was further submitted that all projects currently implemented by the State Department are aligned to the Bottom-Up Economic Transformation Agenda.
33. The State Department requested the Committee to consider requests in increases in AiA for various budget lines. The current approved AIA for KITI is Kshs. 33 million which they wish to be adjusted upwards to Kshs. 38 million. Further, the State Department wishes to request introduction of an AIA item in its budget of Kshs. 10 million at the headquarters whose source will be disposal of assets. The Anti-Counterfeit Authority requests its AIA

to be adjusted from Kshs. 20 million to Kshs. 150 million whose source will be from recordation of IPRs.

3.4 Vote 1176: State Department for MSMEs Development

34. The total proposed allocation for the State Department for MSMEs Development is Kshs. 9,226.45 million against its 2024 BPS ceiling of Kshs. 8,661.70 million. The proposed allocation for recurrent expenditure is Kshs. 1,529.61 million against its 2024 BPS ceiling of Kshs. 2,464.90 million while development expenditure has a proposed allocation of Kshs. 7,696.84 million against its 2024 BPS ceiling of Kshs. 6,196.80 million.
35. The increase in development expenditure is occasioned by two new donor funded projects; National Youth Opportunities Towards Advancement (NYOTA) with an allocation of Kshs. 1.24 billion and Kenya Jobs Economic Transformation (KJET) with a proposed allocation of Kshs. 1 billion.
36. The National Youth Opportunities Towards Advancement (NYOTA) Project requires Kshs. 3 Billion. The objective of the NYOTA project is to increase employment, earnings and promote savings for targeted Youth at national scale.
37. The Kenya Jobs Economic Transformation (KJET) project requires Kshs.2.4 Billion. The project will support Kenya and the World Bank Group's Jobs and Economic Transformation (JET) agenda.
38. In the State Department's statement on the alignment to Bottom-Up Economic Transformation Agenda (BETA) and MTP IV it was noted that the MSME Sector has been prioritized among the five sectors that form the core pillars of the Kenya Kwanza Administration. It was also noted that all the development projects in the State Department are aligned to BETA.

3.5 Vote 1177: State Department for Investment Promotion

39. The total proposed allocation to the State Department for Investment Promotion is Kshs. 4,066.04 million against its 2024 BPS ceiling of Kshs. 5,963.20 million. The proposed allocation for recurrent expenditure is Kshs. 960.61 million against its 2024 BPS ceiling of

Kshs. 1,357.80 million while development expenditure has a proposed allocation of Kshs. 3,105.43 million against its 2024 BPS ceiling of Kshs. 4,605.40 million.

40. The State Department further submitted its budget implementation status for FY 2023/24 as at 31st March 2024. Recurrent expenditure has an actual expenditure of Kshs. 1,084.70 million against gross approved expenditure of Kshs. 1,562.20 million translating into an absorption rate of 70% while development expenditure has an actual expenditure of Kshs. 589 million against gross approved expenditure of Kshs. 5,642.00 million translating into an absorption rate of 10%. While the total actual expenditure is Kshs. 1,673.70 million against a total approved budget of Kshs. 7,204.20 million translating into an absorption rate of 23%.
41. The State Department has a new project named Kenya Job and Economic Transformation Project (KJET) with a funding EUR. 54,873,000. It is to be implemented in 5 years, however, The State Department wrote to The National Treasury to capture the project in the FY 2024/25 and Medium-Term Budget Estimates and this was not captured. The project will be implemented by Keninvest and Kenya Development Corporation (KDC).
42. The State Department further submitted that all the projects being undertaken by the State Department are all BETA projects hence aligned to its pillars and the Medium-Term Plan IV.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 State Department for Cooperatives

43. The Committee noted that there is an additional allocation of Kshs. 57.64 million against a requirement of Kshs. 139 million for personnel emoluments. This allocation is to cater for the recruitment of 122 cooperative officers. The allocation will also cater for the requisite facilities such as office space. The establishment structure was approved by the Public Service for implementation by the State Department. The State Department has an ageing workforce and it has not been able to recruit due to budgetary constraints.
44. The Cooperative Management Information System (CMIS) began in FY 2016/17 with an initial project cost of Kshs. 360 million and with a cumulative expenditure of Kshs. 232.5 million as at June 2023. The project provides a platform to automate cooperative registration, audit and inquiries. Notably, the cumulative expenditure for this project is relatively high and there is need to ascertain whether there is value for money.

4.2 State Department for Trade

45. The State Department is pursuing trade agreements with the US through the Strategic Trade and Investment Partnership (STIP) which the State Department targets its conclusion by December 2024. The State Department is also pursuing trade negotiations with United Arab Emirates and Indonesia. The Committee noted that to successfully facilitate the trade negotiations the State Department requires an additional Kshs. 468.42 million.
46. Notably, the State Department submitted that it is currently in the fifth round of STIP negotiations with the US with four more chapters left to be concluded. It was further submitted that trade negotiations with the UAE were closed in February 2024, however, the legal framework surrounding its implementation is currently under discussion.
47. The ministry in collaboration with KEPROBA intends to coordinate Kenya's participation in the World Expo 2025 in Osaka Japan. The Ministry is proposing a whole government approach for all the MDAs such that they will prepare materials on the opportunities that exist in Kenya with respect to their mandates. The respective MDAs will also be required

to finance Kenya's participation in the Expo. Notably, the Japanese government has committed to support Kenya's participation by USD 2.2 million for pavilion space hire, design and construction. The required counterpart funding is Kshs. 800.97 million which will be spent over a six-month period including preparations, research, marketing, branding and closure activities.

48. There is untapped potential for AiA generation of up to Kshs. 20 billion in Weights and Measures Department. The department requires an allocation of Kshs. 900 million for the modernization of legal metrology laboratories. The modernization process will enable the department to evaluate and approve electricity and water meters. The State Department submitted that the research and costing was done in consultation with Kenya Power and Lighting Company.
49. The Committee noted that there is need for recruitment to support the Warehouse Receipt System Council as approved by the Public Service. There is need for the Council to be supported to enable the operationalization of the Warehouse Receipt System. The resource requirement for hiring is Kshs. 98.52 million in FY 2024/25 to cater for the personnel emolument's requirements and for the resultant employer contribution to housing levy.

4.3 State Department for Industry

50. The State Department submitted that there has been a pending bill of Kshs. 290.03 million relating to the payment of terminal dues for the former employees of Pan African Paper Mills. Due to its declining performance the entity was placed under receivership and later sold at Kshs. 900 million. There was a petition to the National Assembly in 2021, after the sale, on behalf of its former employees after which the Ministry was directed to pay the terminal dues to the verified list of employees resulting into the pending bill.
51. The Cabinet Secretary Ministry of Investments, Trade and Industry submitted that the Exports and Investments Promotion Levy enacted in the Finance Act, 2023, has emerging challenges regarding the impact of the levy to the manufacturing sector. In this regard, it was submitted that the rates have been reviewed in the Finance Act, 2024. However, it was also noted that the draft regulations to operationalize the implementation of the fund

are yet to be concluded. It was submitted that Kshs. 300 million has been collected for the levy since July 2023.

52. Kieni Value Addition Center requires funding to operationalize it. The total amount required to fully operationalize it is Kshs. 121.5 million. Funding is required for glazing and finishes, painting, cabro paving, retaining wall, storm water drainage, ablution block, bio digester, boundary wall, car park and solar power grid and a stand by generator. Phase 2 will require electrical works, sceptic tank, mechanical works and chain link fencing.

4.4 State Department for MSMEs Development

53. The State Department is implementing the Center for Entrepreneurship Project which is a new project. The project will receive funding of Kshs. 2.97 billion which is donor funded by KfW from Germany and Kshs. 193.2 million as GOK funding. The project is expected to take four years from FY 2023/24 to FY 2026/27 and it will be established at KIE head office as well as in five satellite centers at KIE regional offices. The project will provide orientation, training and business development services for the youth. The project will also provide a maker's space for common user facilities and a mobile and online platform providing information on training and learning opportunities. The project has a proposed allocation of Kshs. 162.5 million in FY 2024/25.
54. The Committee observed that the State Department is implementing two new donor funded projects. The National Youth Opportunities Towards Advancement (NYOTA) has a proposed allocation of Kshs. 1.24 billion in FY 2024/25 funded by the World Bank. The new project is phase two (2) of the Kenya Youth Employment Opportunities (KYEOP) which came to a close in February 2024, the project however targets to be implemented in 47 counties unlike the KYEOP which was only implemented in seventeen (17) counties. The project will issue grants to youth MSMEs as well as technical assistance through capacity building.
55. The State Department is also implementing the Kenya Jobs Economic Transformation (KJET) which is also a new donor funded project. The project has three components: Component 1 which aims to strengthen business and investment enabling reforms shall be

implemented by Keninvest under the State Department for Investment Promotion, Component 2 aims to enhance MSME cluster competitiveness and it shall be implemented by Micro Small Enterprise Authority (MSEA), under the State Department for MSMEs Development while Component 3 aims to scale up green financing and strengthen climatic resilience for MSMEs which is proposed to be implemented by the Kenya Development Corporation (KDC) under the State Department for Investment Promotion. Component 2 under the State Department for MSMEs Development, has a proposed funding in FY 2024/25 of Kshs. 1 billion which is a donor funded loan.

4.5 State Department for Investment Promotion

56. The State Department submitted that there has been growing demand for investors at the Naivasha Special Economic Zone and there is a proposal to increase the acreage of the SEZ by 800 Acres. Notably, the Committee raised concerns over a Turkish Investor who had leased 400 acres and had not commenced any investment activities at the Naivasha SEZ, the State Department submitted that going forward, land will be issued to investors on the basis of commitment and performance.
57. The Cabinet Secretary Ministry of Investment, Trade and Industry submitted the Ministry's implementation plan for the World Expo 2025 and proposed the creation of a budget line namely: Coordination, Partnerships, Monitoring and Evaluation under the State Department for Investment Promotion with a resource requirement of Kshs. 200 million in FY 2024/25. This will facilitate the Ministry's coordination and implementation of the World Expo activities.
58. Keninvest and Kenya Development Corporation are mandated to implement components 1 and 3 respectively of the Kenya Jobs Economic Transformation (KJET) which is a World Bank donor funded project. Component 1 which aims to strengthen business and investment enabling reforms while Component 3 aims to scale up green financing and strengthen climatic resilience for MSMEs. Component 3 has an allocation of Kshs. 1 billion while component 1 has an allocation of Kshs. 287.24 million. Which were not captured in the FY 2024/25 Budget Estimates.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

5.1 Nonfinancial recommendations

5.1.1 State Department for Trade

59. The Committee recommends that, within thirty (30) days upon adoption of this report, the Cabinet Secretary Ministry of Investments, Trade and Industry, in consultation with Kenya Exports Promotion and Branding Agency (KEPROBA) should determine the minimum percentage allocation of the total resource requirement for the World Expo, 2025, which each of the participating government agency should contribute towards Kenya's participation in the Expo. The Committee recommends that, each government entity that will voluntarily participate in the World Expo 2025 should contribute resources towards the facilitation of the World Expo.
60. The Committee recommends the renaming of the 'Domestic Trade and Enterprise Development' Programme to 'Domestic Trade Promotion and Regulation' in the State Department for Trade to align it with the mandate of the State Department as per Executive Order 1 of 2023, and to align it with the activities undertaken by the State Department. The Committee further recommends the renaming of its Sub-Programmes as per the attached table.

S/No	Programme/Sub programme code	Current Name	Proposed Name
1	Programme 1:	Domestic Trade and Enterprise Development	Domestic Trade Promotion and Regulation
2.	Sub programme 1.1	Promotion of Local Content	Enabling Environment for Business Growth
3.	Sub programme 1.2	Development, Promotion and Regulation of Wholesale and Retail Trade	Development, Promotion and Regulation of Wholesale and Retail Trade
4.	Sub programme 1.3	Development, Promotion and Regulation of Micro, Small and Medium Enterprises	Development and promotion of BETA Priority Value Chains
5.	Sub programme 2.1	Enforcement of Intellectual Property Rights and Trade Remedies Measures	Enforcement of trade remedies measures

5.2 Financial Recommendations
Committee Reallocations

61. The Committee recommends the following reallocations with justification as per the attached schedule 1.

5.2.1 State Department for Cooperatives

62. The Committee recommends that, the FY 2024/25 Printed Estimates of **Kshs. 4,070.953 million** for the State Department for Cooperatives be ammended as follows:

5.2.1.1 Increases

Development expenditure

i. An increase of Kshs. 14.85 million for the completion of works at Luanda Cotton Ginnery.

5.2.1.2 Reductions

Development expenditure

i. A decrease of Kshs. 4.85 million from the Cooperative Management Information System.

5.2.2 State Department for Industry

63. The Committee recommends that, the FY 2024/25 Printed Estimates of **Kshs. 8,558.296 million** for the State Department for Industry be ammended as follows:

5.2.2.1 Increases

Recurrent expenditure

i. An increase of Kshs. 20 million for Kenya Accreditation Services (KENAS) to cater for personnel emoluments. The agency has a personnel emoluments requirement of Kshs. 192.91 million against a proposed budgetary allocation of Kshs. 42 million in FY 2024/25.
ii. An increase of Kshs. 40 million for Numerical Machine Complex to (NMC) to cater for personnel emoluments.

Development expenditure

i. An increase of Kshs. 11.08 million for Kieni Value Addition Center.

5.2.2.2 Decreases

Recurrent expenditure

i. A decrease of Kshs. 10 million from the Agro-processing Delivery Unit

Development expenditure

i. A decrease of Kshs. 200 million from the construction of industrial and research laboratories under KIRDI South B.
ii. A decrease of Kshs. 11.08 million from Lusigetti Apparels and Value Addition Center.

5.2.3 State Department for MSMEs Development

64. The Committee recommends that, the FY 2024/25 Printed Estimates of **Kshs. 8,522.202 million** for the State Department for MSMEs Development be ammended as follows:

5.2.3.1 Increases

Development expenditure

i. An increase of Kshs. 100 million to increase the allocation for (Youth Employment and Enterprise Initiative) Uwezo Fund. This is aimed at increasing the amount of funding allocated per constituency.

5.2.4 State Department for Investment Promotion

65. The Committee recommends that, the FY 2024/25 Printed Estimates of **Kshs. 7,204.208 million** for the State Department for Investment Promotion be ammended as follows:

5.2.4.1 Increases

Recurrent expenditure

i. An increase of Kshs. 40 million for Keninvest to cater for personnel emoluments. The agency has a personnel emoluments requirement of Kshs. 285 million against a proposed budgetary allocation of Kshs. 90 million in FY 2024/25.

Requests for Additional Funding

66. The Committee recommends the following requests for additional funding with justification, for consideration, as per the attached schedule 2.

State Department for Cooperatives

Development expenditure

i. Request for additional funding of Kshs. 400 million for the Manyatta Milk Factory in Embu under New KCC.

ii. Request for additional funding of Kshs. 500 million for the mop up of excess milk and conversion into milk powder under new KCC.

State Department for Trade

Recurrent expenditure

i. Request for additional funding of Kshs.900 million for Weights and Measures for the modernization of legal metrology laboratories. The laboratories will enable the verification of water and electricity meters. The allocation will increase AiA generation which is projected at Kshs. 20 billion.

State Department for Industry

Recurrent expenditure

i. Request for additional funding of Kshs. 330 million for Operation and Maintenance and for personnel emoluments for Numerical Machine Complex.

ii. Request for additional funding of Kshs. 130.91 million for Operation and Maintenance and for personnel emoluments for Kenya Accreditation Services (KENAS).

State Department for Investment Promotion

Recurrent expenditure

i. Request for additional funding of Kshs. 152.12 million for personnel emoluments for Keninvest.

ii. Request for additional funding of Kshs. 200 million for coordination, partnerships, monitoring and evaluation in the Cabinet Secretary's Office.

Development expenditure

i. Request for the inclusion of donor funding amounting to Kshs. 1 billion in the FY 2024/25 Budget Estimates, for Kenya Development Corporation (KDC) under component 3 of the Kenya Jobs Economic Transformation (KJET).

ii. Request for the inclusion of donor funding amounting to Kshs. 287.24 million in the FY 2024/25 Budget Estimates, for Keninvest under component 1 of the Kenya Jobs Economic Transformation (KJET).

Schedule 1: Committee Reallocations

Committee Increases in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	Modernization of Cotton Cooperative Ginneries		81.92		**14.85**		97.77	An increase of Kshs. 14.85 million for the completion of works at Luanda Cotton Ginnery.
State Department for Industry								
Standards & Quality Infrastructure & Research	Kenya Accreditation Services (KENAS)	196.70		**20**		216.70		An increase of Kshs. 20 million for Kenya Accreditation Services (KENAS) to cater for personnel emoluments. The agency has a personnel emoluments requirement of Kshs. 192.91 million against a proposed budgetary allocation of Kshs. 42 million in FY 2024/25.
Industrial Promotion and Development	Numerical Machine Complex (NMC)	146		**40**		186		An increase of Kshs. 40 million for Numerical Machine Complex to (NMC) to cater for personnel emoluments.
	Modernization of RIVATEX		36.08		**11.08**		47.16	An increase of Kshs. 11.08 million for Kieni Value Addition Center. The allocation is a reallocation from the Lusigetti Value Additon Center. The Committee recommends that one value addition is completed before the commencement of a new one.
State Department for MSMEs Development								

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Digitization and Financial Inclusion for MSMEs	(Youth Employment and Enterprise Initiative) Uwezo Fund		100		**100**		200	An increase of Kshs. 100 million to increase the allocation for (Youth Employment and Enterprise Initiative) Uwezo Fund. This is aimed at increasing the amount of funding allocated per constituency.
Investment Development and Promotion	Keninvest	92.88		**40**		132.88		An increase of Kshs. 40 million for Keninvest to cater for personnel emoluments. The agency has a personnel emoluments requirement of Kshs. 285 million against a proposed budgetary allocation of Kshs. 90 million in FY 2024/25.
Total Committee Increases				**100**	**125.93**			

Committee Reductions in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	Cooperative Management Information System		4.85		**(4.85)**		-	A decrease of Kshs. 4.85 million from the Cooperative Management Information System.
State Department for Industry								
Industrial Promotion and Development	Modernization of RIVATEX		36.08		**(11.08)**		25	A decrease of Kshs. 11.08 million from Lusigetti Apparels and Value Addition Center. The allocation is a reallocation from the Lusigetti Value Additon Center to Kieni Value Addition Center. The Committee recommends that one value addition is completed before the commencement of a new one.
	Agro-Processing Delivery Unit	23.93		**(10)**		13.93		A decrease of Kshs. 10 million from the Agro-processing Delivery Unit.
Standards & Quality Infrastructure & Research	Construction of Industrial Research Laboratories - KIRDI South B		319.94		**(200)**		119.94	A decrease of Kshs. 200 million from the construction of industrial and research laboratories under KIRDI South B.

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Total Committee Reductions				(10)	(215.93)			

Schedule 2: Requests for additional funding in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	New KCC		-		**400**		400	Request for additional funding of Kshs. 400 million for the Manyatta Milk Factory in Embu under New KCC.
	Dairy Processing (Powdered Milk) – New KCC		-		**500**		500	Request for additional funding of Kshs. 500 million for the mop up of excess milk from farmers and conversion into milk powder.
State Department for Trade								
Fair Trade Practices and Compliance of Standards	Weights and Measures		-		**900**		900	Request for additional funding of Kshs.900 million for Weights and Measures for the modernization of its legal metrology laboratories. The laboratories will enable the verification of water and electricity meters. The allocation will increase AiA generation which is projected at Kshs. 20 billion.
State Department for Industry								
Industrial Promotion and Development	Numerical Machine Complex	146		**330**		476		Request for additional funding of Kshs. 330 million for Operation and Maintenance and for personnel emoluments for Numerical Machine Complex.
Standards & Quality	KENAS	196.7		**130.91**		327.61		Request for additional funding of Kshs. 130.91 million for Operation and Maintenance and for personnel emoluments for Kenya Accreditation Services (KENAS).

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Infrastructure & Research								
State Department for Investment Promotion								
Investment Development and Promotion	Keninvest	92.88		**152.12**		245		Request for additional funding of Kshs. 152.12 million for personnel emoluments for Keninvest.
	Coordination, partnerships, monitoring and Evaluation	-		**200**		200		Request for additional funding of Kshs. 200 million for coordination, partnerships, monitoring and evaluation in the Cabinet Secretary's Office.
	Kenya Development Corporation		-		**1,000**		1,000	Request for the inclusion of donor funding amounting to Kshs. 1 billion in the FY 2024/25 Budget Estimates, for Kenya Development Corporation (KDC) under component 3 of the Kenya Jobs Economic Transformation (KJET).
	Keninvest		-		**287.24**		287.24	Request for the inclusion of donor funding amounting to Kshs. 287.24 million in the FY 2024/25 Budget Estimates, for Keninvest under component 1 of the Kenya Jobs Economic Transformation (KJET).
Total Requests for Additional Funding				**813.03**	**3,087.24**			

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT - THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

Report on the Consideration and Adoption of Committee Report on
The Annual Estimates for FY 2024/25

No.	MEMBER NAME	SIGNATURE
1.	Hon. Gakuya James Mwangi, MP – ***Chairperson***	
2.	Hon. Kitany Marianne Jebet, MP – ***Vice Chairperson***	
3.	Hon. Dr. Oundo Wilberforce Ojiambo, MP	
4.	Hon. Dr. Adagala Beatrice Kahai, MP	
5.	Hon. Githinji Robert Gichimu, MP	
6.	Hon. Kamene Joyce, MP	
7.	Hon. Mwalyo Joshua Mbithi Mutua, MP	
8.	Hon. Oluoch Anthony Tom, MP	
9.	Hon. Guyo Adhe Wario, MP	
10.	Hon. Korir Adams Kipsanai, MP	
11.	Hon. Maina Mwago Amos, MP	
12.	Hon. Sakimba Parashina Samuel, MP	
13.	Hon. Wainaina Antony Njoroge, MP	
14.	Hon. Waithaka John Machua, MP	

MINUTES OF THE 88TH SITTING OF THE THIRD SESSION OF THE DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES, HELD IN COMMITTEE ROOM NO. 23 ON THE 5TH FLOOR OF BUNGE TOWER, NAIROBI COUNTY ON FRIDAY 17TH MAY, 2024, AT HALF PAST TWO O'CLOCK

PRESENT

1. Hon. Gakuya, James Mwangi, M.P. **- Chairperson**
2. Hon. Kitany, Marianne Jebet, M.P. **- Vice-Chairperson**
3. Hon. (Dr.) Oundo, Wilberforce Ojiambo, M.P.
4. Hon. (Dr.) Adagala, Beatrice Kahai, M.P.
5. Hon. Oluoch, Anthony Tom, MP.
6. Hon. Mwalyo, Joshua Mbithi Mutua, M.P.
7. Hon. Wainaina, Antony Njoroge, M.P.
8. Hon. Sakimba, Parashina Samuel, M.P.
9. Hon. Korir, Adams Kipsanai, M.P.
10. Hon. Githinji, Robert Gichimu, MP.
11. Hon. Waithaka, John Machua, M.P.
12. Hon. Maina, Mwago Amos, M.P.

APOLOGIES

1. Hon. Guyo, Adhe Wario, M.P.
2. Hon. Kamene Joyce, M.P.

COMMITTEE SECRETARIAT

1.	Ms. Rose Mudibo, OGW	-	Senior Clerk Assistant
2.	Mr. Ellam Omuhinda	-	Clerk Assistant III
3.	Ms. Everlyn Orina	-	Clerk Assistant III
4.	Ms. Loice Olesia	-	Fiscal Analyst III
5.	Mr. Arkan Mumin	-	Research Officer III
6.	Mr. Daniel Psirmoi	-	Media Relations Office
7.	Mr. Cosmas Akhonya	-	Audio Officer
8.	Ms. Peris Kaburi	-	Serjeant at Arms
9.	Ms. Florence Wanja	-	Public Communication Officer

AGENDA

1. Preliminaries/Introductions
    i. Prayers
    ii. Adoption of the Agenda
    iii. Remarks by the Chairperson
2. Confirmation of Minutes/Matters Arising
3. **Consideration and adoption of the Report on the FY 2024/25 Annual Estimates for the Ministries of Cooperatives and MSMEs, and Investment Promotion, Trade and Industry**
4. Any other Business
5. Adjournment/Date of the next meeting

MIN.NO NA/TRADE/2024/426: PRELIMINARIES

The Chairperson called the meeting to order at Thirty-Five minutes past Two O'clock, and the meeting began with a word of prayer. The agenda was adopted having been proposed by Hon. Beatrice Adagala, M.P., and seconded by Hon. Wilberforce Oundo, M.P.

MIN.NO NA/TRADE/2024/427: CONFIRMATION OF MINUTES/MATTERS ARISING

This agenda was postponed to a later date.

MIN.NO NA/TRADE/2024/428: CONSIDERATION AND ADOPTION OF THE REPORT ON THE FY 2024/25 ANNUAL ESTIMATES FOR THE MINISTRIES OF COOPERATIVES AND MSMES, AND INVESTMENT PROMOTION, TRADE AND INDUSTRY

The Committee deliberated on the Annual Estimates for the Ministries of Cooperatives and MSMEs and Investment Promotion, Trade and Industry and observed the following;

1. State Department for Cooperatives

i. The Committee noted that there is an additional allocation of Kshs. 57.64 million against a requirement of Kshs. 139 million for personnel emoluments. This allocation is to cater for the recruitment of 122 cooperative officers. The allocation will also cater for the requisite facilities such as office space. The establishment structure was approved by the Public Service for implementation by the State Department. The State Department has an ageing workforce and it has not been able to recruit due to budgetary constraints.

ii. The Cooperative Management Information System (CMIS) began in FY 2016/17 with an initial project cost of Kshs. 360 million and with a cumulative expenditure of Kshs. 232.5 million as at June 2023. The project provides a platform to automate cooperative registration, audit and inquiries. Notably, the cumulative expenditure for this project is relatively high and there is need to ascertain whether there is value for money.

2. State Department for Trade

i. The State Department is pursuing trade agreements with the US through the Strategic Trade and Investment Partnership (STIP) which the State Department targets its conclusion by December 2024. The State Department is also pursuing trade negotiations with United Arab Emirates and Indonesia. The Committee noted that to successfully facilitate the trade negotiations the State Department requires an additional Kshs. 468.42 million.

ii. Notably, the State Department submitted that it is currently in the fifth round of STIP negotiations with the US with four more chapters left to be concluded. It was further submitted that trade negotiations with the UAE were closed in February 2024, however, the legal framework surrounding its implementation is currently under discussion.

iii. The ministry in collaboration with KEPROBA intends to coordinate Kenya's participation in the World Expo 2025 in Osaka Japan. The Ministry is proposing a whole government approach for all the MDAs such that they will prepare materials on the opportunities that exist in Kenya with respect to their mandates. The respective MDAs will also be required to finance Kenya's participation in the Expo. Notably, the Japanese government has committed to support Kenya's participation by USD 2.2 million for pavilion space hire, design and construction. The required counterpart funding is Kshs. 800.97 million which will be spent over a six-month period including preparations, research, marketing, and branding and closure activities.

iv. There is untapped potential for AiA generation of up to Kshs. 20 billion in Weights and Measures Department. The department requires an allocation of Kshs. 900 million for the modernization of legal metrology laboratories. The modernization process will enable the department to evaluate and approve electricity and water meters. The State Department submitted that the research and costing was done in consultation with Kenya Power and Lighting Company.

v. The Committee noted that there is need for recruitment to support the Warehouse Receipt System Council as approved by the Public Service. There is need for the Council to be supported to enable the operationalization of the Warehouse Receipt System. The resource requirement for hiring is Kshs. 98.52 million in FY 2024/25 to cater for the personnel emolument's requirements and for the resultant employer contribution to housing levy.

3. State Department for Industry

i. The State Department submitted that there has been a pending bill of Kshs. 290.03 million relating to the payment of terminal dues for the former employees of Pan African Paper Mills. Due to its declining performance the entity was placed under receivership and later sold at Kshs. 900 million. There was a petition to the National Assembly in 2021, after the sale, on behalf of its former employees after which the Ministry was directed to pay the terminal dues to the verified list of employees resulting into the pending bill.

ii. The Cabinet Secretary Ministry of Investments, Trade and Industry submitted that the Exports and Investments Promotion Levy enacted in the Finance Act, 2023, has emerging challenges regarding the impact of the levy to the manufacturing sector. In this regard, it was submitted that the rates have been reviewed in the Finance Act, 2024. However, it was also noted that the draft regulations to operationalize the implementation of the fund are yet to be concluded. It was submitted that Kshs. 300 million has been collected for the levy since July 2023.

iii. Kieni Value Addition Center requires funding to operationalize it. The total amount required to fully operationalize it is Kshs. 121.5 million. Funding is required for glazing and finishes, painting, cabro paving, retaining wall, storm water drainage, ablution block, bio digester, boundary wall, car park and solar power grid and a stand by generator. Phase 2 will require electrical works, sceptic tank, mechanical works and chain link fencing.

4. <u>State Department for MSMEs Development</u>

i. The State Department is implementing the Center for Entrepreneurship Project which is a new project. The project will receive funding of Kshs. 2.97 billion which is donor funded by KfW from Germany and Kshs. 193.2 million as GOK funding. The project is expected to take four years from FY 2023/24 to FY 2026/27 and it will be established at KIE head office as well as in five satellite centers at KIE regional offices. The project will provide orientation, training and business development services for the youth. The project will also provide a maker's space for common user facilities and a mobile and online platform providing information on training and learning opportunities. The project has a proposed allocation of Kshs. 162.5 million in FY 2024/25.

ii. The Committee observed that the State Department is implementing two new donor funded projects. The National Youth Opportunities Towards Advancement (NYOTA) has a proposed allocation of Kshs. 1.24 billion in FY 2024/25 funded by the World Bank. The new project is phase two (2) of the Kenya Youth Employment Opportunities (KYEOP) which came to a close in February 2024, the project however targets to be implemented in 47 counties unlike the KYEOP which was only implemented in seventeen (17) counties. The project will issue grants to youth MSMEs as well as technical assistance through capacity building.

iii. The State Department is also implementing the Kenya Jobs Economic Transformation (KJET) which is also a new donor funded project. The project has three components: Component 1 which aims to strengthen business and investment enabling reforms shall be implemented by Keninvest under the State Department for Investment Promotion, Component 2 aims to enhance MSME cluster competitiveness and it shall be implemented by Micro Small Enterprise Authority (MSEA), under the State Department for MSMEs Development while Component 3 aims to scale up green financing and strengthen climatic resilience for MSMEs which is proposed to be implemented by the Kenya Development Corporation (KDC) under the State Department for Investment Promotion. Component 2 under the State Department for MSMEs Development, has a proposed funding in FY 2024/25 of Kshs. 1 billion which is a donor funded loan.

5. **State Department for Investment Promotion**

i. The State Department submitted that there has been growing demand for investors at the Naivasha Special Economic Zone and there is a proposal to increase the acreage of the SEZ by 800 Acres. Notably, the Committee raised concerns over a Turkish Investor who had leased 400 acres and had not commenced any investment activities at the Naivasha SEZ, the State Department submitted that going forward, land will be issued to investors on the basis of commitment and performance.

ii. The Cabinet Secretary Ministry of Investment, Trade and Industry submitted the Ministry's implementation plan for the World Expo 2025 and proposed the creation of a budget line namely: Coordination, Partnerships, Monitoring and Evaluation under the State Department for Investment Promotion with a resource requirement of Kshs. 200 million in FY 2024/25. This will facilitate the Ministry's coordination and implementation of the World Expo activities.

iii. Keninvest and Kenya Development Corporation are mandated to implement components 1 and 3 respectively of the Kenya Jobs Economic Transformation (KJET) which is a World Bank donor funded project. Component 1 which aims to strengthen business and investment enabling reforms while Component 3 aims to scale up green financing and strengthen climatic resilience for MSMEs. Component 3 has an allocation of Kshs. 1 billion while component 1 has an allocation of Kshs. 287.24 million. Which were not captured in the FY 2024/25 Budget Estimates.

Following the observations arrived at, the Committee recommended the following;

A. NON-FINANCIAL RECOMMENDATIONS

State Department for Trade

i. The Committee recommends that, within thirty (30) days upon adoption of this report, the Cabinet Secretary Ministry of Investments, Trade and Industry, in consultation with Kenya Exports Promotion and Branding Agency (KEPROBA) should determine the minimum percentage allocation of the total resource requirement for the World Expo, 2025, which each of the participating government agency should contribute towards Kenya's participation in the Expo. The Committee recommends that, each government entity that will voluntarily participate in the World Expo 2025 should contribute resources towards the facilitation of the World Expo.

ii. The Committee recommends the renaming of the 'Domestic Trade and Enterprise Development' Programme to 'Domestic Trade Promotion and Regulation' in the State Department for Trade to align it with the mandate of the State Department as per Executive Order 1 of 2023, and to align it with the activities undertaken by the State Department. The Committee further recommends the renaming of its Sub-Programmes as per the attached table.

S/No	Programme/Sub programme code	Current Name	Proposed Name
1	Programme 1:	Domestic Trade and Enterprise Development	Domestic Trade Promotion and Regulation
2.	Sub programme 1.1	Promotion of Local Content	Enabling Environment for Business Growth
3.	Sub programme 1.2	Development, Promotion and Regulation of Wholesale and Retail Trade	Development, Promotion and Regulation of Wholesale and Retail Trade
4.	Sub programme 1.3	Development, Promotion and Regulation of Micro, Small and Medium Enterprises	Development and promotion of BETA Priority Value Chains
5.	Sub programme 2.1	Enforcement of Intellectual Property Rights and Trade Remedies Measures	Enforcement of trade remedies measures

B. FINANCIAL RECOMMENDATIONS

Committee Reallocations

The Committee recommends the following reallocations with justification as per the attached schedule 1.

State Department for Cooperatives

The Committee recommends that, the FY 2024/25 Printed Estimates of Kshs. 4,070.953 million for the State Department for Cooperatives be amended as follows:

Increases

Development expenditure

An increase of Kshs. 14.85 million for the completion of works at Luanda Cotton Ginnery.

Reductions

Development expenditure

A decrease of Kshs. 4.85 million from the Cooperative Management Information System.

State Department for Industry

The Committee recommends that, the FY 2024/25 Printed Estimates of Kshs. 8,558.296 million for the State Department for Industry be amended as follows:

Increases

Recurrent expenditure

i. An increase of Kshs. 20 million for Kenya Accreditation Services (KENAS) to cater for personnel emoluments. The agency has a personnel emoluments requirement of

Kshs. 192.91 million against a proposed budgetary allocation of Kshs. 42 million in FY 2024/25.

ii. An increase of Kshs. 40 million for Numerical Machine Complex to (NMC) to cater for personnel emoluments.

Development expenditure

i. An increase of Kshs. 11.08 million for Kieni Value Addition Center.

Decreases

Recurrent expenditure

i. A decrease of Kshs. 10 million from the Agro-processing Delivery Unit

Development expenditure

i. A decrease of Kshs. 200 million from the construction of industrial and research laboratories under KIRDI South B.

ii. A decrease of Kshs. 11.08 million from Lusigetti Apparels and Value Addition Center.

State Department for MSMEs Development

The Committee recommends that, the FY 2024/25 Printed Estimates of Kshs. 8,522.202 million for the State Department for MSMEs Development be ammended as follows:

Increases

Development expenditure

i. An increase of Kshs. 100 million to increase the allocation for (Youth Employment and Enterprise Initiative) Uwezo Fund. This is aimed at increasing the amount of funding allocated per constituency.

State Department for Investment Promotion

The Committee recommends that, the FY 2024/25 Printed Estimates of Kshs. 7,204.208 million for the State Department for Investment Promotion be amended as follows:

5.2.4.1 Increases

Recurrent expenditure

i. An increase of Kshs. 40 million for Keninvest to cater for personnel emoluments. The agency has a personnel emoluments requirement of Kshs. 285 million against a proposed budgetary allocation of Kshs. 90 million in FY 2024/25.

C. REQUESTS FOR ADDITIONAL FUNDING

The Committee recommends the following requests for additional funding with justification, for consideration, as per the attached schedule 2.

State Department for Cooperatives

Development expenditure

i. Request for additional funding of Kshs. 400 million for the Manyatta Milk Factory in Embu under New KCC.

ii. Request for additional funding of Kshs. 500 million for the mop up of excess milk and conversion into milk powder under new KCC.

State Department for Trade

Recurrent expenditure

i. Request for additional funding of Kshs.900 million for Weights and Measures for the modernization of legal metrology laboratories. The laboratories will enable the verification of water and electricity meters. The allocation will increase AiA generation which is projected at Kshs. 20 billion.

State Department for Industry

Recurrent expenditure

i. Request for additional funding of Kshs. 330 million for Operation and Maintenance and for personnel emoluments for Numerical Machine Complex.

ii. Request for additional funding of Kshs. 130.91 million for Operation and Maintenance and for personnel emoluments for Kenya Accreditation Services (KENAS).

State Department for Investment Promotion

Recurrent expenditure

i. Request for additional funding of Kshs. 152.12 million for personnel emoluments for Keninvest.

ii. Request for additional funding of Kshs. 200 million for coordination, partnerships, monitoring and evaluation in the Cabinet Secretary's Office.

Development expenditure

i. Request for the inclusion of donor funding amounting to Kshs. 1 billion in the FY 2024/25 Budget Estimates, for Kenya Development Corporation (KDC) under component 3 of the Kenya Jobs Economic Transformation (KJET).

ii. Request for the inclusion of donor funding amounting to Kshs. 287.24 million in the FY 2024/25 Budget Estimates, for Keninvest under component 1 of the Kenya Jobs Economic Transformation (KJET).

MIN.NO NA/TRADE/2024/429: ANY OTHER BUSINESS

The Committee was updated of an upcoming activity organized by KenInvest to be taken through the Draft Bill on the Investment Promotion and Facilitation Bill, 2024.

MIN.NO NA/TRADE/2024/430: ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting was adjourned at Fifteen Minutes past Four O'clock and the next meeting will be held on notice.

Sign…….....…… Date…… 22/5/24

HON. GAKUYA, JAMES MWANGI, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR FY 24/25 FOR;

1) VOTE 1036: STATE DEPARTMENT FOR ASALS AND REGIONAL DEVELOPMENT; AND

2) VOTE 1032: STATE DEPARTMENT FOR DEVOLUTION

3) VOTE 1024: STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES (REFUGEE AFFAIRS)

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI
MAY, 2024

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PART ONE

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the FY 2024/25 Budget Estimates which was tabled in the House on 30th April, 2024 in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Mandate of the Committee

2. The Departmental Committee on Regional Development is one of the twenty (20) Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows: -

    (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    (b) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
    (c) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    (d) study and review all legislation referred to it;
    (e) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
    (f) 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)
    (g) examine treaties, agreements and conventions;
    (h) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    (i) Examine any questions raised by Members on a matter within its mandate.

1.3 Subjects under the Committee

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

    (a) Regional development, including regional development authorities;
    (b) Refugee affairs;
    (c) Devolution;
    (d) Inclusive growth;
    (e) Arid and semi-arid areas;
    (f) Disaster risk management;
    (g) Drought, famine and disaster response; and
    (h) Post- disaster recovery and rehabilitation.

4. The Committee, in executing its mandate, oversights the State Department for ASALS and Regional Development, State Department for Devolution and the Department of Refugees Affairs (DRS).

1.4 Committee Membership

5. The Committee was constituted by the House on Thursday 27th October, 2022 and comprises of the following Hon. Members:

Chairperson

Hon Lochakapong Peter, M.P.
Sigor Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon Njoroge Mary Wamaua Waithira, M.P
Maragwa Constituency
United Democratic Alliance (UDA)

Members

Hon. Kombe Harrison Garama, M.P.
Magarini Constituency
Orange Democratic Movement (ODM)

Hon. Kalasinga Joseph Majimbo, M.P.
Kabuchai Constituency
FORD-Kenya Party

Hon. Hon. Siyad Amina Udgoon, M.P.
Garissa County
Jubilee Party

Hon. Maina Mwago Amos, M.P.
Starehe Constituency
Jubilee Party

Hon. Tungule Charo Kazungu, M.P.
Ganze Constituency
Pamoja African Alliance (PAA)

Hon. Cherorot Joseph Kimutai, M.P.
Kipkelion East Constituency
United Democratic Alliance (UDA)

Hon. Maj (Rtd) Dekow M. Barrow, M.P.
Garissa Township Constituency
United Democratic Alliance (UDA)

Hon. Mawathe Julius Musili, M.P.
Embakasi South Constituency
Wiper Democratic Movement–Kenya

Hon. Nabulindo Peter Oscar, M.P
Matunga Constituency
Orange Democratic Movement (ODM)

Hon. Letipila Dominic Eli, M.P.
Samburu North Constituency
United Democratic Alliance (UDA)

Hon. Abdi Khamis Chome, M.P.
Voi Constituency
Wiper Democratic Movement–Kenya

Hon. Yakub Farah Salah, M.P
Fafi Constituency
United Democratic Alliance (UDA)

Hon. Paul Abour, M.P
Rongo Constituency
ODM Kenya

1.5 Committee Secretariats

6. The Committee is facilitated by the following staff:

Mr. Nebert Ikai
Clerk Assistant I/Head of Secretariat

Mr. Sisto Macharia
Clerk Assistant III

Mr. Moses Mwariri
Legal Counsel II

Ms. Priscilla Wangu
Fiscal Analyst III

Ms. Rose Tabuke
Research Officer III

Mr. Manuel Leparachau
Assistant Sergeant-at-Arm 1

Ms. Deborah Mupusi
Media Relation Officer I

Mr. Kelvin Lengasi
Audio Officer II

Mr. Jared Onyancha
Public Communication Officer III

1.6 Overview of the Examination of the FY 2024/25 Budget Estimates

7. The FY 2024/25 Budget Estimates were submitted to the National Assembly under Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and the Standing Order 235 of the National Assembly Standing Orders and subsequently tabled on the floor of the House on **30th April, 2024**. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and make recommendations to the Budget and Appropriations Committee under Standing Order 235(4).

8. The Committee held a total of four (5) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview from **Tuesday 14th , Wednesday 15th and Thursday, 16th May 2024 at Bunge Tower.**

1.7 Acknowledgment

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the **FY 2024/25 Budget Estimates.**

11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Regional Development to submit its Report on the consideration of the FY 2024/25 Budget Estimates.

Hon. Lochakapong Peter, MP.
Chairperson, Departmental Committee on Regional Development

PART TWO

2. BROAD OVERVIEW OF THE FY 2024/25 BUDGET ESTIMATES

2.1 Overall Fiscal Framework for FY 2024/25

12. The total expenditures for the FY 2024/25 amount to Kshs. 3.9 trillion which comprises Kshs. 2.3 trillion for the National Government, Kshs. 1.2 billion for Consolidated Fund Services (CFS) and Kshs. 391.1 million for County Government Equitable Share.

13. Compared to Supplementary Estimates I for FY 2023/24, the total budget has decreased by 2 percent with the largest change being witnessed on the CFS of a 7 percent increase. The allocation for the national government has a 6 percent decrease while the County Government Equitable Share has an increase of 1 percent.

14. A breakdown of the allocations for the National Government shows that the Executive will spend Kshs. 2.2 trillion, Parliament has Kshs. 43.6 billion, while the Judiciary has Kshs. 23.7 billion. Compared to Supplementary Estimates I for FY 2023/24, the allocation for the Executive has a 7 percent decrease, while that of the Judiciary has a 4 percent increase. The allocation for Parliament has an increment of 7 percent.

Table 1: Summary of the Proposed Expenditure Estimates for FY 2024/25

Details	Supplementary Estimates 1 FY 2023/24	Proposed Estimates FY 2024/25	% Change
National Government (MDAs)	2,464.45	2,310.37	(6)
Executive	*2,400.93*	*2,243.05*	(7)
Parliament	*40.74*	*43.62*	7
Judiciary	*22.78*	*23.69*	4
Consolidated Fund Services	1,131.65	1,213.45	7
County Government Equitable Share	385.42	391.12	1
Total	**3,981.52**	**3,914.94**	(2)

2.2 Overall outlook of Budget Estimates for FY 2024/25

15. The proposed allocation for the State Department of Devolution is Kshs 4,142.43 million, of which Kshs 1,489.43 million is for recurrent expenses and Kshs 2,653 million is for development. This represents a reduction of Kshs 415.07 million from the approved BPS ceilings, which amounts to 9%.

16. Furthermore, the proposed allocation for the State Department for Development of the ASAL and Regional Development is Kshs 10,077.19 million, with Kshs 4,169.29 million for recurrent expenses and Kshs 5,907.89 million for development. There is an overall reduction in funding of Kshs 6,918.51 million compared to the approved 2024 BPS, which represents 41%.

17. When compared to FY 2023/24, the State Department for Devolution has an increase of Kshs 2,115 million, while the State Department for Development of the ASAL and Regional Development has a reduction of Kshs 13,983 million.

18. Refugee Affairs is a sub-program within the State Department for Immigration and Citizen Services. Its allocation is for recurrent expenses, with an allocation of Kshs 151.95 million. This is an increase of Kshs 20.7 million compared to the revised FY 2023/24 supplementary No.1 estimates.

Table 2: Proposed Allocation FY 2024/25 Vs Approved 2024 BPS Ceilings for MDA

vote	MDA	Base line FY 2023/24	2024 BPS Ceilings	Proposed Estimates FY 2024/25	Deviation Approved BPS Vs FY2024/25 Estimates	Deviation FY2023/24 vs. FY2024/25 Estimates
1032	**State Department for Devolution**	**2,027**	**4,557.50**	**4,142.43**	**- 415.07**	**2,115**
	Recurrent	1,971	1,817.50	1,489.43	- 328.07	-482
	Development	56.00	2,740.00	2,653.00	- 87.00	2,597.00
1036	**State Department for Development of the ASAL and Regional Development**	**24,060**	**16,995.70**	**10,077.19**	**- 6,918.51**	**-13,983**
	Recurrent	14,922	9,488.00	4,169.29	- 5,318.71	-10,753
	Development	9,138	7,507.70	5,907.89	- 1,599.81	-3,230
1024	**State Department for Immigration and Citizen Services**					
	Refugee Affairs (Recurrent)	**131.25**	-	**151.95**	**0**	**20.7**

Source: National Treasury

PART THREE

3. SUBMISSIONS BY THE STATE DEPARTMENTS AND AGENCIES

3.1 State Department for ASALs & Regional Development

19. The Principal Secretary for the State Department for ASALs & Regional Development, Mr. Kellow Harsama, appeared before the Committee on Wednesday, May 15th and Tuesday, May 21st 2024, and made the following submissions:

3.1.1 Significant deviations between the budget estimates and the approved 2024 budget policy ceilings

20. The Principal Secretary submitted that, in the FY2024/25 approved BPS, the State Department anticipated allocation of KSh. 16.99 Billion, composed of KSh. 9.48 Billion under the recurrent budget and KSh. 7.50 Billion under the development budget. However, in the draft Estimates, the State Department has been allocated a total of KSh. 10.077 Billion representing 40.71% overall reduction.

21. Under the recurrent budget the State Department was allocated KSh. 4.169 Billion representing 56.06% reduction of the BPS ceilings allocation, while under the development vote the State Department has been allocated KSh. 5.907 Billion representing 21.24% addition.

Table 3: Summary of Budget Estimates Allocation Vs Approved 2024 Budget Policy Ceilings

BUDGET	**FY2024/25 BUDGET ESTIMATES** (Million)	**2024 BUDGET POLICY CEILINGS** (Million)	**VARIANCE** (Million)	% **VARIANCE**
	2024/25			
Recurrent Budget	9,488.00	4,169.29	(5,318.69)	(56.06%)
Development Budget	7,507.72	5,907.89	(1,599.83)	21.24%
TOTAL	**16,995.72**	**10,077.18**	**(6,918.52)**	**(40.71%)**

22. For the SAGAs recurrent budget estimates, there was a total allocation of KSh. 8.746 billion. However, during the approved BPS recurrent budget allocation, the SAGAs budget has been reduced to KSh. 3.587 billion, which represents a 59% decrease.

Table 4: Summary of SAGAs Recurrent BPS Allocation Vs Approved BPS Ceilings

NAME OF SAGA	FY2024/25 Approved BPS (GROSS)	FY 2024/25 Draft Estimates (GROSS)	VARIANCE	FY2024/25 AIA ALLOCATION	VARIANCE
	(Kshs. Million)				
National Drought Management Authority	6,299.48	2,278.74	**(3,933.74)**	-	**-63%**
Kerio Valley Development Authority	427.57	306.38	**(121.19)**	195.00	**-28%**
Tana and Athi Rivers Development Authority	690.97	367.72	**(323.25)**	175.00	**-46.78%**
Lake Basin Development Authority	475.26	232.21	**(243.06)**	76.00	**-51%**
Ewaso Nyiro South Development Authority	368.31	157.86	**(210.45)**	17.50	**-57%**
Coast Development Authority	234.88	98.86	**(136.02)**	18.00	**-58%**
Ewaso Nyiro North Development Authority	336.79	128.11	**(208.69)**	15.00	**-62%**
TOTAL	**8,833.26**	**3,569.88**	**-5,176.40**	**496.50**	**-59%**

Table 5 Summary of SAGAs Recurrent Allocation Vs PE Shortfall (Kshs. Million)

NAME OF SAGA	FY2024/25 Approved BPS (GROSS)	FY2024/25 Draft Estimates (GROSS)	FY 2024/25 PERSONEL EMOLUMENT	PE SHORT FALL	% PE SHORT FALL
Tana and Athi Rivers Development Authority	690.97	367.00	533.8	-166.8	-31.25%
Lake Basin Development Authority	475.26	232.21	470	-237.79	-50.59%
Ewaso Nyiro South Development Authority	368.31	157.86	320.07	-162.21	-50.68%
Coast Development Authority	234.88	98.86	206.8	-107.94	-52.20%
Ewaso Nyiro North Development Authority	336.79	128.11	320.7	-192.59	-60.05%
TOTAL	**2,106.21**	**984.04**	**1,851.37**	**-867.33**	**-47%**

23. The reduction in the recurrent budget of the SAGAs, as stated above, will have a significant impact on the payment of Personnel Emoluments and the operations budget for the SAGAs. Consequently, this will impede the successful implementation of the planned targets and activities.

3.1.2 Projects Information

24. The State Department will implement 54 projects in the FY 2024/25 and the medium-term, totaling Ksh. 5.907 billion. In the FY 2024/25, the State Department does not have any new projects to implement.

3.1. 3 Pending Bills

25. As of March 31, 2024, the State Department had a total of Kshs.3,111,043,791.99 in pending bills, of which 99% are historical pending bills dating back to the 1990s. A total of Kshs.2,427,994,680.84 has been verified as payable but remains unpaid due to lack of budgetary allocation. A total of Kshs.683,049,111.15 is tied up in court proceedings, and the department is awaiting guidance from the Attorney General.

26. As part of the strategy to address issue of pending bills, the Government has established a Pending Bills Verification Committee. This committee is responsible for conducting a comprehensive analysis of the accumulated stock of pending bills from June 2005 to June 2022. In February of this year, the State Department appeared before the Committee and presented its pending bills for thorough scrutiny. At present, the department is eagerly awaiting the final report and recommendations from the Committee.

3.1. 4 Stalled Projects

27. During the fiscal year 2024/25, the State Department will proceed with the implementation of the Milk Processing Plant project, which has previously been delayed. The project is located in Wundanyi and will be executed at a total cost of KSh.42 million, overseen by the Coast Development Authority.

28. The allocated funds for this project will be utilized for essential infrastructure such as water and electricity connections to the plant, as well as drainage and sewerage works, including the construction of ablution facilities. Additionally, the funds will cover the installation of doors, windows, ceilings, and floors, along with the procurement and furnishing of laboratories. Finally, machinery for value addition will be purchased and installed.

3.1.5 Issues affecting the state department in the alignment of programmes performance targets

a. Budgetary Constraints

29. The sub-sector faces challenges with low budgetary allocations, delayed disbursements, budget cuts to both recurrent and development expenditure, as well as the non-allocation of funds to certain ongoing programs and projects. Consequently, this has led to the interruption, delay, and non-completion of planned programs and projects, as well as an

accumulation of pending bills that significantly impede the delivery of services within the sub-sector.

b. Climate Change

30. Sustainable development incorporates climate change mitigation and adaptation as fundamental components in project concept, design, and management. Climate change has persistently impacted the operations and activities of the State Department, necessitating sufficient preparedness in capacity building and budgetary allocations. Notable environmental effects of climate change in Kenya encompass flooding, drought, altered rainfall patterns, river desiccation, pest migration (such as locusts), pasture degradation, and the retreat of water bodies, all of which pose significant threats to human life and livelihoods.

3.1.6 Financing Gap

31. The allocation received by the State Department in the Sector Working Group is insufficient to effectively fulfill its extensive mandate, which includes all the ASALs regions as well as other areas through the Regional Authorities. Presented below is a list of crucial unfunded priorities that the department respectfully requested the Committee to consider.

Table 6 Unfunded Priorities

No.	Programme/ Implementing Agency	Item	Amount (Millions)	Justification
I.	**RECURRENT**			
2	HQ - Special Programmes	Effects of flooding	3,300	Relief interventions for non-food items for rehabilitation and reconstruction for 67,000 households totaling to 600,000 people
3	NDMA	Rent - Contractual obligation	21.2	The 63% budget reduction will affect the payment of rental cost for the headquarter office
		Hunger Safety Net Project	3,930	This is for the Social Cash Transfer Project project targeting poor and vulnerable households in the ASAL counties
4	Headquarters	Operations and Maintenance	100	To comply with government's directive on digitization of services by the acquisition of an Integrated Knowledge Management System. Improve the operations and maintenance budget allocation to assist in the running of the ASALs related operations

No.	Programme/ Implementing Agency	Item	Amount (Millions)	Justification
5	ENNDA	PE and Medical insurance	192.59	There was a reduction of recurrent budget from 336.79 Million to 128.11Million which will greatly affect PE requirements which currently stand at Kshs. 320.7million
6	ENSDA	PE and Medical insurance	162.21	There was a reduction of recurrent budget from 368.31 Million to 157.86 Million which will greatly affect PE requirements
7	LBDA	PE and Medical insurance	359.90	There was a reduction in recurrent budget from 516.11 million to 156.21 million which will greatly affect the PE Requirements
9	TARDA	PE and Medical insurance	166.8	There was a reduction in recurrent budget from 690.97 million to 367.00 million which will greatly affect the PE Requirements
10	CDA	PE and Medical insurance	107.94	There was a reduction in recurrent budget from 234.88 Million to 98.86 Million which will greatly affect the PE Requirements
6.	ENSDA	Tannnery Staffing Requirement Tannery Medical Insurance and WIBA and asset Insurance	100	The Tannery has started operations and the recurrent budget is not sufficient to cater for the Tannery staff salaries. Insurance for Tannery Equipment and WIBA for staff
7.	ENNDA	Court awards	41.27	Court awards (Nyeri Civil Case 14 of 2017 Ndumberi General Merchants Ltd. Vs Ewaso Ng'iro North Development Authority)
		KRA Tax Arrears	19.47	The Authority has pending remittances to Kenya Revenue Authority occasioned

No.	Programme/ Implementing Agency	Item	Amount (Millions)	Justification
				by insufficient by budgetary allocation for P.E. resulting to payment of net.
7.	TARDA	Personnel Emoluments	23	The reduction in recurrent allocation is likely to result in inability to meet obligations to staff. We request reconsideration of the planned budget.
8	CDA	Gratuity for 10 officers Personnel emolument	16.3 138	There are 10 officers due to retire at the end of the FY2024/25. To meet the PE requirements, medical and insurance and operations and maintenance requirements.
9	HQ and SAGAs	Pending Bills	6.65	To offset Recurrent Budget - Pending Bills
		Court awards	96.59	Civil Application No. E279/2023 at the Court of Appeal of Nairobi PS Ministry of Regional Development and/ or its successor Ministry through the Office of the Attorney General vs NK Brothers Ltd Matter concluded: Decretal Sum: Kshs 88,831,890.45 Milimani JR Misc ApplicationNo. E025 of 2021 Republic Vs PS EAC & Regional Development & the AG Matter concluded: Decretal Sum: Australian Dollars 378,176 together with interest at LIBOR rate 2% Per Annum from 16th August 2012 until payment in full plus costs of Kshs. 759,909/= Nairobi High Court Commercial Case No. 129 of 2015 Chester House Ltd vs AG & Another The plaintiff has proposed to pursue an out of court settlement of 7 million. The matter is not yet concluded.

No.	Programme/ Implementing Agency	Item	Amount (Millions)	Justification
Sub-total			**8,781.92**	
II.	**DEVELOPMENT**			
1	Regional Development Directorate	Development of 4 Strategic Policy Documents	120	Integrated Regional Development Master-plan 2023-2053, National Regional Development Strategy 2033 developed, Framework for collaboration mechanism and partnership with Counties and other Key stakeholders, Communication Strategy for Regional Development) - Budget
2	LBDA	Integrated climate change resilience project	420	In line with the Government directive to plant 15 Billion trees
3	ENNDA	Gums and Resin factory operationalization	155	The Gums and Resins Processing Factory is completed and is set to be Operationalized.
4	ENSDA	Expansion of Ewaso Ngiro Tannery & Leather Factory	94	Expansion of Ewaso Ngiro Tannery & Leather Factory expanding its footwear production capacity from 150,000 to 500,000 pairs annually
		Drought Mitigation	200	The Agency was not allocated any funds for drought interventions. This is meant to undertake drought and flood related activities
5	CDA	Wananchi Cottages and Conference facility	103	Completion and Operationalization of Wananchi Cottages and furnishing of the Conference facility.
		Integrated Food processing Plant	125	The plant is 80% complete and the funding will assist in automation and full operation of the plant

No.	Programme/ Implementing Agency	Item	Amount (Millions)	Justification
		Promotion of mineral exploration	57.5	Operationalization and fabrication of the machines for coral building block production
5	HQ and SAGAs	Pending Bills	2,616.61	Offsetting Pending Development budget - Pending Bills
6	Integrated basin based Development	Production of 5 Billion Fruit Tree	1,300	This is meant to cater for the startup phased approach implementation of the Presidential Directive on Fruit Tree Programme support to the planting of **15billion trees** out of which the State Department was allocated to implement 5Billion fruit tree seedlings. The programme will be implemented by the 6 Regional Development Authorities requiring a total of KSh. 200 Million each to achieve this objective. There is a requirement of KSh. 100 Million for the coordination and implementation of this Programme.
Sub-total			**5,191.11**	
Total			**13,973.03**	

3.2 State Department for Devolution

32. The Principal Secretary for the State Department of Devolution Ms. Teresia Malokwe appeared before the Committee on Wednesday 15th May, 2023 and submitted as follows;

3.2.1 Identification of any significant deviation between the Budget Estimates and the approved 2024 Budget Policy Statement (BPS) ceilings.

33. The Principal Secretary stated that the approved allocation of the State Department in the Budget Policy Statement (BPS) was Ksh.4.6 billion, with Ksh.1.8 billion for recurrent expenditure and Ksh.2.7 billion for development. However, the final estimates were revised downward by Ksh.416 million, with Ksh.329 million for recurrent expenditure and Ksh.87 million for development.

Table 7 Summary of total Deviation between BPS and FY 2024/2025 Estimates

Vote	Approved Estimates 2023/24 (Ksh. m)	Budget policy statement (BPS-Ksh.M)	FY 2024/25 Estimates (Ksh. m)	Deviation (Ksh.m) Decrease
Recurrent Expenditure	1,971	1,818	1,489	329
Capital Expenditure	56	2,740	2,653	87
Total Vote 1032	**2,027**	**4,558**	**4,142**	**416**

Table 1.8 Deviation in Recurrent

Economic Classification	Approved Estimates 2023/24 (Kshs.M)	Budget policy statement 2024/25 (Kshs.M)	FY 2024/25 Estimates (Ksh m)	Deviation (Ksh m) Decrease
Gross	**1,971**	**1,818**	**1,489**	**329**
AIA	26	0	0	0
NET	1,945	1,818	1,489	329
Compensation to Employees	272	512	512	0
Transfers, Grants & Subscription	1,071	546	546	0
Other Recurrent	628	760	431	329

Table 8 Deviation in Development

Economic Classification	Approved Estimates 2023/24 (Kshs.M)	Budget policy statement 2024/25	FY 2024/25 Estimates (Ksh.M)	Deviation (Ksh.M) Decrease

		(Kshs.M)		
Gross	**56**	**2,740**	**2,653**	**87**
GoK	45	174	87	87
Loan Revenue	11	2,566	2,566	0

3.2.2 Projects

34. The State Department is implementing 4 projects in FY 2023/2024. One project has been successfully completed, one is a new undertaking, and two have been halted due to a lack of funding.

35. The State Department has initiated the implementation of the Second Kenya Devolution Support Program, which took effect on March 18, 2024. This program will build upon the successes of KDSP I, which concluded in FY 2021/2022. The main objective of the program is to strengthen county performance in terms of financing, management, coordination, and resource accountability. The four-year project has a total cost of USD 671M, with USD 521M provided by the Government of Kenya and USD 150M in loan financing from the World Bank.

Intergovernmental Relations Technical Committee (IGRTC) Kshs.244 M

36. The staff establishment of IGRTC is currently 118, with 70 officers in-post. Previously, IGRTC has relied on staff deployed from various MDAs, which has had a negative impact on service delivery. In order to address this issue, the Agency plans to recruit an additional 5 officers in the upcoming financial year.

37. Furthermore, the Summit has directed IGRTC to transition to paperless Summit meetings starting from the next financial year. To support this initiative, the Agency requires ICT software and hardware that will facilitate secure paperless meetings. Therefore, a budget of Ksh. 244 million is needed in the next financial year to carry out the aforementioned activities.

Council of Governors (CoG) - Kshs.56 Million

38. The Council of Governors has been allocated a budget of Kshs.207M for the fiscal year 2024/25. These funds are only sufficient to cater for personnel emoluments and payment of utilities, such as electricity, water, rent, and contracted services. Unfortunately, this means that the Council of Governors is unable to proceed with its planned programs, such as Knowledge Management, as well as undertake consultations among the Counties and conduct daily office operations. Knowledge Management is crucial for the documentation and sharing of best practices in addressing the everyday challenges faced by Counties. Therefore, we kindly request the committee to consider providing additional funding for the Agency.

3.2.3 Pending Bills

39. The State Department currently has pending bills amounting to Kshs. 2.9 billion. These bills include carryovers from the FY 2022/2023 due to budget rationalization, as well as historical bills associated with the Africities Conference. The bills have been submitted to The National Treasury Pending Bills Verification Committee for further guidance and review.

3.2.4 Stalled Projects

40. The State Department is currently experiencing a delay in the progress of two key projects, namely the Kisumu Convention Centre and the Maarifa Centre. These projects have not received any funding for the past two financial years despite the State Department's efforts in requesting funds from the National Treasury and the relevant sector. Regrettably, the necessary funds have not been made available thus far.

3.2.5 Issues affecting the MDA in the attainment of its program performance targets.

41. The State Department has a number of pertinent issues that affect attainment of programme targets. These include;

a) **Low counterpart funding for KDSPII**
The State Department has initiated the implementation of the Second Kenya Devolution Support Program, which became effective on March 18, 2024. This 4-year project has a total project cost of Ksh 98B, comprising Ksh 76B of GoK funds and Ksh 22B of loan financing from the World Bank. For the fiscal year 2024/2025, the Department requested Ksh 627M in counterpart funds, but it has received an allocation of only Ksh 87M. This amount will barely be sufficient to support the planned activities for the project.

b) Large amount of accumulated historical pending bills which forms the first charge on the current budget thus reducing the funding available for use in a financial year.

c) Budget cuts, which reduce the funds available to implement programmes as approved by the National Assembly.

d) Delays in receiving Cabinet approvals for draft policies, regulations and bills developed by the State Department to promote devolution.

e) Insufficient personnel especially in support units such as finance, accounts, procurement, human resources and administration.

f) Low budgetary allocation for O&M, which constitutes a significant portion of the budget requirements. The department requires Ksh 329M.

3.3 Department of Refugee Affairs

42. Mr. John Burugu, the Commissioner for Refugee Affairs appeared before the Committee on Tuesday 14th May, 2024 and submitted as follows

3.3.1 Significant Deviation between Budget Estimates and Budget Policy Statement

43. The Commissioner of Refugee Affairs stated that the 2024 Budget Policy Statement allocated Kshs. 171 million for recurrent budgets in the FY 2024/25. However, the draft budget now proposes an allocation of Kshs. 152 million, indicating a decrease of Kshs. 19 million.

3.3.2 Projects

44. There are currently no ongoing projects at the Department of Refugee Services. However, the department is preparing to implement the Shirika Plan in the fiscal year 2024/25. The Shirika Plan is a development-oriented approach to refugee management that focuses on empowering both refugees and host communities, enabling them to become self-reliant and resilient.

45. The main objective of this plan is to transition from refugee camps to integrated settlements and promote socio-economic inclusion. The Shirika Plan aims to uphold the principles outlined in the 2018 Global Compact for Refugees, to which Kenya is a signatory, as well as the Refuge Act no. 10 of 2021. The plan seeks to gradually transform refugee camps into integrated settlements, while fostering social and economic inclusion, and promoting self-reliance and resilience for both refugees and host communities.

3.3.3 Budget Estimate for Shirika Ecosystem

Table 9 Deviation in Development

S/NO.	ITEM	ESTIMATED COST	REMARKS
1.	**Refugee Management System (Data Base)**	**700,000,000**	Currently GoK uses a UNHCR owned Data Base. To enable Government effectively Plan for Refugees, it is important that it has its own Refugee Data Base. This is also critical in implementation of Shirika Plan.
2.	**Kenya Refugee Policy**	**50,000,000**	There is need for an overarching policy on refugee matters in addition to the Refugee Act (2021). This will guide on various aspects including socio-economic integration under Shirika.
3.	**Operationalization of Offices**	**50,000,000**	Due to continuous influx of refugees from neighboring countries there is need to open DRS offices in Kitale Isiolo and Busia. The Government also needs to open reception centers as provided for in the Refugee Act (2021)

			and take over management of existing ones in the Camps.
4.	**Shirika Coordination**	**200,000,000**	This will include a coordination unit that oversees implementation of the plan, strategic communication, Monitoring and Evaluation
5.	**Staff Establishment for Refugee Management Officers**		DRS relays on contracted staff who are paid by UNHCR to conduct registration, documentation and protection which are its core functions. The Department intends to implement the staff establishment of 493 officers.

3.3.4 Pending Bills

46. The Department currently has outstanding rent arrears of Ksh4,267,524 and a bill for contracted guard services amounting to Ksh3,000,000, resulting in a total amount of Ksh7,267,524.

3.3.5 Issues Affecting Program Performance

a) **Inadequate funding;** The approved budget for the financial year 2024/2025 is Ksh. 151,949,090. Given the department's mandate, which includes managing over 700,000 refugees, it is unable to discharge its mandate.

b) Failure to implement the scheme of service for refugee management officers: The Department has an approved scheme of service; however, it has never been put into effect. DRS relies on contracted staff who are paid by UNHCR to carry out registration, documentation, and protection, which are its core functions.

c) Absence of a government-owned refugee database: Currently, the government utilizes a UNHCR system for registering and managing refugees in Kenya.

PART FOUR

COMMITTEE OBSERVATIONS

4.1 State Department for Devolution

(i) The proposed estimate for FY 2024/25 is Ksh. 4,142.43 million, with Ksh. 1,489.43 million allocated for current expenses and Ksh. 2,653 million for capital expenses. This represents a reduction of Kshs 328 million in recurrent expenditure and a reduction of Ksh. 87 million in development expenditure compared to the approved 2024 BPS.

(ii) The Kisumu Convention Centre, a project under the State Department, it is currently stalled at 65% completion. The project involves three entities: the State Department for Housing, the State Department for Devolution, and the county government of Kisumu. While the other two entities are progressing with their assigned tasks, the part of the project related to devolution is currently stalled. Consequently, the project will not be functional until all entities complete their respective portions.

(iii) The World Scouts Parliamentary Union requires Ksh.75.5 million in resources but has only been allocated Kshs.25.0 million, leaving a resource gap of 50 million. As a result, they may not be able to carry out their planned activities.

(iv) IGRTC received an allocation of Kshs 40 million for recruitment under Supplementary I FY 2023/24, where they proceeded to recruit 14 new officers. However, this expenditure has not been included in the budget estimates for FY2024/2025, resulting in a shortfall of Kshs 43.6 million for personal emoluments.

(v) Despite the State Department having accumulated pending bills amounting to Kshs2.8 billion, there was no provision made for them. Some of these bills have accrued penalties and interest, which may lead to litigation.

4.2 State Department for ASALs and Regional Development

(i) The proposed allocation for the State Department for ASAL and Regional Development is Kshs 10,077.19 million, of which Ksh 4,169.29 million is recurrent and Kshs 5,907.89 million is for development. There is an overall reduction in funding from the approved 2024 BPS of Kshs 6,918.51 million representing 41% reduction.

(ii) The state department will be implementing three programs during the financial year 2024/25 with the following allocations: Accelerated ASALs Development - Kshs 4,463 million, Integrated Regional Development - Kshs 5,236 million, and General Administration, Support Services, and Planning - Kshs 378 million.

(iii) The total proposed recurrent estimates for FY 2024/25 under the state department is Ksh. 4,169.29 million, which is a reduction from the approved BPS ceiling by Ksh. 5,319 million and from FY2023/24 by Ksh. 10,752 million.

(iv) There was a reduction in recurrent expenditure for the Integrated Regional Development program by Kshs 1,353 million when compared to the approved 2024 BPS, representing a 52% cut. The committee noted that the cut will affect the RDAs' personal emoluments and contractual obligations, incapacitating them from operating effectively.

(v) There is a reduction in the Kenya Hunger Safety Net Programme under the National Drought Management Authority (NDMA), which had an allocation of Ksh. 9,265 million in FY 2023/24 but has been revised to Kshs 1,531 million in FY 2024/25.

(vi) The Accelerated ASALs Development programme will be implementing 8 development projects with a proposed allocation of Ksh2,025 million in FY 2024/25, of which Ksh 441 million is from the government (GOK) and Ksh. 1,584 million is from external funding.

(vii) The Integrated Regional Development programme will be implementing 45 development projects with a proposed allocation of Ksh. 3,883 million in FY 2024/25. This is a reduction of Kshs 1,875 million from the approved 2024 BPS. The funding of projects is aligned with the BETA priorities, with some projects being aligned to the leather and rice value chain, such as the Tana Delta Rice Irrigation Project and Ewaso Ngiro Leather Factory.

4.3 Department of Refugees Service

(i) The Department of Refugee Services does not have a Refugee Database System for refugee management. UNHCR operates a Progress system and has custody of all the data of refugees and asylum seekers in Kenya, with the department having read-only access and other limited access rights.

(ii) The Department for Refugee Services relies on contracted staff paid by UNHCR to perform tasks such as registration, documentation, and protection despite them having an approved scheme of service.

(iii) The country does not have a comprehensive refugee management policy in place.

PART FIVE

5.1 State Department for Devolution

5.1.1 Financial recommendations

47. The proposed estimate for FY 2024/25 is Ksh. 4,142.43 million, consisting of Ksh. 1,489.43 million in current expenditure and Ksh. 2,653 million in capital expenses. This reflects a decrease of Kshs 328 million in recurrent expenditure and a decrease of Ksh. 87 million in development expenditure compared to the approved 2024 BPS. The Committee has approved the presented budge as tabled.

5.2 Department of Refugees Service

48. The proposed allocation FY 2024/25 for the Department for refugee affairs is Kshs 151.95 million. This is an increase of Kshs 20.7 million compared to the approved estimates FY 2023/24. The committee approves the allocation as tabled.

5.2 State Department for ASAL's and Regional Development

5.2.1 non-financial recommendations

(i) By June 30, 2025, the State Department for Arid and Semi-Arid Lands (ASALs) and Regional Development should finalize the National Relief Assistance policy and enact the corresponding legislation. This will streamline the relief process by providing a concise, legally binding framework, thereby addressing current inefficiencies effectively

(ii) The State Department for Arid and Semi-Arid Lands and Regional Development should ensure the formulation and implementation of an integrated relief records management system by the end of the fiscal year 2024/25. This system will greatly facilitate the monitoring of the relief process.

5.2.3 Financial recommendations

49. The proposed allocation for the State Department for the Development of the ASAL and Regional Development is Kshs 10,077.19 million, of which Ksh 4,169.29 million is recurrent and Kshs 5,907.89 million is for development. The committee approves the tabled estimates with the following proposed amendments as captured in schedule No.1 and schedule No.2

Proposed Amendments Regional Development to FY 2024//25 Annual Estimates Report

Schedule No. 1: Proposed Reductions FY 2024/25

Vote	Programme	Proposed Reduction	Rec	Dev	Justification
			Kshs	Kshs	
1036	Integrated Regional Development	1036111300 Drought Mitigation – ENNDA		385	The projects were erroneously coded in the tabled FY 2024/25 with projects that had been completed in the previous financial years
		1036111500 Olorika Dam (Kajiado South) - ENSDA		210	
		1036112300 Drought Mitigation – KVDA		385	
		1036113200 Construction of Market-LBDA		140	
		1036114400 Drought Mitigation Interventions Kamoko small holder irrigation- TARDA		140	
		1036108100 Irrigation Project - LBDA		140	Reallocations to streamline the drought mitigation activities
		1036114200 Drought Mitigation-KVDA		114	
		1036113400 Drought Mitigation LBDA		65	
		1036112200 Drought Mitigation - TARDA		65	
		1036103600 TDIP- BETA-TARDA		83	
		1036103400 Ewaso Ng'iro North Project-ENNDA		53	
		1036112500 Construction of Dams		152	
		1036112700 Northern Kenya Integrated Development Programme-ENNDA		100	
		1036114500 Drought Mitigation Interventions - CDA		50	
		1036105600 Boji Farmers Irrigation Project - BETA		75	
		1036105700 Wananchi Cottages in Kilifi County-BETA		60	
		1036106100 Oloitokitok Agro Processing Factory Project		50	
		1036105500 Lichota, Muhoroni and Alupe Solar Irrigation Project-BETA.		105	
		Total		**2,372**	

Schedule No.2: Proposed Increases FY 2024/25

vote	Programme	Proposed increases	Rec	Dev	Justification
			Kshs	Kshs	
1036	Integrated Regional Development	Sinking of Boreholes and water pans under drought mitigation		1,847	This is for the RDAs to carry out drought mitigation projects in a coordinated manner
		Getong,anya Sweet Potato Factory		30	To assist farmers in building resilience and support food relief programs
	Accelerated ASALs Development (NDMA)	Relief and rehabilitations	250	0	Supply of Relief foods
1036	Integrated Regional Development	Mango value chain-CDA	15	0	purchase of raw materials and Factory Vehicle
		1036103800 Ewaso Ngiro Leather Factory - BETA	30	0	KRA payment to factory equipment's
1036	GAPSS	HQ Administrative	100	0	Monitoring and Evaluation
1032	Devolution support services	Intergovernmental Technical Committee (IGRTC)	73.6	0	Personal Emoluments
		World Scout Parliamentary Union (WSPU)	26.4	0	undertaking scouting programmes in the country
		Total	**495**	**1,877**	

5.3 Request for additional funding for the state Department is as follows.

1. The Committee request that the Budget and Appropriations Committee to consider the following financial request for funding crucial priority projects in actualizing the Bottom-Up Economic Transformation Agenda **(BETA):**

5.3.3 State Department for ASAL's and Regional Development

(i) Additional funding towards recurrent budget of RDAs and NDMA of Ksh.1,3billion and Kshs 57 million respectively.

(ii) Additional Funding towards NDMA of Kshs 3,950 million for the hunger and safety ne programme.

(iii) Additional requirement of Ksh. I billion for the fencing and identification of feedlots in the arid and Semi-Arid regions.

5.3.2 State Department for Devolution

(i) Additional allocation for Payment of Africities recurrent pending bills amounting to Ksh. 668 million.

SIGNED..... **DATE**.....29/5/24.....

HON. LOCHAKAPONG PETER, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

DEPARTMENTAL COMMITTEE ON SPORTS & CULTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

.....

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2024/2025 BUDGET ESTIMATES FOR THE FOLLOWING AGENCIES:

VOTE 1132:	**STATE DEPARTMENT FOR SPORTS**
VOTE 1134:	**STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE**
VOTE 1135:	**STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY**

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI **MAY, 2024**

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PART I

1.0PREFACE

1.1 Introduction

1. This is the Committee's report on its consideration of the FY 2024/2025 Budget Estimates which was tabled in the House on 30th April, 2024 in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Establishment of the Committee

2. The Departmental Committee on Sports and Culture is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all legislation referred to it;*
   v. *To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

1.3 Subject of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.

4. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:

i. State Department for Sports under the Ministry of Youth Affairs, Creative Economy and Sports;
ii. State Department for Youth Affairs and Creative Economy under the Ministry of Youth Affairs, Creative Economy and Sports; and
iii. State Department for Culture, the Arts and Heritage under the Ministry of Gender, Culture, the Arts and Heritage.

1.4 Committee Membership

5. The Departmental Committee on Sports and Culture was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson
Hon. Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson
Hon. James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon. Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon. Samuel Gonzi Rai, MP
Kinango Constituency
PAA Party

Hon. Mary Emaase Otucho, MP
Teso South Constituency
UDA Party

Hon. Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM –K Party

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

Hon. Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon. Chege Njuguna, MP
Kandara Constituency
UDA Party

Hon. Richard Kipkemoi Yegon, MP
Bomet East Constituency
UDA Party

Hon. Catherine Nakhabi Omanyo, MP
Busia County
ODM Party

Hon. Caroli Omondi
Suba South Constituency
ODM Party

Hon. Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon. Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

Hon. BSP. (EM) Dr. Jackson Kipkemoi Kosgei, MP
Nominated
UDA Party

1.5 Committee Secretariat

6. The Committee is facilitated by the following staff:

Mr. Adan Gindicha
Principal Clerk Assistant II/Head of Secretariat

Ms. Mary Kinyunye
Clerk Assistant III

Ms. Christine Odhiambo
Senior Legal Counsel

Mr. Moses Esamai Omoit
Audio Officer III

Mr. Peter Atsiaya
Media Relations Officer III

Mr. Vitus Owino
Research Officer II

Mr. Wilson Mwangi
Fiscal Analyst III

Ms. Josephine OSaid
Hansard Reporter III

Mr. Said Wako
Assistant Serjeant-At-Arms

1.6 Overview of the examination of the FY 2024/2025 Budget Estimates

7. A broad summary of the FY 2024/25 approved estimates includes:

a) SASDF has been allocated Kshs. 336 million in the recurrent expenditure. The allocation is two (2%) percent of AIA collected by Sports, Arts and Social Development which, based on the current figures, is estimated to be Kshs. 16.8 billion. This is an enhanced allocation by Kshs. 128 million. The funding will enhance monitoring and evaluation of projects and programmes funded by the SAGA.

b) There is no allocation for the Kenya Academy of Sports. The SAGA does not collect its own Appropriation in Aid therefore the institution may not be able to undertake its core mandate and payment of salaries.

c) ADAK has not been allocated any funding from the exchequer. The agency collects AIA estimated at Kshs. 10 million which is not sufficient to cater for core objectives of testing and sensitization on anti-doping issues. This will lead to non-compliance with the World Anti-Doping Code 2021 that may result to a ban in participating and hosting athletics competitions.

d) The State Department requires adequate funding to complete stadia to host AFCON 2027, CHAN 2024, training grounds to support the events and constituency Sports Academies which have not been catered for in the estimates. The State Department is yet to submit a clear funding model to finance its capital projects.

e) The National Heroes Council has a budget cut of Kshs. 98 million. Priorities in the MTP 2023-2027 for FY 2024/25 do no align to the proposed allocation for the SAGA. National Heroes Council requires adequate funding to setup a heroes database and achieve its core mandate of identifying heroes and heroines, sensitization programmes and establish the Heroes Fund.

f) The Kenya Film Commission requires adequate funding for the operationalization of the African Audio-Visual Cinema Commission (AACC) secretariat after Kenya signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.

1.7 Acknowledgement

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. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

9. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the Financial Year 2024/2025 Budget Estimates.

10. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Sport, Culture and Youth Affairs and the Arts, to submit its Report on the scrutiny of the Financial Year 2024/2025 Budget Estimates.

HON. DANIEL SITATI WANYAMA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE



Signature: ..... **Date;** 22nd May 2024

PART II

2.0BROAD OVERVIEW OF THE FY 2024/2025 BUDGET ESTIMATES

2.1 State Department for Sports

11. The state department for sports has been allocated Kshs. 17.72 billion which comprises of Kshs. 1.09 billion for recurrent expenditure and Kshs. 16.63 billion for the development expenditure. In the 2024 BPS the allocation ceiling in the state department was Kshs. 18.27 billion. However, the allocation has decreased by Kshs. 546.61 million below the ceiling in the 2024 BPS.

12. The decrease in allocation is attributed to reduced allocation in the recurrent expenditure for Kenya Academy of Sports which had an allocation of Kshs. 278 million in FY 2023/24 but no net allocation in FY 2024/25; and the Anti-Doping Agency of Kenya which had an allocation of Kshs. 298.38 million of which Kshs. 10 million is AIA but no net allocation in FY 2024/25.

13. In addition, the reduction in the development expenditure is attributed to two (2%) percent of AIA collected by Sports, Arts and Social Development which is estimated to be Kshs. 16.8 billion which has been allocated to SASDF recurrent expenditure amounting to Kshs. 336 million. The two (2%) percent is pursuant to regulation 12 (4) of the PFM (Sports Arts and Social Development Fund) Regulations, 2018, that states Parliament shall appropriate administration expenses not exceeding three percent of the annual budgetary allocations of the fund.

2.1.1 Recurrent expenditure

14. The State Department has a gross recurrent expenditure of Kshs. 1.09 billion of which AIA is Kshs. 477.8 million and net expenditure is Kshs. 607.49 million. The allocation has reduced by Kshs. 448.07 million from the Approved Estimates of FY 2023/24.

a) **Headquarters.**

15. The allocation at the headquarters comprise of net of Kshs. 352.37 million and AIA of Kshs 400 thousand. The allocation for General Admin has increased by Kshs. 35.90 million.

i. **Sports Registrar**

16. The Sports Registrar plays a role in registration and regulation of sports organizations and has an allocation of Kshs. 20.91 million. However, underfunding in the sports registrar will affect registration of sports organizations, licensing of sports persons, inspections of sports organizations, sensitization programmes across the country and roll out of an online registration and payment platform.

17. The Registrar is challenged by enough personnel, roll out and delay in establishing an automation and digitalization system for Sports Registrar and unlicensed sports persons such agents, coaches which risk exposing athletes to illegal substances.

18. In FY 2024/25 the agency is planning to;
    - Process registration of sports organization, licensing professional sport persons and professional bodies to 100% and
    - Complete automation and digitization of the sports registrar's office services to 45% completion.

b) Sports Kenya

19. Sports Kenya has an allocation of Kshs. 386 million of which net estimate is Kshs. 255.12 million and AIA is Kshs. 131.40 million. The target for AIA has been revised downwards by Kshs. 76.60 million.

20. The SAGA plays a major role in development and management of sports facilities. In FY 2024/25, targets Sports Kenya would like to achieve include;
    - Upgrading 3 new regional stadia under Presidential Directive to national/regional stadia.
    - Upgrading training venues to CAF/ FIFA standards
    - Initiate requirements to support hosting of AFCON 2027.

21. The State Department is planning to upgrade three stadia, Moi International Sports Complex (MISC), Nyayo National Stadium (NNS) and the Kipchoge Keino Stadium, and design and construct the Talanta Stadium. The project will also include upgrading 10 training grounds to CAF/ FIFA standards to support the hosting venues. The training grounds include: Kasarani Upper Warm-up, Kenya Academy of Sports (2 grounds), Nyayo National Stadium, Ulinzi Sports Complex, Mbaraki Sports Grounds, Shanzu Teachers Training College, Mombasa Municipal Grounds, Diani ASK Grounds, Eldoret University, Eldoret Polytechnic and Eldoret ASK Grounds.

22. According to the implementing agency, the total project cost is estimated at Kshs. 50 billion of which Kshs. 25 billion in FY 2024/25 and Kshs. 25 billion in FY 2025/26. The Sources of funding will be the exchequer and SASDF. Kipchoge Keino Stadium and the Posta Jamhuri Grounds (where the Talanta Hela Stadium is being constructed) have received funding over the years amounting to Kshs. 695.5 million and Kshs 1.19 billion respectively, therefore the State Department should submit an itemized budget and a funding model of what each stadium will cost and the training grounds earmarked to be constructed in preparation of AFCON 2027.

23. In September 2024, the country will co-host the African Nations Championship (CHAN) which have been earmarked for Kakamega and Bungoma. The following stadiums are being upgraded: Bukhungu Stadium and Masinde Muliro Stadium-Kanduyi. The Bukhungu Stadium is estimated to cost Kshs. 1.55 billion to be upgraded to international standards while the Masinde Muliro - Kanduyi Stadium is estimated to cost Kshs. 500 million.

24. It is worth noting that preparations of CHAN 2018 resulted in a pending bill of Kshs. 1.14 billion, therefore regular oversight is required to ensure there is value for money and the projects are completed on time. In addition, the 7 regional stadia which are still ongoing, have experienced delay in completion despite sufficient funding from SASDF. The Office of the Auditor General has raised several issues on construction and rehabilitation of stadia in the country and implementation of programmes.

c) Anti-doping Agency of Kenya

25. Anti-Doping Agency of Kenya was allocated Kshs. 298.38 million in FY 2023/24. However, there is no allocation for the recurrent expenditure in FY 2024/25 this will affect achievement of its core objectives on testing and sensitizing on anti-doping issues. The SAGA has an appropriation in aid of Kshs. 10 million. The Agency should get ways to enhance their AIA to cater for the operations and maintenance and personnel emoluments.

26. Despite this, the Agency intends to carry out 1,100 intelligence-based tests and sensitizing 11,400 persons on Anti-doping issues. The target is still below the World Anti-Doping Agency requirement of 1,500 tests and sensitization of 18,000 persons.

27. The Agency has a mandatory obligation to set up an independent unit; Results Management Panel (RMP) in line with the Anti-Doping Act (Amended in 2020) and World Anti-Doping Code 2021 which has not been catered for in the estimates.

28. Emerging issues in Anti-doping include unregulated food supplements and traditional herbs used by athletes, lack of WADA accredited laboratory in Country that can reduce the cost of testing, lack of enough capacity building to sports persons and low literacy levels by some Kenyan athletes on anti-doping information.

d) **Kenya Academy of Sports**

29. Kenya Academy of Sports was allocated Kshs. 278 million in FY 2023/24. However, there is no allocation for the recurrent expenditure in FY 2024/25. The SAGA relies on the exchequer to undertake its core activities, personnel emoluments and operations and maintenance. However, the completed Phase 1 of the Kenya Academy of Complex can be utilized to raise sufficient AIA for the SAGA.

e) **Sports, Arts and Social Development Fund**

30. SASDF has been allocated Kshs. 336 million in the recurrent expenditure. The allocation is two (2%) percent of AIA collected by Sports, Arts and Social Development which is estimated to be Kshs. 16.8 billion. The two (2%) percent is pursuant to regulation 12 (4) of the PFM (Sports Arts and Social Development Fund) Regulations, 2018, that states Parliament shall appropriate administration expenses not exceeding three percent of the annual budgetary allocations of the fund.

2.1.2 Development expenditure

31. The state department will be implementing three (3) major capital projects with programmes that are funded by Sports, Arts and Social Development Fund having the highest allocation at Kshs. 16.46 billion. Kenya Academy of Sports has an allocation of Kshs. 129.2 million and Establish an Automation & Digitalization System for Sports Registrar with an allocation of Kshs. 45.2 million.

a) **Sports, Arts and Social Development Fund**

32. SASDF has an estimated appropriation in aid (AIA) of Kshs. 16.8 billion. However, two (2%) percent of the estimated revenue collected will be allocated to the reccurent expenditure of SASDF with Kshs. 16.464 billion for development. The fund supports various programmes as per regulation 4(2), the proceeds of the fund will be apportioned in amounts not exceeding as follows;
    - Sixty (60%) percent for social development, including universal health care,
    - Thirty-five (35%) percent for promotion and development of sports,
    - Twenty (20%) percent for promotion and development of arts, and
    - Five (5%) percent for government strategic interventions.

33. The management of the fund still lacks proper oversight, with the Auditor General raising several queries such as unexplained expenditures, lack of expenditure returns from beneficiaries, multiple funding to beneficiaries, insufficient monitoring and evaluation from

the Fund management, funding of sports organizations that have not registered under the Sports Act 2013 and procurement violations.

34. Some of the targets in the state department for Sports for FY 2022/23 are;
    - 80% completion of phase 1B of the Kenya Academy of Sports Complex (Hostels)
    - 100% completion of services digitized

2.2 State Department for Culture and Heritage

35. The state department for Culture and Heritage has been allocated Kshs. 3.06 billion which comprises of Kshs. 2.92 billion for recurrent expenditure and Kshs. 132.84 million for the development expenditure. In the 2024 BPS the allocation ceiling in the state department was Kshs. 3.8 billion. However, the allocation has decreased by Kshs. 745.11 million below the ceiling in the 2024 BPS.

2.2.1 Recurrent expenditure

36. The State Department has been allocated a gross recurrent expenditure of Kshs. 2.92 billion of which AIA is Kshs. 540.50 million and net expenditure is Kshs. 2.38 billion. The allocation will increase by Kshs. 258.80 million from the approved estimates of FY 2023/24. The increase is on account of transfer of departments at the headquarters, Kenya Cultural Centre, Kenya National Library Service and Kenya Copyright Board from the State Department for Youth Affairs and Creative Economy.

a) **Headquarters.**

37. The allocation at the headquarters comprise of net of Kshs. 560.96 million and AIA of Kshs 2.50 million. The allocation for General Admin has increased by Kshs. 60.51 million.

i. **Permanent Presidential Music Commission (PPMC)**

38. PPMC has been allocated Kshs. 81.36 million. The agency was allocated Kshs. 44.86 million in FY 2023/24 therefore increasing the allocation by Kshs. 36.50 million. The following are targets for FY 2024/25: 500 musicians recording at the PPMC studio; 150 musicians and dancers provided with paying performance opportunities; Support 20 musicians to participate and perform at international festivals; Support 450 artists to participate in music exhibitions; Prepare and present 2000 musicians and Establish 47 studios.

ii. **Ushanga Initiative**

39. The Agency has been allocated Kshs. 72.19 million increasing the allocation by Kshs. 7.26 million from FY 2023/24. The Agency is targeting to improve beadwork enterprise for women in seven pastoralist communities by empowering 1,500 women in beadwork, facilitating 600 women to showcase their products at local and international trade fairs and exhibitions and develop 200 Information, Education, Communication (IEC) materials.

a) **Recurrent Budget for SAGAs**

40. The National Museum of Kenya (NMK) has a gross expenditure allocation of Kshs. 1.26 billion with a net expenditure of Kshs. 798.34 million and appropriation in aid (AIA) of Kshs. 300 million. The Natural Product Industry - BETA has been allocated Kshs. 160.20 million. The overall budget for National Heroes Council (NHC) has been allocated Kshs. 82.43 million, which has been revised down by Kshs. 97.93 million from Kshs. 180.36 million in FY 2023/24. Bomas of Kenya has been allocated a net estimate of Kshs. 230.84 million and AIA of Kshs. 103 million.

41. Under NMK, the government is planning to conduct the following programmes in FY 2024/25 MTP IV plan, to promote insect farming in 10 counties at Kshs. 50 million, train and support farmers and establish meliponiculture and apiculture farms at Kshs 80 million and establish mushrooms at Kshs. 150 million. Natural Product Industry (NPI) will train and support farmers on indigenous knowledge and support farming of indigenous crops at Kshs. 100 million.

42. NHC is target to identify and honour heroes and heroines at Kshs. 230 million and establish the Kenya Heroes Fund at Kshs. 50 million in FY 2024/25. However, the indicative budget in the MTP IV is not in tandem with allocation in the FY 2024/25 proposed estimate at Kshs. 82.43 million.

43. In the reorganization of Government, Kenya Cultural Centre, Kenya Copyright Board and Kenya National Library Service were transferred from the State Department for Youth Affairs and Creative Economy. KNLS has been allocated Kshs. 390 million with an AIA of Kshs. 90 million, the Kenya Copyright Board has been allocated Kshs. 110 million and an estimated AIA of Kshs. 3 million while Kenya Cultural Centre has been allocated Kshs. 49 million and an estimated AIA of Kshs. 42 million:

2.2.2 Development expenditure

44. The state department has a gross development expenditure of Kshs. 132.84 million. The allocation is below the budget ceiling in the 2024 BPS by Kshs. 42.66 million. The state Department will be implementing 4 major capital projects of which all are ongoing.

Table 1: Summary of development expenditure for the State Department (Kshs. millions)

Head	Approved Estimates 2023/24	Proposed Estimates FY 2024/25
Refurbishment of Archives offices	13.15	-
Installation of the Library Information Management System (LIMS)	13.60	-
Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum	-	39.30
Marachi Cultural Center	25.00	-
Wundanyi Youth Resource (Culture & Talent) Center	35.00	35.00
Rehabilitation of Basic Facilities at Bomas	69.70	48.54
Professional & Scientific Training for Devlpmnt of Culture Tourism	10.00	10.00
Total	**166.45**	**132.84**

National Treasury – development budget books

45. Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum was a stalled project as it had not received funding for several years. The project has been allocated Kshs. 39.30 million.

2.3 State Department for Youth Affairs and Creative Economy

46. The Committee oversights one programme in the State Department for Youth Affairs and Creative Economy and it comprises of two SAGAs, Kenya Film Commission and the Kenya Film Classification Board. Film Development Services has been allocated Kshs. 649.82 million of which recurrent is Kshs. 500.09 million and development is Kshs. 149.73 million.

The allocation is below the 2024 BPS ceiling of Kshs. 427.28 million and the baseline by Kshs. 344.18 million.

2.3.1 Recurrent expenditure

47. The State Department has been allocated a gross recurrent expenditure of Kshs. 500.09 million of which AIA is Kshs. 50 million and net expenditure is Kshs. 450.09 million the allocation decreasing by Kshs. 413.19 million from the approved estimates of FY 2023/24.

a) Recurrent Budget for SAGAs

48. Kenya Film Classification Board (KFCB) has a gross expenditure allocation of Kshs. 270.15 million with a net expenditure of Kshs. 224.15 million and appropriation in aid (AIA) of Kshs. 46 million. The allocation of the SAGA has decreased by Kshs. 152.65 million from the allocation in FY 2023/24. KFCB is targeting to issue 5,500 film licenses to film distributors and exhibitors, issue 1,200 classification certificates, conduct 270 consumer awareness programmes, registering 70 film agents and issuing 900 film licenses to film makers.

49. The allocation for Kenya Film Commission (KFC) has reduced by 269.37 million from an allocation of Kshs. 343.44 million in FY 2023/24 to an allocation of Kshs. 74.07 million in FY 2024/25 which is a 78% reduction. The allocation will affect payment of salaries, operations and maintenance and operationalization of the African Audio-Visual Cinema Commission (AACC). The Kenya Film Commission was directed to oversee the set-up of the AACC secretariat after Kenya signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during the 36th Ordinary Session of the Assembly of the African Union Heads of State and Government. Kenya committed to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.

50. In the MTP IV plan, the Kenya Film Commission plans to conduct the following programmes FY 2024/25, establishing incentive frameworks at Kshs. 50 million, hosting arts and creatives exhibitions at Kshs. 50 million, mentor artists and engage in apprenticeship at Kshs. 25 million, operationalization of the National Creatives Economic Council at Kshs. 50 million and awareness campaigns on IPs at Kshs. 25 million. However, the budget for the SAGA has been reduced by 78%.

2.3.2 Development expenditure

51. The state department has four (4) ongoing capital projects with an expenditure estimate of 149.73 million. The development expenditure will increase by Kshs. 69.73 million on account of enhanced allocation for the establishment of the Kenya Film School and the Refurbishment of Cinema Theatre.

Table 2: Summary of development expenditure for the state department (Kshs. millions)

Head	Approved Estimates 2023/24	Proposed Estimates FY 2024/25	Change in allocation
Strengthening the Film Industry in Kenya - BETA	10.00	10.00	-
Establishment of Kenya Film School	50.00	100.00	50.00
Film Location Mapping	20.00	14.00	(6.00)
Refurbishment of Cinema Theatre	-	25.73	25.73
Total	**80.00**	**149.73**	**69.73**

National Treasury – development budget books

52. Under funding of the Cinema Theatre has affected timely completion of the project. The project will create an infrastructure for the creative economy and the funds will ensure the project is ongoing. The completed cinema theatre will be an avenue for the agency to raise its own revenue through appropriation in aid (AIA) as well as establish and sustain an efficient system for regulating the creation, distribution and exhibition of film and broadcasting content in the country in line with the Film and Stage Plays Act Cap 222.

53. Strengthening the Film Industry in Kenya at Kshs.100 million is a BETA priority and it will target to engage 319,000 sustainable community youth actors and engage 4700 youths in volunteerism.

PART III

3.0SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 State Department for Sports

54. The Principal Secretary State Department for Sports, Eng. Peter Tum, appeared before the Committee on 16th May, 2024 and submitted as follows:

55. The State Department is implementing one Programme- (Sports) and three sub- programs: Sports Training and Competition, Development and Management of Sports Facilities, and General Administration, Planning and Support Services.

56. The State Department's total budget as per the approved 2024 Budget Policy Statement is KSh.18.27 billion. However, during the finalization of FY 2024/25 Budget Estimates, the total allocation has been reduced to KSh.17.72 billion resulting in a variance of KSh. 546.7 million.

57. The Recurrent budget estimates for the FY 2024/25 is KSh.1,085.3 million for Personnel Emoluments, Transfers to SAGAS and other recurrent expenditure. The breakdown of the Current expenditure by Economic classification is shown in Table below:

Economic Classification	Approved 2024 BPS (a)	Budget Estimates(b)	Variance c=(b-a)
	2024/25	2024/25	
Gross	**1,295,989,916**	**1,085,286,404**	**(210,703,512)**
AIA	141,801,000	477,800,000	335,999,000
Net	**1,153,688,916**	**607,486,404**	**(546,202,512)**
Compensation to Employees	200,510,765	200,510,000	765
Grants and Transfers	929,815,816	738,416,597	(191,399,219)
Other Recurrent	165,663,335	146,359,807	(19,303,528)

58. The Kenya Academy of Sports has a recurrent budget allocation of KSh.278 million in the current FY 2023/24. The BPS had an allocation of KSh.156 million for FY 2024/2025. However, during the finalization of the FY 2024/25 Budget Estimates, this budget has been rationalized to zero. Currently, KAS is not generating AIA and therefore, zero budget allocation will bring the operations of the Academy to a halt.

59. The Anti-Doping Agency of Kenya (ADAK) faces a budget reduction of KSh. 298.38 million for FY 2023/24, with the BPS's allocation reduced to KSh. 10 million. The ADAK's critical role, including Anti-Doping Education, Sample Collection and Analysis, Results Management, and Intelligence Gathering and Investigations, is negatively impacted.

60. The Sports, Arts and Social Development Fund (SASDF) has a recurrent budget allocation of KSh.208 million for FY 2023/24, funded through the Exchequer. The State Department requested a 3% allocation for administrative expenses and an additional KSh.208 million for operational budget enhancement. However, the FY 2024/25 Budget Estimates removed this amount, moving KSh. 336 million from Development to Recurrent.

61. Sports Kenya's FY 2023/24 budget allocation has been reduced by KSh. 101 million, affecting operations due to a decrease from the previously allocated KSh. 356 million.

62. The Development Estimates for FY 2024/25 Budget is KSh. 16 billion for ongoing projects. The main source of funding (KSh. 16 billion) is Local AIA from betting and lotteries and KSh. 174 million being exchequer funding.

63. The Approved Budget allocation for the State Department for Sports in FY 2023/2024 is Kshs. 17.61 billion to implement activities under the Sports Programme. The total expenditure as at 10th May 2024 is Kshs. 12.99 billion representing 74%.

64. The Approved Development Budget for the FY 2023/24 is KSh. 16.08 billion while the expenditure as at 10th May 2024 is KSh. 11.98 billion representing 75% absorption rate.

65. SASDF is funding AFCON infrastructure projects including Talata Sports City, Moi International Sports Centre in Kasarani, Nyayo National Stadium, and Kipchoge Keino Stadium, executed in collaboration with the State Department of Defense who are carrying out procurement, execution and supervision.

66. The State Department does not have any new project for FY 2024/25 and the Medium-Term.

67. The State Department has pending bills totaling KSh. 1.426 billion, which have been submitted to National Treasury Pending Bills Verification committee for consideration and further direction.

68. The State Department has no stalled projects.

3.2 State Department for Culture, the Arts and Heritage

69. The Cabinet Secretary for the Ministry of Gender, Culture, the Arts and Heritage, Hon. Aisha Jumwa, EGH appeared before the Committee on 17th May, 2024 together with the Principal Secretary, State Department for Culture and Heritage Ms Ummi Bashir and submitted as follows:

70. The State Department for Culture, the Arts and Heritage is in charge of the following Semi-Autonomous Government Agencies (SAGAs): National Museums of Kenya, National Heroes Council, Bomas of Kenya Ltd (BOK), Kenya National Library Services (KNLS) Board, Kenya Cultural Centre and Kenya Copyright Board (KECOBO).

71. The proposed FY 2024/2025 Annual Estimates for the State Department for Culture, the Arts and Heritage Vote 1134, has significant deviation from the approved 2024 Budget Policy Statement ceiling.

72. The recurrent budget has been reduced by Kshs. 702.48 million while the development allocation was cut by Kshs. 52.7 million from the approved BPS ceilings.

73. The increment of budget (compensation to employees and current transfers) in the proposed FY 2024/25 estimates from the approved FY 2023/24 budget is on account of new SAGAs in the State Department as per the Executive Order No.2 of 2023.

74. The budget on use of goods and services which touches on the State Department core mandate and the BETA priorities has been reduced by more than KShs. 71.9M. This will have an adverse effect on achievement of State Department's objectives and BETA targets.

75. SAGA's BPS allocation has significantly been reduced. These reductions will have adverse impact on SAGA's programmes performance and also on honoring mandatory contractual obligations such as payment of rent and staff gratuity.

76. The reduction of the development project will negatively affect the completion of the ongoing projects particularly the installation of Library and records information systems. It will also result in pending bills which is contrary to the government commitment on reducing pending bills.

77. The implementation of the FY 2023/2024 budget has progressed well, despite challenges due to inadequate operational budget.

78. The State Department for Culture, the Arts and Heritage does not have a new project in the FY 2024/2025, all the projects are on-going.

79. The State Department for Culture, the Arts and Heritage has a total pending bill amounting to Kshs. 43,963,215.

80. There are no stalled projects in the State Department for Culture, the Arts and Heritage. However, we request the committee to intervene in ensuring the ongoing projects continue to receive funds which will ensure they do not stall.

81. The State Department has, within the proposed FY 2024/25 estimate aligned its budgets, projects and key performance indicators to the proposed value chain approach under the Bottom-Up Economic Transformation Agenda.

82. In the Medium-Term FYs 2024/25 – 2026/27, the State Department:
    i. will establish a national traditional knowledge and cultural expression repository
    ii. build capacity of 22,600 artists and copyright stakeholders as well as establish royalty distribution system;
    iii. repatriate 100 Kenyan artefacts held in institutions abroad;
    iv. Construct Ushanga Curio Mall at Sekanani Gate at Narok County;
    v. develop promote Kenya as the Cradle of Mankind in partnership with development partners;
    vi. co-host the Turkana Cultural Festivals (Tobong'u Lore and the Camel Derby) annually, in addition to the key outputs. In addition, under Medium term, Kenya National Library will be having a National Reading Day to be celebrated every year on the 12th of July, Report must be in third person.

83. The BETA Value Chain priorities include agricultural transformation and value addition to be undertaken by the NMK and Natural Products Industry, creative economy and digital superhighway to be undertaken through Ushanga Kenya Initiative.

84. The State Department appealed for funding in the following issues:
    a. An increase of operational budget by Kshs. 100 million; This amount will be utilized in acquiring vehicles; for CS and PS, and in supporting periodic operations of the Cabinet Secretary Office and core mandate of the institution
    b. Reinstating the budget for all SAGAs and State Department as per Budget Policy Ceiling. This will be particularly important on achievement of BETA priorities and honoring mandatory contractual obligations such as salaries and rent.

c. To ensure the ongoing projects do not stall, the State Department requested the projects allocations are also reinstated as per BPS ceiling. Lack of resources for installation of Library and Records will result in projects stalling and accumulation of debt.
d. Additional Allocation to SAGAs with acute shortfalls as follows; National Museum of Kenya Kshs. 380 M, Kenya Copy Right Board Kshs 63 Million on mandatory expenses and Kenya Cultural Centers Kshs. 44 million for basic operation expense.
e. An additional Kshs.33.7 million Under Permanent Presidential Music Commission (PPMC) which has a shortfall in operational expenses. The implication of this is that creative artist may be denied opportunity to showcase and earn a living and also the commission may not be able to reach far flang regions.

3.3State Department for Youth Affairs and Creative Economy

85. Mr. Ismail Madey, Principal Secretary, the State Department for Youth Affairs and Creative Economy appeared before the Committee on 16th May 2024 and submitted as follows:

86. The State Department for Youth Affairs and Creative Economy is in charge of the following Semi-Autonomous Government Agencies (SAGAs): Kenya Film Classification Board (KFCB), Kenya Film Commission (KFC) and gives grants to Kenya Film School and African Audio-Visual Cinema Commission (AACC).

87. The approved gross budget for the FY 2023/24 is Kshs. 3,887,659,983 comprising of Kshs. 2,962,909,983 under the Recurrent Vote and Kshs. 924,750,000 under the Development Vote.

88. In the approved 2024 BPS, the gross allocation had been enhanced to Kshs.4,876,249,407; with the Recurrent Vote having been allocated Kshs.2,621,849,407 whilst the Development Vote had been earmarked for an allocation of Kshs.2,254,400,000.

89. The proposed Budget Estimates for the FY 2024/25, the Recurrent Vote allocation is Kshs1,843,510,229, a reduction of Kshs.788,339,178 (32%). The Development Vote, on the other hand, has been reduced by 9% to Kshs. 2,044,961,000.

90. In the approved 2024 Budget Policy Statement, The State Department had an allocation of Kshs.2,621,849,407 for the Recurrent Vote in respect of the FY 2024/25; Kshs.729,670,000 being earmarked for Compensation of Employees, Kshs.322,417,787 for meeting operational and maintenance costs and Kshs.1,569,761,620 Current Grants to our SAGAs and other government agencies.

91. The adoption of austerity measures has seen the net GoK allocation for the FY 2024/25 Budget Estimates being reduced by 32% (Kshs.778,339,178) with the headquarters allocation being reduced by Kshs.114,215,234 whilst the SAGAs suffered a collective reduction of Kshs.664,123,944 (42%).

92. The Kshs.114,215,234 budget cut for the headquarters is equivalent to 35% of the projected operations and maintenance budget based on the approved BPS allocations.

93. The BPS 2024 allocation for SAGAs has been reduced by 48% to Kshs.427,215,252, causing significant financial strain for these entities, preventing them from meeting their mandates.

94. The Kenya Film Commission's 2024 BPS budget has been revised by 68% to Kshs.74,033,668, partially covering salaries and personnel emoluments costs, and resulting in a shortfall of Kshs.36,466,332 if proposed reductions are upheld.

95. The KFCB's 2024/25 Budget Estimates were reduced by 33% from the approved BPS allocation to Kshs.270,148,914, without considering expenses like utilities, board, guards, cleaning services, and mandatory regulatory expenses.

96. Kenya launched AACC Secretariat on 9th May 2024, requiring Kshs.100 million FY 2024/25 to operationalize the Secretariat including payment of staff salaries, rent, utilities, and non-discretionary expenses.

97. The following are some of the Critically Under-funded projects in the FY 2024/25
    i. Film Location Mapping: The project ought to be completed in the FY 2024/25 and any cut will lead to accumulation of pending bills
    ii. Establishment of Kenya Film School: The project was earmarked for completion in the FY 2024/25 and any cut will lead to accumulation of pending bills.
    iii. Acquisition and Refurbishment of Cinema Theatre: Ongoing project. Budget cut will delay the completion of the project.

98. The State Department has no stalled project.

99. The State Department faces several challenges, including inadequate funding, outdated legal framework, technological challenges, and lack of adequate tools for regulation. Despite its significant contribution to GDP, the industry faces budget cuts and under-performance in logistics, ICT equipment, transport, furniture, and internet connectivity. The lack of a comprehensive legal framework and technological tools further hinders its progress.

100. The State Department is appealing for reinstatement of the BPS allocations as detailed below amounting to Kshs 847,875,641 in Recurrent Budget, and Kshs 579,000,000 in the Development Budget.

PART IV

4 COMMITTEE OBSERVATIONS

4.1 State Department for Sports – Vote 1132

The Committee observed that: -

1. **THAT,** in the FY 2024/25, the State Department has been allocated **Kshs 17.72 billion,** out of which **Kshs. 1.09 billion** is in respect of recurrent vote while **Kshs. 16.63 billion** is under development vote. However, it was noted that the allocation has decreased by **Kshs. 546.61 million** below the BPS 2024 ceiling.

2. **THAT,** the Kenya Academy of Sport has not been allocated any funding in FY 2024/25. The agency does not collect any appropriation in aid and a zero budget will affect operations of the Academy such as payment of salaries and utilities and other activities such as talent identification, nurturing and marketing.

3. **THAT,** the Anti-Doping Agency of Kenya has not been allocated any funding in FY 2024/25. The agency only collects Kshs. 10 million in appropriation in aid and without any allocation from the exchequer, the institution will not be able to generate any appropriation in aid as well as affect operations of the agency such as payment of salaries, utilities and sensitization programmes.

4. **THAT,** the reduction in budget at the Anti-Doping Agency of Kenya will affect core activities of anti-doping education and mandatory tests on athletes which will lead to non-compliance to the World Anti-Doping Code resulting to a ban in participating and hosting athletic competitions.

5. **THAT,** Sports, Arts and Social Development Fund has been allocated Kshs. 336 million in the recurrent expenditure. The allocation is two (2%) percent of the appropriation in aid collected by the agency which is estimated to be Kshs. 16.8 billion.

6. **THAT** in the preparation of AFCON 2027, the State Department is rehabilitating the Moi International Sports Complex, Nyayo National Stadium and the Kipchoge Keino Stadium as well constructing the Talanta Sports City. The projects are being executed in collaboration with the State Department and the Ministry of Defense, where the Ministry of Defense is carrying out procurement, execution and supervision while funding is through the Sports, Arts and Social Development Fund.

4.2 State Department of Culture, the Arts and Heritage – Vote 1134

1. **THAT**, in the FY 2024/25 budget estimates, the State Department has been allocated **Kshs. 3.06 billion** comprising of recurrent budget of **Kshs. 2.92 billion** and Development budget of **Kshs. 132.84 million.**

2. **THAT,** the State Department will be implementing 4 capital projects funded in FY 2024/25 which include;

    a. Wundanyi Youth Resource Centre at **Kshs. 35 million.**
    b. Rehabilitation of basic facilities at Bomas at **Kshs. 48.54 million.**
    c. Professional & Scientific Training for development of Culture Tourism at **Kshs. 10 million.**

d. Rehabilitation and upgrade of Kapenguria 6 Facility/Museum at **Kshs. 39.3 million.**

3. **THAT,** the Kenya Copyright Board (KECOBO) can enhance their AIA collection through implementation of the blank tape levy which is a nominal fee imposed on blank media and devices that carry copyright content. In addition, pursuant to section 30B (4) of the Copyright Act, that a gazette notice should be issued to declare the share ratio for the blank tape levy.

4. **THAT,** the Kenya Copyright Board has a resource gap of Kshs. 63 million. The additional funding will enable the institution establish a comprehensive ICT system for licensing, monitoring, and distribution of royalties and establish a digital copyright cybercrime Lab.

5. **THAT,** owing to the increased activities at the National Museums of Kenya, the institution will enhance its AIA collection and an adjustment of its appropriation in aid from Kshs. 300 million to Kshs. 400 million.

6. **THAT** the National Heroes Council has a budget cut of **Kshs. 97.93 million** from **Kshs. 180.36 million** in FY 2023/24 to **Kshs. 82.43 million** in the proposed FY 2024/25 budget estimates. The agency does not collect any appropriation in aid therefore the budget cuts will affect its core activities of recognizing heroes and heroines, sensitization programmes and other operation and maintenance of the institution.

7. **THAT** Bomas of Kenya has a pending bill of Kshs 148 million for settlement of pending bills for Standard Investment Bank. The High Court has pronounced itself on the matter in favour of Standard Investment Bank.

8. **THAT** Ushanga Kenya Initiative requires Kshs. 41 million to transition to a State Corporation.

4.3 State Department for Youth Affairs and Creative Economy – Vote 1135

1. **THAT,** the Committee oversights one programme, the **Film Development Services,** with a total proposed allocation of **Kshs. 649.82 million** where recurrent is **Kshs. 500.09 million** and development expenditure is **Kshs. 149.73 million.**

2. **THAT,** there are 2 SAGAs in the State Department under the Committee purview; the Kenya Film Classification Board and the Kenya Film Commission.

3. **THAT,** the Kenya Film Commission has a budget cut of **Kshs. 269.37 million** from **Kshs. 343.44 million** in FY 2023/24 to **Kshs. 74.07 million** in the proposed FY 2024/25 budget estimates. The agency does not collect any appropriation in aid therefore affecting payment of salaries, affecting its core activities of promoting and developing the film and TV industry in the country, promoting international film production in the country and other operations in the institution including payment of rent.

4. **THAT,** the Kenya Film Classification Board has a budget cut of **Kshs. 152.65 million** from **Kshs. 376.80 million** in FY 2023/24 to **Kshs. 224.15 million** in the proposed FY 2024/25 budget estimates. The institution has inadequate allocation to cater for medical insurance for its staff, payment of utilities and rent, personnel emoluments, gratuity of contracted staff and to undertake its core activities of regulating content in films and broadcast content ensuring content conforms to Kenya's culture, moral values and national aspirations.

5. **THAT,** the State Department will be implementing 4 capital projects funded in FY 2024/25 which include;

    a. strengthening the Film Industry in Kenya – BETA at **Kshs. 10 million**
    b. Establishment of Kenya Film School at **Kshs. 100 million**
    c. Film Location Mapping at **Kshs. 14 million**
    d. Refurbishment of Cinema Theatre at **Kshs. 25.73 million**

6. **THAT,** the Acquisition and Refurbishment of Cinema Theatre requires **Kshs. 400 million** that will ensure timely completion of the project. The complete cinema theatre will enhance the appropriation in aid of the Kenya Film Classification Board and will establish and sustain an efficient system of regulating the creation, distribution and exhibition of films and broadcasting content in the country.

7. **THAT,** the Kenya Film Classification Board has managed to enhance its revenue collection through adoption of technology and enhanced strategies for compliance enforcement, and anticipates to collect Kshs. 60 million from the initial projection of Kshs. 46 million.

8. **THAT,** the State Department launched the African Audio-Visual Cinema Commission (AACC) secretariat on 9th May 2024 and there is need to operationalize the Secretariat to meet the aspirations of the African Union from Kenya as the host nation. The Kenya Film Commission requires adequate funding for the operationalization of the African Audio-Visual Cinema Commission (AACC) secretariat after Kenya signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Non-financial Recommendations

5.1.1 State Department for Sports

1. The Cabinet Secretary Ministry of Youth Affairs, Creative Economy and Sports should ensure projects being funded by Sports, Art and Social Development Fund in FY 2024/25 meet the requirements of the PFM (Sports, Art and Social Development Fund) Regulation, 2018 consequently funds should be channelled towards value chain priorities in line with the Bottom-Up Economic Transformation Agenda. In this regard, a list of projects identified as priority for FY 2024/25 should be submitted to the National Assembly by 31st August, 2024.

5.1.2 State Department for Culture, the Arts and Heritage

1. That the Cabinet Secretary Ministry of Gender, Culture, The Arts and Heritage should issue and publish a gazette notice to declare the share ratio for the blank tape levy pursuant to section 30B (4) of the Copyright Act before June 30TH 2024, that will enable the Kenya Copyright Board effectively implement the blank tape levy.

5.1.3 State Department for Youth Affairs and the Arts

1. The Cabinet Secretary, Ministry of Youth Affairs, Creative Economy and Sports should fast-track the formulation of policies on the monetization of talent among the youth to enable the country leverage on the creative economy in alleviating youth unemployment as envisaged in the BETA priority areas. The Creative Economy Policy should be submitted to the National Assembly by 31st March, 2025.

5.2 Financial Recommendations

The Committee recommends that;

a) For the **State Department for Sports**, the proposed allocations in the FY 2024/25 expenditure estimates comprising of recurrent expenditure of **Kshs. 1.09 billion** and development expenditure of **Kshs. 16.63 billion be approved with the following additional requests**;

Additional requests

i. Allocating the Kenya Academy of Sports and the Anti-Doping Agency of Kenya which have no allocations thus affecting payment of salaries, operations and maintenance and other non-discretionary expenses.

b) For the **State Department for Culture, the Arts and Heritage**, the proposed allocations in the FY 2024/25 expenditure estimates comprising of recurrent expenditure of **Kshs. 2.92 billion** and development expenditure of **Kshs. 132.84 million be approved with the following amendments**;

decreases

i. Decrease the recurrent expenditure of the Kenya National Library Service by **Kshs. 50 million.**

ii. Decrease the recurrent expenditure of the National Museums of Kenya by **Kshs. 100 million.**

Increases

i. Increase the recurrent expenditure of the Kenya Copyright Board by **Kshs. 40 million.**

ii. Increase the recurrent expenditure of the National Heroes Council by **Kshs. 20 million.**

iii. Increase the development expenditure of Kenya Cultural Centre by **Kshs. 20 million.**

iv. Increase the recurrent expenditure of the Permanent Presidential Music Commission by **Kshs. 10 Million**

c) For the **State Department for Youth Affairs and Creative Economy**, the proposed allocations in the FY 2024/25 expenditure estimates in the **Film Development Services** with a recurrent expenditure of **Kshs. 500.09 million** and development expenditure of **Kshs. 149.73 million be approved with the following amendments**;

Increases

i. Increase the recurrent expenditure of Kenya Film School by **Kshs. 30 million.**

ii. Increase the recurrent expenditure of Kenya Film Commission by **Kshs. 30 million.**

Additional requests

i. Allocating the Kenya Film Commission which has significant budget cuts and will affect payment of salaries, operations and maintenance, other non-discretionary expenses and achieving their core mandates.

1st Schedule: Proposed Committee Increases and Decreases

The committee proposes the following financial recommendations;

Proposed decreases on the proposed budget estimates for FY 2024/25 (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	proposed 2024/25 Estimate		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
State Department for Culture, the Arts and Heritage – 1134										
0904000 Library Services	0904010 Library Services	Kenya National Library Service	1134002300 Kenya National Library Service (KNLS)	390	-	(50)	-	340	-	Reduce **Kshs. 50 million** from recurrent expenditure for Kenya National Library Service. The Institution has sufficient appropriation in aid for its operations. Reallocate **Kshs. 40 million** to the Kenya Copyright Board recurrent expenditure, reallocate **Kshs 10 million** to the Permanent Presidential Music Commission recurrent expenditure.
0902000 Culture/ Heritage	0902010 Conservation of Heritage	National Museums of Kenya	1134000600 Museums Headquarters and Regional Museums	958.54	-	(100)	-	858.54	-	Reduce **Kshs. 100 million** from recurrent expenditure for National Museums of Kenya. The Institution has sufficient appropriation in aid for its operations. Reallocate **Kshs 20 million** to the Kenya Cultural Centre development expenditure, reallocate **Kshs 20 million** to the National Heroes Council, re-allocate **Kshs. 30 million** to the Kenya Film Commission recurrent expenditure and reallocate **Kshs. 30 million** to the Kenya Film School recurrent expenditure.
Total				**1,348.54**	**-**	**(150.00)**	**-**	**1,198.54**	**-**	

Proposed increases on the proposed budget estimates for FY 2024/25 (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	proposed 2024/25 Estimate		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
State Department for Culture, the Arts and Heritage – 1134										
0903000 The Arts	0903020 Performing Arts	Kenya Cultural Centre	1134103000 Marachi Cultural Centre	-	-	-	20	-	20	The funds will cater for construction and completion of Phase 1 of the ongoing construction of the Marachi Cultural Centre
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	Permanent Presidential Music Commission	1134002100 Permanent Presidential Music Commission	80.86	-	10	-	90.86	-	The additional funding will cater for activities in researching and documenting the music and dance practices of all the communities in Kenya on audio and visual formats, publishing of research findings on different aspects of Kenyan music and organizing the National Symposiums on Kenyan Music to review the state of our music industry and strategize on its growth. Kenya is endowed with a dynamic music heritage; diverse musical culture is spread amongst all peoples with each community having its own identifying authentic. The department is mandated to spearhead research and study of Kenyan music with the aim of documentation and identification of ways in which the sector can grow into a sustainable economic industry.
0903000 The	0903030	Kenya	1134002200	110.07	-	40	-	150.07	-	The additional funding will

Programme	Sub-programme	Head/SAGA	Project	proposed 2024/25 Estimate		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
Arts	Promotion of Kenyan Music and Dance	Copyright Board (KECOBO)	Kenya Copyright Board							enable the institution establish a comprehensive ICT system for licensing, monitoring, and distribution of royalties and establish a digital copyright cybercrime Lab. Digitization will increase earnings to artists and other intellectual property owners. The funds will cater for sensitization programmes of copyright to stakeholders.
0902000 Culture/ Heritage	0902030 Development and Promotion of Culture	National Heroes Council	1134002000 National Heroes Council	82.43	-	20	-	102.43	-	The additional allocation will cater for establishment and digitization of a heroes database.
State Department for Youth Affairs and Creative Economy – 1135										
0221000 Film Development Services	0221010 Film Development Services	Kenya Film School	1135002900 Kenya Film School	79	-	30	-	109	-	The additional funding will enable the institution cater for rent arrears, operationalization and purchase of training equipment ensuring the school meets the recommended student equipment ration there increasing enrollment of students in the school.
0221000 Film Development Services	0221010 Film Development Services	Kenya Film Commission	1135003100 Kenya Film Commission	74.07	-	30	-	104.07	-	The addition allocation will cater for operationalization of the African Audio-Vision Cinema Commission (AACC). The Kenya Film Commission requires adequate funding for the operationalization of the African

Programme	Sub-programme	Head/SAGA	Project	proposed 2024/25 Estimate		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										Audio-Visual Cinema Commission (AACC) secretariat after Kenya signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.
Total				**426.43**	**-**	**130**	**20**	**556.43**	**20**	

5.3 Requests for Additional Funding

The sector is an enabler of the Bottom Up Economic Transformation Agenda, in this regard the sector can play a huge role in creating employment and monetizing the Arts and the Creative Industry.

The Committee is therefore requesting the Budget and Appropriations Committee to consider the following additional funding requests in the sector as highlighted:

5.3.1 State Department for Sports

The Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding for the state department for Sports:

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0901000 Sports	Kenya Academy of Sport	1132000200 Kenya Academy of Sports	278 million	Allocating the Kenya Academy of Sports adequate funding for its operations. Kenya Academy of Sport has not been allocated any funding in FY 2024/25. The agency does not collect any appropriation in aid and a zero budget will affect operations of the Academy such payment of salaries and utilities and other activities such as talent identification, nurturing and marketing.
0901000 Sports	Anti-Doping Agency of Kenya	1132000700 Anti-Doping Agency of Kenya	288 million	Allocating the Anti-Doping Agency of Kenya adequate funding for its operations. The Anti-Doping Agency of Kenya has not been allocated any funding in FY 2024/25. The agency only collects Kshs. 10 million in appropriation in aid and without any allocation from the exchequer, the institution will not be able generate any appropriation in aid as well as affect operations of the agency such as payment of salaries, utilities and sensitization programmes. The reduction in budget at the Anti-Doping Agency of Kenya will affect core activities of anti-doping education and mandatory tests on athletes which will lead to non-compliance to the World Anti-Doping Code resulting to a ban in participating and hosting athletic competitions.
Total Recurrent			**566 million**	

5.3.2 State Department for Culture, the Arts and Heritage

The Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding for the State Department for Culture, the Arts and Heritage:

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0902000 Culture/ Heritage	National Museums of Kenya	1134000600 Museums Headquarters and Regional Museums	400 million	Revision of the appropriation in aid targets owing to the increased activities at the National Museums of Kenya, the institution will enhance its AIA collection and an adjustment of its appropriation in aid from Kshs. 300 million to Kshs. 400 million.
0902000 Culture/ Heritage	Bomas of Kenya	1134001900 Bomas of Kenya	148 million	The funds will cater for pending bills owed to Standard Investment Bank. The High Court has pronounced itself on the matter in favour of Standard Investment Bank.
0902000 Culture/ Heritage	Ushanga Kenya	1134001800 Ushanga Initiative	41 million	The funds will enable the transition to a SAGA by developing a legal framework, procurement of office space, office equipment, hiring of personnel and purchase of motor vehicles. The funds will also cater for digitization and commercialization of indigenous and traditional products from target pastoral communities. The addition funding will ensure the Agency protects and preserves cultural products and trademark. The funds will create production and collection centres and ushanga digital marketing. Ushanga Initiative is an enabler of the Bottom-Up Economic Agenda (BETA) that will empower and create income for women in pastoralist communities through capacity building and marketing of ushanga products
Total Recurrent			**589 million**	

5.3.3 State Department for Youth Affairs and Creative Economy

The Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding for the state department for Youth Affairs and the Arts:

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0221000 Film Development Services	Kenya Film Classification Board	1135003000 Kenya Film Classification Board	60 million	Revision of the appropriation in aid targets for the Kenya Film Classification Board since the agency has managed to enhance its revenue collection through adoption of technology and enhanced strategies for compliance enforcement, and anticipates to collect Kshs. 60 million from the initial projection of Kshs. 46 million.
0221000 Film Development Services	Kenya Film Commission	1135003100 Kenya Film Commission	269.37 million	Allocating the Kenya Film Commission adequate funding for its operations. The Kenya Film Commission has a budget cut of Kshs. 269.37 million from Kshs. 343.44 million in FY 2023/24 to Kshs. 74.07 million in the proposed FY 2024/25 budget estimates. The agency does not collect any appropriation in aid therefore affecting payment of salaries, affecting its core activities of promoting and developing the film and TV industry in the country, promoting international film production in the country and other operations in the institution including payment of rent.
0221000 Film Development Services	African Audio-Vision Cinema Commission (AACC)	1135003100 Kenya Film Commission	100 million	Allocation resources towards the African Audio-Visual Cinema Commission (AACC) of which the Kenyan government made a commitment and signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during the 36th Ordinary Session of the African Union Heads of State and Government. Kenya committed to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.
Total Recurrent			**429.37 million**	

SIGNED: .....**DATE**.....22nd May 2024.....

HON. DANIEL SITATI WANYAMA, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

.....

REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2024/25 AND THE MEDIUM TERM

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

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CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The report being a culmination of the Committees' engagements and deliberations with the various spending agencies under the purview of the Committee has the principal objective to inform decision making on the 2024/25 allocations to various components of the two votes: 1122 (State Departments for ICT & Digital Economy) and Vote 1123 (State Department for Broadcasting & Telecommunication) under the purview of the Committee as well as the Semi-Autonomous Government Agencies (SAGAs) under the purview of respective State Departments.
2. The resultant information and insights acquired during the Committee's processing of the proposed estimates have guided the formation of the Committee's observations and recommendations hence provide crucial and resourceful input in the final Budget and Appropriation Committee's report on the 2024/25 Budget Estimates.

1.1.2 Establishment and Mandate of the Committee

3. The Departmental Committee on Communication, Information and Innovation is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:

    i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
    ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
    iii. *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    viii. *To examine treaties, agreements and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    xi. *To examine any questions raised by Members on a matter within its mandate.*

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

5. In executing its mandate, the Committee oversees the State Department for ICT and the Digital Economy.

1.1.3 Committee Membership

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

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

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

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

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

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

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

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

Hon. Geoffrey Wandeto Mwangi, MP
Tetu Constituency
UDA Party

Hon. Gideon Kipkoech Kimaiyo MP
Keiyo South Constituency
UDA Party

Hon. Flowrence Jematiah Sergon, MP
Baringo County
UDA Party

Hon. Irene Nyakerario Mayaka, MP
Nominated Member
ODM Party

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

Hon. Khalif Ali Abdisirat MP
Nominated Member
UDA Party

Hon. Mumina Gollo Bonaya, MP
Isiolo County
Jubilee Party

Hon. Umulkher Harun Mohamed, MP
Nominated Member
ODM Party

1.1.4 Committee Secretariat

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

Ms. Nuri Kitel Nataan
Clerk Assistant I

Mr. Sakana Saoli
Clerk Assistant III

Mr. Thomas Ogwel
Fiscal Analyst I

Ms. Lillian Mburugu
Media Relations Officer III

Ms Marlene Ayiro
Principal Legal Counsel

Mr. Paul Shana
Sergeant At Arms

Mr. Githinji Wanjohi
Research Officer III

Mr. Kelvin Lengasi
Audio Officer

Mr. Boaz Chebiego
Research Officer III

Ms. Florence Wanja
Protocol Officer III

1.1.5 Overview on the Examination of the Budget Estimates for the Financial Year 2024/25 and the Medium Term

8. Pursuant to the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is to table the Budget Estimates in the House not later than 30th April of every year. On Tuesday, 30th April 2024, the Budget estimates were laid on the floor of the House pursuant to the provisions of the Standing Order No. 232 of the National Assembly and section 37(2) of the Public Finance Management Act (2012). Pursuant to the provisions of the Standing Order No 235 (2), the Budget estimates subsequently **'shall stand committed to each Departmental Committee without question put'.** In considering the Budget Estimates, the BAC shall consult each Departmental Committee and table a report containing its recommendations on the statement to the House for consideration.

9. Following the tabling of the Budget estimates on 30th April 2024, the Departmental Committee on ICT & Innovations held a briefing meeting with the Parliamentary Budget Office (PBO) on 14th May 2024 and thereafter held consultative meetings with the State Departments and the Semi- Autonomous Government Agencies domiciled in the two departments. The deliberations of the meetings together with the contents of the proposed estimates, informed the Committee's compilation of this report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

1.1.6 Acknowledgement

10. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for ICT and Digital Economy and the State Department Broadcasting and Telecommunication for the fruitful deliberations they held with the Committee.

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

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

CHAPTER TWO

2.1BROAD OVERVIEW OF THE BUDGET ESTIMATES

The Fiscal Analyst from the Parliamentary Budget Office made a presentation to the Committee on 14th May of 2024 and provided an overview of the estimates as:

12. The proposed total budget for the financial year 2024/25 **is Kshs.3,914.9 billion**. This comprises of **Kshs.1,508.7** billion in recurrent expenditures, **Kshs.718.9 billion** in development expenditures, **Kshs.1,213.5** billion in Consolidated Fund Services (CFS) and the proposed allocation of **Kshs.391.1 billion** in county equitable share.

13. The executive arm of Government (Ministerial) receives **Kshs. 2,243 billion** comprising of **Kshs. 1,519 billion** for recurrent expenditure and **Kshs.724 billion** for development expenditure. Parliament is proposed to receive **Kshs. 40.4 billion** broken down in to **Kshs.33.3 billion** for recurrent expenditure and **Kshs.2.0 billion** for development expenditure. Judiciary and the judicial service commission is allocated **Kshs. 22.9 billion** comprising of **Kshs. 20.7 billion** for recurrent and **Kshs.2.2 billion** for development. As regards the spending agencies under the purview of the Committee, the proposed budgetary allocations are discussed under each State Department as follows:

2.1.1 State Department for ICT and Digital Economy

14. The proposed allocation to the State Department amounts to **Kshs.22.5 billion** comprising of **Kshs.3.35 billion** for recurrent and **Kshs.19.18 billion** for development expenditure. The Proposed allocation amounts an increase of 11 % when compared with the approved estimates for the current FY. The proposed estimates are within the approved BPS ceilings of Kshs.29.8 billion.

15. The proposed development expenditure amounts to **Kshs.16.4 billion** which represents a net increase by 16 % (Kshs.2.7 billion) when compared to the current FY allocations. The increase is largely on the planned expenditures of Kshs.2.8 billion (World Bank funded) on the new project of Kenya Digital Economy Acceleration.

16. External funding constitutes 67% of financing of the planned expenditures, out of the total development vote of Kshs 19.1 billion; Kshs.11.8 billion is to be externally funded. External funding include: KSh.2.3 billion from South Korea, Kshs.1.4 billion from the Government of Italy, Kshs.4.9 billion from China, Kshs.2.5 million from Government of Belgium.

17. The proposed resource allocation is to be spread across various ongoing projects .The major allocations are proposed to fund the projects as: Kshs.2.3 Billion for Construction of KAIST at Konza Technopolis, **Kshs.1.4 Billion** on Horizontal Infrastructure Phase 1, **Kshs.4.9 Billion** to Konza Data Centre and Smart City Facilities, **Kshs.2.5 Billion** for Maintenance and rehabilitation of the optical fibre networks such as Last Mile County Connectivity and the NOFBI.

18. There is one new project which is Kenya Digital Economy Acceleration which entails connectivity to ward level, schools and other government installations, Public Wi-Fi in counties and ward level and establishment of Digital Smart Hubs and studios per ward.

2.1.2 State Department for Broadcasting and Telecommunication

19. The proposed allocation to the State Department amounts to **Kshs.5.83 billion** comprising of **Kshs.5.18 billion** for recurrent and **Kshs.652 million** for development expenditure. The Proposed allocation translates to a decrease of by 18 % (a Kshs.1.3 billion reduction) when compared to the approved estimates for the current financial year. The proposed allocations are within the approved BPS ceilings of Kshs.7.1 billion.

20. The Development expenditure is proposed to constitute 11% of the total vote (Kshs.651 million). The allocations are entirely GoK funded.

Summary of Key Issues

21. The Fiscal Analyst identified and expounded on the key salient issues from the proposed estimates which mainly include:

    i. **Inconsistency in costing of projects and programmes:** An analysis of the trend of targets and resource allocations reveals that the costing of the projects is inconsistent and not proportionate to the targets set. This has been observed in areas such as: Digitization of government records under Government Shared Services, installation of the fibre optic cables networks, establishment of Constituency Innovation Hubs. This casts aspersion on the accuracy in the costing of the various programmes and projects within the sector.

    ii. **Duplication in funding:** There exist projects with different titles but with similar key outputs and Key Performance Indicators within the sector. Consolidation of such projects can lead to reduction in costs associated to operations. Such includes:
        a) Studio Mashinani, Digital village Smart Hubs and Constituency Innovation Hubs.
        b) Digital connectivity to public institutions, Kenya Digital Economy Acceleration (Public Wi-Fi hotspots).

    iii. **Substantial reduction in resource allocation for Media Regulation:** The proposed resource allocation represents a 67% reduction if compared with the allocation in the current financial year. Given that the past allocations which were for recurrent expenditures utilized to establish and operate regional offices including ICT Media Hubs, such a huge reduction may cripple the operations of the existing regional offices and negate the achievements already realized in media regulation.

    iv. **Government Advertising Costs and proposed resource Allocation**: According to submission by the State Department during BPS processing, the change in strategy by engaging only one Media House (The Star) in all government advertising resulted into cost reduction from Kshs.28 million to Kshs.9 million per week. However, the proposed resource allocation and targets remain at the same level as the current financial year (Kshs.1.3 billion).

    v. **Existence of Huge Pending Bills:** There exist huge pending bills among the MDAs in the sub-sector. According to the submissions by the State Departments, the existing pending bills are estimated as:
        a) **Kshs.102.3 billion** in the State Department for Broadcasting & Telecommunication. This is made up of Kshs.96.6 billion by the

Kenya Broadcasting Corporation largely arising from a 1989 Japanese loan, Kshs.1.1 billion by Government Advertising Agency and Kshs.6.4 billion by Postal Corporation of Kenya (of which IEBC owes it Kshs.450 million and the rest owed by Ministry of Public Services for housing Huduma Centres).

b) **Kshs.569.7 million** in the State Department for ICT and Digital Economy made up of Kshs.522.7 million owed to Huawei Technologies for maintenance of NOFBI and KENHA- Mai Mau Rironi connectivity amounting to Kshs.40.2 million.

vi. **Delays in Completion of Capital Projects:** Details contained in the list of projects under implementation within the sector reveals that some projects' planned completion timelines have been missed whereas some also risk being delayed if the resource allocations are not accelerated. In the ICT environment with rapid changes in technologies, such delays may render delayed projects obsolete.

a) Projects whose planned timelines have lapsed but are yet to be completed include: KBC Analogue to Digital TV Migration, Installation and commissioning of Eldoret-Nadapal fiber optic Cable, Construction of Konza Complex Phase 1B, Konza Data Centre and Smart City Facilities, supervision of streetscape and wastewater reclamation facility.

b) Projects that most likely shall not be completed in time based on the financial performance status include: Construction of Kenya Institute of Mass Communication (Eldoret Campus).

vii. **Stagnated Growth in Appropriation in-Aid:** The projected internally generated income levels for the agencies within the sector have remained the same as for the current financial year despite the expansionary interventions in the sector. This implies that the agencies are not keen on innovatively on enhancing their A-i-A. The agencies and their respective A-iA projections include:

a) Kenya Yearbook Board (Kshs 62 million)
b) Media Council of Kenya (Kshs 15 million)
c) KBC (Kshs 1.3 billion), Office of Data Protection Commissioner (Kshs 50 million)
d) ICTA (Kshs 1.2 billion), proceeds from commercialisation of NOFBI II – Expansion (Kshs 330 million)
e) Konza Technopolis (Kshs 200 million).

viii. **Financial Struggles by the Semi-Autonomous Government Agencies (SAGAs) domiciled under the sub-sector:** The Postal Corporation of Kenya as manifested by inability to pay its staff, to submit its statutory deductions and to settle its financial obligations to its suppliers. KBC has outstanding pensions and statutory deductions to be submitted.

CHAPTER THREE

3.1 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

22. In the review and consideration of the 2024/25 estimates, the Departmental Committee on Communication, Information and Innovation held two consultative meetings with the Ministry, State Departments and agencies under its purview. Guided by the thematic areas the letter of invite had specified needed to be deliberated on during the consultative meetings.

3.1.1 State Department for ICT and Digital Economy

23. The Principal Secretary of the State Department Eng. John Tanui, MBS accompanied by the relevant technical and management heads of various Directorates and Semi-Autonomous Government Agencies (SAGAs) appeared before the Committee on 14th May 2024 and made submissions on the proposed estimates for the FY 2024/25 and the medium term. Pursuant to the information sought through the invite letter, the submission covered specific thematic areas on budgetary issues. The Permanent Secretary made the submissions as hereunder covered.

Introduction and General Remarks on the Estimates

24. The important role the sub-sector plays as an enabler to the growth and development of the various frontiers of the economy was underscored. The need to support the sub-sector through budgetary interventions was pointed out as manifested by the aspirations of creating a digital superhighway. In reference to the Executive Order No.1 of January 2023, the Committee was reminded of the functions bestowed to the State Department. It was illustrated how the functions relate to the public service delivery within the Sub-sector. The discussions based on the functions of the State Department and covered the following:

    i. Facilitation of the Development of the Information and Communication Sector including broadcasting and multimedia
    ii. Data Protection policy and regulation of personal data services
    iii. National ICT Policy
    iv. Promotion of ICT innovation and digital economy
    v. Promotion of E-Government
    vi. Promotion of Software Development Industry
    vii. Provision of ICT technical support to MDAs
    viii. Policy on Automation of Government services
    ix. Development of National Communication Capacity and Infrastructure
    x. Management of National Fiber Optic infrastructure

25. The Semi-Autonomous Government Agencies (SAGAs) within the State Department and how they contribute in the execution of the mandates of the department were provided. The SAGAs include: ICTA (Information, Communications, and Technology Authority), KoTDA (Konza Techno polis Development Authority), TEAMs Kenya (The East African Marine Cable System) Limited, KAIST (Kenya Advanced Institute of Science and Technology) and the Office of Data Protection Commissioner.

Summary of FY 2023/24 Budget Estimates (Vote 1122-ICT & Digital Economy)

26. The State Department took the Committee through the proposed estimates and the resultant variations therefrom when compared to the approved estimates for the current financial year 2023/24. The BPS allocation is **Kshs.29, 843 million** as compared to the 2024/25 Draft Budget Estimates which is **Kshs.22, 537.80 million**. This results to a variance of **Kshs.7, 305.14 million for** both recurrent and development budgets. This translates to a 25% variance compared to the 2024 approved BPS as shown below:

Table 1: Recurrent and Development BPS Allocation Vs Draft Budget Estimates

Title	Approved budget FY 2023/24 as per Sup. I (Kshs. M)	2024 BPS (Kshs. M)	2024/25 Draft Budget Estimates (Kshs. M)	Variance (Kshs. M)	% Deviation
Recurrent	3,891.3	3,958	3,355.20	(602.80)	15.2%
Devt	16,491	25,885	19,182.66	(6,702.34)	25.89%
Total	**20,382.3**	**29,843**	**22,537.80**	**(7,305.14)**	25%

Source of Information: The National Treasury

27. A comparative analysis of breakdown of the recurrent BPS Versus Draft Budget Estimates as allocated among the SAGAs was provided. This was both in terms of economic classification and the proposed distribution among the various SAGAs. In terms of economic classification, under the recurrent expenditures the lion share (80%) of resources shall be utilized for transfers, grants and subscriptions whereas Kshs.524 million is planned to be spent for compensation of employees. This translates to 16% of the recurrent vote.

28. A breakdown of the recurrent BPS allocation vs Draft Budget Estimates as allocated among the SAGAs was provided as hereunder summarized.

Table: Proposed allocations Versus Approved Estimates

S/No.	SAGA	Approved Estimates FY 2023/24 Kshs. Million	BPS Allocation FY 2024/25 Kshs. Million			Draft Budget Estimates FY 2024/25 Kshs. Million		
		Budget	GROSS	AIA	NET	GROSS	AIA	NET
1	ICTA	1,798.0	1838.1	1210.0	628.1	1326.0	1210.0	116.0
2	KOTDA	729.0	698.3	200.0	498.3	413.0	200.0	213.0
3	KAIST	40.0	134.3	0	134.3	134.3	0	134.3
4	ODPC	857.0	798.3	50.0	748.3	798.3	50.0	748.3
GRAND TOTAL		3424.0	3469.1	1460.0	2009.1	1671.6	1460.0	1211.6

Source: The State of ICT & Digital Economy

29. The Committee was presented with the Breakdown of Development BPS Allocation vs Draft Budget Estimates as shown in the table:

Description	Approved FY 2023/24 Kshs. Million	BPS FY 2024/25 Kshs. Million	Draft Budget Estimates FY 2024/25 Kshs. Million	Variance Kshs. Million
GROSS	16,491	25,885	19,182.66	(6,702.34)
GOK	2,324	5,013	4,110.66	(902.34)
Loans	13,837	20,212	14,412	(5,800.0)
Grants	-	-	-	-
Local AIA	330	660	660	0

Source: State Department for ICT and Digital Economy

30. From the table, it is apparent that capital projects within the vote heavily rely on external funding. Out of the Kshs.19.1 billion proposed on development expenditures, Kshs.14.4 billion which translates to 75 % shall be externally funded.

31. On the basis of proposed allocations and the approved estimates for FY 2023/24, a comparative analysis was provided on the proposed resource allocation to the ongoing and new capital projects within the vote. The impact the variations shall have on the implementation status was illustrated on.

Status of Budget Implementation as of 31st March 2024

a) Financial Performance

32. The Committee was informed that the approved budget is Kshs.20, 382.30 million based on Supplementary Estimates No.1 FY 2023/24. As of the third quarter, the actual expenditure is at 94% and 54% for Recurrent and Development respectively. This translates to an overall rate of absorption of 62%.

Description	Approved Estimates (Supp 1 FY 2023/24)	Expenditure as at 31st March 2024	% Absorption
Recurrent	3,891.30	3,654.95	94%
Development	16,491	8,923.34	54%
Total Expenditure	**20,382.3**	**12,578.29**	**62%**

Source: State Department for ICT and Digital Economy

b) Non-Financial Performance

33. The State Department presented the achievement so far realized as at the end of the third quarter of the FY 2023/24. The reported achievements included:

i. Laid 9,400 km of Fibre Optic Fibre cable.
ii. Established 1,360 public Wifi hotspots.
iii. Digitalized 15,805 citizen-facing services.
iv. On-boarded 99 clients (Government 74 private 25) on the Konza Data Centre.
v. 101 Ajira centres have been operationalised and have trained419,434 (52% female &48% male) youths (2020-2024) on digital skills and connecting 197,000 youths to online jobs.
vi. Connected 203 digital hubs (Jitume).

vii. Trained 800 youths under Presidential Digital Talent Programme
viii. Provided 14,588 Virtual Desktop Infrastructure (VDI) devices to TVETs.
ix. Connected 57 hospitals to the internet.
x. Fully operationalized the Office of the Data Protection Commissioner (ODPC) with offices in 8 regions across the country (Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Nyeri, Machakos and Garissa.)
xi. Successfully hosted the Global conferences: Connected Africa Summit and Network of African Data Protection Authorities (NADPA) Conference
xii. Launched Green Data Center in Olkaria. This is the first and only Green Data Centre in Africa driven by the private sector.
xiii. Finalized and launched the Ministry's Strategic Plan (2023-2027)

Stalled Projects

34. The State Department informed the Committee that it does not have any stalled projects and that all the projects are ongoing at varying completion levels.

Alignment of the Estimates to the Bottom-up Economic Transformation Agenda (BETA)

35. The Committee was informed that the State Department for ICT and the Digital Economy is pivotal in realizing the country's vision of establishing a robust digital economy and positioning Kenya as a leading knowledge-based economy and ICT hub in the region. Moreover, the department significantly contributes to achieving the objectives outlined in the Bottom-Up Economic Transformation Agenda (BETA), focusing on creating an enabling environment for job creation, reducing the cost of living, promoting inclusive growth, ensuring food security, enhancing foreign exchange earnings, facilitating ease of doing business, and expanding the tax base. Recognizing its facilitative and enabling roles, the department aligns its priorities with the pillars of the Government Agenda, including healthcare, housing and settlement, agricultural transformation, MSME development, digital superhighway, and the creative economy.

36. The ICT infrastructure projects outlined in the Estimates are designed to provide effective connectivity to all government offices, enabling efficient service delivery. These initiatives are in line with the Bottom-Up Economic Transformation Agenda (BETA), the Kenya National Digital Masterplan (2022-2032), and the priorities of the Fourth Medium-Term Plan. Among the key priorities for the State Department are:
    i. Implementation of digital Superhighway project by rolling out 100,000 KM of Fibre Optic. (52,000 by Government and 48,000 by Private)
    ii. Digitalization of 80% Government citizen-facing services Online
    iii. Installation of 5,000 Public Wi-Fi hotspots (Gkonnect hotspots). This is aimed at revitalizing digital business and e-commerce.
    iv. Establishment and operationalization of 9 Data Protection Regional Offices
    v. Completion and Operationalization of Phase 1 of Konza Technopolis
    vi. Complete the Disaster Recovery Centre and Smart City facilities components in Konza.
    vii. Construction of Konza Conference facilities up to 80% and undertake designs for the hotel facility.
    viii. Provide connectivity to 290 digital hubs.
    ix. Provide connectivity to 20 hospitals level 4/5 hospitals under UHC.
    x. Complete construction of Kenya- AIST

37. The commitment of the State Department shall contribute immensely to the improvement of e-government services, e-business, e-commerce, entrepreneurship, and digital skills and enhancing the market competitiveness of the country's products and services which is a key foundation for a knowledge-based society with a wide range of digitally enabled start-ups and investments thus increasing the ease of doing business.

Pending Bills

38. The Committee was informed that the State Department has no pending bills. However historical pending bills amounting to **Kshs.569, 657,841.05** were forwarded to the pending bills verification Committee for verification. The historical pending bills were presented as mainly comprises of Huawei Technologies-NOFBI amounting to Kshs.522,666,667.2 and KENHA-Mai Mau Rironi connectivity amounting to Kshs.40,209,843.51.

Pertinent Issues Affecting the State Department

39. The Committee was informed that the State Department faces with several pertinent issues crucial to its effective functioning. Firstly, the establishment of sound policies and regulatory frameworks is imperative for efficient service delivery. Identified gaps in existing policies necessitate a thorough review, prompting the formation of a specialized working group to recommend necessary actions for project and program implementation. Key legislative initiatives, such as the Technopolis Bill and the ICT Authority Bill, are undergoing parliamentary processes, with the former undergoing public participation before the Second Reading. Additionally, robust cybersecurity measures are vital to safeguard government systems and citizen privacy in an increasingly digitized environment.

40. It was noted that addressing the digital divide remains paramount, with discrepancies in access to technology and digital skills hindering the adoption of e-government services. Bridging this gap through digital literacy programs and enhanced broadband access is essential for ensuring equitable access to government services. Data privacy and protection were considered are equally critical, requiring strict adherence to regulations and implementation of robust measures to safeguard citizen data.

41. The Committee was briefed on the significant challenge of ensuring interoperability and integration of e-government services across different departments and agencies. It was emphasized that establishing common standards and data exchange protocols is crucial for seamless information sharing. Additionally, the importance of establishing secure digital identity solutions and ensuring regulatory compliance to maintain citizen trust and legal adherence was highlighted. Despite facing resource constraints and the need to transition from traditional service delivery models to digital-first approaches, the department reiterated its commitment to prioritizing investments, talent development, and embracing agile methodologies. This strategic approach aims to maximize impact and achieve long-term sustainability in the delivery of e-government services.

3.1.2 State Department for Broadcasting and Telecommunication

42. The Principal Secretary of the State Department for Broadcasting and telecommunication accompanied by the technical staff and top management of various Directorates and SAGAs appeared before the Committee on 14th May 2024 and made

submissions on the proposed estimates for the FY 2024/25 and the medium-term. The Permanent Secretary made the submissions as hereunder covered.

Introduction and General Remarks on the Estimates

43. The PS reminded the Committee on the mandate and functions of the State Department and how the three programmes under implementation facilitates the realization of the functions. In reference to the Executive Order 1 of the 2023, The stipulated functions of the department were noted to include: Telecommunications policy, broadcasting policy, co-ordination of National Government Advertising services, public communications, Postal courier and services, development of local content policy, government telecommunications services, Government spokesperson services Telecommunications, postal services and electronic commerce.

44. In order to execute its mandate, the State Department is supported by five (5) Semi-Autonomous Government Agencies (SAGAs), one (1) Autonomous Government Agencies, one (1) Advisory Council, one (1) Secretariat, one (1) Commission and one (1) Tribunal. The respective responsibilities of the agencies were highlighted on and linked to the overall mandate of ensuring that the citizenry area informed on Government projects, programmes and initiatives.

Summary of FY 2024/25 Budget Estimates (Vote 1123- Broadcasting and Telecommunication)

45. The Committee was informed that the resource requirement for the State Department for broadcasting and telecommunication for FY 2024/25 was Kshs.15, 307.70. However, the National Treasury has proposed an allocation of Kshs.5, 831 million, which comprises of Kshs.5, 179 million under the recurrent vote and Kshs.652 million under the development vote. This is against the ceilings provided under the 2024 Budget policy Statement of Kshs.7, 091 million. The State Department noted that the modest budget will result in non-implementation or delayed implementation of the planned key activities in the FY 2024/25 and medium-term period.

46. The allocation of Kshs.5,179.4 million under recurrent vote to various expenditure heads was presented as shown below:

Table 6: The allocation of Kshs.5,179.4 million under recurrent

Heads	Approved (Kshs. Million)	BPS (Kshs. Million)	Budget Estimates (Kshs. Million)	Reduction (Kshs. Million)
	2023/24	2024/25	2024/25	2024/25
H/Q & Departments	2002.32	2056	1886.25	169.75
Media Council of Kenya	1540.5	1203	521.9	681.1
Kenya Year Book Editorial Board	176	191	132.75	58.25
Kenya Broadcasting Corporation	2430	2366	2190.5	175.5

Heads	Approved (Kshs. Million)	BPS (Kshs. Million)	Budget Estimates (Kshs. Million)	Reduction (Kshs. Million)
	2023/24	2024/25	2024/25	2024/25
Kenya Institute of Mass Communication	248	248	216	32
Media Complain Commission	10	10	10	0
National Communication Secretariat	222	222	222	0
Total	**6,628.82**	**6,296**	**5,179.4**	**1,116.6**

Source: State Department for Broadcasting and Telecommunication

47. The Committee was presented with the variance under the development vote between FY 2024/25 BPS and Budget Estimates. In relation to the compendium of projects, the inadequate allocation was noted to be derailing the timely completion of the projects.

FY 2024/25 &Medium-Term Period Priority areas

48. The Committee was presented with the following being key priority projects and programmes that will be implemented in the 2024/25, Financial Year and Medium-Term period. Key among the areas include:
    i. Revamping of Kenya News Agency (KNA)
    ii. Revitalization of Postal Corporation of Kenya (PCK) and Kenya Broadcasting Corporation (KBC) to ensure the two entities operate at optimal levels given current trends in the market and technology.
    iii. Rollout of broadcasting and telecommunications infrastructure in un-served and underserved areas.
    iv. Mass media skills development through Kenya Institute of Mass Communication (KIMC) and establishment of KIMC Eldoret Campus
    v. Establishment of digital content production centres by MCK
    vi. Operationalization of National Addressing System countrywide to ease access to information and promote e-commerce.
    vii. Digitization of Government Advertising services.
    viii. Enhancing Government Communication
    ix. Upgrade of Cyber Security Management Tools by Communication Authority of Kenya.

Impact of Budget Rationalization for FY 2024/25

49. The adverse effects that will arise from budget rationalization on account of the conditional caps issued by the National Treasury were highlighted on. The substantial reduction as per the proposed estimates were pointed will trigger unintended consequences on the operations of the various agencies. Specific examples were given:
    i. **Impact on MCK:** The State Department presented that the budget rationalization for FY 2024/25 will have significant impacts, including job losses for media monitors and discontinuation of media monitoring services. This could result in harmful content exposure to minors and increased

consumption of nonprofessional media content, potentially leading to tensions and conflicts due to the closure of four branches. Additionally, training programs for journalists on professional ethics will be scaled down, and the operationalization of established hubs will be discontinued.

ii. **Impact on Kenya Yearbook Editorial Board** (KYEB): The rationalization of the budget will severely impact KYEB's performance targets. With the proposed budget revision, KYEB will only be able to cover employee salaries, leading to an inability to pay critical expenses such as rent, board of director's expenses, insurances, contracted services, utilities, and its core mandate activities. KYEB's core mandate, besides being mandatory, is also a key revenue source; without proper funding, its ability to generate projected AIA (Annual Investment Allowance) will be adversely affected. Therefore, KYEB is seeking exemption from the rationalization.

   For the sustainability of KYEB and to ensure it can fulfil its mandate effectively, the institution is requesting an improvement in its recurrent budgetary allocation for the Financial Year 2024/25 to Kshs.399 million. This increased allocation will enable the institution to implement its operations fully, as its current limitations have resulted in insufficient recognition of its mandate across the government and the country.

iii. **Impact on rationalization of budget on KBC performance targets:** The major impacts were explained as follows:
   a) Delayed up-grading of broadcasting infrastructure and technology projects such as; Analogue to digital migration, Medium wave to FM migration, Modern Outside Broadcasting Van, Procurement of Solar system and Studio Mashinani Programme.
   b) Reduced national coverage due to old infrastructure resulting to low audience.
   c) Inability to revamp broadcast content across TV, Radio and online platforms.
   d) Reduced staff morale due to delayed salary payments
   e) Interruptions of service delivery due to power and satellite switch off by suppliers.
   f) Increased pending bills.

iv. **On Postal Corporation of Kenya (PCK):** The Committee was informed that the Budget cuts at the Postal Corporation of Kenya (PCK) are set to significantly impact various aspects of its performance targets. Firstly, marketing efforts for new PCK products and services, such as the E-payment solution (Posta Pay) and clearing and warehousing services proposed in the PCK and Kenya National Shipping Line (KNSL) merger, will suffer due to reduced funding. Additionally, recruitment plans will be put on hold, particularly in light of the proposed merger with KNSL. Operations will be affected as well, given PCK's incomplete automation, which will be further hampered by budget constraints. Furthermore, critical training programs, like

the Mandatory Postal Officers Training, will face limitations due to the budget cuts.

Status of the Budget Implementation for FY 2023/24

a) Financial Performance FY 2023/24

50. The utilisation level for the 3rd quarter of the financial year is as shown in the table:

Vote	Total budget FY 2023/24	Expenditure & Commitments FY 2023/24(Kshs.) as at 30th Mar. 2024	Absorption Rate (%) based on commitment and expenditure.
Recurrent	6,628,828,269	5,717,771,615	86
Development	526,000,000	471,716,361.00	89.68
Total	**7,154,828,269**	**6,189,487,976**	**86.5**

Source: The State Department for Broadcasting and Telecommunication.

51. The Committee was informed that the State Department has received an amount of Kshs.3.1 billion for recurrent and **Kshs.160 million** for development from the exchequer.

b) FY 2023/24 Non-Financial Key Achievements

52. The State Department stated that as of Quarter 3, significant achievements have been made in various areas of General Administration Planning and Support Services, as well as Information and Communication Services.

53. In the General Administration Planning and Support Services, notable progress includes the commencement of the Communications Policy development, stakeholder engagement for the National Addressing System Policy and Bill, and the finalization of 16 regulations under the KICA Bill.

54. Information and Communication Services have seen substantial productivity increases, with 4,809 TV news items produced, exceeding the target of 3,000 due to equipment acquisitions. However, challenges such as underfunding and shortages of graphic designers have impacted the production of regional and online publications, with 32 editions produced against a target of 42. Nonetheless, efforts to disseminate information have yielded results, with 164 IEC materials and 37 weekly MyGov pull-outs produced and disseminated against respective targets of 150 and 36. Furthermore, produced and disseminated 750 copies of BETA Sector-Based Publications and 30,000 copies of Agenda Kenya newspapers.

55. In Mass Media Skills Development, significant progress has been made, with 3,634 on-job journalists trained against a cumulative Q3 target of 2,250 and 8,100 journalists accredited against a target of 6,675. Also, 689 media practitioners trained against the annual target of 752. Additionally, efforts to adjust student admissions calendars for long-term courses changed, to September 2023 from May 2024.

Project Status and FY2024/25 Allocation

56. The Committee was appraised of the projects status and the proposed 2024/25 proposed allocations.

New projects

57. The Committee was informed that the State Department has initiated a new project focusing on solar power, to be executed by KBC. The project aims to install solar power systems, with a total project cost of Kshs.220 million. For the fiscal year 2024/25, a budget estimate of Kshs.82 million has been allocated for this endeavour. The justification for this investment lies in the anticipated reduction of monthly power bills by approximately Kshs.14 million, highlighting the cost-saving potential and sustainability benefits of transitioning to solar energy.

Pending Bills

58. The State Department's total pending bills was reported amount to Kshs.102.3 Billion made up of Government Advertising Agency (Kshs.1.1 Billion), Kenya Broadcasting Corporation (Kshs.96.6 Billion) and the Postal Corporation of Kenya–Kshs.6.4 Billion.

Strategies to reduce the pending bills

59. The Government Advertising Agency (GAA) is contending with an outstanding amount of Kshs.1, 114,721,243.70. To address this, GAA has renegotiated contracts, particularly with MyGov distribution, resulting in a 65% reduction in expenditure. The agency has also resorted to digitization. Additionally, GAA is seeking intervention from the National Treasury to assist in collecting outstanding debts owed by various government entities, some dating back to the fiscal year 2018/2019.

60. Kenya Broadcasting Corporation (KBC) faces a significant pending bill totalling Kshs.96, 672,889,419.75. To alleviate this, KBC has initiated payment plans with suppliers, aiming to settle bills in instalments to enhance revenue streams. Moreover, KBC is investing Kshs.100 million in a solar power project for the fiscal year 2024/25, which is projected to reduce power bills by up to 50%, with resulting savings channelled towards reducing pending bills. Modernizing equipment and infrastructure and maximizing affirmative action on public advertising are also strategies employed by KBC. Furthermore, KBC intends to Maximize on co-location and costing with other media houses as well as Commercialization and compensation of land assets.

61. The Postal Corporation of Kenya (PCK) currently has pending bills totalling Kshs.6.4 billion. Consisting of staff salary arrears – 622 million, unremitted taxes–Kshs.1.3 billion, pension contributions – Kshs.1.3 billion, and MDA's and various other suppliers–Kshs.3.8 billion. The strategies to collect include:
    i. Collection of Kshs.550 million on service rendered to IEBC is underway with assistance from the Ministry of ICT & Digital Economy.
    ii. A consultative meeting between PCK and Huduma Kenya resulted in the reconciliation of Kshs 1. 7 billion that is expected to be settled. This will help defray pending bills owed to MDAs.
    iii. The Corporation has identified 2 pieces of land valued at approximately Kshs.2.028 billion (2 plots in Yaya Nairobi) for transfer to PCK Staff Pension Scheme towards settling the pension liability of Kshs.1,665,157,858.
    iv. Implementation of a new corporate structure will allow the exit of 504 personnel on receipt of funding. This will result in an annual saving of Kshs.300 million that will be utilized internally.
    v. The Corporation projects revenue growth of 2% across its various revenue streams.

vi. Modernization of fleet, refurbishment of postal outlets and establishment of e-commerce hubs (fulfilment centres) to facilitate trade and grow e-commerce.
vii. Developing and leasing out at least two prime properties through joint ventures and PPP's including a partnership with GOK in an affordable housing program. This program is expected to generate annual revenue of Kshs.138 million.

Alignment of the Estimates to the Medium-Term Plan IV of the Vision 2030 and (BETA)

62. The State Department is strategically aligning its actions with the objectives outlined in the Medium-Term Plan IV of Vision 2030 and the BETA. To achieve this alignment, the department has outlined several key initiatives including:
    i. Gather and disseminate quality healthcare information through different communication channels.
    ii. In collaboration with relevant stakeholders will endeavour to disseminate research and worldwide knowledge-based information on food and nutrition to increase production and food security.
    iii. Develop curriculum/ standards for training for digital content producers in the media sector.
    iv. Engage in the production and dissemination of media programmes in collaboration with stakeholders on initiatives promoting MSME.
    v. Train mass media practitioners on reporting on thematic areas with Focus BETA.

Pertinent Issues Affecting the State Department in the Attainment of its Programmes

63. The State Department reported that it faces a myriad of challenges that significantly impact its ability to execute programs and achieve its objectives. These were presented as:
    i. Financing gaps
    ii. Delayed Exchequer releases
    iii. Human resource gap
    iv. Assets e.g. land ownership and building
    v. Legislative gaps
    vi. New emerging technologies

Budget Shortfall

64. The State Department for Broadcasting and Telecommunications faces a significant budget shortfall despite an allocation of Kshs.5, 831 million. Upon analysis, it's evident that several critical areas require funding adjustments for the department to fulfil its mandate effectively and support initiatives like the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030. The total deficit in key areas amounts to Kshs.16.15 billion. Details on the areas with budget shortfalls were provided.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

The Committee made the following observations:

4.1 Financial Observations

4.1.1 Cross-cutting observations

65. **Disproportionate scale-down from the approved BPS ceilings and proposed allocations:** A comparison between the approved total ceilings for the Ministerial expenditures (Kshs.2.49 trillion) and the proposed allocations for estimates (Kshs.2.31 trillion) translates to a reduction from the ceilings by 10%. However, the proposed estimates for vote 1122 and 1123 results to a disproportionately higher rates in reductions which is a manifestation that the role the sector plays as an enabler in the economy is not appropriately appreciated in the budget process. The proposed variations for the two votes are as:

    i. **Vote 1122 (ICT & Digital Economy):** The BPS ceilings is Kshs.29.8 billion whereas the proposed estimates amount to Kshs.22.5 billion, which translates to a scale-down by 32 % (negative variance of Kshs.7.3 billion).
    ii. **Vote 1123 (Broadcasting and Telecommunications):** The BPS ceilings is Kshs.7.0 billion whereas the proposed estimates amount to Kshs.5.8 billion, which translates to a 17% scale-down (negative variance of Kshs.1.2 billion).

66. **Conditions imposed by the National Treasury on MDAs to inform estimates allocations water down the National Assembly's role in processing of BPS:** Introduction of caps at the stage of formulation of estimates without considering the consequent adverse repercussive effects on the strategic objectives of respective MDAs waters down the role of National Assembly in budget making. Such prescribed caps for the estimates under review included: Limiting GoK grants to State Corporations to a maximum of 70% of the approved budget in the FY 2023/24, reducing non-priority expenditures in the recurrent budget by up to 50%, reduction of by up to 30% in GoK funded capital projects and by 25% Development Partners' Funded Projects.

67. **Stagnated Growth in Appropriation-in-Aid in the Medium Term:** The projected internally generated income levels for the agencies within the sector have remained the same as for the recent financial years and in the projections despite the expansionary interventions in the sector. The agencies and their respective A-i-A projections include: Kenya Year Book Board (Kshs.62 million), Media Council of Kenya (Kshs.15 million), KBC (Kshs.1.3 billion), Office of Data Protection Commissioner (Kshs.50 million), ICTA (Kshs 1.2 billion), proceeds from commercialisation of NOFBI II –Expansion (Kshs.330 million) and Konza Technopolis (Kshs.200 million). The National Treasury in the budget process does not incentivize the MDAs to enhance their A-i-A and in some incidences (like for ICTA) scale down the projected A-i-A in the budget estimates.

68. **Inconsistency in costing of projects and programmes:** An analysis of the trend of targets and resource allocations reveals that the costing of the projects is inconsistent and not proportionate to the targets set. This has been observed in areas such as: Digitization of government records under Government Shared Services, installation of the fibre optic cables networks, establishment of Constituency Innovation Hubs. This

casts aspersion on the accuracy in the costing of the various programmes and projects within the sector.

69. **Existence of Huge Pending Bills:** There exist huge pending bills among the MDAs in the sub-sector. According to the submissions by the State Departments, the existing pending bills are estimated as:

    i. **Kshs.102.3 billion** in the State Department for Broadcasting & Telecommunication. This is made up of Kshs.96.6 billion by the Kenya Broadcasting Corporation, Kshs.1.1 billion by Government Advertising Agency and Kshs.6.4 billion by Postal Corporation of Kenya (of which IEBC owes it Kshs.450 million and the rest owed by Ministry of Public Services for housing Huduma Centres).
    ii. **Kshs.1.2billion** in the State Department for ICT and Digital Economy. This is made up of Kshs.523 million owed to Huawei Technologies for maintenance works on NOFBI and Kshs.40 million on KENHA-Mai Mau Rironi connectivity.

70. **Need to reprioritize Sectorial programmes and projects:** There are projects within the sector that were initiated several years ago and the modest annual allocations to them have over time led to sluggish process in their completion. Some of these projects are yet to be completed whereas the planned completion timelines have been missed. Given that the rapid technological change within the sector poses the risk of rendering some of the projects obsolete, less relevant and less impactful with the passage of time. In the current allocative framework, resources are thinly spread across many projects which contributes immaterial progress in the completion. Consequently, there is need to phase out some projects and accelerate completion of the more impactful ones through targeted resource allocations. Such include:

    i. Reconsider implementation of Constituency Innovation Hubs and perhaps refocus on Smart Village Hubs.
    ii. Migration from Analogue TV to Digital TV, the delay has rendered it obsolete and now satellite TV fast phasing out Digital TV.

4.1.2 State Department for Broadcasting and Telecommunication

71. **Unreconciled book entries of a Japanese Loan advanced to KBC inflates the pending bill status of KBC:** As has been raised in the various Auditor General reports since 2000/2001, KBC was advanced a Japanese loan of Kshs.7.5 billion in 1989 which though has since been settled by the National Treasury still exists in the books of KBC a under liabilities having accumulated to an outstanding of Kshs.90.7 billion on account of penalties and interest rates. Follow–ups with the National Treasury by KBC in collaboration with the line State Department are yet to be acted on.

72. **Outsourcing of services by Kenya Yearbook Editorial Board is cost ineffective in the production of various publications:** Lack of adequate technical human resource and specialized printing pieces of equipment forces the Board to outsource services at relatively high costs at various stages of its publication works. Besides, the limited capacity of the Board on account of resource allocation constrains the scope of publication works that can be undertaken. Enhanced capacity of the Board is necessary

as a cost cutting and A-i-A enhancing measure in the production of various publications and to widen the scope of works that can be done by the Board.

73. **Government Advertising Costs and proposed resource Allocation**: According to submission by the State Department, the change in strategy by engaging only one Media House in all government advertising resulted into a reduction in advertising cost from Kshs.28 million to Kshs.9 million per week. However, the proposed resource allocation and targets remain at the same level as the current financial year (Kshs.1.3 billion of which A-i-A is Kshs.1 billion). In addition, the non-existence of a media monitoring bureau poses a great challenge in ascertaining the circulation of print media and compromises the determination of value for money in the current contract in government advertising. In its current form, GAA is largely a media buying entity and not an ideal government advertising agency.

74. **Substantial reduction in resource allocation for Media Regulation:** The proposed resource allocation of by Kshs.1 billion represents a 67% reduction if compared with the allocation in the current financial year. Given that the past allocations have been utilized to among others establish and operate regional offices including ICT Media Hubs, such a huge reduction may cripple the operations of the existing regional offices and negate the achievements already realized in media regulation. If the regional offices are to be closed on account of inadequate resource allocation, there would be need to settle existing contractual obligations for premature termination. Such would be in relation to the existing leases for regional offices and employment engagements. Besides, downscaling the capacity of the council to execute its critical mandate in media regulation shall water down the benefits that have so far been realized in the media space.

75. **Transfer of the Office of Government Spokesperson:** Vide an Executive Order, the Office of Government Spokesperson was transferred from the vote 1123(State Department for Broadcasting and Telecommunication) to the vote 1016 (Cabinet Affairs). Consequently, all the resources associated to the Office have been budgeted for under vote 1016 whereas the staff of the Kenya News Agency (KNA) that offers critical support the Office of Government Spokesperson is drawing their employment compensations from vote 1123. This causes a dire need for budgetary provision under vote 1123 to cater for the maintenance of the KNA Staff.

76. **Demoralized workforce and stakeholders in Postal Corporation of Kenya shall derail the revamping plans:** The financial struggles bedevilling the corporation key of which includes delays in compensation of employees (Salary arrears amounting to Kshs.623 million) risk stifling the noble revamping plans for the Corporation. There is urgent need for budgetary interventions to facilitate reforming the corporation into a commercially viable entity. Such interventions should include ensuring that IEBC and Ministry of Public Service immediately settle the respective debts owed to PCK (i.e., Kshs.450 million by IEBC and Kshs.4.5 billion by the Ministry of Public Service) and creating a budget line for the Corporation during the revamping period to cater for essential operational costs.

77. **Revitalization of Kenya Broadcasting Corporation:** Some efforts have been instituted to revamp KBC key of which include change of management as well as enhancing business opportunity. Such include the ongoing changes in management and channelling all the MDA's TV advertisements business to KBC. However, if the pace at

which the envisaged revamping of the Corporation is being pursued is not accelerated, the financial problems the corporation faces shall only worsen, and more resources shall be needed in future to turn it around. Besides, the corporation has vast wealth in underutilized and idle pieces of land some of which can commercialized or sold to generate the much-needed funds for settlement of huge pending bills as well as to facilitate the revamping.

4.1.3 State Department for ICT and Digital Economy

78. **Budgetary restrictions in utilization of Donor funds in the Kenya Digital Economy Acceleration Project (KDEAP):** This project which is pivotal in the achievement of the components of the digital superhighway pillar secured a donor funding from Word Bank of Kshs.7 billion. However, the proposed estimates have restricted the expenditures on the project to only Kshs.2.8 billion despite the demonstrated ability by the State Department to utilize the entire amount within the financial year. The capacity to absorb the funds is manifested through the fast-paced ongoing activities in this space and the submitted heavy work plans for the next financial year. Such restrictions shall derail the pace in the roll out of digital connectivity and establishment of Digital Village Smart Hubs and Studios across the Country.

79. **Need to have Ministries, Departments and Agencies directly pay for ICT shared services** offered to them by the State Department for ICT and Digital Economy as opposed to the current framework where resources are budgeted for under the vote 1122. This shall enhance AiA as well as streamline budgetary allocations among the MDAs.

80. **Necessity to enhance capacity development and awareness creation to facilitate realization of the desired optimal socio-economic value addition from the expansionary interventions within this sector:** There are intensive and extensive interventions in the digital superhighway pillar and consequent rapid adoption of ICT technologies. Such interventions are through enhanced access to digital services including Jitume digital hubs, Presidential Digital Talent programme, Ajira programme, business process outsourcing at Konza, online job connections among others. These interventions are aimed at creating income generating opportunities as well as enhancing efficiency in accessing government services. Despite, these interventions, there is a huge skills gaps and inadequate awareness on the opportunities among the targeted youth. If these challenges are not addressed, the noble intentions of the expansionary policy in the sector risks being missed.

81. **Need for a robust Centralized Cybersecurity Mechanism:** Despite the cyber vulnerability risk exposure arising from the rapid adoption of digital technology and government expansionary policy for universal data services, MDAs have established and still operate cyber-security measures at their own specific levels (in silos). The decentralized approach to the management of cyber-security limits the national capacity in cyber-security and may also be cost ineffective on account of not leveraging on the economy of scale and scope. Consequently, there is need for a centralized approach in cybersecurity through capacity building, provision of specialized and standardized tools, equipment and regulations for a coordinated approach.

82. **Enhanced Programmes on Data Protection:** In the recent past, activities and programmes on data protection have been stepped up as facilitated by establishment of

eight regional offices (Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Nyeri, Machakos and Garissa). This momentum needs to be upheld and accelerated to mitigate the emerging challenges emanating from infringement on rights of personal data.

83. **Delays in completion of Capital projects at Konza Technopolis:** The key projects including Construction of Konza Complex -Phase 1 and Supervision of Streetscape & Wastewater Reclamation Facilities ought to have been completed as per the initial planned timelines. However, inadequate allocation to the projects and persistent budget cuts has delayed the completions. The delay poses the risk of costs over-runs and delay in delivery of the envisaged public service delivery.

84. **Vandalism and destruction of the fibre optic networks:** These incidences have posed serious challenges within the sector and subsequently caused disruptions of internet services. The vandalism emanates largely from road, railway line and building constructions and from malicious and illegal theft. To mitigate this challenge, in addition to leveraging on electricity lines in laying the fibre optic networks, there is an effort by the Ministry to institute a legal framework to have the fibre optic and associated gadgets to be categorized as critical infrastructures for consequent dedicated policing and security provision.

4.2 Non-Financial Recommendations

4.2.1 Cross-cutting

85. By the time of formulation of the next budget, the National Treasury to come up with a strategy to protect from budget cuts resources allocated to the two votes 1122 and 1123 for expenditures on items related to communication and information (printing, advertising, information supplies and transportation). The blanket categorization of the same as non-core expenditures as a basis for budget cuts unfairly disadvantages this sector given that performance on strategic objectives within this sector, relies largely on activities of communication and information dissemination.

86. By the time of formulation of the next financial year (2025/26) budget estimates, the National Treasury to institute a strategy to incentivize growth of internally generated income (A-i-A). This should aim at reversing the current situation where the Ministries, Department and Agencies that attempt to expand their income streams are subjected to punitive disproportionate scale down of the grants they receive like for ICTA.

4.2.2 State Department for Broadcasting and Telecommunication

87. By 30th September 2024, the National Treasury in collaboration with KBC and the State Department for Broadcasting and Telecommunication to ensure that the necessary book reconciliations regarding the Japanese loan is concluded and consequently expunged from the liabilities of KBC.

88. By 30th September 2024, the National Treasury to institute and implement a strategy of settlements of pending bills among inter-governmental agencies. Such to include using available budget instruments to coerce IEBC and the Ministry of Public Service to settle the Kshs.450 million and Kshs.4.5 billion respectively owed to the financially struggling Postal Corporation of Kenya. This should also be used to have MDAs settle the outstanding bills amounting to Kshs.1 billion they owe Government Advertising Agency.

4.2.3 State Department for ICT and Digital Economy

89. By 30th September 2024, the State Department for ICT and Digital Economy to institute a strategy of centralize the management of cyber security for enhanced security and to tap at the benefits of economy of scale as a cost cutting measure. The Strategy to be submitted to the Committee.

90. By 30th September 2024, the State Departments for ICT to develop for subsequent roll out a comprehensive plan and strategy on awareness creation and capacity development in ICT skills on the programmes.

91. By 30th September 2024, the Principal Secretary in collaboration with the National Treasury to come up with a strategy on how to decentralize resource allocations across all the Ministries, Departments and Agencies for government ICT shared services. This should aim at ensuring that the MDAs remit payments for Specific ICT services offered to them by the State Department for ICT and Digital Economy.

CHAPTER FIVE

5.1COMMITTEERECOMMENDATIONS

5.1.1Financial Recommendations

SCHEDULE: PROPOSED COMMITTEE'S REALLOCATIONS (Amount in KSh Million).							
Vote	**Programme**	**Project/Head**	**Proposed Estimates**	**Recurrent**	**Development**	**Total**	**Justification**
PROPOSED COMMITTEES' DECREASES							
1122 : ICT & DIGITAL ECONOMY	E-government Services	11221006001 E-Government Shared Services(Headquarters)	722	0	150	150	The reallocations are based on expenditure rationalization. The proposed allocations towards Maintenance of computers, software and networks (2220210) and Purchase of Software (3111112) where reductions are proposed of KSh 20 million and KSh 130 million respectively shall still remain with adequate funds for the intended output. The reallocations are to release funds to the more pressing expenditures at Konza and also on the basis of expenditure rationalization and the envisaged impact on creation of income generating opportunities.
		1122101900: Connectivity to Health Facilities	328	0	100	100	Based on the low absorption trends and the fact that the Ministry of health is also undertaking similar connections hence duplication in funding. This is to rechannel funding for media regulation whose

SCHEDULE: PROPOSED COMMITTEE'S REALLOCATIONS (Amount in KSh Million).							
Vote	**Programme**	**Project/Head**	**Proposed Estimates**	**Recurrent**	**Development**	**Total**	**Justification**
							operations risk being crippled with the proposed cut.
		1122103102:Cyber Security Management	984	0	150	150	This being a new project can be initiated with the remaining KSh 834 million and phased out as it implementation picks momentum. The reduction to be made from the proposed expenditures on purchase of softwares (3111112).
Total Proposed reductions					**400**	**400**	
PROPOSED INCREASES(KSH millions)							
1122: ICT and Digital Economy	0210000: ICT Infrastructure Development	1122101900 Connectivity to Government Priority Projects-BETA	0	150	0	150	The funds are to cater for capacity development in ICT digital infrastructure, e-government services, digital hubs, online jobs outsourcing. This is to be incorporated in Jitume programme undertaken by Konza Technopolis Development Authority. This shall harness income generation opportunities from the established digital platforms given lack of awareness on the available opportunities across the country.

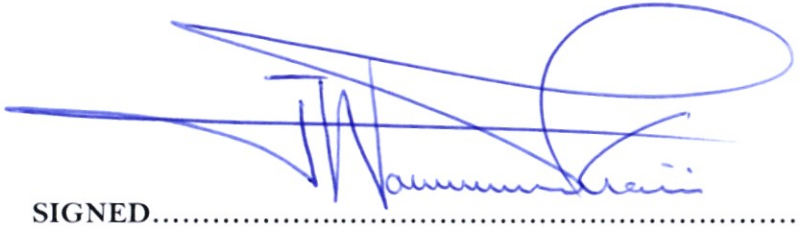
SCHEDULE: PROPOSED COMMITTEE'S REALLOCATIONS (Amount in KSh Million).							
Vote	**Programme**	**Project/Head**	**Proposed Estimates**	**Recurrent**	**Development**	**Total**	**Justification**
		1122002100: Office of Data Protection Commissioner	798	20	0	20	To enhance assessment and auditing of data controllers for improved compliance to the data protection laws.
1123: Broadcasting and Telecommunication	0208000 Information And Communication Services	1123001500: Media Council of Kenya	521	200	0	200	To partially cater for operations and sustainability of the existing regional offices and ICT Media hubs across the country. This is on account of the huge proposed cuts in resource allocations.
		1123001400: Kenya Yearbook Board	133	30	0	30	To enhance the capacity and scope of various publication works.
Total Proposed increases				**400**		**400**	

5.1.2 Wish list

Unfunded Requests for additional resources (Wishlist) Amount KSh Million.						
Vote	**Programme**	**Head/Project**	**Rec**	**Devt**	**Total**	**Justification**
1123 Broadcasting and Telecommunication	Information and Communication	Media Council of Kenya	463		463	To reinstate the allocations to the baseline, This is to cater for media regulation and monitoring of which KSh 238 million for media content monitoring on radio and TV Stations ,KSh 100 for Training of journalists and public /information officers and KSh 125 million for sustaining the existing Media hubs across the country

Unfunded Requests for additional resources (Wishlist) Amount KSh Million.						
Vote	**Programme**	**Head/Project**	**Rec**	**Devt**	**Total**	**Justification**
		Postal Corporation of Kenya	1,000	2,000	3,000	For revamping of PCK of which KSh 1 billion be utilized in exiting 504 staff on the implementation of the new corporate structure and the remaining for ICT infrastructure modernization
		Kenya Yearbook Board		170	170	To cater for core publications(KSh 81 million), recruitment of technical staff to avoid outsourcing(KSh 48 million)and KSh 41 million for awreness creation.
		Headquarters including KNA field offices	1,450	0	1,450	To cater for recruitment of additional staff in line with proposed staff structure as has been undertaken by the sister State Department for ICT & Digital Economy and KSh 50 million for domestic and foreign travels.
		Postal Corporation of Kenya	1,000	2,000	3,000	For revamping of PCK of which KSh 1 billion be utilized in exiting 504 staff on the implementation of the new corporate structure and the remaining for ICT infrastructure modernization
1122: ICT and Digital Economy	ICT Infrastracture Development	Konza Technopolis Development Authority	50	0	50	To cater for hosting AISP World Conference which has been approved by the Cabinet and is scheduled to be held in September 2024
		Ministry Headquarters	6		6	To cater for Ministerial foreign travel since no allocation is proposed.

Unfunded Requests for additional resources (Wishlist) Amount KSh Million.						
Vote	**Programme**	**Head/Project**	**Rec**	**Devt**	**Total**	**Justification**
		Construction of KAIST		801	801	To cater for pending bills on works done that resulted from budget cuts
		ICTA Current Grant	512	0	512	To reinstate the current grants which has been catering for discretionary expenditures
Total Additional Funding			**4,471**	**4,971**	**7,434**	



SIGNED.....DATE.....24 MAY 2024

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

DEPARTMENTAL COMMITTEE ON FINANCE &NATIONAL PLANNING



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

THE SCRUTINY OF THE BUDGET ESTIMATES FOR THE 2024/25 FINANCIAL YEAR FOR THE FOLLOWING VOTES

VOTE 1071: STATE DEPARTMENT OF THE TREASURY

VOTE STATE 1095: DEPARTMENT OF ECONOMIC PLANNING

VOTE 2061: COMMISSION OF REVENUE ALLOCATION

VOTE 2121: OFFICE OF CONTROLLER OF BUDGET

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LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controler of Budget
MDAs	-	Ministries, Departments and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

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Annexure 7: Submissions from the Office of the Controller of Budget

1.0 PREFACE

1.1 INTRODUCTION

1. The Budget Estimates for FY 2024/25 were tabled in the National Assembly on 30th April 2024. The Estimates lays out the overall revenue and expenditure estimates, including the Equalization Fund estimates. It assesses the extent to which the resources have been proposed for allocation in accordance with the overall Public Finance Management (PFM) structure, taking into the new administration expenditure reforms, which include eliminating nonpriority expenditure, reducing tax exemptions, retiring expensive and unsustainable consumptions of subsidies and scaling up the use of Public-Private-Partnership financing for commercially viable projects.

2. The preparation and processing of the revenue and expenditure Estimates is in accordance with Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulation, 2015 which states that the National Treasury shall submit the annual budget estimates to Parliament by 30th April of financial year. Subsequently, consultations with the public and other stakeholders be conducted during the processing and approval.

3. Further, the National Assembly Standing Order No. 235 provides that the estimates, upon being laid in table of the House, are deemed to have been committed to the respective Departmental Committees, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.

4. During the scrutiny of the estimates, the Committee would focus on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee. In respect to the Departmental Committee of Finance and National Planning it focused on the National Treasury, the State Department for Economic Planning, the Commission on Revenue Allocation (CRA), and the Controller of Budget.

5. The Budget Estimates is informed by various policy documents, such as the Budget Policy Statement (BPS) 2024, Strategic Plans of the respective Ministries, Departments, and Agencies (MDAs), the Kenya Vision 2030 and Bottom- Up Economic Transformation Agenda.

1.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

i) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
ii) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
iv) *To study and review all legislation referred to it;*
v) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
vi) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
vii) *To examine treaties, agreements and conventions;*
viii) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
ix) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*
x) *To examine any questions raised by Members on a matter within its mandate.*

1.3 COMMITTEE MEMBERSHIP

7. The Committee comprises the following Members.

Chairperson
Hon. CPA. Kimani Kuria, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. Amb. CPA Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. Adan Keynan, MP
Eldas Constituency
Jubilee Party

Hon Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. David Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. CPA Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency
UDA Party

Hon. Umul Ker Kassim, MP
Mandera County
UDM Party

Hon. CPA Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Dr. Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Joseph Munyoro, MP
Kigumo Constituency
UDA Party

Hon. Dr.CPA. John Ariko, MP
Turkana South Constituency
ODM Party

Hon. Mohamed Machele, MP
Mvita Constituency
ODM Party

Hon. George Sunkuya, MP
Kajiado West Constituency
UDA Party

1.4 COMMITTEE SECRETARIAT

8. The following staff facilitates the Committee.

Mr. Benjamin Magut
Senior Clerk Assistant /Head of Secretariat

Winfred Kambua
Clerk Assistant III

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Legal Counsel I

Mr. James Macharia
Media Relations Officer

Mr. George Ndenjeshe
Fiscal Analyst III

Ms Joyce Wachera
Hansard Reporter II

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Ms. Nelly W.N Ondieki
Researcher Officer III

1.5 ACKNOWLEDGMENTS

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

10. The Committee wishes to record its appreciation for the services rendered by the staff attached to the Committee. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Finance and National Planning, to present this Committee Report on the Scrutiny of the Budget Estimates for FY 2024/25 to the Budget and Appropriations Committee pursuant to the provisions of Section 44 of the Public Finance Management Act, 2012 and Standing Order 199.

Thank You.

SIGNED.....
HON. CPA KURIA KIMANI , MP
CHAIRPERSON DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

2 BROAD OVERVIEW OF THE FY 2024/25 BUDGET ESTIMATES

11. This Committee report analyses the Budget Estimates for FY 2024/25, tabled in the National Assembly on 30th April 2024. The preparation and processing of Estimates is anchored under Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act 2012, Regulation 32(12) of the PFM (National Government) Regulations 2015, and National Assembly Standing Orders No. 235.

12. Article 221 of the Constitution mandates that the Cabinet Secretary responsible for finance submit estimates of the national government's revenue and expenditure for the next financial year to the National Assembly at least two months before the current financial year ends. Similarly, Section 37 of the PFM Act, 2012, requires the Cabinet Secretary to submit budget estimates, supporting documents and necessary Bills to the National Assembly by 30th April.

13. In addition, Regulation 32 of the PFM (National Government) Regulation 2015 stipulates that national government entities' budget estimates must be reviewed, consolidated, and submitted to Parliament by 30th April. Standing Orders No. 235 specifies that by the same date, the Cabinet Secretary for Finance, the Accounting Officer of the Parliamentary Service Commission, and the Chief Registrar of the Judiciary must respectively submit Budget Estimates and related documents for the National Government, the Judiciary, and Parliament to the National Assembly.

14. Therefore, the report contains details of the budget estimates, encompassing the priorities of the Bottom-up Economic Transformation Agenda (BETA) and key sector-specific concerns addressed in formulating these estimates.

15. The report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee, namely the National Treasury, the State Department for Planning, the Commission on Revenue Allocation (CRA) and the Controller of Budget. The Budget Estimates are informed by various policy documents, such as the Budget Policy Statement (BPS) 2023 and Strategic Plans of the respective Ministries, Departments, and Agencies (MDAs). They are aligned with the Kenya Vision 2030, MTP IV, and Bottom-Up Economic Transformation Agenda.

2.1 Highlights of Proposed FY2024/25 Estimates

16. Total revenue, including Appropriation-in-Aid, is projected at KSh. 3,354 billion (18.6% of GDP), up from KSh.3,435 billion from the approved 2024 BPS of KSh 3,435 billion, equivalent to 18.6% of GDP, of which ordinary income is anticipated to be KSh. 2,913.2 billion, constituting 16.2% of GDP.

17. This revenue projection forms a significant portion of the government's overall budgetary framework and underscores the importance of effective revenue generation strategies to support fiscal stability and government programs.

18. **The overall expenditure** and net lending are projected at KSh 3,920.7 billion (21.8% of GDP), up from the approved BPS of KSh. 4,188.2 billion being 23.2% of GDP. This expenditure encompasses the recurrent expenditure of KSh. 2,781.7 billion (15.4% of GDP), development expenditure of KSh. 687.9 billion (3.8% of GDP), and a contingency fund allocation of KSh. 5 billion. Additionally, transfers to County Governments are set at KSh. 446.1 billion, inclusive of KSh. 391.1 billion for equitable share and KSh. 54.9 billion in conditional allocations. This expenditure framework reflects the government's commitment to addressing both recurrent needs and development priorities across various sectors.

19. In this regard, the allocation to the Executive has been rationalized from the approved Ksh 2,488.6 billion to Ksh 2,243.1 billion. However, the allocations to Parliament and the Judiciary have been maintained as approved in the 2024 BPS, with a breakdown of KSh 1,518.7 billion for recurrent expenditure and KSh 724.4 billion for development purposes.

20. The Consolidated Fund Services (CFS) has been allotted KSh 1,213.5 billion, which includes provisions for domestic and foreign interest payments totaling KSh 1,009.8 billion, along with funds for pension, salaries, and allowances amounting to KSh 203.6 billion. Additionally, County Governments are allocated KSh 391.1 billion as an equitable share from the nationally raised shareable revenue, as per the Division of Revenue Bill, 2024. This allocation excludes conditional funds totaling KSh 54.9 billion, which includes loans and grants.

21. The proposed 2024/.25 budget proposes a deficit of KSh 514.7 billion (2.9 percent of GDP) from the earlier projection of KSh 703.9 billion (3.9 percent of GDP) contained in the 2024 BPS and 2024 MTDS. This is on account of the challenges experienced in FY 2023/24, including revenue shortfalls and liquidity constraints. This fiscal deficit will be financed by net external borrowing of Ksh 256.8 billion (1.4 percent of GDP) and net domestic borrowing of Ksh 257.9 billion (1.5 percent of GDP).

2.2 Analysis of Proposed Changes for MDAs under Committee's Purview

2.2.1 Vote 1071: The National Treasury

22. The National Treasury has proposed a budget totaling KSh. 128.986 billion, comprising KSh. 66.993 billion for recurrent expenditure and KSh. 61.993 billion for development. This represents an overall increase of KSh.17.725 billion from the previous year. The notable rise is primarily attributed to several factors, including an increase in the allocation for the Equalization Fund transfers from KSh. 10 billion to KSh. 11.4 billion, a boost in the Contingency fund from KSh. 1.2 billion to KSh. 5 billion, a rise of KSh. 2.5 billion for strategic responses to public initiatives and enhancements in allocations for the Special Global Fund for malaria HIV-NFM3 by KSh. 6,692 and the Special Global Fund-HIV NFM4 by KSh. 6,164.

23. Regarding the approved Budget Policy Statement (BPS) for 2024, the proposed budget estimate for the fiscal year 2024/25 is set to be reduced by KSh. 20.6

billion. This reduction includes a cut of KSh. 12.59 billion in recurrent expenditure and KSh. 8 billion in development expenditure.

24. The financing plan for the National Treasury's proposed budget for the FY2024/25 outlines a gross allocation of KSh.61.993 billion for development expenditure and KSh.66.993 billion for recurrent expenditure, resulting in a total budget of KSh.128.986 billion. Within this structure, Appropriations in Aid amount to a net total of KSh.37.168 billion, with KSh.39.877 billion allocated for development and KSh.51.940 billion allocated for recurrent expenditure. External revenue sources play a significant role, with grants contributing to **KSh. 21.051 billion** and loans providing KSh.1.065 billion. Notably, a substantial portion of grants, totaling KSh.14.936 billion, is earmarked for development expenditure, highlighting the reliance on both domestic and external funding to meet the financial needs of the proposed budget.

2.2.2 Vote 1095: State Department for Planning

25. The State Department for Economic Planning has proposed a budget totaling KSh. 64.467 billion, with KSh. 2.992 billion allocated for recurrent expenditure and KSh. 61.475 billion for development. This marks a reduction of KSh. 386 million compared to the current financial year. Notably, recurrent expenditure is slated to decrease by KSh. 1.015 billion while development expenditure is set to increase by KSh. 1.629 billion.

26. This increase in development spending is attributed to a rise in the allocation for the National Government Constituency Development Fund (NG-CDF), which will see a boost from KSh. 57.9 billion for FY2023/24 to KSh. 59.9 billion for FY2024/25. It's worth mentioning that the KSh. 57.9 billion allocations for FY2023/24 encompassed provisions for constructing Junior Secondary Schools (KSh. 3.4 billion transferred from Basic Education to NG-CDF) and developing school infrastructure in Nairobi County (KSh. 1 billion).

27. Based on the Budget Estimates for FY 2024/25, the State Department of Economic Planning has priority projects or programs with their respective targets. Notable among these initiatives is the National Government Constituency Development Fund (NGCDF), which is allocated KSh. 59 billion, aimed at facilitating the development of institutional facilities, security infrastructure, and providing educational support to students and healthcare coverage to elderly persons. The NGCDF's targets include the development of 14,334 institutional facilities, 1,593 security facilities, and the awarding of scholarships to 1,287,232 students, along with extending NHIF coverage to 27,274 elderly persons.

2.2.3 Commission on Revenue Allocation

28. The Commission on Revenue Allocation (CRA) is established under Article 215 of the Constitution of Kenya. The principal function of the Commission is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments and among the county governments.

29. The Commission on Revenue Allocation (CRA) faces a budgetary adjustment in the proposed estimates for FY2024/25, particularly in the Inter-Governmental Transfers and Financial Matters category. The estimated budget for this program in FY2024/25 is KSh.413 million, showing a decrease of KSh.174 million from the BPS 2024 ceilings of KSh.587 million. Furthermore, compared to the previous fiscal year's estimate of KSh. 516 million, which represents a reduction of 103 million

2.2.4 Office of Controller of Budget

30. The mandate of the Office of the Controller of Budget (OCOB) is to oversee the implementation of budgets of the national and county governments by authorizing withdrawals from public funds, publishing and publicizing statutory reports, and submitting them to Parliament every four months.

31. The Controller of Budget's proposed budget for FY2024/25 indicates a decrease in the allocation for the program category of Control and Management of Public Finances. The proposed allocation for this program in 2024/25 is KSh. 652 million, showing a reduction of KSh. 106 million from the BPS 2024 ceiling of KSh.758 million. Compared to the approved estimates for the current fiscal year, which stood at 707 million, this reflects a decrease of 55 million. Such a notable reduction in funding could potentially impact the Controller of Budget's ability to effectively fulfill its mandate of overseeing the control and management of public finances. It may hinder the office's capacity to conduct comprehensive audits, reviews, and evaluations of government expenditure, leading to potential challenges in ensuring accountability, transparency, and efficiency in the use of public funds.

3 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 THE COMMISSION ON REVENUE ALLOCATION

During the scrutiny of the budget estimates for FY 24/25, the Commission submitted that:

32. The Commission has been allocated **KSh.413.5 million** against the current year's budget of **Ksh 516 million**. The Commission resource requirement for FY 2024/25 is **KSh.955.5 million,** hence a resource gap of **KSh.542 million,** i.e. **Salaries KSh.49,95** and Operations and maintenance at **KSh.491 million.**

33. The Commission has introduced a new expenditure line on the Fourth Formula on Revenue Sharing which will help the Commission effectively execute its mandate on revenue sharing.

34. The table below provides a breakdown of resource allocation as per Sub-Programmes.

Table No 1: Budget Allocation as per sub-programs FY 2024/25

Sub-programs	Resource requirement	BPS Allocation	Budget Estimates	Difference
	A	B	C	D = C-B
General Administration & Support Services	706,048,750	497,556,556	350,488,374	(147,068,182)
Equitable Sharing of Revenue	68,580,000	39,200,000	3,100,000	(36,100,000)
Public Financial Management	164,110,000	37,248,000	23,572,750	(13,675,250)
Transitional Equalization	16,715,000	13,413,360	8,566,680	(4,846,680)
Fourth Formula on Revenue Sharing			27,737,500	27,737,500
Total	**955,453,750**	**587,417,916**	**413,465,304**	

Source: Commission of Revenue Allocation (CRA)

35. The analysis above indicates a considerable deviation in the allocation of resources between the Commission's FY 2024/25 budget Estimates and approved 2024 BPS by **KSh.173.9 million,** i.e. Personnel emoluments is KSh. 50 million while operations and maintenance KSh. 123.9 million.

36. The considerable reduction which takes the allocation below the baseline is a threat to the execution of the Commission's mandate and it's likely to paralyze most of the Commission's operations.

37. The budget allocation in the financial year 2024/25 will likely lead to significant challenges by the Commission in executing its constitutional mandate due to the unfunded priorities (O & M) quantified at **KSh.491 million.**

Table 2: Unfunded Priorities FY 2024/25

No.	Item	Requirement (KShs. Million)	Allocation (KShs. Million)	Unfunded (KShs. Million)	Remarks
1.	Equitable Sharing of Revenue				
	1.1 Development of Forth Basis formula	35.9	6.2	29.4	• Dissemination, • Publication of the recommendation • Launch
	Sub-Total	35.9	6.2	29.4	
2.	Public Financial Management				
	2.12 Asses the level of automation in county government on Financial information	7.2	3.2	4	
	2.14 Portal on National and County government on Budgetary information	11.0	-	11.0	
	2.15 Support counties to enhance CBEF effectiveness	34.8	-	34.8	• Capacity building of CBEF members on PFM Role • Development of an E-Learning platform for CBEF Training • Automate the CBEF monitoring tool
	2.20 Assessment of best-performing counties and their ranking	2.4	-	2.4	
	2.21 Framework on market-based Borrowing county product	15.6	-	15.6	• Interagency engagements (CMA, TNT, CRA) • Dissemination of the County borrowing tool

No.	Item	Requirement (KShs. Million)	Allocation (KShs. Million)	Unfunded (KShs. Million)	Remarks
					• Capacity of building of County Governments on county borrowing
	2.22 Report of County Credit Rating and access to alternative financing	3.4	-	3.4	• Support counties on self-assessment • Build capacity on creditworthiness initiative and climate-smart investment • Review the county borrowing framework in collaboration with the National Treasury • Review the Credit Worthiness Initiative Procedures Manual
	2.30-2.33 Revenue enhancement	26.7	-	26.7	• Develop a County Revenue Forecasting Model • Undertake County Executive and Assembly induction training on OSR • Capacity building of counties by dissemination of OSR potential study report
	2.37 Integrated County Revenue Management System	11.7	3.2	8.5	• Provide technical capacity development on Revenue Automation
	2.4 Revenue enhancement from Natural resources	20.3	-	20.3	• Conduct a study on Revenue potential from the natural resources in the national

No.	Item	Requirement (KShs. Million)	Allocation (KShs. Million)	Unfunded (KShs. Million)	Remarks
					government (National Parks) • Survey study on unlocking the revenue opportunities from the blue economy
	Sub-Total	133.1	6.4	126.7	
3.	Transitional Equalization				
	3.10 Development of the Equalization Bill	7.5	4.2	3.3	
	Sub-Total	7.5	4.2	3.3	
4.	General Administration				
	4.16 M & E Automation	3.0	-	3.0	
	4.14 ISO Certification	12.7	3	9.7	• QMS ISO: 9001:2015 Standardization awareness and training • Consultancy
	4.21 Litigation risk management	4.5	1.2	3.3	• Contracted services
	4.30 Enhanced governance risk management and control systems	7.5	2.5	5.0	• Consultancy for governance & legal and compliance audits
	4.36 Enhanced and secure ICT Software and Hardware infrastructure	76.7	2.8	73.9	
	Staff Mortgage and Car loan schemes	20	8	12	
	Acquisition of Motor vehicles	28	14	14	
	Other O&M and Capital expenditures;	289.5	201.8	87.7	
	Sub-Total	152.4	31.5	208.6	
	Grand Total			368.0	

3.2 THE STATE DEPARTMENT FOR ECONOMIC PLANNING

38. The State Department for Economic Planning (SDEP) is one of the sub-sectors under the Public Administration and International Relations Sector Working Group. The role of the State Department cuts across the entire government and focuses on providing overall policy direction on matters pertaining to economic planning and development. The basis for planning and development is the long-term plans, Medium Term Plans (MTPs), and the Bottom-up Economic Transformation Agenda (BETA).

39. The FY 2024/25 Annual Estimates of SDEP totals to **KSh. 64.466 billion** comprising of **KSh. 2.991 billion** Recurrent Estimates and **KSh.61.474 billion** Development Estimates.

40. The approved 2024 Budget Policy Statement (BPS) Ceiling allocation amounted to **KSh. 69.294 billion,** made up of an allocation of **KSh. 4.174 billion** for Recurrent Estimates and **KSh. 65.119 billion** for Development Estimates. Therefore, the variance between Annual Estimates and the Approved 2024 BPS ceiling by **KSh.4.828 billion**

41. The reduction in the FY 2024/25 Estimates of the State Department and its SAGA will directly and negatively impact their ability to deliver on their core mandates.

42. The FY 2024/25 Recurrent Estimates allocation has been reduced by **52%** from the BPS Ceiling or **56%** from the FY 2023/24 approved estimates, while the Development Estimates have decreased by **75%** against the 2024 BPS Ceiling and **75%** against FY 2023/24 Approved Estimates.

43. The Key areas that are to be impacted by inadequate funding are;

Personnel Emoluments; - Kshs 334.6 million

44. The FY 2024/25 allocation totaling **Kshs 460 million** is sufficient for the current in-post. To adequately deliver the planning function, the State Department needs to strengthen its human resource capacity through recruitment, promotions and staff motivation. To achieve this, SDEP requires **additional funding** for the following;

    i. Recruitment and promotions. **225 million;** and
    ii. Provision of extraneous allowance to staff- **Ksh. 109.6 million.**

The Kenya Institute for Public Policy Research and Analysis.

45. It is noted that 2024/25 annual estimates for KIPPRA totals KSh. 614.545 million comprising of KSh. 545 million recurrent estimates and KSh. 68 million development expenditure. The recurrent expenditure comprises of KSh. 449.545 million and KSh.165 million in AIA.

3.3 THE STATE DEPARTMENT FOR NATIONAL TREASURY

46. There is a significant deviation between the FY 2024/25 Budget Estimates and approved BPS 2024. The Recurrent Budget Estimates were reduced from **Kshs.79,583.40 million** to **Kshs.66,992.98 million** by **Kshs.12,590.42** million (15.82%). The Development Budget Estimates were reduced from **Kshs.70,012.20 million** to **Kshs.61,993.95 million** by **Kshs.8,018.24** million (11.45%). The overall reduction is **Kshs.20,608.66 million** (13.78%), which will greatly affect TNT's delivery of critical programs and activities.

47. The deviations are analyzed by Programmes in Tables 3 and 4 as follows;

Table 3: FY 2024/25 Proposed Recurrent Budget Estimates Deviation from 2024 BPS

Program	BPS Estimates (Millions)	Budget Estimates (Million)	Difference (Million)
General Administration, Planning and	64,872.90	57,157.49	(7,715.41)
Public Financial Management	12,630.80	8,253.06	(4,377.74)
Economic and Financial Policy Formulation and	1,472.10	1,073.92	(398.18)
Market Competition	607.60	508.50	(99.10)
Total	**79,583.40**	**66,992.98**	**(12,590.42)**

Table 4: Proposed Development Budget Estimates Deviation from 2024 BPS

Programme	BPS Estimates (Millions)	Budget Estimates (Million)	Difference (Million)
General Administration Planning and	9,624.00	7,709.50	(1,914.5)
Public Financial Management	46,541.20	44,530.08	(2,011.12)
Economic and Financial Policy Formulation and	13,820.00	9,754.37	(4,065.63)
Market Competition	27.00	-	(27.00)
Total	**70,012.20**	**61,993.96**	**(8,018.24)**

48. The following is a detailed proposed FY 2024/25 Recurrent and Development Votes Deviation per programme.

Table 5: FY 2024/25 Recurrent and Development Votes Deviation per programme

Programme and Economic Classification	Resource Allocation		
	BPS Ceiling	Budget Estimates	Variance
0717000: Programme 1: General Administration Planning and Support Services			
Current Expenditure	**64,872.60**	**57,156.72**	**(9,182.88)**
Compensation of Employees	15,859.60	9,420.62	(7,905.98)
Use of Goods and Services	13,223.30	11,394.94	(1,828.36)
Grants And Other Transfers	35,700.60	36,313.83	(613.23)
Other Recurrent	89.10	27.33	(61.77)
Capital Expenditure	**9,624.00**	**7,709.50**	**(1,914.50)**
Acquisition of Non-Financial Assets	93.00	73.00	(20.00)
Capital Grants to Government Agencies	8,689.00	6,696.16	(1,992.84)
Other Development	842.00	940.34	(98.34)
Total Programme 1	**74,496.60**	**64,866.22**	**(11,097.38)**
0718000: Programme 2: Public Financial Management			
Current Expenditure	**12,631.00**	**8,253.05**	**(4,377.95)**
Compensation of Employees	2,712.50	2,564.19	(148.31)
Use of Goods and Services	1,424.40	762.60	(661.80)
Grants And Other Transfers	8,437.60	4,897.71	(3,539.89)
Other Recurrent	56.50	28.55	(27.95)
Capital Expenditure	**46,541.20**	**44,530.08**	**(2,011.12)**
Acquisition of Non-Financial Assets	3,194.50	1,267.90	(1,926.60)
Capital Grants to Government Agencies	16,278.00	16,003.90	(274.10)
Other Development	27,068.70	27,258.28	(189.58)
Total Programme 2	**59,172.20**	**52,783.13**	**(6,389.07)**
0719000: Programme 3: Economic and Financial Policy Formulation and Management			
Current Expenditure	**1,472.20**	**1,073.79**	**(398.41)**
Compensation of Employees	271.10	328.11	(57.01)
Use of Goods and Services	320.40	98.54	(221.86)
Grants And Other Transfers	875.90	646.24	(229.66)
Other Recurrent	4.80	0.90	(3.90)
Capital Expenditure	**13,820.00**	**9,754.37**	**(4,065.63)**
Acquisition of Non-Financial	-	-	-

Programme and Economic Classification	Resource Allocation		
	BPS Ceiling	Budget Estimates	Variance
Assets			
Capital Grants to Government Agencies	13,820.00	9,754.37	(4,065.63)
Other Development	-	-	-
Total Programme 3	**15,292.20**	**10,828.16**	**(4,464.04)**
0720010: Sub-Programme 4.1: Elimination of Restrictive Trade Practices			
Current Expenditure	**607.60**	**508.50**	**(99.10)**
Compensation of Employees	-	-	-
Use of Goods and Services	-		-
Grants and Other Transfers	607.60	508.50	(99.10)
Other Recurrent	-		-
Capital Expenditure	**27.00**	**-**	**(27.00)**
Acquisition of Non-Financial Assets	-		
Capital Grants to Government Agencies	27.00	-	(27.00)
Other Development	-		
Total Sub-Programme 4.1	**634.60**	**508.50**	**(126.10)**

Source: The National Treasury

Kenya Revenue Authority

49. The Commission General noted that inadequate budget funding is one of the key issues impacting the Kenya Revenue Authority (KRA) in achieving its program performance targets. For the fiscal year 2024/25, the indicative recurrent funding is Kshs 22.33 billion, supplemented by an additional Kshs 3.64 billion from Appropriations-in-Aid (AIA), culminating in a total of Kshs 25.97 billion. However, if the full provision for current staff costs, amounting to Kshs 24.511 billion, is allocated from this total, only Kshs 1.45 billion remains for other expenditures. This is significantly below the requirement of Kshs 15.09 billion, not accounting for capital and development needs, thus highlighting the severe budgetary constraints the KRA faces.

50. On several occasions, the authority submitted proposals on KRA funding for consideration in the Finance Bill to fix KRA funding in law (KRA Act) at a minimum rate of 2% of Revenue Targets. The proposal has, however, not been approved despite the justification presented. The KRA funding needs to be appropriately entrenched in law to address the perennial KRA funding challenge.

51. The Kenya Revenue Authority noted that they have up **KSh. 9.45 billion** pending bills as of 31st March 2024 attributable to the delayed disbursements and inadequate funding. This has been further aggravated by the reduction in the additional funding allocation by **Kshs. 3.5 Billion** from the earlier amount approved of Ksh 10 billion under Article 223.

52. Table 6 below provides the pending bills held by KRA as of 31st March 2024

Table 6: Status of pending bills.

No	PAYEE	TOTAL
1	Staff Medical Service Providers	1,220,589,556
2	ICT System Licenses & Maintenance Providers	792,496,501
3	Office Rental Leases	522,059,807
4	Scanners Leasing & Maintenance contracts	796,142,749
5	Insurance Expenses	173,907,781
6	Electronic Seals Maintenance(RECTS)	867,707,326
7	Motor vehicle running/Leasing & Repairs	183,213,000
8	Utilities and General Supplies	424,067,470
	Total Pending Bills	**4,980,184,190**
	EGMS PROJECT	
	EGMS Debt	4,470,565,596
	TOTAL BILLS	**9,450,749,786**

53. In FY 2022/23, a budget funding allocation of Kshs. 2 billion was allocated for the partial settlement of the EGMS Debt, which was not disbursed. The authority has prioritized part of the amount in the FY 2023/24 additional funding.

Privatization Commission

54. For the FY 2023/2024, the authority received an allocation of **KShs 847 million** to enable it to undertake its mandate.

55. During the Public Administration and International Relations (PAIR) Sector Working Group retreat, the authority was allocated **KShs 144.7 million,** a GOK recurrent grant for FY 2024/2025 against a budget requirement of KShs 1.4 billion. However, in the proposed estimates for FY 2024/2025 submitted to the National Assembly, the authority has no allocation in the Recurrent Expenditure Summary for FY 2024/2025.

56. In this case, the authority cannot meet its personnel emoluments and other mandatory expenses (including rent, insurance, contracted cleaning and security services and software licenses) amounting to **KShs. 257.29** million. Other funding requirements include implementing the authority's core mandate of KShs 975 million and operations and maintenance costs of Kshs 90.4 million.

Unclaimed Financial Assets Authority (UFFA)

57. In compliance with the circular dated 27th March 2024 from the Cabinet Secretary National Treasury and Economic Planning on Revenue Generation and Expenditure Rationalization, the Unclaimed Assets Authority revised its FY 2023/24 budget from **Kshs. 768.9** million to **Ksh. 598.8 million.**

The Insurance Regulatory Authority

58. The Commissioner of Insurance submitted that the authority intends to collect KSh's 2.8 billion through internally generated income (AIA). 2.865 billion in the FY2024/25 as follows:

INCOME FOR THE YEAR	BUDGET 2024/25	APPROVED BUDGET 2023/24
Insurance Premium Levy	2,765,320,865	2,604,070,348
Interest on Investments	60,000,00	20,000,000
Licenses fees	28,269,000	28,269,000
Miscellaneous	2,000,000	2,000,000
Total Income for the Year	**2,855,589,865**	**2,654,339,348**

Source: Insurance Regulatory Authority (IRA)

59. The IRA's budget for FY 2024/25 is Ksh 1.724 billion comprising of Ksh 1.521 billion in recurrent and Ksh 203 on development expenditure. The breakdown of this is below:

INCOME FOR THE YEAR	BUDGET 2024/25	APPROVED BUDGET 2023/24
Capital Expenditure	**203,000,000**	**63,000,000**
Operating Expenditure		
Board of Members Expenses	30,000,000	30,000,000
Personnel Emoluments	679,184,440	712,330,380
Other Personnel Costs	148,350,000	178,850,000
Office Supplies & Expenses	24,989,793	28,764,296
Transport & Travel Expenses	54,000,000	65,000,000
Public Relations	32,275,000	60,830,000
Core Mandate	163,815,600	199,474,000
Telephone Expenses	7,500,000	8,500,000
ICT Expenses	92,639,350	63,049,350
Office Rent & Office Services	85,077,734	85,577,734
Consultancy & Other Professional Services	77,830,000	65,300,000
Sinking Fund Provision - Depreciation	70,000,000	108,000,000
IFIU/Tribunal	55,960,000	54,240,000
Total Operating Expenditure	**1,521,621,000**	**1,659,115,760**
Total Expenditure	**1,724,621,917**	**1,723,115,760**

60. The authority projects to record a budget surplus of Ksh 1.130 billion in FY 2024/25.

3.4 THE OFFICE OF THE CONTROLLER OF BUDGET

61. The proposed allocation in FY 2024/25 Budget Estimates is **KSh. 652 million**, showing a reduction of **KSh. 106 million** from the BPS 2024 ceiling of **KSh.758 million**. In relation to comparison with the approved FY 2023/24 (Current fiscal

year budget), which stood at **Ksh 707** million, this reflects a decrease of **Ksh 55 million.**

62. The Controller of Budget highlighted the following critical unfunded areas amounting to Ksh 70.4 million for further consideration.

i. **Ksh 24.7 million** for Personnel Emoluments (PE) to cater for recruiting seven positions. Approvals already granted by The National Treasury.
ii. **Ksh 4.8 million** To cater for communication, supplies and services for the new staff
iii. **Ksh 3.4 million** to cater for the rental at the National Bank of Kenya Building and two 2 County offices
iv. Ksh 10.9 million to cater for ICT networking equipment and purchase of software
v. Ksh 9.4 million to cater to aging ICT infrastructure
vi. Ksh 6.6 to facilitate stakeholder engagement and capacity building
vii. Ksh 10.6 to conduct monitoring and evaluation of Budget Implementation

4 COMMITTEE OBSERVATIONS

Having held deliberations with the MDAs under its purview, the Committee observed that:

The State Department of the National Treasury

63. The National Treasury lacks a practical framework to oversee the financial management of state-owned enterprises (SOE). As a result, the SOEs generate the much-required internally generated incomes, **which in most cases are under-declared, spent at source and outside the National Budget framework because the income is never recognized in the National Budget books.** An example is KIPPRA, which has been generating internal revenues for the past several years, with the projection for the current financial year being KSh. 200 million. However, KIPPRA has been spending the entire AIA collected outside the national Budget framework budget without the National Treasury reflecting this A-in-A in KIPPRA's budget in total contravention of the Constitution and PFM Act.

64. The National treasury has a pending bill of KSh. 5.174 billion concerning Misort Africa Ltd: The National Treasury entered into a contract with Misort Africa Ltd in 2009 to construct a Data Recovery Centre in Naivasha. During contract implementation, the parties had a prolonged misunderstanding leading to a claim of project abandonment and later the contractor exiting the site. The matter went to court for arbitration, and an award was granted in favor of the contractor at KSh.3.68 billion in 2022 with a simple interest of 12% per annum on the outstanding sum until payment is made in full. While the Treasury has kept the matter alive, the legal claim remains unsettled and attracts the said interest annually. In their recent letter dated 28th August 2023 and copied to Treasury, the contractor's lawyer is claiming KSh.5.174 billion inclusive of September 2023, noting that the amount continues to accrue said interest

65. The approval and monitoring of the State Owned Enterprise (SOE) budget by the National Treasury are lacking. During its scrutiny of Supplementary Estimates No. 2 for FY 2023/24 and FY 2024/25 Budget Estimates, the Committee notes many anomalies related to SOEs, for instance, the under-declaring of A-in-A, the significant variance between SOEs budget as approved by the National Treasury and what is recognized in National Budget, over budgeting within SOEs and poor or lack of reporting framework by SOEs, for instance, Insurance Regulatory Authority (IRA) with a staff compliment of seventy-two (72) staff has personnel emoluments budget provision of Ksh 827 million. The Authority internally generates Kshs 2.8 billion from levies/fees, however, it spends Ksh 1.8 billion of the Ksh 2.8 billion collected. On the other hand, despite KIPPRA's FY 2023/24 budget being Kshs 1.07 billion, the National Budget books maintain its budget as **Ksh 525 million..**

66. A review of the Fiscal Framework for Supplementary No. II, submitted by the National Treasury to the National Assembly, indicates a glaring omission of projected revenue from the Export Promotion Levy, which is estimated at **Kshs 216 million.** This anomaly will affect the basis of the proposed Supplementary No. 2 and FY 2024/25 Budget estimates. .

67. An estimated eighty percent (80%) of Semi-Autonomous Agencies (SAGAs) under the National Treasury pay rent for the offices due to inadequate office space within government buildings for instance, Kenya Revenue Authority and SAGAs with the State Department of Economic Planning will pay Ksh 937 million and Ksh 239 million respectively in next fiscal year These rent expenditures grow per year and would not be sustainable in the coming years.

68. The National Treasury's overall budget totals KSh. 128.986 billion, comprising KSh. 66.993 billion for recurrent expenditures and KSh. 61.993 billion for development.

69. The Privatization Commission's budget was reduced from KSh. 847 million, which included KSh. 147 million for personal emoluments and KSh. 700 million allocated for privatization work for the fiscal year 2023/24, to zero in the fiscal year 2024/25 budget. Additionally, the KSh. 700 million remains unused in the account, not being utilized for its intended purpose.

70. Additionally, the Insurance Regulatory Authority allocated KSh. 712 million for Personnel Emoluments in FY 2023/24 and plans to allocate KSh. 827 million in FY 2024/25 for 72 permanent employees on average. This indicates that one employee earns approximately KSh. 817,000 per month in FY 2023/24.

71. Furthermore, it was observed that according to the Budget Books, the Unclaimed Financial Assets Authority has a budget of KSh. 934 million. However, during deliberations with the authority, it was clarified that the actual budget allocation differs, amounting to KSh. 598 million.

The State Department of Economic Planning

72. The State Department for Economic Planning has proposed a budget totaling KSh. 64.467 billion, with KSh. 2.992 billion allocated for recurrent expenditure and KSh. 61.475 billion for development. Out of the Development, The NG-CDF has the highest allocation of KSh. 59.9 billion.

73. It was also observed that the SAGAs under the State Department of Economic Planning spent KSh. 296 million annually on rent.

74. After extensive deliberations with KIPPRA, it was observed that the organization has been collecting over KSh. 200 million as AIA and utilizing it outside of the budget. For example, according to the second document submitted by KIPPRA, the expenditure for the fiscal year 2022/23 amounted to KSh. 698 million for recurrent expenses, exceeding the approved budget of KSh. 525 million for recurrent expenditure.

75. On 8th February 2024, KNBS, through the National Treasury and Economic Planning, requested an advance of EUR 14 million (approximately KSh. 2.31 billion) from the World Bank for the East African Regional Statistics Programme for Results. The World Bank notified the National Treasury of the approval on 22nd February 2024, with confirmation received on 1st March 2024. Despite

the Permanent Secretary of the State Department for Economic Planning informing the National Treasury on 1st March 2024 about the necessity to incorporate this advance in Supplementary Budget II, neither the amount nor its inclusion in Supplementary II or the Budget Estimates for FY2024/25 has been confirmed.

Office of the Controller of Budget

76. The Controller of Budget's proposed budget for FY2024/25 indicates a decrease in the allocation for the program category of Control and Management of Public Finances. The proposed allocation for this program in 2024/25 is KSh. 652 million, showing a reduction of KSh. 106 million from the BPS 2024 ceiling of KSh.758 million. Compared to the approved estimates for the current fiscal year, which stood at 707 million, this reflects a decrease of 55 million.

Commission on Revenue Allocation (CRA)

77. The Commission on Revenue Allocation (CRA) faces a budgetary adjustment in the proposed estimates for FY2024/25, particularly in the Inter-Governmental Transfers and Financial Matters category. The estimated budget for this program in FY2024/25 is KSh.413 million, showing a decrease of KSh.174 million from the BPS 2024 ceilings of KSh.587 million.

5 RECOMMENDATIONS

Having held deliberations with the MDAs under its purview, the Committee recommends that -

5.1 Non-Financial Recommendation

78. That, the National Treasury should, within sixty (60) days of the adoption of this report, provide a detailed report to the Departmental Committee on Finance and National Planning on the cash surplus funds held in the bank accounts of all State-owned agencies/Parastatal as at 30th June 2024.

79. That, the National Treasury should FastTrack the implementation of the national government single account framework and must ensure the single account is in place and operational by 1st September, 2024.

80. That, within ninety (90) days of the adoption of this report, the Office of Controller of Budget is to provide the National Assembly with a framework on how the office will be reporting to the National Assembly on the quarterly achievement of MDA's targets and non-financial key performance indicators that will facilitate effective oversight by the legislature pursuant to section 39(8) of PFM Act 2012 since the budget is program based.

81. That, within ninety (90) days of the adoption of this report, the National Treasury submits to the Departmental Committee on Finance and National Planning a comprehensive stock-taking report of all government entities that are currently leasing or renting office space in the country with a view of providing a strategic policy on the matter.

82. Within seven (7) days of the House approving the Budget Estimates for FY 2024/25 the Insurance Regulatory Authority (IRA) to submit a revised budget for FY2024/25 from Ksh 1.724 billion to Kshs 1 billion.

5.2 Financial Recommendations

83. THAT, the proposed overall allocation of KSh 128.986 billion under Vote Head 1071 for The National Treasury, Kshs 64.467 billion under Vote 1072 for the State Department of Economic Planning, KSh 413 million for Commission of Revenue Allocation (CRA) and KSh 652 million for Office of Controller of Budget **be approved with following amendments:-**

REDUCTION

84. Under **Vote 1071**, the State Department of National Treasury

Recurrent Expenditure

1. **Kshs 1.90 billion** from 1071000111 Strategic Intervention (other operating expenses-leasing of Police vehicles)
2. **Kshs 1.4 billion** from 1071000204 National Government Budget Process (Budget reserve)

85.Under **Vote 1072**, the State Department of Economic Planning

Development Expenditure

1. **Kshs 700 million** from 1072109200 East Africa Regional Statistic Program for result under National Statitsic Information Services program.

Recurrent Expenditure

1. **Ksh 200 million** from 1072000106 Kenya Institute of Public Policy Research and Analysis (Current grants to government agencies and other levels of government)

INCREASES

86.Under **Vote 1071**, the State Department of National Treasury

Recurrenture Expenditure

1. **KSh. 2.34 billion** to enhance the Kenya Revenue Authority (KRA) through technology, aligning with the administrative measures outlined in the Medium-Term Strategy Paper. This substantial funding aims to support various initiatives focused on modernizing tax administration processes, ensuring they are more efficient, transparent, and user-friendly.

   Key projects under this funding include significant enhancements to existing systems like iTax and the Integrated Customs Management System (iCMS). These systems are vital for streamlining tax processes and customs management, making it easier for taxpayers to comply with regulations while improving the efficiency of tax collection. Additionally, the implementation of new systems such as the e-TIMS (Tax Invoice Management System) will further automate and simplify the invoicing process, reducing errors and increasing accuracy in tax reporting.

   These technological advancements are expected to have a profound impact on revenue collection and management. By modernizing these systems, the KRA aims to boost revenue collection, minimize tax leakages, and create a more robust and transparent tax administration framework. This, in turn, will contribute to better governance and enhanced public trust in the tax system, ultimately supporting Kenya's economic growth and development.

2. **Ksh. 460 million** to the Privatization Authority to cater to Personal Emolument and other mandatory expenses (including rent], insurance, contracted cleaning and security services, and software licenses).

3. **KSh. 300 million** to the Public Procurement Regulatory Authority to enhance monitoring of all 47 county governments and national Government procuring entities every financial year and report on the performance of their procurement systems. In addition, the Authority has targets to be

implemented under the recently embedded IMF Structural benchmark (starting from November 8) to ensure that procuring entities publish the Beneficial Ownership Information for all companies awarded contracts in the Public Procurement Information Portal (PPIP). Effective compliance monitoring and enforcement of best procurement practices will save the Country billions of shillings lost through wastage and leakages in public procurement. The savings can be channeled to other Government priority areas.

4. **KSh. 300 million** be allocated to the National Treasury Fiscal Unit to conduct an in-depth study of consumer behavior concerning various taxes. This initiative aims to gather detailed insights into how different tax rates impact consumer spending and saving patterns. By understanding these behaviors, the Treasury can design tax policies that are not only effective but also fair and conducive to economic growth.

   The primary focus of this funding is to identify optimal tax rates that balance revenue generation with minimal disruption to economic activities. Through comprehensive studies and data analysis, the Fiscal Unit will evaluate consumers' responsiveness to different tax rates and structures. This research will consider various factors, including income levels, spending habits, and the elasticity of demand for different goods and services.
   The findings from these studies will inform the development of medium-term tax strategies that enhance revenue without placing undue burden on taxpayers. By aligning tax policies with consumer behavior, the National Treasury aims to create a more efficient tax system that supports sustainable economic development. This approach will help ensure that tax rates are set at levels that maximize compliance and minimize evasion, ultimately leading to a more robust and equitable fiscal framework for Kenya.

Development Expenditure

1. **KSh. 200 million** to Kentrade to enhance the Single Window System Project. This initiative aims to streamline, harmonize, and automate business processes by effectively managing the National Electronic Single Window System and offering related services, thereby boosting Kenya's global competitiveness. (Development).

VOTE 1095: The State Department of Economic Planning

Recurrent Expenditure

1. **KSh. 400 million** be allocated to the State Department of Economic Planning under Monitoring and Evaluation Services. This funding is earmarked to support the operationalization of county planning offices, ensuring they have the resources and capabilities needed to effectively coordinate and implement regional development initiatives. By strengthening these local planning offices, the department aims to enhance the efficiency and effectiveness of county-level planning and development efforts.

A significant portion of the funding will be dedicated to tracking the implementation of key priorities outlined in the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). This involves developing robust monitoring and evaluation frameworks to assess progress, identify challenges, and ensure that objectives are being met. By closely tracking these initiatives, the State Department of Economic Planning can make data-driven decisions and adjustments to improve outcomes and achieve strategic goals.

Additionally, the funds will support the re-engineering of planning systems, as well as various sensitization, surveys, and research activities. These efforts are crucial for modernizing planning processes, enhancing stakeholder awareness, and gathering critical data to inform policy-making. Through these comprehensive measures, the department aims to foster a more responsive and dynamic planning environment that can adapt to emerging needs and drive sustainable development across Kenya.

The Office for Controller of Budget

Recurrent Expenditure

1. KSh. 200 million to support the recruitment of seven new positions, providing the necessary airtime and internet connections for these staff members. This budget will also cover rental costs at the National Bank of Kenya (NBK) building and two county offices. Additionally, the funds will be used to purchase ICT networking equipment and software, as well as to address the needs of aging ICT infrastructure.

SIGNED.....
HON. CPA KURIA KIMANI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

SCHEDULE I: REDUCTIONS

SCHEDULE 2: INCREASES

DEPARTMENTAL COMMITTEE ON LABOUR



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LABOUR

.....

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2024/2025 BUDGET ESTIMATES FOR THE FOLLOWING VOTES:

VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE

VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

VOTE 2071- PUBLIC SERVICE COMMISSION

VOTE 2081- SALARIES AND REMUNERATION COMMISSION

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

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ABBREVIATION

FY	-	Financial or Fiscal Year
MDAs	-	Ministries, Departments and Agencies
SAGAs	-	Semi-Autonomous Government Agencies
KSh	-	Kenya Shilling
SRC	-	Salaries and Remuneration Commission
COB	-	Controller of Budget
PFMA	-	Public Finance Management Act
A-i-A	-	Appropriations in Aid
GDP	-	Gross Domestic Product
GoK	-	Government of Kenya

APPENDIX

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PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.

2. Standing Order Number 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, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.

3. The National Assembly Standing Orders assigns the Departmental Committee on Labour the mandate to consider matters in relation to *labour, human capital and remuneration, trade union relations and public service.*

4. In that regard, the Committee is mandated to analyse, scrutinize and approve the Budget Estimates for the following government agencies under its purview:

   i. Vote 1213: State Department for Public Service
   ii. Vote 1184: State Department for Labour and Skills Development
   iii. Vote 2071: Public Service Commission
   iv. Vote 2081: Salaries and Remuneration Commission

1.2 Mandate of the Committee

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

a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;

b) To study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;

(ba) on a quarterly basis, monitor and report on the implementation of the national budget in respect of is its mandate;

c) To study and review all legislation referred to it;

d) To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

e) To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;

f) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);

(fa) To examine treaties, agreements and conventions;

g) To make reports and recommendations to the House as often as possible, including recommendation of propose legislation;

h) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and

i) To examine any questions raised by Members on a matter within its mandate.

6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:

1) The State Department for Public Service and its Autonomous and Semi-Autonomous Government Agencies which include;
   a) Kenya School of Government;
   b) Huduma Centres; and
   c) Institute of Human Resource Management
2) The State Department for Labour and Skills Development and its Autonomous and Semi-Autonomous Government Agencies which include;
   a) National Industrial Training Authority (NITA);
   b) National Productivity and Competitiveness Centre (NPCC);
   c) Kenya National Labour Board and the Wages Council;
   d) National Employment Authority (NEA);
   e) Migrant Workers Welfare Fund
   f) Department of Labour Migration Management;
3) Public Service Commission;
4) Salaries and Remuneration Commission;

1.3 Committee Membership

7. The Departmental Committee on Labour was constituted by the House on 27th October

2022 and comprises of the following Members

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

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

Members

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

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

Hon Richard Kiti Chonga, MP
Kilifi South Constituency
ODM Party

Hon Joseph Samal Lomwa, MP
Isiolo North Constituency
Jubilee Party

Hon George Aladwa Omwera,
Makadara Constituency
ODM Party

MP Hon Catherine Wambiliaga, MP
Bungoma County
FORD-K

Hon Amina Dika Abdullahi, MP
Tana River Constituency
KANU

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

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

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

Hon. Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon. Leah Sopiato Sankaire, MP
Kajiado County
UDA Party

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

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

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

Mr. Fredrick Muthengi
Deputy Director PBO

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Colletah Sigilai
Senior Legal Counsel

Ms. Josephine Osiba
Hansard reporter III

Ms. Wambui Nyachae
Research Officer III

Mr. Timothy C. Tsungulah
Research Officer III

Ms. Yasmin Hassan
Serjeant-At-Arms I

Ms. Mercylyn Kerubo
Audio Officer III

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Faith Njiru
Public Communication Officer III

1.5 Overview on the Examination of the Budget Estimates for FY 2024/25

9. The Annual Estimates of Revenue and Expenditure and other budget documents for the FY 2024/25 were tabled in the House on **Tuesday, 30th April 2024** and thereafter referred to Departmental Committees for consideration.

10. The Committee held meetings with the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration on 15th and 16th May 2024.

1.6 Summary of Observations and Recommendation

11. In considering the Budget Estimates for the FY 2024/25, the Committee made the following key observations, that: -

12. The FY 2024/25 recurrent budget estimates have been significantly reduced across most of the MDAs compared to the Financial Year 2023/24 budget estimates. This applies not only to the Labour sector but cuts across all sectors.

13. **The State Department for Labour and Skills Development** had an allocation of Kshs. 5.7 billion comprising of Kshs. 4.2 billion for recurrent expenditure and Kshs. 1.5 billion for development expenditure. When compared to the ceilings approved in the Budget Policy Statement (BPS), the allocation is higher by Kshs. 379.9 million with the recurrent expenditure being lower by Kshs. 124.8 million while the development expenditure is higher by Kshs. 504.7 million.

14. **The State Department for Public Service** had an allocation of Kshs. 8.1 billion comprising of Kshs. 7.0 billion for recurrent expenditure and Kshs. 1.1 billion for development expenditure. When compared to the ceilings approved in the BPS, the

allocation is lower by Kshs. 4.2 billion with the recurrent expenditure being lower by Kshs. 3.9 billion and the development expenditure being lower by Kshs. 219.4 million.

15. **The Public Service Commission** had an allocation of Kshs. 3.7 billion comprising of Kshs. 3.6 billion for recurrent expenditure and Kshs. 45.3 million for development expenditure. When compared to the ceilings proposed in the BPS, the allocation is higher by Kshs. 949 million with the recurrent expenditure being lower by Kshs. 949 million while the development expenditure has been maintained at BPS level.

16. **The Salaries and Remuneration Commission** had an allocation of Kshs. 472.2 million wholly for recurrent expenditure. When compared to the ceilings proposed in the Budget Policy Statement (BPS), the allocation is lower by Kshs. 87.7 million.

17. The Committee recommends that the proposed budget for the State Department for Public Service in FY 2024/25 allocation of **Kshs. 8,060.4 million** comprising of **Kshs. 6,980.8 million** and **Kshs. 1,079.6** million recurrent and development respectively be approved **without** amendments.

18. The Committee recommends that the proposed budget estimates for the State Department of Labour and Skills Development in FY 2024/25 of **Kshs. 5,732,415,243** comprising of **Kshs 4.219,529,843** for recurrent expenditure and **Kshs. 1,512,885,400** for development expenditure be approved **without** amendments.

19. The Committee recommends that the proposed budget estimates for FY 2024/25 of **Kshs 3,667,530,017** for the Public Service Commission comprising of **Kshs. 3,622,230,017** for recurrent expenditure and **Kshs. 45,300,000** for development expenditure be approved **without** amendments as proposed.

20. The Committee recommends that the proposed budget estimates for FY 2024/25 of **Kshs. 472,230,922 for** the Salaries and Remuneration Commission that for recurrent expenditure be approved **without** amendments as proposed.

21. The Committee noted that across all MDAs within the Labour affairs Sector quite a number of projects and programmes are Unfunded and Underfunded Priorities key priorities for FY 2024/25. In this regard, the Committee therefore appeals for review and consideration for additional resources to bridge the significant budget deficits and fund key priority and emerging areas as espoused in (***Annex 1 Unfunded/Underfunded - Summary of Resource Gap and Requirements)***

1.7 Acknowledgement

22. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Annual Estimates of the Revenue and Expenditure for the FY 2024/25.

23. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Public Service, the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission for the useful information that they provided to the Committee on the Annual Estimates for the FY 2024/25.

24 On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee

Hon. Eric Muchangi, MP
Chairperson, Departmental Committee on Labour

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF ANNUAL ESTIMATES OF REVENUE AND EXPENDITURE FOR FY 2024/25

25. The Annual Estimates for FY 2024/25 were tabled in the National Assembly on 30th April 2024. It lays out the revenue and expenditure estimates, and assesses the extent to which the resources have been proposed for allocation in accordance with the overall Public Finance Management structure, considering the limited nature of the resources and competing priorities.

2.1 Overall Fiscal Framework for FY 2024/25

26. The tabled budget estimates for 2024/25 FY were premised on the 2024 Budget Policy Statement (BPS) that was approved by Parliament. However, the National Treasury has deviated from the approved BPS expenditure ceilings by reducing total expenditure by Kshs. 273.29 billion.

27. The reduction in expenditures relative to the approved BPS ceilings mainly targeted ministerial national government expenditures whose reduction was approximately Kshs. 245.60 billion. The reductions in ministerial national government expenditures comprise of Kshs. 69.64 billion in recurrent expenditures and Ksh.175.95 billion in development expenditures.

Summary of the FY 2024/25 Budget Estimates

	2023/24				
Item	**Approved Suppl No.1**	**Tabled Suppl No.2**	**Approved BPS**	**Tabled Estimates**	**Change (Tabled Est-BPS)**
Recurrent	1,681,234	1,719,942	1,652,068	1,582,425	(69,643)
Development	783,220	698,382	903,896	727,944	(175,952)
National Government	2,464,454	2,418,323	2,555,963	2,310,369	(245,595)
o/w Parliament	40,742	40,992	43,623	43,623	-
o/w Judiciary	22,784	23,324	23,690	23,690	-
Pensions & Other CFS	165,423	158,596	181,393	169,163	(12,230)
Consolidated Fund Services	1,131,650	1,045,320	1,241,152	1,213,453	(27,699)
County Equitable Share	385,425	385,425	391,117	391,117	-
Total	**3,981,528**	**3,849,068**	**4,188,232**	**3,914,939**	**(273,293)**

Source: Budget Estimates

28. The main items that have been earmarked for recurrent budget cuts include a reduction in grants to State Corporations which have been capped at 70 percent of the approved 2023/24 budget coupled with a 50 percent reduction in non-priority recurrent expenditures as well as curbing of unnecessary foreign travels.

PART III

3.0 SUBMISSION BY STATE DEPARTMENTS AND INDEPENDENT COMMISSIONS

3.1 State Department for Public Service

29. The Principal Secretary, State Department for Public Service, accompanied by other officials from Ministry of Public Service, Performance and Delivery Management appeared before the Committee and made the following submissions;

Identification of any significant deviation between the budget estimates and the approved 2024 Budget Policy Statement ceilings

30. The Budget Policy Statement (BPS) proposes a total budgetary allocation of **KSh. 12,146.4 million** comprising of **KSh. 10,917.4** recurrent and **KSh. 1,229 million** development.

31. This has been reduced to an allocation **KSh. 8,060.4 million** comprising of **KSh. 6,980.8 million** and **KSh. 1,079.6 million** recurrent and development respectively in the Proposed Budget Estimates. This reflects a reduction of KSh. **4,086 million (44%)** of the total budgetary allocation in the 2024 BPS.

Status of the budget implementation for FY 2023/24

32. In the Financial Year 2023/24, the Revised Estimates for the State Department are **KSh. 10,796.9 million** out of which Recurrent is **KSh 9,823 million** and Development is **KSh. 973.9 million.**

33. The actual expenditure stands at **KSh. 6,931.4 million** out of which **KSh. 6,211.6 million** is recurrent expenditure and **KSh. 719.8 million** is Development expenditure. The absorption rate stands at **69%** Recurrent and **74%** Development based on the allocation and expenditure as at 31st March 2024.

Table 1 : Summary of Recurrent Expenditure Analysis

Item Description	Revised Estimates FY 2023/24	Allocation as at 31st March 2024 FY 2023/24	Expenditures 31st March 2024 FY 2023/24	Absorption (%)
	(KSh. Million)			
Gross	**9,823.0**	**8,977.6**	**6,211.6**	**69%**
AIA	(1,436.4)	(1,436.4)	(1,033.1)	72%
NET	**8,386.6**	**7,541.2**	**5,178.5**	**69%**
Personal Emoluments	821.4	664.4	624.5	94%

Transfers	2,260.1	1,662.0	1,260.1	76%
Social contributions	5,400.0	5,400.0	3,288.5	61%
Operations and Maintenance	1,341.5	1,251.3	1,038.5	83%

Table 2 : Summary of Development Expenditure Analysis

Item Description	Revised Estimates FY 2023/24	Allocation as at 31st March 2024 FY 2023/24	Expenditures as at 31st March 2024	Absorption (%)
Gross	**973.9**	**973.9**	**719.8**	**74%**
AIA	(260.9)	(260.9)	(250.6)	96%
Net	**713.0**	**713.0**	**469.2**	**66%**

34. The low absorption is as a result of exchequer release for the enhanced medical insurance for civil servants and below optimal collection of AIA by Kenya School of Government.

Table 3: Summary of Expenditure Analysis by Programme

Name of the Programme & Sub-Programme	Budget Allocation as at 31st March 2024 (KSh. Million)			Gross Expenditure as at 31st March 2024 (KSh. Million)			Absorption (%)
	Recurrent	Development	Total	Recurrent	Development	Total	
1.General Administration Planning and Support Services							
(a)Human Resources and Support Services	352.6	60.0	412.6	331.3	58.9	390.2	**94.6**
(b) Financial Management Services	58.2	-	58.2	35.3	-	35.3	**60.7**
(c) Information Communications Services	5.1	-	5.1	3.6	-	3.6	**71.0**
Sub-Total	**416.0**	**60.0**	**476.0**	**370.2**	**58.9**	**429.1**	**90.2**
2.Public Service Transformation							
(a)Human Resource Management	5,701.0	-	5,701.0	3,561.8	-	3,561.8	**62.5**
(b)Human Resource Development	1,772.1	486.9	2,259.1	1,380.2	476.6	1,856.9	**82.2**

(c)Management Consultancy Services	85.5	-	85.5	84.1	-	84.1	**98.3**
(d)Huduma Kenya Service Delivery	967.0	427.0	1,394.0	782.0	184.3	966.3	**69.3**
f) Public Service Reforms	36.0	-	36.0	33.3	-	33.3	**92.4**
Sub-Total	**8,561.7**	**913.9**	**9,475.6**	**5,841.4**	**660.9**	**6,502.3**	**68.6**
Vote Total	**8,977.6**	**973.9**	**9,951.6**	**6,211.6**	**719.8**	**6,931.4**	**69.7**

Non-financial Achievements the First Nine Months FY 2023/24 (as at 31st March 2024)

35. Some of the achievements for the State Department in the first nine months of the Financial Year 2023/24 included:
    i. Provision of medical cover to 127,961 out of the targeted 145,200 civil servants;
    ii. Cumulatively installed 189 of the targeted 208 IPPD sites in the system;
    iii. A total of 300 out of the targeted 300 Public service Counselling Champions trained;
    iv. Provided 4,535 of the targeted 8,000 officers with counselling and wellness services;
    v. A total of 9.2 million out of the targeted 14 million customers served by Huduma Kenya service delivery platforms;
    vi. Huduma Kenya has disbursed AIEs to Huduma Centres to undertake phase refurbishment of Huduma Centres;
    vii. 12 Huduma Centres carried out 87 Huduma Mashinani outreaches;
    viii. Two hundred (200) out of the targeted 500 staff have been trained on IPPD;
    ix. Two hundred and sixty-seven (267) scholarships offers received from Japan (57), Korea (48), China (30), India (47), Malaysia (6), Singapore (12) among other partners received and processed.; and
    x. Trained and certified 11,718 staff from both County and National Government.
36. A detailed summary of Programmes Key Outputs, Performance Indicators and Targets for the First nine months of FY 2023/24 is shown in **Annex 1** of the submissions by the State Department.

Project information

37. The State Department for Public Service has six (6) projects as presented in the table below.

Table 3 : Project Information

Project Name	Project Location	Commencement Date	Expected date of completion	Source of Funds	Estimated Value of the Project (KSh.)	Cumulative Funding as at 31st march 2024 (KSh)	Completion Percentage

Implementation of Huduma Service Delivery Channels	Embu, Molo, Nairobi Contact centre, Nakuru Data centre	2013	2028	GOK	25,030	8,420	34%
Completion of Tuition complex at KSG Matuga	Matuga	2020	2024	GOK	745	131.8	18%
Completion of hostels 112 bed capacity single rooms at KSG-Embu	Embu	2020	2024	GOK	1,200	189.2	16%
Completion of tuition complex at KSG-Baringo	Baringo	2020	2024	GOK	623.5	148	24%
Upgrading of GHRIS	Nairobi	2021	2026	GOK	615.9	117.8	19%
Japanese Grants for Human Resource Development Scholarships (JDS)	Countrywide	2021	2026	Donor	958	296.8	31%
TOTAL					**29,172**	**9,304**	**32%**

38. The State Department has projects with a total cost of **KSh. 29.1 billion** comprising of **KSh. 28.2 billion** from the Government of Kenya and **KSh. 0.9 billion** of development partner's support.

39. A detailed summary of project information including status as at 31st March 2024 is shown in **Annex 2** of the submissions by the State Department.

List of new projects and justification;

40. The State Department has no new project.

List of pending bills as of 31st March 2024, if any, and the strategy for their resolution

41. At the beginning of the financial year 2023/24, the State Department had pending bills amounting to **KSh. 1,772.3 million** most of them resulting from lack of receipt of exchequer in the fourth quarter of financial year 2022/23.

42. As at 31st March 2024, the State Department has managed to clear pending bills amounting to **KSh. 1.636.7 million** leaving an outstanding pending bill of **KSh. 135.6 million** (attached as Annex 3 of the submissions by the State Department).

List of all stalled projects indicating their status of completion as of 31st March 2024 and any measures being taken to completion

43. The State Department has no stalled projects.

A statement on the alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA);

44. The Bottom-Up Economic Transformation Agenda (BETA) priorities for the Government has the following Pillars:
    - Agricultural Transformation and Incisive Growth;
    - Micro, Small and Medium Enterprise (MSME) Economy;
    - Healthcare;
    - Digital Superhighway and Creative Economy; and
    - Housing and Settlement

45. The State Department is an enabler of the Bottom-up Economic Transformation Agenda (BETA). The agenda envisages a highly skilled, agile and responsive public sector workforce with the right attitude and knowledge to support service delivery.

46. The projects in the State Department are designed to ensure institutional capacity in the public sector, modernise processes, policies and practices to anticipate and address changing workforce requirements.

Pertinent issues affecting the MDA in the attainment of its program performance targets.

47. The State Department is affected by the following issues in attainment of is mandate and performance targets:

    i. The Medical Insurance Scheme for the civil servants will be greatly impacted by the proposed estimates. In the proposed budget Estimates, budgetary allocation for this item has been reduced from **KSh. 5,400 million** to **KSh. 2,700 million,** a reduction proportion of **50%.** In addition, the State Department has a claim of KSh. 1.28 billion this year which came as a result of paying pending bill for last financial Year. This amount is not able to provide a comprehensive medical cover for civil servants who will be exposed from 30th June 2024 when the current NHIF cover lapses. The State Department requests the intervention of this Committee to retain the amount proposed in the Budget Policy Statement.

    ii. Low budgetary provision in the Recurrent Budget. The state Department requests the intervention of this Committee to enhance our allocation for operations and maintenance to enable settlement of pending bills and have adequate provision for critical items such as rent, Internet services and AIEs to Huduma centres countrywide. The proposed estimates reduce foreign travel budgetary allocation to nil. This shall highly affect payment of quarter per diem to officers sponsored by development partners to study abroad. The State Department requests the intervention of this Committee to retain the amount proposed in the Budget Policy Statement.

    iii. The Human Resource Management Professionals Examinations Board has always been allocated **KSh. 50 million** for staff salary which has been withdrawn in the next financial year allocation. The Board will **not be able to pay salaries for its staff.** The State Department request reinstatement of exchequer funding to the Board.

iv. The Kenya School of Government (KSG) has not been allocated recurrent grant for salary support in the financial year 2024/25. The School will be unable to settle salaries. Further, the Government has instituted budget cuts for trainings budgets and thus affecting the A-I-A generated by the School. This is because the main source of A-I-A for the School is revenue from training from MDACs. This is to request reinstatement of the recurrent grant for the School for salary support.

v. The Kenya School of Government (KSG) has pending bills totalling **KSh. 161 million**. The amount allocated of **KSh. 315 million** to the three projects i.e. construction of tuition complex in Matuga and Baringo as well as construction of hostels in Embu campuses will not be finalised as scheduled.

3.2 State Department for Labour and Skills Development

48. The Principal Secretary, State Department for Labour and Skills Development accompanied by other officials from the Ministry of Labour and Social Protection appeared before the Committee and made the following submissions;

Budget Estimates for the FY 2024/25 and the Budget Policy Statement Ceilings

49. The State Department's Gross budget estimates for the FY 2024/25 is **Kshs. 5.73 billion** out of which Recurrent estimates is **Kshs. 4.22 billion** and Development estimates is **Kshs.1.51 billion.** Under Development, GOK funding is **Kshs.443.56 million** and donor funding is **Kshs.1.07 billion**. Details is a per **table 4** below.

Actual FY 2024/25 Budget Estimates vs Actual FY 2024/25 Budget Policy Statement Ceiling

50. Table 4 and table 5 below shows analysis of the FY 2024/25 Draft Budget Estimates and the Budget Policy Statement (BPS) Ceilings in summary and by Programme respectively.

51. From **Table 4** it may be noted that under the Recurrent estimates, the Draft Budget for the FY 2024/25 is **less** than the BPS Ceiling by **Kshs.124.8 million** while under **Development estimates**, the Draft budget is **more** than the BPS ceiling by **Kshs. 504.7 million**.

Table 4: **Summary of the Budget Estimates FY 2024/25**

DETAILS	Recurrent (Kshs. Million)	Development (Kshs. Million)	Total
Budget Policy Statement allocation	4,344.3	1,008.2	**5,352.5**
Draft Budget Allocation	4,219.5	1,512.9	**5,732.4**
Variance	(124.8)	504.7	**379.9**

52. Further analysis by Programme as per **Table 5**, the reduction under Recurrent is noted to be under Programmes 1 and 2. The reduction will greatly affect the mandate of the State Department. However, for the same period. This is provision for donor funding under the

National Youth Opportunities Towards Advancement **(NYOTA)** project funded by **World Bank.**

Table 5: FY 2024/25 Budget Estimates vs Budget Policy Ceilings by Programme

Programme	Budget Estimates FY 2024/25 (Kshs. millions)			BPS Ceiling FY 2024/25 (Kshs. millions)		
	Current	Capital	Total	Current	Capital	Total
Prog 1: Labour, Employment and Safety services	1,069.4	346.1	1,415.5	1,280.0	431.1	1,711.1
Prog 2: Manpower Development, Industrial skills & Productivity Management	2,640.2	1,166.8	3,807.0	2,667.9	577.1	3,244.9
Prog 3: General Administration, Planning and Support Services	509.9	-	509.9	396.4	-	396.4
TOTAL	**4,219.5**	**1,512.9**	**5,732.4**	**4,344.3**	**1,008.2**	**5,352.4**

Status of the Budget Implementation for FY 2023/24 as at 31st March, 2024

53. During the current FY 2023/24, the State Department was able to utilize the budget allocated as follows:

54. Table 6 demonstrates Actual Expenditure by Vote under the Recurrent Budget Estimates as at 31st March 2024. A total of **Kshs. 3.11 billion** Gross budget was expended against an approved Gross Budget of **Kshs.4.17 billion**. This represents **80.4%** absorption rate by the end of the 3rd quarter.

Table 6: Recurrent Expenditure Analysis

Economic Classification	Approved Gross Estimates FY 2023/24 (Kshs. million)	Cumulative Expenditure as at 31st March, 2024 (Kshs. million)	Absorption (%)
Compensation to Employees	928.4	697.2	75.1%
Use of Goods and Services	619.2	539.8	87.2%
Current Transfers	2,605.5	1,852.9	71.1%
Acquisition of Non-financial Assets	16.7	16.3	97.8%
Gross Expenditure	**4,169.9**	**3,106.2**	**74.5%**
Less Appropriations – in - Aid	*2,608.1*	*1,851.3*	*71.0%*
Net Expenditure	**1,561.8**	**1,254.9**	**80.4%**

55. A total of **Kshs. 342.9 million** under the development vote was spend against an approved budget of **Kshs. 335.5 million** as highlighted in Table 7. The absorption level therefore as at 31st March 2024 is **102.34%.**

56. The performance under **LMIS** is as a result of full access of the **KYEOP Project** Budget due to its closure on 31st August 2023. During the 1st Supplementary however, budget cuts affected some GOK items under the Project HEAD.

57. Additionally, the **National Volunteers Programme (G-United)** is above 100% due to a budget cut after utilization of the allocated funds during the 1st Supplementary Budget FY 2023/24.

Table 7: Development Expenditure Analysis

Project	Approved Gross Estimates FY 2023/24	Cumulative Expenditure as at 31st March, 2024 (Kshs.)	Absorption (%)
Construction of Meru County Labour Office	10.0	4.8	48.3%
Construction of Occupational Safety & Health-OSH-Institute-Phase I	206.4	193.9	94%%
Rehabilitation of Safety House in Nairobi	12	12	100%
Establishment of National Labour Market Information System (LMIS)	90.1	112.5	124.9%
Upgrading of Kisumu Industrial Training Centre (KITC)	15	15	100%
National Volunteers Programme (G-United)	2	4.6	231.2%
	335.5	**342.9**	**102.3%**

Project Information as of 31st March 2024 and allocation for FY 2024/25 and the Medium Term

58. The State Department has several projects under implementation and are at various stages of completion as highlighted in Table 8. Inadequate funding and frequent budget cuts have affected their completion.

59. Most of the projects have been outstanding for a long time as a result of budget cuts and low Budget Ceilings within the Social Protection Culture and Recreation Sector.

60. Details on all the Projects under the State Department are as demonstrated on **Annex I of the Submissions by the State Department**

Table 8: Summary of Budget Allocation for projects in the FY 2024/25 and the Medium Term (in Ksh Million)

S/No	Project Name & Location	Allocation for FY 2024/25	Projection for FY 2025/26	Projection for FY 2026/27

S/No	Project Name & Location	Allocation for FY 2024/25		Projection for FY 2025/26		Projection for FY 2026/27	
		GoK	Donor	GoK	Donor	GoK	Donor
1	Construction of Meru County Labour offices – **Meru County**	5.40	-	-	-	-	-
2	Construction of Occupational Safety & Health-OSH Institute-Phase I – **Nairobi County**	94.75	-	-	-	-	-
3	Establishment of Occupational Safety & Health (OSH) Institute-Phase2 - **Nairobi County**	-	-	157.30	-	158.00	-
4	Construction of National Employment Promotion Centre Kabete – **Kiambu County**	245.95	-	-	-	-	-
5	Establishment of National Labour Market Information System (LMIS) – **Nairobi County**	-	-	153.08	-	190.23	-
6	Upgrading of Kisumu Industrial Training Centre (KITC) – **Kisumu County**	17.71	-	54.00	-	59.02	-
7	National Volunteers Programme (G-United) – **Countrywide**	-	-	135.52	-	148.09	-
8	Kenya Youth Empowerment and Opportunities Project - **Countrywide**	-	100.00	-	-	-	-
9	National Youth Opportunities Towards Advancement (NYOTA) Project- **Countrywide**	79.77	969.30	39.77	397.70	39.77	397.70
TOTAL		**443.58**	**1,069.30**	**539.67**	**397.70**	**595.11**	**397.70**

List of New Projects

61. The State Department has one (1) New Project being implemented by three (3) different delivery units, the National Youth Opportunities Towards Advancement **(NYOTA)** project. The Project will be funded by the World Bank and GOK.

Table 9: Details on NYOTA Project

Component	Delivery Unit	FY 2024/25 Allocation (Kshs. million)
Operationalization of Labour Market Information & Observatory	LMRA & NEA	150
Improving Youth Employability	NITA	180
Supporting Youth Savings	NSSF	639.3
TOTAL		**969.3**

Pending Bills Status

62. The State Department had pending bills of **Kshs.95.7 million** out of which **Kshs.88.9 million** served as first charge in the current FY. For services and goods procured in the current FY, the outstanding are at **Kshs. 34.22 million**. Details of is as indicated below:

Table 10: Analysis of Pending Bills

Verifiable and Payable Pending Bills	Amount in (Kshs. Millions)				Total
	Recurrent Vote		Development Vote		
	FY 2022/23	Prior Years	FY 2022/23	Prior Years	
Bills verified and payable	33.2	10.8	48.5	3.1	95.7
Amount paid	29.7	8.5	47.5	3.1	88.9
Outstanding Balance	**3.5**	**2.3**	**1.0**	-	**6.8**

Table 11: Pending Payments for FY 2023/24 as at 31st March, 2024

S/No.	Nature of Payment	Amount (Kshs.Millions)
1.	Air Tickets	25.3
2.	Conference Facilities	6.1
3.	Purchase of Goods	2.4
4.	Maintenance of Motor Vehicle	2.1
Total		**35.9**

Stalled Projects in the State Department

63. The State Department has several projects that are under implementation and at various stages of completion. The State Department however has no stalled projects.

Alignment of the Estimates to the Medium-Term Plan IV and the Bottom-Up Economic Transformation Agenda (BETA)

64. The State Department for Labour and Skills Development plays a key role towards realization of the aspirations of the Kenya Vision 2030 as an Enabler of Socio-economic Transformation with the goal of creating a globally competitive and adaptive human resource base capable of meeting the demands of a rapidly industrializing economy.

65. Currently the State Department is in the process of finalizing the Strategic plan covering the period 2023-2027 which is aligned to the Forth Medium-Term Plan of the Kenya Vision 2030 and the Government's Bottom-Up Economic Transformational Agenda (BETA).

66. The FY 2024/25 and the Medium-Term Budget has been aligned with the Kenya Vision 2030 and its 4th Medium Term Plan, Sustainable Development Goals and Africa's Agenda 2063, which underpin the importance of promoting inclusive economic growth, employment and decent work for all.

67. The State Department has Programmes and projects that are key in driving the BETA Agenda and are considered a priority. This is as detailed below;

    i. To facilitate employment creation, which is a BETA priority, the State Department, through NEA has a budgetary allocation of **Ksh 292 million** in recurrent and **Ksh 245 million** in development in the FY 2024/25. This will facilitate the placement of job seekers locally through county employment offices and Private Employment Agencies.

    ii. To enable Labour Migration, which is a BETA priority, a budgetary allocation of **Ksh 75 million** in the FY 2024/25 has been ringfenced. This will ensure that Migrant workers will be better placed to invest and fit in the country on return, whether they have had a successful overseas career or otherwise.

    iii. To ensure the formalization of skills acquired informally or through experiential learning, NITA will work closely with key stakeholders to operationalize Recognition of Prior Learning (RPL) Framework. This will enable formalization and recognition of skills acquired outside the formal training system. **Kshs 180 Million** out of the AiA the Authority collects to promote Micro, Small and Medium sized Enterprises (MSME) associated with the informal sector.

Pertinent Issues Affecting the State Department in implementing its mandate

68. The Vote has a number of challenges as detailed below the on resource gaps that require Intervention.

69.

AREA	AMOUNT (Millions)	JUSTIFICATION
Labour Migration and Export Programme	475	To facilitate foreign employment for the Kenya Migrant workers, the State Department developed the Global Labour Market Strategy (2023-2027). The strategy is currently under implementation outlines

AREA	AMOUNT (Millions)	JUSTIFICATION
		activities and programmes to facilitate promotion of foreign employment, market key as a key labour destination country as well as enhance protection of the Kenya migrants Some of the strategies outlines towards promotion of foreign employment is: • Developing, signing and monitoring of Bilateral Labour Agreements with key labour destination countries; • Market Kenya as a key labour destination country; • Undertaking employment needs assessment in existing and potential labour destination countries to establish the skills gap and facilitate skills development for targeted foreign labour market; • Establish and maintain a centralized database for job seekers, recruitment agencies, foreign employers, numbers, location and skills of Kenyan migrant workers. The ILMMIS system will enable the State Department to obtain accurate and real time data on Kenyan migrant workers.; • Operationalize a One-Stop-Centre offering all labour migration services under one integrated system for improved linkages and seamless flow of information; • Develop a communication Strategy on labour migration In addition, some of the strategies outlined towards protection of the migrant workers are: Operationalization of the Kenya Migrant workers welfare Fund and finalization and Enactment of the Labour Migration Management Bill
Institutions of Social Dialogue (Local and International)	380	• Operationalization of 13 Wages Council • Establishment and operationalization of Child Labour Committees • National Council for Occupational Safety and Health (NACOSH) • National Labour Board (NLB) • Alternative Dispute Resolution Mechanism (ADR)
Country's participation in the International and Regional commitments	297	• International Labour Organization (ILO) • African Union, • International Organization for Migration (IOM), • East Africa Common Market Protocol, • World Association of Public Employment Services (WAPES), • Pan African Productivity Association (PAPA) and

AREA	AMOUNT (Millions)	JUSTIFICATION
		• African Regional Labour Administration Centre (ARLAC) • East African Community Summit and Technical Meetings • The Common Market for Eastern and Southern Africa (COMESA)
Review and implementation of the Labour Laws	175	These national labour laws include Employment act 2007, Labour Relations Act, 2007, the Labour Institution Act, 2007 and the Occupational Safety and health Policy, Legal and Institutional Reforms
Enhancement of field services	140	Enhancing operational and maintenance for field services • 31 Occupational Safety and Health Offices across the country Labour Offices • 49 offices in 44 counties for Labour Services
Establishment of Labour Attaché Offices	1,636.38	To streamline the management of Labour Migration in the country, increase employment opportunities, ensure protection of Migrant Workers and improve provision of consular services, the Cabinet directed the State Department to develop modalities for appointment of Labour Attaches in key Labour destination countries namely; United Kingdom, Canada, Australia, Poland, Kuwait, Oman, Jeddah and 3 other cities in Saudi Arabia with high number of migrant workers.
Registrar of Trade union	12.5	• To regulate trade unions, employers' organizations and federations which are countrywide • Inspection of Books of Accounts/Records and Membership Records
Ensure Safe Working Environment	400	• Medical examination of workers exposed to classified occupational diseases • Hazardous industrial equipment are examined; • Members of the Safety and Health Committees and other workers are trained on basic OSH; • Workplaces are surveyed on levels of air borne and other contaminants; • Workplaces are inspected for compliance with OSH legislation and related regulations; • Architectural drawings for buildings scrutinized for safety and approval • Mainstreaming of Occupational Safety and Health Services in the Micro and Small Enterprises (MSEs)

AREA	AMOUNT (Millions)	JUSTIFICATION
		across all Counties • Inculcation of a Safety Culture in workplaces across all Counties
Capacity building of Staff on LMIS Content Production	70	This is planned to produce labour market information content and key Labour Market Indicator to enable personnel interact efficiently with the Labour Market Information System as well as aid in updating the Kenya labour observatory
Undertake a National Manpower Survey	350	• To provide a national picture on skills stock, types, distribution, skill needs by industry. • Provide information required in formulating and implementing effective labour market policies. • The last Manpower Survey in Kenya was conducted in 2010/11. Since then a lot of changes have taken place in compostion of manpower status compared to requirements for national and global economies. • Data/information for mapping of skills for labour migration Production of Labour Market Information indicators and information packages to address demand and supply constraints.
Productivity mainstreaming in the Public service (Both National and County Governments)	128	• Train 30,000 Public servants in 485 MDAs and 47 county Governments on Public service Productivity mainstreaming. • Collect Productivity measurement data and compute Productivity indices for all MDAs and County Governments • Develop productivity improvement strategies for all the MDAs and County Governments • Undertake Productivity Improvement Programs using tools such as Lean Six sigma, KAIZEN, Balanced Score Card and Business Re-engineering. Benefits ✓ Improved efficiency and effectiveness in delivery of public services ✓ Efficient resource utilization
Post Training and skills development	215	• National online employment skill training Programme • National innovation, talent and entrepreneurship development Programme • National Apprenticeship and mentorship Programme • Fencing the land for the Post Training Institute in Thika
Purchase of Motor	32	The State Department has a fleet of old unserviceable vehicles which are no longer economical to maintain.

AREA	AMOUNT (Millions)	JUSTIFICATION
Vehicles		The mandate of the State Department requires officers to travel to vast areas within the borders of Kenya for effective and efficient service delivery.
Total Shortfall	**4,310.88**	

3.3 Public Service commission

70. The Chairperson, Public Service Commission accompanied by thee Ag. Commission Secretary/Chief Executive Officer together with other officials from the Commission appeared before the Committee and submissions as follow:

Significant Deviation Between the Budget Estimates and the Approved 2024 Budget Policy Statement Ceilings

71. In the BPS ceilings, the Commission was allocated a total of Kshs. 2,717.6m of which **Kshs. 2,672.3m** was for Recurrent Expenditure and **Kshs. 45.3m** for Development Expenditure reflecting a net increase of **Kshs. 949.93m**.

72. The change was as a result of additional Kshs. 1 billion for the Public Service Internship Programme (PSIP) bringing the amount as per FY 2023/24 allocation.

73. However, the Commission's budget for medical insurance, Group Life and WIBA was reduced from **Kshs. 100.17m to Kshs. 50.07m**, a significant reduction by **50%**. The reduction will adversely affect the delivery of medical service to staff and Commissioners during the 2024/25 financial year as the renewal of the current contract is expected in October 2024.

Table 12 : Summary of the Significant Deviation Between the Budget Estimates and the Approved 2024 BPS

Budget Items	BPS Estimates 2024/2025	Proposed Estimates 2024/2025	Significant Deviation
	(A)	(B)	(C) = B-A
	(Kshs.) Millions	(Kshs.) Millions	(Kshs.) Millions
1. RECURRENT			
Gross	**2,672.3**	**3,622.23**	**949.93**
AIA	(15.00)	(15.00)	-
Total Net Recurrent	**2,657.3**	**3,607.23**	**949.93**
Compensation to Employees (PE)	**1,990.70**	**2,990.70**	**1,000.00**
a) PSC Staff Salaries	990.70	990.70	-
b) Interns Stipend	**1,000.00**	**2,000.00**	**1,000.00**
Other Recurrent**	681.60	631.53	(50.07)
Of Which			
Medical Insurance & GPA/WIBA+ Group Life	**100.17**	**50.07**	**(50.07)**
Total Gross	**2,672.3**	**3,622.23**	**949.93**

Budget Items	BPS Estimates 2024/2025	Proposed Estimates 2024/2025	Significant Deviation
2. DEVELOPMENT			
Refurbishment of Buildings	45.30	45.30	-
2071 VOTE HEAD TOTAL	2,717.6	3,667.53	949.93

74. The Commission's total proposed Budget Estimates for the 2024/25 financial year is **Kshs. 3,667.5m** as compared to an allocation of **Kshs. 3,565.5m** for 2023/24 financial year, a net increase of **Kshs. 101.99m.**

75. The allocation of Kshs. 3,667.5m is broken down as follows: Recurrent Expenditure, **Kshs. 3,622.2m**, and **Kshs. 45.3m** for Development Expenditure. The Commission projects to raise **Kshs. 15 million** in Appropriation-In-Aid (AIA) during the year from the promotional competency assessment exams and proceeds from sale of obsolete inventories. Of the Recurrent Expenditure, **Kshs. 2,990.7m** will cater for Personnel Emoluments (Kshs. 2 billion is for the Public Service Internship Programme), and **Kshs. 631.5m** for Operations and Maintenance.

76. In the Budget Sector, the Commission presented a resource requirement of **Kshs. 5,610.2m** to implement its five (5) programmes. However, only **Kshs. 3,667.53m** has been allocated leaving a financing deficit of **Kshs. 1,942.67m**.

Status of Budget Implementation for FY 2023/24

77. During the nine months of the financial year, the Commission utilized a total of **Kshs. 2,257.5m** against an approved budget of **Kshs. 3,565.5m**, reflecting a budget utilization of 63%. Of the total expenditure, Kshs. 2,231.9m was on recurrent expenditure and Kshs. 25.7m on development expenditure.

78. The under absorption was largely due to 857 PSIP interns (of the 5,650 Cohort 6 intake in January 2024) who did not honour their appointments and 297 Cohort 5 interns who exited the programme. However, a higher absorption is expected by the end of June 2024 due to the second Cohort 6 intake in April 2024.

79. During the period, the budget was reduced by Kshs. 155.1m, from Kshs. 3,720.8m to Kshs. 3,565.5m in the FY 2023/24 Supplementary Estimates I. This budget realignment negatively affected planned activities.

Table 13 : Summary of Expenditure by Vote and Economic Classification (KShs. Million) as at 31st March 2024

Code	Expenditure Classification	Printed Estimates FY 2023/2024	Revised Estimates FY 2023/2024	Approved Estimates FY 2023/2024 After Supp I	Actual Expenditure as at 31st March 2024	Balance as 31st March 2024
	Current	3,675.5	(155.1)	3,520.2	2,231.9	1,288.5

	Expenditure					
21	Compensation to Employees	2,947.3	(75.0)	2,872.3	1,746.3	1,126.0
22	Use of Goods and Services	663.9	(116.0)	547.7	407.6	140.1
27	Social Benefits	5.8	-	5.8	3.6	2.1
31	Non-Financial Assets	55.6	35.9	91.5	72.0	19.5
32	Financial Assets	3.0	-	3.0	2.3	0.8
	Capital Expenditure	**45.3**	**-**	**45.3**	**25.7**	**19.6**
31	Non-Financial Assets	45.3	-	45.3	25.7	19.6
32	Financial Assets	-	-	-		-
	Total Expenditure of Vote	**3,720.8**	**(155.1)**	**3,565.5**	**2,257.5**	**1,308.1**

Project Information

80. The Commission's mandate and operations are largely recurrent in nature. However, the Commission is also funded under the Development Vote where the allocated resources are intended to complete the on-going construction project of additional offices on the roof top of the existing old office block.

81. The issue of adequate and suitable office accommodation for the Commission at its present location has continued to pose a big challenge over the years owing to the limited space and old physical facilities as the building was constructed in the 1950's.

82. This challenge became more pronounced with the promulgation of the 2010 constitution which expanded the functions of the Commission necessitating the need for additional staff, offices and facilities. To address this challenge in the short-term, the Commission has been carrying out refurbishing works, modifications and expansion of office space within the current premises. Under the Development Estimates, the proposed allocation for the FY 2024/25 is **Kshs. 45.3 million**. The Commission plans to undertake the following:

    i. Modernization of the Main Entrance Reception to align/standardize with the new office block including related mechanical, plumbing and electrical works and assorted office furniture/equipment.
    ii. Refurbishment works on structured cabling (relocation of ICT cabinets from interior of 5 NO. offices in old office block; upgrading/re – structuring of existing cabling network in new office block to address persistent challenges of network downturns; and related works/services/items as trunking and associated builders works.

iii. Completion phase (outstanding works from FY 2023/24 including assorted office furniture and equipment) of on – going project on construction of additional offices at the 5th floor of old office block.

83. In the long term, the Commission is exploring options of constructing additional offices adjacent to the current office block or as a permanent solution pursuing allocation of a government plot for construction of a suitable office complex.

List of New Projects and Justification

84. The Commission does not have any new projects.

Status of Pending Bills including Historical Pending Bill

85. The Commission does not have any pending or historical pending bills.

List of Stalled Projects

86. The Commission does not have any stalled projects.

Alignment of the Estimates to the MTP IV of The Vision 2030 and BETA

87. The Commission is a key enabler of the Bottom-Up Economic Transformation Agenda through the following interventions:

i. Under the Youth Empowerment and Development Agenda, the Commission, in its Programme II: Human Resource Management and Development, continues to support the up-skilling of youth for employability through the Public Service Internship Programme (PSIP); and

ii. Under the Public Service Transformation Agenda, the Government requires highly skilled, agile and a responsive Public Sector workforce well equipped with requisite skills, knowledge, attitudes and competencies. The Commission will ensure the provision of quality human resource which is crucial for the social economic development of the country.

88. Other key areas of intervention to support BETA are highlighted here below:

Affirmative Action in Appointment

i. Implement the two-thirds gender rule in recruitment and while recommending positions for appointment in the public service;
ii. Ensure the recruitment of PWDs in the public service;

Compliance to National Values and Ethics

i. The Commission will develop a Diversity Management Framework together with the Executive Office of the President;
ii. The Commission will continue to monitor the proportion of MDAs that comply with Public Service Values and Principles and publish a report annually.

Human resource for Health

i. The Commission will support Ministry of Health in recruiting human resource for heath and in managing contracts for Universal Health Coverage staff;
ii. Additionally, the Commission will continue to recruit competent personnel for the larger public service, monitor and investigate personnel practices in the

service and recommend candidates for appointment to Constitutional Commissions and Senior positions in Public Universities to the President

Management of Devolution Affairs

i The Commission will continue to offer technical support and capacity building aimed at achieving a harmonized result framework and developing County Service delivery norms and standards.

Leadership, Accountability and Legislative Agenda

ii. The Commission will continue to offer technical support in the development of a framework for coordination of policies, legislations and statutory instruments, developed and implemented.

Pertinent Issues affecting the Commission in the Attainment of its Programme Performance Targets

89. Arising from the expanded mandate and functions, the Commission has outlined here below the underfunded and unfunded priorities areas The unfunded/underfunded priorities were presented to the Committee during the presentation of the Budget Policy Statement Ceilings in February 2024. However, the recommendations have not been factored in the finalbudget

90. The following are the underfunded key priorities that the Commission is requesting for additional resources amounting to **Kshs. 1,226.9m**, as summarised in Table 10 here below.

Table 14 : Summary of Resources Requirements in Order of Priority

A. UNDERFUNDED BUDGET PRIORITIES				
	Added Responsibilities/Key Priorities	**Budget Programme**	**Requirement, Kshs. Millions**	**Remarks**
	PRIORITY NO. 1			
1	Recruitment of additional staff	**Programme 1:** *General Administration, Planning and Support Services*	59.30	This is urgent to fund the current PE gap to cater for positions already advertised. The current budget allocation for staff and Commissioners' medical, group life and WIBA is Kshs. 50.10m less than the required amount of Kshs. 100.20m. This is extremely urgent to enable the Commission to secure medical insurance service in October 2024 when the current contract expires.
2	Medical Insurance & Group Life (WIBA)	**Programme 1:** *General Administration, Planning and Support Services*	50.10	
3	Implementation of the New Commission Organizational Structure	**Programme 1:** *General Administration, Planning and Support Services*	400.00	To enable the Commission to implement the new approved organizational structure this amount will be required. The Commission requests for **Kshs. 400m** to recruit the first batch of 52 officers in the technical directorates during the FY 2024/25. The rest of the recruitment will be carried out during 2025/26 financial year subject to budget availability.

	A. UNDERFUNDED BUDGET PRIORITIES			
	Added Responsibilities/Key Priorities	**Budget Programme**	**Requirement, Kshs. Millions**	**Remarks**
	TOTAL FOR PRIORITY NO. 1		**509.4**	
	PRIORITY NO. 2			
4	Public Service Internship Programme (PSIP)	**Programme 2**: *Human Resource Management & Development*	125.00	This amount is required for operations of the PSIP implementation of Cohort 6 and 7 interns. This is due to the fact that this will be double intake of more than 8,000 interns thus increased operational costs.
5	Court Litigation & Administration of County, University and State Corporations Appeals	**Programme 5:** *Administration of Quasi-Judicial Functions – New Programme effective FY 2023/24*	46.50	The additional amount is required to support the new Programme 5 to clear the current backlog of appeals and support the ongoing and emerging litigation where the Commission is enjoined in numerous court cases.
	TOTAL FOR PRIORITY NO. 2		**171.5**	
	PRIORITY NO. 3:			
6	**Transition from Cash-Basic to Accrual Accounting**	**Programme 1:** *General Administration, Planning and Support Services*	40.00	The Cabinet has approved the transition from Cash Accounting Basis to Accrual Basis of Accounting with effect from 1st July 2024. In readiness for this, the Commission requires adequate resources for this transition.

	A. UNDERFUNDED BUDGET PRIORITIES			
	Added Responsibilities/Key Priorities	**Budget Programme**	**Requirement, Kshs. Millions**	**Remarks**
7	**Public Service Emerging Leaders Fellowship Programme (PSELF)**	**Programme 2**: *Human Resource Management & Development*	80.00	The Commission requests for Kshs. 80m to support the ongoing PSEF programme. This will ensure its continuity and deployment of Cohort 3 of the fellows that is pending for lack of resources.
8	**Association of African Public Service Commissions (AAPSCOMS) Annual General Conference in Kenya**	**Programme 1:** *General Administration, Planning and Support Services*	100.00	The Commission is to host the next AGM and Conference in 2024. The Conference will realize benefits to Kenya as approximately 150 international delegates are expected to attend the Conference.
	Total for Priority No. 3		**220.00**	
	PRIORITY NO. 4			
9	Purchase of Motor Vehicles	**Programme 1:** *General Administration, Planning and Support Services*	200.00	The amount is to enable to purchase appropriate motor vehicles for new Commissioners after the expiry of the Current Commissioners in January 2025.
	TOTAL FOR PRIORITY 4		**200.00**	
	PRIORITY NO. 5			
10	Recruitment for Public Universities, Constitutional	**Programme 2:** *Human Resource*	60.00	The amount is required to support the recruitment of senior management in public

	A. UNDERFUNDED BUDGET PRIORITIES			
	Added Responsibilities/Key Priorities	**Budget Programme**	**Requirement, Kshs. Millions**	**Remarks**
	Commissions & other statutory bodies	*Management & Development*		universities.
11	Technical & Vocational Education and Training (TVET) functions	**Programme 2:** *Human Resource Management & Development*	66.00	This is to fund the new responsibilities assigned to the Commission on TVET functions.
	TOTAL FOR PRIORITY 5		**126.00**	
	Total Requirements for Underfunded and Unfunded Priorities		**1,226.90**	

3.4 Salaries and Remuneration Commission

91. The Chairperson, Salaries and Remuneration Commission accompanied by the Commission Secretary/Chief Executive Officer appeared before the Committee together with other officers from the Commission and submitted as follows:

Deviation between the Budget Estimates and the approved 2024 Budget Policy Statement Ceilings

92. The approved 2024 Budget Policy Statement (BPS) indicated that the Commission was allocated **Kshs.559.90 million** comprising **of Kshs.318.6 million** for personnel emoluments, **Kshs.228.31 million** for use of goods and services and **Kshs.12.99 million** for procurement of assets.

93. However, the budget estimates now show a reduction of **Ksh.87.7 Million** in the annual budget resulting to a cumulative amount of **Kshs.472.23 million. The** details of the changes are provided in the table below.

Table 15 : Analysis of Annual Estimates of Revenue and Expenditure Vs Approved Budget Policy Statement (Amount in Kenya Shillings)

No	Description	2023/24 Revised Estimates	2024 Approved BPS	2024 Annual Estimates	Variance
1	Personnel emoluments	304,400,000	318,600,000	318,600,000	-
2	Use of goods and services	210,741,464	228,307,100	147,134,472	(81,172,628)
3	Other payments (Procurement of assets)	35,081,311	12,992,900	6,496,450	(6,496,450)
	Total	**550,222,775**	**559,900,000**	**472,230,922**	**(87,669,078)**

94. The budget reduction of Ksh.87.7 million will impact the commission in the following ways;

i. Failure to honour obligations for contracts already signed with service providers. The Commission has running contracts for provision of internet services, legal services and routine maintenance of computers, software and networks.

ii. Failure to honour employment contracts to staff and part time commissioners as well as members of the audit committee for provision of airtime and payment of board allowance respectively.

iii. Stalling of Commission operations due to lack of internet facilities, courier and postal services, fuel, motor vehicle maintenance and general office supplies.

iv. Failure to carry out key mandate activities which include:

- Implementation of the resolutions the 3rd National Wage Bill Conference (SRC is the lead actor).

- Capacity building of County Governments on implementation of Commission circulars and advice.

- Monitoring and evaluation on implementation of Commission circulars and advice in Public Service institutions.

- Participation in stakeholder engagement meetings where Commission input is required.

- Collaborating with key stakeholders on setting of targets on appropriate wage bill ratios.

- Implementation of allowances policy framework and study on benefits payable in the public service.

v. Failure to comply with statutory obligations of publishing the annual report and financial statements and carrying out stakeholder engagements.

Status of Budget Implementation for FY 2023/24

95. The Commission incurred a total of Kshs.411.40 million comprising of Kshs.237.01 **million** for personnel emoluments, **Kshs.141,15 million** for use of goods and services, and **Kshs.33.24 million** for other payments. This translates into **74.77%** of the **Kshs.550.22 million** approved budget as summarised below.

Table 16 : Analysis of cumulative expenditure as of 30th April 2024 (Amount in Kenya Shillings)

No.	Description	Approved Budget	Cumulative Expenditure	Balance	% absorption
1	Personnel emoluments	304,400,000	237,013,370	67,386,630	77.86%
2	Use of goods and services	210,741,464	141,154,401	69,587,063	66.98%
3	Other payments (Procurement of assets)	35,081,311	33,235,540	1,845,771	94.74%
	Total	**550,222,775**	**411,403,311**	**138,819,464**	**74.77%**

Project information

96. The Commission does **NOT** have any capital projects.

List of new projects and justification

97. The Commission does **NOT** have any capital projects.

List of pending bills as of 31st March 2024 and the strategy for their resolution

98. The Commission did NOT have any pending bills as of 31st March 2024

List of all stalled projects indicating their status of completion as of 31st March 2024

99. The Commission does **NOT** have any capital projects.

A statement on the alignment of the estimates to the Medium-Term IV of Vision 2030 and Bottom-Up Economic Model (BETA)

100. The Commission plays an important role in wage bill management. The current wage bill ratio being at 46 6 % of ordinary revenue crowds out resources for development and other government priorities Management of the wage bill towards 35% of ordinary revenue will create the required fiscal space to support the BETA This will be achieved through:

i Ensuring affordability and fiscal sustainability of the public service wage bill,
ii. Harmonization of remuneration to achieve equity and fairness,
iii. Recognizing performance and productivity, and
iv Ensuring attraction and retention of requite skills to enable the Public Service to deliver its functions

Any pertinent issues affecting SRC in the attainment of its programme performance targets

i. Inadequate budget to carry out core mandate.

ii. Legal award against SRC that continues to accumulate interest and now stands at **Ksh.53Million**

PART IV

4.0 COMMITTEE OBSERVATIONS

101. The Committee having considered the FY 2024/25 Budget Estimates and analysed submissions from the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission, made the following observations ,**THAT;**

102. FY 2024/25 recurrent budget estimates have been significantly reduced across most of the MDAs compared to the Financial Year 2023/24 budget estimates. This applies not only to the Labour sector but cuts across all sectors.

103. There is a New Project being implemented by three (3) different delivery units, the *National Youth Opportunities Towards Advancement* **(NYOTA)** project. The Project will be funded by the World Bank and GOK. The NYOTA project cuts across several sectors such as in Trade and Industry. Under the Labour Affairs, the project is implemented by the State Department for Labour and Skills Development.

104. The Committee noted that current grants to the Semi-Autonomous Government Agencies (SAGAS) have generally been slashed from the previous allocations in previous financial years to lower levels. This may adversely affect the operations of the SAGAS and their performance with less budgetary allocations. This may lead to accumulation of pending bills due to failure to honuor obligations for contracts already signed with service providers such as running contracts for provision of internet services, legal services and routine maintenance of computers, software and networks among other recurring expenditures such as employment contracts to staff and part time Board Committees.

105. There are notable disconnect in project implementation Schedule from project cycle and glaring variances between project completion timelines and resource allocation and utilization. This has the potential to stall the projects and lead to costs escalation.

106. Generally, across all MDAs there are huge underfunded projects as well as unfunded programmes. This leads to chronic wish list of projects that are not funded. It is a bad budget practice and MDAs should prioritize their programmes and projects according in subsequent financial years.

107. The Committee is concerned that National Treasury and Economic Planning is submitting the Financial year 2024/25 estimates of expenditure concurrently with the Supplementary II estimates for the Financial year 2023/24. Processing the two budget estimates concurrently is an uphill task and the approval of the supplementary estimates may not be absorbed in the period to the end of the financial year 2023/24. There is a likelihood of budget carry overs to the next financial year.

108. Arising from the pace of project implementation and project delays, The Committee identified the need to undertake regular inspection site visits to the various projects for the Committee to verify the completion status and resources incurred.

109 The Committee noted that across all MDAs within the Labour affairs Sector quite a number of projects and programmes are Unfunded and Underfunded Priorities key priorities for FY 2024/25. In this regard, the Committee therefore appeals for review and consideration for additional resources to bridge the significant budget deficits and fund key priority and emerging areas as espoused in (***Annex 1 Unfunded/Underfunded - Summary of Resource Gap and Requirements)***

PART V

5.0 COMMITTEE RECOMMENDATIONS

110. The Committee recommended, **THAT**

State Department for Public Service

111. The proposed budget for the State Department for Public Service in FY 2024/25 allocation of **Kshs. 8,060.4 million** comprising of **Kshs. 6,980.8 million** and **Kshs. 1,079.6** million recurrent and development respectively be approved without amendments.

State Department for Labour and Skill Development

112. The proposed budget for the State Department of Labour and Skills Development in FY 2024/25 of **Kshs. 5,732,415,243** comprising of Kshs 4.219,529,843 for recurrent expenditure and **Kshs. 1,512,885,400** for development expenditure be approved without amendments.

Public Service Commission

113. The proposed budget estimates for FY 2024/25 of **Kshs 3,667,530,017** for the Public Service Commission comprises of **Kshs. 3,622,230,017** for recurrent expenditure and **Kshs. 45,300,000** for development expenditure be approved without amendments as proposed.

Salaries and Remuneration Commission

114. The proposed budget estimates for FY 2024/25 of **Kshs. 472,230,922 for** the Salaries and Remuneration Commission that for recurrent expenditure be approved without amendments as proposed.

Annex 1: Unfunded/Underfunded - Summary of Resource Gap and Requirements

Programme / Area	Amount (Millions)	Justification
State Department for Labour and Skills Development		
BETA Area: Labour Migration and Export Programme **Programme: Promotion of The Best Labour Practice** **Sub-Programme:** Promotion of Harmonious Industrial Relations	**475**	To facilitate foreign employment for the Kenya Migrant workers, the State Department developed the Global Labour Market Strategy (2023-2027). In addition, some of the strategies outlined towards protection of the migrant workers are: Operationalization of the Kenya Migrant workers welfare Fund and finalization and Enactment of the Labour Migration Management Bill
Institutions of Social Dialogue (Local and International) **Programme: Promotion of The Best Labour Practice** ▪ **Sub-Programme:** Promotion of Harmonious Industrial Relations	**380**	• Operationalization of 13 Wages Council • Establishment and operationalization of Child Labour Committees • National Labour Board (NLB) • Alternative Dispute Resolution Mechanism (ADR)
Country's participation in the International and Regional commitments **Programme:** Promotion of The Best Labour Practice **Sub-Programme:** Promotion of Harmonious Industrial Relations	**297**	• International Labour Organization (ILO) • African Union, • International Organization for Migration (IOM), • East Africa Common Market Protocol, • World Association of Public Employment Services (WAPES), • Pan African Productivity Association (PAPA) and • African Regional Labour Administration Centre (ARLAC) • East African Community Summit and Technical Meetings • The Common Market for Eastern and Southern Africa (COMESA)
Total State Department for Labour and Skills Development	**1,152**	•
Salaries and Remuneration Commission		
Programme: Salaries	**53**	• Legal award against SRC that continues to accumulate

Programme / Area	Amount (Millions)	Justification
and Remuneration Management		interest
Total SRC	**53**	
State Department For Public Service		
Public Service Human Resource Management and Development	**2,700**	• To provide a comprehensive medical cover for civil servants who will be exposed from 30th June 2024 when the current NHIF cover lapses.
	161	• Pending bills
	50	• To pay salaries for Human Resource Management Professional Examinations Board (HRMPEB)
State Dep. Public Service	**2,911**	
Public Service Commission		
Programme 1: *General Administration, Planning and Support Services* **Recruitment of additional staff**	**59.30**	• To fund the current PE Gap to cater for positions already advertised
Medical Insurance & Group Life (WIBA) **Programme 1:** *General Administration, Planning and Support Services*	**50.10**	• The current budget allocation for staff and Commissioners' medical, group life and WIBA is Kshs. 50.10m less than the required amount of Kshs. 100.20m. This is extremely urgent to enable the Commission to secure medical insurance service in October 2024 when the current contract expires.
Programme 1: *General Administration, Planning and Support Services* **Implementation of the New Commission Organizational Structure**	**400**	• To enable the Commission to implement the new approved organizational structure this amount will be required. The Commission requests for Kshs. 400m to recruit the first batch of 52 officers in the technical directorates during the FY 2024/25. The rest of the recruitment will be carried out during 2025/26 financial year subject to budget availability.
Public Service Internship Programme (PSIP) **Programme 2:** *Human Resource Management & Development*	**125**	• This amount is required for operations of the PSIP implementation of Cohort 6 and 7 interns. This is due to the fact that this will be double intake of more than 8,000 interns thus increased operational costs.
Court Litigation & Administration of County, University and State Corporations Appeals	**46.50**	The additional amount is required to support the new Programme 5 to clear the current backlog of appeals and support the ongoing and emerging litigation where the Commission is enjoined in numerous court cases.

Programme 5: *Administration of Quasi-Judicial Functions – New Programme effective FY 2023/24*		
Programme 1: *General Administration, Planning and Support Services* Purchase of Motor Vehicles	**200.00**	• The amount is to enable to purchase appropriate motor vehicles for new Commissioners after the expiry of the Current Commissioners in January 2025.
Public Service Commission	**880.9**	•

SIGNED..... **DATE**.....22-05-2024.....

HON. ERIC MUCHANGI KAREMBA, M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL COMMITTEE ON LANDS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

.....

REPORT ON THE CONSIDERATION OF FINANCIAL YEAR 2024/25 EXPENDITURE ESTIMATES FOR:

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

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CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The preparation and processing of the expenditure estimates is anchored on various legal provisions, including Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

2. Article 221 of the Constitution provides that the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of revenue and expenditure of the national government for the next financial year for consideration. In addition, Section 37 of the PFM Act, 2012, provides that the Cabinet Secretary shall submit to the National Assembly the budget estimates excluding those for parliament and the judiciary by 30th April in every financial year as well as documents supporting the submitted estimates; and any other bills required to implement the national government's budget. Regulation 32 of the PFM (National Government) Regulation 2015, provides that budget estimates of the national government entities or agencies shall be reviewed and consolidated and the annual budget estimates submitted to Parliament by 30th April of the financial year.

3. Standing Orders No. 235 provides that the estimates submitted to the National Assembly and tabled shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee.

4. In this regard, The FY 2024/25 Expenditure Estimates were presented to the National Assembly on 30th April 2024. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2024/2025 estimates of expenditure and for the medium term. The committee considers the proposed estimates of expenditure for the State Departments under its purview namely:

    i. Vote 1112 – State Department for Lands and Physical Planning
    ii. Vote 2021 – National Lands Commission

1.1.2 Establishment and Mandate of the Committee

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

    i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;

    ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;

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

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

v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*

vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*

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

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

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

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

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

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

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

1.1.3 Committee Membership

8. The Departmental Committee on Lands was constituted by the House on Thursday, 27th October 2022 and comprises the following Members:

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

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

Members

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

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

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

Hon. George Koimburi, MP
Juja Constituency
UDA Party

Hon. Paul Katan, MP
Kaloleni Constituency
ODM Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

Hon. Joseph Hamisi Dena, MP
Nominated
ANC Party

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

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
WIPER Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
JUBILEE Party

1.1.4 Committee Secretariat

9 The Committee is facilitated by the following staff secretariat

Mr. Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr. Binensa Mabungu
Clerk Assistant III

Mr Sidney Lugaga
Senior Legal Counsel

Ms. Brenda Michira
Research Officer III

Ms Judith Kiprop
Fiscal Analyst III

Mr Yeziel Jillo
Serjeant-At-Arms

Ms Audrey Ogutu
Legal Counsel II

Mr. Cosmas Akhonya
Audio Officer

1.1.5 Overview of the Examination of the Budget Estimates for FY 2024/25

10. According to the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is required to table the Budget Estimates in the House by 30th of April of every year. Pursuant to the provisions of Standing Order No 235, the Budget Estimates subsequently **'shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee within twenty-one days of committal'.**

11. The FY 2024/25 Budget Estimates were tabled before the House on Tuesday 30th April, 2024 pursuant to Standing Order No. 235 and thereafter committed to the relevant Departmental Committees for deliberation according to their respective mandates.

12. Following the tabling of the FY 2024/25 Budget Estimates, the Departmental Committee on Lands held a briefing session with the Parliamentary Budget Office and subsequently held two consultative meetings with the Ministries, Departments and Agencies under its purview and on which it exercises oversight.

13. On behalf of the Departmental Committee on Lands and pursuant to the provisions of Standing Order 235, it is my pleasant privilege and honor to present to the Budget and Appropriation Committee, the Report on its consideration of the FY 2024/25 Budget Estimates for the Ministries, State Departments and Agencies that fall under its purview.

1.1.6 Acknowledgement

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

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

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

DEPARTMENTAL COMMITTEE ON LANDS

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE EXAMNATION OF FY 2024/25 BUDGET ESTIMATES

2.1 Overall Fiscal Framework for FY 2024/25

16. The total proposed expenditures for the FY 2024/25 budget amount to **Kshs. 3.9 trillion** which comprises **Kshs. 2.3 trillion** for the National Government, **Kshs. 1.2 billion** for Consolidated Fund Services (CFS) and **Kshs. 391.1 million** for County Government Equitable Share.

17. Compared to Supplementary Estimates I for FY 2023/24, the total budget has **decreased by 2 percent** with the largest change being witnessed on the CFS of a **7 percent increase**. The allocation for the national government has a **6 percent decrease** while the County Government Equitable Share has an **increase of 1 percent.**

18. A breakdown of the allocations for the National Government shows that the Executive will spend **Kshs. 2.2 trillion**, Parliament has **Kshs. 43.6 billion,** while the Judiciary has Kshs. **23.7 billion**. Compared to Supplementary Estimates I for FY 2023/24, the allocation for the Executive has a **7 percent decrease**, while that of the Judiciary has a **4 percent increase**. The allocation for Parliament has **an increment of 7 percent as shown in Table 1**

Table 1: Summary of the Proposed Expenditure Estimates of FY 2024/25 (Kshs. Billions)

S/No.	Details	Approved Original Budget 2023/24	Supp. No. 2 2023/24	2024 Approved BPS	Budget Estimates 2024/25	Variance between Budget Estimates and 2024 BPS	% Share
1	National Government	**2,464.45**			**2,310.37**		
	o/w Executive	*2,400.93*			*2,243.05*		
	Parliament	*40.74*			*43.62*		
	Judiciary	*22.78*			*23.69*		
2	Consolidated Fund Services (CFS)	**1,131.65**			**1,213.45**		
3	County Government Equitable Share	**385.42**			**391.12**		
	Total	**3,981.52**			**3,914.94**		

Source; Budget Summary for FY 2024/25

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

19. In considering the FY 2024/25 Budget Estimates, the Departmental Committee on Lands held consultative meeting with the State Department of Lands and Physical Planning as well as the National Lands Commission on 14th May 2024.

3.1 State Department for Lands and Physical Planning

20. The total proposed allocation to the State Department of Lands and Physical Planning FY 2024/25 amounts to **Kshs. 8.6 billion** comprising of **Kshs. 4.2 billion recurrent** and **Kshs. 4.4 billion development** expenditures. This is a reduction from the Budget Policy Statement 2024 by **Kshs. 649.6 Million**.

21. In the approved Budget policy statement 2024, the State Department was allocated **Kshs 4,113,100,000** for Recurrent expenditure, however under the Proposed Budget estimates for the FY 2024/2025, the Recurrent budget allocation is **Kshs 4,166,400,000** an increase of **Kshs 53,300,000**

22. The increase in recurrent expenditure is as a result of additional allocation for personnel emoluments in proposed estimates to cater for employer contribution for NSSF, Housing Levy and NITA was not provided in the 2024 BPS ceiling.

23. In the approved budget policy statement 2024, the State Department was allocated **Kshs 5,093,500,000** to cater for Development expenditure, however under the proposed budget estimates for the FY 2024/2025, the proposed allocation for development expenditure is **Kshs 4,390,636,000** a decrease of **Kshs 702,864,000**. This will affect the following programmes as shown in Table 2 if approved:

Table 2: Summary of proposed Projects budget Estimates FY 2024/25 against 2024 BPS ceilings and deviation.

S/no	Programme/Projects	Allocation as per approved BPS 2024 (Ksh)	Proposed Budget Estimates FY 2024/2025 (Ksh)	Amount (Deviation) (Ksh)	Remarks
1.	Processing and registration of Titles	1,200,000,000	930,376,000	(269,624,000)	If this reduction is approved, it will affect activities under titling programme such Surveying, settlement of disputes and acquisition of materials for printing of title deeds.
2	Digitization of, Land Offices	605,000,000	598,260,000	(6,740,000)	This will slow down the digitization process.

S/ no	Programme/Projects	Allocation as per approved BPS 2024 (Ksh)	Proposed Budget Estimates FY 2024/2025 (Ksh)	Amount (Deviation) (Ksh)	Remarks
3	Development of the National Land Value Index	186,000,000	91,000,000	(95,000,000)	This will affect the ability to develop Land Value Index in various counties.
4	National Physical Planning	90,000,000	70,000,000	(20,000,000)	This will affect the ability to develop physical development plans for projects of strategic such as affordable housing and county aggregated industrial parks national importance and the capacity to cascade downwards National Spatia Plan.
5	Geo-referencing of land parcels.	200,0000,000	150,0000,000	(50,000,000)	This will affect the rolling out of Ardhisasa system to various counties
6	Settlement of the landless	2,500,000,000	2,050,000,000	(450,000,000)	This will affect the ability to settle the landless in various areas.
7	Development of Geo-Spatial Data	21,500,000	11,000,000	(10,500,000)	These critical activities are already underfunded and further reduction will affect the ability to implement the activities.
8	Development of Hydrographic Database	15,000,000	5,000,000	(10,000,000)	
9	Infrastructure Improvements in Kenya Institute of Survey and Mapping	74,000,000	18,000,000	(56,000,000)	This is a multi-year project running for three years therefore any reduction will lead to litigation.
10	Renovation of Land offices	49,000,000	105,000,000	56,000,000	To improve work environment in county land offices
11	Construction of Land Offices	138,000,000	138,000,000	-	Not affected
12	Survey and maintenance of national and international boundaries	15,000,000	15,000,000	-	Not affected
13	Kenya Affordable Housing Finance Project	-	209,000,000	-	New project
Total		**5,093,500,000**	**4,390,636,000**	**(702,864,000)**	

24. During the FY 2023/24, the actual expenditure as at 31st March 2024 stands at **Ksh. 6,610,940,703** out of which **Ksh. 2,681,647,467** is recurrent expenditure and **Ksh. 3,929,293,236** is Development expenditure. The absorption rate stands at 88% Recurrent and 75% Development based on the allocation as at third quarter as shown in table 3

Table 3: Summary of Expenditure Analysis by Programme (Kshs.)

Programme	Approved Estimates FY 2023/24			Total Expenditure FY 2023/24		
	Recurrent	Development	Total	Recurrent	Development	Total
Land Policy and Planning	2,058,155,428	3,977,528,977	6,035,684,405	1,881,217,157	3,179,420,726	5,060,637,883
Land Information Management	-	1,364,471,023	1,364,471,023	-	734,895,373	734,895,373
General Administration, Planning and Support Services	996,869,219	58,000,000	1,054,869,219	800,430,310	14,977,137	815,407,447
Total	**3,055,024,647**	**5,400,000,000**	**8,455,024,647**	**2,681,647,467**	**3,929,293,236**	**6,610,940,703**

25. The State Department had an outstanding pending bill of **Ksh. 485,591,778.37** and historical legal pending bills amounting to **Ksh. 12,481,774,332.27.** These outstanding pending bills were submitted to the recently appointed Pending bills Verification Committee for further verification.
26. The state department has no stalled projects
27. The state department had planned to implement various projects in the FY 2024/25 but could not be accommodated in the proposed estimate as shown in table 4

Table 4: Key Underfunded areas

ADDITIONAL INFORMATION					
S/ NO	**Project**	**Proposed Estimates FY 2024/25**	**Requirement**	**Deficit**	**Remarks.**
Development Vote (Kshs)					
1	Settlement of the Landless	2,050,000,000	5,000,000,000	-2,950,000,000	The government has prioritized purchasing Kedong Ranch in Naivasha, the entire 2.05 billion allocation in the proposed

ADDITIONAL INFORMATION					
S/ NO	**Project**	**Proposed Estimates FY 2024/25**	**Requirement**	**Deficit**	**Remarks.**
					estimates will be utilized to purchase the land. The state department will require additional funding for the settlement of the Landless.
2	Digitization of Land Records	598,200,000	2,000,000,000	-1,401,800,000	The State Department planned to accelerate the Digitization programme in nine (9) Land offices. However, due to inadequate allocation the State Department can digitize five (5)Land offices only namely Machakos, Samburu, Uasin Gishu, Taita Taveta, and Nandi
3	Geo- referencing of Land Parcels	150,000,000	500,000,000	-350,000,000	The State Department Plans to geo-reference land parcels in nine (9) areas however due inadequate allocation in the proposed estimates only five (5) areas Nandi, Marsabit, Taita Taveta, Samburu, and Uasin Gishu will be georeferenced to produce cadaster maps. Georeferencing is a requirement for digitization per the Land Registration Act of 2012.
Recurrent Vote (Kshs)					
4	Land Rent Review	-	155,000,000	-155,000,000	The State Department intends to undertake a Land rent review in 6 counties (Kiambu, Nairobi, Nakuru, Kisumu, Uasin Gishu and Mombasa) to enhance government revenue generated from Land Rent. The Proposed estimates

ADDITIONAL INFORMATION					
S/ NO	**Project**	**Proposed Estimates FY 2024/25**	**Requirement**	**Deficit**	**Remarks.**
					ceiling has not provided for this activity.
5	Purchase of three motor vehicles (1 Van and 2 Toyota Prados	10,000,000	50,000,000	-40,000,000	The allocation in the proposed estimates is inadequate to cater for our requirements.
	Total	**2,808,200,000**	**7,705,000,000**	**- 4,896,800,000**	

3.2 National Lands Commission

28. Budget Estimates FY 2024/25 proposes total allocation of **Kshs. 1.6 billion** to the National Lands Commission. This comprises of **Kshs. 1.5 billion on recurrent** and **Kshs. 103 Million on the development expenditure**. The Commission has continuously been underfunded since inception and the allocated budget is equivalent to 30.5% of the requested budget.

29. The allocation of the estimates is below BPS 2024 allocation by **Kshs. 206 million**, which includes Kshs. 162 million on recurrent and Kshs. 44 million on development respectively, which has affected the Commissions intended activities to be done.

30. The Specific areas that require immediate attention includes:
    a) Medical Insurance Cover – Shortfall of Khs. 67 Million
    b) Domestic Travel subsistence allowance, printing and advertising, Fuel and lubricants for HLI Activities – Kshs. 30 Million
    c) Operation and maintenance – Kshs. 64 Million
    d) Development – Kshs. 44 Million

31. The Commission has submitted to the National Treasury and await approval three new development projects concept notes to be approved and financed. The new projects are:-
    a) Final Survey and Vesting of Compulsorily Acquired Public Land
    b) Land Disputes Resolution – Historical Land Injustices (HLI)
    c) State of Land Use Planning Baseline Study

32. The pending bills of the Commission as at 31st March 2024 amount to Kshs. 1.4 billion. The Commission continues to engage National Treasury to assist with budget allocation to be able to dispense the pending bills.

33. Through the ongoing programme on the Land Administration and Management is an enabler of BETA. The current budget allocation has been aligned to support BETA and MTP IV which is critical in achieving the desired transformation of economic pillar of the Vision 2030.

34. The State Department also reported that it has no stalled projects.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS & RECOMMENDATION

4.1 State Department for Lands and Physical Planning

35. The Committee noted that increase in AIA collections is attributed to the full roll out of the cashless system in all the land registries country wide and the onboarding of the State department's services on e-citizen platform.

36. Settlement of the Landless – Kshs. 1.7 billion down-payment for Kedong Ranch was done in April 2024 for purchase of 11,000 acres for settlement. This targets settlement of 2,000 households. However, in Tana River no offer for purchase of land has been received since most land in the area is public land. Reservation for settlement of the landless have been obtained for 7,840 Ha and settlement programmes were on course: Kipini, Galili, Busea A & B, Peponi, Mikamani, Lazima expected to settle approximately 5,000 households. The State Department is engaging private ranches to settle the squatters.

37. The State Department has aligned the estimates of the FY 2024/25 towards achieving the objectives outlined in the MTP IV. Budgetary allocation of Development Budget amounting to **Ksh. 3.9 billion** for BETA projects is allocated representing 89% of the Development vote.

38. The State department has an outstanding pending bill of Kshs. 485 million and historical legal pending bills of Kshs. 12.9 billion. This has been forwarded to the National Treasury for verification and further advice.

39. The state department is responsible for implementation of ~~component~~ two components 2 of the ongoing Kenya Affordable Housing Project. The department has been allocated Kshs. 180 million and the project set to commence 1st July 2024 and end 30th June 2025.

4.2 National Lands Commission

40. Pending Bill – The Committee noted that the Commission has a pending bill amounting to Kshs. 1.4 billion. This includes Kshs. 397 Million, litigation expenses which was paid from NLC account after Court instructions.

41. The Commission has budget cuts from 2024 BPS approval amount to Kshs. 205 Million affecting below items:
    a) Medical Insurance Cover – Shortfall of Khs. 67 Million
    b) Domestic Travel subsistence allowance, printing and advertising, Fuel and lubricants for HLI Activities – Kshs. 30 Million
    c) Operation and maintenance – Kshs. 64 Million
    d) Development – Kshs. 44 Million

42. The Commission has submitted to the National Treasury and await approval three new development projects concept notes to be approved and financed. The new projects are:-
    a) Final Survey and Vesting of Compulsorily Acquired Public Land
    b) Land Disputes Resolution – Historical Land Injustices (HLI)
    c) State of Land Use Planning Baseline Study

5.0 Recommendations

Financial Recommendation

5.1 State Department for Lands and Physical Planning

43. The State department to prioritize settlement of the 10,000 households in Tana River County by 30th September 2024 following the heavy disruption of the rain experienced in May 2024 at a cost of Kshs. 200 Million. This is reallocation from Kedong settlement from Kshs. 1.723 billion to Kshs. 1.523 billion.

5.2 The National Land Commission

44. National Lands Commission be allocated additional budget of Kshs. 206.5 Million. This includes Kshs. 162.1 million for the recurrent expenditure (Medical insurance, operations and maintenance) and development expenditure amounting to Kshs. 44.4 million (Public Land Information Management Project) as per the approved 2024 BPS. This is reallocation from the State Department of Lands and Physical Planning programmes on:
    i. Renovation of land offices – reduction of Kshs. 56 Million
    ii. Digitization of the land registries – reduction of Kshs. 150.5 Million.

6.0 Request for additional resources

45. The State department for Lands and Physical Planning be allocated additional budget of Kshs. 448.6 Million for settlement of the landless. This includes:
    a) Kshs. 14.6 Million for 123.5 acres of land in Taita Taveta – Basil Criticos, Mata Village
    b) Kshs. 100 million for settlement scheme at Athi Ward in Kitui County and
    c) Kshs. 334 Million for 51.32 acres of land inTaita Taveta Teachers Investment Ltd.

SIGNED.....DATE.....22/05/2024.....

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

DEPARTMENTAL COMMITTEE ON ENERGY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – SECOND SESSION 2024

THE DEPARTMENTAL COMMITTEE

ON

ENERGY

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE 2024/2025 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1152 - State Department for Energy
Vote 1193 – State Department for Petroleum

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI **MAY, 2024**

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PART I

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the 2024/2025 Budget Estimates which was tabled in the House on 30th April, 2024 in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Mandate of the Committee

2. The Departmental Committee on Energy is one of the twenty Departmental Committees of the National Assembly established pursuant to Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    - ***i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
    - ***ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;***
    - *iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    - *iv. To study and review all legislation referred to it;*
    - *v. To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    - *vi. To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    - *vii. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    - *viii. To examine treaties, agreements, and conventions;*
    - *ix. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    - *x. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    - *xi. Examine any questions raised by Members on a matter within its mandate.*

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following Subject: Fossil fuel exploration, development, production, maintenance and distribution, nuclear energy, clean energy, and regulation of energy.

4. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson
Hon. (Eng.) Vincent Musyoka Musau, MP
Mwala Constituency
UDA Party

Vice-Chairperson
Hon. Lemanken Aramat, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Ken Chonga, MP
Kilifi South Constituency
ODM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

Hon. Mwafrika Augustine Kamande, MP
Roysambu Constituency
UDA Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Victor Koech Kipngetich
Chepalungu Constituency
CCM Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent

1.4 Committee Secretariat

6. The Committee is serviced by the following Members of Staff:

Mr. Fredrick O. Otieno
Clerk Assistant I/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mate
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Ms. Winnie Kizia
Media Relations Officer II

Ms. Carolyne Musyoka
Hansard Reporter III

Ms. Lillian Aluga
Public Communications Officer

Mr. Anthony Wamae
Serjeant-At-Arms

Mrs. Rehema Koech
Audio Officer III

1.5 Overview Of the Examination of the 2024/2025 Budget Estimates

7. The FY 2024/25 Budget Estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and Standing Order 235 of the National Assembly Standing Orders and subsequently tabled in the floor of the House on 30th April, 2024. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and recommendations to the Budget and Appropriations Committee pursuant to Standing Order 235(4).

8. The Committee held a total of five (5) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 14th and 15th May, 2024 at Bunge Tower, Parliament Buildings.

1.6 Acknowledgement

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation and cooperation in scrutinizing the FY 2024/2025 Budget Estimates.

11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Energy, to submit its Report on the consideration of the FY 2024/2025 Budget Estimates.

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P,

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2. BROAD OVERVIEW OF THE FY 2024/2025 BUDGET ESTIMATES

12. The 2024/25 Budget Estimates have been reduced by Kshs. 273.29 billion from the approved 2024 BPS. The reduction has been occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality.

13. The 2024/25 Estimates of Revenue and Expenditure were submitted against a backdrop of an improved global outlook for growth and inflation, despite persistent geopolitical tensions. Therefore, to implement the Bottom-Up Economic Transformation Agenda (BETA), the govt has identified nine (9) key value chain areas for implementation namely Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue Economy, Natural Resources (including Minerals and Forestry), and Building Materials, for which Energy will play the role of an enabler in its actualization.

14. The FY 2024/25 Budget Estimates have also been submitted in the wake of the release of the fourth medium-term plan whose key priorities are clustered under five key sectors, namely: Finance and Production; Infrastructure; Social; Environment, and Natural Resources; and Governance and Public Administration. The infrastructure sector growth under which the Energy and Petroleum sub-sector lies is projected to moderate to 4.9 percent in 2023 from 5.5 percent in 2022 and, thereafter, gradually attain 5.9 percent by 2027.

15. The budget for the State Department of Energy has experienced a sustained decrease of 31% from **Kshs.79.164 billion** in FY 2020/21 to **Kshs.54.808 billion** in FY 2022/23 with the power transmission and distribution programme taking up a majority of the share of allocations in the years under review.

16. The decrease may be attributed to the efforts towards carrying out projects in the power sector through public-private partnerships however it may have an effect on the pace of work carried out in expanding access to reliable and clean energy to all households in line with the Government's target of attaining 100% universal electricity access to by 2030 while improving system reliability and stability and reduce electricity losses as well as exploration of new sources of renewable energy with major sources being geothermal, wind and solar.

17. The total historical allocations to the State Department for Petroleum experienced a huge increase from Kshs. 5.264 billion in FY 2020/21 to Kshs. 83.938 billion in FY 2021/22 then declined by 21% to Kshs.66.2 in total allocations in FY 2022/23 with the changes largely attributed to the increase in recurrent expenditure meant for the fuel stabilization programme which was introduced in April 2021 to cushion customers from the impact of rising fuel prices.

18. The proposed allocation for the Ministry of Energy and Petroleum in FY 2024/25 amounts to **Kshs.94.9 billion** comprising **Kshs.37.1 billion** in recurrent expenditure and **Kshs.57.8 billion** in development expenditure.

19. The proposed allocation for the State Department for Energy is **Kshs. 63.7 billion** of which **Kshs. 9.8 billion** is recurrent and **Kshs. 53.9 billion** is development, this is an overall decrease of **Kshs. 13.1 billion** from the approved BPS ceilings. Further, the proposed allocation for the State Department for Petroleum is **Kshs. 31.2 billion** of which **Kshs. 27.3 billion** is recurrent and **Kshs. 3.9 billion** is development, with there being a variance of **Kshs. 162 million** between the proposed estimates and the approved BPS ceilings as indicated in table 1:

Table 1: Proposed Allocation FY 2024/25 vs Approved BPS Ceilings for MDAs

Allocation to MDA's in Kshs. Million					
Vote/ MDA	**Details**	**2024 BPS Ceilings**	**Proposed Estimates FY 2024/25**	**Variance**	**% Change**
1152 State Department for Energy	Total	**76,882**	**63,735**	**(13,147)**	**-17%**
	Recurrent	11,566	9,834	(1,732)	-15%
	Development	65,316	53,901	(11,415)	-17%
1193 State Department for Petroleum	Total	**31,362**	**31,200**	**(162)**	**-1%**
	Recurrent	27,326	27,325	(1)	0%
	Development	4,036	3,875	(161)	-4%

Source: National Treasury

2.1 State Department for Energy - Vote 1152

20. The State Department for Energy has been allocated **Kshs. 63.7 billion** which comprised of **Kshs. 9.8 billion** for recurrent expenditure and **Kshs. 53.9 billion** for development expenditure. Out of its 4 programmes, the bulk of the resources is allocated to the 'Power Transmission and Distribution' Programme which accounts for 72 percent of the total allocation, and the 'Power Generation' Programme which accounts for 24 percent of the total allocation, Alternative Energy Technologies programme accounting for 3% while the General Administration programme accounted for the remaining 1 percent of the total allocation.

21. When compared to the approved estimates for FY 2023/24, the proposed budget for the state Department has decreased by Kshs. 902 million (1.4 percent reduction) with the recurrent expenditure having an increase of Kshs. 691 million (7.6 percent increase) while the development expenditure witnessed a reduction of Kshs. 1.6 billion (2.9 percent decline). The increase in recurrent expenditure stems majorly from the increase in allocations for the 'power transmission and distribution' programme while the decrease in development expenditure is largely witnessed in both the 'power transmission and distribution' and the 'alternative energy technologies' programmes. Table 4 gives a summary of these changes per programme.

Table 2: Summary of Expenditure by Programmes for the State Department for Energy

Programme	Category	Approved Estimates FY 2023/24 (Kshs. millions)	Approved Estimates FY 2024/25 (Kshs. millions)	Variance (Kshs. millions)	% Change
Total Expenditure	**Recc**	**9,143**	**9,834**	**691**	**7.56%**
	Devt	**55,494**	**53,901**	**(1,593)**	**-2.87%**
	Total	**64,637**	**63,735**	**(902)**	**-1.40%**
General Admin	Recc	383	382	**(1)**	-0.26%
	Devt	175	180	**5**	2.86%
	Total	**558**	**562**	**4**	**0.72%**
Power Generation	Recc	2,696	1,969	**(727)**	**-26.97%**
	Devt	10,677	13,248	**2,571**	**24.08%**
	Total	**13,373**	**15,217**	**1,844**	**13.79%**
Power Transmission	Recc	5,991	7,414	**1,423**	**23.75%**
	Devt	41,759	38,338	**(3,421)**	**-8.19%**
	Total	**47,750**	**45,752**	**(1,998)**	**-4.18%**
Alternative Energy Tech	Recc	73	69	**(4)**	**-5.48%**
	Devt	2,883	2,135	**(748)**	**-25.95%**
	Total	**2,956**	**2,204**	**(752)**	**-25.44%**

Source: National Treasury

22. In the recurrent expenditure category, the biggest reduction was witnessed in NUPEA, which incurred a 45% decrease in their budget, followed by GDC, which reduced by 20%, and Ministry HQ, which reduced by 1%. The increase in the State Department was witnessed in KETRACO which had an increase of 23%, and REREC which had an increase of 27% while KPLC is not funded in this year's budget. The summary of the changes in the recurrent expenditure category for the State Department is indicated in table 3.

Table 3: Summary of Key Recurrent Expenditures for the State Department for Energy

Implementing Agencies	Approved Estimates FY 2023/24 (Kshs. millions)	Proposed Estimates FY 2024/25 (Kshs. millions)	Variance (Kshs. millions)	% Change
KPLC	-	-	-	-
KETRACO	4,163	5,110	947	23%
NuPEA	795	440	(355)	-45%
GDC	1,850	1,480	(370)	-20%
REREC	1,780	2,252	472	27%
Ministry HQ	555	552	(3)	-1%
Total	**9,143**	**9,834**	**691**	**8%**

Source: National Treasury

23. An analysis of the development expenditure indicates that the bulk of the budget (95 percent) also goes to the SAGAs under the State Department. The biggest share is for REREC which accounts for 30% of the total development allocation, KETRACO accounts for 24%, KPLC accounts for 17%, GDC accounts for 12%, Ministry HQ accounts for 5%, KenGen accounts for 11%, and NuPEA accounts for 1%.

24. Compared to the FY 2023-24 approved estimates, A further analysis of the Development expenditure category indicates that the biggest increase was witnessed in REREC which got a 33% increase in their budget, GDC which got an increase of 20%, KenGen which incurred a 28% increase in their budgets, and NuPEA which increased by 59%. On the other hand, the decreases affected KPLC whose budget decreased by 14%, KETRACO decreased by 31%, and Ministry HQ whose development expenditure declined by 24% as indicated in table 4:

Table 4: Summary of Key Development Expenditures for the State Department for Energy

Head	Approved Estimates FY 2023/24	Proposed Estimates FY 2024/25	Variance	% Change
	(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
KPLC	10,623	9,194	(1,429)	-13.5%
KETRACO	18,825	12,908	(5,917)	-31.4%
NuPEA	265	420	155	58.5%
KenGen	4,507	5,759	1,252	27.8%
GDC	5,725	6,866	1,141	19.9%
REREC	12,111	16,129	4,018	33.2%
Ministry HQ	3,438	2,625	(813)	-23.6%
Total	**55,494**	**53,901**	**(1,593)**	-2.9%

Source: National Treasury

2.2 State Department for Petroleum - Vote 1193

25. The State Department for Petroleum has been allocated **Kshs. 31.2 billion** in the FY 2024/25 budget which comprised of **Kshs. 27.3 billion** for recurrent expenditure and **Kshs. 3.9 billion** for development expenditure. The state department currently has one programme of Exploration and Distribution of Oil and Gas which comprises of Oil and gas exploration, Distribution of petroleum and gas, and the General Administration and Support Services sub-programs which utilize the bulk of its resources.

26. When compared to the approved estimates for the FY 2023/24, the proposed budget for the State Department has been reduced by **Kshs. 25.8 billion** (45 percent reduction) with the recurrent expenditure having a decrease of **Kshs. 27.2 billion** (50 percent reduction) while the development expenditure witnessed an increase of **Kshs. 1.4 billion** (55 percent increase). The reduction in recurrent expenditure stems from the decrease in funding for the fuel stabilization program. Table 5 gives a summary of these changes per programme.

Table 5: Summary of Expenditure by sub-programmes for the State Department for Petroleum

Sub-Programme	Category	Approved Estimates FY 2023/24 (Kshs. millions)	Proposed Estimates FY 2024/25 (Kshs. millions)	Variances (Kshs. millions)	% Change
Total	**Recurrent**	**54,497**	**27,325**	**(27,172)**	-49.9%
	Devt	**2,493**	**3,875**	**1,382**	55.4%
	Total	**56,990**	**31,200**	**(25,790)**	-45.3%
Oil and gas exploration	Recc	56	56	-	0.0%
	Devt	1,900	2,304	404	21.3%
	Total	**1,956**	**2,360**	**404**	20.7%
Distribution of petroleum and gas	Recc	-	-	-	-
	Devt	593	1,571	978	164.9%
	Total	**593**	**1,571**	**978**	164.9%
General Admin	Recc	54,441	27,269	(27,172)	-49.9%
	Devt	-	-	-	-
	Total	**54,441**	**27,269**	**(27,172)**	-49.9%

Source: National Treasury

27. The recurrent expenditure for the Petroleum Department is largely utilized by the General Administration Planning and Support Services sub-programme which accounts for 99 percent of total recurrent expenditure.

28. The key highlight under recurrent expenditure is a reduction in the allocation for the fuel Stabilization program which is used to compensate Oil Marketing Companies. It had been allocated **Kshs. 54.2 billion** in FY 2023/24 but this has been reduced by 50% in FY 2024/25. These monies are mainly sourced from the Petroleum Development Levy (PDL) Fund.

29. The reduction in allocation comes at a time when according to the Central Bank of Kenya, a significant risk to inflation is international oil prices, which have swung upwards since January 2024 mainly driven by disruptions to shipping through the Red Sea, and production cuts by OPEC+ and other allied oil producers before slightly declining from April 2024 due to ease in geopolitical risk premiums due to the Israel-Hamas war.

30. The programme has also since inception up to 15th April 2023- 14th May 2023 pricing cycle gobbled up a total of **Kshs.169.9 billion**, with the Oil marketers already paid **Kshs.124.1 billion** and the pending bill remaining being **Kshs.45.8 billion.**

31. The development expenditure for the State Department of Petroleum amounts to **Kshs.3.9 billion** in the Budget Estimates of FY 2024/25 and is largely utilized by the Oil and Gas

exploration sub-programme which accounts for 59% of the development expenditure while the remaining 41% is utilized in the Distribution of petroleum and gas sub-programme.

32. There are six (6) projects implemented in the State Department of which the Ministry HQ undertakes 3 of the projects; fuel marking **(Kshs.84 million)** and Oil exploration and monitoring projects **(Kshs.996 million)** are carried out by both HQ and EPRA.

33. Compared to the approved estimates for FY 2023/24, the allocation is an increase of **Kshs. 1.4 billion** (55% increase) from **Kshs. 2.5 billion** to **Kshs. 3.9 billion.**

PART III

3. SUBMISSIONS BY MINISTRIES AND STATE DEPARTMENTS

3.1 State Department for Energy - Vote 1152

The Principal Secretary for the State Department of Energy, Mr. Alex Wachira, accompanied by the Chief Executive Officers/Managing Directors of the SAGAs under the State Department appeared before the Committee on Tuesday, 14th May 2024 and submitted as follows on the FY 2024/2025 Budget Estimates: That;

34. The State Department for Energy, Vote 1152 financial year 2024/25 total budget estimates is **Kshs. 63.7 billion** consisting of **Kshs. 9.8 billion** for Recurrent expenditure and Kshs 53.9 billion for Development.

35. The approved BPS ceilings for the State Department was **Kshs 76.8 billion** consisting of **Kshs. 11.6 billion** and **Kshs. 65.3 billion** for recurrent and development respectively. This shows a significant deviation of **Kshs. 13 billion**. This is shown in Table 6 below:

Table 6: Budget Estimates for FY 2024/25 vs Approved Budget Policy Statement ceilings

VOTE :1152	FY 2024/25		
Estimates	**Approved BPS Ceilings Kshs. Millions for FY 2024/25**	**Deviation**	**Deviation %**
RECURRENT	9,834	11,566	-1,732
DEVELOPMENT	53,901	65,316	-11,415

36. From the table above, the State Department has suffered a reduction of **Kshs. 13 billion** which include **Kshs. 1.7 billion** and **Kshs. 11 billion** for recurrent and development respectively. The deviation from the approved BPS ceilings will adversely impact the operation of the State Department and its agencies.

37. Further analysis of the budget by economic classifications are shown in tables 7 – 9 below:

Table 7: Recurrent Vote: Budget Estimates Vs Approved BPS Ceilings

	FY 2024/25 Estimates	**Approved BPS Ceilings Kshs. Millions for FY 2024/25**	**Deviation**
Gross	**9,834**	**11,656**	**-1,822**
AIA	8,975	9,913	-938
NET	**859**	**1,743**	**-884**
Compensation to employees	341	341	0

	FY 2024/25 Estimates	Approved BPS Ceilings Kshs. Millions for FY 2024/25	Deviation
Transfers, Grants and Subscriptions	9,282	10,975	-1,693
Other Recurrent	211	340	-129

38. Table 7. above shows the deviations across the economic classification highlighting the reductions in transfers to SAGAs by **Kshs 1.69 billion**, and Other recurrent deviations by **Kshs.129 million**.

Table 8: Development Vote: Budget Estimates Vs Approved BPS Ceilings

Description	FY 2024/25 Estimates	Approved BPS Ceilings Kshs. Millions for FY 2024/25	Deviation
Gross	53,901	65,316	-11,415
GOK (Exchequer)	14,509	20,727	-6,218
Loans	27,911	31,717	-3,806
Grants	738	2,129	-1,391
Local AIA	10,743	10,743	0

39. Deviations in development estimates will affect the projects implementations during the 2024/25 financial year. However, the deviations arises from budgets rationalizations by the National Treasury.

Table 9: Recurrent Budget Deviations as per State Department and Agency

RECURRENT BUDGET				
	Amount in Kshs. Millions			
AGENCY/DEPT.	FY 2024/25 Estimates	Approved BPS Ceilings	VARIANCE	Deviation %
KETRACO	5,110	5,111	-1	-
REREC	2,252	2,482	-230	9
GDC	1,480	1,800	-320	17
NUPEA	440	795	-355	45
STATE DEPT. HQ	550	591	-41	7
TOTAL	**9,834**	**10,779**	**-945**	

40. Table 9 above shows the deviations in the State Department and SAGA's budget estimates viz a viz the approved Budget Policy ceilings.

41. From the table above, it is worth to note the huge deviation in the NuPEA budget estimates which has deviated by almost half hence will be of great negative impact in the operations of the Agency.

Table 10. Development Budget

DEVELOPMENT BUDGET				
		Amount in Kshs. Millions		
AGENCY/DEPT.	**FY 2024/25 Estimates**	**Approved BPS Ceilings**	**VARIANCE**	**Deviation %**
KETRACO	12,908	22,026	9,118	41
REREC	16,101	7,392	-8,709	118
GDC	7,045	7,045	-	-
NUPEA	420	600	180	30
STATE DEPT. HQ	2,575	2,931	356	12
KENGEN	5,300	5,300	-	-
KPLC	9,552	8,022	-1,530	19
TOTAL	**53,901**	**53,316**	**-1,530**	

42. The table above shows the allocations for each agency and State Department. REREC had an increased allocation of **Kshs. 8 billion** meant for last mile connectivity.

43. The budget performance of the State Department averages at 65% absorption as measured by the net expenditures against approved net allocations. The net absorption rates for both recurrent and development are shown in Table 11 below:

Table 11: Net Absorption rates

	Net Approved Budget FY2023/24	**Net Expenditure As at 31st March 2024**	**Absorption rate (%)**
Recurrent	1,826,076,625	1,557,801,426	**83**
Development	19,770,650,333	12,488,545,495	**63**
TOTALS	**21,596,726,958**	**14,046,346,921**	**65**

44. The State Department has no new project in the 2024/25 financial year and further, has no any pending bill at the State Departments Headquarters.

3.1.1 Kenya Power and Lighting Company (KPLC)

45. The Significant Deviation between the Budget Estimates and the Approved 2024 Budget Policy Statements for the company is as shown in the table below:

Table 12: Budget Estimates vs Approved BPS 2024

Programme and Project code & Project Title	BPS Allocation for FY 2024/25	Budget Estimate FY2024/2025	Deviation
	Kes 'M'	Kes 'M'	
1152102701 Last mile connectivity	5,850	3,388	- 2,462
11521035001 Streetlighting.	231	161	- 70
1152107201 Retrofitting of Mini Grids	691	691	-
1152108002 Kenya Off-Grid solar access programme for underserved counties	-	2,050	2,050
1152109701 Rural Electrification Scheme	1,000	700	- 300
1152109702 Offgrid Electrification schemes	220	140.7	- 79
1152111700 Establishment of a Utility Run Super Esco	50	50	-
1152113500 The Green Resilient Expansion of Energy Programme – GREEN	-	2,000	2,000
Total	**8,042**	**9,181**	**1,139**

46. The reduction of the Last mile Project budget will slow down the implementation progress and accumulation of pending bills. Resultantly, it will hamper the government objective of universal access.

47. The KOSAP budget had not be considered during the presentation of the BPS since the financing the agreement had expired, however the request for extension was approved and thereafter included in final budget estimates.

48. The GREEN Project is BETA priority Project whose Financing Agreement was signed within the Fiscal Year (December 2023).

49. KPLC is the implementing agency of electricity related Government projects including Last Mile Connectivity and Street Lighting. The Government along with other Development Partners avail funding for the projects, materials and contractors for these projects are procured based on the framework of each respective financier.

50. The Government projects for FY 2023/24 for which KPLC is the implementing agency is at 21% absorption. The minimal absorption of the budget has been occasioned by delayed disbursement of exchequer funds.

51. The last mile phase IV project had been affected by procurement challenges arising from protracted litigation and slowing down the implementation progress of the project. However, the Court proceedings have been completed, procurement finalised and contracting is ongoing.

52. The agency has an outstanding pending bill totaling to Kshs. 33.3 billion.

3.1.2 Rural Electrification and Renewable Energy (REREC)

53. The Corporation proposed budget for FY 2024 is Kshs. 9,864 million comprissing of Kshs. 7,482 million (76%) for capital expenditure and Kshs. 2,382 million (24%) for recurrent expenditure.
54. The Corporation revised budget after Supplementary I for FY 2023/2024 is Kshs. 17,713 million being Kshs. 1,972 million and Kshs. 15,741 million in recurrent and development estimates respectively against the status of implementation as at 31st March 2024.

55. The Corporation has outstanding pending bills amounting to Kshs. 106,057 million for BADEA and Kshs. 62,177 million for Kenya Electricity Expansion Project (KEEP)

3.1.3 Kenya Electricity Transmission Company (KETRACO)

56. The approved BPS ceiling for the company for FY 2024/2025 was Kshs. 5,111 million while the FY 2024/2025 Budget Estimates allocation is Kshs. 5,110 million exhibiting a decrease of Kshs. 1 million.

57. The Company has outstanding pending bills of Kshs. 24,135 million as at 31st March 2024.

3.1.4 Geothermal Development Company (GDC)

58. Under the Budget Policy Statement, GDC was allocated a budget of Kshs. 8,845 million for the development of Menengai, Bogoria-Silali and Suswa geothermal fields as well as for support of recurrent activities. The Budget Estimates of Kshs. 8,346 million represent a reduction of Ksh499 million. The budget estimates compared with the approved 2024 Budget Policy Statement (BPS) ceilings and deviations is summarized as follows:

Table 13: Budget Estimates vs Approved 2024 BPS and Deviations

Project	Budget Estimates Ceiling	Approved 2024 Budget Policy Statement Ceiling	Deviation
	Kshs Million		
Menengai Project	2,162	2,207	(45)
Bogoria-Silali Project	4,134	4,238	(104)
Suswa Project	570	600	(30)
Recurrent expenditure	1,480	1,800	(320)
Total	**8,346**	**8,845**	**(499)**

59. The recurrent allocation of Kshs.1,480 million is not sufficient to meet administrative expenses including non-technical personnel emoluments, repayment of loans, and rent for the regional office among others. GDC recommends reallocation from the project development budget to cover for deficit in the recurrent budget.
60. Under the supplementary I, GDC received an allocation of Kshs. 7,575 million. Funding for supplementary 1 is from the Development Partner (KfW and GRMF), exchequer, and internally generated local AIA in the ratios Kshs. 3,290 million, Kshs. 705 million and Kshs. 3,580 million respectively. Funding for geothermal development in Menengai,

Bogoria-Silali, and Suswa is Kshs. 1,050 million, Kshs. 4,490 million, Kshs. 185 million and Kshs. 1,850 million respectively.

61. Implementation of the supplementary I budget is ongoing. Expenditure as at 31st March 2024 is Kshs. 5,311 million, representing an absorption status of 70.1% whereas disbursement is Kshs. 7,287 million, representing a disbursement status of 96.2%. Disbursement received from the Development Partner, exchequer, and internally generated local AIA is Kshs. 3,073 million, Ksh476 million, and Kshs. 3,746 million respectively.

62. The agency has pending bills totaling Kshs. 576.51 million.

3.1.5 Nuclear Power and Energy Agency (NuPEA)

63. In the Budget Policy Statement, the Agency was allocated a total of **Kshs. 1.39 billion** being **Kshs. 795 million** recurrent and **Kshs. 600 million** development. The amount has been reduced by 38% to **Kshs. 860 million** being **Kshs. 440 million** recurrent and **Kshs. 420 million** development budget estimates.

Table 14: Approved Budget Policy Deviation

HEADS	APPROVED ESTIMATES AS PER POLICY STATEMENT 2024	VARIANCE	BUDGET ESTIMATES	DEVIATION %
2630100 Recurrent Grants	**795,000,000**	**(355,000,000)**	**440,000,000**	**45%**
Development budget				
1152105100 Nuclear Power Plant Siting	200,000,000	(60,000,000)	140,000,000	-30%
1152105200 Strategic Environmental Assessment	50,000,000	(15,000,000)	35,000,000	-30%
1152107500 Resource Development for Nuclear Programme	150,000,000	(45,000,000)	105,000,000	-30%
1152110200 Publicity and Advocacy	130,000,000	(39,000,000)	91,000,000	-30%
1152108300 Nuclear Policy and Legislation	70,000,000	(21,000,000)	49,000,000	-30%
Total Development	**600,000,000**	**(180,000,000)**	**420,000,000**	-30%
Grand Total	**1,395,000,000**	**(535,000,000)**	**860,000,000**	-38%

64. These are significant deviations in the budget. It is important for the Committee to note that the recurrent budget of Ksh 440 Million will not be sufficient to pay even staff salaries.

The Agency requires a total of Ksh 482.M for staff costs for the financial year. No other administrative and operational costs have been provided for with this reduction.

65. During the financial year 2023/24, the budget utilization as at 30th April 2024 was at 93% instead of the expected 83% implying an over expenditure in almost all budget items. The recurrent budget was at 74% absorption while development budget is at 153%.

66. Employee compensations budget was absorbed at 69%, Board of Directors expenses at 116% while administrative and operational expenditures were 99% and 73% respectively.

67. The capital expenditure on the other hand was absorbed at 153 % with all the budget programmes being over spent as indicated in the table below. This has resulted in pending bills of Ksh 186,306,194 for the year. The pending bill resulted from the budget cut during the supplementary I which happened after the expenditure had been incurred.

68. The pending bill of Ksh 141,458,750 for development projects resulted from the budget cut during the supplementary I cycle which happened after the expenditure had been incurred. The recurrent pending bill of Ksh 40,000,000 is as a result of a legal suit that was brought against the Agency in the course of the financial year. The legal fees had not been budgeted for in the financial year 2023/2024.

3.2 State Department for Petroleum - Vote 1193

The Principal Secretary for the State Department of Petroleum, Mr. Mohamed Liban, accompanied by the Chief Executive Officers/Managing Directors of the SAGAs under the State Department appeared before the Committee on Tuesday, 14th May 2024 and submitted as follows on the FY 2024/2025 Budget Estimates: That;

69. The State Department for Petroleum, Vote 1193 financial year 2024/25 total budget estimates is **Kshs. 31.201 billion** consisting of **Kshs. 27.326 billion** for Recurrent expenditure and **Kshs 3.875 billion** for Development.

70. The approved BPS ceilings for the State Department was **Kshs 31.362 billion** consisting of **Kshs. 27.326 billion** and **Kshs. 4.036 billion** for recurrent and development respectively. This shows a significant deviation of **Kshs. 161 million**. Reduction represents 30% rationalization on GoK funded component of the development estimates. This is shown in Table 15 below:

Table 15: Deviation between the Budget Estimates and the Approved 2024 Budget Policy Statement Ceilings

Vote	BPS Ceiling - FY 2024/25 (Kshs. Million)	Budget Estimates - FY 2024/25 (Kshs. Million)	Variance - FY 2024/25 (Kshs. Million)	Remarks
Recurrent	27,326	27,326	-	
Development	4,036	3,875	- 161	Reduction represents 30% rationalization on GoK funded component of the development estimates.
Total	**31,362**	**31,201**	**-161**	

71. The **Kshs. 161 million** net decrease from the BPS ceiling to the Budget Estimates 2024/25 represents 30 per cent rationalization on GoK funded component of the development estimates and net effect on savings realized from the projects.

Table 16: Budget Estimates 2024/25 Allocation vs Approved BPS Ceilings per Program

Name of Project	BPS Ceiling FY 2024/25 (Kshs. Million)	Budget Estimates 2024/25 (Kshs. Million)	Variance (Kshs. Million)	Note
1193100201 Petroleum Exploration in Block 14T	430	385	-45	-
1193100301 Fuel Marking	84	84	0	
1193100401 Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline (LLCOP)	701	496	-205	
1193100404 Early Monetization of First Oil Project	477	427	-50	
1193100405 LPG Distribution and Infrastructure	583	533	-50	1
1193100407 Oil Exploration and Monitoring	1,392	995	-397	
1194100408 Clean Cooking Gas for Boarding Learning Institutions	369	955	586	2
TOTAL	**4,036**	**3,875**	**-161**	**3**

72. Kshs 50 million represents rationalization by 30 per cent GoK-funded portion, of the LPG Distribution on Infrastructure Project;

73. The **Kshs 586 million** represents increase on the BPS funding ceiling for Clean Cooking Gas for Boarding Learning Institutions, a Bottom-up Economic Transformation Agenda (BETA) project. The State Department boosted the BETA project by rationalizing funding of projects under Lokichar-Lamu Crude Oil Pipeline, Early Monetization of First Oil Project and Oil Exploration and Monitoring project, without substantially loosing the intended focus on projects' activities for the next financial year.

74. On the budget implementation, Fuel Price Stabilization percentage absorption is at 79 per cent; Personnel Emolument is at 78 per cent absorption comparing with annual overall absorption; Net operations absorption is low at 21 per cent because of Supplementary Estimates No. II provision of **Kshs 56 million** expected to be absorbed in quarter 4 once the pending bills for KASNEB Towers II Offices and Staff Van provisions are applied to settle them; and the overall Development Estimates Budget absorption is at 76 per cent. It is expected to rise in Quarter 4.

75. The State Department has no new projects.

76. The State Department has Pending Bills amounting to **Kshs. 16,501,966.95** as of 31st March 2024. The pending bills are relating to FY 2017/18, in the case of Steadfast International Limited and All-Day Technologies Limited, being supply for Grills for 6Kg Gas Cylinders and Supply of 6kg Cylinders, respectively; and whereas some are for supplies and services received between FY 2021/22 and FY 2022/23.

77. The Pending Bills have been outstanding due to various reasons. Some of the reasons relate to change of suppliers names, payment details, winding up operations, lack of contract between the State Department and the provider – like the case of KNTC and Hatari Security Guards Limited, whose provision of go-downs storage services and security to LPG Cylinders, respectively were made between National Oil Cooperation of Kenya and the service providers.

78. The State Department is in the process of finalizing the transfer of contract KNTC and Hatari Security Guards so as to process the pending bills. The State Department, has consequently provided budgetary provision to cover the pending bills in FY 2024/25.

79. The State Department has re-aligned the BETA projects funding to realize **Kshs. 955 million** for Clean Cooking Gas (CCG) for Public Boarding Institutions and **Kshs. 533 million** for LPG Distribution and Infrastructure as these are the State Department's main BETA projects. The LPG distribution and infrastructure that targets low-income households has been enhanced from **Kshs. 383 million** to **Kshs. 533 million**, a 44 per cent growth in budgetary provision.

3.2.1 Kenya Pipeline Company (KPC)

80. KPC has operated within its expenditure ceilings provided in the FY2023/24 National Treasury approved budget that was also granted concurrence by the line ministry – Ministry of Energy & Petroleum. There were no deviations from the budget estimates.

81. The Company achieved a Pre-Tax Profit (PTP) of Kshs. 7.7 billion for the period ended 31 March 2024. During the period, revenues grew by 5% mainly attributable to the growth in export business. Also, the solid performance is attributable to prudent cost management resulting in cost savings on maintenance costs and other administration costs. The overall cost savings is 15% of the approved budget to date.

82. CAPEX actual expenditure over the same period was Kshs. 2.7 billion representing a 40% absorption rate of the phased year to date CAPEX budget. The forecasted absorption rate is anticipated to be 70% of the annual budget of Kshs. 9 billion.

83. The overall budget (Recurrent and CAPEX) implementation as of 31st March 2024 was Kshs. 26.7 billion representing a 55% absorption rate.

84. KPC plans to embark on various projects in FY2024/25 key among which those detailed in Table 17 below:

Table 17 - New Projects and Justifications

SN	Project Name	FY2024/25 Proposed Budget	Justification
		Kshs. Millions	
1.	Fiber Cable Infrastructure	493.8	A feasibility study has been done for the lighting of FOC to provide connectivity solutions to KPC and external customers so as to diversify revenue. The project is part of the 52,000Km public sector contribution to the 100,000Km fibre rollout initiative by the government in support of the National Digital Superhighway. This is a 3-year project.
2.	Supply, Installation, Testing and Commissioning of additional Loading Pumps at PS25	212.0	The installed capacity of MSP & AGO loading arms at PS25 is more than installed capacity of MSP & AGO loading pumps, there is need to install an additional 2No. pumps for AGO and 1No. pump for MSP to achieve proper optimization of the system and introduce redundancy.
3.	Supply, Installation and Commissioning of MV Switchboard and Variable Frequency Drives at PS24B	207.3	The existing Medium Voltage MV Switchboard at PS24 lacks adequate protection hence endangering the lives of maintenance personnel. The Switchboard fatally electrocuted an Electrical staff on 1st January 2019. In addition, most spares on the switchboard no longer enjoy manufacturer support.

SN	Project Name	FY2024/25 Proposed Budget	Justification
		Kshs. Millions	
4.	Electronic Document & Records Management System (EDRMS)	157.5	EDRMS is a software solution designed to organize, store, manage, and track electronic documents and records within KPC. This initiative is in line with the Government directive and performance contract to digitize records. The project is intended to improve efficiency by reduction of paper trail within KPC and preservation of records.
5.	Replacement of Obsolete ATGs for 20 Active tanks at PS15	155.3	The currently installed ATGs on the storage Tanks were installed in 1998 and have since been obsolete. Sourcing for spares to maintain optimum operation has been a challenge. This project will help in ensuring the proper and accurate stock inventory
6.	Suppply, delivery and deployment of Routers and Switches	124.6	Current core, distribution and access switches were purchased in 2007 and upgraded in 2011. This equipment has reached end of life thus cannot be supported by the manufacturer. Further, the obsolete equipment causes security risks to KPC landscape.
7.	Replacement of CISCO UCS Blade Servers	116.0	Replacement of CISCO UCS Blade Servers for the primary data centre and disaster recovery centre due to obsolescence of the current servers which have reached end of life. This will involve procuring and installing CISCO Chassis and eight (8) Blade Servers at the Datacentres, training of KPC staff on the use of the equipment and 3 years local support.
8.	Supply, Installation, Testing and Commissioning of truck loading shelters complete with firefighting system for bottom loading facilities (BLF) at PS25-Nakuru, PS27-Eldoret and PS28-Kisumu Depots	105.5	Bottom loading facilities (BLF) in PS25, PS27 (Rail Siding Modification), PS27 (New BLF 2-Arms) and PS28 do not have canopies. Truck loading is interrupted during rainy weather because there is no shelter to protect the operators from exposure to adverse weather conditions and to protect water ingress into tankers thereby compromising quality of petroleum products. The facilities do not have smoke & flame detectors and do not have foam-water sprinkler systems.
9.	Supply and installation of Identity management and multifactor authentication system.	104.6	New cybersecurity frameworks rely on zero trust and identity management as foundational elements for protection of assets and systems. Through this project, KPC seeks to strengthen the identity management and integrate the same with multi-factor authentication to improve security of the KPC enterprise network. This is in line with GOK designation of KPC systems as critical information infrastructure.

SN	Project Name	FY2024/25 Proposed Budget	Justification
		Kshs. Millions	
10.	Concrete Paving of KPRL tank farms, PHASE 1 – Port Reitz Tank farm	86.7	KPRL Port Reitz tank farm is composed of 5 no. hydrocarbon tanks each with a diameter above 43M. The tank farm has stone pitched bund walls and the bunded areas are comprised of bare earth with vegetation covering. In case of emergency oil spills, both the bund wall and the bunded area can allow seepage of hydrocarbon to ground resulting in contamination of ground water. As such, the tank farm should be paved in order to limit such seepage. The most preferred material is concrete paving because it has the lowest level of permeability.
11.	Design, Supply, Installation, and Commissioning of Fire Detection and Suppression Systems for Electrical Panels and Switch rooms	76.7	KPC has carried out various process safety audits and electrical safety audits that identified lack of automatic fire detection and suppression systems in KPC Medium Voltage and Low Volage Switchboards and Switch rooms as a safety hazard due to the possibility of electrical fires emanating from these switchboard and posing a greater fire risk to the petroleum facilities, and recommended installation of systems to ensure that any electrical fires starting in the switchboard and panels are detected and suppressed, and any fires that burn out of the panels onto the larger Switch room is extinguished.
	TOTAL	**1,840**	

85. KPC has no pending bills as of 31st March 2024. It has honored all its payment obligations as and when they fall due.

86. The stalled projects are shown in Table 15 below:

Table 18 - KPC Stalled Projects

SN	Project /Asset description	Amount	Status
		Kshs. Millions	
1.	Perimeter Stone Wall at Kipevu (PS 14)	13.1	Areas with no contention have already been done. Awaiting resolution of squatters' issue with the help of National Land Commission (NLC).
2.	Line 1 for Conveyance of Mzima Water	445.1	This was a project that was initiated through a presidential directive issued to KPC and was meant to be a joint venture between ministry of petroleum & mining (through KPC) and ministry of water (through Coast Water). The project was intended to transport and provide water through KPC pipelines to the Coast Region. However, NEMA issued a

SN	Project /Asset description	Amount	Status
			stop and restoration order. KPC is still awaiting on further guidance from NEMA after submitting a revised Environmental Impact & Sustainability Assessment (ESIA) report.
	TOTAL	**458.3**	

3.2.2 National Oil Corporation of Kenya (NOCK)

87. The approved BPS ceiling for the FY 2024/2025 for the Corporation was Kshs. 385 million while the proposed Estimates for the FY 2024/2025 is Kshs. 430 million, an increment of Kshs. 45 million from BPS.

88. The outstanding pending bills for the Corporation as at 31st March 2024 totals to Kshs. 1,473,757,011.

89. The non-performing loans amount to Kshs. 7.2 billion and Kshs. 2.5 billion owed to KCB Bank Limited and Stanbic Bank respectively.

90. The Corporation is currently in the process of bringing on board a non-equity Strategic Partner who will provide the necessary working capital. The Corporation has made provisions in its projections to settle its pending bills once it resumes optimal business operations.

3.2.3 Energy and Petroleum Regulatory Authority (EPRA)

91. The Authority did not have any significant deviation between the budget estimates and the approved 2024 BPS.

92. The status of budget implementation for the FY 2023/2024 is 51.1% absorption on capital expenditure and 51.6% on recurrent expenditure.

93. The Authority is undertaking programmes to support the Government Agenda on LPG growth strategy (development of an LPG framework), review of the Field Development Plan for the South Lokichar Bassin, development of a regulatory framework on electricity markets, open access, and bulk supply, development of mobility guidelines and dissemination of Energy and Petroleum Information and Statistics.

PART IV

4. COMMITTEE OBSERVATIONS

94. Based on the written and oral submissions received from the State Department for Energy and the State Department for Petroleum, the Committee made the following observations:

4.1 State Department for Energy

95. That, the State Dept for Energy has been allocated Kshs.63.7 billion which comprises Kshs.9.8 billion for recurrent expenditure and Kshs.53.9 billion for development expenditure in FY 2024/25 Budget Estimates.

96. That, there is an overall reduction in the budget for the State Department for Energy totaling Kshs.13.1 billion compared to the approved BPS 2024 ceilings. The reduction was mainly due to budget cuts to capital projects for SAGAs under the state Department of Energy and were majorly from foreign sources of funding. This may in turn affect the completion rates of critical projects in the energy sector e.g. the installation of transformers in constituencies project.

97. That, the government intends to accelerate electricity connectivity in the country to achieve universal access to electricity through enhanced funding to the Electrification of Public Facilities project which has gotten a budget allocation of Kshs.11.88 billion to accelerate the Last Mile Connectivity for Constituencies in FY 2024-25 Budget Estimates.

98. That, the frequency of vandalism acts targeting critical power infrastructure has increased, leading to a delay in project implementation and an increase in overall project costs.

99. That, several ongoing SAGA projects, including the Nairobi Ring project, the Kenya Power Transmission Expansion Project, the Power Transmission System Improvement Project, the Kenya Power Distribution System Modernization and Strengthening Project, the Electrification of Food Processing Plants, and the Electrification of Level 4 and Level 3 Hospitals, are bundled together, which jeopardizes the element of transparency during budget monitoring and oversight.

100. That, the recurrent budget allocation to the Nuclear Power and Energy Agency(NUPEA) of Kshs.440 million for FY 2024/25 will not be sufficient to pay for staff salaries since the agency requires Kshs.482 million for staff emoluments annually.

101. That, the counties of Marsabit, Samburu, Turkana, Garissa, Wajir, and Mandera are not currently connected to the National Grid and therefore heavily depend on expensive off-grid diesel generators for their power needs.

4.2 State Department Petroleum

102. That, the state Department for Petroleum has been allocated Kshs.31.2 billion in the FY 2024/25 budget which comprises Kshs.27.3 billion for recurrent expenditure and Kshs.3.9 billion for development expenditure.

103. That, the Clean Cooking Gas for Boarding Learning Institutions project that has a proposed budget allocation of Kshs.954.5 million in the FY 2024/25 Budget Estimates with a target of providing 74 public learning institutions with clean cooking gas has not put in place adequate measures to address safety concerns in schools in case of student unrest before rollout of the project.

104. That, the cross-subsidization policy currently in place that entails charging higher prices to a group of consumers in order to subsidize lower prices for another group is not clearly anchored in the Energy Act, 2019, and the relevant regulations.

105. That, there are currently no policy guidelines in place to outline Standards and procedures for battery waste reuse and disposal for electric vehicles with there being 2,079 electric vehicles in the Country as of June 2023, a figure that is aimed to reach five percent of the total registered vehicles by 2025 according to EPRA.

PART V

5. RECOMMENDATIONS

106. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Budget Estimates for the FY 2024/25, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Energy

107. That, the State Department for Energy puts in place stringent measures to promote comprehensive and elaborate public awareness and civic education by 30th September, 2024 on the legal ramifications as well as the detrimental effects of vandalism of electricity infrastructure on the economy.

108. That, the National Treasury creates separate budget lines for the projects under the Nairobi Ring Project, the Kenya Power Transmission Expansion Project, the Power Transmission System Improvement Project, the Kenya Power Distribution System Modernization and Strengthening Project, the Electrification of Food Processing Plants, and the Electrification of Level 4 and Level 3 Hospitals by 30th August 2024 in order to enhance accountability as well as promote transparency and efficiency in budget oversight.

109. That, the Cabinet Secretary for the Ministry of Energy and Petroleum in conjunction with the Cabinet Secretary for the National Treasury continuously explore Public-Private Partnerships due to the huge investment requirement needed in order to fast-track the implementation of the KETRACO Transmission Master Plan 2023-2042 that will connect underserved counties to the national grid as well as reduce their dependence on the expensive off-grid diesel generators.

5.1.2 State Department for Petroleum

110. That, the Energy and Petroleum Regulatory Authority (EPRA) submits to the National Assembly the requisite regulations anchoring the cross-subsidy policy to law within three(3) months upon passage of the 2024-2025 Budget Estimates by the National Assembly.

111. That, the Energy and Petroleum Regulatory Authority (EPRA) in conjunction with the State Department for Petroleum embarks on a review of the LPG growth strategy to incorporate sound and stringent measures to safeguard against safety concerns in schools in case of student unrest by 30th September 2024.

112. That, the Energy and Petroleum Regulatory Authority (EPRA) in conjunction with the National Environment Management Authority(NEMA) develops standards and procedures for Electric Vehicles (EV) battery waste reuse and disposal, that should be tailored to the electric vehicles sector within six(6) months upon passage of the 2024-2025 Budget Estimates by the National Assembly.

5.2 Financial Recommendations/ Proposed Reallocations

113. The committee recommends THAT:

a) For the **State Department for Energy**, the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent expenditure amounting to Kshs.**9.834 billion** and the allocation for development expenditure amounting to Kshs.**53.901 billion be approved with the following amendments:**

Reductions

i. Reduce the allocation for the Bogoria Silali Geothermal Project by Kshs.80 million.
ii. Reduce the allocation for the Menengai Geothermal Development project by Kshs.50 million.
iii. Reduce the allocation for the Suswa Geothermal Project by Kshs 20 million.
iv. Reduce the allocation for the Hydro Dams Water Catchment Reafforestation Project by Kshs.60 million.
v. Reduce the allocation for the Rural Electrification Schemes Project by Kshs.100 million.
vi. Reduce the allocation for the Offgrid Electrification Schemes Project by Kshs.40 million.
vii. Reduce the allocation for the Power Transmission system improvement project by Kshs.40 million.
viii. Reduce the allocation for the 500kV HVDC Eastern Electricity Highway Project (Ethiopia –Kenya Interconnector) by Kshs.40 million.
ix. Reduce the allocation for the Machakos –Konza-Kajiado-Namanga Project by Kshs.20 million.
x. Reduce the allocation of the Electrification Of Public Facilities project by Kshs.1.6 billion.

Increments

i. Increase the recurrent allocation to the Nuclear Power and Energy Agency(NuPEA) by Kshs.50 million.
ii. Increase the allocation for the Street-lighting project by Kshs.50 million.
iii. Increase the allocation for the electrification of public facilities by Kshs.250 million.
iv. Increase the allocation for the installation of transformers in constituencies project by Kshs.100 million
v. Increase the allocation for the Last Mile Connectivity for Constituencies and Other Interventions by Kshs.1.6 billion.

b) For the **State Department for Petroleum**, the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent expenditure amounting to Kshs.**27.325 billion** and the allocation for development expenditure amounting to Kshs.**3.875 billion be approved without amendments.**

5.3 Requests for Additional Funding

114. Further, the Committee requests that the Budget and Appropriations Committee consider the following budgetary needs for funding key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA):

a) Additional allocation of Kshs.1.5 billion for the Electrification of Public Facilities project.

b) Additional allocation of Kshs.1 billion for the Installation of transformers in constituencies project.

c) Additional funding for the street lighting project of Kshs.500 million.

SIGNED ..... **DATE** 22/5/2024

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

1. First Schedule: Proposed Committee Reductions on proposed budget 2024/25 (Kshs. Millions).

Programme	Head/SAGA	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1152: STATE DEPARTMENT FOR ENERGY (Kshs. Millions)									
0212000 Power Generation	GDC	1152100500 Bogoria Silali Geothermal Project.	-	**4,134.00**	-	**(80)**	-	4,054.00	The project which started in June 2010 has faced slow implementation, with the completion rate of the project being 25% as at 31st December 2023.
0212000 Power Generation	GDC	1152102200 Menengai Geothermal Development Project.	-	**2,057.00**	-	**(50)**	-	2,007.00	The project which started in January 2010 has faced slow implementation, with the completion rate of the project due to the lack of a letter of support from the National Treasury, hence the reallocation to other priority areas.
0212000 Power Generation	GDC	1152109800 300MW Suswa geothermal project	-	**570.00**		**(20)**	-	550.00	The decrease in allocation is because the project has been faced by delays due to litigation challenges.
Alternative Energy Technologies	Ministry HQ	1152105400 Hydro dams Water catchment re-afforestation.		**164.00**		**(60)**		104.00	The decrease is due to the under-absorption of the funds granted in the approved estimates meant to cater for the tree-growing campaign.
Power Transmission and Distribution	KPLC	1152109701 Rural Electrification Schemes		**700.00**		**(100)**		600.00	The decrease is due to the slow delay in actioning of the 4-point action plan by KPLC

Programme	Head/SAGA	Project	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Power Transmission and Distribution	KPLC	1152109702 Off-Grid Electrification Scheme		**140.70**		**(40)**		100.70	The decrease is due to the slow delay in take-off for the project which is geared towards reducing dependence on diesel generators in off-grid areas
0213000 Power Transmission and Distribution	KETRACO	1152103901 Power Transmission System Improvement project	-	**490.00**	-	**(40)**	-	450.00	The reduction in allocation is due to the delay in completion of the project which commenced in September 2013 and had a completion date of September 2022. It has also been dogged by audit queries
0213000 Power Transmission and Distribution	KETRACO	1152101800 500kV HVDC Eastern Electricity Highway Project	-	**205.80**	-	**(40)**	-	165.80	The reduction in allocation arises from the project coming to an end.
0213000 Power Transmission and Distribution	KETRACO	1152104000 Machakos – Konza-Kajiado-Namanga Project	-	**140.00**	-	**(20)**		120.00	The reduction in allocation is due to the slow progress of the project as well as the slow absorption of funds
0213000 Power Transmission and Distribution	REREC	1152104401 Electrification of Public Facilities	-	**3,482.33**	-	**(1,600)**		1,882.33	Reduction in allocation is geared towards enhancing funding for the last-mile connectivity interventions for constituencies
Total Reductions						**(2,050)**			

2. Second Schedule: Proposed Committee increases on the proposed Budgets 2024/25 (Kshs. Millions)

Programme	Head/SAGA	Project	Proposed 2024/25 Estimates		Increased amount by Committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1152: STATE DEPARTMENT FOR ENERGY (Kshs. Millions)									
0212000 Power Generation	NUPEA	1152000508 Nuclear Power and Energy Agency	440	-	**50**	-	490	-	The increase in allocation is to cater for staff salaries since the agency requires Kshs.482 million for staff emoluments annually.
0213000 Power Transmission and Distribution	KPLC	1152103500 Street-lighting	-	161.00	-	**50**	-	211.00	The increase in allocation is due to the project's positive ripple effect of improved security, more working hours, more economic activities, and leading to improved standards of living for the citizens.
0213000 Power Transmission and Distribution	REREC	1152106900 Installation of Transformers in Constituencies	-	1,536.00	-	**100**	-	1,636.00	Additional allocation to the project is key in enhancing electricity access and connectivity by opening up the rural areas through the supply of essential power for economic activities, facilitation of business opportunities, and enhanced security.
0213000 Power Transmission and Distribution	REREC	1152104401 Electrification of Public Facilities	-	3,482.33	-	**250**	-	3,732.33	Increased allocation is geared towards increasing the scope of households to be connected for the key project which is essential in achieving universal access to electricity by 2030.
0213000 Power Transmission and Distribution	REREC	1152113268 Last Mile Connectivity for	-	8,400.00	-	**1,600**	-	10,000.00	Enhanced funding is geared towards accelerating electricity connectivity in the country. The

Programme	Head/SAGA	Project	Proposed 2024/25 Estimates		Increased amount by Committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
		Constituencies and Other Interventions							funds are to be shared equally among the 290 constituencies.
Total Increases					**50**	**2,000**			

3. Third Schedule: The Departmental Committee's request for additional funding to the Budget and Appropriations Committee

Programme	Description	Amount (Kshs. Millions)	Reason for Additional Funding
0213000 Power Transmission and Distribution	1152104400 Electrification of Public Facilities.	1,500	Request for additional funding of Kshs. 1.5 Billion for the project to connect all public facilities and to ensure all Kenyans have access to electricity by the year 2030, which is geared towards the rollout of the Last Mile Connectivity for Constituencies and Other Interventions
0213000 Power Transmission and Distribution	1152106900 Installation of transformers in constituencies project	1,000	Request for additional funding of Kshs. 1 billion for the installation of transformers in constituencies project which is key in enhancing electricity access and connectivity by opening up the rural areas through supply of essential power for economic activities, facilitation of business opportunities, and enhanced security.
0213000 Power Transmission and Distribution	1152103500 Street-lighting	500	Request for additional allocation of Kshs.500 million towards the project that is critical in the achievement of a 24-hour economy as well as extending business hours.

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR FY 2024/25:

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1135: The State Department for Youth Affairs

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

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MAY 2024

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PART I

1 PREFACE

1.1 Introduction

1. The Estimates for the Financial Year 2024/25 and the Medium-Term were tabled in the National Assembly on the 30th of April, 2024 pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.

2. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Social Protection the mandate to consider matters in relation to *Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*

3. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget estimates for the following government agencies under its purview:
   i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
   ii. Vote 1212: The State Department for Gender and Affirmative Action
   iii. Vote 1135: The State Department for Youth Affairs and Creative Economy
   iv. Vote 1213: The State Department for Public Service (NYS)
   v. Vote 1241: The National Gender and Equality Commission (NGEC)

1.2 Mandate of the Committee

4. The Departmental Committee on Social Protection is one of the twenty (20) Departmental Committees of the National Assembly established under *Standing Order 216* whose mandates pursuant to the *Standing Order 216 (5)* are as follows:

   i ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives,*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
   viii *To examine treaties, agreements and conventions;*
   ix *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi *To examine any questions raised by Members on a matter within its mandate.*

5. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.

6. In executing its mandate, the Committee oversees the following State Departments under different Ministries and one Commission,
   i State Department for Social Protection and Senior Citizen Affairs;
   ii State Department for Gender and Affirmative Action;
   iii. State Department for Youth Affairs and Creative Economy;
   iv. State Department for Public Service (National Youth Service), and
   v. National Gender and Equality Commission (NGEC)

1.5 Committee Membership

7. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Alice Wambui Ngángá, MP
Thika Town Constituency
UDA Party

Vice-Chairperson
Hon. Hillary Kiplang'at Koskei, MP
Kipkelion West Constituency
UDA Party

Members

Hon (Dr.) James Wambura Nyikal, M P. M.P
Seme Constituency
ODM PARTY

Hon. Timothy Wanyonyi Wetangula, M.P.
Westlands Constituency
ODM PARTY

Hon. (Dr.) Lilian Achieng Gogo, M.P.
Rangwe Constituency
ODM PARTY

Hon. Mark Ogolla Nyamita, M P
Uriri Constituency
ODM PARTY

Hon. Edith Vethi Nyenze, M.P M.P
Kitui West Constituency
WDM-K PARTY

Hon Betty Njeri Maina, M.P.
Murang'a County
UDA PARTY

Hon. Michael Wambugu Wainaina, M.P
Othaya Constituency
UDA PARTY

Hon Sulekha Hulbale Harun,
Nominated Member
UDM PARTY

Hon. Amina Abdullahi Dika, M P
Tana River County
KANU PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency
UDA PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County
TSP PARTY

Hon. Agnes Mantaine Pareiyo,
Narok North Constituency
JUBILEE PARTY

Hon. Linet Chepkorir, M.P
Bomet County
UDA PARTY

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Mr. Finlay Muriuki
Lead Clerk/ Head of the Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Mr Adan Ahmed Abdi
Fiscal Analyst II

Ms. Grace Maneno
Research Officer III

Mr. George Benjamin
Hansard Officer III

Ms. Naomi Onsomu
Public Communications Officer

Mr. Derrick Kathurima
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Budget Estimates for FY 2024/25

9. The Budget Estimates for FY 2024/25 were submitted to the National Assembly on Tuesday 30th April 2024 and subsequently referred to Departmental Committees for consideration.

10. Parliament is required to scrutinize the Budget Estimates and the programmes that the State Departments under the purview of the Committee are undertaking with a view of establishing whether the allocations are justified and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and their agencies to consider their submissions on the Budget Estimate for FY 2024/25.

12. The Committee held a total of six **(6)** sittings to consider the Budget Estimates for FY 2024/25.

1.6 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Budget Estimates for FY 2024/25.

14. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the state Department for Gender and Affirmative action; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service; the National Gender and Equality Commission as well as their agencies for the useful contributions they made towards the preparation and production of this report.

15. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

HON. ALICE WAMBUI NGÁNGÁ, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2 OVERVIEW OF THE BUDGET ESTIMATES FOR FY 2024/25

Recent budgetary allocations

16. An analysis of Exchequer issues as at 31st March 2024 shows that the State Department for Social Protection and Senior Citizens Affairs had received 39% of its gross recurrent and development allocation This means that much of the Social safety net cash transfer which is budgeted for under recurrent expenditure have not been paid just two months to the end of the financial year. Considering that Salaries and allowances form part of the 39% released by the end of March 2024 the figure for Social Safety Net Cash transfer could be much less

17. The Social Safety Net Cash Transfer goes to the most vulnerable of the population and therefore any payments that is both irregular and unpredictable defeats the purpose for which the fund is supposed to serve. Development exchequer releases is at 50 percent by the end of March 2024 for the State department of Gender and as such, development projects earmarked for implementation under the National Government Affirmative Action Fund within the course of the financial year may be completed within the set timelines.

18 Additionally, all Exchequer releases for the National Gender and Equality Commission were geared towards recurrent expenditures as the commission's entire allocation was on recurrent expenditures Exchequer releases for the MDAs under the Committee's purview is summarized in table 1 as follows:

Table 3: Analysis of Exchequer Issues to MDAs under the Committees Purview

Vote		Gross Estimates	A-i-A	Approved Net Estimates	Exchequer Issues as of 30th Sept 2023	% of Exchequer Issues to Net Estimates
Social Protection	Recurrent	32,542	100	32,442	20,405	37%
	Development	3,617	0	3,617	1,412	61%
	Total	36,159	100	36,059	21,817	39%
Gender	Recurrent	1,332	135	1,204	770	36%
	Development	3,467	200	3,267	1,636	50%
	Total	4,799	335	4,471	2,406	46%

Youth Affairs	Recurrent	1,336	34	1,302	2,020	-55%
	Development	686	133	553	556	%
	Total	2,022	167	1,855	2,576	%
National Gender & Equality Commission	Recurrent	468		468	289	38%
	Development					
	Total	468	0	468	289	38%

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PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Departments appeared before the Committee on 14th, 15th and 16th May, 2024 and submitted as follows:

3.1 The State Department for Social Protection and Senior Citizen Affairs

Introduction

The State Department comprises of four (4) Directorates, three (3) SAGAs, two (2) Trust Funds and two (2) departments (General Administrative Services and Central Planning and Monitoring Department).

Directorates	SAGAS	Trust Funds
i). Directorate of Social Development ii). Directorate of Children Services iii). Directorate of Social Assistance iv). National Social Protection Secretariat	i). National Council for Persons with Disabilities (NCPWDs) ii). National Council for Children Services (NCCS) iii). Child Welfare Society of Kenya (CWSK)	i). Street Families Rehabilitation Trust Fund (SFRTF) ii). National Assistance Trust Fund for Victims of Counter Trafficking.

The State Department has offices in 8 Regions, 47 Counties and all sub counties. These offices are for both Children and Social Development Directorates. The National Council for Persons with Disabilities has offices in all the 47 counties.

In addition, the State Department has;

i) 14 Children Remand Homes;
ii) 5 Rescue Centers;
iii) 11 Children Rehabilitation Schools;
iv) 6 Child Protection Centers; and
v) 12 Vocational Rehabilitation Centers
vi) 2 Older Persons Institutions

On Budget Estimates, 2024/2025 FY

1. **Identification of any significant deviation between the budget estimates and the approved 2024 budget policy statement ceilings**

a) Recurrent Expenditure

In the approved Budget policy statement, the State Department had a gross allocation of **Ksh 33,348.5 Million** in the Recurrent Expenditure out of which **Ksh 1976.8 Million** was for Personnel Emoluments, **Kshs 30214.36**. Million was to cater for Grants and Transfers and **Ksh 1157.4Million** was to cater for Operation and Maintenance. However, in the Budget Estimates for the F/Y 2024/25 the State Department been allocated Gross Expenditure of **Kshs. 33,064.9 million** of which **Kshs. 1976.8Million** will cater for Personnel Emoluments, **Kshs. 30,101.8 Million** will cater for Grants and other transfers and **Kshs. 986.3 million** will cater for Operation and Maintenance.

The approved budget ceiling for FY 2024/25 was **Kshs. 33,348.5** million compared to the budget allocation of **Kshs. 33,064.9 million**, hence a reduction of **Kshs.283.6 million**. This reduction will negatively impact on service delivery of the State Department, not to mention that the State Department has historically been under funded. The most critical areas that were affected by the deduction in the budget Estimates of FY 2024/2025 was in the field services and Headquarters.

b) Development Expenditure

The State Department Development Expenditure approved Budget ceiling for FY 2024/2025 was **Ksh 2,070.4 million** against a Budget Estimates Allocation of **Kshs 1,939.9**, hence a shortfall of **Kshs 130.5 Million.** This short fall will affect the Implementation of the Kenya Social Economic Inclusion Project (KSEIP) which is coming to an end in December 2024.

2. Status of Budget Implementation for FY 2023/2024.

The table below shows the Budget Implementation Absorption rates both Recurrent and Development Expenditure as of 9th May,2024.

Recurrent Expenditure as of 9th May-2024				
ITEM	**Approved Budget for F/Y 2023/2024**	**Cumulative Expenditure**	**Balance**	**Absorption Rate (%)**
Expenditures	**Kshs.**	**Kshs.**	**Kshs.**	
Compensation of employees	1,852,560,000.00	1,642,705,762.75	209,854,237.25	88.67
Use of goods and services	1,858,733,406.00	661,210,475.60	1,197,522,930.40	35.57
Grants	30,640,401,480.00	22,811,237,450.00	7,829,164,030.00	74.45
Acquisition of non-financial assets	15,908,370.00	1,399,830.10	14,508,539.90	8.80
Gross expenditure	**34,367,603,256.00**	**25,116,553,518.45**	**9,040,162,170.15**	**73.08**

The low absorption rate under acquisition of use of good and services and acquisition of non-financial assets is occasioned by delay in exchequer.

Development Expenditure as of 9th May -2024				
Projects	**Approved Budget**	**Cumulative Expenditure**	**Balance**	**Absorption Rate (%)**
	Kes	**Kes**	**Kes**	
Renovation of Vocation Rehabilitation Centres (VRCs)	4,500,000	0	4,500,000	0
Educational Equipment for Vocational Rehabilitation Centres	4,500,000	0	4,500,000	0
Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	13,630,000	0	13,630,000	0
National Development Fund for Persons	259,000,000	129,500,000	129,500,000	50

with Disabilities (PWDs)				
Partitioning of offices at the Ministry's Headquarters	50,000,000	0	50,000,000	0
Kenya Social and Economic Inclusion Project	3,530,840,000	1,312,253,266	2,218,586,734	37
Gross expenditure	**3,862,470,000**	**1,441,753,266**	**2,420,716,734**	**37**

From the table above, low absorption rate of **37%** is occasioned by delay in release of exchequer.

3. Project information including start date, total project cost, cumulative expenditure as at of 31st March 2024, physical completion status as of 31st March 2024, and Geographical location (county and Sub County) of the Project allocation for FY 2024/2025 and the medium term.

The State Department has a total of 7 projects in the FY2024/25 whose information is as detailed below

S/N	Project Name	Start Date	Total Project Cost	Cumulative Expenditure as of 31st March2024 Kshs '(000)	Physical Completion status of 31st march 2024	Allocation FY 2024/25 Kshs '(000)	Geographical location (County and Subcounty)
1	Renovation of Vocational Rehabilitation Centres	2024/25	Component specific	-	New component	4,500	➢ Nyandarua ➢ Machakos
2	Educational Equipment for Vocational Rehabilitation Centres	Continuous	N/A	@ 4.5 annually	Continuous	4,500	Across 12 counties
3	Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	2020/21	98.93	20,000	➢ Kirinyaga Complete ➢ Kilifi Exchequer awaited	2,630	Kilifi
4	Renovation of Machakos Children Rescue Centre	2024/25	Component specific	-	New component	3,000	Mackakos
5	Fencing (Kiambu Children Remand Home)	2024/25	Component	-	New component	14,889	Kiambu
6	Renovation of Likoni Children Rehabilitation School	2024/25	Specific	-	New component	2,740	Kwale
7.	Kenya Social & Economic Inclusion Project	2019/20	10,359.59 (Million)	Confirm	On extension upto December, 2025	➢ Gok-215.880 ➢ Grant Revenue – 38,000 ➢ Loan Revenue – 1,686,000	KSEIP 10 pilot counties**

** EIP pilot counties – Makueni, Murang'a, Kisumu, Taita Taveta & Marsabit
**NICHE pilot counties - Kitui, Kilifi, Marsabit, Turkana & West Pokot

4. List of New Projects and Justification

The State Department does not have new projects for the FY 2024/2025

5. List of pending bills as of 31st March 2024, and Strategy for their Resolution

The State Department has a total pending bill of **Kshs. 21,418,593.77,** which is mainly from two legal cases award. We have not been able to settle the cases due to lack of budget provision in the previous financial years. However, the details of the bills have been forwarded to Pending Bills Verification Committee at the National Treasury for consideration.

6. List of all stalled projects indicating their status of completion as of 31st March 2024 and any measures being taken to completion

The State Department does not have any stalled Project, except for the Child Welfare Society of Kenya (CWSK), as shown on the Table below;

CHILD WELFARE SOCIETY OF KENYA			
WORK IN PROGRESS PROJECT COST ANALYSIS AS AT 30TH JUNE 2022			
PROJECT	**PROJECT COST BILL OF QUANTITIES (KSHS)**	**PROJECT EXP AS AT 30/06/2022**	**SHORTFALL**
Joska	807,963,114	483,554,034	324,409,080
Isiolo	869,831,582	354,337,081	515,494,501
Muranga	488,193,606	246,048,082	242,145,524
Nanyuki	710,879,910	331,083,354	379,796,556
Bungoma	691,028,792	81,284,271	609,744,521
Total	**3,567,897,004**	**1,496,306,822**	**2,071,590,182**

7. A statement on the Alignment of the Estimates to the Medium -Term Plan iv of the Vision 2030 and Bottom -Up Economic Transformation Agenda (BETA).

The State Department plays a pivotal role towards the realization of the country's transformation agenda as advocated in Kenya Vision 2030, Medium Term Plan (MTP) IV, and the Bottom-Up Economic Transformation Agenda (BETA).

The BETA key focus is to increased investment in at least 5 sectors envisaged to have the largest impact to the economy (Agricultural Transformation; Micro, Small & Medium Enterprise (MSME); Housing & Settlement; Healthcare; and Digital Superhighway & Creative Industry. Social protection has been identified as one of the key enablers, with implementation of specific interventions.

A detailed Analysis of Alignment of the estimates to BETA & MTP IV

S/No	MTP IV &BETA Priorities	Key Strategies
1.	Expand Coverage of National Safety Net Programme (NSNP) Cash Transfer *(INUA JAMII)*	Fast-track enactment and operationalization of the Social Protection Bill
		Scale up the number of potential INUA JAMII beneficiaries target to reach 1,733,129 by June,2024 @ 2,000/= payable monthly
		Ensure all the potential beneficiaries data captured in the Enhance Single Registry MIS (central repository data base) across all the 47 counties
		Link Enhance Central Registry MIS to other data Bases to enhance transparency & accountability
2.	Child Protection, Care and Support	Development of 8 Regulations to give into effect the implementation of Children Act 2022,
		Establishment of Child Welfare Fund in accordance with Children Act 2022
		Implementation of Child Care Reforms, Prevention and response to Violence Against Children, Systems Strengthening (CPIMS)
		Implementation of the Presidential Secondary School Bursary for Orphans and Vulnerable Children
		Provision of services to children in need of care & support
		Strengthen Child helpline 116 to support reporting of cases
3	Rescue of children in emergency situations	Provision of Emergency Response services to Children
		Completion of Integrated Child and Family Centers
4.	Community mobilization Development and empowerment	Development of regulations to give into effect the implementation of Community Groups registration Act 2022 Regulations
		Mobilize, register and link SHGs to various state and non-state actors for support
		Operationalization of Community Development Management Information System
		Promote and protect the rights and welfare of older persons
		Implementation of the National Positive Parenting Programme
		Finalize and operationalize Social Risk Management Policy
5.	Inclusion of Person with disabilities in National Development	Registration of Persons with disabilities to access Services from both State & Non-State Actors
		Scale up the National Disability Fund for PWDS which supports a range of interventions to support PWDs
		Provision of Market oriented skills to PWDS for self-reliance
		Implementation of albinism and Autism programmes for eye and skin care
		Support to persons with Autism spectrum & other developmental disorders
6.	Management of street families	Implementation of the 4 R plus P (Rescue, Rehabilitation, Reintegration, Resocialization & Prevention)
		Undertake National Street Families Census to inform policy interventions
		Establishment of a Model Rehabilitation centre in Mavoko
7.	Implementation of the 3 Components of World Bank funded - Kenya Social Economic Inclusion Programme (KSEIP)	System Delivery strengthening - Enhanced Social Registry (ESR) MIS
		Economic Inclusion Programme (EIP) – Provision of Seed capital to 15,000 poor and vulnerable for Income Generating Activities[IGAs]
		Nutrition Improvement Through Cash & Health Education (NICHE) - Provide cash top -up and Nutritional Counseling to 18,500 beneficiaries under NICHE

8. Pertinent Issues Affecting the Attainment of Program Performance Target

The Major challenge affecting the attainment of Program Performance Target is inadequate Financial Resource Allocation and Budget cut that led to partial or Non-implementation of planned programs and activities.

To address the challenge, the State Department requires an additional funding of **Kshs. 26,067,679,635.00,** as Summarised below in order of priority to enable the State Department effectively achieve its mandate.

i) National Safety Net Programme (Innua Jamii) -Kshs. 808,709,911.00

The amount is meant for the National Safety Net Programme for Verification of beneficiaries exercise and Commissions to Payment Services Providers (Banks Charges). As tabulated below;

S/NO	DESCRIPTION	TOTAL [KSHS]
1.	Commissions to Payment Services Providers [PSPs] [Banks Charges]	481,868,211.00
2.	For Verification of Beneficiaries Exercise under the National Social Safety Net Program	323,841,700.00
	TOTAL-KSHS	**808,709,911.00**

ii) Establishment of the Children's Welfare Fund- By the National Treasury.

The Establishment of the Children's Fund is a Priority for the Government. This would ensure that issues affecting Children are adequately funded.

Following the discussions and deliberations between the members of the Parliamentary Departmental Committee on Social Protection and the team from the Directorate of Children's Services (DCS) at the Pride Inn Hotel, Mombasa, a number of matters discussed required further justification. Cognizant of the Current Data from the Kenya National Bureau of Statistics (KNBS) indicate as follows:

i) The Population under the Age of Eighteen Years is 21.9 Million;
ii) The number of children classified as Orphans and Vulnerable Children (OVC) is 3.6 million;
iii) The number of children in Kenya deprived of more than three (3) Basic rights is 9.5 million;
iv) The Estimated number of Street-connected Children and Young People under the age of Nineteen is 15,752;
v) The number of refugee and asylum-seeking children in Kenya was 266,524 as at February 2021.

Key Priority Areas in the Medium Term Plan would require **Kshs. 5,359,870,000.00,** to include the implementation of the Children Act, 2022, rolling out of the National Child Care Reform Strategy 2022-2032, employment and Training more staff, securing of parcels of land within the Directorate among many others are as Summarized below:

SUMMARY OF ADDITIONAL BUDGETARY REQUIREMENTS-MEDIUM TERM BUDGET

	A. RECURRENT BUDGET			
#	**Budget Area / Items**	**Baseline (FY23-24)**	**Additional Requirement [KSHS]**	**Priority[1]**
1.	Development of Children Act Guidelines (12)	0	91,400,000	Immediate
2.	Roll Out of Care Reform Programs	0	71,970,000	Immediate
3.	Presidential Secondary School Bursary	400,000,000	897,000,000	Immediate
4.	Office Operations (407 Offices)-Aie, TO field Stations	86,992,704	965,000,000	Immediate
5.	Implementation of Violence Against Children (VAC) Programs	0	44,000,000 696,000,000	Immediate Medium Term
6.	Procurement of ICT and Office Equipment	0	50,000,000	Short Term
7.	Recruitment of Staff for Field Offices & Statutory Institutions (1,000)	0	960,000,000	Short Term
8.	Purchase of Motor Vehicles (50)	0	300,000,000	Short Term Medium Term
9.	Securing Land from Encroachment	50,000,000	137,500,000	Short Term
10.	Refurbishment of Children's Vocational Institutions	0	150,000,000	Short Term
11.	National council of Children Services [NCCS]-implementation of programs	0	270,000,000	Short Term
	SUB-TOTAL:	**536,992,704**	**4,670,870,000**	

	B. DEVELOPMENT BUDGET			
1.	Refurbishment of Statutory Institutions	0	150,000,000	Medium Term
2.	Street Families Trust Rehabilitation Fund-Completion of Projects/Programs	0	302,000,000	Short Term
11.	Rehabilitation of Social Welfare Institutions	0	237,000,000.00	Medium Term
	SUB-TOTAL	**0**	**689,000,000**	
	GRAND TOTAL:KSHS	**536,992,704**	**5,359,870,000**	

[1] The Priority Period is ranked as: Immediate; Short Term or Medium Term

REQUEST TO THE COMMITTEE ON SOCIAL PROTECTION

The state Department therefore, requests that the Committee on Social Protection to request the National Treasury to accelerate the process for the Establishment of the Children Fund.

i) **Holding Account (CLAW BACKS) National Safety Net Program -Kshs.2.8 Billion.**

The State Department requests that the claw Backs Funds held in the Holding Account under the National Safety Net Program amounting to **Kshs. 2.8 Billion** be channeled back to the State Department Vote to help in programs dealing with Disability, Older Persons and Vulnerable Children.

ii) **Kshs.334.77 Million** for **National Council for Children Services** to enable operationalization of the Children Act 2022.

iii) **Kshs.200.00 Million** towards enhancement of the National Council for Persons with Disabilities operational budget, which was not sufficiently provided;

iv) **Kshs.965.00 Million** for the enhancement of the AIEs for field services in the Directorate of Children Services, Social Development Directorates and National Council for Persons with Disabilities;

v) **Kshs.30.00 Million** for operations of statutory committees and/or boards: These are Ministerial Audit Committee, Adoption Committee, Counter Trafficking in Persons Advisory Committee;

vi) **Kshs.154.00 Million** towards enhancement of the General Administration and Planning Support services;

vii) **Kshs.60.00 Million** towards enhancement of the Recurrent operations for Statutory Children's Institutions (SCI) for children in need of care and protection who are committed to the institutions by Court orders. The Government is compelled to provide for their basic needs in line with the Constitution and Children Act, 2022;

viii) **Kshs.150.00 Million** for the Refurbishment of (14) Children Remand Homes; (5) Rescue Centers, (11) Children Rehabilitation Schools, (6) Child Protection Centers, (12) Vocational Rehabilitation Centers and Older Persons Institution;

ix) **Kshs.137.50 Million** for Securing of the State Department's Land across the Country;

x) **Kshs.447.00 Million** to support an additional 22,300 Orphans and Vulnerable Children in Public Boarding Secondary Schools through the Presidential Bursary Scheme;

xi) **Kshs.400.00 Million** to conduct a National Survey for Persons with Disabilities to get comprehensive indicators to inform development of policy and programmes for PWDs and provide disability data for research. The estimated budget was **Kshs.500 Million** which has attracted a support from the World Bank with **Kshs.100 Million;**

xii) Request for the Street Families Rehabilitation Trust Fund for completion of Rehabilitation Programs - **Kshs. 302,000,000.00;**

xiii) **Kshs. 2,071,590,182** for upgrading of the CWSK Integrated Child and Family Centers.

xiv) **Kshs. 500 Million** towards enhancement of for emergency support response for children under Child Welfare Society of Kenya

xv) **Kshs. 1,550,000,000** - Inclusion of Advance from World Bank Allocation, under the Kenya Social and Economic Inclusion Project **(KSEIP).**

3.2 THE STATE DEPARTMENT FOR GENDER AND AFFIRMATIVE ACTION

Introduction

In order to deliver on its mandate, the State Department for Gender and Affirmative Action co-ordinates the functions of the following Semi-Autonomous Government Agencies (SAGAs).

i. Women Enterprise Fund (WEF)
ii. Anti-Female Genital Mutilation (FGM) Board
iii. National Government Affirmative Action Fund (NGAAF)
iv. Gender Violence Protection Centers

The State Department is in the process of developing instruments to operationalize Gender Violence Protection Centers (Safe Centers). This is as per executive order **No. 1.of 2023**

Annual Budget Estimates for FY 2024/25

The Cabinet Secretary appeared before the Committee on Social Protection and submitted as follows;

Identification of any significant deviation between the budget estimates and the approved 2024 Budget policy ceiling

The State Department for Gender and Affirmative Action Submitted to The National Treasury estimates as per the budget policy statement 2024 ceiling. However, the Budget Estimates tabled before you for consideration differ significantly with State Department allocation as per the 2024 Budget Policy Statement (BPS) ceilings as indicated in the table I and II which summarizes allocations for Recurrent and Development respectively.

a) Recurrent- 2024 BPS Ceilings Vs. FY 2024/25 Allocation

Items	Approved FY 2023/24 (Kshs. Million)	Approved BPS Ceiling FY2024/25 (Kshs 'Million)	Budget Estimate FY 2024/25 (Kshs. Millions)	Deviation (Kshs. Million)
Gross	**2,126.00**	**2,287.06**	**1,940.84**	**(346.22)**
A-I-A	(135.00)	(135.00)	(135.00)	-
Net	**1,991.00**	**2,152.06**	**1,805.84**	**(346.22)**
Salaries	296.30	291.99	314.85	**22.86**
Grants & Transfers	717.10	637.70	420.52	**(217.18)**

Other Recurrent	236.60	417.37	265.47	**(151.90)**
Sanitary Towel	876.00	940.00	940.00	-

1. Salaries- was adjusted upward to take care of promotions, and recruitment in the FY 2024/25
2. Transfers reduction affected - Allocation to WEF has also been significantly reduced by **Ksh216 million** in the FY 2024/25 budget this will make it harder for the fund to meet its administrative function including payment of salaries to the staff and mandatory expenses which include gratuity, insurance, contracted professional services among others.
3. Anti-FGM Board had its budget reduced to **Kshs87million** which is supposed to cover the following areas; Staff salaries, staff medical cover, board of directors' expenses, electricity and internet, accounting and software, staff training, contracted cleaning services, purchase of office furniture and equipment for AFGMB.
4. Reduction **of Kshs 151.90million** on operation and maintenance will affect capacity building on women economic empowerment, fight against AFM and GBV, gender mainstreaming, develop various policies, field services capacity building and purchase of motor vehicles for Cabinet and Principal Secretaries offices.

b) Development- BPS Vs FY 2024/25 Allocation

Items	**Approved FY 2023/24 Kshs 'Millions'**	**Approved BPS FY 24/25 Kshs 'Millions'**	**Budget Estimates Kshs. Mllions**	**Deviation Kshs 'Millions'**
Gross	**3,676.5**	**3,501.4**	**3,518.70**	**17.30**
GOK	3,413.8	3,261.4	3,261.40	-
Grants	262.7	240	257.30	17.30

From the analysis shown in table 1 above, the State Department lost a total of **Kshs.346.22million** compared to what was allocated in 2024 BPS ceilings in Recurrent Vote allocation, while in the Development Vote there is an increase of **Ksh17.30million** under donor funded project. The reduction will affect the State Departments ability to implement most of critical activities including BETA priorities. The Key Policies, Programmes, Key Outputs and Targets in the Medium Term (2024/25-2026/27) is attached as Annex I.

Status of the budget implementation for FY 2023/24

The State Department has implemented the current financial year budget as indicated in the Tables iii & iv for both Recurrent and Development Expenditure respectively showing financial performance while the non-financial performance is attached as annex II;

Recurrent expenditure Status:

As at 31st March 2024, out of the approved Budget of **Kshs 2,124,997,741,** the State Department had spent **Kshs. 1,666,031,909.30**, representing an absorption of 78.40%, these

expenditures were incurred under Personnel Emoluments, Operations and maintenance and transfers to Semi-Autonomous Government Agencies (SAGAs).

Table III shows a breakdown of the actual approved Recurrent estimate and actual expenditure as at 31st March 2024.

Table III Actual approved recurrent estimate Versus actual expenditure as at 31st March 2024.

Economic Classification	Approved Estimates FY 2023/2024	Cumulative Expenditure including commitments as at 31st March 2024	Absorption%
Gross	**2,124,997,741.00**	**1,666,031,909.30**	**78.40**
A.I.A	135,000,000.00	66,889,559.00	49.54
NET	**1,990,997,741.00**	**1,599,142,350.30**	**80.31**
Personnel Emoluments	296,260,000.00	210,199,268.65	70.95
Current Transfers	717,100,000.00	503,464,889.00	70.21
Operations and Maintenance	1,111,770,741.00	952,367,751.65	85.66

Development expenditure status

As at 31st March 2024, out of the approved Budget for FY 2023/24 was **Kshs 3,476,530,000** the State Department had commitments and expenditures of **Kshs 3,377,310,419**, representing an absorption of **97%.**

The State Department have not received Development Exchequer for the second half of the financial year. However, they have processed all the payment awaiting exchequer. Table IV below gives a summary of Development status of expenditure

Table IV: Status of Development Expenditure

Project name and Code	Source of funding	Approved Estimates FY 2023/24	Expenditure As at 31st March 2024	Absorption% (Notes)
1212-100301-Affirmative Action Social Development Fund	Exchequer	3,000,395,419	3,000,395,419.00	100
1212-1004-01 Women Enterprise Fund	Exchequer	310,330,000	310,330,000.00	100
1212-1009-01 Strengthening Prevention and Response to Gender Based Violence (GBV) in Kenya	Government Finland-Donor	200,000,000	118,349,618.00	59
	Exchequer-Counterpart funding	103,104,581	43,317,954.00	42
Sub-Total		**303,104,581**	**161,667572**	**53**
1212-101001 Women Empowerment for Gender Equality	UN-Women-Donor	16,000,000	0	The donor has not remitted the funds to the state Department

1212-1011-01 GoK/UNFPA 10th Country programme	UNFPA-Donor	24,000,000	21,623,140.00	90
1212-1012-01 Making Every Women and Girl Count Programme Phase 11	UN-Women	22,700,000	0	This project has been removed from this vote since the donor, UN Women did not disburse funds as there was no agreement on the same.
Total for Vote 1212		**3,476,530,000**	**3,377,310,419**	**97**

Project information including start date, total project cost, cumulative expenditure as at 31st March,2024, and geographical location (county and sub-county) of the project, allocation for FY 2024/25 and the medium term

It is important to note that, The National Government Affirmative Action Fund (NGAAF) and Women Enterprise Fund (WEF) are National wide programs which cover the whole country. The Kenya Finland Bilateral program (Strengthening and prevention of GBV in Kenya) implements its activities in Kilifi, Bungoma and Samburu counties. UNFPA/ GoK 10th Country Program supports Garissa, Samburu, Bungoma, Narok, West Pokot, Elgeyo Marakwet, Turkana, Kwale, Isiolo and Nairobi.

TABLE V

Project No. and Details	Estimated Project cost	Financing		Timeline		Actual cumulative cost to 31st March 2024	Outstanding project cost as at 31st March 2024	Project completion % as at 31st March 2024	Allocation for 2023-Budget		Requirements for 2024-2025 Budget		Allocation for 2023-2024		Allocation for 2024-2025		Allocation for 2025-2026		Allocation for 2026-2027		Remarks
		GoK	Foreign	Start date	Expected completion Date				GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	
	Kshs	Kshs	Kshs			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs			
NGAAF	25,295.00	25,295.00	-	2015/16	ongoing	21,275.00	4,020.00	ongoing	3,000.00	-	3,000.00	-	3,000.00	-	3,000.00	-	3,000.00	-	3,000.00	-	This affirmative fund
WEF	8,500.00	8,500.00	-	2007/08	ongoing	6,759.43	1,740.57	ongoing	182.97	-	500.00	-	182.83	-	182.83	-	182.80	-	182.80	-	Women empowerment
Enhancing prevention and response to GBV (Kenya Finland)	768.00	128.00	640.00	2020/21	2025/26	309.95	458.05	40%	64.00	320.00	105.00	200.00	45.00	200.00	71.02	200.00	110.54	200.00	110.80	200.00	This is a women empowerment
Women Empowerment for Gender Equality (Unwomen)	80.00	33.03	46.97	2022/23	2025/26	-	80.00	0%		46.97	5.00	40.00		16.00	4.35	33.30	5.00	16.00	6.70	16.00	These are donor funded projects
1 GoK/ UNFPA 10th Country Programme	134.00	120.00	14.00	2022/23	2026/27	21.64	112.36	16%	-	24.00	5.00	24.00		24.00	3.20	24.00	5.00	24.00	7.10	24.00	These are donor funded projects
TOTAL	34,777.00	34,076.03	700.97			28,366.02	6,410.98		3,246.97	390.97	3,615.00	264.00	3,227.83	240.00	3,261.40	257.30	3,303.34	240.00	3,307.40	240.00	

List of new projects and justification

The state Department does not have new project for the period under consideration.

List of pending bills as of 31st March 2024, if any, and the strategy for their resolution.

The State Department does not have pending bill in the current FY2023/24. However, the State Department has historical pending bills, which were duly submitted to the National Committee on Verification of Pending Bills, and is awaiting the committees' feedback and further guidance.

List of all stalled projects indicating their status of completion as of 31st March 2024 and any measures being taken to completion.

The State Department does not have any stalled project. However, NGAAF have **10(ten)** Safe Centres which are not operationalized and therefore requires funding to operationalize them.

A statement of alignment of the estimates to the Medium -Term Plan IV of the Vision 2030 and Bottom -up Economic Transformation Agenda (BETA);

The State Department estimates for FY 2024/25 is aligned to the Kenya Vision 2030 and its Fourth Medium Term Plan under the social sector pillar. The gender programmes and projects are anchored on the Bottom-up Economic Transformation Agenda (BETA) for inclusive growth that focusses on five key pillars, namely: Agriculture; Micro, Small, and Medium Enterprises (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy. Gender issues are cross cutting across the national development priorities. The State Department for Gender and Affirmative Action is playing a crucial role to ensure achievement of aspirations and various interventions in the Kenya Vision 2030, MTP IV and the BETA.

Some of these interventions include: sensitizing women on the access to affordable credit offered by the Women Enterprise Fund; capacity building and development on access to government procurement opportunities(AGPO), including taking advantages of opportunities offered in climate change and climate smart-farming, enhance the eradication of FGM and ensure accountability in the implementation of FGM laws, under digital super highway and creative economy implement strategy on gender anti-cyber bullying; ensure compliance with the constitutional provisions on not more than two thirds gender principle in appointive and elective positions; increase the number of gender desks at police stations and build capacity of police officers on handling GBV cases; and provide free sanitary towels to all public primary and junior secondary school going girls. The key outputs & targets are as shown in Annex 1.

Any pertinent issues affecting the MDA in the attainment of its programme performance targets

The loss of **Kshs546million** is likely slow down implementation of capacity building activities thereby affecting reduction in cases of GBV. The State Department has suffered serious underfunding over the years and thus affecting the core mandate and service delivery to wananchi. The allocation to the State Department is already way below our requirements this will definitely have further effect on the following areas;

1. Allocation to WEF has also been significantly reduced by **Ksh216 million** in the FY 2024/25 budget this is further going to make it harder for the fund to meet its administrative function including payment of salaries to the staff and mandatory expenses which include gratuity, insurance, contracted professional services among others
2. Anti-FGM Board had its budget reduced to **Kshs161million** against **kshs 248 million** leaving a deficit of **kshs 87 million** which is supposed to cover Staff salaries, staff medical cover, board of directors expenses, electricity and internet kshs1 million, accounting and software, staff training, contracted cleaning services, purchase of office furniture and equipment for AFGMB. The Board is also in the final stages of recruitment and the new staff are expected to be on board from 1st June 2024, if the allocation is maintained at the same level, the Board may not be able to meet its expenses. Furthermore, the board requires additional **Kshs.49million** to enable it move to new office building as the current land-lord had given them vacation notice.
3. Under operation and maintenance, the State Department has been struggling to meet some of the obligations especially attending to those mandatory national and international meeting With reduced allocation attending these meeting will be a challenge in financial year.
4. Persistence, resistance, and discriminatory social cultural norms that perpetuate GBV /FGM practice
5. Insecurity and poor accessibility of the remote villages where GBV /FGM prevalence is high due to difficult terrain and poor road networks.
6. Inadequate gender statistics, technical capacity for County Gender Officers and Focal Persons thus affecting policy decisions.
7. Inadequate support to implement the not more than 2/3 gender principle in both appointive and elective leadership positions.
8. Low uptake of Affirmative Action Funds in the Pastoral/ASAL and Muslim regions of the Country
9. Inadequate entrepreneurship skills of the loan beneficiaries.

3.3 The State Department for Youth Affairs and Creative Economy

Introduction

The State Department for Youth Affairs and Creative Economy (SDYACE) comprises of five (5) technical directorates: Entrepreneurship and Skills Development, Youth Social Development, Innovation and Talent Development, Research and Mainstreaming and Department of Film Services Policy

In addition, the State Department has six (6) Semi-Autonomous Government Agencies (SAGAs) and four (4) non-SAGAs entities namely the Kenya Association of Youth Centers (KAYC), International Conference for Great Lakes Region (ICGLR), Kenya Film School (KFS) and African Audio -Visual Cinema Commission (AACC).

Annual Budget Estimates

The State Departments approved gross budget for the FY 2023/24 is **Kshs. 3,887,659,983** comprising of **Kshs. 2,962,909,983** under the Recurrent Vote and **Kshs. 924,750,000** under the development vote. The gross allocation had been enhanced to **Kshs. 4,876,249,407**; with the Recurrent Vote having been allocated **Kshs. 2,621,849,407** whilst the Development Vote had been earmarked for an allocation of **Kshs. 2,254,400,000.**

1. **Identification of any significant deviation between the budget estimates and the approved 2024 Budget Policy Statement ceilings;**

Recurrent Budget

The approved FY 2024/25 Budget Policy Statement, the gross allocation for the State Department is **Kshs. 2,621,849,407** for the Recurrent Vote which is inclusive of; **Kshs. 729,670,000** for Compensation of Employees, **Kshs. 322,417,787** for meeting operational and maintenance costs and **Kshs. 1,569,761,620** Current Grants to our SAGAs and other government agencies.

The adoption of austerity measures has seen our net GoK allocation for the FY 2024/25 Budget Estimates being reduced by 32% (**Kshs. 778,339,178**) with the headquarters allocation being reduced by **Kshs. 114,215,234** whilst the SAGAs suffered a collective reduction of **Kshs. 664,123,944** (42%). The **Kshs. 114,215,234** budget cut for the headquarters is equivalent to 35% of our projected operations and maintenance budget based on the approved BPS allocations, as summarized in the table below;

Table 1: Change in FY 2024/25 Budget Estimates from the Approved 2024 BPS in terms of Figures and Percentages

Item	FY2024/25			
	BPS Itemization Ceiling	Budget Estimates	Deviation from the BPS Ceiling	% Change
Compensation of Employees	**729,670,000**	**729,670,000**	-	0
Operations & Maintenance Costs			-	
Utilities, Supplies and Services	11,077,071	11,077,071	-	0
Communication, Supplies and Services	9,640,330	4,820,176	(4,820,154)	-50%

Domestic Travel and Subsistence, and Other Transportation Costs	66,984,679	27,663,215	(39,321,464)	-59%
Foreign Travel and Subsistence, and other transportation costs	12,913,410	-	(12,913,410)	-100%
Printing, Advertising and Information Supplies and Services	9,037,590	4,418,802	(4,618,788)	-51%
Rentals of Produced Assets	89,172,853	90,219,906	1,047,053	1%
Training Expenses	14,192,397	7,096,213	(7,096,184)	-50%
Hospitality Supplies and Services	17,658,035	9,203,952	(8,454,083)	-48%
Specialized Materials and Supp	8,120,608	8,120,608	-	0
Office and General Supplies and Services	21,425,192	10,712,608	(10,712,584)	-50%
Fuel Oil and Lubricants	8,364,748	6,273,561	(2,091,187)	-25%
Other Operating Expenses	21,165,254	11,918,196	(9,247,058)	-44%
Routine Maintenance - Vehicles	6,914,521	3,457,262	(3,457,259)	-50%
Routine Maintenance - Other Assets	9,034,125	4,517,066	(4,517,059)	-50%
Use of Goods	**305,700,813**	**199,498,636**	**(106,202,177)**	**-35%**
Current Grants to Government Agencies and other Levels of Government	**1,569,761,620**	**905,637,676**	(664,123,944)	**-42%**
Acquisitions & Others				
Government Pension and Retirement Benefits	3,743,622	3,743,622	-	0
Purchase of Office Furniture and General Equipment	9,481,211	4,740,607	(4,740,604)	-50%
Purchase of Specialized Plant, Equipment and Machinery	439,375	219,688	(219,687)	-50%
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	3,052,766	-	(3,052,766)	-100%
Acquisitions & Others	**16,716,974**	**8,703,917**	(8,013,057)	-48%
Gross Expenditure	**2,621,849,407**	**1,843,510,229**	**(778,339,178)**	**-30%**
Appropriation in Aid	197,500,000	197,500,000	-	0
Net Expenditure	**2,424,349,407**	**1,646,010,229**	**(778,339,178)**	**-32%**

Impact of the Reduction in the Recurrent Budget on the Execution of Core Mandate

a) Headquarters

Table 3 shows the critical activities and core mandate that will put in abeyance if the FY 2024/25 budget cuts are upheld;

Table 2: Impact of the Reduction in the Recurrent Budget FY in the Execution of our Core Mandate

No	Area	Kshs. Million			Justification
		Requirement	Allocation	Variance	
1	Financing National Youth Week build-up activities	72	0	72	Presidential directive to Support Youth Development Activities
2	Observation of the International Youth Day every year starting from Financial Year 2024/25 (31st, August, 2024) - (103 M)	103	0	103	Presidential directive to Support Youth Development Activities
	Presidential Directives on Youth Development Activities	2,266	40	2,226	Funds required for the financing of youth development activities - increased youth social development, additional function in youth volunteering in community service, training youth on climate change, youth leadership and mentorship, youth development index, mainstreaming, operationalizing and coordinating community youth SACCOs, internships, training youth on life skills, cognitive skills in business, and market technical skills)
2	Youth Field Offices	285.00	25.12	259.88	The proper functioning of the field offices necessitates that adequate provision be made in respect of rent, utilities, cleaning and security services, contractual obligations and equipping of the field offices. The State Department has 9 regional offices, 47 county offices and 290 sub-county offices.
	Sub-Total	**2,766.00**	**80.02**	**2,685.98**	

Semi-Autonomous Government Agencies

In the approved BPS 2024, the SAGAs have been allocated **Kshs. 848,750,237.** This has been reduced by 44% to **Kshs. 478,422,424**. This reduction will effectively cripple these entities since they will be unable to pay salaries and deliver on their mandate. The table below provides a summary of the reduction per each of these agencies:

Table 3: Proposed Budget Reduction by SAGAs FY 2024/25

SAGA	Gross Approved BPS Ceiling	Budget Estimates	Change	% Change
Current Transfers			-	
President Award Scheme Secretariat	121,320,716	53,799,102	(67,521,614)	-56%
National Youth Council	108,464,923	68,004,923	(40,460,000)	-37%
Kenya National Innovation Agency (KENIA)	133,050,000	113,748,399	(19,301,601)	-15%
Youth Enterprise Development Fund (YEDF)	385,564,598	187,520,000	(198,044,598)	-51%
Kenya Association of Youth Centres	**20,000,000**	-	**(20,000,000)**	**-100%**

Intl Conference for Great Lakes Region Secretariat (ICGLR) - BETA	80,350,000	55,350,000	(25,000,000)	-31%
Total	**848,750,237**	**478,422,424**	**(370,327,813)**	**-44%**

Youth Enterprise Development Fund

The Fund had an allocation of **Kshs. 385,564,598** in the approved 2024 BPS with **Kshs. 300,000,000** being the net GoK allocation This has been reduced by 51% to **Kshs. 187,520,000** as shown in table 5:

Table 4: Budget Estimates for FY 2024/25 in relation to the Approved BPS 2024/25 for YEDF

Item	Allocation as per BPS	Actual Draft Budget Estimates	Reduction from BPS Allocation	Impact on the Proposed Reduction
	Financial Year 2024/25			
Gross	**385,564,598**	**187,520,000**	**198,044,598)**	
AIA	85,564,598	62,500,000	(23,064,59)	Reduced AIA will result to less funds for operations
NET	**300,000,000**	**125,020,000**	**(174,980,000)**	
Compensation to Employees	202,200,000	187,520,000	(14,680,000)	Inadequate allocation to cater for salaries and other personnel emoluments
Other Recurrent	***183,364,598***	-	***(183,364,598)***	
Of which				
Insurance	30,500,000	-	(30,500,000)	**No allocation** to cater for medical services, Group life and General insurance
Utilities	5,854,660	-	(5,854,660)	**No allocation** to meet the cost of utilities at the headquarters and in county offices
Rent	25,200,000	-	(25,200,000)	**No Allocation** for rent for leased premises
Contracted guards and cleaning services	7,000,000	-	(7,000,000)	**No Allocation** to cater for guards and cleaning services
Gratuity	16,691,958	-	(16,691,958)	**No allocation** has been factored for compensation of contract staff at the end of their contract term
Board Expenses	26,740,000	-	(26,740,000)	**No provision** made for board of directors' expenses
Other operations and maintenance expenses	**70,377,980**	-	(70,377,980)	**No Allocation** for programs and administrative expenses required for the operations of the Fund
Total	**385,564,598**	**187,520,000**	**(198,044,598)**	

National Youth Council

The NYC had been allocated **Kshs. 108,460,000** in the approved BPS which has been reduced by 37% to **Kshs. 68,004,924** as indicated in the table 6

Table 6: Budget Estimates for FY 2024/25 in relation to the Approved BPS 2024 for NYC

Item	Allocation as per BPS	Actual Draft Budget Estimates	Change from the 2024 BPS	Impact on the Proposed Reduction
Gross	**108,460,000**	**68,004,923**	**(40,455,077)**	
AIA	-	-	-	
NET	108,460,000	68,004,923	(40,455,077)	
Compensation to Employees	43,200,000	43,200,000	-	
Other Recurrent	***65,260,000***	***24,804,923***	**(40,455,077)**	
Of which:				
Insurance	6,100,000	6,100,000	0	
Utilities	2,600,000	2,600,000	0	
Rent	6,682,788	6,682,788	0	
Youth Advisory Board	**10,000,000**	**1,672,135**	**(8,327,865)**	The Youth Advisory Board will be dysfunctional
Contracted guards and cleaning services	100,000	100,000	0	
Legal case	**10,000,000**	**-**	**(10,000,000)**	The courts compensation will continue accumulating interest and penalties
Gratuity	7,650,000	7,650,000	0	
Other operations and maintenance expenses	**22,127,212**	**0**	**(22,127,212)**	
Total	**108,460,000**	**68,004,923**	**(40,455,077)**	

Kenya National Innovation Agency

The FY 2024/25 gross Budget Estimates for KeNIA has been reviewed downwards by 15%; this translates to a reduction of 31% on net basis from the approved 2024 BPS allocation of Kshs. 63,050,000. This reduction will negatively impact the financing of activities precedent to the establishment of technology transfer offices across the country as indicated in table 7:

Table 7: Budget Estimates for FY 2024/25 in relation to the Approved BPS 2024 for KeNIA

Item	Allocation as per BPS	Actual Draft Budget Estimates	Change from the BPS	Impact on the Proposed Reduction
Gross	**133,050,000**	**113,748,399**	**(19,301,601)**	
AIA	**70,000,000**	**70,000,000**	**0**	
NET	**63,050,000**	**43,748,399**	**(19,301,601)**	
Compensation to Employees	42,896,411	42,896,411	0	
Other Recurrent	***90,153,589***	***70,851,988***	(19,301,601)	

Of which:				
Insurance	16,970,000	13,523,690	(3,446,310)	Medical Insurance will not be fully catered for
Board Expenses	4,667,000	4,667,000	0	
Rent	3,852,360	7,704,720	3,852,360	Extra space required to cater for the poor working environment
Contracted guards and cleaning services	28,000	28,000	0	
Gratuity	2,403,090	2,403,090	0	
Other operations and maintenance expenses	**62,233,139**	**42,525,488**	**(19,707,651)**	Establishment of technology transfer offices will not be realized
Total	**133,050,000**	**113,748,399**	**19,301,601**	

President's Award - Kenya

The proposed FY 2024/25 Budget Estimates for the President's Award – Kenyawas reduced to **Kshs. 53,799,102** from the initial **Kshs. 121,320,716,** which translates to 56% reduction

PA-K has been receiving funds from State Department for Basic Education and State Department for Youth Affairs. The allocation from State Department for Basic Education amounting to **Kshs. 47,521,614** is missing from the Actual Draft Budget Estimates. The reduction will affect the following operational activities negatively as detailed in the table below;

Table 8: Budget Estimates for FY 2024/25 in Relation to the Approved BPS 2024 for PA-K

Item	Allocation as per BPS	Actual Draft Budget Estimates	Reduction	Impact on the Proposed Reduction
Gross	**121,320,716**	**53,799,102**	**(67,521,614)**	
AIA	15,000,000	15,000,000	15,000,000	-
NET	106,320,716	38,799,102	(67,521,614)	Allocation from State Department of Basic Education amounting **Kshs.47,521,614** is missing from the Actual Draft Budget Estimates
Compensation to Employees	41,160,000	36,925,541	(4,234,459)	Provision for Compensation to employees is adequate. **BPS had a provision for recruitment of staff which has been advised that it be put on hold**
Other Recurrent	**80,160,716**	**16,873,561**	**63,287,155**	
Of Which			-	
Rent	-	10,000,000	(10,000,000)	**No allocation for Rent**. PA-K was occupying government office space. Notice of vacation has been given with immediate effect
Gratuity		3,383,140	-	

	3,383,140			
Insurance	6,689,455	3,490,421	(3,490,421)	Only 52% allocation to cater for insurance like medical cover, property and WIBA
Utilities	4,631,399	-	(4,447,293)	**No Allocation** to cater for utilities
Contracted Guards and Cleaning services	1,487,220	-	(1,487,220)	**No Allocation** for contracted guards and cleaning Services
Board Expenses	5,398,500	-	(5,398,500)	**No allocation** to cater for Board expenses
Others: Use of Goods	63,969,502		(63,969,502)	**No allocation** to cater for expenses relating to core mandate
Total	**121,320,716**	**53,799,102**	**67,521,614**	

Non -SAGAs

Kenya Association of Youth Centres

In the BPS 2024, the KAYC had been allocated **Kshs.20 million** which has been reviewed downwards to **zero** in the FY 2024/25 draft budget estimates. The establishment of KAYC is among the institutional reforms highlighted in the MTP IV, 2023- 2027 and the Executive Order No. 2 of 2023.

This Association will be an umbrella body for all youth Centers owned by the National Government, County Governments and other non-state actors. Operationalization of KAYC will enhance youth mainstreaming in the country and provide more avenues towards youth empowerment. The youth demographic dividend creates an opportunity for harnessing the full potential for youth through integrated holistic support platforms such as KAYC.

The funds allocated under KAYC were meant for the development of the necessary legal instruments for the establishment of the entity.

Development Budget

The State Department is implementing various projects aimed at the creation of training opportunities to the youth to possess relevant skills that are required in the job market and the provision of credit facilities to jumpstart entrepreneurial undertakings, amongst others.

In the approved BPS, we were allocated **Kshs. 3,032,162,949** in the approved 2024 BPS which has further been reduced to **Kshs.2,368,421,000** (this includes allocations meant for certain projects within the State Department but erroneously captured under a different vote head).

The table below shows the budget estimates allocation in relation to the approved BPS and the initial resource requirement at the sector level and the impact of the reduction to the various projects:

Table 11: Comparison between the Approved BPS Allocation 2024 and the [illegible] FY 2024/25 for the Development Vote

			Approved BPS Allocation 2024	[illegible] Estimates FY [illegible]	[illegible]e from the BPS Allocation
	Project Name	**Source of Funds**			
1	Youth Empowerment Centres - BETA	GoK	300,000,000	230,000,000	(70,000,000)
2	Vijana Vuka na Afya Youth Programme (donor component captured under a different vote code)	GoK	40,160,510	40,160,510	0
		KfW - Grant Rev	108,335,650	108,335,650	0
		KfW - Grant AIA	215,054,350	215,054,350	0
3	GoK/ENFPA 10th Country Programme	UNFPA	11,710,000	11,710,000	0
4	Film Location Mapping	GoK	29,000,000	14,000,000	(15,000,000)
5	Establishment of Kenya Film School	GoK	150,000,000	100,000,000	(50,000,000)
6	Acquisition and Refurbishment of Cinema Theatre	GoK	400,000,000	25,730,000	(374,269,000)
7	Youth Enterprise Development Fund	GoK	100,000,000	100,000,000	0
8	National Youth Opportunities Towards Advancement (NYOTA)	GoK	151,412,949	23,329,490	(128,083,459)
		World Bank	1,514,129,490	1,490,100,000	(24,029,490)
9	Youth Unite and Talk (YUNITOK)/**Strengthening of the Film Industry in Kenya - BETA**	GoK	1,030,000		(1,030,000)
		UNICEF	11,330,000	10,000,000	(1,330,000)
	Total Gross		**3,032,162,949**	**2,368,[illegible]**	**(663,741,949)**
	Appropriation in Aid				
	Capital Grants from Foreign Governments		215,054,350	215,054,350	-
	Total AIA		**215,054,350**	**215,[illegible]**	-
	Total Net		**2,817,108,599**	**2,153,[illegible]**	**(663,741,949)**

It is worth noting that the Donor funds under VIVA project was [illegible]ured under the State Department Old Vote 1214.

Projects Critically Under-funded in the FY 2024/25

Youth Empowerment Centres (YECS)

The allocation for Youth Empowerment Centres-BETA has been reduced from **Kshs.300million** to **Kshs.230million;** a reduction of **23.3% (Kshs.70million).**

This reduction will affect the renovation of twenty-two (22) existing YECs at a cost of **Kshs. 98.6 million** since this allocation has a provision of only **KSh.41million** and hence a shortfall of **Kshs. 57.6 million.** This reduction will affect the transformation of the 22 existing YECs into Digital Innovation Hubs (DIHs) as a key priority project under the Bottom Up Economic Transformation Agenda (BETA) of the Kenya Kwanza Plan (2022- 2027) as the State Department will only manage to refurbish only 14 YECs.

This reduction has also seen the allocation meant for contracted guards and cleaning services being reviewed downwards from **Kshs.35 million** to **Kshs.19 million**; a move that will affect the provision of security for seventy (70) YECs that were earlier identified as located in insecure areas and require security after upgrade into Digital Innovation Hubs (DIHs). With only a 54.2% of budget availability will mean that only 38 existing YECs will be targeted. This will leave a further 32 YECs exposed to burglary among other crimes.

National Youth Opportunities towards Advancement (NYOTA) Project

NYOTA project requires a minimum of Kshs **4.6B** in FY 2024/25 for fully take off. It is important to note that **Kshs. 1,100,000,000** meant for NYOTA has erroneously been captured under the just-concluded KYEOP project and this will be rectified in due course. The table below shows the under-funded and unfunded activities in relation to the NYOTA project for the FY 2024/25 and the impact of the shortfall in the execution of the project:

Table 12: Unfunded and Under-Funded Activities for NYOTA Project for the FY 2024/25 Budget Estimates

Expenditure	Requirement	Budget Estimates	Shortfall	Impact of the Shortfall
Payment of youth stipend during training and work experience	1,480,680,000	320,000,000	1,160,680,000	Payment of youth stipend
Youth development bill and youth index	32,000,000	32,000,000	0	Youth development bill and index will not be developed on schedule
Payment for life skills service providers, core business skills service providers, employers during work experience, M&E, communication,	2,885,907,000	1,130,829,490	1,755,077,510	Contractual obligations will not be met
Certificates for 1st CBST trainees, trainees logbooks	38,701,700	0	38,701,700	Youth records/documentation during OJE
Insurance cover for youth during training with employers	18,550,500	0	18,550,500	Vehicle insurance cover

Impact evaluation - baseline survey report	3,000,000	600,000	2,400,000	Base line evaluation for impact evaluation
Laptops (21 for PMU team, 18 for county coordinators, 160 for sub-county youth development officers)	11,690,000	0	11,690,000	Youth beneficiaries enrolment/data collection
Printers & photocopiers (11 printers for PMU:2 for front office, 1 NPC, 1 DNPC-admin, 1 DNPC technical, 1 communication, 1 intake, 1grm, 2 procurement , 1 M&E)	120,000	0	120,000	Office documentation
Tablets (21 for PMU team, 18 for county coordinators, 160 for sub county youth development officers)	14,500,000	0	14,500,000	Youth enrolment into the project/ data collection
Coloured printers & photocopiers	360,000	0	360,000	Office documentation
Equipment to furnish PMU: 20 orthopedic chairs, 10 lockable steel cabinets, 5 office tables and 5 movable filing cabinets	1,650,000	0	1,650,000	Established office/delivery of project Results
Office space and parking	9,562,212	0	9,562,212	Functional office/security of project documents and equipment
Vehicle purchase	112,500,000	30,000,000	82,500,000	Mobilization/M&E activities
Supervision budget for sub county YDOs	20,025,000	0	20,025,000	M&E function, mobilization/outreach/ applications
Project drivers	25,920,000	0	25,920,000	Mobilization/M&E activities
Project vehicle insurance	9,660,000	0	9,660,000	Not meeting legal traffic requirement
Communication	720,000	0	720,000	Mobilization of youth during the implementation of the project
Total	**4,665,546,412**	**1,513,429,490**	**3,152,116,922**	

Project Information

Detailed information pertaining to the projects under implementation by the State Department is attached as ***Annex V.***

List of New Projects and Justifications;

The State Department has pipelined to roll out the following two new projects in the FY 2024/25:

1. **National Youth Opportunity towards Advancement (NYOTA)**

   The World Bank and the Government of Kenya are jointly financing the project, which will build upon the success of the Kenya Youth Employment Opportunities (KYEOP) project. The goals of the project are in line with the Kenya Kwanza Government Plans to address unemployment and skills mismatch through creation of opportunities for employment, earnings and savings. The project has four main components namely:

i. Improving youth employability which involves provision of training and work experience, operationalization of labor market observatory and supporting intermediation;
ii. Expanding employment opportunities through entrepreneurship development and support to social enterprise, support for entrepreneurship, results-based financing partnership with social enterprise;
iii. Supporting youth saving for beneficiaries through monetary incentives and nudges and enhancing NSSF operations by upgrading processes, systems and communications
iv. Project management and strengthening systems. This component will finance project management activities and strengthen the systems and capacity of national and county-level implementing agencies.

2. Youth Unite and Talk (YUNITOK)

The project is financed by UNICEF and aims at increasing youth participation in the design, planning and implementation of programmes and policies that affect them. 'Yunitok' is a free messaging service and social monitoring tool for community participation designed to address issues that young people care about. It also aims at putting youth at the centre of monitoring and evaluation of youth programs for purposes of creating strong ownership, addressing vulnerabilities in relevant and authentic ways, and to launch a positive ripple effect. Through the platform, youth are empowered and connected to speak out on issues that matter to them. Further, YUNITOK provides the youth with an opportunity to revamp their digital Curriculum Vitae (CVs), take up digital courses and access online job opportunities. **The projects funds of Kshs 10Million have erroneously been captured under Strengthening the Film Industry in Kenya.**

PENDING BILLS

The State Department has historical pending bills amounting to **Kshs. 19,048,861 all related to the Youth empowerment Centres**. The bills have been submitted to the Pending Bills Closing Committee for adjudication. Table 13 shows the amount owed by the State Department to various suppliers and service provides:

Table 13: Schedule of Pending Bills as at March, 2024

No.	Name of Supplier	Pending Invoices of over 90 Days (Kshs)	Commitment as at 31st March, 2024 (Kshs)	Strategy for their resolution
1	M/S Iikishonko Building and Construction Enterprises Ltd	2,100,000.00	0	Forwarded to the Pending Bills Verification Committee, awaiting their report. Currently, there is no provision for the
2	M/S Pinka Debucon Construction Ltd	2,202,470.00	0	
3	M/S Mbadasa Building Contractors Ltd	238,552.40	0	

4	M/S Kanyikati Enterprises	5,544,577.20	0	settlement of these bills. Additional provision required towards the settlement of these bills.
5	M/S Jimro Enterprises Ltd	3,871,170.80	0	
6	M/S Machu Construction Co. Ltd	184,900.00	0	
7	M/S Reenah (K) Ltd	99,699.20	0	
8	M/S Sourcing and Construction Industries Ltd	1,059,416.00	0	
9	M/S Cemmi Contactors	3,748,075.80	0	
	Total	**19,048,861.40**	**0**	

Stalled Projects

The State Department has no stalled project.

Alignment of the Estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-up Economic Transformation Agenda (BETA)

The state Department is implementing a number of initiatives and projects that are geared towards attaining the goals and aspirations of the BETA. However, the allocation towards these projects and activities is inadequate if we are to deliver on our mandate and expectations in so far as BETA is concerned.

BETA Under the Recurrent Budget Estimates

Under the Recurrent Budget, the approved BPS had earmarked **Kshs.60 million** for the Kenya Innovation Week; an amount that has been reduced to **Kshs.10 million**. This reduction will impede the support and platform normally provided to the youth in this critical activity.

The ICGLR also had its proposed allocation reduced by **Kshs.25 million** to **Kshs.55.35 million**. This allocation is inadequate to finance the activities of this regional multifunctional youth forum. This will affect the participation of the youth in promoting peaceful coexistence in the Great Lakes Region.

BETA Under the Development Budget Estimates

The State Department is executing three projects that fall under the purview of BETA. The projects had an initial allocation of **Kshs.1.4 billion** which has been reduced to **Kshs.935 million** in the FY 2024/25 budget estimates.

BETA initiative for both Recurrent and Development Budget is summarized in table 14.

Table 4: BETA Allocations FY 2024/25 in the Approved BPS and the Budget Estimates

No.	Entity/Project Name	BPS Allocation	Budget Estimates	Reduction	% Reduction
A	**Recurrent Budget**				

1.	Kenya Innovation Week - BETA	60,000,000	10,000,000	(50,000,000)	83%
2.	Intl. Conference for Great Lakes Region Secretariat (ICGRL) - BETA	80,350,000	55,350,000	(25,000,000)	31%
	Sub-total	**140,350,000**	**65,350,000**	**(75,000,000)**	**53%**
B	**Development Budget**				
3.	National Youth Opportunities Towards Advancement (NYOTA)- what is the source of these figures	1,641,512,949	1,513,429,490	128,083,459	8%
4.	Youth Empowerment Centres - BETA	300,000,000	230,000,000	(70,000,000)	23%
5.	Vijana Vuka na Afya Youth Programme – **(donor component omitted wrongly captured under a different entity code)**	363,550,510.00	40,160,510.00	(323,390,000)	89%
	Sub-total	***2,305,063,459***	***1,783,590,000***	**521,473,459**	**23%**
	Total	***2,445,413,459***	***1,809,940,000***	**641,473,459**	**26**

Factors Affecting the attainment of the Programme Performance Targets

The following are key factors undermining the attainment of performance targets:

i. **Inadequate funding for implementation of programmes and projects**: the sub-sector has consistently experienced low budgetary allocation and budget cuts thus affecting logistics, office space, staff, ICT equipment, transport, furniture and internet connectivity.

ii. **Inadequate Infrastructure**: The State Department's physical facilities are overstretched. Further, the state department suffers encroachment and vandalism of the existing facilities such as Youth Empowerment Centres and Youth Development Offices resulting in loss of Government property.

iii. **Employment creation challenges:** Youth face unemployment, underemployment, lack employable skills, poor health, and insufficient socio-economic support for empowerment

iv. **Youth Vulnerability:** Youth are increasingly becoming vulnerable due to high unemployment rate, globalization and technological advancement exposing them to exploitation and crime thus hampering their meaningful engagement in social economic development.

v. **Inadequate policy, legal and regulatory frameworks**: The emerging social and new media that is responsible for moral decadence of the youth and hence need for policy, legal and regulatory frameworks regulate the creative economy.

vi. **Inadequate mechanism for talent identification, nurturing and development**: Due to inadequate resources, the fragmented mandates on talent and innovation development and the lack information on monetization of talents.

vii. **Minimal youth inclusion and representation in leadership**: There are few youths in leadership decision-making table despite accounting for 29.1% of the Kenya's population.

Conclusion

The CS concluded the presentation by appealing for reinstatement of the BPS allocations as detailed below amounting to Kshs **1.058.3B in Recurrent Budget, and Kshs 300M in development**.

3.4 The State Department for Public Service (National Youth Service)

Intoduction

The Cabinet Secretary for Public Service, Performance and Delivery Management appeared before the Committee on Social Protection and presented as follows;

FY 2024/2025 Annual Estimates

1. **Identification of any Significant deviation between the Budget Estimates and the Approved 2024 Budget Policy Statement Ceilings;**

Table 1: Budget Estimates and the Approved FY 2024/2025

Programme	Expenditure type	Resource Allocation as per BPS 2024/25	Approved budget of F/Y 2024/25	Resource Gap
National Youth Service	Recurrent	12,267,230,000	10,095,489,030	(2,171,740,940)
	Appropriation in Aid	723,570,000	956,237,593	+232,667,593
	Development	84,000,000	58,800,000	(25,200,000)
TOTALS		**13,074,800,000**	**11,110,526,623**	**1,964,273,347**

The NYS resource requirement for FY 2024/25 was **KShs. 25.76 billion** against an allocation of **KShs. 11.11 billion.** The allocation is composed of **KShs. 11.05 billion** in recurrent and **KShs. 58.8 million** in development. The resource requirements took into consideration the H.E President's directive to recruit 40,000 youth but which was not factored in approved allocation.

The approved budget has provided **KShs. 58.8 million** for development against a requirement of **KSH 445 million** which is not sufficient to support the required infrastructure and facilities for the increased intake. NYS has suffered a budget cut of **KShs. 2.17 billion** in recurrent expenditure and **KShs. 25.2 million** in development expenditure while Appropriation in Aid (A.I.A) has been increased by **KShs. 232.7 million.**

2.1 Status of the Budget Implementation for FY 2023/24.

The Service budget was revised in Supplementary II, from KShs. 13,597,312,124 to KShs. 13,897,312,124, an increase of KShs. 300,000,000.

The Service has received a total of **KShs. 6,767,424,114** from the exchequer of which **KShs. 500, 000, 000** is for historical pending bills and **KShs. 250,000,000** as part of seed capital for re-engineering agenda. This is expected to increase revenue generation from 723M to 956M.

The Service generated revenue from produced goods and services worth **KShs. 181,405,821** against a target of **KShs. 542,677,500** as of 31st March 2024.

2.1.1 Key Programmes and Projects for which the Budget was Appropriated.

2.1.1.1 Paramilitary Training and Service Regimentation

The Service has recruited and trained 25,655 youth comprising of cohort Out of these, 14,927 youth recruited in February 2024, comprising of 10,252 males and 4,675 females are currently undergoing paramilitary training. Of these, 79 are PWDs comprising of 54 males and 25 females.

2.1.1.2 National Service and Youth Resocialization

The Service engaged 21,367 SM/W in national service programmes, projects and activities including agricultural production, security services, tree seedling propagation and tree growing, disaster and emergency responses among others.

Under this programme, the Service produced 1,756 tons of food to contribute to increased food and nutrition security in the Service and the country at large.

The Service also enrolled 1,622 SM/W in various talent disciplines to nurture youth talent with the aim of monetizing them. The Service further propagated 37,501,496 tree seedlings and grew 4,562,977 trees in contribution to the national target of 15 billion trees across the country by 2032.

2.1.1.3 Technical, Vocational Education and Training

The Service trained a total of 38,054 SM/W comprising of 27,625 males and 10,429 females in various technical and vocational skills at diploma, craft and artisan levels. Of these, 12,948 SM/W trainees successfully completed their courses and were discharged from the Service.

2.3 Project Information Including Start Date, Total Project Cost, Cumulative Expenditure Physical Completion Status as of 31st March 2024, and Geographical Location (county and sub-county) of the Project, Allocation for FY 2024/25 and the Medium Term;

NYS has one Capital Project namely Construction of Buildings and Infrastructure at NYS. The table below provides information on the project

Table II Status of Capital Project

Capital Project	Initial Project Cost (Ksh Million) *(Start Date FY 2015/2016)*	Actual Accumulative Expenditure as at 31st March, 2024 (Ksh Million)	Remaining Project Cost to Completion (Ksh Million)	Allocation 2023/2024 (Ksh Million)	Proposed FY 2024/2025 Allocation (Ksh Million)	Percentage Completion of the Project as at 31st March, 2024
Construction of Buildings and Infrastructure at NYS	1,696 01	1,271 31	424 7	42	58 8	75%

This project has various sub projects During the period under review, the following sub projects were undertaken based on the allocation·

Table III Status of Sub Projects

Project	Start date	Total Budgeted Project Cost (Millions)	Cumulative expenditure as of 31st March 2024 (Millions)	Geographical Location		Allocation for FY 2024/25 and the medium term (Millions)	Percentage Completion of the Project as at 31st March, 2024
				County	Sub-county		
Rehabilitation of sewer line at NYS Paramilitary Academy Gilgil	1/07/2023	69.82	0	Nakuru	Gilgil	58.8	0
Proposed construction of double span barrack, dinning and kitchen at NYS	15/06/2011	192	194	Nairobi	Ruaraka	0	100

Engineering Institute:							
Proposed construction of classrooms and workshop at NYS Engineering Institute	13/06/2011	88	83	Nairobi	Ruaraka	0	98

2.4 List of New Projects and Justification

NYS currently does not have any new projects but anticipates new projects as a result of the Re-Engineering Agenda.

2.5 List of Pending Bills as of 31" March 2024, if any, and the Strategy for their Resolution

Currently, NYS does not have any pending bills.

2.6 List of all Stalled Projects Indicating their Completion as of 31st March 2024 and any Measures being taken to Completion

The National Youth Service does not have stalled projects.

2.7 A Statement on the Alignment of the Estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA)

In MTP IV, NYS under the Youth Skilling, Employment and Wealth Creation programme, will recruit and train 40,000 youth annually in paramilitary, national service, technical and vocational skills; engage 10,000 youth in NYS commercial enterprises; and expand NYS classrooms, workshops and double span barracks.

NYS is an anchor government agency in the delivery of BETA priorities primarily, job creation, eradication of hunger, and inclusive growth. This is anchored on the NYS Re-Engineering Agenda whose objective to increase annual youth intake from the planned 40,000 in MTP IV to 100,000 annually, and become a self-sustaining government agency by FY 2027/2028. This directive forms the basis for establishment of NYS Commercial Enterprises, that aims at advancing the sustainability agenda.

2.8 Pertinent Issues Affecting NYS in the Attainment of its Performance Targets.

The Re- Engineering Agenda requires the Service to progressively increase youth intake from 40,000 youth in FY 2024/2025, 60,000 in FY 2025/2026, 80,000 in FY 2026/2027 and 100,000 in FY 2027/2028.

In FY 2023/2024, NYS recruited additional 5,000 youth which was not factored into the budget following the President's directive.

Following the ongoing Education Reforms, the Service has fully transited to CBET-CDACC Curriculum which is costly in terms of implementation.

The Service has suffered a budget cut of **Kshs. 2.17 billion** which will adversely affect its operations in the following ways,

a) The service will not be able to undertake recruitment as per the presidential directive which will hinder the attainment of 40,000 recruits by FY 2024/2025

b) This budget cut will further constraint provision of essential services to the SM/W such as food, TVET fees, monthly issues, service men/women monthly allowance as well as provision of training materials

c) The development budget cut will greatly affect expansion of essential infrastructure and facilities e.g ablution blocks, barracks classrooms among others

d) The approved budget did not take into consideration the seed capital for re-engineering projects

3.5 The National Gender and Equality Commission

The acting CEO of the National Gender and Equality Commission appeared before the Committee and submitted as follows;

Supplementary Estimates II for FY 2023/24

2024/25 FINANCIAL YEAR ESTIMATES OF REVENUE AND EXPENDITURE

Identification of any significant deviation between the budget estimates and the approved 2024 Budget policy Statement ceilings

During the 2024/2025 budget sector negotiation and making process, the Commission presented a budget of **KES 1 bn** The Commission was allocated a recurrent budget of **KES 498M** as per the approved 2024 Budget Policy Statement ceilings. This is now further rationalized to **425M** [which is KES 15 million less compared to last year-(*KES 440m*)]. Together with development vote the Commission is allocated **KES 435M.** There are major *deviations* will have adverse effects on our operations and we seek your consideration to ring-fence our recurrent budget of **KES 498M** for us.

Status of Budget Implementation for the FY 2023/2024

In the Financial Year 2023/2024, the Commission had an approved budget of **KES 473.2** *(inclusive of development vote)*. This budget was rationalized during Supplementary Budget No.1, to **KES. 444.8 million** (a loss of *KES 28.1M*).

Under recurrent vote; the Commission has spent Kshs. **386.2 million** which is equivalent to 87% absorption rate. Under Development Budget (Ksh 4 million grant from Ford Foundation and 0.6 million under UN Habitat), we have an absorption level of 95%.

Project Information including start date, total project costs and cumulative expenditure as of 31st March 2024, Physical completion status as of 31st March 2024, Geographical Location (County and Sub- County) of the project, the allocation for Financial Year 2024/2025, and the Medium-term

The Commission does not have any projects

List of New Projects and Justification

The Commission does not have any New projects

List of Pending Bills as of 31st March 2024

No pending bills

List of all stalled Projects indicating their status of Completion as of 31st March 2024 and any Measures being taken to completion

The NGEC has no Projects.

A Statement in the alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-up Transformation Agenda

The Commissions expenditure is aligned to the following: The National Gender and Equality Commission Act no 15 of 2011 that mandates the Commission to promote gender equality and freedom from discrimination in accordance with Article 27 of the Constitution, The NGEC Strategic Plan 2019-2024, the Medium-Term Plan IV of Vision 2030, the **Bottom-Up Economic Transformation Agenda (BETA),** and matters of national interests including the outcome of the National Dialogue Committee, national climate change management programs, Generation Equality Forum commitments, as well as emerging issues affecting SIGs that require our immediate attention. These include femicide, the killing of older persons on suspicions of being witches, GBV directed to children and PWDs, obstetric violence, emergencies such as the floods, audit of accessibility of public building to PWDs financial,

inclusion, and the effects of the hustler fund, pathway to the manageable cost of living among the vulnerable population, equality in the technical training and vocational sector, digital divide affecting girls and women, just to mention a few.

In 2023, the Commission aligned our last term of the 2019-2024 strategic plan to the BETA priorities and the Medium-Term Plan IV. Specifically we have aligned our annual expenditure to the 2022-2027 Kenya Kwanza Plan which lay specific commitments to women (*women charter and agenda page 48*), youth (*under creative economy, digital superhighway, sports, technical education and training, governance*), children (*under education pillar, social protection*), older members of the society (*under universal pensions*), minority and marginalized groups (*under climate change and natural resource management, and environment*), and the Persons with Disabilities (*under social protection, built environment and mobility*), in addition to broad-based pillars and value chains in ; Agricultural transformation, Housing and settlement (with focus to building materials/labor), Healthcare, ICT, Infrastructure, Manufacturing, Service Economy, natural resources and mining

In 2022, the Commission published the NGEC Complaints Handling Practice and Procedure rules to give effect to powers to conduct investigations, receive and process complaints, conduct inquiry and make determinations as specified in art 28-41 The rules are yet to be applied and fully operationized, we seek to intensify strategies and mechanisms for accelerating access to justice to vulnerable populations

Some of our signature programs and interventions for the Financial year 2024/2025 include Audit of key contemporary issues affecting special interest groups including the Financial Inclusion Fund, the transfer programs (for older persons, orphans and vulnerable children, persons with severe disabilities and the Access to Government Procurement Opportunities (AGPO), Strategic programmatic activities on reducing child pregnancies and Sexual Gender Based Violence (SGBV) ,operationalization of a complaints handling and determination of disputes mechanism, Enhance Commission work at the County Level through establishing four (4) offices in the following regions (Western, Central, North Rift, and Lower Coast), Equipping three (3) regional offices (Kilifi, Isiolo, and Kitui) with office equipment and design and implement with support from the grassroots community, faith, private sector, and women leaders in Parliament and County Assemblies intervention on value addition for the affirmative actions and programs in the general livelihoods among others.

Pertinent issues affecting the MDA in the attainment of Programme Targets

The Commission has faced several challenges that continue to impede the delivery of its mandate:

1. Budgetary constraints that have prevented the Commission from significantly discharging its mandate. For instance:
    a. Unable to undertake inquiries on notorious violations of principles of equality and freedom from discrimination. For instance, the Commission has received petitions so far on inaccessibility of built environment in both private and public spaces by persons with disabilities but we are unable to conduct the large-scale audits/ inquiries due to lack of funds.
    b. Physical presence in counties is limited to 6 counties that make it difficult for the Commission's presence to be felt across all regions.
    c. Limited funding of the gender agenda and inclusion issues in all spheres of life. Gender equality and freedom from discrimination though considered critical in the realization of Vision 2030 (Kenya Development Agenda), have yet to receive the necessary critical financial muscle.
2. Extremely low levels of adherence to legal and policy frameworks on gender equality and inclusion.
3. Gender and SIG-related laws are less prioritized at the National Parliament and in County Assemblies. For example, a quick analysis of schedule five of the COK shows that since the promulgation of the 2010 Constitution, the law on representation of marginalized groups (Article 100) and Article 27 (8) have not been enacted. Our two thirds gender rule is yet to be attained, while in counties, we long to see specific laws and policies that incentivize scale up programs and strategies for promoting rights of SIGs.
4. Gender equality and inclusion issues are perceived as expensive, invites additional costs, and a driver of ballooning wage bill. Personal aides to PWDs, brailling of materials, and reasonable accommodations for PWDs is often construed as unnecessarily expensive. Bodies and agencies that work for the SIGs are therefore choked from receiving necessary financial allocations to promote and implement inclusion and equity. Gender equality and inclusion must be redefined in Kenya as a factor of development and not a matter of women, or marginalized groups.

PART IV

4 COMMITTEE OBSERVATIONS

During the engagements and deliberations between the Committee and the various Ministry, Departments and Agencies on the Estimates of Revenue and Expenditure for the financial year 2024-25 and the medium-term, the following observations were made:

1) In preparing the budget for the financial year 2024-25 and the medium-term the committee noted a clear pattern of inadequate consultations between the National treasury and the respective MDAs after the conclusion of the Budget Policy Statement The submissions revealed the great adverse impacts the proposed budget cuts portends to various recurrent

estimates touching on compensation to employees, domestic travels, foreign travels, rentals and operations.

2) The full implementation of the Children's Act 2022 cannot be realized without a budget. The state department for Social Protection requires Kshs 174 million to develop regulations, create awareness, establish and operationalize National Children Data Base, strengthen County Children Advisory Committees (CACS) in 47 counties and 361 sub-counties and Establish Children Welfare Fund.

3) There is need to scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in alternative family care and provision of psycho-social support by the Child Welfare Society of Kenya.

4) The NYS has several programs that it is carrying out including, stitching of uniforms for the disciplined forces, producing food, packaging water, breads, cotton production etc. The Service has huge potential of generating more revenue by revitalizing and strategically re-positioning of its commercial and enterprise activities. This requires a complete reengineering of this activities at the cost of **Kshs 4.6 billion** in the first year.

5) The Child Welfare Society of Kenya has five foster homes which are at 75 percent completion in Muranga, Joska, Isiolo and Bungoma. However, this projects have not been allocated resources despite their significance leading to the risk of cost overruns ultimately leading to additional costs.

6) The Committee noted structural inefficiencies in the implementation of the sanitary towels program despite moving from the State department of Basic Education to the State department for Gender. Upon interrogation and consultation with ministry officials and the leadership of the 47 Woman MPs the committee was of the opinion that the allocation of **Kshs 940 million** for the Sanitary towels program for the financial year 2024-25 be moved to the National Government Affirmative Action Fund.

7) The Committee observed that the National Youth Service has an ambitious target of enlisting 100,000 service men and women by 2026/27. However, with reduced budget and no allocation for the planned commercialization the service is forced to cut down on intakes both in paramilitary and vocational training centres starting this August.

8) The Women Enterprise Fund have been placed in the same platform which has increased uptake but also led to the reduction of repayment from as high as 98% to 26% which led to the stoppage of the fund. The committee noted that the fund may have been infiltrated by persons or groups who may not have been verified.

9) The Committee observed that the project National Youth Opportunities (NYOTA) which is the successor project to KEYOP (Kenya Youth Empowerment & Opportunities Project) is pending for a legal opinion which is between Treasury Principal Secretary and the Office of the Attorney General. Once this is obtained the project will be effective.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Non-financial Recommendations

i. The National Government Affirmative Action Fund should come up with a policy framework for the implementation of the Sanitary towels program in close collaboration with the 47 Woman Members of Parliament by the 30th of July 2024.

5.2 Financial Recommendations/Proposed Reallocations

i. Proposed reductions of the Budget Estimates

S/No.	Vote/ State departments	Programme/Area/item	Proposed Reduction (Kshs)	Justification
1.	State department for Gender	Gender Empowerment	940,000,000	This is a recurrent reduction for the transfer of the Sanitary towels program from the Program gender empowerment to the program Community Development in the same State department for Gender.
2.	Executive Office of the President	General Administration Planning & Support Services	50,000,000	This is a recurrent reduction for the National Fund for the Disabled of Kenya.

ii. Proposed increments on the Budget Estimates

S/No.	Vote/State departments	Programme/Area/item	Proposed Increases (Kshs)	Justification
1.	State department for Gender	Community Development	940,000,000	This is a recurrent increase for the transfer of the Sanitary Towels Program from the Program Gender Empowerment to the program Community Development (National Government Affirmative Action Fund) in the same State Department for Gender.
2.	State Department for Social Protection	Social Development and Children Services	50,000,000	This is a recurrent increase towards the National Council for Persons with Disabilities. This Fund has a national mandate with a huge operational deficit. The amount is meant to close the gap.

iii. Requests for Additional Funding

1. Request for the allocation of **Kshs 14,680,000** to cater for salaries and other Personel emoluments for staffs and other recurrent totalling to **Kshs 183,364,598** of which Kshs 30,500,000 is for Insurances, Utilities of Kshs 5,854,660, Rent of Kshs 25,200,000, contracted guards and cleaning services of Kshs 7,000,000 staff gratuity of Kshs 16,691,958 board expenses of Kshs 26,740,000 and other operating expenses of Kshs 70, 377,980 under the Youth Enterprise Development Fund (YEDF).

2. Request for the allocation of **Kshs 8,327,865** to cater for the allowances of the Youth Advisory Boards under the National Youth Council.

3. The Child Welfare Society of Kenya requires safe custody for children in need of special protection. This cannot be achieved without adequate budget to complete construction of the ongoing foster care centres across the country which requires estimated Kshs 2.1 billion. However, the committee gave preference to the three centers of Isiolo, Muranga and Nanyuki which are 80% complete. The three centers require **Kshs 500 million** to make them habitable.

4. The scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families,

interventions in alternative family care and provision of psycho-social support during these times of economic difficulties especially in urban areas requires adequate funding which may not be met with the internal reallocations. This requires **Kshs 250 million.**

5. The NYS Commercialization Programme requires an additional **Kshs 4.6 billion** in the financial year 2024-25 for the requisite start-up.

S/No.	Vote/ State departments	Programme/Area/item	Additional request (Kshs)	Justification
1.	State department for Social Protection	Social Development and Children Services	500,000,000	The request is a development allocation towards the Child Welfare Society of Kenya for the completion of the foster care centers in Muranga, Nanyuki and Isiolo.
2.	State department for Youth Affairs and Creative Economy	Youth empowerment Services	198,044,598	Towards Youth Enterprise Development Fund for Compensation of Employees and other Recurrent.
3.	State department for Youth Affairs and Creative Economy	Youth empowerment Services	8,327,865	Towards the National Youth Council for the allowances of the Youth Advisory Boards who are integral to the elections of youths at the grass root.
4.	State department for Social Protection	Social Development and Children Services	250,000,000	The request is a recurrent allocation towards the Child Welfare Society of Kenya in provision of food and other emergency response to children in distress.
	State department for Public Service	National Youth Service	4,600,000,000	The request is a recurrent allocation towards the National Youth Service commercialization program.

SIGNED: ..... **DATE**.....16/05/2024

HON. ALICE WAMBUI NGÁNGA, CBS, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

DEPARTMENTAL COMMITTEE ON EDUCATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON EDUCATION

REPORT ON THE CONSIDERATION OF THE FY 2024/2025 BUDGET ESTIMATES FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

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CHAIRPERSON'S FOREWORD

The Annual Estimates of Revenue and Expenditure and other Budget documents for the Financial Year 2024/25 were submitted to the National Assembly on Tuesday 30th April 2024 in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4) and subsequently tabled in the House on 30th April, 2024. Thereafter, the Estimates were committed to respective Departmental Committees of the House for scrutiny and reporting to the Budget and Appropriations Committee within twenty-one (21) days of committal.

Following the tabling of the Annual Estimates, the Departmental Committee on Education was briefed on the contents of the Estimates, FY 2024/25 and thereafter proceeded to hold deliberations and receive submissions from the State Departments and their SAGAs under the Ministry of Education and the Teachers Service Commission.

The Committee deliberated on the impact of proposed estimates to the Ministry of Education and Teachers Service Commission on achieving their targets.

Details of the presentations from the Parliamentary Budget Office and submissions from the Ministry of Education and Teachers Service Commission are annexed in the Report.

The Committee appreciates the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Annual Estimates FY 2024/25.

On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the Annual Estimates and the Medium-Term FY 2024/25 for the Ministry of Education and the Teachers Service Commission.

HON. JULIUS MELLY, C.B.S, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART I

1.0 PREFACE

1.1 Introduction

1. On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on Education on its consideration of the 2024/25 Budget Estimates.
2. The report is the outcome of the examination of the 2024/25 Budget Estimates by the Committee and consultative meetings with the Ministry of Education and the Teachers Service Commission.

1.2 Mandate of the Committee

3. The Departmental Committee on Education is established under Standing Order 216 and mandated to consider all matters relating to the Education Sector. Thus, the Committee has its oversight role covering the following: -

    i. State Department for Basic Education;

    ii. State Department for Technical and Vocational Education & Training (TVET)

    iii. State Department for Higher Education and Research; and the

    iv. Teachers Service Commission

1.3 Committee Membership

4. The Departmental Committee on Education was constituted by the House on 27th October 2022 and comprises of the following Members

Hon. Julius Kibiwott Melly, MP
Chairperson
MP for Tinderet Constituency
UDA

Hon. Moses Malulu Injendi, MP
Vice Chairperson
MP for Malava Constituency
ANC

Hon. Dr. Christine Oduor Ombaka, MP
MP for Siaya County
ODM

Hon. Eve Akinyi Obara, MP
MP for Kabondo Kasipul Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
MP for Nyamira County
JP

Hon. Abdul Ebrahim Haro, MP
MP for Mandera South Constituency
UDM

Hon. Anne Muratha, MP
MP for Kiambu County
UDA

Hon. Clive Gisairo, MP
MP for Kitutu Masaba, Constituency
ODM

Hon. Dick Oyugi Maungu, MP
MP for Luanda Constituency
DAP-K

Hon Julius Taitumu M'Anaiba, MP
MP for Igembe North Constituency
UDA

Hon. Nabii Nabwera Daraja, MP
MP for Lugari Constituency
ODM

Hon. Peter Ochieng Orero, MP
MP for Kibra Constituency
ODM

Hon. (Prof.) Phylis Jepkemoi Bartoo
MP for Moiben Constituency
UDA

Hon. Rebecca Noonaishi Tonkei, MP
MP for Narok County
UDA

Hon. Timothy Toroitich, MP
MP for Marakwet West Constituency
IND

1.4 Committee Secretariat

5. The Committee secretariat comprise of: -

Ms. Rose M. Wanjohi

Senior Clerk Assistant

Mr. Clive Onyancha

Clerk Assistant III

Mr. Timothy Kimathi

Clerk Assistant III

Ms. Fiona Githunguri

Legal Counsel II

Ms. Winnie Kulei

Research Officer II

Mr. Eric Kanyi

Fiscal Analyst II

Dr. Maina Mburu

Research Officer III

Mr. Nimrod Ochieng

Audio Officer

Ms. Pauline Njuguna

Hansard Officer

Mr. Jared Onyancha

Public Communications Officer III

Mr. Richard Sang

Serjeant at Arms

PART II

2.0 OVERVIEW OF THE 2024/25 BUDGET ESTIMATES FOR THE EDUCATION SECTOR

6. In FY 2024/25, the Education sector is implementing thirteen (13) programmes spread across the three State Departments in the Ministry of Education and the Teachers Service Commission. To finance this programmes, the proposed 2024/25 budget for the sector is **Kshs 642 Billion**. This represents a Kshs 47 Billion reduction (7.3%) compared to the current financial year allocation of Kshs 689 Billion. The overall allocations to the four spending Agencies in the sector is indicated below.

Table 1: Overall, 2024/25 Education sector proposed budget estimates (Kshs Billions)

MDA	2023/24 Baseline	2024/25 Approved Ceilings	2024/25 Proposed Estimates	Deviation from Ceiling	
Basic Education	158.2	144.5	139.1	(5.4)	
TVET	32.9	30.5	29.9	(0.6)	
Higher Education	154.5	131.6	120.1	(11.5)	
TSC	343.6	369.9	352.9	(17.0)	
Total	**689.2***	**676.5**	**642.0**	**(34.5)**	

Source: National Treasury

7. In terms of source of financing, the sector largely relies on direct GOK funding (90%). There are also some aspects of support from the development partners especially in the State Departments TVET and Basic Education as well as AIA collection which account for the remaining 10% of the financing.

8. The proposed allocations to the sector also contain BETA programmes, projects and priorities spread across the three Departments. The BETA priorities have been allocated **Kshs 35.1 Billion** as indicated below:

Table 2: 2023/24 BETA projects/ priorities (Kshs Millions)

BETA Projects/Programmes	2024/25 Allocation
Construction of 52 TTI's	*920*

BETA Projects/Programmes	2024/25 Allocation
Training on Digital Skills (Jitume Programme)	114
ICT infrastructure to support Competency Based Assessment	-
Construction of Integrated Resource Centres (IRC's)	*1,758*
Construction of JS classrooms	*1,000*
JS Capitation	30,660
Support to Open University	670
Total (BETA)	**35,122**

Source: National Treasury

A. STATE DEPARTMENT FOR BASIC EDUCATION

9. The State Department has a proposed allocation of Kshs. 139.1 Billion. The proposed allocation is a decrease of Kshs 19.5 Billion compared to the current financial year as well as a variance of Kshs 5.4 Billion from the 2024/25 approved ceiling,

Table 3: 2024/25 proposed allocation (Kshs Millions)

Programmes	2023/24 Baseline			2024/25 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Primary Education	21,884	15,429	37,313	12,893	12,785	25,678
Secondary Education	103,933	6,568	110,501	98,419	6,338	104,757
Quality Assurance and Standards	5,086	133	5,219	4,105	53	4,158
General Administration, Planning and Support Services	5,536	-	5,536	4,519	27	4,546
Total	**136,439**	**22,130**	**158,569**	**119,936**	**19,203**	**139,139**

Source: National Treasury

10. The observed reduction from the approved ceilings is across all the programmes but largely affected the allocation to the primary and secondary education programmes. The decrease from the baseline as well as the variance from the approved ceilings is an indication that the Department and its various SAGA's may not be able to fully finance its priority programmes and activities.

11. The table below indicates the targets on the key priority areas for the Department in 2024/25 based on the funding level proposed are:

Table 4: FY 2024/25 key targets set

Priority Areas (GOK funded)	**2024/25 Proposed Allocation**	**2024/25 key targets set**
FDSE (Capitation)	63,885	3.2 Million learners
Junior School (JS) Capitation	30,660	3.3 Million Learners
Free Primary Education (Capitation)	9,120	6.4 Million Learners
School feeding Programme	-	-
ICT integration	610	2,000 schools supplied with computers 1,000 ICT interns recruited
Primary school infrastructure	452	320 new classes constructed
Secondary Infrastructure	1,300	1,060 classes constructed
KNEC examination waivers	5,023	1.4 KEYA (Grade 3) examined 1.3 KPSEA (Grade 6) examined - 1.02 KCSE examined
Construction of Integrated Resource Centres	1,758	
Construction of JSS classrooms	1,000	1,500 classrooms constructed
Total	**113,808**	

Source: National Treasury

12. A review of the itemized budget indicates that the major driver of recurrent expenditure (which accounts for 95% of the recurrent allocation) is on the following areas:

Table 5: Major recurrent allocations (Kshs Millions)

Item	**2024/25**	**Key area (s) funded**
Kenya National Examination Council	1,827	Current transfers (AIA)
Sub County Education Offices	1,551	Personnel emoluments
Directorate of Basic Education	11,346	Grants- Kshs 9.1 Billion KEYA/KPSEA examinations- Kshs 1.9 Billion
Secondary and Tertiary Education HQ Administrative Services	97,799	Subsidies (Capitation-84-4) - Kshs 63 Billion

Item	2024/25	Key area (s) funded
		KCSE examinations- Kshs 3.1 Billion
		JSS capitation- Kshs 30 Billion
Total	112,523	

Source: National Treasury

13. A review of the proposed development estimates indicates that in FY 2024/25, the State Department will be implementing a total of 19 capital projects. The projects are funded by a mixture of both the exchequer and development partners' funds. The capital projects which are being implemented by the State Department are the ongoing projects and no new project has been introduced. The following are the key capital projects funded in 2024/25.

Table 6: Key capital projects (Kshs Millions)

Major capital projects	2024/25 (Millions)	2024/25 Targets set
Primary School Infrastructure Improvement	452	320 new classes constructed
Secondary School infrastructure improvement	1,300	1,060 classes constructed
Kenya Secondary School Education Quality Improvement (Donor –WB)	1,500	8,992 learners receiving scholarships
ICT integration in schools	400	2,000 schools supplied with computers
Assembly of Assistive Devices	250	55% completion
JSS infrastructure improvement (Classrooms and IRC's)	2,757	1,500 classrooms constructed
Kenya Primary Education Equity in Learning (KPEEL)	11,050	5,422 primary schools their priority areas in the School Improvement Plans (SIP's)

Source: National Treasury

B. STATE DEPARTMENT FOR TECHNICAL VOCATIONAL EDUCATION AND TRAINING

15. The proposed 2024/25 allocation to this Department is **Kshs 29.9 Billion** which comprises of Kshs 23 Billion recurrent and **Kshs 6.9 Billion** development allocation. Compared to the current financial year, the allocation has decreased by Kshs 2.9 Billion. The proposed allocation also has a negative variation of **Kshs 600 Million** from the

approved ceilings. Table below indicates the proposed budget for the Department per programme.

Table 7: 2024/25 proposed budget (Kshs Millions)

Programmes	2023/24 Baseline			2024/25 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Technical Vocational Education and Training	25,332	7,070	32,402	22,544	6,927	29,471
Youth Training and Development	50	-	50	59	-	59
General Administration, Planning and Support Services	461	-	461	435	-	435
Total	**25,843**	**7,070**	**32,913**	**23,038**	**6,927**	**29,965**

Source: National Treasury

16. The State Department main work revolves around provision of infrastructure for TVET institutions, administration of capitation and sponsorship for TVET learners as well as regulating the TVET sub sector. The priority programme for the Department is the Technical Education Programme and the key targets are indicated below:

Table 8: key priority areas

Programme	Key areas of priority funded	2023/24 Targets set
Technical Education	▪ Capitation- Kshs 5.2 Billion ▪ Sponsorship- Kshs 2.5 Billion ▪ TVET infrastructure- Kshs – Kshs 4.2 Billion ▪ Recruitment of TVET instructors- Kshs 820 Million	▪ Varied completion rates (90%-100%) in construction of TTI's in various phases as well as varied completion rates of projects in old TTI's ▪ Provision of capitation and sponsorship to TVET learners ▪ Recruitment of 3,000 TVET instructors

17. The proposed recurrent estimates indicates that out of the Kshs 23 Billion allocation, Kshs 18.2 Billion is from the exchequer whereas Kshs 4.8 Billion is Appropriations in Aid (AIA). A review of the itemized budget indicates that the major recurrent allocations are on the following areas:

Table 9: Major recurrent items (Kshs Millions)

Item	2024/25	Key Areas funded
TVETA	232	Current transfers
Technical Training Institutes (TTI's)	1,569	Current transfers
Institutes of Technology (IST's)	154	Current transfers
Directorate of Technical Education	16,549	Personnel emoluments, recruitment of TVET instructors, capitation and sponsorship
KNQA	180	Current transfers
CDACC	156	Current transfers
Headquarters	420	Personnel emoluments
KTTC (Kenya School of TVET)	201	Current Transfers

Source: National Treasury

18. A review of the proposed development estimates indicates that the Department will be implementing 92 capital projects. The capital projects are funded by a mixture of development partners' support and exchequer funding. The following are the major capital projects funded in 2024/25.

Table 10: Key Capital projects (Kshs Millions)

Project	2024/25 Allocation (Millions)
38 GOK-ADB Phase II (Donor)	1,005
Construction of 52 TTI's (GOK)-BETA	920
EA Skills transformation and regional integration (Donor)	600
Promotion of youth employment and Vocational Training Phase 1 (Donor)	950
Promotion of youth employment and Vocational Training Phase 2 (Donor)	292
GOK/ADB TVET and entrepreneurship (Donor)	1,040
Promotion of youth employment through scholarships –wings to fly (Donor)	250
Promotion of youth employment through scholarships –wings to fly 2 (Donor)	220

Source: National Treasury

19. STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH

19. The proposed 2024/25 budget for the Department is **Kshs. 120 Billion** which comprises of **Kshs 116.8 Billion** is recurrent and **Kshs. 3.3 Billion** is development

expenditure. The allocation represents a decrease of **Kshs. 34.5 Billion** compared to the current financial year and a negative variance of **Kshs. 11.5 Billion** compared to the approved ceilings. Table below indicates a summary of the proposed budget per programme.

Table 11: 2024/25 proposed Budget (Kshs Millions)

Programmes	2023/24 Baseline			2024/25 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
University Education	149,935	3,425	153,360	115,712	3,110	118,822
Research, Science, Technology and Innovation	669	126	795	836	214	1,050
General Administration, Planning and Support Services	369	-	369	258	-	258
Total	**150,973**	**3,551**	**154,524**	**116,806**	**3,324**	**120,130**

Source: National Treasury

20. The key area of spending in this State Department is mostly recurrent in nature meant to support students through capitation, sponsorship and Loans as well as the various public universities. The recurrent expenditure is mainly on the following areas:

Table 12: 2024/25 Major Recurrent Allocations (Kshs Millions)

S/No	Item	2024/25			Key area (s) funded
		Net	AIA	Gross	
1	Headquarters Administrative services	243	-	243	Personnel emoluments
2	NACOSTI	348	70	418	
3	KUCCPS	19	797	816	Current transfers
4	CUE	259	225	484	Current transfers
5	HELB	28,585	4,726	33,311	Current transfers/Student Loans
6	NRF	343	-	343	Current transfers
7	UFB	22,364	3	22,367	Current transfers/Students Scholarships

8	GOK students in private universities	1,775	-	1,775	Current transfers
9	Public Universities	17,514	39,334	56,848	Current transfers

Source: National Treasury

21. The proposed development budget is Kshs 3.4 Billion and the Department mainly through the various public universities intends to implement 69 Capital projects. The capital projects funded are spread across the various public universities and Agencies within the State Department. A review of the itemized development estimates indicates that the State Department will continue to fund the various ongoing projects in public universities and other Agencies under.

D. TEACHERS SERVICE COMMISSION

22. The 2024/25 proposed budget for Teachers Service Commission is **Kshs. 352.9 Billion.** This allocation is largely recurrent and is **Kshs, 9 Billion** more compared to the current financial year allocation. However, compared to the approved budget ceilings, there is a negative variance of **Kshs. 17 Billion**. This means that some of the priority areas envisioned by the Commission will be scaled down or shelved altogether. The table below gives a summary of the proposed allocation per programme:

Table 13: 2024/25 proposed budget (Kshs Millions)

Programmes	**2023/24 Baseline**			**2024/25 Estimates**		
	Recc	**Dev**	**Total**	**Recc**	**Dev**	**Total**
Teacher Resource Management	333,583	1,115	334,698	342,281	404	342,685
Governance and Standards	1,312	-	1,312	1,309	-	1,309
General Administration, Planning and Support Services	7,504	87	7,591	8,883	68	8,951
Total	**342,399**	**1,202**	**343,601**	**352,473**	**472**	**352,945**

Source: National Treasury

23. The key area of spending in the Commission is mainly recurrent in nature meant for teacher resources management where a bulk of the resources is for teacher's emoluments. The priority programmes for the Commission in 2024/25 is as follows:

Table 14: Key targets set

Programme	Key areas of priority funded	Targets set
Teacher Resource Management	Recruitments	▪ 2,000 primary school intern teachers recruited ▪ 4,000 primary teachers recruited ▪ 18,000 secondary school intern teachers recruited ▪ 22,000 secondary school teachers recruited

Source: National Treasury

PART III

3.0 SUBMISSIONS BY MINISTRY OF EDUCATION AND TEACHERS SERVICE COMMISSION

24. The Ministry of Education and the Teachers Service Commission appeared before the Committee to deliberate on the contents of the 2024/25 Budget Estimates and responded to the key issues requested in the letter of invite. The detailed presentations made to the Committee are annexed to this report.
25. The section below outlines a summary of the presentations made by each State Department within the Ministry of Education and the Teachers Service Commission:

3.1 STATE DEPARTMENT FOR BASIC EDUCATION

Dr. Belio Kipsang, The Principal Secretary, the State Department for Basic Education appeared before the Committee on Tuesday 14th May 2024 a presented as follows

3.1.1 Significant deviation between budget estimates and approved FY 2024/25 budget policy statements ceilings

26. The State Department's proposed draft estimates for the FY 2024/25 total to Kshs. **139.1 Billion** comprising of **Kshs. 119.9 billion** for recurrent budget and **Kshs. 19.2 billion** for Development budget.

27. There is a notable **net decrease** compared to the 2024 Budget Policy Statement draft estimates by **Kshs.5.3 billion**; of which **Kshs.7.0 billion** is a decrease under recurrent budget and **Kshs.1.71 billion** an increase under Development budget.

28. The recurrent budget net decrease of **Kshs.7.0 billion** is in the following areas; **Kshs.4.9 billion** under School Feeding Programme, **Kshs.1.5 billion** under Free Day Secondary Education capitation, **Kshs.1.2 billion** under Free Primary Education capitation, and **Kshs.347 million** under operations and maintenance. The particular items under operations and maintenance that have been reduced are; Communication, Printing and Advertisement, Training, Hospitality, Office and General Supplies were reduced by **50%** whereas Domestic Travel, Fuel and Lubricants, Routine Maintenance were reduced by **25%.** The State Department noted that the **School Feeding Program** was **not funded** and therefore requested for the reinstatement of the **Kshs 4.9 billion**

29. There is also an overall decrease of **Kshs.1.9 billion** under all semi-Autonomous Government Agencies (SAGAs) within the State Department. The State Department has however, been allocated an addition of **Kshs.2.7 Billion** under Junior School capitation..

30. Four (4) out of the nine (9) SAGAs have **zero allocation** in the proposed draft estimates for the FY 2024/25. These are Science Equipment Production Unit (SEPU), National

Council for Nomadic Education in Kenya (NACONEK) and Centre for Mathematics, Science and Technology Education in Africa (CEMASTEA).

31. **Under Development budget,** there is a net increase of **Kshs.1.71 billion** in the proposed budget estimates compared to the 2024 BPS estimates. The changes are under Primary and Secondary programmes. These are; an increase of **Kshs.4.40 billion** under Kenya Primary Education Equity in Learning Program (KPEEL), a decrease of **Kshs.1.38 billion** under Kenya Secondary Education Quality Improvement Project (SEQUIP), a decrease of **Kshs.612 million** under Junior School Infrastructure Improvement - BETA and a decrease of **Kshs.200 million** under Secondary Infrastructure Improvement funds.

32. The major areas that were **underfunded** under recurrent budget in the FY 2024/2025 estimates are Free Primary Education, Free Junior Secondary Education, Free Day Secondary Education, School Examination and Invigilation, whereas, Under the development budget, the major areas under funded are Primary Schools' Infrastructure, Junior Schools' Infrastructure Improvement – BETA, Secondary Schools' Infrastructure, Construction and Rehabilitation of Primary Teacher Training Colleges(PTTCs), ICT integration in Secondary Schools, Kenya Primary Education Equity in Learning Programme and Kenya Secondary Education Equity in Learning Program.

3.2.1 New Project and Justification

33. The State Department has only one new project namely "Assembly of Assistive Devices – KISE". The project is implemented under Kenya Institute of Special Education (KISE).

3.1.2 List of Pending Bills as at 31st March 2024

34. The State Department reported that it has neither pending bills nor historical bills.

3.1.3 List of all Stalled Projects as at 31st March 2024

35. The State Department has no stalled project.

3.1.4 Statement on the alignment of estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda

36. The Budget estimates are aligned to the Medium Term Plan IV of the Vision 2030 and the Bottom Up Transformation Agenda. The State Department Implements Bottom –Up Economic Transformation Agenda through Automation of Education Systems through adoption of National Education Management Information Systems (NEMIS) for management of Education Data, ICT Infrastructure to Support Competency Based

Assessment under Kenya National Examination Council and junior secondary schools' infrastructure improvement.

3.1.5 Pertinent issues affecting the State Department in the attainment of the Program performance targets

37. Within the sector resource ceiling, several key programmes which could not be fully funded requiring additional funding are annexed in the report.

3.2 STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING

Dr. Esther Muoria, Principal Secretary, the State Department for Technical, Vocational Education and Training appeared before the Committee on 15th May, 2024 and presented as follows:

3.2.1 Identification of any Significant Deviation between the Budget Estimates and the Approved 2024 Budget Policy Statement Ceilings

i. Recurrent Vote

38. The State Department's Recurrent Budget as per the BPS Ceilings for the FY 2024/25 is **KSh.21,492 Million** while allocation for the same is **KSh.23,039 Million**.

ii. Development Vote

39. The State Department's Development Budget as per the BPS Ceiling for the FY 2024/25 is **KSh. 6,474 Million** while allocation for the same is **KSh.6,927 Million.**

3.2.2 Status of the Budget Implementation for FY2023/24

40. The State Department was allocated **Kshs. 32,913 Million** in the FY2023/2024 to implement the activities under the three Programmes. The allocation comprises of **Kshs .25,843 Million** and **KSh.7,070 Million** as Recurrent and Development respectively. As at 31st March, 2024, the levels of absorption were **66%** and **50%** for Recurrent and Development expenditure respectively.

41. Analysis of the absorption levels of Recurrent expenditure and Development expenditure by economic classification is provided in the state departments submission annexed in the report..

42. The summary of the State Department of Key Performance Indicators as at 31st March 2024 is provided in the department's submission attached to the report.

3.2.3 Project Information

43. The Project information including start date, total project cost, cumulative expenditure as at 31st March, 2024, physical completion status as of 31st March 2024, and geographical location (county and sub-county) of the project, allocation for 2024/25 and the medium term is summarized in Table 7 of the departments submission and detailed in Annex 7 of the department's submission attached to the report.

3.2.4 List of New Projects and Justification

44. The State Department reported that it is not implementing new projects in Financial Year 2024/25.

3.2.5 List of Pending Bills as of 31st March, 2024, if any, and the Strategy for their Resolution

45. The State Department had no pending bills for Financial Year 2022/23. However, the State Department has historical pending bills amounting to **KSh.574.9 Million** that have since been submitted to the Pending Bills Verification Committee.

3.2.6 List of all Stalled Projects Indicating Their Status of Completion as of 31st March 2024 and any Measures Being Taken to Completion

46. The State Department has one (1) stalled project on construction of Igembe South TVC. The project started in 2016 at an estimated cost of **Kshs. 57 Million**. The State Department made disbursement of **Kshs. 47 Million** and the project stalled at 80% completion level. The stalling is attributed non-contribution of **Kshs. 10 Million** from the National Government CDF-Igembe South and has resulted to cost escalations.

47. The State Department has made follow-ups for budgetary provisions by the National Government CDF-Igembe South. The provisions will facilitate the completion of the project and mitigate escalation of costs.

3.2.7 A Statement on the Alignment of Estimates to the Medium-Term Plan (MTP) IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA)

48. The State Department's allocations are aligned towards the realization of human capital development and the social pillars of the MTP IV and the BETA. Details are provided in the department's submission attached in the report.

3.2.8 Any pertinent issues affecting the MDA in the attainment of its Programme Performance Targets

49. The State Department's Recurrent Budget Estimates of **KSh.23,039 Million** and Development of **KSh.6,474 Million** are not sufficient to facilitate all programmes. The State Department seeks the support of the Departmental Committee for an additional funding of **KSh. 12,504 Million** to facilitate the State Department achieve its mandate.

a. STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH

Dr. Beatrice Inyangala. Principal Secretary, the State Department for Higher Education and Research appeared before the committee on 15th May, 2024 and presented as follows

50. The State Department for higher education and research appeared before the committee and submitted as follows:

3.3.2 Deviation between the budget estimates and 2024 budget policy statement

51. The State Department was allocated a total of **Ksh. 131,592 million** in the **Budget Policy Statement** (BPS) of which **Ksh. 127,642 million** was gross recurrent budget and **Ksh. 3,950 million** was development budget. The gross recurrent budget of **Ksh. 127,642 million** comprises **of Ksh. 82,487 million** net GoK budget and **Ksh. 45,155 million** AIA budget. The total development budget of **Ksh. 3,950 million** comprises **Ksh. 2,652 million** GoK allocation and **Ksh. 1,304 million** from development partners.

52. This has further been reduced to **Ksh. 120,130 million** comprising of **Ksh. 116,806 million** recurrent budget and **Ksh. 3,324 million** development budget.

i. Recurrent Budget FY 2024/25

53. The summary of the baseline, BPS and proposed estimate for FY 2024/25 is provided in the state department's submission. The State Department has a reduction in the recurrent budget of **Ksh. 10.8 billion** from the Budget Policy Statement of 2024.

54. The State Department has suffered a 50% reduction in its operations and maintenance budget in comparison with the baseline budget FY 2023/24. It's important to note there is **NIL** allocation to foreign travel; and, Research, Feasibility Studies, Project Preparation and Design budget lines. This will constrain the internationalization of Higher Education and Research. Details as provided in the state department's submission attached to the report.

3.3.4 Implications of Financial Year 2024/2025 Budget Proposals for Continuing Students under the Differentiated Unit Cost

55. Since 2016 Universities were funded based on the Differentiated Unit Cost (DUC) of programs. In the Financial Year 2023/2024, a total of 369,029 continuing students were funded with a budget of **Ksh. 34.1 billion** which translated to 42.6% of the total cost of selected programs based on the Differentiated Unit Cost (DUC) of each program.

56. In the Financial Year 2024/2025, it is proposed to reduce the budget for continuing students to **Ksh. 17.85 billion** which will translate to 30% of the total cost of selected programs based on the Differentiated Unit Cost (DUC) of each program.

57. The allocation to various universities is **not consistent** with the criteria developed by the Universities Fund outlined below:
    i. The number of students enrolled in each programme;
    ii. The cost of the programme;
    iii. Doctors' allowances;
    iv. Strategic intervention to young universities with less than 4,000 students.

58. A total of four (4) universities (**Moi, Eldoret, Kabianga, and Nairobi**) have **NIL** allocation which implies that the continuing students in these universities (Year 3 to 6) will not be funded. There are two critical risks; first, this contravenes the principle of equal treatment of universities and the students. Second, the students who are not funded may drop out of their respective universities.

Some of the Implications of Underfunding of the Universities as outlined below

a. **Further decline in funding of continuing students**

59. The current funding is not adequate for mobilizing inputs such as teaching and learning materials, equipment, and adequate staffing to deliver programs that meet the highest quality standards. A further reduction in funding would severely constrain growth of the new generation universities.

b. **Growth in enrolment**

60. The popular demand for university education has led to sustained growth in student population across public universities. However, the annual increment in budgetary resources is not proportionate to the increment in student population. This poses a high risk of diminishing the quality of education as well as sustaining university operations.

c. **Pending bills**

61. A total of twenty-three (23) out of the forty (40) public universities and their constituent university colleges are deemed to be technically insolvent. Further, thirty-one (31) out of

the forty (40) public universities and their constituent university colleges are not able to settle their pending bills and debts. A decrease in budget will deepen the financial crisis in the public universities.

d. **Student and staff Unrest**

62. The higher education sub-sector relies heavily on human resources to deliver on its mandate. A significant reduction on the budgetary allocation implies that universities will not meet their payroll costs as indicated in the Table below. There is a high risk of students and staff going on strike which will threaten the stability of universities.

Development Budget

63. The State Department for Higher Education and Research is implementing a total of sixty-two (62) capital projects which includes sixty (60) projects financed by Government of Kenya and two (2) externally financed projects. The projects financed by the Government of Kenya as per 2024 BPS had allocation of **Ksh. 2,652 million** which was further reduced to **Kshs. 2,174 million** in the proposed budget estimates.

64. The State Department has prioritized completing projects with a completion rate above 60% based on the criteria which was developed during the Sector Working Groups. The breakdown of proposed budget allocation of projects are provided in the submission attached to the report

65. The State Department requests additional funding of **Ksh. 1,088 million** to complete the projects with completion rates between 60% to 99% in the next financial year. These projects range from tuition blocks to laboratories, libraries and administration blocks. The reduction in the development budget for universities will slow down the completion rate of infrastructure projects at the universities. Consequently, students will be denied the benefits that accrue from an enriched teaching and learning environment. There is also an additional risk of incurring costs associated with penalties and litigation.

3.3.5 Status of the budget implementation for FY 2023/24

66. The absorption rate of the FY 2023/24 budget has been aligned to the planned activities throughout the financial year. As at May 2024, the absorption rate stands at an average of **88%**. Details of the budget implementation are shown below.

3.3.6 Financial Performance

67. In FY 2023/24, the State Department has a gross allocation of **Kshs. 154,525 million** of which **Ksh. 150,974 million** is for Recurrent budget and **Kshs. 3,551 million** is for Development budget.

Financial Performance of Recurrent Budget

69. The State Department's Recurrent budgetary allocation of **Ksh. 150,974 million** includes net GoK allocation of Ksh. **90,243** million and Appropriation in Aid (AIA) of **Ksh. 60,730 million.**

Development Budget

70. The State Department's Development allocation of **Kshs. 3,551 million** includes **Kshs. 2,490 million** GoK allocation and **Kshs. 1,061 million** foreign financing. As at May 2024 only 31% of the budgetary allocation to development projects had been absorbed due to delayed disbursements from exchequer.

a. **Project information**

71. In Financial Year 2023/24, the State Department was allocated **Ksh. 3,551 million** for 62 projects which are at various levels of completion. Detailed information on the projects is provided in Appendix 1. The information includes: project start dates, total project cost, cumulative expenditure as of 31st March 2024, physical completion status as of 31st March 2024, and geographical location (county and sub-county) of the project, and, allocation for FY 2024/25 and the medium term.

b. **New projects and justification**

72. The State Department does not have any new project.

3.3.7 Pending bills as of 31st March 2024 and the Strategy for their Resolution

73. **State Department Pending Bills:** The State Department has cleared all FY 2023/24 pending bills, however, prior pending bills of **Ksh. 44.06 million** have been submitted to The National Treasury Pending Bills Verification Committee for verification and due process.

74. **University Pending Bills:** Over the years, 36 public universities have experienced financial difficulties and accumulated huge pending bills. As at 30th August, 2023, pending bills amounting to **Ksh. 76,048 million** were reported. The list of detailed pending bills for each university is provided in the department's submission attached to the report.

75. The following strategies are being implemented to resolve university pending bills.

a. Universities have submitted their historical pending bills to The National Treasury Pending Bills Verification Committee.

b. The State Department has initiated discussions with the Kenya Revenue Authority for waiver of PAYE pending bills. The outcome of the discussions will inform the preparation of a Cabinet Memo.

c. The State Department is continually engaging The National Treasury for additional funding.

d. The State Department is working closely with universities to contain unsustainable growth in infrastructure; no new projects have been approved other than those funded by development partners.

e. Universities have set targets to enhance AIA collections through diversification of revenue streams including: establishment of endowment funds, increased scope of research, enhanced partnerships, and provision of consultancy services. The internally generated revenue is being used to offset some of the pending bills and to manage current costs optimally.

f. Universities have instituted a number of measures to contain costs including use of green energy, automation of university services and rationalization of staff workload.

g. A number of universities have leased idle land; Nairobi University, Egerton University, and Moi University.

h. Adoption of the Public Private Partnership (PPP) model for the construction of student hostels.

3.3.8 Stalled projects

76. The State Department has twenty-six (26)stalled projects whose details are provided in submission attached to the report. The following measures have been undertaken by 2 universities to revitalize two of the stalled projects:

i. **Moi University-** Has requested for additional exchequer support to complete the science complex.

ii. **Egerton University-** Has converted the stalled agricultural laboratories into the International Centre for Genetic Engineering and Biotechnology, a donor funded project.

3.3.9 Alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA)

77. The FY 2024/25 estimates have been aligned with the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA) which also recognizes education as an enabler of the national development priorities.

a. **Open University of Kenya (OUK):** The University will expand access to university education cost effectively. This is particularly important for marginalized groups who can gain entry through recognition of their prior learning credentials. Additionally, the flexibility in access has increased the participation in university education by women substantially; the ratio of female to male students stands at 70:30.

b. **Education reforms:** Resources will support the development of Competency Based Education and Training (CBET) framework, curriculum and pedagogical reforms and capacity building of academic staff. The immediate focus is on transformation of the Bachelors in Education programs. Combining these interventions will support CBC learners to transition to university in 2029.

c. **University infrastructure improvement:** These entails revamping university facilities to enhance the teaching and learning environment so as to improve learning outcomes as well as the quality of graduates, research and community services. Since development capital is availed progressively, the expected outcomes will be realized within the medium term.

d. **Strengthening of Science, Technology, Engineering and Mathematics (STEM):** The resources will support capacity building of STEM faculty, and, the establishment of the Kenyan node of the National Science, Technology and Innovation Observatory.

e. **Science, technology and innovation funding:** The objective to increase investment in research and development will not be realized since budgetary allocation to the National Research Fund has decreased. The FY 2024 BPS allocation of **Ksh. 512,988,182** has been reduced by **Ksh. 170 million** in the FY 2024/25 proposed Estimates.

f. **Nano-sciences, material science and new production technologies:** Some resources have been allocated towards the National Physical Science Research Laboratory for engineering and new production technologies which will improve the quality of research and technology development in Nano and material sciences upon completion and launch.

g. **Technology and innovation commercialization:** Some resources have been allocated for the construction of a Science and Technology Innovation Park. The project aims at ensuring an effective innovation system that links academic programs and research infrastructure to industry in the same space.

3.3.10 Pertinent issues affecting the State Department in the attainment of its program performance targets

78. The State Department is seriously constrained from attaining its performance targets due to a reduction in the proposed budget in FY 2024/25. Implications of the budget reduction are outlined below.

i. **Operations and Maintenance at the Headquarter:** The State Department's budget estimates for FY 2024/25 has suffered a 50% reduction in operations and maintenance with NIL allocations in foreign travel and feasibility study budget lines. This will cripple the day-to-day operations of the State Department and its ability to provide strategic leadership for the delivery of education training and research as well as linkages with the international Higher Education and Research community.

ii. **The Higher Education Loan Board (HELB) Loans: Implications of Financial Year 2024/2025 Budget Proposals for HELB Loans under the New Funding Model**
HELB has a financing deficit of **Kshs. 11.4 billion** in the FY 2024/25 proposed estimates. With the available funding HELB can fund all continuing students but only 17.2% of the students who will be joining university in 2024.

a. In the Financial Year 2023/2024, HELB was allocated **Kshs. 31.89 billion** for tuition and upkeep loans which has been reduced to **Kshs. 28.1 billion** in the proposed estimates FY 2024/25.

b. The allocation of **Ksh. 28.1 billion** is expected to fund continuing students through loans for upkeep and tuition (Year 2 to Year 6).

c. The proposed allocation for tuition loans and upkeep for KCSE 2023 students (Cohort 2 of the New Funding model) is **Ksh. 2.4 billion** which will be made available by the students who will graduate in 2024.

d. The proposed allocation of **Ksh. 2.4 billion** can only fund **21,512 students** only.

e. A total of **101,122 university students** (82.5%) will therefore not be funded through tuition and upkeep loans.

f. To fund Year 1 (KCSE 2023 Cohort) students through tuition and upkeep loans HELB will require **Kshs. 13.8 billion** for **122,634 university students**.

The proposed allocation in the FY 2024/25 estimates is **Ksh. 2.4 billion** which leaves a funding gap of **Ksh. 11.4 billion**.

iii. **Monitoring and Evaluation of programs and projects in the Universities:** The State Department has disbursed money to universities for implementation of programs, activities and projects. The State Department needs to monitor and evaluate the operational efficiency of funding students using the New Funding Model, as well as the effectiveness of universities in delivery of their mandate through various academic and research programs. Additionally, there is need for tracking and reporting progress on implementation of 62 projects being implemented in the Universities. This necessitates additional funding of **Ksh. 30 million** to carry out the exercise in the next financial year.

iv. **Sponsorship of Students under exchange program:** The State Department sponsors students for post graduate studies in Hungary through government-to-government agreements. In the next financial year, the Government of Hungary has proposed to send fifteen (15) research students from Hungary to Kenya who will be fully sponsored by the Kenyan Government at a cost of **Ksh. 20 million** hence the need for a budget allocation to the student exchange program.

v. **University development projects**

a) The State Department requests additional funding of **Kshs. 1 billion** to fast-track the completion of 20 projects which have attained more than 60% completion rate. This will enable respective universities to provide a more conducive learning environment for students.

b) Completed projects awaiting payment of final certificates - The projects in the following universities are complete but payment has not been done on the final certificates raised hence need for additional funding of **Kshs. 1,250 million** as indicated in Table below.

Table: Projects with Pending certificates to be paid

S/NO	University Name	Amount Ksh. Million
1	Meru University of Science & Technology	150
2	Chuka University	200
3	Eldoret University	200
4	Moi University	400
5	Taita Taveta University	100
6	Tom Mboya University	200
	TOTAL	**1,250**

c) Universities and Constituent Colleges with inadequate infrastructure - The following Public Universities and Constituent Colleges have inadequate infrastructure for teaching, learning and research. There is therefore need for affirmative action through allocation of additional funding of **Ksh. 3,172 million** to facilitate the development of critical infrastructure as indicated in Table below.

Table: Universities with inadequate infrastructure

S/NO	University Name	Amount Ksh. Million
1	Alupe University	120
2	Garissa University	352
3	Tharaka University	150
4	Koitaleel Arap Samoei University	150
5	Turkana University	200
6	Bomet University	200
7	Mama Ngina University	2,000
	TOTAL	**3,172**

d) Presidential Commitments - the projects outlined below were prioritized for implementation:

i. Construction of proposed Studios, Computer Laboratories, Classrooms, and Offices in Block T and I in Technical University of Kenya amounting to **Kshs. 300 million**.

ii. A 5,000 Capacity Student Hostel in Tom Mboya University amounting to **Kshs. 300 million**.

iii. Infrastructural Development of Alupe University amounting to **Kshs. 200 million**.

iv. Conversion of Mundere facility at Alupe University Campus **Kshs. 40 million.**

v. Construction of Library Block at Mariene **Ksh. 300 million.**

e) Legal Liabilities - Universities are facing legal liabilities which have aggregated their pending bills. In particular, the two cases highlighted below require urgent attention:

i. The State Department has a civil suit regarding Moi University No. E918 of 2021 for design and cost estimates of the Nairobi project Otto Mruttu & Partners versus Moi University amounting to **Kshs. 200 million.**

ii. Mama Ngina University College has a Legal Notice No. 193 (Mama Ngina University Order 2021) suit on compensation for land acquired from Mutomo landowners which require **Kshs. 2,000 billion** for compensation.

vi. **National Research Fund:** NRF has not been able to meet its obligation towards a collaborative Kenyan-German Post-Graduate Training Program, and owes German Academic Exchange Service-(DAAD) **Kshs. 127 million**. This situation is likely to jeopardize the goodwill of the development partner as well as the sustainability of the training programme. It is also worth noting that a reduction in the proposed budgetary estimates by **Kshs. 170 million** in FY 2024/25 undermines the important role research plays as an enabler to economic development and social transformation of the country.

vii. **Pending Bills:** Over the years, thirty-six (36) public universities have experienced financial difficulties manifested in huge pending bills. As of August 30, 2023, universities had accumulated pending bills amounting to **Kshs. 76,048 million** which triggered a financial crisis with twenty-three (23) of the forty (40) universities being considered technically insolvent.

viii. **Training and Development**

The State Department has not been able to carry out training on promotional courses for its staff according to Public Service Commission guidelines. The State Department for Higher Education and Research faces the risk of demotivating its staff who have largely stagnated in their current positions, in part due to non-participation in mandatory professional development programmes. The State Department requests for additional funding amounting to **Ksh. 20 million** to enable the staff undertake the requisite training.

ix. **Open University of Kenya (OUK)**

The University has a proposed allocation of **Ksh. 670 million** for FY 2024/25 however, the resource requirement for fulfillment of its mandate is **Ksh. 1,592.11 million** which has resulted into a deficit of **Ksh. 922.11**. The funding gap will constrain the diversification of the programs of the university to meet growing demand for flexible learning at university level.

A summary of the additional funding requirements is provided below.

Table: Summary of additional funding requirement

S/NO	Requirement	Additional funding required (Ksh. Millions)
1	Operations and Maintenance at the Headquarter	88.08

2	The Higher Education Loan Board (HELB) Loans	11,400.00
3	Development of an Integrated Higher Education Management Information System	50.00
4	Monitoring and Evaluation of programs and projects in the Universities	30.00
5	Sponsorship of Students under exchange program	20.00
6	University development projects • Presidential Commitments • Legal Liability	 1,140.00 2,200.00
7	National Research Fund	297.00
8	Training and Development	20.00
9	Open University of Kenya (OUK)	922.11
	TOTAL	**16,167.19**

3.4 TEACHERS SERVICE COMMISSION

Mr. Cheptumo Ayabei, Ag. Chief Executive Officer, Teachers Service Commission appeared before the Committee on 14th May, 2024 and 15th May 2024 respectively and submitted as follows:

3.4.1 Identification of any significant deviation between the budget estimates and the approved 2024 budget policy statement ceilings

79. The approved 2024 Budget Policy Statement indicates the Commission's allocation as Kshs.369.943 billion while the draft budget estimates for FY 2024.25 have an allocation of Kshs.364.910 billion. This indicates an overall reduction of Kshs.5.033 billion that is; Kshs.5 Billion reductions in recurrent expenditure and Kshs.33 Million reductions in development expenditure.

80. The key areas funded include:
    i. Conversion of 26,000 interns to permanent and pensionable from January at a cost of Kshs.8.3 billion;
    ii. Recruitment of an additional 20,000 interns at a cost of Kshs.4.68 billion;
    iii. Promotion of teachers at a cost of Kshs.1 billion;
    iv. Implementation of the 2nd phase of the collective bargaining agreement 2021-2025 at a cost of Kshs.13 billion;
    v. SEQIP project allocation of Kshs.200 Million. This project is coming to an end in December, 2024.
    vi. KPEELP project allocation of Kshs.204 Million; and

vii. Retooling of Junior school teachers on CBC and CBA at Kshs.1.3 Billion

3.4.2 Status of the budget implementation for FY 2023/2024

81. The Commission's budget for the FY 2023/24 of Kshs.343,602,363,529 is divided as Kshs.342,400,363,529 for Recurrent Expenditure and Kshs.1,202,000,000 for Development Expenditure.

82. The absorption as at 31st March, 2024 for recurrent budget was Kshs.252,984,803,150 representing an overall absorption rate of 73.89% out of the expected 75%, while the absorption of development budget was Kshs.366,192,167 representing an absorption rate of 41% out of the expected 75%.

Details on expenditures are annexed in the report.

3.4.3 Project information including start date, total project cost, cumulative expenditure as of 31st March 2024, physical completion status as of 31st March, 2024 and geographical location (County and Sub-County) of the project allocation for FY 2024/2025 and the medium term

83. A summary of the project information is annexed in the report.

3.4.3 List of new projects and justification

84. The Commission reported that it has three new projects.

PROJECT	JUSTIFICATION
Construction of County office accommodation - Kwale County:	The TSC office in Kwale is currently housed in a dilapidated building which possess danger to the lives of the staff. The Commission has been seeking alternative accommodation through leasing but has been a challenge due to limited Government offices in the County.
Construction of County office accommodation - Kitui County:	The TSC office in Kitui County is housed in a rented premise where the commission is paying annual rent. This has been a challenge since the cost of rent is proving to be unsustainable while the space offered is not adequate.
Construction of County office accommodation - Muranga County:	The Muranga TSC County office is currently housed in congested office hence the need to construct a conducive office space to address the larger need of the teacher population in the county. The construction of

	the county office will support the re-engineering of the Commission's operation to ensure the teachers 'support at the county level.

3.4.4 List of pending bills as of 31st March, 2024, if any and the strategy for the resolution

85. The Commission reported that it has no pending bills as of 31st March, 2024.

3.4.5 List of all stalled projects indicating their status of completion as of 31st March, 2024 and any measures being taken to completion

86. The Commission reported that it does not have any stalled projects

3.4.6 A statement on the alignment of the estimates to the Medium Term Plan IV of the Vision 2030 and Bottom Up Economic Transformation Agenda (BETA)

87. In the Medium- Term Plan IV, the Education sector will continue to address the ongoing curriculum reforms with a focus on teacher capacity development, e-learning, innovation, technology, entrepreneurship and talent development.

88. Accordingly, the Commission will continue to recruit additional teachers for the smooth implementation of Competency Based Curriculum (CBC). Specifically, the recruitment will target to address the requirements of both Junior and Senior Schools with focus on the new learning areas.

89. Additionally, the Commission will also train and retool teachers on the new learning areas under CBC. It is expected that through implementation of the CBC learners shall acquire skills and competencies required to transform Kenya into a middle-income economy as envisioned in the Vision 2030 and enable the achievement of objectives identified in BETA.

3.4.7 Any pertinent issues affecting the Commission in the attainment of its program performance targets

90. Pursuant to Article 6 (3) of the Constitution the Commission has decentralized its services in all parts of the country. The County and sub-county offices are key in the execution of the Commission's mandate in the County level. Notably, among others, the County officers facilitate Teacher Performance Appraisal and Development (TPAD) and performance contract implementation and oversight as required by section 11(c) of the TSC Act 2012. Further, they pay a big role in the timely dispensation of pending discipline cases and maintenance of teaching standards.

91. As such, the TSC decentralized functions need to be well facilitated to ensure smooth implementation of the Commission's mandate in the County level. The Commission therefore is requesting Kshs. 300 million to finance and strengthen the programs and activities at the county and sub county level.

PART IV

4.0 COMMITTEE OBSERVATIONS

92. The Committee having scrutinized the FY 2024/25 proposed budget for the education sector and also having considered the various submissions, made the following observations: -

1. Teachers Service Commission (TSC)

i. The Commission has been allocated Kshs 4.7 Billion to recruit 20,000 intern teachers for Junior Schools and Kshs 8.3 Billion to convert 26,000 intern teachers into permanent employment. The conversion of the terms of service for intern teachers will boost their morale and is also an assurance of the government commitment in ensuring that all future intern teachers are converted to permanent employment after successfully completing the internship period. However, the Committee also notes that the Commission intends to convert the 26,000 intern teachers to permanent employment in January 2025 instead of July 2024;

ii. The Commission has also been allocated Kshs 1 Billion for promotion of teachers who had stagnated in one job group for a long period. The Commission required Kshs 2 Billion to carry out these promotions where Kshs 1 Billion was provided in this current financial year and the allocation proposed in 2024/25 will support the successful completion of this exercise where all teachers who have stagnated in various job groups for almost 17 years will benefit. However, the Commission requires additional resources to continuously promote teachers to avoid another backlog of stagnations going into the future;

iii. The Commission has introduced three new capital projects with an allocation of Kshs 28 Million yet the ongoing two capital projects have not been completed. As a result, the available allocation for projects has been thinly spread. This means there is lack of prioritization which may expose the Commission to the danger of having a stock of many incomplete projects;

iv. The Commission has not fully undertaken and evaluated staffing norms in Junior Schools. Further, the Commission does not have a clear staff establishment for Junior Schools. This two elements are very critical since it will guide on the optimal number of teachers required and therefore assist planning for teaching resources. Preliminary work done by the Commission indicates that a Junior School teacher can handle four (4) learning areas;

2. **State Department for Technical Vocational Education and Training**

i. That Kshs 920 million has been allocated towards construction of TTI's in Constituencies which do not have TVET institutions. Through this allocation 16 TTI's will be constructed. In the current financial, Kshs 890 Million was provided to cater for construction of 14 TTI's and this brings the number of TTI's earmarked for construction to 30. However, the Committee notes with concern the delay in implementation of the project for the 14 TTI's in this current financial year due to delays in the tendering process;

ii. One of the critical element of the new TVET and University Funding model is the costing of various programmes being offered. The Universities have already costed their programmes. However, the costing has not been undertaken for various programmes (Diploma, Certificates and Craft) being offered in TVET Institutions. This will hamper the implementation of the funding model as well as resource allocation for sponsorship at TVET level;

iii. That Kshs 820 Million has been provided to recruit 1,000 TVET instructors. This is critical as it will go a long way in easing up the demand for TVET instructors as enrolment and expansion of TVET infrastructure is being undertaken. However no provision has been factored for their training/capacity building given that quite a number are recruited from various professional backgrounds. This may delay their posting once they are successfully recruited;

iv. There is the need for TVET Department to develop a human resource policy for TVET instructors such that all the aspects of managing the instructors is de-linked from the Public Service Commission for their effective management and control including undertaking recruitments;

3. **State Department for Basic Education**

i.) That, an allocation of Kshs 2.7 Billion has been provided for junior school Infrastructure. The allocation is meant to support construction of classrooms as well as integrated resource centres (Laboratories) in junior schools. In the current financial year, Kshs 3.4 Billion that was allocated for the same purpose was transferred to NGCDF for implementation. It is critical to note that there is already in place an inter-sectoral Committee bringing together the State Department for Planning, Basic Education and NGCDF Board to facilitate a seamless implementation of this project as was recommended during the processing of the Budget Policy Statement 2024;

ii.) The Committee notes that there is no provision for the school feeding programme in 2024/25. This social intervention implemented since 1985 is a critical programme whose aim is to improve retention rates of learners in primary schools in ASAL areas, urban slum areas as well as areas hit by catastrophe. This intervention is critical such that efforts were made to double the allocation to Kshs 4.9 Billion in the current financial year in order to expand the coverage. The programme is also well articulated in the Medium Term Plan (MTP IV) as a priority area in the sector. To ensure learners continue to benefit from this noble programme, the allocation should be reinstated and reflected under NACONEK as the implementer;

iii.) The allocations to various SAGA's within the Department have been significantly reduced. A more serious concern is where a number of SAGA's have completely no budgetary allocation which may hinder their operations including the risk of non-payment of salaries yet some of them are tasked with implementing very critical programmes in the sub-sector to ensure successful delivery of the curriculum. The SAGA's which have completely no allocations for operations are: School Equipment Production Unit (SEPU), National Council for Nomadic Education in Kenya (NACONEK) and Centre for Mathematics, Science and Technology Education in Africa (CEMASTEA);

iv.) There is still capitation deficits for learners in Secondary schools and junior schools in 2024/25. It is noted that the Budget and Appropriations Committee had made proposals to enhance the allocation to try reduce the gap during the approval of BPS 2024. However, the additional allocation provided has been reduced in the 2024/25 budget proposals. Persistent capitation deficits poses a risk to the management and operations of public schools;

4. State Department for Higher Education and Research

i. There is a more than 50% reduction (from Kshs 34.1 Billion in 2023/2024 to Kshs 16.7 Billion in 2024/25) in exchequer grants to continuing students in various public universities who are funded under the old funding model. The proposed grants represents a 36% funding level for continuing students, which is an indication of neglect of this students who are already in the Universities. In addition to this major reduction, the allocation of these grants to the Universities for continuing students have not adhered to the Differentiated Unit Cost (DUC) formula of allocation creating stark disparities among Universities, including some Universities having completely no allocation;

ii. The Committee notes that Kshs 22 Billion has been provided for scholarships for University students under the new funding model. This allocation is meant to cater

for students who will be progressing to their second year of study as well as the newly admitted students who are expected to join various universities later in September this year. On this, the Committee notes that the government has already planned for resources for students who are yet to join Universities whereas continuing students have not been adequately funded;

iii. That public universities have continued to accrue pending bills mainly on unremitted statutory obligations. Currently, the cumulative accumulated pending bills stand at Kshs 76 Billion and continue to accumulate yet the support to the universities in terms of budget allocation has reduced. The clearance of this pending bills is critical in the reforms journey for the Universities and may require a special intervention including consideration of a bail out by the government. Just like other sectors which have benefitted from bailouts, the Department is in the process of developing a Cabinet memo to explore the possibility of this intervention;

iv. The Committees notes that new funding model has be deployed and is moving into the second year of its implementation. The Committee notes that there is a lot of misinformation and public concerns raised regarding this new funding approach. In this regard, there is a need to create awareness and sensitization through outreach programmes to ensure the model is understood and appreciated by all stakeholders and also prospective students are able to fill correctly information required to support their means testing;

PART V

5.0 COMMITTEE RECOMMENDATIONS

93. The Committee having reviewed the 2024/25 proposed budget for the sector and also considered the various submissions, makes the following non- financial recommendations: -

a) Non-Financial Recommendations

i. That, beginning next financial year 2024/25, the National Treasury should ensure that exchequer grants apportioned to various public universities to support the continuing students strictly follows the Differentiated Unit Cost (DUC) funding model. Adherence to the DUC formula will ensure fairness and equity in resource allocation to the Universities;

ii. The State Department for TVET should within the next six months, undertake a comprehensive costing of all courses being offered in TVET institutions (Diplomas, Certificates, Crafts) to support the implementation of the new funding model as well as effectively guide the amount of resources required to support students in this institutions;

iii. The Department for Higher Education and Research should immediately roll out public awareness, sensitization and outreaches to the public to ensure the new funding model for Universities and TVET institutions is well articulated, understood and appreciated. This will also ensure that various concerns raised regarding the model are comprehensively addressed as well as guide prospective students as well as parents and guardians on the relevant documentations required for a successful means testing of students to be undertaken;

iv. That the State Department for Basic Education should spearhead and hasten the process of establishing the Kenya Education Management Information System (KEMIS) as envisaged in the Medium Term Plan IV in order to have a credible and accurate pool of learners information to support decision making in the sector. This will be done by amalgamating NEMIS with the existing information systems for the Tertiary Education sub-sector as well as benefitting from additional information which will be gathered from the planned National school census;

v. Beginning the next financial year, the Teachers Service Commission should streamline the recruitment processes to ensure that resources assigned to this function are fully utilized. Further, the Commission should convert the 26,000 interns into permanent employment beginning July 2024 and not January 2025 as proposed;

vi. The Teachers Service Commission (TSC) to within the next six months, undertake and evaluate staffing norms requirements for all institutions of Basic learning (Primary. Junior School, Senior School) in order to assess the optimal number of teachers required to guide future resource allocation for recruitment of teachers as well as their deployment;

b) **Financial Recommendations**

The Committee having reviewed the proposed 2024/25 budget estimates for the Education sector and having extensively engaged with the sector stakeholders recommends the following reallocations within the sector:

i) **Proposed reductions (Kshs Millions)**

MDA	Programme	Description	Description		Justification for Reduction
			2024/25 Allocation	Proposed Reduction	
TVET Education	Technical Education	Construction of 52 TTI's (**Development**)	920	(130)	The absorption rates are usually low at the formative stage of the projects and the reduction will support other critical areas in the sector
		TVET infrastructure support (**Development**)	90	(90)	Rationalization of the allocation for infrastructure improvement since a number of projects were supposed to one- off allocations which not expected to be carried over to 2024/25
		Infrastructure Support to Kitale National Polytechnic (**Development**)	30	(30)	This is a new project introduced without provision of the required supportive documentations including approval from National Treasury
Basic Education	Secondary Education	Secondary School Infrastructure Improvement- (**Development**)	1,300	(250)	There are still gray areas and disparities regarding the implementation of this project coupled with low absorption of funds. The NGCDF also commits

MDA	Programme	Description	Description		Justification for Reduction
			2024/25 Allocation	Proposed Reduction	
					resources towards infrastructure improvement in schools
	Secondary Education	ICT integration in secondary schools (**Development**)	400	(200)	A number of schools are not yet connected to power to support this programme
	Secondary Education	Infrastructure support to Primary Teachers Training Colleges (PTTC's) – (**Development**)	100	(50)	Rationalization of the allocation due to previous low absorption
	Secondary Education	Secondary and Tertiary Education Head Quarters (**Recurrent**)	63,886	(2,000)	This reduction from capitation amount will go towards school feeding programme
	General Administration	Construction of County Directors Office (**Development**)	28	(10)	
	Primary Education	Refurbish Multi-purpose development training institutes (MTDI's) and Community learning resource centres (**Development**)	20	(20)	The government goal is to ensure that all persons are able to access basic education in formal schools rather than investing in non-formal schools
Higher Education	University Education	Universities Funding Board-(**Recurrent**)	22,367	(5,200)	The reduction is from the proposed allocation of Kshs 10.3 Billion to students who will be joining various universities in September 2024. The remaining allocation of Kshs 5.1 Billion will adequately cover the students for one semester once they report.

MDA	Programme	Description	Description		Justification for Reduction
			2024/25 Allocation	Proposed Reduction	
		Commission for University Education- **Recurrent**	259	(40)	This Institutions has an enhanced allocations yet there is a rationalization of Parastatals allocations across the sector
	University Education	Open University of Kenya (**Recurrent**)	670	(200)	The reduced amount will be allocated to the same university under development for an ERP system
	University Education	University Infrastructure improvement and other capital projects implemented at the Head Quarters	3,319	(100)	Rationalization
	Research and Development	National Research Fund (NRF) - **Recurrent**	342	(100)	This Institutions had enhanced allocations yet there is rationalization of Parastatals allocations across the sector
		NACOSTI- **Recurrent**	348	(100)	This Institutions had enhanced allocations yet there is rationalization of Parastatals allocations across the sector
	Research and Development	Science and Technology Programme Activities (**Development**)	374	(170)	Rationalization of allocation to capital projects under this programme
TSC	General Administration	Capital projects allocation	68	(30)	Reduction in allocation to new capital projects allocation
Total Reductions				**(8,720)**	

ii) **Proposed Increments (Kshs Millions)**

MDA	Programme	Description	Description		Remarks
			Allocation	Proposed Increments	
Basic Education	Secondary Education	SEPU - Recurrent	-	120	The funds cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.
		CEMASTEA - Recurrent	-	70	The funds cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.
	Primary Education	NACONEK-Recurrent	-	400	The funds cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.
		NACONEK-Recurrent	-	2,000	Allocation towards school feeding programme
	Quality Assurance and Standards	Construction of Education Resource Centre at KICD - Development	-	150	This is an ongoing project which needs to be supported since it is very critical as the Country continues to transition to the new CBC curriculum
	General Administration	Kenya National Commission for UNESCO - Recurrent	253	140	The funds will cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.

MDA	Programme	Description	Description		Remarks
			Allocation	Proposed Increments	
		Jomo Kenyatta Foundation (JKF) - Recurrent	-	100	This allocation will support the positing of this Institution to be a one stop shop for management and administration of all scholarships provided in basic education in line with report of the Presidential Working Party on Education reforms
TVET Education	Technical Education	Infrastructure support to Shamberere National Polytechnic- Development	-	40	This technical institution was recently upgraded to a National Polytechnic and requires so a facelift in its tuition blocks.
		Kenya National Qualifications Authority (KNQA)- **Recurrent**	180	50	The funds will cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.
Higher Education & Research	University Education	Public Universities - GOK recurrent	16,746	5,000	To enhance exchequer grants to various public universities to support continuing students who are funded under the old funding model of Differentiated Unit Cost (DUC)
		Kenya Universities and Colleges Central Placement Service (KUCCPS)	816	50	The funds cater for Personnel Emoluments, non-discretional expenses and other operation and maintenance costs.

MDA	Programme	Description	Description		Remarks
			Allocation	Proposed Increments	
		Open University - Development		200	To support the University to put necessary infrastructure including an ERP system to support its full operationalization
	General Administration	Headquarters Administrative Services	-	100	To support the Department to undertake M&E of various capital projects being undertaken in public universities
Teachers Service Commission	General Administration	Automation of TSC Operations- Recurrent	-	300	To support Commission in the automation of its various services to teachers. This will ensure that teachers do not travel long distances to seek services from TSC.
Total				**8,720**	

c) That, the 2024/25 proposed exchequer current grants of **Kshs 21.7 Billion** to the various public universities to support the continuing students be apportioned based on **schedule 1** attached to this report. This proposed apportionment is based on the Differentiated Unit Cost (DUC) model of funding which is applicable to Government sponsored continuing undergraduate students;

d) That, the 2024/25 proposed exchequer capital grants of **Kshs 2.08 Billion** to support implementation of ongoing capital projects in various public universities, Research Institutions as well as the ongoing projects at the Headquarters be apportioned based on **schedule I1** attached to this report. This proposed apportionment is based on among other factors; completion level, dire need for support, the magnitude of the project as well as the observations by the Committee during the inspection visits to the various Universities;

e) **Critical area requiring funding in 2024/25**

94. The Committee recommends that Budget and Appropriations Committee considers allocating resources to the following critical area which has no funding in 2024/25;

(i) **School Feeding Programme** – The Committee has reinstated **Kshs 2 Billion** under NACONEK for this important programme. However, the amount reduced from the programme was Kshs 4.9 Billion. The Committee recommends that the Budget and Appropriations Committee considers allocating an additional **Kshs 3 Billion** so that the entire amount is fully reinstated. This is a critical intervention which supports retention of learners in schools in marginalized areas especially the ASAL areas as well as slums in urban settings. This allocation should be provided under the NACONEK which is the institution tasked with implementing this programme;

Schedule 1: 2024/25 Allocation of available exchequer current transfers to public universities based on the Differentiated Unit Cost (DUC) formula

University/University Colleges	2024/25 Proposed Allocation
Alupe University College	217,513,573
Bomet University College	279,860,749
Chuka University	796,773,427
Co-Operative University Of Kenya	283,802,329
Dedan Kimathi University Of Technology	608,426,581
Egerton University	918,725,251
Garissa University	314,373,568
Jaramogi Oginga Odinga University of Science And Technology	342,823,699
Jomo Kenyatta University Of Agriculture And Technology	1,223,723,016
Kaimosi Friends University College	330,000,845
Karatina University	384,290,618
Kenyatta University	1,666,291,066
Kibabii University	320,361,115
Kirinyaga University	658,935,552
Kisii University	670,264,613
Koitalel Samoei University College	205,640,418
Laikipia University	293,868,472
Maasai Mara University	434,845,026
Machakos University	602,512,721
Mama Ngina University College	165,340,892
Maseno University	1,229,697,180
Masinde Muliro University of Science And Technology	929,223,601
Meru University Of Science And Technology	533,360,125
Moi University	1,019,986,423
Multimedia University Of Kenya	368,366,538
Muranga University of Technology	511,078,297
Pwani University	323,084,754
Rongo University	366,199,521
South Eastern Kenya University	394,304,333
Taita Taveta University	324,705,634
Technical University of Kenya	704,650,739
Technical University of Mombasa	612,708,187
Tharaka University College	417,600,470
Tom Mboya University College	358,102,162
Turkana University College	179,468,445

University of Eldoret	550,224,410
University of Embu	485,388,949
University of Kabianga	290,236,971
University of Nairobi	1,429,834,080
Total	**21,746,594,350**

Schedule II: 2024/25 Allocation of available exchequer capital transfers to public universities to fund various ongoing projects

Description	**2024/25 Proposed Allocation**
Technical University of Kenya	15,000,000
Muranga University College	40,000,000
Jomo Kenyatta University of Agriculture and Technology (JKUAT)	100,000,000
Moi University	41,000,000
Masinde Muliro University	40,640,000
Turkana University College	60,000,000
Koitalel University College	110,000,000
Gatundu University College	10,000,000
Bomet University College	60,000,000
Tom Mboya University College	60,000,000
Alupe University	60,000,000
Kibabii University	51,000,000
South Eastern Kenya University	30,000,000
Pwani University	60,000,000
Chuka University	109,000,000
Laikipia University College	95,000,000
Meru Univesity	70,000,000
Maasai Mara University	70,000,000
Multimedia University	90,000,000
Kabianga University	45,000,000
Eldoret University	30,000,000
Karatina University	40,000,000
Jaramogi Oginga Odinga University	60,000,000
Machakos University College	45,000,000
Embu University	50,000,000
Rongo University	100,000,000
Co-operative University	60,000,000
Garrissa University	59,000,000

Kirinyaga University	10,000,000
Dedan Kimathi University	40,000,000
Taita Taveta University	40,000,000
Tharaka University	110,000,000
Mariene Research Institute	10,000,000
Science and Technology Programme Activities (Headquarters)	204,000,000
Total	**2,074,640,000**

SIGNED ..... **DATE** 27/5/2024.....

HON. JULIUS KIBIWOTT MELLY, CBS, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION)

DEPARTMENTAL COMMITTEE ON TOURISM & WILDLIFE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

REPORT ON THE CONSIDERATION OF BUDGET ESTIMATES FOR FY 2024/25:

State Department for Tourism

State Department for Wildlife

Published by:

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May 2024

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ACRONYMS

A-I-A	-	Appropriations in Aid
FY	-	Financial or Fiscal Year
HQ	-	Headquarters
ICT	-	Information, Communication and Technology
KSh.	-	Kenya Shilling
KICC	-	Kenyatta International Convention Centre
KSLH	-	Kenya Safari Lodges and Hotels
KTB	-	Kenya Tourism Board
KUC	-	Kenya Utalii College
KWS	-	Kenya Wildlife Service
MDAs	-	Ministries, Departments and Agencies
MICE	-	Meetings Incentives Conferences and Exhibitions
SAGAs	-	Semi-Autonomous Government Agencies
SO	-	Standing Orders
TF	-	Tourism Fund
TIA	-	Tourism Implementing Agencies
TPF	-	Tourism Promotion Fund
TRA	-	Tourism Regulatory Authority
WCK	-	Wildlife Clubs of Kenya
WRTI	-	Wildlife Research and Training Institute

PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure Estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.

2. Standing Order Number 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, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.

3. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Tourism and Wildlife the mandate to consider matters in relation to ***tourism and tourism promotion and management, tourism research and wildlife management.***

4. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:

    i. Vote 1202: State Department for Tourism
    ii. Vote 1203: State Department for Wildlife

1.2 Mandate of the Committee

5. The Departmental Committee on Tourism and Wildlife is one of the twenty (20) Departmental Committees of the National Assembly established under ***Standing Order 216*** whose mandates pursuant to the ***Standing Order 216 (5)*** are as follows:

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

6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
   i. State Department for Tourism
   ii. State Department for Wildlife

1.3 Committee Membership

7. The Departmental Committee on Tourism and Wildlife was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Mbiuki Japhet Miriti Kareke, CBS MP
Maara Constituency
UDA Party

Vice-Chairperson
Hon. Wanjiku John Njuguna, MP
Kiambaa Constituency
UDA Party

Members

Hon. Obo, Ruweida Mohamed, MP
Lamu East Constituency
Jubilee Party

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

Hon. Kiprono, Mutai Alfred, MP
Kuresoi North Constituency
UDA Party

Hon. Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

Hon. Gichuki, Edwin Mugo, MP
Mathioya Constituency
UDA Party

Hon. Karambu Elizabeth, MP
Meru (CWR)Constituency
UDA Party

Hon. Chebor Paul Kibet, MP
Rongai Constituency
UDA Party

Hon. Kilel Richard Cheruiyot, MP
Bomet Central Constituency
UDA Party

Hon. Bedzimba Rashid Juma, MP
Kisauni Constituency
Orange Democratic Party

Hon. Abdi Ali, MP
Ijara Constituency
NAP-K Party

Hon. Ruku, Geoffrey Kariuki Kiringa, MP
Mbeere North Constituency
DP Party

Hon. Shake, Peter Mbogho, MP
Mwatate Constituency
JP Party

Hon. Abdi, Khamis Chome, MP
Voi Constituency
WDM-K Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Ms. Mary Lemerelle
Head of Secretariat/ Clerk Assistant I

Ms. Violet Ouma
Clerk Assistant III

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Peter Mwaore
Principal Legal Counsel

Mr. Oscar Onsongo
Research Officer III

Ms. Felistas Muiya
Public Communication Officer

Mr. Yakub Ahmed
Media Relations Officer

Mr. Bonface Mushila
Serjeant-at-Arms

Mr. Rodgers Kilungya
Audio Officer III

Mr. Amos Tindi
Hansard Reporter

1.5 Overview on the Examination of the Budget Estimates for FY 2024/25

9. The Budget Estimates for the FY 2023/24 were tabled in the House on **Thursday, 27th April 2023** and thereafter referred to Departmental Committees for consideration.

10. The Committee held meetings with the State Department for Tourism and State Department for Wildlife on 18th and 19th May 2023.

1.6 Summary of Observations and Recommendation

11. In considering the Budget Estimates for the FY 2023/24, the Committee made the following key observations, that: There was an allocation of KSh. 800 million for Human Wildlife Conflict Insurance; there was an overall pending bill of KSh. 2.03 billion in the State Department for Tourism of which KSh. 3.6 million was from the Ministry, KSh. 150.6 million from Kenya Utalii College, KSh. 1.46 billion from Ronald Ngala Utalii College and KSh. 390.8 million from KICC; the pilot phase of the Human Wildlife Conflict Insurance was planned to be done in Taita Taveta, Narok, Kajiado and Meru counties and the pending bills from Human Wildlife Conflict approved claims was KSh. 2.72 billion.

12. Based on the aforementioned observations, the Committee provided both financial and non-financial recommendations to adjust the budgets of the relevant State Departments, aiming to ensure financial prudence and optimal outcomes for these institutions. One recommendation was to prioritize the clearance of pending bills as the first expense, in accordance with Regulation 42(1a) of the Public Finance Management (National Government) Regulations, 2015, to prevent the accumulation of unpaid bills. Additionally, the Committee proposed a review of the Tourism Act 2011 to address the changing dynamics of the tourism sector and enhance revenue generation. For more detailed information on the Committee's observations and recommendations, please refer to Parts IV and V of this Report.

1.7 Acknowledgement

14. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Budget Estimates for the FY 2023/24.

15. I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Tourism and State Department for Wildlife for the useful information that they provided to the Committee on the Budget Estimates for the FY 2023/24.

16. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Japhet Kareke Mbiuki, CBS, M.P
Chairperson, Departmental Committee On Tourism And Wildlife

PART II

2 BROAD OVERVIEW OF THE EXAMINATION OF BUDGET ESTIMATES FOR FY 2024/25

17. The Budget Estimates for FY 2024/25 were tabled in the National Assembly on 30th April 2024. It lays out the revenue and expenditure estimates, including the Equalization Fund estimates, and assesses the extent to which the resources have been proposed for allocation in accordance with the overall Public Finance Management structure, considering the limited nature of the resources and competing priorities. This is the second Budget Estimates prepared under the Kenya Kwanza administration with the theme of the Bottom-Up Economic Transformation Agenda (BETA) to support inclusive growth and ensure economic turnaround through focusing on increased employment, social security while expanding the tax revenue base, increased foreign exchange earnings and a more equitable distribution of income. Furthermore, it also intends to incorporate the Fourth Medium Term Plan that spans from 2023 to 2027.

2.1 Overall Fiscal Framework for FY 2024/25

18. The total proposed budget for the financial year 2024/25 is KSh. 3,914.9 billion. This comprises of KSh. 1,582.42 billion in recurrent expenditures, KSh. 727.94 billion in development expenditures, KSh. 1,213.5 billion in Consolidated Fund Services (CFS) and KSh. 391.1 billion in county equitable share. Notably, the CFS expenditure includes interest payments on debt and principal debt redemptions.

19. The Government's fiscal consolidation efforts have targeted domestic revenue mobilization and reducing spending through improved public investment management, while reallocating resources to priority areas. Unsustainable spending on consumption subsidies has been contained but accumulated pending bills have persistently remained high and could increase debt vulnerabilities both at National and County levels.

20. The fiscal consolidation path being pursued targets expenditure reduction by enhancing efficiency in public spending and guaranteeing value for money through expenditure rationalization, which includes:
    i. Limiting GoK grants to State Corporations to a maximum of 70% of the approved budget in FY 2023/24.
    ii. Reducing non-priority expenditures in the recurrent budget by up to 50% and imposing a freeze on foreign travel.
    iii. Reducing the funding of GoK capital projects in the FY 2024/25 budget by up to 30%.
    iv. Reducing the funding of Development Partners' Funded Projects by 25%.

Table 1: Overall Outlook of Budget Estimates for FY 2024/25 (KSh. Billions)

S/No.	Details	Approved Original Budget FY 2023/24	Supplementary Estimates No.1 FY 2023/24	2024 Approved BPS	Budget Estimates FY 2024/25	Variance Between Budget Estimates and 2024 BPS
1	**National Government**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**
	Executive	2,308.34	2,400.93	2,488.65	2,243.05	(245.60)
	Parliament	41.00	40.74	43.62	43.62	-
	Judiciary*	23.18	22.78	23.69	23.69	-
2	**Consolidated Fund Services****	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27.70)**
3	**County Government*****	**385.42**	**385.42**	**391.12**	**391.12**	**-**
	Total Expenditures	**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**

Source: The National Treasury

***Judiciary and Judicial Service Commission**

****Comprised of domestic and foreign interest payments and debt redemptions.**

*****Equitable Share as enacted in the Division of Revenue Act, 2023**

PART III

3 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

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

3.1 Vote 1202: The State Department for Tourism

The Cabinet Secretary, Dr. Alfred N. Mutua, E.G.H. accompanied by Mr. John Ololtuaa, Principal Secretary for State Department for Tourism and the Chairpersons of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2024/25 on Tuesday, 14th May 2024. He submitted THAT:

3.1.1 Significant deviations between the Budget Estimates and the Approved 2024 BPS ceilings

21. The State Department allocation for the FY 2024/25 at BPS level was **KSh. 10,909 .7 million** comprising of **KSh. 10,303 million** and **KSh. 606.7 million** in Recurrent and Development respectively. However, in the proposed estimates for FY 2024/25, the State Department allocation is **KSh. 10,329 million** comprising of **KSh. 9,859 million** and **KSh. 470 million** Recurrent and Development respectively.

22. The recurrent budget of **KSh. 9,859 million** is comprised of;
    a. Compensation to Employees **KSh. 233.3 million**
    b. Grants and Other Transfers **KSh. 9,482.4 million** and
    c. Other Recurrent **KSh. 143.1 million**
23. The comparison between the between the BPS and the proposed Budget estimates for recurrent has a variance of **KSh. 444 million** due to reduction in current grant transfers to agencies kshs.393.4m and use of good and services in the department by **KSh. 50.6 million**.

24. Table 2 Show the SAGAS BPS Allocation Vs Budget Estimates and their deviation for FY 2024/25.

Table 2: SAGAS BPS Allocation Vs Estimate for FY 2024/25

SAGA		BPS Allocation 2024/25 (KSh. Millions)	Estimates 2024/25 (KSh. Millions)	Deviation in GoK (KSh. Millions)
Kenya Tourism Board	Gok	242	114	128
	AIA	178	178	0
Tourism Regulatory Authority	Gok	167.8	0	167.8

SAGA		BPS Allocation 2024/25 (KSh. Millions)	Estimates 2024/25 (KSh. Millions)	Deviation in GoK (KSh. Millions)
	AiA	225.75	225.75	0
Tourism Research Institute	**AIA**	66	18.4	47.6
Tourism Promotion Fund	**AIA**	2,267	2,267	0
Tourism Fund	**AIA**	5,081.90	5,081.90	0
Kenya Utalii College	**Gok**	101.27	51.27	50
	AIA	401	401	0
Kenyatta International Convention Centre	**AIA**	1,145	1,145	0
Total		**9,875.72**	**9,482.32**	**393.4**

Source: State Department for Tourism

25. The reduction of the current grant transfers to the KTB of KSh. 128 million, TRI of KSh. million 47.6 million, TRA of KSh. 167.8 million and KUC of KSh. 50 million will greatly affect the planned activities and operations in these entities as follows:
    a. Kenya tourism Board (KTB) will have a deficit on; personnel Emoluments (PE) and provision for funding for other mandatories (rent, BOD expenses and insurance).Further, the reduced funding will greatly impact implementation of the KTB core mandate (marketing of the destination) and projected performance objectives.

    b. Tourism Research Institute will not be able to cater for recruitment of new officers as approved by State Cooperation Advisory Committee (SCAC) and enable the institute to undertake its core mandate. More so TRI will not be able to conduct research (market analysis, destination competitiveness, tourist surveys etc.).This may lead to impaired decision making in the tourism industry, both in public and private sectors

    c. Tourism Regulatory Authority will not be able to cater for; P.E (Salaries), including statutory deductions, Utilities like Office Rent, Electricity bills, water bills contractual obligations etc. will not be met. In summary, the Authority core mandate will not be undertaken, as the AIA may not be achieved because it is dependent on Regular Annual License renewal for tourism establishment, which requires enforcement to be achieved.

    d. KUC budget shortfall will affect the college on implementation of the planned activities and programmes.

26. The comparison between the BPS and Budget estimates for development budget has a variance of **Kshs.136 million** as outlined in table 3 below.

Table 3: Comparison of the BPS and Budget estimates for development budget

Project	2024 BPS Allocation	Budget Estimates FY 2024/25	Deviation
KSh. Millions			
Sustaining New Markets& Siting Booths in Tourism Target Markets-**KTB**	94.92	0	(94.92)
National Mapping and Development of Tourism Niche	301.78	275	(26.4)
office space and security systems	15	0	(15)
Coastal Beach Management Programme - BETA	30	30	0
National Tourism Service Digital Platform	25	25	0
Establishment of National Tourism Amenities	100	100	0
Tourism Policy and Legislative Reforms	40	40	0
TOTAL	**606.7**	**470**	**(136)**

Source: State Department for Tourism

27. The development Budget Estimate for FY 2024/25 of **KSh. 470 million** will be funded through AIA from TPF.

28. The budget will fund the following programmes:
    i. Tourism Promotion and Marketing - **KSh. 566.3 million;**
    ii. Tourism Product Development and Diversification - **KSh. 9,493.7 million;** and
    iii. General Administration, Planning and Support Services - **KSh. 268.8 million**

3.1.2 Projects funded in FY 2024/25

29. The State Department for Tourism reported five (5) projects that would be funded by **AIA from TPF** in the FY 2024/25 at a cost of **KSh. 470 million**. Table 4 shows the projects to be implemented in FY 2024/25.

Table 4: List of Projects Funded in FY 2023/24

S/No.	Project Name	Allocation FY 2024/25 (KSh. Millions)	Source of Funds
1.	Coastal Beach Management Programme - BETA	30	AIA
2.	National Tourism Service Digital Platform	25	
3.	National Mapping and Development of Tourism Niche	275	AIA
4.	Establishment of National Tourism Amenities	100	AIA
5.	Tourism Policy and Legislative Reforms	40	AIA
TOTAL		**470**	

Source: State Department for Tourism

3.1.3 List of New Projects

30. The State Department did not have any new project in FY 2024/25.

3.1.4 Pending Bills

31. The State Department for Tourism had a total of **KSh. 2,785 million** pending bills as at 31st March, 2024 arising from the following:
    i. The State Department for Tourism– **KSh. 18.1 million**;
    ii. Kenya Utalii College pending bill to suppliers – **KSh. 267.6 million**;
    iii. Tourism Fund has pending bills relating to Ronald Ngala Utalii College – **KSh. 619.4 million**; and
    iv. Kenyatta International Convection Centre pending bills relating to operations – **KSh. 1,879.9 million**.

3.1.5 Pertinent Issues affecting the State Department for Tourism in the attainment of programme performance targets for FY 2024/25

The following issues were highlighted regarding the Budget Estimates for FY 2024/25:

32. **Inadequate Funding** – The state department had an allocation of KSh.606 million in the BPS under development budget but in the proposed estimates it is reduced to KSh. 470 million. As a result, the Department will not be able to undertake sustainable markets project under KTB and complete office space and security system project. Further, Current grants transfer to the agencies has greatly been reduced to KShs.183.8M from Kshs.578M as per the approved BPS. This will adversely affect TRI, TRA, KTB and KUC in implementation of their planned activities and execution of their mandate.
33. **Legislative gap** - The sectoral law that governs the sector is Tourism Act 2011 that was enacted 10 years ago. With dynamic and emerging issues that Act has become ineffective in guiding the management of the tourism sector. To address this there is need to review the Tourism Act, Tourism policy and supporting regulations to address the contemporary issues in the sector both locally and globally.
34. **Low digitization of the Sector** – the modern tourism sector is characterized by adoption of modern technology. In the country there is low digital uptake and supporting expertise in leveraging the importance of technology in marketing, revenue collection and tourism resource digitization. To address this the State Department requires financial support in **setting up and implementation of the National Tourism Service Digital Platform** to enhance the destination competitiveness.
35. **Weak Collaboration with Counties** – There was weak collaboration between counties and the national government in the development of local tourism which hindered the growth of tourism in Kenya as a destination.

3.1.6 Status of Stalled Projects

36. The State Department did not have any stalled project.

3.1.7 Unfunded Priorities in the FY 2024/25

37. The State Department requested for additional funding of **KSh. 1,124.4 million** to cater for the following:
    i. **KSh. 222.6 million to KTB** to create more awareness on Kenya diverse tourism and other products that Kenya is known for; to increase the number of tourist visitation and attract investors to Kenya; and to assure the tourist confidence on the safety and security of the destination;
    ii. **KSh. 184 million to TRI** to cater for recruitment of new officers and enable the institute to undertake its core mandate.
    iii. **KSh. 167.8 million to TRA** to enable the Authority to continue to execute its mandate.
    iv. **KSh. 50 million to Kenya Utalii College (KUC)** to fund its budget shortfall and enable the college to implement its planned activities and programmes.
    v. **KSh. 500 million** to support the task force operations and develop marketing strategy for the **Home of Human Origins Museum and Science Park** in The Lake Turkana Basin.

3.2 Vote 1203: State Department for Wildlife

38. The Cabinet Secretary, Dr. Alfred N. Mutua, E.G.H. accompanied by the Chairpersons of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2024/25 on Wednesday, 15th May 2024. He submitted THAT:

3.2.1 Significant deviations between the Budget Estimates and the Approved 2024 BPS ceilings

39. The State Department allocation for the FY 2024/25 at BPS level was **KSh. 13,242 million** comprising of **KSh. 11,809 million** and **KSh. 1,433 million** in Recurrent and Development respectively. However, in the proposed estimates for FY 2024/25, the State Department allocation is **KSh. 13,542.19 million** comprising of **KSh. 12,209.19 million** and **KSh. 1,333 million** Recurrent and Development respectively.

40. In the recurrent budget, the State Department had major deviations in the FY 2024 Budget Estimates vis-à-vis the Budget Policy Statement Ceilings as reflected in the reduction of several Budget Items as follows:
    a. Reduction in allocation of GoK funding to KWS by **KSh. 476 million (KSh. 1,860 million to KSh. 1,384 million)** compared to base year allocation and **KSh. 281 million (KSh. 1,665 million to KSh. 1,384 million)** compared to provision in BPS. This will adversely affect park operations services which may result in increase in human wildlife conflict cases as well as poaching. There was an increase in AIA revenue generation by Ksh.800 million which is to be used to cater for salaries of the recruited rangers;
    b. Reduction of WRTI Operations and maintenance budget by **KSh. 96.7 million (KSh. 537 million to KSh. 440.3 million)** compared to base year allocation and **KSh. 92.7**

million (KSh. 533 million to KSh. 440.3 million) compared to provision in BPS. This will affect expenditures such as staff medical insurance, LA GPA and insurance of vehicles totaling KSh. 48 million, Utilities such as Electricity, Water and telephone which had been allocated KSh. 14million, contracted professional services such as Internet connections and software maintenance which had an allocation of Ksh.10 million, Research budget totaling to KSh. 20.72 million will also be underfunded; and

c. Reduction of Operations and maintenance budget for the State Department headquarters by **KSh. 50 million** will cripple the provision of necessary services to the public.

41. In the **development budget**, the State Department had major deviations in the FY 2024 Budget Estimates vis-à-vis the Budget Policy Statement Ceilings as reflected in the reduction of several Budget Items as follows:
    a. Reduction in allocation of Funds under Provision for Water for Wildlife in Protected areas by **KSh. 170 million**. This will have the effect of reduced human wildlife co-existence due to scramble of water resource and increased in human wildlife conflict; and
    b. Reduction in allocation of Funds under Maintenance of Access roads and Airstrips in Conservancies by **KSh. 120 million** will result into poor road network in the conservancies which negatively impacts wildlife conservation within the communities and reduced park visitations.

42. The Programme to be implemented in the FY 2024/25 is one, Wildlife Conservation Management which further comprised of three sub-programmes namely: Wildlife Security, Conservation and Management; Wildlife Research and Developments and Headquarters and Administrative Services. Table 5 below illustrates the budget estimates for State Department for Wildlife in the FY 2024/25.

Table 5: Budget Estimates for State Department for Wildlife in the FY 2024/25

S/No	Sub-Programme description	Recurrent Estimates (KSh. Million)	Dev Estimates (KSh. Million)	Total Estimates (KSh. Million)
1.	Wildlife Security, Conservation and Management	11,325.89	1,066	**12,391.89**
2.	Wildlife Research and Development	652.27	267	**919.27**
3.	Administrative Services	231.03	-	**231.03**
Total		**12,209.2**	**1,333**	**13,542.2**

Source: State Department for Wildlife

3.2.2 Projects funded in FY 2024/25

The State Department for Wildlife will be implementing thirteen (13) capital projects funded by both GoK and development partners in the FY 2024/25. Table 6 below shows the projects that will be implemented by the State Department.

Table 6: Projects that will be implemented in FY 2024/25 (KSh. Millions)

Project Title	Total Estimated Cost	GoK	Foreign	Start Date	Expected Completion Date	Outstanding Project Cost as at 31st March 2024	Allocation for FY 2024/25 (KSh. Millions)	
							GoK	Foreign
Modernisation of Antipoaching Technology	2,760	2,760	-	July-13	June-28	1,347.75	30	-
Human Wildlife Mitigation Programme- BETA	2,650	2,650	868.61	July-08	June-29	1,632.5	202	-
Ranger Housing Programme	8,750	8,750	-	July-08	June-32	7,811	101	-
Wildlife Resource Learning Centres	207	202	5	July-13	June-26	71.4	19	-
Refurbishment of NSSF building	55	55	-	July-22	June-24	19	0	-
Maintenance of Access Roads in National Parks	100,000	100,000	-	July-08	June-24	96,752.5	247	-
Combating Wildlife Crimes in Kenya Project (CWCKP) - USAID II	560	50	510	July-22	June-26	485.6	155	135
Combating poaching and illegal Wildlife Trafficking Int. Approach (IWT)- UNDP	502	150	352	July-20	June-25	64	200	100
Implementation of Plastic ban in Protected areas - BETA	100	100	-	July-20	June-27	48	12	-
Rehabilitation of Research & Training Facilities at Naivasha HQ	195	195	-	July-22	June-25	174	88	-
Construction and equipping of four research and training centres - BETA	1,101	1,101		July-22	June-25	15	117	

National Integrated Wildlife Database	85	85	-	July-23	June-24	80	62	
Provision of water for wildlife in protected areas- Drilling of Boreholes - BETA	885	885	-	July-21	June-31	648	100	-
TOTAL	**120,885**	**117,318**	**3,567**			**114,821**	**1,333**	**235**

3.2.3 Pending Bills

43. As at 31st March, 2024, the State Department for Wildlife had a total of **KSh. 3,865.99 million** pending bills arising from Human Wildlife Conflict Compensation claims of **KSh. 3,444.81** and KWS Court Awards of **KSh. 421.18 million**.

Table 7: Pending Bills Status as at 31st March, 2024

Nature of Bill	KSh.	Resolution Strategy
Recurrent Budget		
HWC cases	3,444,807,596	a) Onboarding of the services of a Scheme Administrator to provide technical expertise in claim payment b) To continue engaging the National Treasury for funds provision for backlog payments clearance
KWS (Court Awards)	421,179,039	Phased payment plan
Total Recurrent	**3,865,986,635**	

3.2.4 Pertinent Issues affecting the State Department for Wildlife in the attainment of programme performance targets for FY 2024/25

44. The pertinent issues affecting the performance targets which were not covered under the bps ceilings have been highlighted in Table 8 below.

Table 8:Pertinent Issues

Item	Justification
1. Human Wildlife Compensation Claims **(Ksh.3,444,807,5961)**	a) It is a legal Obligation under WCMA 2013
	b) It attracts litigations costing a lot of money in legal fees
	c)Escalation of animals killed through retaliation by humans
	d) Erode public image of the Gov't
Additional resources for legal expenses and court awards for KWS **(KSh. 800 M)**	KWS is facing escalating litigation from HWC victims resulting in additional costs to settle damages awarded, of approximately KSh. 400M annually. A long standing court case has recently been awarded and requires **KSh. 421 M**
Additional resources for operations for KWS related to additional rangers **(KSh. 400M)**	The operational costs expected to increase include Food & ration, Uniform, utilities, rehabilitation of tentage facilities
Maintenance of Access Roads and Airstrips in National Parks **(KSh. 500 M)**	All existing road and airstrips network of 3000 Km and 19 airstrips critical in accessing parks and tourism facilities require urgent rehabilitation. Generation of AIA will be affected by poor road network
Rehabilitation of Tourism facilities (guest houses, Picnic sites, campsites) **KSh 200M**	To improve visitors, experience into the above parks which will in turn increase visitation and revenue, there is an urgent need to facelift and improve the standards of visitor's facilities in KWS parks.

3.2.5 Status of Stalled Projects

45. The State Department of Wildlife had no stalled projects.

PART IV

4.0 COMMITTEE OBSERVATIONS

After considering the submissions by the State Department for Tourism and State Department for Wildlife on the Budget Estimates for FY 2024/25, the Committee observed THAT:

Vote 1202: State Department for Tourism

1. The State Department for Tourism has been allocated **KSh. 10,328.8 million** which comprised of **KSh. 9,858.8 million** for recurrent expenditure and **KSh. 470 million** for development expenditure in the Budget Estimates for FY 2024/25.

2. The proposed development expenditure of **KSh. 470 million** for FY 2024/25 is to be financed by the Tourism Promotion Fund.

3. The total pending bills as at 31st March, 2024 for the agencies in the State Department Tourism is **KSh. 2,785 million** and it comprises: State Department for Tourism – KSh. 18.1 million, Kenya Utalii College – KSh. 267.6 million, Tourism Fund – KSh. 619.4 million and Kenyatta International Convention Centre – KSh. 1,879.9 million.

4. Of the **KSh. 1,879.9 million** owed to the Kenyatta International Convention Centre (KICC), Parliament accounts for **KSh. 194.54 million**. This debt arises from unpaid obligations, including parking fees, office space rent, and charges for meeting venues usage.

5. The proposed recurrent budget allocation of **KSh. 18.5 million** for the Tourism Research Institute (TRI) in the financial year 2024/25 represents a significant reduction of **KSh. 47.8 million** compared to the allocation of **KSh. 66 million** in the Budget Policy Statement (BPS) for 2024. This substantial decrease in funding may hinder the Institute's ability to effectively carry out its mandate, particularly in terms of recruiting new officers.

6. The Tourism Regulatory Authority's allocation from the exchequer of **KSh. 167.8 million**, which was initially approved in the Budget Policy Statement (BPS) 2024, has been entirely removed from the proposed budget estimates for FY 2024/25.

7. The Kenya Tourism Board's allocation from the exchequer, initially approved at **KSh. 242 million** in the Budget Policy Statement (BPS) 2024, has undergone a substantial reduction to **KSh. 114 million** in the proposed budget estimates for FY 2024/25 indicating a decrease of **KSh. 128 million**.

8. The Tourism Promotion Fund's projected Appropriation In Aid (AIA) for the FY 2024/25 amounts to KSh. 2,792.7 million and that of the Tourism Fund amounts to **KSh. 5,081.9 million**.

9. The Tourism Act of 2011, which serves as the regulatory framework for the tourism sector, was enacted a decade ago. Considering the evolving nature of the industry, there is a pressing need for a comprehensive review of the act to address emerging issues and adapt to the changing landscape of the sector.

Vote 1203: State Department for Wildlife

10. The State Department for Wildlife has been allocated **KSh. 13,542.2 million** which comprised of **KSh. 12,209.2 million** for recurrent expenditure and **KSh. 1,333 million** for development expenditure in the Budget Estimates for FY 2024/25.

11. The recurrent grants and transfers to SAGAs of **KSh. 10,009.27 million** is proposed to be allocated as follows: KWS – KSh. 9,306 million, WRTI – KSh. 652 million and the Wildlife Clubs of Kenya – KSh. 51 million.

12. As of 31st March, 2024, the Kenya Wildlife Service (KWS) has recorded a total of **KSh. 3,865.99 million** in pending bills. This significant sum comprises two main categories: **KSh. 3,444.81 million** attributed to cases related to Human-Wildlife Conflict (HWC), and **KSh. 421.18 million** arising from court awards.

13. The Wildlife Conservation Trust Fund, which is a new SAGA has not been incorporated into the budget of the State Department. This delay is attributed to ongoing efforts to finalize revenue projections for the FY 2024/25. Once the AIA projections are completed, the inclusion of the Wildlife Conservation Trust Fund in the budgetary framework is expected to follow.

14. The Wildlife Conservation Trust Fund received an initial seed capital of **KSh. 200 million**, which was allocated in the FY 2020/21. This funding was sourced from the endowment account managed by the Kenya Wildlife Service.

15. The regulations required to operationalize the Endowment fund were approved and gazetted by the Cabinet Secretary of the National Treasury and Economic Planning. Subsequently, these regulations were presented to the National Assembly Committee on Delegated Legislation on 9th April, 2024, and are currently pending final approval and publication.

PART V

5.0 COMMITTEE RECOMMENDATIONS

5.1Non- Financial Recommendations

The Committee after scrutinizing the Budget Estimates for FY 2024/2025 for the State Department for Tourism and State Department for Wildlife makes the following non-financial recommendations. THAT:

5.1.1 Vote 1202: State Department for Tourism

1. By 30th June 2024, the Director General of the Tourism Regulatory Authority (TRA) in conjunction with the Chief Executive Officer of the Tourism Fund establishes a comprehensive memorandum of understanding (MoU). This MoU should outline strategies for revenue collection that ensure nationwide coverage and simultaneously reduce the expenses that would typically burden the TRA.

2. By 30th June 2024, the Cabinet Secretary for the Ministry of Tourism and Wildlife and the Cabinet Secretary for the National Treasury to spearhead the review of the Tourism Promotion Fund regulations by ensuring that 80% of the funds is geared towards funding of core tourism activities and 20% towards tourism development projects to accomplish extensive promotion of Kenyan tourism products.

3. By 30th June 2024, the Director General of the Tourism Regulatory Authority in conjunction with the Chief Executive Officer of the Tourism Fund, develop regulations on the operations of the homestays/ alternative accommodation platforms such as the Airbnb to bring them on board in the 2% tourism levy, subject to public participation, and submit the same to Parliament. This would ensure timely implementation while maintaining fairness, transparency and accountability in the regulatory process.

5.1.2 Vote 1203: State Department for Wildlife

4. Upon the approval of the FY 2024/25 Budget Estimates, the Cabinet Secretary, through the Director General for the Kenya Wildlife Service should prioritize the provision of housing for rangers and consider leasing the bandas and guest accommodations to the private sector. This arrangement would allow the private sector to competitively offer accommodation services. Additionally, the lessee would assume responsibility for the maintenance and renovation of the leased facilities.

5.2 Financial Recommendations

Based on the review of the proposed Budget Estimates for FY 2024/25 for the State Department for Tourism and State Department for Wildlife, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

1. For the **State Department for Tourism**, the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent expenditure amounting to **KSh. 9,858.8 million** and the allocation for development expenditure amounting to **KSh. 470 million be approved without amendments**:

2. For the **State Department for Wildlife**, the proposed allocations in the Expenditure Estimates for the FY 2024/25 comprising the allocation for recurrent expenditure amounting to **KSh. 12,209.2 million** and the allocation for development expenditure amounting to **KSh. KSh. 1,333 million be approved with the following amendments**:

   a. **Reductions:**
      i. Reduce the **recurrent** allocation for Kenya Wildlife Service of KSh. 1,384 million by **KSh. 420 million.**

   b. **Increments:**
      ii. Increase the **development** allocation for Human wildlife mitigation programme-BETA project by **KSh. 100 million.**

      iii. Increase the **development** allocation for Ranger Housing Programme project by **KSh. 50 million.**

      iv. Increase the **development** allocation for Maintenance of Access Roads and Airstrips in Parks project by **KSh. 100 million**

      v. Increase the **development** allocation for Maintenance of Access Roads and Airstrips in Conservancies project by **KSh. 170 million**

5.3 Request for Additional Funding

In light of the fiscal consolidation measures undertaken by the Government, the Committee requests that the Budget and Appropriations Committee take into consideration the following budgetary needs for financing for the State Department of Tourism and State Department of Wildlife as outlined in Schedule 3 of this Report.

1. First Schedule: Proposed Committee Reductions on proposed Budget 2024/25 (KSh. Millions)

Programme	Sub-programme	Head/Title/Delivery Unit	Proposed 2024/25 Estimates		Reduced amount by Committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE									
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203000500 Kenya Wildlife Service	1,384	-	**420**	-	964	-	Reduction on the recurrent budget by **KSh. 420 million** is broken down as: **KSh. 50 million** from legal expenses and court awards, **KSh. 70 million** from marketing campaigns and product development initiatives, **KSh. 90 million** operational budget to mitigate human wildlife conflict, **KSh. 80 million** from Administrative services for Parks and **KSh. 130 million** from Administrative services for HQs, KWS LEA
Sub-total for State Department for Wildlife					**420**	-			
TOTAL REDUCTIONS					**420**	-			

2. Second Schedule: Proposed Committee Increments on the proposed Budget 2024/25 (KSh. Million)									
Programme	**Sub-programme**	**Head/Title/Delivery Unit**	**Proposed 2024/25 Estimates**		**Increased amount by Committee**		**Committee Revised Estimates 2024/25**		**Justification**
			Rec	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE									
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	**1203100200 Human wildlife mitigation programme-BETA**	-	**202**	-	100	-	**302**	The additional funding would be critical to construction of fences and provision of water for wildlife and reduce the human wildlife conflict cases that arise when the wildlife move to human settlements to search for water
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	**1203100300 Ranger Housing Programme**	-	**101**	-	50	-	**151**	The constructed housing units will be particularly beneficial for the recently recruited rangers, providing them with much-needed accommodation. These facilities will support the rangers' ability to effectively carry out their duties, as stable and proximate housing ensures they can be readily available for deployment and response to wildlife conservation activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	**1203100801 Maintenance of Access Roads and Airstrips in Parks**	-	**117**	-	100	-	**217**	The funds are crucial for ensuring that the roads and airstrips in parks and conservancies are passable.

2. Second Schedule: Proposed Committee Increments on the proposed Budget 2024/25 (KSh. Million)									
Programme	**Sub-programme**	**Head/Title/Delivery Unit**	**Proposed 2024/25 Estimates**		**Increased amount by Committee**		**Committee Revised Estimates 2024/25**		**Justification**
			Rec	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	**1203100802 Maintenance of Access Roads and Airstrips in Conservancies**	-	**130**	-	170	-	**300**	The funds are crucial for ensuring that the roads and airstrips in parks and conservancies are passable.
Sub-total for State Department for Wildlife			-		-	**420**	-		
TOTAL INCREASES						**420**			

3. Third Schedule: Committee Additional Requests on the proposed Budget 2024/25 (KSh. Million)

Programme	Sub-programme	Head/Title/ Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
VOTE 1202: STATE DEPARTMENT FOR TOURISM										
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202000400 Tourism Regulatory Authority (TRA)	225.78	-	167.8	-	**167.8**	393.58	-	Tourism Regulatory Authority will not be able to cater for; P.E (Salaries), including statutory deductions, Utilities like Office Rent, Electricity bills, water bills contractual obligations etc. will not be met. In summary, the Authority core mandate will not be undertaken, as the AIA may not be achieved because it is dependent on Regular Annual License renewal for tourism establishment, which requires enforcement to be achieved. Additionally, TPF cannot fund the recurrent expenditure needs as it only funds the development projects in the sector.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202000600 Tourism Research Institute - (TRI)	18.4	-	184	-	**184**	202.4	-	Tourism Research Institute will not be able to cater for recruitment of new officers as approved by State Cooperation Advisory Committee (SCAC) and enable the institute undertake its core mandate. More so TRI will not be able to conduct research (market analysis, destination competitiveness, tourist surveys etc.).This may lead to impaired decision making in the tourism industry, both in public and private sectors

Programme	Sub-programme	Head/Title/ Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
0313000 Tourism Promotion and Marketing	0313010 Destination Marketing	1202001100 Kenya Tourism Board	292.06	-	128	-	**128**	420.06	-	Kenya tourism Board (KTB) will have a deficit on; personnel Emoluments (PE) and provision for funding for other mandatories (rent, BOD expenses and insurance).Further, the reduced funding will greatly impact implementation of the KTB core mandate (marketing of the destination) and projected performance objectives
0314000 Tourism Product Development and Diversification	0314010 Niche Tourism Product Development and Diversification	1202001900 Kenyatta International Convention Centre	1,145		400	-	**400**	1,545		This would be used to pay the pending amounts that KICC owes to the audio-visual translation services that had been done during the Africa Climate Summit event since TPF only supported funding towards development projects
Sub-total for State Department for Tourism					**879.8**	**0**	**879.8**		-	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE										
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100300 Ranger Housing Programme		101		**300**	**300**	401		The constructed housing units will be particularly beneficial for the recently recruited rangers, providing them with much-needed accommodation. These facilities will support the rangers' ability to effectively carry out their duties, as stable and proximate housing ensures they can be readily available for deployment and response to wildlife conservation activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100800 Maintenance of Access Roads and Airstrips in Parks & Conservancies		247		**500**	**500**	747		The funds are crucial for ensuring that the roads and airstrips in parks and conservancies are passable.

Programme	Sub-programme	Head/Title/ Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203102400 Provision of Water for Wildlife in Protected Areas-Drilling Bor-BETA	-	100		**200**	**200**	300		The additional allocation would ensure adequate water supply, thereby ensuring the animals are within the parks and subsequently reduced encroachment on human settlements and agricultural lands.
1019000 Wildlife Conservation and Management	1019020 Wildlife Research and Development	1203000700 Wildlife Research and Training Institute	210.07	-	**97**		**97**	307		The funds will be critical to cover recurrent costs as follows: Staff medical insurance, WIBA and Motor Vehicle insurance - **KSh. 48 million,** Contracted professional services for internet, Software (ERP) - **KSh. 10 million,** Utilities such as electricity, water, telephone - **KSh. 14 million** and Research Expenses - **KSh. 25 million**
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203000503 National Wildlife Census	-	0	-	**241**	**241**	-	241	The phased National wildlife census total project cost is KSh. 301 million. Phase I was funded by TPF at a cost of KSh. 60 million leaving a funding gap of **KSh. 241 million**
Sub-total for State Department for Wildlife					**97**	**1,241**	**1,338**			
TOTAL REQUESTS					**976.8**	**1,241**	**2,217.8**			

SIGNED: ..... **DATE**.....23/05/2024.

HON. JAPHET KAREKE MBIUKI, CBS, M.P

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE)

Annexures

Annex 1: Adoption List
Annex 2: Adoption Minutes
Annex 3 :PBO Brief on Budget Estimates for FY 2024/25
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SCHEDULE 4.

DISTRIBUTION SCHEDULE				
S/No	**Name of the Project**	**Programme**	**Implementing Agency**	**Amount (Million)**
1.	Hembe- Ruru-Wathugururu			
2.	Merereini-Kwa Murugami-Njoguini			
3.	Arabuko-Sokoke			
4.	Mutindwa- Weru			
5.	Mitheru-Gaketha Giampopo			
6.	Banisa- Malkamari	Access Roads in Parks		100
7.	Melako Community Conservancy			
8.	Rubu water pan			
9.	Ishaqbini water pan	Water pans	KWS	100
10.	Kamuthe water pan			
11.	Mkokoni-Mvudeni road			
12.	Ijara- Kundi gate ishaqbini Conservancy			
13.	Ijara- internal routes inside Hirola Sanctuary			
14.	Kamuthe- Conservancy Access			
15.	Losai National Reserve			
16.	Elbarta Conservation Area			
17.	Howa to mobile one road			
18.	Malkahalakhu Conservancy Road			
19.	Lower Tana Conservancy Road	Access Roads in Conservancies		
20.	Construction, rehabilitation and maintenance of houses		KWS	170
		Ranger Housing Programme	KWS	50
			TOTAL	**420**

DEPARTMENTAL COMMITTEE ON HEALTH



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE CONSIDERATION OF BUDGET ESTIMATES FOR FY 2024/25:

Vote 1082: State Department for Medical Services

Vote 1083: State Department for Public Health and Professional Standards

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May 2024

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ACRONYMS

A-in-A	-	Appropriations in Aid
BETA	-	Bottom-up Economic Transformation Agenda
CHV	-	Community Health Volunteer
FY	-	Financial or Fiscal Year
GDP	-	Gross Domestic Product
GOK	-	Government of Kenya
HIV/AIDS	-	Human Immunodeficiency Virus/ Acquired Immuno-Deficiency Syndrome
HCWs	-	Health Care Workers
HPT	-	Health Products and Technology
ICT	-	Information, Communication and Technologies
KEMRI	-	Kenya Medical Research Institute
KEMSA	-	Kenya Medical Supplies Agency
KMTC	-	Kenya Medical Training College
KNH	-	Kenyatta National Hospital
Kshs.	-	Kenya Shilling
MDAs	-	Ministries, Departments and Agencies
MES	-	Managed Equipment Services
MOH	-	Ministry of Health
MTEF	-	Medium-Term Expenditure Framework
MTP	-	Medium Term Plan
MTRH	-	Moi Teaching and Referral Hospital
NCD	-	Non- Communicable Diseases
NHDC	-	National Health Data Centre
NHIF	-	National Health Insurance Fund
NQCL	-	National Quality Control Laboratories
PPB	-	Pharmacy and Poisons Board
RMNCAH	-	Reproductive Maternal New Born Child Adolescent Health
SAGAs	-	Semi-Autonomous Government Agencies
SDGs	-	Sustainable Development Goals
STI	-	Sexually Transmitted Infections
TB	-	Tuberculosis
UHC	-	Universal Health Coverage
WHO	-	World Health Organization

CHAPTER ONE

1.0 PREFACE

1.1 INTRODUCTION

1. The preparation and processing of the revenue and expenditure Estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, No. 18 of 2012 and Regulation 32(12) of the Public Finance Management (National Government) Regulations, Legal Notice No. 34 of 2015 which provides that the Budget Estimates of National Government entities or agencies shall be reviewed, consolidated and submitted to the National Assembly by 30th April of every financial year.

2. Standing Order235 of the National Assembly Standing Orders provides that the Budget Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.

3. The National Assembly Standing Orders assigns the Departmental Committee on Health the mandate to consider matters in relation to *health, medical care and health insurance including Universal Health Coverage (UHC).*

4. In this regard, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:

    i. Vote 1081: State Department for Medical Services
    ii. Vote 1083: State Department for Public Health and Professional Standards

1.2 MANDATE OF THE COMMITTEE

5. Article 124 of the Constitution of Kenya, 2010 provides for the establishment of Committees by Parliament. The Committee on Health is a Departmental Committee in the National Assembly established pursuant to Standing Order 216. The mandate and functions of the Committee include:

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

6. In executing its mandate, the Committee on Health oversights the following State Departments in the Ministry of Health as delineated in Executive order No. 2 of 2023:

    a. The State Department for Medical Services
    b. The State Department for Public Health and Professional Standards.

7. Accordingly, in terms of budget oversight, the Committee focuses on the Ministry of Health, its two State Departments and the SAGAs falling under the purview of the two State Departments.

1.3 COMMITTEE MEMBERSHIP

The Committee comprises of the following Members: -

Chairperson
Hon. (Dr.) Robert Pukose, MP
Endebes Constituency
UDA Party

Vice-Chairperson
Hon. Ntwiga, Patrick Munene MP
Chuka/Igambang'ombe Constituency
UDA Party

Members

Hon. Owino Martin Peters, MP
Ndthiwa Constituency
ODM Party

Hon. Muge Cynthia Jepkosgei, MP
Nandi (CWR)
UDA Party

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
Ford Kenya Party

Hon. Kipngok Reuben Kiborek , MP
Mogotio Constituency
UDA Party

Hon. Nyikal James Wambura , MP
Seme Constituency
ODM Party

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency
ODM Party

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency
KANU

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency
UDA Party

Hon. Lenguris Pauline, MP
Samburu (CWR)
UDA Party

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency
ODM Party

Hon. (Prof.) Jaldesa GuyoWaqo
Moyale Constituency
UPIA Party

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ANC Party

1.4 COMMITTEE SECRETARIAT

The Committee is facilitated by the following secretariat:

Mr. Hassan Abdullahi Arale

Clerk Assistant I/Head of Secretariat

Ms. Gladys Jepkoech Kiprotich

Clerk Assistant III

Ms. Marlene Ayiro
Principal Legal Counsel II

Ms. Abigael Muinde
Research Officer III

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Hiram Kimuhu
Fiscal Analyst III

Mr. Hillary Mageka
Media Relations Officer III

Mr. Sheila Chebotibin
Serjeant-At-Arms III

Ms. Rahab Chepkilim
Audio Recording Officer II

1.5 OVERVIEW ON THE EXAMINATION OF THE BUDGET ESTIMATES FOR FY 2024/25

1. The Budget Estimates for the FY 2024/25 were tabled in the House on **Tuesday, 30th April 2024** and thereafter referred to the Departmental Committees for consideration.
2. The Committee held meetings with the Ministry of Health, State Department for Medical Services, State Department for Public Health and Professional Standards and the SAGAs within the respective State Departments on 20th and 21st May 2024.

1.6 COMMITTEE OBSERVATIONS

1. In considering the Budget Estimates for the FY 2024/25, the Committee made the following key observations, that:
2. Allocations to BETA priorities. The BPS 2024 Committed to publicly finance the primary healthcare in the country as well as fund emergency, chronic and critical illnesses. Towards this end, the financial year 2024/25 estimates propose to allocate Kshs 4.1 billion and Kshs 500million to the Primary Health Care Fund and Emergency, Chronic and Critical Illnesses Fund respectively. These are appropriations (current grants to Social Health Authority) to fully operationalize Social Health Insurance Act 2023.
3. Kenyatta National Hospital (KNH) has been providing budgetary support (current grants) to Mama Margaret Uhuru Hospital. In the 2023/24 financial year, KNH supported the hospital with Kshs billion. In the 2024/25 financial year proposed budget for KNH, a further **Kshs 1 billion** curren grant has been allocated to Mama Margaret Hospital. The Ministry should provide detailed information in terms of the estimated time required to fully operationalize the hospital and the ultimate handover of the hospital to the county government of Nairobi.
4. The Universal Health Coverage Coordination Unit & Management Unit has allocated Kshs 4billion towards the renumeration of UHC workers employed during the Covid-19 pandemic. The allocation will enable renewal of the UHC workers contracts expiring between May and October 2024. Further, the Ministry and the County Governments should Fastrack the review of the UHC employment terms and their transition of the workers to the County Government public service boards.
5. Performance of SAGAs AIA. A review of the proposed 2024/25 financial year estimates and projected A-i-A collection indicate that the KUTRRH AIA will decrease by Kshs 12 million while the collections by Kenya Medical Research Institute is projected to stagnate at Kshs 200 million for th 2023/24 and 2024/25 financial years.
6. Allocations to Managed Equipment Service-Hire of Medical Equipment for 98 Hospital.The proposed 2024/25 financial year estimates proposes to allocate Kshs 3.5 billion to this project. It is unclear whether the allocation is earmarked for hiring of new equipment or servicing of existing equipment. Further, the Committee should seek to understand if new project contracts have been signed.
7. The proposed 2024/25 estimates propose to decrease the allocation to National Cancer Institute from Kshs 200 million allocated in 2023/24 financial year to Kshs 170 million. Notably, the Institute is mandated to provide policy direction on cancer related interventions through data collection and research. The institute has a resource requirement shortfall amounting to Kshs 600 million to optimally perform its functions through undertaking local research.
8. The Free Maternity (Strategic Intervention) Project -Linda Mama project- budget has been reduce from Kshs 4.1 billion in the 2023/24 financial year to Kshs 2 billion in the financial year 2024/25 However, the targets (1.285 million mothers accessing free maternity services) remain unchanged.
9. The 2024/25 financial year proposes to allocate Kshs 70 million to Councils through exchequer funding. These Councils previously funded their activities through AIA only. These councils include Public Health Officers and Technician's Council (Kshs 20m), Counsellors and Psychologists Board (Kshs 20m), Occupational Therapy Council (Kshs 10m) and Physiotherapist's Council of Kenya (Kshs 20m)

10. Kenya Medical Practitioners and Dentists Council proposed budget is Kshs 365 million (funded by AIA only). Notably, the SAGA was being funded via exchequer and AIA collections. This underfunding may negatively affect KMPDC's activities in terms of compliance surveillance and licensing. The estimated 1,316 inspections visits may not be achieved.
11. The Primary Healthcare unit has increased budget amounting to Kshs 2.5 billion. The funds are earmarked for the 107,000 Community Health Promoters stipend working under the counties. There is a need for the Committee to ascertain the progress made by the counties in honoring the commitment to match these funds.
12. Procurement reforms at KEMSA Reforms. There is a need to fast-track ongoing reforms at KEMSA (this also includes the Enterprise Resource Planning (ERP) system). Further, The operationalization of ERP system with ensure seamless procurement of strategic commodities eg;TB, malaria which are procured by Global Fund through KEMSA.
13. There is an allocation of Kshs 30 million to the clinical waste disposal project (Kshs 20 construction of incinerators houses/building). More details have not been provided in terms of hospitals benefiting from the equipment installation. Further, the role of county government in the project has not been stated.
14. The proposed 2024/25 budget proposes to allocate Kshs 768 million to construction and equipping of KMTC campuses. There is a need for the committee to ascertain the status of operationalization of the 21 KMTC campuses and satellites.
15. International Health Exchange Programme. **Kshs 27 million** is earmarked for Cuban Doctors personnel emoluments, working under this programme. It's critical for the committee to interrogate this allocation to ascertain, among other things, the number of Cuban doctors working for the Ministry under this programme and other contractual obligations since the programme contract expired in year 2023.

1.6 ACKNOWLEDGEMENT

16. The Committee is grateful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its Sittings. On behalf of the Committee, it is therefore my pleasant duty and privilege, to present this report on scrutiny of the FY2024/25 Budget Estimates for the Ministry of Health, State Department for Medical Services Vote 1082 and State Department for Public Health and Professional Standards Vote 1083, to the Budget and Appropriation Committee pursuant to the provisions of Section 39(2) of the Public Finance Management Act, No. 18 of 2012 as read with Standing Order 235(4) of the National Assembly Standing Orders.

HON. DR. ROBERT PUKOSE, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

CHAPTER TWO

1.0 INTRODUCTION

2. FY 2024/25 proposed Budget Estimates for the health sector comprises the State Department for Medical Services (Vote 1082) and State Department for Public Health and Professional Standard (Vote 1083) and the various SAGA's under each state department. The proposed budget estimate for 2024/25 were tabled in the National Assembly on Tuesday 30th April 2024.
3. The estimates were referred/committed to the departmental Committees for scrutiny based on their mandate as provided in the Standing Orders. The Committees are expected to submit a report containing recommendations to the Budget and Appropriations Committee. Thereafter, the Budget and Appropriations Committee will table in the House a report on its consideration of the estimates for approval.
4. Therefore, the brief is intended to apprise the Committee on the contents of the proposed budget estimates including addressing the Bottom-up Economic Transformation Agenda (BETA) priorities and emerging issues in the sector under which the estimates for the sector have been prepared. It is intended to assist the Committee in decision making in considering and approving the proposed sector's estimates.
5. In terms of budget oversight, the departmental committee on health committee covers.
   a) Vote 1082: State Department for Medical Services; and
   b) Vote 1083: State Department for Public Health and Professional Standards
6. Article 221 of the Constitution of Kenya, 2010 and the Public Finance Management Act 2012 (Sections 38 and 39) gives National Assembly the mandate to review and approve budget estimates for the National Government. Standing Order No. 235(3) provides that upon being laid before the House, the budget estimates stand committed to each Departmental Committee to deliberate upon according to their respective mandates. Section 39(3) of the Public Finance Management Act 2012 empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere. This provision is also emphasized in Standing Order No. 240(4).

2.0 HIGHLIGHTS OF THE 2024/25 BUDGET ESTIMATES

2.1 Overall Proposed Allocations

7. The overall proposed budget estimates for the financial year 2024/25 for the government to attain its objective is shown in Table 1.

Table 1: Overall Outlook of Budget Estimates for FY 2024/25 (Kshs. billions)

S/No.	Details	Approved Original Budget FY 2023/24	Supplementary Estimates No.1 FY 2023/24	2024 Approved BPS	Budget Estimates FY 2024/25	Variance Between Budget Estimates and 2024 BPS
1	**National Government**	**2,372.53**	**2,464.45**	**2,555.96**	**2,310.37**	**(245.60)**
	Executive	2,308.34	2,400.93	2,488.65	2,243.05	(245.60)

	o/w Recurrent	*1,504.62*	*1,620.72*	*1,612.04*	*1,518.68*	*(93.36)*
	Development	*803.73*	*780.20*	*876.61*	*724.38*	*(152.23)*
	Parliament	41.00	40.74	43.62	43.62	-
	o/w Recurrent	*38.94*	*39.18*	*41.56*	*41.56*	-
	Development	*2.07*	*1.57*	*2.07*	*2.07*	-
	Judiciary	23.18	22.78	23.69	23.69	-
	o/w Recurrent	*21.33*	*21.33*	*22.19*	*22.19*	-
	Development	*1.85*	*1.45*	*1.50*	*1.50*	-
2	**Consolidated Fund Services**	**986.16**	**1,131.65**	**1,241.15**	**1,213.45**	**(27.70)**
3	**County Government**	**385.42**	**385.42**	**391.12**	**391.12**	**-**
	Total Expenditures	**3,744.11**	**3,981.53**	**4,188.23**	**3,914.94**	**(273.29)**

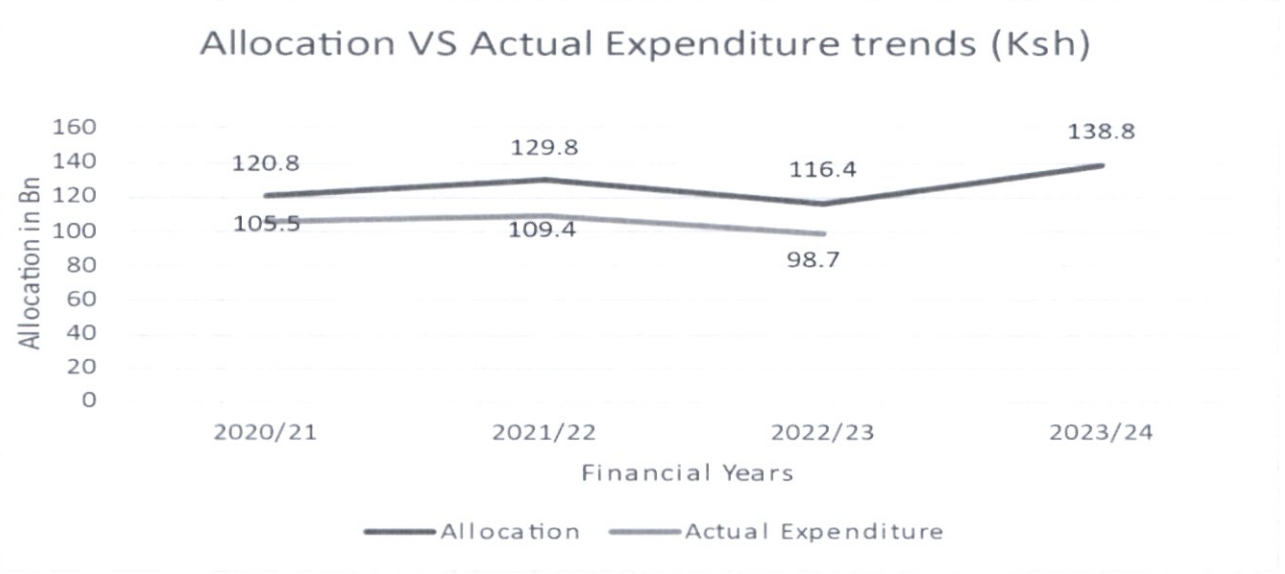
Source: The National Treasury

8. The 2024/25 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2024/25 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are shown in Table 1.
9. From Table 1, the 2024/25 Budget Estimates have been reduced by KES.273.29 billion from the approved 2024 BPS. The reduction has been occasioned by the underperformance of revenues in FY 2023/24, necessitating the revision of the projected revenues in the approved 2024 BPS to reflect this reality. To remain on the fiscal consolidation path, there is also a need to contain borrowing and rationalize expenditures to sustainable levels.
10. The allocations to Parliament and the Judiciary have however been maintained as approved in the 2024 BPS.
11. The fiscal consolidation path pursued aims at reducing expenditures by improving efficiency in public spending and ensuring value for money through expenditure rationalization, as follows: -
    i. Reduction of GoK grants to State Corporations to not more than 70% of the approved budget in FY 2023/24.
    ii. Reduction of non-priority expenditures in the recurrent budget by up to 50% and freezing foreign travel.
    iii. Scaling down funding of GoK capital projects in the FY 2024/25 budget by upto 30%; and
    iv. Scaling down funding of Development Partners' Funded Projects by 25%.
12. The above measures aim to curb wastage, eliminate leakages, and control public expenditure

3.0 REVIEW OF RECENT BUDGET ALLOCATIONS AND PERFORMANCE

13. The allocations to health sector have been towards the 5 programmes Preventive, Promotive and RMNCAH, National Referral and specialized services, Health Research and Development, General Administration and Planning, Health Policy, Standards and Regulations being implemented by th health sector. The figure 1 below shows past budgetary allocations to Health Sector and budge absorption rates.

Figure 1: Budget allocations to Health Sector for the last six financial years.



Source: National Treasury

Table 3: Performance of targets set (FY 2023/2024)

Key Deliverable	Target 2023/24	Actual Achievement Q2 2023/24	Remarks
Kisii level 5 cancer centre constructed	65% completion rate	20% completion rate	The two development partners given no objection
East African Centres of Excellence for skills and tertially education established	75%	84%	EAKI complex finishes ongoing
Doctors per 100,000 population	40	37	Progress made to achieve UHC
Nurses per 100,000 population	200	122	Progress made to achieve UHC
Regional cancer centres in Kakamega and Meru established	60% completion rate	0% completion rate	The project has not begun due to inadequate funds

Key Deliverable	Target 2023/24	Actual Achievement Q2 2023/24	Remarks
Percentage of order fill rates for HPTS	90%	53%	The stockout of HPTS occasioned by supplier delays caused the average performance
Percentage of public hospitals equipped with MES equipment achieving an uptime of 95%	100%	95%	The project's contract has expired
Local manufacturing roadmap implemented	60%	15%	Action plan to develop roadmap is in progress
percentage completion rate of human vaccine fill-and finish facility	50%	0%	To be done in quarter four of 2023/24 FY
Number of mothers accessing healthcare through Linda mama programme	1,285,720	233,990	The project has been extended in FY2024/25

Source:MOH

3.1 MEDIUM TERM PLAN IV (MTP IV) HEALTH SECTOR PRIORITIES (2023-27)

14. The following are the priorities and interventions in the Health Sector as provided in the approved MTP IV.

i. **Health financing:** The project aims to increase the number of households with health insurance under the new Social Health Insurance (SHI) package. The project entails: enrolling 85 per cent (11.2 million) households under the SHI scheme focusing on Afya Bora Mashinani (primary and community-based health care) to ensure indigents have an insurance cover paid for by national and county governments; establishment of the Primary Health Care Fund; and establishment of the Health Emergency and Chronic Disease fund.

ii. **Health commodity security:** Will entail incentives to promote local manufacturing of HPTs; holding local manufacturing thus ensuring sustainable access and affordability of quality essential Health Products and Technologies (HPT). Upgrading the National Quality Control Laboratory and Pharmacy and Poisons Board (PPB) towards the attainment of World Health Organization Maturity Level 3 Standards; establishment of Kenya Biovax Institute to enhance local manufacturing capacity of essential HPTs; and establishment of plants through public private partnerships for local manufacturing of HPTs will be prioritized.

iii. **Integrated Health Management Information System (IHMIS):** The project entails digitization of healthcare services through end to-end visibility. KEMSA and SHA will also be part of this digitization.

iv. **Human Resource for Health (HRH): Recruitment and payment of the 100,000 CHPs, renewal of contracts for the 8,550 UHC workers,** posting 1,200 medical interns, recruiting 20,000 health personnel (11,621 for primary health facilities and 8,379 for hospitals).

v. **Community health high impact interventions:** operationalization of all 315 primary healthcare networks (PCNs) that will scale up high impact interventions in primary health care by promoting health and wellness, disease prevention.

vi. **Health infrastructure:** equipping of selected hospitals through Managed Equipment Services; establishment of the National Public Health Institute; completion of comprehensive cancer management centres in Kisii and Nyeri counties and equipping of Kisumu regional cancer centre; construction of radiotherapy bunkers and equipping of Meru, Kakamega, Machakos and Embu cancer centres; and equipping of National Cancer Reference Laboratory with flow cytometry machine. Construction/upgrading of KEMRI at Kirinyaga, Kwale, Kisumu, Busia and Nairobi and Modernization of level 6 hospitals will also be of priority.

4.0 PROPOSED 2024/25 ESTIMATES OF EXPENDITURE FOR HEALTH SECTOR

4.1 Overall, 2024/25 proposed budget for Health Sector

15. In the 2023/24 financial year the overall allocation to the Health Sector is **Kshs 126 billion**. This comprises of Kshs 82 billion and Kshs 44.57 billion allocation to recurrent and development expenditures respectively. This allocation reflects a Kshs 8.64 percent reduction compared to 2023/24 financial year approved allocation of Kshs.138.85 billion. This reduction is mainly due to the scale down of funding/closure of projects/ previously being implemented by the State Department for Medical Services. For instance, the Rollout of UHC, Construction of Second Tower at Gatundu Level V, Procurement of

Cyberknife equipment at KUTRRH projects have no allocation in the 2024/25 financial year.

16. The table below shows the allocation to the two-state department i.e. State Department for Medical Services and State Department for Public Health and Professional Standards.
17. Table 3: Overall Allocations to Health Sector in the 2024/25 Financial Year

Allocation FY 2024/25			
State Department	**Rec**	**Dev**	**Total**
State Department for Medical Services	60,497	39,517	100,013
State Department for Public Health and Professional Standards	21,782	5,053	26,835
Total MOH	**82,279**	**44,570**	**126,848**

Source: National Treasury

18. As shown in the table above Kshs. 82 billion allocated to the Health sector is towards recurrent expenditure. For instance, Kshs 43.3 billion is allocated to the National Referrals and Specialized Services programme where the national referral facilities (level 6) recurrent expenditure is funded.
19. In general terms, the proposed budget is geared to achieve the mandate of the Ministry of Health is derived from the Fourth Schedule to the Constitution that assigns the following functions to the Ministry of Health; Health Policy, Health regulations, management of National referral health facilities and Capacity building; and technical assistance to counties.

5.0 VOTE 1082: STATE DEPARTMENT FOR MEDICAL SERVICES

20. The State Department for Medical Services is mandated to implement medical services Policies, Medical Research, Curative Health Services and management of National Health Referral Services Cancer Management Policies and E-Health.
21. In the 2024/25 financial year, the state department will be implementing 4 programmes ie; National Referral & Specialized Services, Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH, Health Research and Innovations, General Administration.
22. As outlined in the Budget Policy Statement (BPS 2024), the State Department is expected to contribute to rollout and achievement of BETA priorities in the health sector through.
    i. Providing a fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans;
    ii. Installing a digital health management information system;
    iii. Setting up a Fund for improving health facilities;
    iv. Setting up an Emergency Medical Treatment Fund;
    v. Establishing a National Insurance Fund that covers all Kenyans; and
    vi. Availing medical staff who would deliver Universal Health Coverage.
23. The table below shows the allocation to the approved ceilings for the State Department and the 2024/25 financial year proposed budget.
24. Table 4: Summary of Expenditure by Programmes for the State Department for Medical Services

Programmes	**BPS 2024 Ceiling**	**2024/25 Estimates**	**Variations**
	Rec	**Rec**	**Rec**

National Referral & Specialized Services			
Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH			
Health Research and Innovations			
General Administration	66,833	60,497	(6,336)

Programmes	**BPS 2024 Ceiling**	**2024/25 Estimates**	**Variations**
	Dev	**Dev**	**Dev**
National Referral & Specialized Services			
Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH			
Health Research and Innovations			
General Administration	59,113	39,517	(19,596)
Total	**125,946**	**100,014**	**(25,932)**

Source: National Treasury

25. In terms of adherence to the approved resource ceiling, the BPS 2024 gave a ceiling of **Kshs 125.9 billion** for the State Department for Medical Services while the FY 2024/25 estimates propose an allocation of **Ksh.100.0 billion** to the department. Thus, there is a variation of **Ksh.25.9 billion** between the proposed budget and the approved ceilings.
26. As shown in table 5 below, **Kshs 100 billion** has been allocated to the State Department for Medical Services in order to implement the various programmes under the state department. This allocation comprises of Kshs 60.5 billion and Kshs 39.5 billion allocation to recurrent and development expenditures respectively.
27. Table 5: Proposed allocation to State Department for Medical Services 2024/25 Financial Year

Programme	Allocation 2024/25			
	Rec	Dev	Total	Key area funded
National Referral & Specialized Services	43,347	20,976	64,323	The referral hospitals (Level 6) Managed Equipment Service, Acquisition of Specialized Medical Equipment CHP, County Health Facilities Improvement & Equipping
Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	1,379	15,355	16,734	Global fund interventions (TB, Malaria and HIV) procurement of Family planning commodities and vaccines COVID 19 pandemic response
Health Research and Innovations	2,790	1,137	3,927	Integrated Health Management Information System - BETA, Biovax and Human Vaccine Production,KEMRI
General Administration	12,980	2,049	15,029	Universal Health Coverage Coordination & Management Unit and other social protection programmes such as Free maternity and Headquarters and Administrative Services, Primary Healthcare Fund and The Emergency, Chronic and Critical Illness Fund BETA
Total allocation Medical Services	**60,497**	**39,517**	**100,014**	

Source: National Treasury

28. **At a programme level allocations, National Referral and Specialized Services has been prioritized with an allocation of Kshs 64.3 billion (64.3%) of the proposed**

allocation to State Department for Medical Services. This programme relates to the financing of all National referral facilities (level 6) in the country, which is a key national government function, as well as the funding of the MES project. Notably, the proposed estimates introduce new projects; acquisition of medical equipment for Community Health Promoters (Kshs 3 billion) and County Health Facilities Improvement & Equipping (Kshs 4 billion)

29. **The Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH** programme has also been prioritized with a proposed expenditure of Kshs 16,734 billion. The programme funds interventions on communicable and non-communicable diseases. The key areas are funding vaccines and immunization, HIV, COVID 19 interventions and Global Fund Funded projects among other interventions.
30. **Health Research and Innovations programme has proposed allocation of Kshs 3.9 billion**. The proposed allocation is geared towards rolling out BETA priorities which include funding for Health Research at Biovax vaccine plant and Human Vaccine production and health research at KEMRI. Notably, Integrated Health Management Information System seeks to onboard health services onto Digital Health Agency. The project targets 60 percent of Level 2,3, 4,5, public health facilities to implement the digital health in the financial year 2024/25.
31. **The General Administration has a proposed allocation of Kshs 15 Billion**. This is the programme that is directly in charge of implementation of the UHC and other social protection programmes such as Linda Mama programme. Notably, UHC BETA priorities have been funded under this programme. This includes Universal Health Coverage Coordination & Management Unit, ensuring 79% of indigent population access UHC government-sponsored social insurance scheme. Headquarters and Administrative Services are also funded under this programme. The 2024 BPS committed to publicly finance primary healthcare and therefore Kshs 4 billion has been allocated in the financial year 2024/25. Further, Kshs 500 million has been allocated to The Emergency, Chronic and Critical Illness Fund- BETA projects. These projects are critical in operationalization of Social Health Insurance Act 2023.

5.1 State Department for Medical Services Proposed 2024/25 Recurrent Estimates

32. The total proposed allocation to recurrent expenditure is Kshs 60.5 billion. This comprises of Kshs 38.1 billion from the exchequer. Kshs 22.5 billion is A-in-A raised by the SAGAS under the State Department for Medical Services.
33. A review of the proposed itemized budget indicates that the **major** recurrent allocations in 2024/25 financial year are on the following:

Table 6: Summary of major allocations to recurrent vote (in Kshs Millions)

Head/Item	Net(GoK)	AIA	Gross	Major component Funded
Headquarters Administrative Professional services	1,872	-	1,872	Basic wages for temporary employees(Ksh1.2B)
Mathari Hospital Referral Hospital	834	220	1,054	Gok(Kshs 834M)
Kenyatta National Hospital	9,280	9,128	18,407	Current grants (17.3B) and Kshs 1B current grants to Mama Margaret Uhuru Hospital.
Kenya Medical Supplies Authority (KEMSA)	342	4,858	5,200	Current grants(Kshs 5.2B)

Head/Item	Net(GoK)	AIA	Gross	Major component Funded
Kenyatta University Teaching Referral & Research Hospital (KUTRRH).	2,196	3,140	5,336	Current grants(Kshs 5.3B)
Moi Teaching and Referral Hospital (MTRH)	6,687	4,164	10,851	Current grants (Kshs 10.8B)
Kenya Medical Research Institute (KEMRI)	2,289	220	2,509	Personnel Emoluments(2.3B)
Universal Health Coverage Coordination and Management Unit	4,164	-	4,164	UHC Health Workers-BETA(Ksh4.1B)
Primary HealthCare Fund	4,100	-	4,100	Current grants Kshs 4.1B to Social Health Authority (SHA)
The Emergency, Chronic and Critical Illness Fund-BETA	500	-	500	Current grants Kshs 500m to Social Health Authority(SHA)
National Cancer Institute	170	0.5	170	Current Grants to Government Agencies and other Levels of Government

Source: National Treasury

34. A review of 2024/25 financial year proposed recurrent budget for the State Department for Medical services indicates that 37% of the total recurrent budget is funded by A-i-A collected by the SAGAs and 63% is funded by the exchequer. This indicates the overreliance of the SAGAs on GoK to fund their recurrent activities.

5.2 State Department for Medical Services Proposed 2024/25 Development Estimates

35. The proposed allocation to development expenditure is Kshs 39.5 billion. The State Department will be implementing **40 projects** in the 2024/25 financial year. The **key areas** of funding are indicated below:
36. Table 7: 2024/25 summary of key development expenditures

Project	Allocations 2023/24	Allocation 2024/25	Key areas of funding	Targets 2024/25 FY
Managed Equipment Service (MES)	–	3.6 billion	Routine maintenance of equipment for 98 hospitals	100% of public hospitals equipped with MES equipment achieving an uptime of 95%
Free Maternity Program (Strategic Intervention)	4.1 billion	2 billion	Capital Grants to other levels of government	1,285,720 mothers accessing healthcare services through the Linda mama program

Project	Allocations 2023/24	Allocation 2024/25	Key areas of funding	Targets 2024/25 FY
Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH	1.1 billion	1.1 billion	Refurbishments and renovations at KNH	40% refurbishment and renovations
Strengthening of Cancer Management at KNH	300 million	500 million	Capital grants to KNH	40,574 oncology sessions on Chemotherapy and radiotherapy
Construction and Equipping of Children Hospital at KUTRRH	-	100 million	Construction and equipping of KUTRRH children hospital	43% infrastructural modernization completed
Integrated Health Management Information System - BETA	180 million	400 million	Purchase of Specialized Plant,Equipment and Machinery for Digital Health Platform	60% of Level 2,3,4,5, public health facilities implementing the digital health, public health 50% of public facilities with adequate power and connectivity to support the facility level POC
Procurement of Family Planning & Reproductive Health Commodities	500 million	1 billion	Procurement of family planning commodities	of Women of 55% reproductive age receiving FP commodities (%)
Kenya COVID-19 Emergency Response Project	2.4 billion	2.3 billion	Functional cold chain	92% of health facilities with functional cold chain
Human Vaccine Production - **BETA**	400 million	200 million	vaccine production- Kshs 200 million	17 evidence briefs developed
Construction of a Cancer Centre at Kisii Level 5 Hospital		568 Million	Construction of building (Kshs 517 billion) and	85% completion rate

Project	Allocations 2023/24	Allocation 2024/25	Key areas of funding	Targets 2024/25 FY
	50 million		50 million for other operating expenses	
Vaccine programme	1.2 billion	4.6 billion	Specialized materials and supplies (Covid-19 vaccine)	90% fully immunized children under 1year (Proxy Penta 3)100% fully immunized adults with Covid-19 vaccine
Special Global Fund HIV Grant NFM3	4.7billion	4billion	Capital grants to NACC (Kshs 450 million)	1.3 million people Currently on ART drugs

Source: National Treasury

37. The allocations made to development expenditure are geared towards increasing the accessibility to Universal Health Coverage, local manufacturing of human vaccines, digitization of health records across all health facilities in the country, support to primary healthcare through equipping of recruited of community healthcare workers (CHPs)

5.3 NEW PROJECTS

Table 8: New projects

Project	Allocation Kshs Millions			
	GoK	Foreign	Total	Targets
Acquisition of Specialized Medical Equipment CHP	3,000	-	3,000	100% financial support
Health emergency Preparedness, Response & Resilience Program	-	1,000	1,000	30% refurbishment and equipping of National Quality Control Laboratories
County Health Facilities Improvement & Equipping	4,000	-	4,000	Kshs 4 billion disbursed to the Counties for

Project	Allocation Kshs Millions			
	GoK	Foreign	Total	Targets
				Health Facilities Improvement

Source: National Treasury

38. The 2023/24 financial year proposed budget has introduced 3 new projects in the State Department for Medical Services. The acquisition of specialized medical equipment project seeks to supply CHPs kits and consumables to the 107,000 community health promoters working under the county government. County Health Facilities Improvement & Equipping project is a project earmarked for improvement and equipping of county facilities (these funds will be approved under the County Government Additional Allocation Act 2024).

5.4 SUMMARY OF SALIENT ISSUES; BUDGETARY AND POLICY

i. Allocations to BETA priorities. The BPS 2024 Committed to publicly finance the primary healthcare in the country as well as fund emergency, chronic and critical illnesses. Towards this end, the financial year 2024/25 estimates propose to allocate Kshs 4.1 billion and Kshs 500million to the Primary Health Care Fund and Emergency, Chronic and Critical Illnesses Fund respectively. These are appropriations (current grants to Social Health Authority) to fully operationalize Social Health Insurance Act 2023.

ii. Kenyatta National Hospital (KNH) has been providing budgetary support (current grants) to Mama Margaret Uhuru Hospital. In the 2023/24 financial year, KNH supported the hospital with Kshs1 billion. In the 2024/25 financial year proposed budget for KNH, a further **Kshs 1 billion** current grant has been allocated to Mama Margaret Hospital. The Ministry should provide detailed information in terms of the estimated time required to fully operationalize the hospital and the ultimate handover of the hospital to the county government of Nairobi.

iii. The Universal Health Coverage Coordination Unit & Management Unit has allocated Kshs 4billion towards the renumeration of UHC workers employed during the Covid-19 pandemic. The allocation will enable renewal of the UHC workers contracts expiring between May and October 2024. Further, the Ministry and the County Governments should Fastrack the review of the UHC employment terms and their transition of the workers to the County Government public service boards.

iv. Performance of SAGAs AIA. A review of the proposed 2024/25 financial year estimates and projected A-i-A collection indicate that the KUTRRH AIA will decrease by Kshs 12 million while the collections by Kenya Medical Research Institute is projected to stagnate at Kshs 200 million for the 2023/24 and 2024/25 financial years.

v. Allocations to Managed Equipment Service-Hire of Medical Equipment for 98 Hospital.The proposed 2024/25 financial year estimates proposes to allocate Kshs 3.5 billion to this project. It is unclear whether the allocation is earmarked for hiring of new equipment or servicing of existing equipment. Further, the Committee should seek to understand if new project contracts have been signed.

vi. The proposed 2024/25 estimates propose to decrease the allocation to National Cancer Institute from Kshs 200 million allocated in 2023/24 financial year to Kshs 170 million. Notably, the Institute is mandated to provide policy direction on cancer related interventions through data collection and research. The institute has a resource

requirement shortfall amounting to Kshs 600 million to optimally perform its functions through undertaking local research.

vii. The Free Maternity (Strategic Intervention) Project -Linda Mama project- budget has been reduced from Kshs 4.1 billion in the 2023/24 financial year to Kshs 2 billion in the financial year 2024/25. However, the targets (1.285 million mothers accessing free maternity services) remain unchanged.

6.0 VOTE 1083: STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

39. The State Department is mandated to ensure quality healthcare services are guaranteed through developing policies on healthcare, standards, health human resource development, public health standards and sanitation management. The State Department is also focused on providing strategic leadership and support to all health professional bodies, developing a framework to ensure sharing of professional experiences, and embedding in future clinical practice.
40. Further the State Department will undertake the role of provision of strategic interventions that include malaria, TB and nutrition services among other priorities. The table 9 below shows the allocation to the approved ceilings for the State Department and the 2023/24 financial year proposed budget.
41. Table 9: Summary of Expenditure by Programmes for the State Department for Public Health and Professional Standards (in Kshs millions)

Programmes	BPS 2023 Ceiling	2023/24 Estimates	Variations
	Rec	Rec	Rec
Preventive and Promotive Health Services			
Health resources development and Innovation			
Health Policy, Standards and Regulations			
General Administration	20,491	21,782	1,291

Programmes	BPS 2024 Ceiling	2024/25 Estimates	Variations
	Dev	Dev	Dev
Preventive and Promotive Health Services	5,162	5,053	(109)

Health resources development and Innovation				
Health Policy, Standards and Regulations				
General Administration				
Total	**25,653**	**26,835**		**1,182**

Source: National Treasury

42. In terms of adherence to the approved resource ceiling, the BPS 2023 gave a ceiling of **Ksh.25.7 billion** for the State Department for Public Health and Professional Standards while the 2024/25 estimates propose an allocation of **Ksh.26.8billion** to the sector. Thus, there is a variation of **Ksh.1.2 billion (an increase)** between the proposed budget and the approved ceilings.

6.1 Proposed Allocations and Programmes Prioritization

43. The allocations to State Department for Public Health and Professional Standards are towards the 4 programmes being implemented by the State Department.
44. Table 10: Allocations to programmes, State Department for Public Health and Professional Standards

Programme	**Rec**	**Dev**	**Total**
Preventive and Promotive Health Services	4,738	4,088	8,826
Health resources development and Innovation	13,016	924	13,940
Health Policy, Standards and Regulations	3,476	41	3,517
General Administration	551	-	551
Total	**21,781**	**5,053**	**26,834**

Source: National Treasury

45. In terms of programme prioritization, Health Resources Development and Innovation has been prioritized with a total allocation of Kshs. 13.9 billion. The key objective of the programme is to enhance health human capacity for quality health services delivery. Key activities funded under this programme include Kenya Medical Training College (KMTC), Professional Standards Management and Professionals regulatory councils.
46. In the 2024/25 financial year, Preventive and Promotive Health Services programme activities are geared towards increasing the provision of quality promotive and preventive healthcare. Key areas funded include the Special Global Fund for Malaria and TB, procurement of family planning and reproductive health commodities and clinical waste management. Notably, there is an additional allocation to the counties amounting to Kshs 2.5billion for the renumeration of Community Health Promoters (CHPs)

47. Health Policy, Standards and Regulations proposed budget is on recurrent related expenditures. Key recurrent expenditures funded include Nursing Services which will facilitate nursing services like examination of 11,500 candidates and registration of 6,400 new nurses. Recurrent expenditures for Kenya Health Professions Oversight Authority (KHPOA) and Kenya Medical Practitioners & Dentists Councils, Clinical officers council among others are also funded under this programme.
48. General Administration proposed recurrent estimates are earmarked for Headquarters administrative, technical, and professional services.

6.2 State Department for Public Health and Professional Standards Proposed 2024/25 Recurrent Estimates

49. The total allocation to recurrent estimates for the State Department is **Kshs 17.4 billion**. The allocation comprises Kshs 11.8 billion from the exchequer and Kshs 5.6 billion is A-in-A collections by the professional regulatory authorities under the State Department. A review of the proposed itemized budget indicates that the **major** recurrent allocations in 2023/24 are on the following.

Table 11: Major allocations to recurrent estimates of expenditure (in Kshs millions)

Head/Item	Net(GoK)	AIA	Gross	Major component Funded
KMTC	4,522	4,040	8,562	Current grants
Primary Health Care	2,644	-	2,644	CHPs PE(Kshs 2.5B)
Disease Surveillance Unit and Response Unit	308	-	308	Personal allowances(204M)
International Health Exchange Programme	27	-	27	Basic Wages for temporary employees(12M)
Kenya Medical Practitioners & Dentists Council	-	365	365	Current grants
Kenya Nuclear Regulatory Authority (KENRA) -HQ	97	100	197	Current grants
Nursing Council of Kenya	5	620	625	Current grants
Port Health Control	224	141	365	Basic salaries (Kshs 129M)
Headquarters Administrative Services	506	-	506	Personal Allowance(109M)
Professional Standards Management	4,147	-	4,147	Basic Wages-internship (3.7B)
Tobacco Control Fund	-	831	831	Current grants

Source: National Treasury

50. A review of the 2024/25 financial year proposed recurrent budget allocation to professional regulatory councils in the State Department indicates that Kshs 8 billion is AIA collected by the councils and Kshs 13.8 billion is from the exchequer. To curb overreliance on the exchequer funding, the councils need to increase AIA collection through diversification of services offered.

6.3 State Department for Public Health and Professional Standards 2024/25 financial year Proposed development estimates.

51. The State Department for Public Health and Professional Standards will be implementing **10 projects** in the 2024/25 financial year. The proposed allocation to development vote for State Department is **Kshs 5.1 billion**. **Major** allocations to capital projects are shown in the table below.
52. Table12: Key allocations to capital projects in the state department for public health and professional standards

Project	Allocation Kshs (Millions)	Key areas of funding	Targets set
Special Global Fund Malaria Grant NFM3 - DOMC	2,600	capital grants	100% proportion of Confirmed Malaria Cases treated
Special Global Fund TB Grant NFM3	1,088	capital grants	90% TB cases treated
Clinical Waste Disposal System	30	Operating expenses(10m) and construction of building(20m)	12 incinerators installed
Procurement of Anti TB Drugs Not covered under Global fund TB Progr	300	procurement of TB drugs	90% of successfully treated TB cases
Construction of Tuition Blocks and Laboratories at KMTC	314	Construction	23 tuition blocks constructed
Equipping of Laboratories and Classrooms at KMTC	454	Equipping	17 laboratories and classrooms equipped
Infrastructure upgrade at Kenya Institute of Primate Research	60	Upgrading of infrastructure at KIPRE	100% completion rate

Source: National Treasury

53. As shown in table 12 above, there is an allocation of **Kshs 3.7 billion** to strategic intervention programmes ie; Malaria and TB-related interventions. However, delayed

procurement processes and inadequate procurement plans at KEMSA may lead to sub-optimal budget absorption rates for the strategic programmes[1].

54. The allocation to KMTC is majorly towards the construction of Tuition blocks and equipping of laboratories and classrooms.

6.4 SUMMARY OF KEY ISSUES

i. The 2024/25 financial year proposes to allocate Kshs 70 million to Councils through exchequer funding. These Councils previously funded their activities through AIA only. These councils include Public Health Officers and Technician's Council (Kshs 20m), Counsellors and Psychologists Board (Kshs 20m), Occupational Therapy Council (Kshs 10m) and Physiotherapist's Council of Kenya (Kshs 20m)

ii. Kenya Medical Practitioners and Dentists Council proposed budget is Kshs 365 million (funded by AIA only). Notably, the SAGA was being funded via exchequer and AIA collections. This underfunding may negatively affect KMPDC's activities in terms of compliance surveillance and licensing. The estimated 1,316 inspections visits may not be achieved.

iii. The Primary Healthcare unit has increased budget amounting to Kshs 2.5 billion. The funds are earmarked for the 107,000 Community Health Promoters stipend working under the counties. There is a need for the Committee to ascertain the progress made by the counties in honoring the commitment to match these funds.

iv. Procurement reforms at KEMSA Reforms. There is a need to fast-track ongoing reforms at KEMSA (this also includes the Enterprise Resource Planning (ERP) system). Further, The operationalization of ERP system with ensure seamless procurement of strategic commodities eg;TB, malaria which are procured by Global Fund through KEMSA.

v. There is an allocation of Kshs 30 million to the clinical waste disposal project (Kshs 20 construction of incinerators houses/building). More details have not been provided in terms of hospitals benefiting from the equipment installation. Further, the role of county government in the project has not been stated.

vi. The proposed 2024/25 budget proposes to allocate Kshs 768 million to construction and equipping of KMTC campuses. There is a need for the committee to ascertain the status of operationalization of the 21 KMTC campuses and satellites.

vii. International Health Exchange Programme. **Kshs 27 million** is earmarked for Cuban Doctors personnel emoluments, working under this programme. It's critical for the committee to interrogate this allocation to ascertain, among other things, the number of Cuban doctors working for the Ministry under this programme and other contractual obligations since the programme contract expired in year 2023.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRY OF HEALTH STATE DEPARTMENTS AND AGENCIES (MDAs)

3.1 STATE DEPARTMENT FOR MEDICAL SERVICES

INTRODUCTION

The Departmental Committee on Health has continuous consultations with the state department of medical services in the facilitation of the process of budgetary approvals and the invitation extended to state department to present its Budget Estimates for FY 2024/25.

This meeting accords state department an opportunity to demonstrate to the Committee their priorities based on the health needs of Kenyans, how far they are in meeting the expectations of Kenyans in health care provision and financing gaps that needs the Committee attention and consideration in order to enhance delivery of quality healthcare to the people of Kenya. The State Department remains committed to working with the National Assembly and other stakeholders to ensure provision of quality, accessible and affordable healthcare services to Kenyans is realized. It is our belief that this is necessary for a healthy, productive population that is required to grow our economy.

In the next financial year, the State Department will continue implementation of Universal Health Coverage under the Social Health Authority which encompasses focusing on Social Health Insurance to the vulnerable persons, strategic health programmes, health infrastructural development, and enhancing capacity of human resources for health, among others.

We continue to echo the need to increase the budgetary ceiling for the State Department if we are to deal with funding challenges. The historical underfunding of personnel emoluments budget in SAGAs particularly in referral hospitals coupled with establishment of new specialized hospitals like KUTTR&H, means that there is need to increase funding to employ and retain health workers to ensure optimal provision of specialized health services so that Kenyans can realize the value for money in the modern infrastructural developments under the State Department. In many instances, continued use of large percentage of internally generated revenues (AIA) to pay salaries has affected ability to provide quality services to patients.

The Constitution guarantees Kenyans the right to the highest standards of health. For this reason, the Kenya Kwanza Administration identified healthcare delivery as one of the core pillars of the Bottom-Up Economic Transformation Agenda. In order to deliver Universal Health Coverage, the Government embarked on various interventions to;

i. Provide a fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans

ii. Installation of a digital health management information system

iii. Set up a Fund for improving health facilities

iv. Set up an emergency, chronic, critical illness Medical Treatment Fund

v. Training and Capacity Building

To strengthen the legal basis for health financing, health service provision and achievement of UHC, four new health laws have been enacted. These are:

i) Social Health Insurance Act, 2023;

ii) Primary Health Care Act, 2023;

iii) Facility Improvement Financing Act, 2023; and

iv) Digital Health Act, 2023.

v) Emergency and Critical Illness Fund

These laws will usher in and guarantee a new era in the provision of healthcare, covering all essential services from preventive, promotive, curative, palliative and rehabilitative services, guaranteeing every Kenyan access to comprehensive and quality care.

The right to the highest quality of health is enshrined in the Constitution of Kenya and legislated in the Health Act 2017, Kenya Vision 2030, the Medium-Term Plan IV recognizes provision of equitable, accessible and affordable healthcare. Kenya Health Policy (KHP 2014 -2030) – commits the sector to realign new emerging issues toward achieving the SDGs focusing on SDG 2&3. Priorities for the Medium-Term period focuses on all aspects of the health care systems aimed to prevent, treat and control diseases, including the non-communicable diseases, as well as revitalize UHC aspirations through increasing the financial protection of the citizens.

❖ The Sector Mandate

The mandate of the Sector is derived from Schedule 4 of the Constitution of Kenya that assigns the following functions to the Ministry of Health:

a) Health Policy
b) Health regulations
c) National referral health facilities
d) Capacity building
e) Technical assistance to counties

❖ Health Sector Vision, Mission and Goal

The vision, mission, core values and strategic objectives have been developed in the framework of the mandate and strategic plans.

- **Vision**

The vision of the Sector is "A healthy, productive and globally competitive nation."

- **Mission**

The sector mission is "To build a progressive, responsive and sustainable Health care system for accelerated attainment of the highest standard of health to all Kenyans"

- **Goal**

The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all."

- **Sector Strategic Objectives**

i. To eliminate communicable diseases until they are not of major public health concern.

ii. To halt and reverse the rising burden of non-communicable diseases by setting clear strategies for implementation to address all the identified non-communicable diseases in the country.

iii. To reduce the burden of violence and injuries through directly putting in place strategies that address each of the causes of injuries and violence at the time.

iv. To provide essential health care that is affordable, equitable, accessible and responsive to client needs.

v. To minimize exposure to health risk factors by strengthening the health prevention and promotion interventions, which address risk factors to health, plus facilitating use of products and services that lead to healthy behaviour in the population.

vi. To strengthen collaboration with private and other sectors that have an impact on health.

❖ **Programmes and Objectives**

The State Department for medical services has four programmes within which budget implementation is undertaken. The tables below indicate the programmes for the State department that are geared towards achievement of its core mandate.

Table 1. Programmes and Objectives

Programme	Programme objectives	Outcomes
Program 1. Curative and RMNCAH	To increase access to quality Curative and family health care services.	Reduced morbidity and mortality due to preventable and curable causes
Program 2. National Referral and Specialized Health Service	To increase access and range of quality specialized healthcare services	Increased access, Quality and range of specialized health services
Program 3. Health Research and Innovation	To provide evidence for policy formulation and adoption of eHealth innovations and Research.	Increased knowledge and innovation through research, value chain investment
Program 4. General Administration Planning and Support Services.	To strengthen Governance and leadership, in the sector	Effective governance and leadership mechanisms strengthened.

The Sub Programmes under the programmes are as shown below;

Programme 1: Curative and Reproductive Maternal New Born Child Adolescent Health (RMNCAH)

- Communicable Disease Control
- Non-Communicable Diseases Prevention
- Reproductive Maternal New Born Child Adolescent Health (RMNCAH)
- Immunization

Programme 2: National Referral & Specialized Services

- National Referral Health Services
- Health Infrastructure and Equipment
- Health Products and Technologies
- National Transfusion Services

Programme 3: Health Research and Innovation

- Health Innovations
- Medical Research

Programme 4: General Administration

General Administration and Human Resource Management and Development

- Finance and Planning
- Social Protection in Health

❖ **Composition and Mandate of the State Department**

The Government has also outlined the core mandates of the State Department for Medical Services as indicated below;

Table 2. State Department for Medical Services Functions and Institution

Functions	Institutions
• Medical Services Policy; • Medical Research • Curative Health Services; • Health Policy and Management; • Pharmacy and Medicines Control; • National Health Referral Services; • Cancer Management Policy; • E-Health • Immunization Policy and Management	• National Health Insurance Fund (NHIF) • Kenya Medical Research Institute (KEMRI) • Kenya Medical Supplies Authority (KEMSA) • Kenya Biovax Institute Limited • Kenyatta National Hospital • Moi Teaching and Referral Hospital • Kenyatta University Teaching, Referral and Research Hospital • Mathari National Teaching and Referral Mental Hospital

Functions	Institutions
• Reproductive Health Policy and Management • Non-Communicable (NCD) Control and Management • Control and Protection against HIV/AIDs and STIs and	• Spinal Injury Hospital • The National Cancer Institute of Kenya • Kenya Tissue and Transplant Authority • National Aids Control Council • Digital Health Authority • Social Health Authority

1.0 STATUS OF IMPLEMETATION OF FY 2023/24 BUDGET

In the FY 2023/24 the State Department has been implementing the planned programmes and activities in line with the approved budget. The key areas of focus include:

1. Enactment of the Social Health Insurance Act, 2023
2. Universal Health Insurance coverage for the indigent population currently at 1.5M households
3. Community Health Promoters (CHP) Kits, Consumables and Medicine Supplies in an initiative committed to achieve Universal Health Care
4. Implementation of strategic program which include, HIV, immunization, blood transfusion services and family planning commodities
5. Reorganization of CHP programme to include support of stipends for CHPs to support Primary Health Care services towards the realization of Universal Health Coverage and Afya bora mashinani.
6. Provision of Specialized health care services, including heart surgeries kidney transplants and other minimally invasive surgeries.
7. Enhancing medical research in national priority areas
8. Implementation of Infrastructural projects

2.1. Financial Achievements in FY 2023/24 for the Period July 2023 – March, 2024

In the current financial year 2023/24 the State Department has an approved budget of **Ksh.106.1 billion** comprising of **Kshs.65.9**billion and **Kshs.40.2 billion** under recurrent and development budget respectively.

The absorption rate for the actual expenditures as at the end of the 3rd quarter is at **75.8%** for recurrent and **67%** for Development. The State Department is fast tracking the implementation of the programmes to ensure 100% absorption rate by close of the financial year.

It should be noted that the slow disbursement of exchequer from July 2023 to March 2024 for the Development budget has affected the absorption rate. The State Department is however keen to ensure that the implementation of the planned programmes shall be accomplished once the full budget has been provided.

2.2 Non-Financial Achievements in FY 2023/24 for the Period July 2023 – March, 2024

Some of the key achievements include;

i. Kenyatta National Hospital (KNH) conducted 520 open heart surgeries, 987 cardiothoracic surgeries, 16 kidney transplants and 3,645 minimally invasive surgeries. The hospital gave 427 specialized burns treatment and offered 22,131 oncology sessions to patients. Furthermore, KNH conducted 280 multi-disciplinary outreaches with

counties. Mwai Kibaki Hospital and Mama Margaret Uhuru Hospital undertook 1,404 and 26 minimally invasive surgeries respectively.

ii. Moi Teaching and Referral Hospital (MTRH) undertook 2,968 minimally invasive surgeries, 20,181 chemotherapy sessions, 68 open heart surgeries, 17,559 external beam radiotherapy sessions, 356 brachytherapy sessions and 46 corneal transplants.

iii. Kenyatta University Teaching, Referral and Research Hospital conducted 5,280 PET scans, 460 SPECT- CT scan, 222 Stereotactic Radiosurgeries, 359 Brachytherapy sessions, 23 open heart surgeries, 1,717 minimally invasive surgeries, 5,069 hemodialysis and 16,878 chemo and radiotherapy treatment.

iv. Mathari National Teaching and Referral Hospital undertook 6 Community mental outreaches and had an 80% success rate of re-integration of patients into the community.

v. East African Centre of excellence for skills & Tertiary Education saw a 14% improvement in completion rate and now stands at 98% cumulative completion. The MES Equipment installed were offering essential and critical health care service with a 95% operability.

vi. KNBTTS had the number of blood and blood components availed for transfusion at 303,146 while 223 facilities successfully using Damu KE platform

vii. KEMSA had the Percentage of order fill rate for HPTs at 53 %, Order turnaround time(days) for PHFs at 14.1%, Order turnaround time(days) for Hospitals at 16.3 % and Percentage of last mile deliveries made to health facilities at 94.72%

viii. NACC distributed 3,945,335 condoms in non-health setting, while NASCOP saw 1,337,544 clients on ART.

ix. NHIF maintained 1.5 million indigents accessing UHC government sponsored scheme, 234,400 indigents on HISP and 58,800 elderly & persons with severe disabilities accessing healthcare.

x. National Cancer Control Programme saw the number of women of reproductive age screened for cervical cancer at 546,375. Number of cancer patients receiving radiotherapy services at the regional cancer centres were 18,981. NCI reached 30 million people on cancer prevention and control.

xi. Non-Communicable Diseases (NCD) Prevention and Control Unit registered 172,077 patients receiving diabetes treatment.

xii. Department of Family Health saw a proportion of 38.8 % women of reproductive age receiving FP commodities.

xiii. KEMRI published 353 research papers, had 220 research abstracts presented and held two health scientific conferences. Number of diagnostic kits produced at KEMRI were 163,417. Moreover, it conducted 626,501 specialized laboratory tests.

3 FINANCIAL YEAR 2024/25 PRIORITIES AND BUDGET ESTIMATES

3.1 Health Sector Priorities

In FY 2024/25, the State Department will focus on the following priorities;

1. **Prioritization of UHC in the Bottom-Up Economic Transformation Agenda (BETA)**

a) Increase Health Insurance coverage for the poor and vulnerable groups, from the current 1.5 million households to 5.2 million households during the MTP IV period.

b) Ensure that at least 10 million informal workers are covered under social health insurance.

2. **Primary Health Care;**

a) Reduce by a third the premature mortality due to NCDs by 2025, in line with the global NCDs target by equipping primary health facilities with essential NCD Health Products and Technologies
b) Enhance provision of comprehensive rehabilitative services (orthopaedic technology, physiotherapy and occupational therapy) and assistive technology
c) Ensure commodity security for family health and strategic Health programmes (Malaria, Family Planning, HIV/AIDS,)

3. Local Manufacture of Life-Saving, Essential drugs, Health Products and Technologies

To achieve sustainable access and affordability of quality essential health products and technologies (HPT) toward Universal Health Coverage and to Expand and diversify production of essential HPT for domestic and export markets through the attraction of both local and foreign investments.

4. Digitization of Health Care Services

a) Digitization of health facilities
b) Enhancement of National Health Data Centre (NHDC)
c) Enhance Telemedicine

5. Reforms

1. KEMSA reforms in a bid to improve its services and operational efficiency
2. NHIF is under transformation to Social Health Authority and alignment to deliver Universal Health Coverage (UHC).
   i) Curative & Reproductive Maternal and New Born Child Adolescent Health (RMNCAH)
   ii) Non-Communicable Diseases Control
   iii) Health Research and Innovations
   iv) National Referral and Specialized Services

v) 3.2 Overview of Financial Year 2024/2025 Budget Proposals

The State Department prepared the budget for FY 2024/25 as per the guidelines for preparation of FY 2024-2025/2026-27 medium-term budget and FY 2024/25 budget finalization issued by the National Treasury

The State Department total budgetary resource requirement for the FY2024/25 is **Kshs.319.4 billion** comprising of **Kshs.87.9 billion** in recurrent and **Kshs.231.4** billion in development. The 2024 BPS Ceiling set resource allocation to the State Department for Medical Services at **Kshs. 121.9 billion** of which **Kshs. 66.83 billion** was for the recurrent budget and **Kshs. 55.1billion** for development. The Annual Estimates 2024/25 has however proposed a resource allocation of **Kshs.100 billion** out of which **Kshs.60.5 billion** is recurrent and **Kshs.39.5 billion** is development.

The resource allocation in the proposed Annual Estimates shows a significant deviation of the Annual budget estimates allocation from the 2024 Budget Policy Statement ceiling. The overall Vote 1082 deviation is shown in the table below;

Vote 1082	**Baseline FY 2023/24**	**2024 BPS Ceiling**	**FY 2024/25 Allocation**	**Deviation from BPS**

Current Expenditure	65,894.2	66,833.90	60,497.00	(6,336.90)
Capital Expenditure	40,235.3	55,113.20	39,517.00	(15,596.20)
Total	**106,129.5**	**121,947.10**	**100,014.00**	**(21,933.10)**

The deviation in allocation will significantly affect the Implementation of the Universal Health Coverage which requires funding of the Primary Health Care Fund, Critical illness and emergency funds, operationalization of the Social Health Authority and the operations of the day to day running of the State Department.

The State Department summary tables on resource requirements, BPS Ceilings and allocations for the Financial Year 2024/25 and the Medium-Term Budget both for Recurrent and Development Expenditure is as shown in the tables below;

Table 1: Requirement, BPS Ceilings and Allocations (Amount Kshs. Million)

Vote 1082	**Baseline FY 2023/24**	**Requirement**			**BPS Ceiling**			**Allocation**		
		2024/25	**2025/26**	**2026/27**	**2024/25**	**2025/26**	**2026/27**	**2024/25**	**2025/26**	**2026/27**
Current Expenditure	65,894.2	87,945.0	104,965.0	120,738.0	66,833.9	69,281.9	71,909.9	60,497.0	69,132.0	71,754.0
Capital Expenditure	40,235.3	231,490.0	252,011.0	277,313.0	55,113.2	58,877.5	60,328.0	39,517.0	48,439.0	48,793.0
Total	**106,129.5**	**319,435.0**	**356,976.0**	**398,051.0**	**121,947.1**	**128,159.4**	**132,237.9**	**100,014.0**	**117,571.0**	**120,547.0**

Table 2. Breakdown of Recurrent Requirements, BPS Ceilings and Allocations (Kshs. Million)

Economic Classification	**Baseline FY 2023/24**	**Requirement**			**BPS Ceiling**			**Allocation**		
		2024/25	**2025/26**	**2026/27**	**2024/25**	**2025/26**	**2026/27**	**2024/25**	**2025/26**	**2026/27**
Gross	65,894.2	87,945.0	104,965.0	60,497.0	66,834.0	69,282.0	71,910.0	60,497.0	69,131.6	71,754.5
AIA	20,627.0	22,377.0	23,130.0	22,377.0	22,377.0	22,367.0	22,367.0	22,377.0	22,367.0	22,367.0
Net	45,267.2	65,568.0	81,835.0	38,120.0	44,457.0	46,915.0	49,543.0	38,120.0	46,915.0	49,543.0
Compensation to	8,716.0	22,964.0	35,575.0	7,940.0	8,692.0	8,825.0	8,963.0	7,940.0	8,236.3	8,351.7

employees										
Transfers, Grants and Subscription	55,337.0	62,448.0	66,774.0	51,722.0	56,399.0	58,681.0	61,119.0	51,722.0	59,910.1	62,371.1
Other Recurrent	1,841.0	2,533.0	2,616.0	835.0	1,743.0	1,776.0	1,828.0	835.0	986.0	1,031.0

Table 3. Breakdown of Development Requirements, BPS Ceilings and Allocations (Kshs. Million)

Economic Classification	Baseline - FY2023/24	Requirement			BPS Ceiling			Allocation		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Gross	**40,235.3**	**231,490.0**	**252,011.0**	**277,313.0**	**59,113.2**	**58,877.5**	**60,328.0**	**39,517.0**	**48,439.0**	**48,793.0**
GOK	28,724.0	209,023.0	225,000.0	245,000.0	40,242.0	39,553.0	40,669.0	24,985.0	29,811.0	31,269.0
Loans	5,133.3	15,899.0	20,000.0	22,000.0	13,291.5	13,292.0	13,292.0	9,650.0	12,864.0	12,157.0
Grants	6,378.0	6,568.0	7,010.0	11,312.0	5,579.7	6,032.5	6,367.0	4,882.0	5,764.0	5,367.0
Local AIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 4. Requirements, BPS Ceilings and Allocations per Program (Kshs. Million)

VOTE/PROGRAMME	Baseline - FY2023/24	Requirement			BPS Ceiling			Allocation		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
	Kshs. Million									
Programme 1 - National Referral and specialized Services										
Total Expenditure Programme 1	60,368.4	111,940.3	122,876.5	142,993.3	70,228.1	62,418.5	62,530.2	64,322.0	71,359.0	73,427.0
Programme 2 - Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH										
Total Expenditure Programme 2	16,397.3	28,235.7	29,439.4	30,639.5	22,896.9	28,703.1	30,195.4	16,732.0	22,565.0	23,046.0
Programme 3 - Health Research and Development										
Total Expenditure Programme 3	4,537.0	6,365.0	7,395.7	8,519.2	4,794.0	5,486.0	5,560.2	3,928.0	5,000.0	5,259.0

Programme 4 - General Administration, Planning & Support Services										
Total Expenditure Programme 4	24,826.8	170,618.1	187,264.0	205,899.0	28,028.0	31,551.8	33,952.2	15,029.0	18,644.0	18,815.0
Total Expenditure 1082 Vote	**106,129.5**	**317,159.0**	**346,975.7**	**388,050.9**	**125,947.0**	**128,159.4**	**132,238.0**	**100,011.0**	**117,568.0**	**120,547.0**

Table 5. SAGAs Recurrent Requirements Vs Allocation (Kshs. Million)

S/No	Printed FY 2023/2024	Requirements FY 2024/25	Gross Allocation FY 2024/25	Gross Allocation FY 2025/26	Gross Allocatio FY 2026/27
SAGAs under 1082 State Department for Medical Services					
1082000701 Kenya Medical Supplies Agency	5,990	5,748	5,200	5,283	5,304
1082000900 Kenyatta National Hospital.	21,559	24,917	18,408	20,294	21,277
1082001001 Moi Teaching and Referral Hospital	12,974	14,296	10,851	13,594	14,160
1082001201 Kenya Medical Research Institute	3,307	2,509	2,509	3,446	3,705
1082001301 National Cancer Institute	201	800	170	208	219
1082001601 Mwai Kibaki Teaching & Referral Hospital Othaya	1,381	2,271	1,379	1,418	1,459
1082001701 Kenyatta University Teaching Referral & Research Hospital (KUTRRH).	6,138	8,265	5,336	6,230	6,385
1082002500 Kenya Board of Mental Health.	50	200	99	167	477
1082002300 Kenya Biovax Institute	150	634	281	354	354
1082002800 National Aids Control Council.	967	1,417	972	1,166	1,258
1082000400 Mathari National Hospital	1,283	4,200	1,054	1,128	1,152
Total	54,000	65,257	46,259	53,288	55,750

4. New and Stalled Projects

The State Department has three new projects and one stalled project (Construction of the Neuropsychiatric Hospital). The list of the new and stalled projects is attached Annex III and IV.

5. Pending Bills

The State Department has pending bills amounting to **Kshs. 96million** for FY 2023/24. Details of pending bills are attached in Annex IV.

6. Key Unfunded/Underfunded Areas

The Budget Estimates has provided funding towards key strategic interventions in the health sector for service delivery. However, there are key areas that are unfunded/underfunded and this is expected to affect service delivery. The key areas not fully funded include the historical under funding of salaries in SAGAs, the Presidential directive projects, Managed Equipment services human vaccines production and provision of medical commodities for strategic health programmes e.g., procurement of HIV/AIDS, family planning and vaccines. The details are shown below;

I. Operations and Maintenance - Kshs.500 Million

The mandate of the State Department under schedule 4 requires monitoring and evaluation of programmes. These funds will cater for expenditures to be incurred in the monitoring of the projects and programmes.

Current Grant Transfers to SAGAs - Kshs. 2.8Billion

PE requirement has been a perennial problem that has occasionally caused disruptions in provision of services in key Referral hospitals such as KNH, MTRH, Satellite hospitals such as Othaya Hospital, KEMRI amongst other SAGAs. These include;

No.	SAGA	Unfunded (Millions)	Remarks
1.	Kenyatta National Hospital and satellite Hospitals (Mwai Kibaki Hospital & Mama Margaret Uhuru Hospital)	804	To cater for implementation of Affordable Housing Levy (AHL), NSSF reviewed contributions and Staff Mortgage Scheme.
2.	Moi Teaching & Referral Hospital	944.1	To cater for unpaid salary obligation and MRTH Staff Pensions Scheme.
3.	Kenya Medical Research Institute	1,098	To cater for Affordable housing Levy, Pension Benefit Scheme and pending court order claims.
Totals		**2,846.1**	

II. Implementation of the Social Health Insurance Fund – Kshs 94.9B

These funds are earmarked for scaling up the Social Health Insurance Fund (SHIF) in implementation of the Social Health Insurance Act, 2023, Primary Health Care Act, 2023, and Digital Health Act, 2023. These three Acts which have been enacted established the Primary Health Care Fund and The Emergency, Chronic and Critical Illness Fund.

Table3: Summary of PHC and EC&CI Funds Requirement against Allocation and Funding Gap

s/n	Project Name	Budget Requirement FY2024/25	Budget Allocation FY2024/25	Budget gap
1.	Primary Health Care Fund	50Billion	4.1Billion	45.9Billion
2.	The Emergency, Chronic and Critical Illness Fund	49.5Billion	500Million	49Billion
Total		**99.5 Billion**	**4.6Billion**	**94.9 Billion**

III. Development Budget Unfunded Priorities

i) Managed Equipment Service (National Equipment Services Programme) – Kshs 6.3B

Following the deliberations between the National Government and the Council of Governors (CoG) in relation to the Managed Equipment Services (MES) Project, it was agreed that the County Governments shall be required to initiate a transparent process for procurement of their own equipment. However, as a stop gap measure, the existing contractual obligations shall be negotiated for extension up to the end of March 2024. In the Sector working group retreat, the project was allocated **Kshs 3.5Billion**.

ii) Procurement of HIV, Family Planning and Vaccines Commodities- Kshs.14.1 Billion

The budget requirement is for procurement of strategic commodities under HIV, Family Planning and Vaccines programmes. However, there has been a perpetual rationalization of these funds over the years during Supplementary Estimates affecting achievement of the set targets. Further, there has been a steady reduction in donor funding for these programmes and therefore calls for the need to increase GoK counterpart funding to offset the deficit especially for these medical commodities that are critically needed by a vast majority of the Kenyan Populace.

The State Department further requests that these funds be ring-fenced in the FY 2024/25 and the Medium Term and further be exempted from any budgetary cuts in Supplementary Estimates.

IV. IMPLEMENTATION OF PENDING PRESIDENTIAL DIRECTIVES

The State Department is in receipt of various correspondences from the Chief of Staff and Head of the Public Service requesting the State Department to implement various Presidential directives. The State Department has forwarded these requests for funding to the National Treasury for consideration but they have not been funded. These Directives include the following projects:

i. Funding for Equipping and Improvement of Chepkemel and Chepsaita Dispensaries in Uasin Gishu County Kshs.40M

Reference is made to letter **Ref. No.OP/CAB.26/1/31** dated 19th January, 2024 from the Chief of Staff and Head of Public Service on Presidential Directive to allocate funds for Chepkemel and Chepsaita dispensaries at a cost of **Kshs.40,000, 000**. In our letter **Ref: MOH/SDMS/FIN/BGT/VOL.II (22)** dated 26th January, 2024 we requested the National Treasury to consider provision for this Presidential Directive. (Copy attached).

ii. Funding for Upgrading Chuka County Referral Hospital to Level V- Kshs 100M

The State Department is in receipt of a letter **Ref:SH/ADM/16 (5)** dated 19th December 2022 from the Chief of Staff and Head of Public Service seeking to upgrade Chuka County Referral Hospital at a cost of **Kshs. 100,000,000** for operationalization of the High Dependency Unit and Intensive Care Unit. We seek the intervention of the National Treasury to support this initiative.

iii. Upgrading of a Health Facility to Level VI Hospital, Mombasa County- Kshs 5Billion

The State Department makes reference to a letter **Ref. No.OP/CAB.26/1/3A** dated 8th November, 2023 from the Chief of Staff and Head of Public Service requesting the State department to make a Budget provision of between Kshs 5Billion -10 Billion for Upgrading of a Health Facility to Level VI Hospital in Mombasa County. The State Department forwarded this request to the National Treasury for consideration of funding.

iv. Construction of an Intensive Care Unit (ICU) At Kinango Level IV Hospital, Kwale County- Kshs 50Million

Reference is made to a letter **Ref. No.OP/CAB.26/1/3A** dated 15th November, 2023 from the Chief of Staff and Head of Public Service on Construction of an Intensive Care Unit (ICU) at Kinango Level IV Hospital, Kwale County (Copy Attached). In the letter, the Head of Public Service has requested the Ministry to effect implementation of a Presidential Pronouncement that directed funding provision of Kshs 50Billion for construction of an ICU Unit at Kinango Level IV Hospital. It is in this regard that the State Department is requesting the National Treasury to provide Kshs 50Billion for implementation of the Presidential Pronouncement.

v. Upgrading Chuka County Referral Hospital to Level V

We are in receipt of a letter **Ref: SH/ADM/16 (5)** dated 19th December 2022 from the Chief of Staff and Head of Public Service that sought to upgrade Chuka County Referral Hospital at a cost of **Kshs. 100,000,000** for operationalization of the High Dependency Unit and Intensive Care Unit. We seek the intervention of the National Treasury to support this initiative.

vi. Construction of a Modern Hospital at Ortum and Auxiliary of Public Interest Facilities During Road Dualling Projects, West Pokot County Kshs.3B

Reference is made to letter **Ref. No. OP/CAB.26/1/3A** dated 17th April, 2024 from the Chief of Staff and Head of Public Service on Presidential Directive to allocate funds for Kshs. 3B for Construction of a Modern Hospital at Ortum and Auxiliary of Public Interest Facilities during Road Dualling Projects, West Pokot County. The State Department through letter **Ref: MOH/SDMS/FIN/BGT/VOL.II (131)** dated 2nd May, 2024 requested the National Treasury to consider provision for this Presidential Directive. (Copy attached)

The total amount required for the Presidential Directives is Kshs. 8,254Million as shown in the table below:

Summary of Presidential Directives and their Budget Requirements

	Presidential Directive	**Amount (Kshs Million)**
1	Funding for Equipping and Improvement of Chepkemel and Chepsaita Dispensaries in Uasin Gishu County	40
2	Funding for Upgrading Chuka County Referral Hospital to Level V	100
3	Upgrading of a Health Facility to Level VI Hospital, Mombasa County-	5,000
4	Construction Of An Intensive Care Unit (ICU) At Kinango Level IV Hospital, Kwale County	50

5	Completion of Construction Works for a Trauma Centre at Kirinyaga County	50
6	Construction Of a Modern Hospital at Ortum and Auxiliary of Public Interest Facilities During Road Dualling Projects, West Pokot County	3,000
7.	Construction of Urenga Level III Hospital, Siaya County	50
Total		**8,254**

V. REQUEST FOR FUNDING OF THE FOLLOWING FACILITIES/HOSPITALS

The State Department requires Development budget provision for the following facilities meant for Infrastructural development for the health centres/Hospitals.

Summary of Proposed Required Budget Allocations

	Facility/Hospital	**Amount Required (Kshs Millions)**
1	Namanjalala Hospital	50
2	Kopsiro Hospital	50
3	Mt. Elgon Hospital	50
4	Sikhendu Hospital	50
5	Githongo Hospital	50.4
6	Suam Customs Health Centre	50
7	Sagana Health Centre	50
8	Mogotio Health Centre	70
9.	Samburu Health Centre	50
Total		**470.4**

The State Department requests the Committee to consider the above additional requests to ensure the planned programmes are fully implemented to ensure Kenyans get quality specialized healthcare services, avoid stalling of ongoing projects and ensure Kenyans get return on investments in health sector through better service provision.

6. Conclusion

The State Department has attached the following annexes to provide additional information to the Committee.

Annex I	Budget Estimates for FY 2024/25
Annex II	Status of Budget Implementation
Annex III	Projects information
Annex IV	List of New Projects
Annex V	List of pending bills as at 31st March 2024

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

Introduction

First of all, let me express my gratitude to this Committee for granting us this opportunity to submit the presentation of the FY2024/25 Draft Estimates and implementation status of the Approved Budget for FY 2023/24 to the State Department for Public Health and Professional Standards (SDPH&PS). This is part of your mandate as enumerated both in the Constitution of Kenya 2010 and the Public Financial Management Act 2012.

The Constitution guarantees Kenyans the right to the highest standards of Health. For this reason, the Government has identified healthcare delivery as one of the core pillars of the Bottom-Up Economic Transformation Agenda. In order to deliver Universal Health Coverage , The Government embarked on various interventions to: i) provide fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans, ii) install digital health management information system, iii) set up a fund for improving health facilities; iv) set up an Emergency Medical Treatment Fund, iv) establish a National Insurance Fund that covers all Kenyans , and v) avail medical staff who would deliver Universal Health Coverage.

The Health Sector has made tremendous improvement in health systems strengthening. One notable thing is that the focus has been mainly on curative health and less investments continues to be made in preventive health. This is contrary to the public views during the budget making consultations, the public insists that the Government should invest more in prevention. It is a matter of fact that "prevention is better than cure", it is also important to note that 1 USD used in preventive health saves 9 USD in curative health. To further deliver universal health coverage, the Government has instituted a paradigm shift to preventive and promotive health rather than curative. The shift will further be strengthened by the promotive services provided by community health promoters at the household units, and integration of preventive services at the primary health care levels. These services will include screening for conditions such as hypertension, diabetes and eye conditions; offer necessary health education on water and sanitation, nutrition and provide community rehabilitation services, among others. These services will be provided through multidisciplinary teams that will be established at the level of the Primary Care Networks.

To this end and to ensure sustainability in health service delivery, I wish to appreciate the decision by H.E. the President in creating the State Department that focuses on preventive health and enhancing profession standards of healthcare workers. It is therefore incumbent upon the Health Sector to re-focus and change bias from curative to preventive health care as envisaged in Kenya Vision 2030. This Committee and Parliament in general also has a critical role to play in budgetary allocation to ensure the State Department is able to deliver on critical mandate of preventive healthcare.

Turning to budgetary allocations in regards to the proposed FY2024/25 Draft Estimates, the Health sector has a total allocation of **Kshs. 126,000 million** out of which **Kshs. 26,834million** has been allocated to the State department for Public Health and Professional Standards which translates to **21.30%** of the Sector allocation. We acknowledge the need to invest in curative health but we believe investments in preventive health needs to be increased because by reducing preventable diseases and empowering the people to take control of their health. We shall ensure a sustainable financing model of health care in this Country.

Having recognized this Committee as an important stakeholder in achieving our mandate and being cognizant of the current economic situation in the Country, I will later in my presentation make a request for your consideration to allocate an additional **Kshs 35,584.6 million** to finance some key areas that are under/not funded in the proposed Draft Budget Estimates for the FY2024/25. These include: Port Health Services; Disease Surveillance; Kenya Health Professions Oversight Authority; Kenya National Public Health Institute; National Quality Control Laboratories; National Public Health Laboratories; Food safety; Neglected Tropical Diseases; Clinical Waste Disposal Systems; Health Promotion and Education; Intergovernmental Forums; and Radiation Protection Project.

The State Department comprises of the following Directorates and Semi-Autonomous Government Agencies: Preventive and Promotive, Public Health and Sanitation, Health Standards, Regulation and Quality Assurance, Health Sector Coordination and Intergovernmental Relations and Administration and Support Services.

The State Department has twenty (20) Semi-Autonomous Government Agencies (SAGAs) namely: -

I. Kenya Medical Practitioners and Dentist Council (KMPDC)
II. Kenya Health Professions Oversight Authority (KHPOA)
III. Kenya Medical Training College (KMTC)
IV. Kenya National Public Health Institute (KNPHI)
V. Kenya Hospital Authority Trust Fund
VI. Counselors and Psychologists Board
VII. Physiotherapy Council of Kenya
VIII. Clinical Officers Council of Kenya (COC)
IX. Kenya Medical Laboratory Technicians and Technologists Board (KMLTTB)
X. Nursing Council of Kenya (NCK)
XI. Kenya Nutritionists and Dieticians Institute (KNDI)
XII. Health Records and Information Managers Board
XIII. Pharmacy and Poisons Board (PPB)
XIV. National Quality Control Laboratories (NQCL)
XV. Public Health Officers and Technicians Council
XVI. Kenya Nuclear Regulatory Authority (KNRA)
XVII. Kenya Institute of Primate Research (KIPRE)
XVIII. Kenya Health Human Resource Advisory Council (KHHRAC)
XIX. Tobacco control board

XX. Occupational therapy Council of Kenya

Ministry Vision and Mission

In fulfilling its mandate, the State Department for Public Health and Professional Standards is guided by the following Vision, Mission and Strategic Objectives:

The vision, mission, core values and strategic objectives have been developed in the framework of the mandate and strategic plans.

1.1 Vision

The vision of the sector is "A healthy, productive and globally competitive nation" (From KHSSP)

1.2 Mission

The sector mission is "To build a progressive, responsive and sustainable Health care system for accelerated attainment of the highest standard of health to all Kenyans".

1.3 Strategic Objectives

The State Department derives its strategic objectives as stated in the health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. They include:

I. To eliminate communicable diseases
II. To halt and reverse rising burden of NCDs
III. To reduce the burden of violence and injuries
IV. To provide essential healthcare
V. To minimize exposure to health risk factors
VI. Strengthen collaboration with private and health related institutions.
VII. Strengthen health professionals' regulatory mechanisms
VIII. Strengthen health workforce production and management

1.4 Mandate/Functions of The State Department for Public Health and Professional Standards

On the functions/mandate for the State Department for Public Health and Professional Standards, its Directorates and Agencies based on the Executive Order No. 2 of November 2023:

The functions for the State Department for Public Health and Professional Standards are as follows;

i. Public Health and Sanitation Policy;
ii. Preventive and Promotive Health Services;
iii. Policy on Human Resource Development for Health Care Workers;
iv. Health Education Management;
v. Food Quality, Hygiene and Nutrition Policy;
vi. Quarantine Administration;
vii. Radiation Policy;
viii. Administration of the legal and institutional framework for the control of the production, manufacture, sale, labeling, advertising, promotion, sponsorship and use of tobacco products;
ix. Control and Management of Tuberculosis (TB) and other lung diseases; and Malaria Control and Management; and
x. Control and Management of Leprosy

1.5 The Directorates

1.5.1 Preventive and Promotive

The mandate of the Directorate is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks on preventive and promotive health services, prevention of communicable and non-communicable diseases, Mental health and wellness, accidents and injuries; health education and promotion in collaboration with other relevant stakeholders. This is composed of three (3) divisions namely: Communicable disease, Health and wellness promotion and Health education management

1.5.2 Public Health and Sanitation

The mandate of the Directorate of Public Health and Sanitation is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks pertaining to provision of Public Health and Sanitation services in collaboration with other relevant stakeholders. This is composed of four (4) Divisions namely: Disease surveillance and response, Environmental health and sanitation, National laboratory services, Food safety and Port health.

1.5.3 Health Standards, Regulation and Quality Assurance

The mandate of the Directorate is to formulate, review and oversee implementation of policies on health standards, quality assurance and regulatory health services. This is composed of four (4) Divisions namely: Division of Health Standards, Division of Quality Assurance, Division of Health Regulation and Legislation and Division of Professional Standards (includes HRH).

1.5.4 Health Sector Coordination and Intergovernmental Relations

The mandate of the Directorate is to coordination, engagement and involvement of Government Ministries, Agencies, Departments; County Governments; Foreign governments, non-state actors and stakeholders in the formulation, review, implementation and monitoring of health-related policies, programs and projects. This is composed of three (3) Divisions namely: Health Sector Coordination and Intergovernmental Relations, International Health Relations and Health Sector monitoring and Research.

1.5.5 Administration

The functions of Administration involve the development and maintenance of internal monitoring systems and procedures, as well as the creation and implementation of annual administrative work plans and programs. Additionally, administration oversees the planning and budgeting for administrative functions, coordinates national government functions and policies, and provides strategic leadership and policy direction for effective implementation of government policies. Furthermore, administration is responsible for providing general guidance on national security coordination, coordinating the provision of agency services to other government departments and institutions, and ensuring the security of government property, assets, facilities, and inventory. This is composed of seven (10) Divisions namely: Procurement, Records management, Human Resource Management and Development, Planning, Finance and Accounts, Public Communication, ICT, Legal and Transport.

1.6 Semi-Autonomous Government Agencies (SAGAs)

The State Department currently has twenty (20) SAGAs, which are outlined below. Of these, only eight is contained in the budget for the State Department. The SAGAs and their functions are outlined below:

S/No.	SAGA's	Mandate
1.	Kenya Medical Training College (KMTC)	Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya as amended by Act No.5 of 2019). The College is mandated with the role of training of the various health disciplines, to serve Kenya and beyond. The College has a population of over 62,807 students in 74 campuses spread across 44 counties in the country. The College contributes 85% of the local mid-level healthcare workforce.
2.	Kenya Nuclear Regulatory Authority(KENRA)	The Kenya Nuclear Regulatory Authority (KENRA) is a State Corporation, established on 10th January 2020, by the Nuclear Regulatory Act, 29 of 2019. It is mandated to ensure the safe, secure and peaceful use of nuclear science and technology and provide for the protection of persons, property and the environment against the harmful effects of ionizing radiation through the establishment of a system of regulatory control.
3.	Kenya Medical Practitioners & Dentists' Council	The Kenya Medical Practitioners and Dentists Council is established under Section 3 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. The mandate of the Council is to regulate the practice of medicine, dentistry and health institutions in the country. This Act was enacted by Parliament in 1977 and came into operation on 1st January 1978.
4.	Kenya Health Human Resource Advisory Council (KHHRAC)	The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country.
5.	Kenya Health Professions Oversight Authority (KHPOA)	The Kenya Health Professions Oversight Authority is a corporate body created by part VI of the Health Act no. 21 of 2017 with the mandate of providing oversight in training, registration and licensing of health professionals; coordinating joint health inspections;

		receiving and facilitating resolution of complaints and arbitrating disputes and conflicts; and monitoring execution of respective mandates and functions of health regulatory bodies. It has been categorized by the State Corporation Advisory Council (SCAC) as a Regulatory Corporation category PC 6.
6.	Nursing Council of Kenya (NCK)	The Nursing Council of Kenya (NCK) is a regulatory body under the Ministry of Health established on 10th June 1983 by an Act of Parliament under the Nurses Act Chapter 257 of the Laws of Kenya. It is mandated to make provision for the training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes
7.	Clinical Officers Council (COC)	The Clinical Officers Council was established under the Clinical Officers Act, Cap 260. The Act was assented on August 24, 1988 and repealed in 2017 and replaced by Act No 20 of 2017. The mandate of the Council is to make provision for the training, registration, and licensing of clinical officers, regulate their practice, and for connected purposes.
8.	Kenya Medical Laboratory Technicians & Technologist Board (KMLTTB)	The Medical Laboratory Technicians and Technologists Act was assented on January 6, 2000, and commenced on December 22, 2000. The mandate of KMLTTB is to provide for training, registration and licensing of medical laboratory technicians and technologists.
9.	Kenya Nutritionist & Dieticians Institute (KNDI)	The Kenya Nutritionists & Dieticians Institute (KNDI) was established to provide for training, registration, and licensing of nutritionists and dieticians; to provide for the registration of the standards and practice of the profession; to ensure their effective participation in matters relating to nutrition, dietetics; and for related purposes under the Nutritionists & Dieticians Act No. 18 of 2007.
10.	Public Health Officer & Technicians' Council	The Public Health Officers and Technician's Council is a statutory body established under the Public Health Officers (training, registration and licensing) act no. 12 of 2013 to regulate training registration and licensing of public health officers in Kenya. The mandate of the council is to; exercise general supervision and control over training, practice and employment of public health officers and technicians in Kenya and to advise the government to all aspects thereof.

11.	Pharmacy & Poisons Board (PPB)	The Pharmacy and Poisons Board (PPB) was established under Cap 244, of the Pharmacy and Poisons Act 1957 and last revised in 2009. The mandate of the Board is to: make provision for the control of the profession of pharmacy and the trade in drugs and poisons; regulate and register pharmacists Authorizing pharmacists to sell medicines and related products, as well as for remedial measures in cases of violation of professional conduct and discipline.
12.	Tobacco Control Board (TCB)	Tobacco Control Board is established under Section 5 of Tobacco Control Act 2007. Its mandate includes advising the Minister on the national policy to be adopted with regard to the production, manufacture, sale, advertising, promotion, sponsorship and use of tobacco and tobacco products.
13.	National Quality Control Laboratory (NQCL)	The National Quality Control Laboratory was established in 1992 as a body corporate, under the Pharmacy and Poisons (Amendment) Act of 1992 (Cap 244, Laws of Kenya). It was prequalified by World Health Organization (WHO) in 2008. NQCL is mandated to carry out the examination and testing of drugs and any material or substance from or with which and the manner in which drugs may be manufactured, processed or treated and ensuring the safety and quality control of drugs and medicinal substances; (b) performing chemical, biological, bio-chemical, physiological and pharmacological analysis and other pharmaceutical evaluation; and (c) testing, at the request of the Board and on behalf of the Government, of locally manufactured and imported drugs or medicinal substances with a view to determining whether such drugs or medicinal substances comply with this Act or rules made thereunder.
14.	Physiotherapist Council of Kenya	The Physiotherapist Council of Kenya is established under the Physiotherapist Act no. 20 of 2014 to regulate the Training, Registration, and Licensing of physiotherapists in Kenya.
15.	Health Records & Information Managers Board	Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, 2016 (No. 15 of 2016) and amendments provided for in the Health Laws (Amendment) Act, 2019. The Board is mandated to

		regulate training, registration, licensing and practice of Health Records and Information Managers.
16.	Counsellors & Psychologist Board	The Counsellors and Psychologist Board is established under part 2 of the Counsellors and Psychologist Board Act, 2014 (No. 14 of 2014). The Act provides for the training, registration, licensing, practice and standards of Counsellors and Psychologists
17.	The Kenya National Public Health Institute	The Kenya National Public Health Institute was established under CAP 446 Laws of Kenya and came into operation under Legal Notice no.14 on 21st Jan 2022. It is mandated to establish mechanisms to facilitate quick detection of outbreaks and emergencies; Conduct vulnerability and risk assessment, and mitigate various health-threatening issues in collaboration with non-health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations.
18.	Kenya Hospital Authority Trust Fund	The Kenya Hospital Authority Trust Fund (KHATF) was established in 1968 by the then, Minister of Health through a Trust Deed in exercise of the powers conferred upon the Minister by National Hospital Insurance Fund Act of 1966 Section 42(3). The objective of the fund as spelt out in section 1 of the Trust Deed was the "furtherance of medical education in association with the University College of Nairobi".
19.	Occupation Therapy Council of Kenya	The Occupational Therapy Council is established under the Occupational Therapists (Training, Registration and Licensing) Act No. 31 of 2017. The mandate of the Council is to regulate the training, registration, licensing and the practice of occupational therapists.
20.	Kenya Institute of Primate Research (KIPRE)	The Kenya Institute of Primate Research (KIPRE; formally, Institute of Primate Research) is a biomedical research facility which has existed since 1958. KIPRE ethically utilizes non-human primates and other experimental animals for research resulting in the production and commercialization of vaccines, drugs, therapies, medical interventions and services to improve human health. It is located in Karen with research focusing on Tropical and infectious diseases, Reproductive Health and Biology; Non-communicable diseases; Phage therapy for microbial resistance, Snake bite research and intervention and One-Health research on emerging pathogens and diseases that

		involve Human, Wildlife, Livestock and the Environment. KIPRE is established vide Legal Notice no. 273 (ST&amp Act no. 28 of 2013). Furthermore, KIPRE's research capacity and compliance with international best practices has enabled it gain recognition by United States National Institutes of Health Office of Laboratory Animal Welfare, accredited by African Network for Drug and Diagnostics Initiative (ANDI) as center for drug development and testing, recognized as a World Health Organization (WHO) Collaborating Centre and the facility is accredited by the American Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC). KIPRE was recently certified for Good Financial Grant Practices (Silver Medal) and it's the first in the entire African Continent to achieve this compliance. The research capacity at KIPRE and its international acclaim offers the institution a solid foundation to operate as a premier biomedical research facility in Kenya and Africa.

1.0 FY 2024/2025 and the Medium-Term Budget Estimates

As was outlined in the invitation letter sent to the State Department. The requested documents are responded on as shown below and will be found on the specified Annexes which are attached to this report as follows:

i. Identification of any significant deviation between the budget estimates and the approved 2024 Budget Policy Statement Ceilings;
ii. Status of the budget implementation for FY2023/2024
iii. Project Information including start date, total project cost, cumulative expenditure as of March 2024, physical completion status as of 31st March 2024, and geographical location (County and Sub-County) of the project, allocation for FY2024/25 and the Medium-term
iv. List of New Projects and justification;
v. List of pending Bills as of 31st March 2024, if any, and the strategy for their resolution;
vi. List of stalled projects indicating their status of completion as of 31st March 2024 and any measures being taken to completion;
vii. A statement on the alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA); and,

viii. Any pertinent issues affecting the Statement in the attainment of its program performance targets

2.1 Deviation between the budget estimates and the approved 2024 Budget Policy Statement

The State Department for Public Health and Professional Standards intends to implement four (4) Programmes and twelve (12) Sub-Programmes in the FY2024/2025 and the medium term as follows:

Programmes and Sub-programmes

Programme	Programme objectives
Programme 1: Preventive & promotive health services	Reduced disease burden due to preventable causes
Programme 2: Health resource development & innovation	Enhanced health human resources for quality health care
Programme 3: Health policy standards & regulations	Strengthened quality health standards & regulations
Programme 4: General administration	Effective governance & administration strengthened

Programmes and Sub-programmes

Programme	Sub Programmes
P1. Preventive and promotive health service	● SP 1.1 Communicable diseases control ● SP1.2 Disease surveillance and response ● SP1.3 Public Health Services ● SP1.4 Radiation safety and nuclear security ● SP1.5 Primary Health Care
P2. Health resource development & innovation	● SP2.1 Capacity building and training (Preservice and Inservice training) ● SP2.2 Research and Innovation on health ● SP2.3 Health Profession Services
P3. Health Policy Standards and Regulation	● SP3.1 Health Standard Quality Assurance ● SP3.2 Healthy Policy planning and Financing
P4. General Administration Planning and support services	● SP4.1 General administration Human resource management and development ● SP4.2 Finance and Planning

The analysis below shows the proposed budgetary allocation of resources to the State Department at both Recurrent and Development level as was submitted to this Committee in the 2024 Budget Policy Statement Versus the proposed allocation in the FY2024/25 Draft Estimates;

The total Gross Budget for the State Department for 2024/25 Financial Year (Draft estimates) is **Kshs. 26,834,935,123** made up of **Kshs. 21,781,755,123** in recurrent vote and **Kshs. 5,053,180,000** in development vote respectively. As per the 2024 Budget Policy Statement as submitted to the National Assembly, the total Gross Budget for the State Department for 2024/25 Financial Year was **Kshs. 25,673,999,995** made up of **Kshs. 20,512,499,995** in recurrent vote and **Kshs. 5,161,500,000** in development vote respectively which are analyzed hereunder: -

a) **Recurrent**

Details	**BPS Estimates FY 2024/25**	**Draft Estimates FY 2024/25**	**Deviation**
Personnel Emoluments	5,336,000,000	5,299,816,880	(36,183,120)
Operation & Maintenance	658,140,000	842,233,253	184,093,253
Transfers to SAGA's	14,518,359,995	15,639,704,990	1,121,344,995
Gross	***20,512,499,995***	***21,781,775,123***	***1,269,275,128***
AIA	***8,020,000,000***	***8,020,000,000***	-
Net	***12,492,499,995***	***13,761,775,123***	***1,269,275,128***

b) **Development Vote**

Project	**BPS Estimates FY 2024/25**	**Draft Estimates FY 2024/25**	**Deviation**
Dietetics Services Improvement	200,000,000	70,000,000	(130,000,000)
Clinical Waste Disposal System	63,000,000	30,000,000	(33,000,000)
Procurement of Anti TB Drugs Not covered under Global fund TB Programme	300,000,000	300,000,000	-
Construction of Tuition Blocks and Laboratories at KMTC	200,000,000	314,500,000	114,500,000
Equipping of Laboratories and Classrooms at KMTC	500,000,000	500,000,000	-
Special Global Fund Malaria Grant NFM3-DOMC	2,600,000,000	2,600,000,000	-
Special Global Fund TB Grant NFM3	587,000,000	587,000,000	-

Department of Health Systems Strengthening	501,000,000	501,000,000	-
Public Participation Projects	49,500,000	49,500,000	-
Infrastructure Upgrade at Kenya Institute of Primate Research	86,000,000	60,000,000	(26,000,000)
Construction of Examination Centre-KMPDC	75,000,000	41,180,000	(33,820,000)
TOTAL	**5,161,500,000**	**5,053,180,000**	(108,320,000)

The analysis below shows the proposed budgetary allocation of resources to the State Department at both Programme and sub-Programme level as was submitted to this Committee in the 2024 Budget Policy Statement Versus the proposed allocation in the FY2024/25 Draft Estimates;

Programme & Sub-Programmes	**Budget Policy Statement (BPS)**	**Draft Estimates**	**Deviation**
	FY 2024/2025	**FY 2024/2025**	
Programme 1: **Preventive and Promotive Health Services**	**6,148,884,464**	**8,825,846,807**	**2,676,962,343**
Sub-Prog 1.1: Communicable Disease Prevention and Control	3,332,801,981	4,257,462,183	924,660,202
Sub-Prog 1.2: Disease Surveillance and Response	153,899,892	419,048,421	265,148,529
Sub-Prog 1.3: Public Health Services	2,322,159,153	1,307,934,481	(1,014,224,672)
Sub-Prog 1.4: Radiation Safety and Nuclear Security	274,000,000	197,010,000	(76,990,000)
Sub-Prog 1.5: Primary Health Care	66,023,443	2,644,391,722	2,578,368,279
Programme 2: **Health resources development and Innovation**	**14,930,097,631**	**13,940,217,004**	**989,880,627**
Sub-Prog 2.1: Capacity Building and Training	10,919,000,000	9,425,689,000	1,493,311,000

Programme & Sub-Programmes	Budget Policy Statement (BPS)	Draft Estimates	Deviation
	FY 2024/2025	FY 2024/2025	
Sub-Prog 2.2: Research and Innovation on Health	298,140,000	285,520,000	(12,620,000)
Sub-Prog 2.3: Health Profession Services	3,712,957,631	4,229,008,004	516,050,373
Programme 3: Health Policy, Standards and Regulations	**4,050,458,196**	**3,517,504,378**	**(532,953,818)**
Health Standards and Quality Assurance	3,951,913,190	3,422,391,607	(529,521,583)
Health Policy and Regulations	98,545,006	95,112,771	(3,432,235)
Programme 4: General Administration	**544,559,704**	**551,366,934**	**6,807,230**
0412010 General Administration & Human Resource Management & Development	496,734,280	506,813,180	10,078,900
0412020 Finance and Planning	47,825,424	44,553,754	(3,271,670)
Total Expenditure for Vote 1083 State Department for Public Health and Professional Standards	**25,673,999,995**	**26,834,935,123**	**1,160,935,128**

From the above analysis, there is a significant deviation between the budget estimates and the approved 2024 Budget Policy Statement Ceilings totaling to **Kshs. 1,160,935,128.** Some of the areas which have been funded in the proposed Draft Estimates but were not included in the 2024 Budget Policy Statement are;

i. Matching funds from the National Government to pay Stipends to 107,831 Community Health Promoters-Kshs. 2,584,000,000
ii. Training for Human Resource for Health-Kshs. 406,000,000

The State Department wishes to bring to the attention of this Committee that there is a huge reduction in the budgetary allocation to the Semi-Autonomous Government Agencies (SAGAs) deviating from the initial allocation which was presented before this Committee in the 2024 Budget Policy Statement on the Government of Kenya funding to the Agencies. This is shown in the table below;

Recurrent Vote

Name	2024 BPS Allocation	FY2024/25 Draft Estimates	Deviation
SDPH&PS -Personnel Emoluments	5,336,000,000	5,299,816,880	(36,183,120)
Kenya Nuclear Regulatory Authority (KNRA)	174,000,000	97,010,000	(76,990,000)
Kenya Medical Practitioners & Dentists Council	495,000,000	0	(495,000,000)
Nursing Council of Kenya	105,000,000	5,000,000	(100,000,000)
Kenya Medical Training College	5,262,000,000	4,521,689,000	(740,000,000)
Clinical Officers Council of Kenya	20,000,000	0	(20,000,000)
Pharmacy and Poisons Board	26,000,000	0	(26,000,000)
Total	**6,082,000,000**	**4,623,699,000**	**(1,494,173,120)**

Development Vote

Name	2024 BPS Allocation	FY2024/25 Draft Estimates	Deviation
Dietetics Services Management	200,000,000	70,000,000	(130,000,000)
Clinical Waste Management	60,000,000	30,000,000	(30,000,000)
Public Participation Projects	50,000,000	49,500,000	(500,000)
Infrastructure Upgrade at Kenya Institute of Primate Research	86,340,000	60,000,000	(26,340,000)
Construction of Examination Centre-KMPDC	75,000,000	41,180,000	(33,820,000)
Total	**471,340,000**	**250,680,000**	**(220,660,000)**

From the above tables, it can be seen that **Kshs. 1,494,173,120** has been reduced on the recurrent vote from the allocation to the SAGAs in the proposed FY2024/25 Draft Estimates which is a deviation from what was submitted to this Committee in the 2024 Budget Policy Statement. The

National Treasury in its Circular Ref No. DGIPE/A/1/10 dated 27th March, 2024 advised the State Corporations to resubmit their FY2024/2025 recurrent expenditure budget which was to be rationalized to a level that is not more than 70% of the approved FY2023/2024 budget. The level of this proposed rationalization is 100% budgetary reduction which is likely to affect the performance of the affected Agencies and particularly on the payment of the Personnel Emoluments to the staff.

On the Development Vote, the deviation is Kshs. 220,660,000 which will affect the implementation of the capital projects of which some are coming to an end by closure the FY2024/25.

I request the intervention of the Committee to reconsider this proposal and allocate resources to the Agencies mentioned above to even at least pay the personnel Emoluments to its staff and reconsider reviewing the allocation to the capital projects particularly the ones whose project implementation period is coming to an end.

2.2 Status of the budget implementation for FY2023/2024

In the current FY2023/2024, the State Department for Public Health and Professional Standards has been appropriated a gross budget of **Kshs. 28,642,788,118** to implement the activities under four Programmes. This comprise of Kshs. 22,191,096,904 and Kshs. 6,451,691,214 as recurrent and development respectively. Out of the gross budget approved, appropriated AIA is Kshs. 7,976,254,000 and Kshs. 20,000,000 in Recurrent and Development Votes respectively.

As at 31st March, 2024, the levels of absorption were **87.08%** and **69.43%** for Recurrent and Development expenditure respectively up to 31st March 2024 allocation as shown in the table below;

FY2023/2024- Allocation and Absorption Level as at 31st March 2024

Vote	Gross Approved Estimates (Kshs)	Net Approved Estimates (Kshs.)	Total Payment & Commitments (Kshs)	Percentage Absorption
Recurrent	22,191,096,904	14,214,842,904	12,378,221,219	**87.08%**
Development	6,451,691,214	6,431,691,214	4,465,357,242	**69.43%**
Gross Total	**28,642,788,118**	**20,646,534,118**	**16,843,578,461**	**81.58%**

The total payments and commitments have been calculated on the net approved estimates.

a) Current Expenditure

The expenditure by Economic classification is shown in **Table below;**

FY2023/2024 Status of Recurrent Expenditure for the Three quarters by Economic Classification

Economic Item	Item Description	Approved Budget FY2023/24	Net Approved Estimates (Kshs)	Total payments Commitment	Percentage Absorption (KShs)

2100000	Compensation to Employees	7.098,140,000	7,098,140,000	5,555,650,921	**78.27%**
2200000	Use of Good and Services	708,207,465	708,207,465	558,207,465	**78.82%**
2600000	Current Grants to SAGAs	14,314,616,468	6,503,362,468	6,378,262,468	**98.08%**
3111401	Other Recurrent	70,132,971	70,132,971	54,370,890	**77.53%**

b) Development Expenditure

For the development expenditure analysis by economic classification, see the attached **Annex I**-Project Details FY2023/2024 and MTEF Projections.

c) Non-Financial Performance

The performance of non-financial indicators and targets for the FY 2023/24 has been provided in **Annex II**.

2.3 Project Information including start date, total project cost, cumulative expenditure as of March 2024, physical completion status as of 31st March 2024, and geographical location (County and Sub-County) of the project, allocation for FY2024/25 and the Medium-term

For the Project information including start date, total project cost, cumulative expenditure as of March 2024, physical completion status as of 31st March 2024, and geographical location (County and Sub-County) of the project, allocation for FY2024/25 and the Medium-term, see the attached **Annex I**-Project Details FY2023/2024 and MTEF Projections.

2.4 List of New Projects and justification

The State Department has proposed a new project, Setting up of a **Snake Anti-Venom Processing Plant at Kenya Institute of Primate Research (KIPRE).** A snakebite is considered a neglected tropical disease by the World Health Organization, therefore KIPRE proposes to set up an anti-snake venom processing facility through technology transfer in the next 3 years. The Burden of human suffering caused by snakebite has been documented to be high in Kenya. It has recorded that around 20,000 snakebites and 1000 deaths annually.

The National Treasury vide letter Ref No. TNT/PIM/PROJ/6 Vol. I (19) dated 8th November, 2023 granted concurrence the State Department for Public Health and Professional Standards an authority to include the Snake Anti-Venom Processing Plant Facility at Kenya Institute Primate Research (KIPRE) to proceed with the preparation of pre-feasibility study report and further enlist the Project Concept Note on the Public Investment Management Information System (PIMIS). The total project cost is Kshs. 1,825,000,000 which is to be implemented in three years where each year will require a budgetary allocation of Kshs. 608,000,000.

2.5 List of pending Bills as of 31st March 2024, if any, and the strategy for their resolution

The state Department is in the 4th quarter of the FY2023/2024 implementation of the appropriated budget estimates. There is no pending bill already accrued since the current FY2023/24 is still under implementation.

2.6 List of stalled projects indicating their status of completion as of 31st March 2024 and any measures being taken to completion

The State Department does not have any stalled Capital Project.

2.7 A statement on the alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA)

The state department will be implementing the proposed budget estimates to key policies under the umbrella of Bottom-Up Economic Transformation Agenda (BETA) where the health sector is tasked with the following four result areas;

i. Health Commodities Security including local manufacturing
ii. Human Resources for Health
iii. Health Financing
iv. Integrated Health Management Information System

The key sectoral policies underlying the proposed FY2024/25 budget estimates are highlighted as shown below;

i. **Preventive and Promotive Health Shift:**
   a) The government's shift from curative to preventive and promotive health signals a significant policy change.
   b) Integration of preventive services at primary healthcare levels indicates a focus on early intervention and health promotion.

ii. **Community Health Promoters and Primary Care Networks:**
   a) Deployment of community health promoters at household units reflects a policy emphasis on community-based health services.
   b) Establishment of multidisciplinary teams at the Primary Care network level suggests a coordinated approach to healthcare delivery.

iii. **Human Resources for Health:**
   a) Scaling up investment in healthcare workforce indicates a policy priority to address human capital shortages in the public health sector.
   b) Renewal of contracts for workers and enrollment of interns demonstrate a commitment to increasing the availability of healthcare professionals.

iv. **Community Health Promoters (CHP) Recruitment:**
   a) Collaborating with County Governments to recruit and deploy 107,831 community health promoters is a policy initiative aimed at strengthening community health services.
   b) Providing stipends for CHPs, on a matching basis with County Governments, emphasizes financial support for those delivering basic preventive and promotive health services.

v. **Digital Health Agenda:**

Implementation of the electronic community health information systems (e-CHIS) and provision of smartphones for data collection demonstrate a commitment to utilizing technology for real-time, accurate health data.

vi. **Universal Health Coverage (UHC) Focus:**

The overall emphasis on delivering universal health coverage suggests a policy commitment to ensuring healthcare access for all citizens.

The priorities to implement under the Bottom-Up Economic Transformation Agenda (BETA) are as follows;

vi) Prioritization of UHC in line with BETA
vii) Public health disease surveillance and emergency response
viii) Communicable diseases prevention and control-e.g. TB and Malaria
ix) Preventive and Promotive Healthcare
x) Health professions regulation and management
xi) Community High Impact intervention
xii) Enhance infrastructural capacity of KMTC campuses
xiii) Conduct health research and dissemination of the findings to inform decision making
xiv) Maturity Level 3 Standards for NQCL/ PPB for quality of locally manufactured commodities to the WHO standards
xv) Expand internship, training, and centres of excellence.
xvi) Operationalization of the Kenya National Public Health Institute.
xvii) Health system strengthening, use of technology, effective communication and collaboration with multiple stakeholders

2.8 Any pertinent issues affecting the Statement in the attainment of its program performance targets

As earlier highlighted in my opening remarks, the health sector has a total allocation of **Kshs. 126,000 million** out of which **Kshs. 26,834,935,123** has been allocated to the State department for Public Health and Professional Standards which translates to **21.30%** of the Sector allocation. This has left a huge resource gap which will affect the State Department in the attainment of its program performance targets within the FY2024/25. This has been highlighted below as critical areas not funded in the Medium-Term Budget as shown below;

2.0 Critical Areas not funded in the Medium-Term Budget

The State Department submitted a Gross resource requirement of Kshs. 62,419.6million during the Sector working groups. The National Treasury has proposed an allocation of Kshs. **26,835 million** to the State Department thus leaving a resource gap of Kshs. 35,584.6million for the FY 2024/25. However, amongst the resource gap there are very key critical areas that have not been funded in the FY 2024/25 amounting to **Kshs 15,059.63million**. This will largely affect the smooth implementation of the State Departments' mandate as outlined in the Executive Order No. 2 of November 2023.

2.1 Recurrent Vote

During the resource sharing in the Sector Working Groups, the following critical areas were either partially funded or were not funded. This is evidenced on the proposed FY2024/25 Draft Estimates. The total critical areas the State Department is seeking the support of the Honorable members is totaling to Kshs. **11,361,783,464.** These are briefly explained as follows:

i. **Additional Funding to Cater for Personnel Emoluments for the Universal Health Care (UHC) Staff- Kshs. 4,238,452,404**

The State Department requires a total of Kshs. 4,238,452,404 for UHC Personnel Emoluments in the FY 2024/2025 Draft Estimates. This will enable the State Department to pay the salaries for Universal Health Care (UHC) staff. This budgetary allocation has been allocated within the State Department for Medical Services but the function remains under the State Department for Public Health and Professional Standards.

ii. **Additional Funding to Cater for Stipends payable to Community Health Promoters (CHPs)-650,930,000**

The Ministry of Health (MOH) is committed to achieving Universal Health Coverage through a primary healthcare approach that starts at the community level. In recognition that investing in primary health care will result to reduced disease burden with the attendant reduction in health care costs, the Government has committed to fully publicly financed primary healthcare. The Ministry of Health is desirous of partnering with the County Government to provide a framework for the financing of community Health Services thus improving the quality-of-service delivery of Community Health Services to address determinants of health with a goal toward reducing socioeconomic health disparities.

The MOH has supported counties with community health promoter's kits, smartphones and stipends on a matching basis (50:50) for 107,831Community Health Promoters (CHPs). It is on this financing agreement that the National Treasury has provided Kshs. 2,584,000,000 for payment of stipends as part of National Government Contributions in the proposed FY2024/25 Draft Estimates while the required amount is Kshs. 3,234,930,000 thus leaving a deficit of Kshs. 650,930,000.

iii. **Additional Funding to operationalize the State Department-Kshs. 250,000,000.**

The State Department was established through the Executive Order No. 1 of 2023. It came in when the Ministry of Health was split into two State Departments i.e. State Department for Medical Services and State Department for Public Health and Professional Standards. The State Department is in the process of implementing the organizational Structure which has just been approved by the Public Service Commission and other Administrative operational areas. There is no allocation to carry out all these in the proposed Draft Estimates for FY2024/25. The State Department is requesting the National Treasury to allocate Kshs. 250,000,000 to assist the State Department operationalize its activities.

iv. **Additional Funding to Cater for the Presidential Directives-Kshs. 1,952,360,970**

The State Department has received a number of communications from the Head of Public Service and Chief of Staff on Presidential Directives where the State Department has been directed to carry out certain activities within the first and second quarters of this current FY2023/24. A good number of these directives have not been accomplished due to scarce resources appropriated to the State Department. It is from these Directives that the State Department is requesting the National Assembly to consider allocating Kshs. **1,952,360,970** to actualize all these Presidential Directives in the Draft Estimates for the FY2024/25. The following are some of the Presidential Directives which the State Department has already started to implement but are likely to stop due to lack of budgetary provision;

a) Administrative cost on the Implementation of the Community Health Promoters (CHPs) Programme-Kshs. 174,686,220. This is to support the SDPH&PS on overseeing,

monitoring and evaluation of the engagements and service delivery being offered by the CHPs in the entire Republic of Kenya;

b) Establishment of the Primary Health Care Networks in 315 Sub-Counties-Kshs. 1,033,620,000. Primary Health Care (PHC) is a fundamental approach used towards achieving UHC. The SDPH&PS is using the Primary Health Care Networks as the model to implement PHC;

c) Health Facility Census-Kshs. 344,054,750;

d) Recruitment of Additional Teaching Staff at Kenya Medical Training College-Kshs. 400,000,000. The Kenya Medical Training College received an approval from the National Treasury of Kshs. 400,000,000 to cater for recruitment of teaching staff vided Treasury Letter Ref No. RES 1083/23/01'A' (7) dated 4th August, 2023. These additional tutors will enhance quality of training. This additional resource allocation has not yet been factored in the proposed ceilings for the FY2024/25 Draft Estimates. The State Department brings to the attention of the National Treasury to consider factoring this Presidential Directive in the FY2024/25 ongoing preparations of the FY2024/25 Draft Estimates.

v. National Public Health Laboratories-Kshs. 791,886,047

The National Public Health Laboratories requires an additional fund of Kshs. 791,886,047 to Support to the National Public Health Laboratories to improve infrastructure, surge capacity and workforce development, reagents and equipment fort testing.

vi. Kenya National Public Health Institute (NPHI)Additional Funds for Strategic Plan and office space - Kshs. 60,000,000

The National Public Health Institute was established through a legal notice No 14 on 21st January 2024 to address health security and public health threats in the country. To operationalize the institute, a Strategic plan is critical. The Strategic plan will be utilized to guide pandemic preparedness, national plan for health security, laboratory systems and emergency preparedness and response. The NPHI requests for approval of an additional Kshs. 20,000,000 to support the development of the strategic plan. In addition, the Institute needs to get an office space at a cost of Kshs. 40,000,000.

vii. Port Health Services- Kshs. 442,103,608

The State Department requires an additional resource amounting to Kshs. 442,103,608 to enhance Capacity for cross-border diseases detection at the points of entry and establish temporary holding areas.

viii. Scaling up of integrated management of acute malnutrition (IMAM) program – Kshs. 500,000,000

According to the nutrition situation assessment conducted in July 2023, an estimated 945,610 children aged 6-59 months and 144, 940 pregnant and lactating women are acutely malnourished and require urgent treatment. The caseloads are expected to increase. In the past, IMAM program is mainly supported by donors, however with the changing donor landscape there is need for enhancing domestic funding for the program.

ix. Scaling up high impact nutrition interventions at the primary health care (PHC) level – Kshs. 40,000,000

Nutrition is an essential component of PHC and is one of the focus areas under the High impact community health flagship Programme in the MTP IV. Key planned activities include the review/finalization of various nutrition technical packages including the review of nutrition content in the *Community health technical module* and finalization of the *clinical nutrition and dietetics manual.* The activities are estimated to cost Ksh 40 million.

x. Carry Out a National Campaign on Hygiene and Sanitation-Kshs. 338,444,200

The State Department through the Directorate of Health Promotion and Education, plans to implement a national campaign on hygiene and sanitation in order to reduce communicable diseases. This initiative aims to mobilize various actors from all sectors to make their contribution towards behavior change communication and a clean environment.

xi. Pharmacy and Poisons Board- Kshs. 206,000,000

The pharmacy and poisons Board engaged officers with the support of World Bank and USAID to increase the Agency's supervision and surveillance work. The contract for these officers is coming to an end by April 2024. The agreement between the donors and the Pharmacy and Poisons board was that the officers were to be permanently engaged after the expiry of the support from the donors. The State Department therefore requests the National Treasury to consider providing funds to absorb these officers. To support the Board in absorbing the staff who are on contract from the support of World Bank and whose contracts ar4e coming to an end by June 2024.

xii. Kenya Medical Practitioners and Dentist Council (KMP&DC)-Kshs. 40,000,000

The Council requests approval of additional funding of Kshs. 40,000,000 to enable it carry out Countrywide verification/inspection of all Health facilities in readiness of the Universal Health Care (UHC) implementation.

xiii. National Quality Control Laboratory (NQCL)- Kshs. 344,700,000

NQCL is requesting for resources to help it address the facility infrastructure inadequacies identified from World Health Organization (WHO) Global Benchmarking Tool Assessment carried out in 2022, in pursuit of Maturity Level 3(ML3) status. Additionally, NQCL plans to recruit and train key technical staff to address the staff attrition, which will address the ML3 Human resources gaps.

xiv. Health Records and Information Managers Board (HIRMB)-Kshs. 100,000,000

Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, 2016 (No. 15 of 2016) and amendments provided for in the Health Laws (Amendment) Act, 2019. The Board is mandated to regulate training, registration, licensing and practice of Health Records and Information Managers. The Board requires Kshs. 100,000,000 to Commence Registration and Licensing of all eligible Health Records & Information Personnel resident in Kenya; Establish Board Secretariat - Rent Office Space and Equip it to accommodate board; Recruit full time Human Resources for the board; Commence Examinations for all HRIMB Personnel seeking registration with the board; Ensure all Students admitted in accredited colleges are Indexed by the Board; Ensure all eligible institutions are inspected and accredited by the HRIM Board; and Procure a board vehicle to support us in executing our mandates.

xv. Kenya Medical Laboratory Technicians and Technologists Board (KMLTTB) -Kshs. 60,000,000

The Medical Laboratory Technicians and Technologists Act was assented on January 6, 2000, and commenced on December 22, 2000. The mandate of KMLTTB is to provide for training, registration and licensing of medical laboratory technicians and technologists. KMLTTB requires additional resources to support the agency to fully operate and maximize on generating more revenue to support the agency. It is requesting the National Treasury to consider allocating an additional Kshs. 60,000,000 to support the Agency to fully operate.

xvi. Kenya Health Human Resource Advisory Council (KHHRAC)-Kshs. 500,000,000

The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country. The Board of KHHRAC was Gazetted on 15th May, 2023 and inaugurated by H. E. The President of the Republic of Kenya on 26th June, 2023. To fully operationalize and carry out its mandate, the Board requires an additional Kshs. 500,000,000.

xvii. Clinical Officers Council of Kenya-Kshs. 100,000,000

The Clinical Officers Council was established under the Clinical Officers Act, Cap 260. The Act was assented on August 24, 1988 and repealed in 2017 and replaced by Act No 20 of 2017. The mandate of the Council is to make provision for the training, registration, and licensing of clinical officers, regulate their practice, and for connected purposes. The Council is requesting an additional Kshs. 100,000,000 to acquire office space, recruit staff to operationalize the council and buy at least a vehicle to support the Agency.

xviii. Kenya Health Professions Oversight Authority (KHPOA)-Kshs. 176,500,000

The Kenya Health Professions Oversight Authority is a corporate body created by part VI of the Health Act no. 21 of 2017 with the mandate of providing oversight in training, registration and licensing of health professionals; coordinating joint health inspections; receiving and facilitating resolution of complaints and arbitrating disputes and conflicts; and monitoring execution of respective mandates and functions of health regulatory bodies. It has been categorized by the State Corporation Advisory Council (SCAC) as a Regulatory Corporation category PC 6. KHPOA requires Kshs. 176,500,000 to hire staff, rent office space and coordinate joint inspection while carrying out its mandate

2.2 Development Vote

The State Department for Public Health and Professional Standards has proposed for an additional resource for the ongoing Capital Projects within the current FY2023/2024 totaling to **Kshs. 3,697,851,988.**

i. Operationalization of Twenty-One (21) KMTC's Campuses-Presidential Directive-Kshs. 500,000,000

The Kenya Medical Training College received an approval from the National Treasury of Kshs. 500,000,000 to operationalize Twenty-One (21) Campuses vided Treasury Letter Ref No. RES

1083/23/01'A' (7) dated 4th August, 2023. This additional resource allocation has not yet been factored in the proposed ceilings for the FY2024/25 Draft Estimates. The State Department brings to the attention of the National Treasury to consider factoring this Presidential Directive in the FY2024/25 ongoing preparations of the FY2024/25 Draft Estimates.

ii. Additional Counterpart funding to Tuberculosis Programme- Kshs. 503,888,101.24

The Ministry of Health is a sub-recipient implementing the Global Fund grant to Fight Aids, Tuberculosis and Malaria. As per the grant agreement, the country is required to provide counterpart financing to complement Global Fund Resources for the disease Programs. The counterpart allocation for TB is mainly earmarked to secure the country's medicines and diagnostic commodities needs. Under counterpart funding to Tuberculosis, which includes commodities required of **Kshs.** 339,288,265.10 and pending bills of Kshs. 164,599,836.

iii. Additional resources to Kenya Nuclear Regulatory Authority-Kshs. 300,000,000

Kenya Nuclear Regulatory Authority requires Kshs. 300,000,000 to complete and operationalize Phase 1 of the Central Radioactive Waste Processing Facility (CRWPF) Project at Ololua Ngong. This will enable the Agency generate more internally generated revenue ones the project is fully operational.

iv. Dietetics Improvement-kshs. 130,000,000

The ministry is implementing several nutrition interventions with an aim of eradicating malnutrition in all its form as captured in the BETA. This covers investment in capacities to support prevention of malnutrition and sustained investment for procurement of nutrition supplements and commodities for management of severe and moderate forms of malnutrition. In the proposed allocation for the FY2024/25, the National Treasury has allocated Kshs. 70million against an allocation of Kshs. 200million which was submitted during the consideration of 2024 Budget Policy Statement.

v. Snake Anti-Venom Processing Plant at KIPRE-Kshs. 608,000,000

A snakebite is considered a neglected tropical disease by the World Health Organization, therefore KIPRE proposes to set up an anti-snake venom processing facility through technology transfer in the next 3 years. The Burden of human suffering caused by snakebite has been documented to be high in Kenya. It has recorded that around 20,000 snakebite and 1000 deaths annually.

The National Treasury vide letter Ref No. TNT/PIM/PROJ/6 Vol. I (19) dated 8th November, 2023 granted concurrence the State Department for Public Health and Professional Standards an authority to include the Snake Anti-Venom Processing Plant Facility at Kenya Institute Primate Research (KIPRE) to proceed with the preparation of pre-feasibility study report and further enlist the Project Concept Note on the Public Investment Management Information System (PIMIS). The total project cost is Kshs. 1,825,000,000 which is to be implemented in three years where each year will require a budgetary allocation of Kshs. 608,000,000.

vi. 'Epuka Uchafu Linda Afya Nyumbani Project'-Kshs. 481,463,887

Kenya grapples with a multifaceted challenge characterized by inadequate waste management infrastructure, limited awareness about proper waste disposal, and disparities in sanitation facilities, particularly evident in the prevalence of open defecation in specific counties. With approximately 22,000 tonnes of waste generated daily, only 10% is properly collected and disposed of, straining both public health and healthcare resources. The root causes include insufficient waste management infrastructure, a lack of awareness about proper sanitation

practices, and resource constraints, especially in informal settlements. The proposed project emerges as a vital intervention aligned with Kenya's national and county development plans, notably contributing to the Bottom-up Economic Transformation Agenda of Health (Afya Nyumbani), Vision 2030's health and environmental pillars. The total cost of the Project is Kshs. 1,444,391,666. This has been spread to be funded in a period of three years.

vii. Construction of Laboratory at National Quality Control Laboratory (NQCL)-Kshs. 675,000,000

The National Quality Control Laboratory (NQCL) is the official medicines quality control Laboratory in Kenya, legally mandated to test HPTs (CAP 244 Sec 35D, Laws of Kenya) on behalf of the Pharmacy and Poisons Board which is the National Regulatory Authority, and the Government of Kenya. In its quest to fulfill the compelling mandate bestowed by the Law (Cap 244 Sec 35 H), the NQCL faces a number of challenges. Key among these is lack of adequate infrastructure, equipment and reagents, which limits its effectiveness, efficiency and scope of service delivery. The NQCL requires funding support to enable it address the infrastructural challenges to conduct optimal testing of Health Products and Technologies (HPTs). The State Department requires an additional Kshs. 675,000,000 to upgrade the infrastructure at National Quality Control Laboratory (NQCL).

viii. Research Leading to Production and Commercialization of Vaccines, Drugs and Medical Interventions for HIV/Aids, Cancer, Tropical & Infectious Diseases, Non-Communicable Diseases and Development of Source of Organs for Human Transplantation at The Kenya Institute of Primate Research (KIPRE)-Kshs. 500,000,000

The State Department through KIPRE IS seeking Ksh 500,000,000_that will enable the following: 1) Carry out human clinical trials on UniPron and commercialize it for human use in the prevention of HIV/AIDS infection and also the first ever African developed and owned contraceptive 2) Carry out research leading to development and pre-clinical evaluation of immunotherapy and herbal treatment for Prostate, Cervical, Ovarian and Gastric cancers with a view to developing interventions using a non-human primate model 4) Develop Baboon as a model for the Source of Human Organs 4) Test and commercialize for human use, the first ever Africa developed vaccine for Ebola and Chikungunya.

The State Department appreciates that the fiscal Framework may not allow the Committee to fully fund budget deficit. However, we request the indulgence of this Committee to consider funding core programme areas, which have been highlighted above in the proposed Draft Estimates for the FY 2024/25 before the Committee in particular the huge budgetary cut to the Semi-Autonomous Government Agencies whose government support allocations have been completely removed.

3.0 Conclusion

I want to express my gratitude to this Honorable Committee for the cooperation you have accorded the State Department for Public Health and Professional Standards and for your continued support. The State Department will ensure prudent financial management to the resources appropriated to finance the planned programmes and activities in the FY 2024/25.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

17. Upon consideration of the Budget Estimates for FY 2024/25, the Committee observed that:

4.1 GENERAL OBSERVATIONS

a) The Committee had received a Quarterly report submitted by the Ministry of Health as at the end of March 2024 pursuant to Standing Order 216 (5) (ba) of the National Assembly Standing Orders to enable the Committee to monitor and report on the implementation of the national budget on a quarterly basis. The purpose of the Ministry's report was to inform members on the budget implementation. It was however noted that the Ministry report was not comprehensive and lacked critical information on the implementation status of the Ministry projects.

4.2 STATE DEPARTMENT FOR MEDICAL SERVICES

a) Following the deliberations between the National Government and the Council of Governors (CoG) in relation to the Managed Equipment Services (MES) Project, it was agreed that the County Governments shall be required to initiate a transparent process for procurement of their own equipment. However, as a stop gap measure, the existing contractual obligations were negotiated for extension up to the end of March 2024. In the financial year 2024/25 the project has been allocated Kshs 3.5Billion.

b) The Committee observed that there were delays in reimbursement of funds for services rendered through the *Linda Mama* Programme by NHIF. As at 31st March 2024, the National Treasury had released Kshs 2billion to the Ministry of Health. Notably, Kshs 2 billion of the total allocation has not been released to Ministry of Health. The *Linda Mama* programme covers four (4) post-natal visits, two (2) ante-natal visits, admissions for complications, caesarian and normal deliveries.

c) Mental Health is underfunded both at the county level and national government. Notably, 2 million Kenyans are suffering from depression and substance abuse. The Mathari National Teaching and Referral Hospital is unable to meet the demand for mental health services.

d) The Ministry of Health and Kenya Medical Practitioners and Dentist Council entered into Return-to-Work Formula agreement to end the doctor strike. The committee noted that the resource requirement for the agreement had not been factored into the financial year 2024/25 budget. For instance, the Kshs 3.5 billion salary arrears for the CBA 2017 has not been budgeted for in the 2024/25 financial year.

e) The Kenyatta National Hospital has handed over the Mama Margaret Uhuru hospital to County government of Nairobi. The staff working for the annex hospital will be redeployed to Kenyatta National Hospital.

f) There is no consolidated budget line for cancer research in the country. The National Cancer Institute resorts to using foreign data due to lack of funds to commission cancer research in the country.

g) The vaccine alliance, GAVI has been supporting Kenya's vaccination programmes since 2001 by providing vaccines and related supplies worth **Kshs 98.24 billion**. Notwithstanding, the government's effort to provide universal access to vaccines to all populations, the GAVI programme ends in year 2027. The government therefore needs to transition from the GAVI support actively and seamlessly for its national vaccination programme in a manner that ensures sustainability of the vaccination programmes.

h) The committee observed that the Ministry of Health is in the process of elevating Jaramogi Oginga Odinga Hospital to a national referral hospital. The funding by the national government will ensure that the facility operates at optimal levels. However, the Committee observed that there are no legal framework or guidelines anchoring this engagement of elevation of county hospitals to National referral hospitals.

i) The Ministry of Health and Social Health Authority is still in the phase of transition and operationalization of the new Social Health Insurance Act, 2023. The Social Health Authority plan to undertake mean testing and registration of all Kenyans into Social Health Insurance Fund.

4.3. STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

a) The slow exchequer release has stalled the operationalization of the 21 KMTC campuses in the 2023/24 financial year. However, KMTC has started recruitment of staff for the 21 KMTC campuses.
b) The Kenya Medical Practitioners and Dentist Council (KMPDC) is expected to undertake fresh accreditation of health facilities in preparation for rolling out of Social Health Insurance Fund. The facilities will be required to have met KMPDC quality standards to be empaneled as a service provider under the Social Health Authority.
c) Kenya Medical Training College (KMTC) was penalized Kshs 731 million by National Social Security Fund because of accrued contributions that were unpaid for the period 2002-2011.
d) The payment of Community Health Promoters Stipend is a shared responsibility between the national government and county governments. The two levels of government agreed to pay the stipends on a matching basis. The committee noted that 27 counties had paid their stipend while 20 counties had not honored this obligation. Community Health Promoters working in counties of Vihiga, Tana River,Marsabit, Mandera and Garissa had not been trained. Further, the Mombasa and Nyamira Counties submitted excess CHPs names for payment.
e) The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country. The Board of KHHRAC was Gazetted on 15th May, 2023 and inaugurated by H.E. The President of the Republic of Kenya on 26th June, 2023.

PART V

5.0 COMMITTEE NON-FINANCIAL RECOMMENDATIONS

3. Upon consideration of the Budget Estimates for FY 2024/25, the Committee makes the following non-financial and financial recommendations, that:

5.1 Non- Financial Recommendations

GENERAL RECOMMENDATIONS

4. The Ministry of Health should engage the technical officers in the SAGAs in the preparation of the quarterly reports for submission to the Committee so as to ensure accurate information is provided. Further, the quarterly reports should be accompanied by expenditure returns for SAGAs and State Departments headquarters.
5. In preparation of final budget estimates for financial year 2024/25 The National treasury Create separate budget lines for the following SAGAs; Spinal Injury Hospital, National Public Health Institute, Kenya Tissue and Transplant authority, National Quality Control Laboratory and Kenya Health Human Resource Advisory Council.

5.2. STATE DEPARTMENT FOR MEDICAL SERVICES

a) Within ninety (90 days), State Department for Medical services to submit a copy of the expired MES contract, the Attorney-General's advisory on the contract, Ministry's evaluation report on the MES project, Intergovernmental Participating Agreements signed between the Ministry of Health and the County Governments and a list of health facilities benefiting from this programme.
b) Within the next 90 days, the Ministry of Health, National Treasury and Council of Governors submit to the House, a status report on the implementation of Return-To-Work Formula signed between Kenya Medical Practitioners and Dentist Union (KMPDU).
c) Within the next 90 days, the Ministry of Health and Council of governors develop regulatory framework on elevation of county hospitals to national referral hospitals (level 6)

5.3. STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

a) The Cabinet Secretary for Health had appointed a Kenya Health Human Resource Advisory Council Board through a *Gazette* Notice dated 15th May 2023. The Committee recommends that the Cabinet Secretary Ministry of Heath; fast-tracks the reconstitution of the Council to address all the constant challenges facing Human Resources for Health in the country and submit a progress/status report on these reforms at KHRAC within sixty days.
b) Within the next 60 days, The Ministry of Health, Kenya Medical Practitioners and Dentist Council and Social Health Authority (SHA) undertakes accreditation of all health facilities in the country in readiness for empanelment by Social Health Authority.
c) Within the next 60 days, the Ministry of Health and Council of Governors provide a status report on payment of Community Health Promoters stipends in the financial year 2023/24. The report should also contain the actual distribution of community health promoters in the country.

5.2 Financial Recommendations

6. The Committee having reviewed the proposed financial year 2024/25 budget estimates for the two State Departments and having engaged with the sector stakeholders recommends the following reallocations within the sector:

i) Proposed reductions (Kshs Millions)

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082100200 National Commodities Storage Center (KEMSA)		150		100		50	The project is at 90% completion rate and therefore entire allocation may not be absorbed
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082100700Renovation/Equipping Buildings-Mathari Teaching & Referral Hospital		400		100		300	The entire Kshs 400 million allocated may not be absorbed in the FY 2024/25

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402080 National Blood Transfusion Service	Procurement of Equipment at the National Blood Transfusion Services		1,000		240		760	Rationalization of the allocated amount due to low budget absorption rates
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082101500 Construction and upgrading of KEMRI Laboratories (NBI,Kwale,Busia)		137		50		87	Rationalization of the allocated amount due to low budget absorption rates
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082102400Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH		1,100		100		1,000	Rationalization of the allocated amount due to low budget absorption rates

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0411000 Health Research and Innovations	0411010 Health Innovations	1082103000 Intergrated Health Management Information System - BETA		400		200		200	The digitization of the 60% of Level 2,3,4,5 facilities may not be achieved as the Ministry of Health is still in the process of rolling out digital health platform.
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082106000 Acquisition of Specialized Medical Equipment CHP		3,000		1,000		2,000	The provider/supplier of the Kits is required to incur the initial capital expenditure at the inception of the project. The collaborative approach will reduce the financial burden on the government.
Total						**1,790**			

ii) **Proposed increments (Kshs Millions)**

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
National Referral & Specialized Services	National Referral Services	1082105100 Upgrading & Equipping of Maternal & Newborn Ward - Endebess Hospital.		-		100		100	Funds for upgrading and equipping Maternal and newborn ward
National Referral & Specialized Services	National Referral Services	1082105000 Upgrading of Children Ward - Kibugua Level 3 Hosptal.		-		50		50	Funds for upgrading of children ward at Kibugua Hospital.
National Referral & Specialized Services	National Referral Services	Procurement of specialized medical equipment-KNH		-		450		450	Funds for procurement of Linear accelerator for Cancer patients at KNH. The facility has one LINAC and is not reliable.
0408000 Health Policy, Standards	0408010 Health Standards	1083004100 Clinical Officers Council	132		50		182		Funds for Personnel Emoluments shortfalls and operationalization

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
and Regulations	and Quality Assurance								of Clinical Officers Council
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	0410020 Non-Communicable Diseases Prevention and Control	1082001300 National Cancer Institute	170		100		270		Funds to fully operationalize National Cancer Institute. This will enable the Institute to undertake Cancer research in the country.
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	0410020 Non-Communicable Diseases Prevention and Control	Support to Regional Cancer Centres-NCI	-	-		30		30	National Cancer Institute mandate is to ensure that coordinated cancer research in the country. NCI will therefore ensure that there is increased access to healthcare services offered at the established regional cancer centres

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	Kenya Medical Practitioners and Dentist Council	365			340	705		KMPDC GoK funding has been reduced to zero in FY 2024/25. KMPDC AIA is generated in the months of November-January in every financial year therefore the SAGA will not be able to pay salaries and undertake surveillance activities to ensure quality of care.
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	Kenya Medical Laboratory Technicians and Technologists Board	-	-	40		40		Funds to operationalize Kenya Medical Laboratory Technicians and Technologists Board
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004600 Physiotherapist's Council of Kenya	96		20		116		Funds for operationalization of Physiotherapy Council of Kenya

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0408000 Health Policy,Standards and Regulations	0408010 Health Standards and Quality Assurance	1083002500 Kenya Health Professions Oversight Authority\(KHPOA)	70		100		170		Funds to address regulatory gaps and challenges in the health sector, including quality of care.
0412000 General Administration	0412010 General Administration & Human Resource Management & Development	1083003100 Headquarters Administrative Services	497		100		597		Additional funds to support implementation of approved structure by Public Service Commission at State Department for Public Health and Professional Standards.
National Referral & Specialized Services	National Referral Services	Construction and equipping of Health Centres	-	-		280		280	Funds for construction and equipping of Mt Elgon Hospital (Kshs 50m), Sikhendu hospital-20m, Mogotio Health Centre-40m, Iftin level IV Hospital(20m),Kilgoris Level IV Hospital(Kshs20M),

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
									Lukusi Health Centre(Kshs 20M),Jua Cali Health Centre(Kshs 20m) , Kegonga Level IV hospital(Kshs 20m) ,Bugumbe Health centre(Kshs 30M),Chebirir Health Centre(Kshs 20m) and Wamba Health Centre(Kshs 20m)
National Referral & Specialized Services	National Referral Services	1082105700 Construction of Ugenya Hospital		-		30		30	Funds for construction of Ugenya Hospital
0406000 Preventive and Promotive Health Services	0406040 Radiation Safety and Nuclear Security	Central Radioactive Waste Processing Facility -KENRA		-		100		100	Funds for completion and operationalization of the Phase I. The project has the potential to generate AIA through safe disposal and treatment

Programme	Sub-programme	Head/Title	Proposed 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
									of hospitals radioactive waste
Total					410	1,380			

5.2.1 Requests for additional funding

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

i. **State Department for Medical Services**

Programme	SAGA/HEAD	Additional request (Rec) (Millions)	Justification
National Referral Services &Specialized Services	Moi Teaching & Referral Hospital	944	To cater for unpaid salary obligation and MRTH Staff Pensions Scheme.
National Referral Services &Specialized Services	Kenya Medical Research Institute	1,098	To cater for Affordable housing Levy, Pension Benefit Scheme, and pending court order claims
Health Resource Development and Innovation	Kenya Medical Training College	2,000	
National Referral Services &Specialized Services	Kenyatta National Hospital and Annex Mwai Kibaki Hospital	804	To cater for implementation of Affordable Housing Levy (AHL), NSSF reviewed contributions and Staff Mortgage Scheme.
National Referral Services &Specialized Services	Implementation of the Social Health Insurance Fund	94,900	These funds are earmarked for scaling up the Social Health Insurance Fund (SHIF) in implementation of the Social Health Insurance Act, 2023, Primary Health Care Act, 2023, and Digital Health Act, 2023. These three Acts which have been enacted established the Primary Health Care Fund and The Emergency, Chronic and Critical Illness Fund.

National Referral Services &Specialized Services	Managed Equipment Service (National Equipment Services Programme)	6,300	Following the deliberations between the National Government and the Council of Governors (CoG) in relation to the Managed Equipment Services (MES) Project, it was agreed that the County Governments shall be required to initiate a transparent process for procurement of their own equipment. However, as a stop gap measure, the existing contractual obligations shall be negotiated for extension up to the end of March 2024. In the FY 2024/25 the project has been allocated Kshs 3.5Billion.
Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	Procurement of HIV, Family Planning and Vaccines Commodities	14,000	There has been a steady reduction in donor and GoK funding for these programmes during supplementary budgets and therefore calls for the need to increase GoK counterpart funding to offset the deficit especially for these medical commodities that are critically needed by a vast majority of the Kenyan Populace
National Referral Services &Specialized Services	Funding for Equipping and Improvement of Chepkemel and Chepsaita Dispensaries in Uasin Gishu County	50	Presidential Directive Project
National Referral Services &Specialized Services	Funding for Upgrading Chuka County Referral Hospital to Level V	50	Presidential Directive Project
National Referral Services &Specialized Services	Upgrading of a Health Facility to Level VI Hospital, Mombasa County-	50	Presidential Directive Project

National Referral Services &Specialized Services	Construction Of an Intensive Care Unit (ICU) At Kinango Level IV Hospital, Kwale County	50	Presidential Directive Project
National Referral Services &Specialized Services	Completion of Construction Works for a Trauma Centre at Kirinyaga County	50	Presidential Directive Project
National Referral Services &Specialized Services	Construction of Urenga Level III Hospital, Siaya County	50	Presidential Directive Project

Source: State Department for Medical Services

ii. State Department for Public Health and Professional Standards

Programme	**Description**	**Additional request**	**Justification**
Preventive and Promotive Health Services	Port Health Services	200M(Dev)	Enhance capacity for cross-border disease detection at the points of entry and establish temporary holding areas.
	Kenya Medical Laboratory Technicians and Technologists Board	20M(Rec)	Funds to cater for personnel emoluments shortfalls
	Kenya National Public Health Institute	50M (Dev)	Set up initial infrastructure and recruitments.
	National Public Health Laboratories	200M (Rec)	Ensure the Labs are better equipped to improve turn-around time.
	Primary Health Care	1B(Rec)	Primary Health Care (PHC) is a fundamental approach used towards achieving UHC. The SDPH&PS is using the Primary Health Care Networks as the model to implement PHC
	Clinical Officers Council of Kenya	100M (Rec)	Funds to cater for personnel emoluments shortfalls

Programme	Description	Additional request	Justification
General Administration	Administrative cost on the Implementation of the Community Health Promoters (CHPs) Programme	175(Rec)	This is to support the SDPH&PS on overseeing, monitoring and evaluation of the engagements and service delivery being offered by the CHPs in the entire Republic of Kenya;
Health Resources Development and Innovation	Operationalization of the 21 KMTC campuses	500m (Rec)	Additional funds to fully operationalize the 21 KMTC campuses
	Kenya Health Human Resource Advisory Council (KHHRAC)	500M	To fully operationalize and carry out its mandate, the Board requires an additional Kshs. 500,000,000.
Health Policy, Standards and Regulations	Kenya Health Professions Oversight Authority	50M (Rec)	To address regulatory gaps and challenges in the health sector, including quality of care.
	National Quality Control Laboratories	170M (Rec)	Resources to help NQCL address the facility infrastructure inadequacies identified from World Health Organization (WHO) Global Benchmarking Tool Assessment carried out in 2022, in pursuit of Maturity Level 3(ML3) status. Additionally, NQCL plans to recruit and train key technical staff to address the staff attrition, which will address the ML3 Human resources gaps.

Source: State Department for Public Health and Professional Standards

SIGNED: ..... DATE 28-05-2024.

HON. DR ROBERT PUKOSE, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

Annexures

Annex 1: Adoption List
Annex 2: Submissions from Agencies
Annex 3: Minutes