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17/10/18

Paper laid by
the Chairperson,
the Hon. Sabina
Chege MP on
Wed, 17/10/18
~~Chairman~~

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THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION - 2018

THE DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE KENYATTA UNIVERSITY TEACHING & REFERRAL HOSPITAL
PROJECT



CLERK'S CHAMBERS
DIRECTORATE OF COMMITTEE SERVICES
PARLIAMENT BUILDINGS
NAIROBI

OCTOBER, 2018

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ABBREVIATIONS

CEO	- Chief Executive Committee
CNY	- Chinese Yuan
GoK	- Government of Kenya
KNH	- Kenyatta National Hospital
KU	- Kenyatta University
O&M	- Operate and Maintain
PPP	- Public Private Partnership
PS	- Principal Secretary
UHC	- Universal Health Coverage

PREFACE

Hon. Speaker,

This report is an account of the Committee's efforts to roll out operations of the Kenyatta University Teaching and Referral Hospital, an investment totalling Kshs. 8,756,025,600.00. These efforts echo the Committee's commitment to complement government's efforts to attain a key pillar of the Big Four Agenda, Universal Health Coverage.

Under the Universal Health coverage (UHC) agenda, the government intends to ensure that all Kenyans receive Quality Health services without suffering financial hardships. Starting November 2017, the Ministry of Health drew up a roadmap towards achieving 100% UHC in the next four Years. The Ministry outlined key priority areas as well as targets towards achieving this commitment.

UHC means that all people and communities can access promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship. There are 3 key Dimensions of UHC;

- i) Population Coverage
- ii) Access to Quality Health Services
- iii) Cost (Financial Protection)

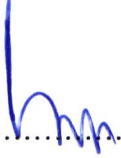
The Kenyatta University Teaching & Referral Hospital thus squarely sits central to the achievement of UHC. The hospital will primarily achieve triplet objectives of providing access to the public, providing a platform to train health personnel and ease pressure on the two national referral hospitals.

The Committee is alive to the fact that the matter is cross-cutting between sectors, i.e education and health. However, the Committee's interest is on provision of health services, hence its push to have the hospital fully operationalized. It is our hope that our sister Committee, that of Education and Research will play an active role in

oversight of the teaching element, while we pursue provision of health services, all towards attainment of the ultimate objective of attaining UHC.

Hon. Speaker,

Pursuant to Standing Order no. 199(6), it is now my pleasant duty to table the Report of the Departmental Committee on Health on the Kenyatta University Referral Hospital project, for consideration and adoption by the House.

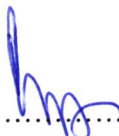

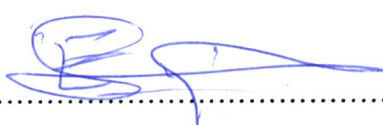

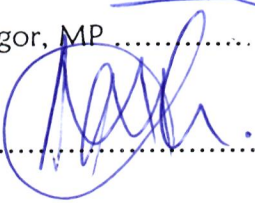
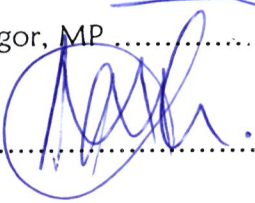
Signed  Date..... 16.10.18.....

Hon. Sabina Chege, MP

Chairperson, Departmental Committee on Health

ADOPTION OF REPORT ON THE KENYATTA UNIVERSITY TEACHING & REFERRAL HOSPITAL PROJECT

We, the Honourable Members of the Departmental Committee on Health, do hereby affix our signatures to this report on Kenyatta University Teaching & Referral Hospital Project, to affirm our approval and confirm its accuracy, validity and authenticity;

1. Hon. Sabina Chege, MP 
2. Hon. Swarup Ranjan Mishra, MP 
3. Hon. (Dr.) Eseli Simiyu, MP 
4. Hon. (Dr.) James Nyikal, MP 
5. Hon. Alfred Agoi Masadia, MP 
6. Hon. (Dr.) James Kipkosgei Murgor, MP 
7. Hon. Muriuki Njagagua, MP 
8. Hon. (Dr.) Mohamed Dahir Duale, MP
9. Hon. Stephen Mule, MP.....
10. Hon. Chris Karan, MP
11. Hon. Esther M. Passaris, MP

12. Hon. Gladwell Jesire Cheruiyot 
13. Hon. Kipsengeret Koros, MP 
14. Hon. Martin Peters Owino, MP 
15. Hon. Mercy Wanjiku Gakuya, MP 
16. Hon. Prof. Mohamud Sheikh Mohamed, MP 
17. Hon. Patrick Munene Ntwiga, MP 
18. Hon. Tongoyo Gabriel Koshal, MP 
19. Hon. Zachary Kwenya Thuku, MP 

EXECUTIVE SUMMARY

Mr. Speaker Sir,

As part of its oversight mandate, the Departmental Committee on Health received invitation from Kenyatta University to be appraised on, and inspect the progress made in the construction of a teaching and referral hospital within the institution, a project incepted in 2011. The Committee visited the project and was impressed by the progress made and the capacity which the hospital will create in the health sector. The hospital is designed to be a teaching and referral hospital with a bed capacity of 600.

The project was financed through a concessional loan agreement between the Government of Kenya and the EXIM Bank of China amounting to Kshs. 8.7 Billion. So far 85 % of the loan has been disbursed and utilized.

The design, infrastructure development and equipping of the hospital has been completed and is ready for use. However, the personnel and capacity building component of the loan totalling to Kshs 1.37 Billion remains outstanding as it is a condition precedent pegged on training of personnel who are yet to be recruited by the University as per the Loan Agreement. The University has not done the recruitment due to budgetary constraints. The release of the Ksh.1.37 Billion will enable the hospital to carry out a dry run and start soft operations, beginning with a 160 bed capacity.

The budget for the dry run is Kshs 891 million and will cover staffing and operational costs and the University will provide the hospital with Kshs 234 Million of this amount. The University has had engagements with the National Treasury requesting funding of the remaining Kshs 656 Million for dry run. The Committee held subsequent deliberations with both the Kenyatta University management and the National Treasury regarding this flagship project.

The Committee concludes that the project was well conceptualized and fits within the big four agenda of the government of providing universal health care. The Committee therefore recommends that the project be immediately supported in order to be operationalized, and specifically recommends that the National Treasury immediately allocates the Hospital the required amount of Kshs 656 million to carry out a dry run of the facility and unlock the remaining component of the loan as well as consider providing additional funding for the soft opening of the facility. This would be ratified by the National Assembly in the next Supplementary Estimates.

1.0 INTRODUCTION

1.1 Establishment and Mandate of the Committee

The Committee on Health is one of the Departmental Committees of the National Assembly established under Standing Order 216 and mandated to;

- i. Investigate and 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. Study and review all legislation referred to it;
- iv. Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- v. Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- vi. 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;
- vii. Examine treaties, agreements and conventions;
- viii. Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- ix. Consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- x. Examine any questions raised by Members on a matter within its mandate.

This report is a product of the exercise of this mandate.

1.2 Committee Membership

The Committee comprises the following Honourable Members:

1. Hon. Sabina Chege, MP – Chairperson
2. Hon. (Dr.) Swarup Ranjan Mishra, MP – Vice Chairperson
3. Hon. (Dr.) David Eseli Simiyu, MP
4. Hon. (Dr.) James W. Nyikal, MP
5. Hon. Alfred Agoi Masadia, MP
6. Hon. (Dr.) James Kipkosgei Murgor, MP
7. Hon. Muriuki Njagagua, MP
8. Hon. (Dr.) Mohamed Dahir Duale, MP
9. Hon. Stephen Mule, MP
10. Hon. Chris Karan, MP
11. Hon. Esther M. Passaris, MP
12. Hon. Gladwell Jesire Cheruiyot, MP
13. Hon. Kipsengeret Koros, MP
14. Hon. Martin Peters Owino, MP
15. Hon. Mercy Wanjiku Gakuya, MP
16. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
17. Hon. Patrick Munene Ntwiga, MP
18. Hon. Tongoyo Gabriel Koshal, MP
19. Hon. Zachary Kwenya Thuku, MP

The Committee is supported by the following members of the Secretariat:

- | | | |
|--------------------------------|---|----------------------------|
| 1. Mr. Victor Weke | - | Clerk Assistant I |
| 2. Mr. Muyodi Meldaki Emmanuel | - | Clerk Assistant III |
| 3. Mr. Ahmed Hassan Odhowa | - | Principal Research Officer |
| 4. Ms. Christine Odhiambo | - | Legal Counsel II |
| 5. Mr. Eric Kanyi | - | Fiscal Analyst |

6. Ms. Winnie Kiziah

- Media Officer

Acknowledgements

The Committee is thankful 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 and the preparation of this Report. We also extend gratitude to the leadership and administration of Kenyatta University, who initially reached out to the Committee, and extend the same to Treasury, for appearing before the Committee to clarify matters, and sharing in the Committee's desire to see the hospital up and running.

This report would not have been possible without the dedication and hard work advanced by Members of the Committee, with the technical support of the Secretariat. I wish to thank them all.

2.0 BACKGROUND

The Committee received invitation from Kenyatta University to inspect the new referral hospital which is ongoing since 2011. The Committee visited the project on 6th July 2018 and was impressed by the progress made on the project and the capacity which the hospital will create in the Health sector. The hospital is designed to be a teaching and referral hospital with a bed capacity of 600. Its ICU has an occupancy capacity of 24 with state of the art equipment.

The academic wing, the College of Health Sciences which was started in 2004 will be housed at the hospital. The college has four existing schools, Medicine, Nursing, Pharmacy and Public Health. The college seeks to add the School of Dental Sciences and Biomedical Engineering under School of Engineering. The hospital will also facilitate related services and disciplines like laboratories and biochemistry.

2.1 Management of the public health sector

There are key issues that the management of the health sector in the public has revolved around. They include;

- i. Strengthening the capacity of the Ministry of Health in planning and monitoring, though limitations remain in other areas such as leadership / management;
- ii. Application of innovative service delivery strategies, such as mobile clinics, outreaches, or community based services, though their application has been limited to some areas and programs;
- iii. Strengthening of sub-national management functions to allow them to better facilitate and supervise service delivery, though this mandate has been exercised differently in the various counties;
- iv. Introduction of new statutes, laws, and policies guiding different aspects of the health sector though done in an uncoordinated manner and no update of existing laws undertaken;

- v. Development of the health financing strategy to guide its resource rationalization, and mobilization approaches;
- vi. Strengthening of the human resource component through redistribution; increase in numbers and review of management structures, although challenges still remain in terms investments; application of norms and standards, as well as motivation of existing staff;
- vii. The sector does not also have an infrastructure investment plan to guide the distribution and improvement of health infrastructure, leading to low investments for both new and existing infrastructure;
- viii. Health Management and Information System architecture has continued to improve information completeness. However, information collected still remains limited to a few conditions, with completeness and quality weaknesses. Additionally, information analysis, dissemination and use is not well entrenched in the Sector;
- ix. Cost containment and cost control strategies have not been wholly applied in the sector. Cost information is missing, and expenditure review data and recommendations are not applied. Contracting strategies for health services by providers were not employed as a means of cost control;
- x. Amount and scope of systems, clinical and biomedical research being carried out has increased, with a number of operational decisions effected. There is however little collaboration amongst different research institutions, and poor linkage between research and policy; and
- xi. The decentralization of the central level Ministry of Health in line with devolution of its function to the counties hasn't fully happened yet. The central level has instead expanded significantly, as more programs are established, necessitating more program management units.

2.2 Comparative analysis of management between University hospitals and general hospitals

University hospitals can be considered as complex organizations given that their mission includes three different objectives: patient care, education and research as compared to general hospitals. Research activities besides patient care and the role of referral centres for complex care have often been identified as elements that increase complexity and costs.

University hospitals on average have a much higher number of hospital beds with respect to general hospitals and are referral centres for highly complex and highly specialized care, such as neurosurgery, cardio-surgery, radiotherapy, most critical intensive care, oncology and highly complex paediatric surgery. University hospitals are usually referral centres for most complex care with a network of partnership with smaller and less complex centres.

University hospitals are in charge of the strategic role of training doctors and other health professionals of the future. These hospitals are autonomous institutions; they are not financed through capitation-based funding but have different financing mechanisms depending on regional strategies including training, research and development aspects on complex health matters.

The Committee looked at hospitals run by Universities around the globe and established that they were an overwhelming majority of the best world run hospitals. Other than providing services, these Universities provide top notch training, with Human Resource for Health being a key plank for UHC that the Kenya intends to achieve. Among the best five university hospitals in the world are those of the University of Oxford, the University of Cambridge, Harvard, Imperial College London and Stanford University. Kenyatta University should attain this benchmark.

3.0 FINANCING OF THE HOSPITAL PROJECT

The Kenyatta University senior management appeared before the Committee and submitted as follows regarding the financing of the hospital project:

That Kenyatta University developed and submitted a proposal through the Government of Kenya to the Government of the People's Republic of China for the construction of a University Referral Hospital. The proposal was successful and a loan was provided by China through the EXIM bank.

That the project was financed through a concessional loan agreement between the Government of Kenya and the EXIM Bank of China amounting to Kshs. 8,756,025,600. The loan agreement for the project did not include recruitment and staff salaries (recruitment of health personnel).

That the design, infrastructure development and equipping of the referral hospital is complete and ready for operationalization. However, the personnel and capacity building component of the loan totalling to Kshs 1.37 Billion remains outstanding waiting the recruitment of health personnel by the University.

That the above loan component is outstanding since its disbursement as per the Loan agreement is tied to training of personnel who are yet to be recruited. The disbursement of the Ksh.1.37 Billion remaining part of the loan will enable the hospital to start operations once health personnel have been recruited.

That the Original plan for completing and operationalizing the hospital was that the University develops the hospital with the Government of Kenya guarantee. On completion, the University was to own and operate the hospital and pay the loan through the Government as per the on-Lending agreement entered between Government of Kenya and Kenyatta University.

That once established, the Hospital will be self-sustaining from among others, fees paid, charges levied for services rendered and research grants. As part of the University teaching departments, the hospital will also receive a budgetary allocation from the University.

3.1 Structure of the Loan

That University submitted that the Project loan was divided in four components as in the table below;

S/NO.	DESCRIPTION	AMOUNT (CNY)	AMOUNT (KES)	STATUS
1.	Design and Preparation	51,396,603	604,377,011.28	Complete
2.	Infrastructure Development	403,130,357	4,740,812,998.32	Complete
3.	Biomedical Equipment	172,824,000	2,032,410,240	Complete
4.	Personnel & Capacity Building	117,213,040	1,378,425,350.4	Outstanding
TOTAL		744,560,000	8,756,025,600	

That the design, infrastructure development and equipping is complete and ready for operationalization. However, the personnel and capacity building component remains outstanding which comprises the following components;

S/NO	DESCRIPTION	AMOUNT (CNY)	AMOUNT (KES) @11.76
1.	Training	15,237,695.2	179,195,295.55
2.	Furniture	16,538,455	194,495,230.8
3.	Vehicles	9,377,043	110,274,025.68
4.	Pharmaceuticals	12,307,369	114,734,659.44
5.	Administration Costs	23,442,608	275,685,070.08
6.	Consumables	5,860,652	68,921,267.52

7.	Information Communication Technology	34,449,217.8	405,122,801.33
TOTAL		117,213,040.00	1,378,425,350.4

That the above loan component is outstanding because its disbursement as per the Loan Agreement is tied to training of personnel yet to be recruited by the University. The release of these funds (Ksh.1,378,425,350) will enable the hospital to start operations once staff have been recruited.

4.0 OPERATIONALIZATION OF THE HOSPITAL

4.1 Dry Run and Soft Opening

That for the hospital to be operationalized, the University will start dry run and eventual soft opening with 160 beds awaiting full operationalization. The soft opening services will include specialized outpatient services, pharmacy, imaging, diagnostic laboratory services, doctor's plaza, public restaurant and oncology among others. Personnel hired in this phase will familiarize themselves with their areas of expertise which will be critical for seamless handover of the facility. Their roles will include the following among others:

- Conduct room to room inspection for compliance.
- Prepare snagging schedule (checking for minor defects) and organize logistics.
- Prepare room to room inventory of all equipment and supplies.
- Work on the preparations for and facilitate dry-run.
- Receive equipment
- Ensure all necessary registrations as required by law are completed.
- Prepare forward budgets.
- Prepare for recruitment and placement of staff in other phases.
- Facilitate Commissioning of hospital equipment
- Continue testing the equipment and conducting dry run culminating into the soft opening of the hospital.

That during the same period, training of staff will commence after release of the outstanding Personnel and Capacity Building budget. The dry run and soft opening budget of Kshs 891,660,041 will cover staffing and operational costs as shown in the table below;

S/NO	ITEM	AMOUNT (KES)
	INCOME	
	Government Grants	656,682,209
	KU Contribution	234,977,832
	TOTAL	891,660,041
	Expenditure	
1.	Basic Salaries (staff to be hired)	209,367,352
2.	Personnel Allowances (staff to be hired)	158,728,952
3.	Clinical Costs	65,533,380
4.	Repair and Maintenance	17,700,863
5.	Operational Expenses	132,701,662
6.	Capital Expenditure	72,650,000
	Sub-total	656,682,209
	KU Contribution (staff on secondment)	
1.	School of Medicine – (53 staff)	134,936,940
2.	School of Public Health – (10 staff)	25,459,800
3.	School of Pharmacy – (8 staff)	20,367,840
4.	School of Nursing – (10 staff)	25,459,800
5.	School of Applied Human Sciences – (2 staff)	5,091,960
6.	Directorate of University Health Services – (3 staff)	2,733,792
7.	Technical staff – (5 staff)	4,070,580
8.	Support Staff – (28 staff)	16,857,120
	Sub Total	234,977,832

4.2 Road map towards operationalization

From the University's plan, the hospital was envisaged to be operational in a year with the following timelines;

ACTIVITY	TIMELINE
Availability of funds and mobilization of the University's human resources	September, 2018
Recruitment of personnel	Oct-Dec, 2018
Commencement of dry runs and soft opening	Jan-Sept, 2019
Training	January, 2019
Incorporation of private partner	October, 2019

4.3 Deviation from the original operationalization plan

The Committee was informed that in line with the original plan that the Hospital would get funding from the Government, the University prepared and submitted a budget to the National Treasury through the Ministry of Education. Treasury requested the Ministry of Education to provide a Governance and Management Policy considering that this was the first Public University Hospital in the country.

On submission of the policy the Cabinet Secretary, Treasury convened a meeting on 4th April, 2018 and requested the University to work out several funding options that would ensure continued sustainability of the Hospital without necessarily depending on Government funding. Treasury also advised the University to consider Public Private Partnerships (PPPs) as an option amongst other models.

4.4 Operationalization Options

That in view of the National Treasury advice, the University explored the following five models to operationalize the hospital;

- i) KU with a Private Partner to Operate & Maintain (O&M) under PPP Model
- ii) KU with Management Contract
- iii) KU Managed Hospital

- iv) KUH as a State Corporation (SAGA)
- v) KU with a Lease Operator

The university settled on linking up with a Private Partner to Operate & Maintain (O&M) under PPP Model. This model will enable the University retain its original objectives of teaching, training, research and clinical service provision and addressing the inbound and outbound medical tourism. The University justified this choice from the following benefits to be derived from this option;

- a) Risks will be shared between KU and the private partner
- b) The inherent risks will be appraised early enough to determine feasibility of the project
- c) The private partner will offer service solutions given the necessary expertise, innovative designs and financing.
- d) KU will specify the output specs and give the private partner room to innovate.
- e) The collaboration of KU and the private partner will bring management and financial efficiency to the Hospital.
- f) KU as the project owner will demand high quality management of the facility without financial strain hence value for money.
- g) There will be easy access to capital injection from the private sector if need be.
- h) There will be high quality and timely provision of health services in line with the original objective of specialized facility therefore meeting the health gap in the country;
- i) The operationalization of the Hospital will be timely without cost over-runs
- j) With the installed state of the art equipment in the facility to address oncology, non-communicable diseases among others, the partnership will facilitate early achievement of the universal health care as envisaged in the Big 4 Agenda.

4.5 Sustainability plan of the Hospital post PPP

Post PPP, the hospital will be run and managed by the University as per the original plan. The sources of revenue will include fees paid, charges levied for services rendered, research grants, rent among others.

The University has projected that the hospital will be self-sustaining by the fifth year of operations with 30% of tuition fees, or in the seventh year if the hospital will not receive any tuition income, with other factors constant.

The hospital will be undergo intensive marketing with a strong focus on patient centred medical care. In the sustainability projections, assumptions made include the hospital operating at 90% occupancy levels, 40% of tuition fees dedicated to training and an increased student enrolment.

4.6 Submissions from Treasury

The Committee met with the Principal Secretary, National Treasury on 23rd August, 2018. He submitted as follows:

That following Kenyatta University request for Ksh.656, 682,209 to start operations of the referral facility, the Cabinet Secretary of the National Treasury convened a meeting on 4th April, 2018 and requested the University to work out several funding options that would ensure sustained long-term operation of the Hospital without necessarily depending on Government funding. During this meeting, the CS also indicated that KU should consider Public Private Partnerships (PPPs) as an option amongst other models.

That a non-PPP option essentially implies the National Treasury will be obliged to make exchequer subventions to the hospital on an ongoing basis – which is not a sustainable framework for the Project's long-term operation.

On the financial arrangement, the repayment of the loan to China Exim Bank is to be made directly by the National Treasury, starting 21st September 2018. This has been budgeted for in the current FY printed estimates.

The PS added that the contract had a grace period of 7 years and availability period of 5 years. The interested repayment on loan drawn commenced in 2012 and principal repayment is to commence on 30th June 2019. The interest paid is to be added to the principal loan to be paid by KU as from 30th June 2019 bi-annually as per the On-lending agreement between GoK and KU.

He confirmed that KU was currently financially constrained, and the National Treasury was looking into amending the On-Lending Agreement to allow KU a little more time to reorganize its finances to enable it meet its loan repayment obligations under the on-Lending Agreement. The National Treasury would continue paying the interest on the amount drawn while plans are put in place to operationalize the hospital at the very earliest opportunity.

He added that if a PPP arrangement was adopted to undertake the operation of the project, it will be designed as an Operate and Maintain PPP transaction. This arrangement will meet the original objectives of the University of Teaching, Training, Research and high level Clinical Services without depending on the exchequer, but its viability should be tested through proper pre-assessments of the PPP transaction structure.

The consultants in question will essentially provide useful support services to KU and by extension Government in structuring tender documentation, supporting the execution of the procurement plan for a private party, supporting contract negotiations with the selected operator, and helping design a contract and performance regime for the project to be implemented by KU to ensure the PPP arrangement always delivers value for money, remains affordable, and maintains the contracted risk balance between the parties.

In its original design, however, this would not have been necessary since the project was not to be implemented on PPP basis – it was to be implemented, owned and run by KU. It is therefore affirmed that as originally designed, the project's economic and financial viability hold as a GoK funded and operated project, the initial feasibility studies were correct.

On the question that the hospital will provide services at a cost beyond Kenyan's reach, the PS clarified that access to medical services in public health facilities (of which this project is one) in Kenya is largely subsidized. The Universal Access to Healthcare agenda rides on the premise of an NHIF enabled platform, and substantially depends on Kenyans enrolling under the NHIF for basic medical cover.

In addition, UHC also depends on lowering the cost of access through public-funded investment in medical facilities (as was the case in this instance) hence patients do not have to pay for the cost of building the hospital nor indeed that of equipping it.

Lastly, an Operate and Maintain PPP arrangement would not fundamentally distort these fundamentals, since the private party will not be required to invest in the infrastructure of the hospital, nor indeed on the hospital equipment: all of which have been funded by a GoK loan facility. It therefore anticipated that the PPP costs will be marginally higher than the costs that could of necessity be required to be incurred by KU were it to undertake the operation and maintenance itself – and the reason for the marginally higher PPP cost is because the private operator would depend on privately mobilized capital (at commercial rates).

The foregoing notwithstanding, a PPP arrangement would not preclude affirmative service pricing, with possible cross-subsidization approaches utilizing medical tourism as a platform. Furthermore, like already happens at KNH and MTRH, both public institutions, a "private wing" type arrangement could be dedicated to commercial pricing, on the back of privately insured in-patients and some lines of out-patient services (such as nuclear medicine-based clinicals), while the bulk of services could be structured to ride on the back of the UHC agenda.

In short, this was in the National Treasury's view a pure structuring issue for the operational phase of the project, and the proposals and recommendations of the Committee will be accommodated and advised to KU appropriately. The National Treasury held the view that both outcomes (a sustainable operation strategy for the facility that might include a PPP arrangement and promotion of the UHC agenda) are achievable.

Treasury undertook to immediately consider allocating the University the Kshs. 656 million required to unlock the Kshs.1.37 Billion component of the Loan for personnel and capacity building.

5.0 OBSERVATIONS

From the foregoing, the Committee observed that;

- i. For the country to achieve Universal Health Coverage through effective and efficient management of the health systems in both the private and public health sectors, it is important to focus on policies that clearly stipulate a better approach on health training in the Universities, health financing, health management and leadership, products, health workforce and service delivery system and in the adequate distribution of resources and access to quality and affordable health services by Kenyans;
- ii. The project is instrumental to attainment of UHC and its conceptualization was well thought out. Full operationalization of the hospital will see the country have a first ever University run hospital, along the lines of the best in the world;
- iii. From the University's projections of the road map to operationalize, the Committee observes that it is already behind schedule and continues to accrue further delays;
- iv. The hospital once operational will ease the burden on Kenyatta National Hospital, and neighbouring level five hospitals of Kiambu and Thika;

- v. Despite the laudable foresight in conceptualizing the hospital, the University and the Ministry concerned failed to plan for dry and soft run budgets, despite this being an obvious oncoming expenditure leading to the current quagmire;
- vi. The hospital had a sound original plan, as confirmed by Treasury, to run and manage the hospital itself. The original plan then shifted to considering the PPP model after Treasury declined to commit exchequer allocations, citing fiscal challenges. The Committee however observes that the total money required to run the hospital until it breaks even, Kshs. 4,883,479,199, can be comfortably sourced from other expenditure in the health sector;
- vii. One of the demerits of the PPP as advocated by Treasury and the University is that the private partner will expect to offer services at market rates, obviously out of reach of the common Kenyan. This varies with the government's UHC agenda of providing accessible and affordable healthcare for all;
- viii. The project implementation was to take 5 years at a cost of Kshs. 8.756 B from the year 2011. Two years after the intended operational year of 2016 it is still idle, with an amount of Yuan 142,862,209 (Kshs 1.37 Billion) undisbursed. During this period the warranty of the equipment has expired and repayment to the Chinese Exim Bank is due to start on 21st September, 2018;
- ix. The University will clearly not meet its obligation to pay Treasury interest due on 30th June 2019 considering the hospital is idle and the University is currently facing financial constraints.
- x. The Committee observes that the hospital, as a matter of urgency, requires Kshs. 656,682,207 to unlock the undisbursed amount of Kshs. 1.37 billion to enable dry run and soft opening of the hospital, towards eventual full operationalization.

6.0 RECOMMENDATIONS

In the foregoing, the Committee makes the following recommendations;

1. That the National Treasury immediately allocates Kshs. 656,682,207 for dry run budget and Kshs. 1,060,490,567.19 for the soft run to the Kenyatta University Hospital. This allocation should be factored in the Supplementary Budget for National Assembly ratification. This would trigger release of undisbursed loan of Kshs 1.37 Billion for personnel and capacity building;
2. That Kenyatta University and Treasury to re-look into the PPP approach and consider the original plan of the University running the hospital. If the model settled upon is PPP, then Treasury to give clear guidelines on competitive identification of the private partner;
3. That the Ministries of Health and Education, Science & Technology be actively involved in these discussions, and take a leading role in matters of health policy and teaching, respectively;
4. That National Treasury amends the on-Lending Agreement with Kenyatta University to allow Kenyatta University adequate time to reorganize its finances to enable it meet its loan repayment obligations under the on-Lending Agreement.

MINUTES OF THE NINETY FIRST (91ST) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD ON TUESDAY 16TH OCTOBER, 2018 IN CPA ROOM, MAIN PARLIAMENT BUILDINGS, AT 11.30 AM

PRESENT

1. Hon. Sabina Chege, MP – Chairperson
2. Hon. (Dr.) Swarup Ranjan Mishra, MP - Vice Chairperson
3. Hon. (Dr.) Eseli Simiyu, MP
4. Hon. Muriuki Njagagua, MP
5. Hon. (Dr.) James Kipkosgei Murgor, MP
6. Hon. (Dr.) James Nyikal, MP
7. Hon. Martin Peters Owino, MP
8. Hon. Mercy Wanjiku Gakuya, MP
9. Hon. Gladwell Jesire Cheruiyot, MP
10. Hon. Patrick Munene Ntwiga, MP
11. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
12. Hon. Tongoyo Gabriel Koshal, MP
13. Hon. Kipsengeret Koros, MP
14. Hon. Zachary Kwenya Thuku, MP

ABSENT WITH APOLOGIES

1. Hon. (Dr.) Mohamed Dahir Duale, MP
2. Hon. Alfred Agoi Masadia, MP
3. Hon. Stephen Mule, MP
4. Hon. Esther M. Passaris, MP
5. Hon. Chris Karan, MP

NATIONAL ASSEMBLY

- | | | |
|--------------------------------|---|---------------------|
| 1. Mr. Victor Weke | - | Clerk Assistant I |
| 2. Mr. Muyodi Meldaki Emmanuel | - | Clerk Assistant III |
| 3. Ms. Christine Odhiambo | - | Legal Counsel |
| 4. Ms. Fatuma Abdi | - | Audio Officer |
| 5. Ms. Catherine Wangui | - | Sergeant-At-Arms |

IN-ATTENDANCE

BURUNDI BENCHMARKING DELEGATION

1. Hon. Nduwayo Gilbert – Member of Parliament
2. Hon. Hatungimana Godeberthu – Member of Parliament

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| 3. Hon. Constatin Niyoutima | - | Member of Parliament |
| 4. Hon. Emmanuel Ndayishimiye | - | Member of Parliament |
| 5. Hon. James Samagorwa | - | Member of Parliament |
| 6. Hon. Mbomeko Sauda | - | Member of Parliament |
| 7. Ms. Mateso Esperance | - | First Counsellor, Burundi Embassy |
| 8. Mr. Pascasi Bucumi | - | Director, Finacne & Administration |

GOVERNMENT OF KENYA

- | | | |
|------------------------|---|--|
| 1. Mr. Mwangi Kahenu | - | Senior Assnt. Director, Ministry of EA Affairs |
| 2. Dr. Abdulkadir Omar | - | Senior Pharmacist, Pharmacy & Poisons Board |
| 3. Mr. George Barasa | - | Integration Officer, Ministry of EA Affairs |

MIN. NO.NA/C.H/2018/342: PRELIMINARIES

The Vice-chairperson called the meeting to order at 11.46 am and said a prayer. He then invited all present to a round of introductions. He welcomed the Members of Parliament from Burundi, accompanied by their Kenyan handlers.

MIN. NO.NA/C.H/2018/343: MEETING WITH THE DELEGATION FROM BURUNDI PARLIAMENT

Mr. Mwangi Kahenu from the Ministry of East African Community (EAC) and Regional Development who were the hosts of the delegation gave a brief background to the meeting as follows;

- As part of the implementation of the EAC Community Medicines Regulatory Harmonization (MRH) programme, the EAC Council of Ministers urged each of the partner states to consider and review, amend and update the respective country's national pharmaceutical laws and regulations, as well as establish strong semi-autonomous national medicines and food regulatory authorities in accordance with WHO guidelines.
- All EAC member states except Burundi had complied.
- It was against this background that the Members of the Delegation, comprised of members from two committees of the Burundian Parliament were visiting, to benchmark on best practices, to enact the relevant laws back at home.

The delegation reiterated that they sought to enact a law that would regulate matters of food, drugs, medicines, medical devices, personnel and traditional medicine.

Their Kenyan counterparts gave a history of and their experiences in enacting the comprehensive Health Act 2017 in the previous Parliament. Traditional medicine was however unregulated at the moment, awaiting operationalization of Sections 74-79 of the Health Act 2017.

MIN. NO.NA/C.H/2018/344: ADOPTION OF PENDING REPORTS

1. Report on Kenyatta University Teaching & Referral Hospital Project

The Committee went through the report and adopted it as proposed and seconded by Hon. (Dr.) Swarup Mishra, MP and Hon. (Dr.) James Murgor, MP respectively. The recommendations of the report were as follows;

- i) That the National Treasury immediately allocates Kshs. 656,682,207 for dry run budget and Kshs. 1,060,490,567.19 for the soft run to the Kenyatta University Hospital. This allocation should be factored in the Supplementary Budget for National Assembly ratification. This would trigger release of undisbursed loan of Kshs 1.37 Billion for personnel and capacity building;
- ii) That Kenyatta University and Treasury to re-look into the PPP approach and consider the original plan of the University running the hospital. If the model settled upon is PPP, then Treasury to give clear guidelines on competitive identification of the private partner;
- iii) That the Ministries of Health and Education, Science & Technology be actively involved in these discussions, and take a leading role in matters of health policy and teaching, respectively;
- iv) That National Treasury amends the on-Lending Agreement with Kenyatta University to allow Kenyatta University adequate time to reorganize its finances to enable it meet its loan repayment obligations under the on-Lending Agreement.

2. Report on the Alleged Irregular Specialist Recognition of Dr. Samira Soni by the Kenya Medical Practitioners & Dentists Board

The Committee went through the report and adopted it as proposed and seconded by Hon. Gabriel Tongoyo, MP and Hon. Martin Peters Owino, MP respectively. The recommendations of the report were as follows;

- i) The Board immediately cancels the specialist recognition for Dr. Samira Soni and follows the laid down procedure to recognize her;
- ii) The Board to pro-actively and independently investigate allegations of medical misconduct of Dr. Soni in her pervious engagements, to verify their veracity and/or prove or discount her claims of pure business rivalry, and take appropriate action. Towards this end, they should review the specific case of Dr. Soni allegedly removing eyes of a patient, and summon to hear evidence from those who Dr. Soni had worked under;
- iii) The Board henceforth strongly enforces its own regulations and provisions of the Act, and the Ministry of Health to look into the activities of the board;
- iv) The Board to devise safe strategies to address the shortfall of specialist ophthalmologists, and accredited institutions for practice;

- v) The Board immediately reviews practice of foreign doctors in the country, especially on hands on supervision of their operations;
- vi) The Board closely monitors the operations of the Eye N U Clinic vis a vis management of patients.

MIN. NO.NA/C.H/2018/345:

ADJOURNMENT

There being no other business, the meeting adjourned at 1.45 pm. Next meeting to be held on 18th October, 2018.

Sign..... Date.....

(Chairperson)

Approved for circulation. TBC.
17/10/18

MINUTES OF THE SEVENTY THIRD (73RD) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD ON THURSDAY 23RD AUGUST, 2018 AT 2ND FLOOR BOARDROOM , PROTECTION HOUSE, AT 10.00 AM

PRESENT

1. Hon. Stephen Mule, MP - Chairing
2. Hon. (Dr.) James Nyikal, MP
3. Hon. Kipsengeret Koros, MP
4. Hon. Martin Peters Owino, MP
5. Hon. Gladwell Jesire Cheruiyot, MP
6. Hon. Chris Karan, MP
7. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
8. Hon. Tongoyo Gabriel Koshal, MP
9. Hon. Zachary Kwenya Thuku, MP

ABSENT WITH APOLOGIES

1. Hon. Sabina Chege, MP – Chairperson
2. Hon. (Dr.) Swarup Ranjan Mishra, MP - Vice Chairperson
3. Hon. (Dr.) Eseli Simiyu, MP
4. Hon. Alfred Agoi Masadia, MP
5. Hon. (Dr.) James Kipkosgei Murgor, MP
6. Hon. (Dr.) Mohamed Dahir Duale, MP
7. Hon. Muriuki Njagagua, MP
8. Hon. Esther M. Passaris, MP
9. Hon. Mercy Wanjiku Gakuya, MP
10. Hon. Patrick Munene Ntwiga, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

1. Hon. Caleb Kositany, MP - Sponsor of Legislative Proposal
2. Mr. Victor Weke - Clerk Assistant I
3. Mr. Eric Kanyi - Fiscal Analyst
4. Ms. Fatuma Abdi - Audio Officer
5. Ms. Catherine Wangui - Serjaent-at-Arms

NATIONAL TREASURY

1. Dr. Kamau Thugge - Principal Secretary

- | | | |
|--------------------------|---|---------------------------------|
| 2. Mr. Jackson Kinyanjui | - | Director, Resource Mobilization |
| 3. Mrs. Judith Nyakawa | - | Ag. Director, PPP |
| 4. Dr. Ronoh Tumising | - | Legal Expert, PPP |

MIN. NO.NA/C.H/2018/275: PRELIMINARIES

In the absence of the Chairperson and Vice-chairperson, Members present elected Hon. Stephen Mule, MP to chair the meeting, pursuant to Standing Order 188. He subsequently called the meeting to order at half past ten in the morning and invited Hon. Martin Owino, MP to say a prayer.

MIN. NO.NA/C.H/2018/276: CONFIRMATION OF MINUTES

69th Sitting:

Minutes of the 69th sitting held on 9th August, 2018 were confirmed as a true record of proceedings as proposed by Hon. Martin Owino, MP and seconded by Hon. Kipsengeret Koros, MP.

71st Sitting:

Minutes of the 71st sitting held on 15th August, 2018 were confirmed as a true record of proceedings as proposed by Hon. (Dr) James Nyikal, MP and seconded by Hon. Martin Owino, MP.

72nd Sitting:

Minutes of the 72nd sitting held on 16th August, 2018 were confirmed as a true record of proceedings as proposed by Hon. Gabriel Tongoyo, MP and seconded by Hon. Zachary Thuku, MP.

MIN. NO.NA/C.H/2018/277: MATTERS ARISING

69th Sitting: MIN. NO.NA/C.H/2018/277 (i)

The Committee tasked the secretariat to obtain minutes of the 11th Parliament's meetings with witnesses on the irregular specialist recognition of Dr. Samira Soni. This would assist draw parallels with the current inquiry.

MIN. NO.NA/C.H/2018/278: LEGISLATIVE PROPOSAL BY HON. CALEB KOSITANY, MP

Hon. Caleb Kositany, MP appeared before the Committee to expound on and vouch for his legislative proposal that sought to amend the NHIF Act. The proposal intended to

introduce a new sub-section immediately after sub-section (3), under Section 2, to read as follows;

“(3A) For purposes of payment of benefits under this section, the Cabinet Secretary shall, in consultation with the Board, make regulations to standardize the costs of the medical services referred to in subsection (3).”

Hon. Kositany said that setting of standard costs will ensure that the NHIF scheme is not used for the payment of unnecessarily expensive medical procedures whose costs can be standardized. He added that this will stop exploitation of NHIF that may lead to its collapse.

Hon. Kositany added that regulation has happened in other countries such as India, and even locally, professions such as surveyors and lawyers had regulations of fees that practitioners can charge.

Committee observations

The Committee observed that the intention of the proposal was good as it sought to protect NHIF and shield the public from exorbitant fees. However, this matter was broad and the proposal by Hon. Kositany may not be comprehensive enough to address the concerns as it could only cover NHIF, but not stop hospitals from charging patients over and above what NHIF covers. Moreover, NHIF reimbursements were done on the basis of contractual agreements with different tiers of hospitals.

The Committee observed that Hon. Kositany’s intention may be addressed through enactment of amendments to a more comprehensive Act, the Health Act, 2017, after proper engagement with all stakeholders.

The Committee would wait for views from the Ministry of Health and Attorney General’s office before making its final recommendation.

MIN. NO.NA/C.H/2018/279:

ADOPTION OF REPORT ON LEGISLATIVE
PROPOSAL BY HON. EMMANUEL WANGWE,
MP

The Committee considered and adopted its report on the legislative proposal to amend NHIF Act by Hon. Emmanuel Wangwe, MP. The Committee recommended that the proposal be dropped as the matter had been addressed in the Committee’s recommendations in section 3(2)(a) (vi) of the NHIF Act, in the Statute Law Miscellaneous Amendment (No. 2) Bill, 2018 (National Assembly Bill no. 13 of 2018).

Dr. Kamau Thugge appeared before the Committee to respond to queries raised on the Kenyatta University Hospital project. He submitted as follows;

- i) The original plan was for Kenyatta University to implement, own and run the facility. Following completion, and the delays in transitioning the project into operation, with the additional delay in unlocking the undisbursed amounts for training staff, the University approached the National Treasury with a request for Ksh.656, 682,209 to facilitate start to operations, and help facilitate the disbursement of undisbursed amounts.
- ii) Following that request, the Cabinet Secretary of the National Treasury convened a meeting on 4th April, 2018 and requested the University to work out several funding options that would ensure sustained long-term operation of the Hospital without necessarily depending on Government funding. CS also indicated that KU should consider Public Private Partnerships (PPPs) as an option amongst other models.
- iii) The repayment of the loan to China Exim Bank is to be made directly by the National Treasury, starting 21st September 2018. This has been budgeted for in the current FY printed estimates.
- iv) The Exact amount remaining as undisbursed to the University is CNY 137,722,949 not CNY 142,862,209 as stated by Kenyatta University. The matter had since been clarified to them.
- v) If a PPP arrangement is adopted to undertake the operation of the project, it will be designed as an Operate and Maintain PPP transaction. This arrangement will meet the original objectives of the University of Teaching, Training, Research and high level Clinical Services without depending on the exchequer, but its viability should be tested through proper pre-assessments of the PPP transaction structure.
- vi) Pricing of services at the hospital would remain affordable to the public because the private partner would not bear the costs of establishing and equipping the hospital. The hospital will also benefit from medical tourism and private-wing facilities.

Dr. Thugge added that the government was undergoing a process of fiscal consolidation that has seen it reduce its budgetary deficit to GDP from 9% towards an acceptable 6%. This, coupled with dismal revenue performance had made it difficult for Treasury to fund certain projects, hence the rationale to consider PPP. He conceded that with the Kshs. 656 M having been foreseen all along, it was laxity on the part of the University and its parent ministry not to have prioritized it in this year's estimates. As a way forward, he proposed that;

- a) GOK to Support KU with funds necessary to enable it recruit the most critical and required staff/personnel to facilitate operationalization of the hospital,
- b) This would trigger the release of the undisbursed amounts under the Loan Facility for the project, consequent upon (a) happening;
- c) Restructuring of KU's loan repayment obligations to align it to the operationalization strategy, and, concomitantly, arrangements being made by the National Treasury to ensure no defaults occur in the loan facility with China Exim Bank.

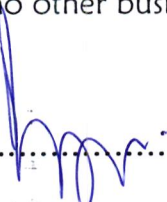
It was agreed that Treasury urgently meets with the University and its parent Ministry and source for the required funds. The Principal Secretary would provide feedback to the Committee within two weeks.

MIN. NO.NA/C.H/2018/281:

ADJOURNMENT

There being no other business, the meeting adjourned at 1.30 pm.

Sign.....



(Chairperson)

Date.....

6/9/18

MINUTES OF THE SEVENTIETH (70TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD ON TUESDAY 14TH AUGUST, 2018 AT 5TH FLOOR COMMITTEE ROOM, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, AT 9.30 AM

PRESENT

1. Hon. Sabina Chege, MP – Chairperson
2. Hon. (Dr.) Swarup Ranjan Mishra, MP - Vice Chairperson
3. Hon. (Dr.) James Nyikal, MP
4. Hon. (Dr.) Eseli Simiyu, MP
5. Hon. (Dr.) James Kipkosgei Murgor, MP
6. Hon. (Dr.) Mohamed Dahir Duale, MP
7. Hon. Stephen Mule, MP
8. Hon. Kipsengeret Koros, MP
9. Hon. Chris Karan, MP
10. Hon. Esther M. Passaris, MP
11. Hon. Gladwell Jesire Cheruiyot, MP
12. Hon. Martin Peters Owino, MP

ABSENT WITH APOLOGIES

1. Hon. Muriuki Njagagua, MP
2. Hon. Patrick Munene Ntwiga, MP
3. Hon. Tongoyo Gabriel Koshal, MP
4. Hon. Mercy Wanjiku Gakuya, MP
5. Hon. Zachary Kwenya Thuku, MP
6. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
7. Hon. Alfred Agoi Masadia, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|--------------------------------|---|-------------------------------|
| 1. Mr. Victor Weke | - | Clerk Assistant I |
| 2. Mr. Muyodi Meldaki Emmanuel | - | Clerk Assistant III |
| 3. Ms. Christine Odhiambo | - | Legal Counsel II |
| 4. Mr. Ahmed Odhowa | - | Principal Research Officer II |
| 5. Ms. Fatuma Abdi | - | Audio Officers |
| 6. Mr. Shimoli Eric Alulu | - | Legal Intern |

MINISTRY OF HEALTH

- | | | |
|---------------------|---|---------------------|
| 1. Mr. Peter K. Tum | - | Principal Secretary |
|---------------------|---|---------------------|

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|------------------------------|---|--|
| 2. Dr. Mary Wangai | - | Head Division Legislation and Regulation |
| 3. Mr. Ibrahim Abdi | - | Administration/ Parliamentary Liaison |
| 4. Mr. Fred M. Siyoi | - | Pharmacy and Poisons Board |
| 5. Mr. Anthony Toroitich | - | Pharmacy and Poisons Board |
| 6. Dr. Hezekiah K. Chepkwony | - | Director, NQCL |
| 7. Dr. William Mwatu | - | Chairman, NQCL |
| 8. Mr. Paul Munyao | - | Member of Board, NQCL |
| 9. Mr. Ronoh Sitenei | - | Member of Board, NQCL |
| 10. Dr. Pius Wanjala | - | Deputy Director, NQCL |
| 11. Mr. George Wanganga | - | Deputy Director, NQCL |
| 12. Grace Kimani | - | Legal Counsel, NHIF |

KENYATTA UNIVERSITY

- | | | |
|----------------------------|---|----------------------------------|
| 1. Prof. Paul K. Wainaina | - | Vice Chancellor |
| 2. Prof. Godfrey Mse | - | Deputy Vice-Chancellor |
| 3. Prof. B.M Okello Agina | - | Dean School of Medicine |
| 4. Prof. Nelson H.W Wawire | - | Dean School of Economic |
| 5. Mr. Kenneth Iloka | - | Biomedical Engineer |
| 6. Dr. Paul Gachanja | - | Cordinator PPP Projects |
| 7. Eng. Patrick Karigi | - | Project Manager |
| 8. Mr. Mwai Samuel | - | Deputy Finance Officer |
| 9. Mr. Elizabeth Karanja | - | Legal Officer |
| 10. Mr. Evans Mugo | - | Office of the Vice- Cahncellor |
| 11. Dr. Francis Muraya | - | Advisor, Office of the President |
| 12. Prof. Khama Rogo | - | Advisor, World Bank |
| 13. Mr. Kamau Evans | - | Advisor, IFC |

MIN. NO.NA/C.H/2018/260: PRELIMINARIES

The Chairperson called the meeting to order at 9.45 am and said a prayer, followed by a round of introductions. She stated that the Committee had called for the meeting with the Ministry with a view to get consensus on sections of the Pharmacy and Poisons Act, 2018 that touched on the operations of the National Quality Control Board i.e The newly proposed Section 25A and Section 35A (5) – 35 and the two agencies operational relationship.

The Committee would thereafter meet with the management of Kenyatta University on their teaching and referral hospital project.

The Principal Secretary, Mr. Peter K. Tum informed the Committee that the Ministry still stood with its decision to withdraw Section 35A (5) – 35 of the Pharmacy and Poisons Act, 2018 and would further drop Section 25A of the Act as it also touched on the functions of the National Quality Control Board; until the finalization of the Kenya Food and Drugs Bill.

He added that the proposed amendments on the Radiation Protection Act also stood withdrawn as there was a more comprehensive Bill on the same that would be presented before the Cabinet during the week and subsequently to Parliament as a stand alone Bill.

He went ahead and took the Committee through the functions of both the Pharmacy and Poisons Board and the National Quality Control Laboratory (NQCL). He acknowledged that the two institutions did not have a harmonious working relationship and it was an issue that the Ministry was working to correct, within a month's time.

On the operations of the Pharmaceutical and Drug Inspectors, he said that Pharmacy and Poisons Board had two cadres of inspectors:-

1. **Inspector of Drugs:** Currently the Ministry had 21 pharmaceutical technologists in this cadre, appointed by the Public Service Commission and some of them had been upgraded to pharmacists.
2. **Pharmaceutical Inspectors:** They were employees of the Ministry but appointed by the Pharmacy and Poisons Board.

Since their roles were similar, the Ministry sought to merge them under supervision of the Pharmacy & Poisons Board and was in the process of redesignating them.

Dr. Siyoi of the Pharmacy and Poisons Board informed the meeting that NQCL was faced by issues of capacity, and that it took inordinately long, up to two years, to conclude tests. They also charged higher fees than private labs. These were the reasons it engaged other labs pre-qualified by the World Health Organization i.e Mission for Essential Drugs and Supply (MEDS), Drug Analysis and Research Unit (DARU) at the University of Nairobi and another in Germany.

Dr. Chepkwony however stated that they were building capacity, only hampered by lack of support, and had in fact not received any samples for testing for the whole of the year 2017, from the Pharmacy and Poisons Board. They were however engaged by KEMSA, NASCOP and the National leprosy and TB unit at the ministry.

The Principal Secretary also addressed several issues raised by Members as follows:

The reasons as to why the government chemist was moved from the Ministry of Health to the Ministry of Interior done in July, 2018 was not clear but negotiations were still ongoing between the two Ministries in regards to this, and that he would soon furnish the Committee with justifications for the re-organization.

On the matter regarding the Pharmacy and Poisons Board decision to decline to approve 25 Pharmacists on the account that they had graduated from the institutions not recognized by the Board, Dr. Siyoi of PPB said the court asked them to follow due process. These individuals had failed examinations prescribed before registration.

On the issue of distribution of Container Mobile Clinics, the Principal Secretary said that they had since secured consent of the EACC and a distribution list was being prepared.

MIN. NO.NA/C.H/2018/262: MEETING WITH THE VICE-CHANCELLOR, KENYATTA UNIVERSITY REGARDING THE KENYATTA UNIVERSITY HOSPITAL PROJECT

The Committee went through the report presented by the Vice-Chancellor Kenyatta University clarifying on issues raised in the previous meetings with the Committee . The Committee noted a number of discrepancies in the financial projection of income and expenditure as indicated in the report and the University would revise this.

The Committee would meet Treasury on Thursday 16th August, 2018 and make its recommendations.

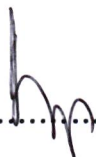
MIN. NO.NA/C.H/2018/263: ANY OTHER BUSINESS

Communication from the Chair: The Chairperson summarized some of the issues in regards to the conduct of Members in the Committees that were raised during the recently held leadership retreat in Mombasa;

- i. The friends of the Committee may only attend the Committee sittings after making their request to the Chairperson and the Secretariat in advance;
- ii. Members to observe time when attending Committee sittings to avoid asking questions already covered;
- iii. The Chairperson also advised against Members exiting meetings before questions they raised were answered by witnesses.

Adoption of the report:- Members were informed that the Speaker had directed that the Committee tables its report on the Health Laws (Amendment) Bill, 2018 latest Wednesday 15th August, 2018. In that regard the Committee would meet on this day to adopt the report.

There being no other business, the meeting adjourned at 1.45 pm. Next meeting would be held on Wednesday 15th August, 2018 at a time and venue to be communicated.

Sign.......... Date.....15/8/18.....
(Chairperson)

MINUTES OF THE SIXTY EIGHTH (68TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD ON TUESDAY 7TH AUGUST, 2018 AT 5TH FLOOR COMMITTEE ROOM, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, AT 10.00 AM

PRESENT

1. Hon. Sabina Chege, MP – **Chairperson**
2. Hon. (Dr.) James Nyikal, MP
3. Hon. (Dr.) James Kipkosgei Murgor, MP
4. Hon. (Dr.) Mohamed Dahir Duale, MP
5. Hon. (Dr.) Eseli Simiyu, MP
6. Hon. Stephen Mule, MP
7. Hon. Muriuki Njagagua, MP
8. Hon. Chris Karan, MP
9. Hon. Gladwell Jesire Cheruiyot, MP
10. Hon. Martin Peters Owino, MP
11. Hon. Patrick Munene Ntwiga, MP
12. Hon. Mercy Wanjiku Gakuya, MP

ABSENT WITH APOLOGIES

1. Hon. (Dr.) Swarup Ranjan Mishra, MP - **Vice Chairperson**
2. Hon. Alfred Agoi Masadia, MP
3. Hon. Zachary Kwenya Thuku, MP
4. Hon. Esther M. Passaris, MP
5. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
6. Hon. Tongoyo Gabriel Koshal, MP
7. Hon. Kipsengeret Koros, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|--------------------------------|---|--------------------------------|
| 1. Mr. Robert Nyagah | - | Deputy Director, Budget Office |
| 2. Mr. Victor Weke | - | Clerk Assistant I |
| 3. Mr. Muyodi Meldaki Emmanuel | - | Clerk Assistant III |
| 4. Ms. Fatuma Abdi | - | Audio Officers |
| 5. Ms. Catherine Wangui | - | Sergeant-At-Arms |

KENYATTA UNIVERSITY

- | | | |
|---------------------------|---|------------------------|
| 1. Prof. Paul K. Wainaina | - | Vice Chancellor |
| 2. Prof. Godfrey Mse | - | Deputy Vice-Chancellor |

3. Prof. B.M Okello Agina	-	Dean School of Medicine
4. Prof. Nelson H.W Wawire	-	Dean School of Economic
5. Mr. Kerineth Iloka	-	Biomedical Engineer
6. Dr. Paul Gachanja	-	Cordinator PPP Projects
7. Eng. Patrick Karigi	-	Project Manager
8. Mr. Mwai Samuel	-	Deputy Finance Officer
9. Mr. Elizabeth Karanja	-	Legal Officer
10. Mr. Evans Mugo	-	Office of the Vice- Cahncellor
11. Mr. Francis Muraya	-	Advisor, Office of the President
12. Prof. Khama Rogo	-	Advisor, World Bank
13. Mr. Kamau Evans	-	Advisor, IFC

MIN. NO.NA/C.H/2018/252: PRELIMINARIES

The Chairperson called the meeting to order at 10.20 am and said a prayer, followed by introductions by all present. Confirmation of minutes of previous sittings was deferred to the next sitting.

MIN. NO.NA/C.H/2018/253: MEETING WITH KENYATTA UNIVERSITY OVER THE KENYATTA UNIVERSITY HOSPITAL PROJECT

The Vice-Chancellor Kenyatta University accompanied by officials from the University, World Bank and International Finance Corporation (IFC) appeared before the Committee and informed the meeting as follows:-

The original plan for completing and operationalizing the hospital was that the University develops the hospital with a guarantee from the government. On completion, the University was to own and operate the hospital and pay the loan through the government as per the On-Lending agreement entered between government of Kenya and the University in 2011.

Once established, the School and the Hospital would be self-sustaining through fees paid and charges levied for services rendered. As part of the University teaching departments, the hospital would also receive a budgetary allocation from the University. Further, as a referral hospital, budgetary allocation would be expected from the Government.

The Vice-Chancellor said the infrastructure was complete and the hospital fully equipped, pending operationalization. This would be done in three phases; Handover and dry runs, soft opening and full capacity operations.

He added that the hospital was stuck at phase I which involved inspection and Dry – run (commissioning/test run) which required a budget of Kshs. 656,682,207 that will cover

staffing and operation costs . During this phase, the University expected to hire and train specialized staff who would familiarize themselves with their areas of expertise.

He said that the University had sought the National Treasury's Support to operationalize the hospital, in vain. The Treasury recommended that the University explores a Public Private Partnership to operate the Hospital.

He further added that, the Public Private Partnership option would be preceded by Phase I, and according to the University's current financial status, it wouldn't be able to fund the project. That was the reason why the University administration approached the Committee to help it access the required Kshs. 656,682,207 for Phase I (Dry Run) that would unlock the balance of the loan totaling Kshs. 1,378,425,350. This amount would cover personnel and capacity building which would lead to implementation of Phase I. Once the initial phase was completed, the University would be able to engage with the private partner on the most suitable model of the private public partnership for the remaining phases of operationalization.

Parliamentary Budget Office

Mr. Robert Nyaga, Deputy Director Budget Office, informed the meeting that the University needed to provide further clarifications before the Committee would consider their request. Moreover, it was important to listen Treasury's position on the matter. If agreeable, the University would then be allocated money through a Supplementary Budget.

Committee Resolutions

The Committee resolved that it would meet with Kenyatta University and the National Treasury on Tuesday 14th and Thursday 16th August, 2018 respectively with a view to clarify issues concerning the project, including;

- i) An itemized breakdown of the Kshs. 656 M sought for the dry run;
- ii) An itemized breakdown of the expenditure of Kshs. 1.3 B indicated as under Personnel and Capacity Building;

- iii) The model of the private public partnership (PPP) that the University will engage in once the hospital is operationalized;
- iv) Sustainability plan of the hospital post PPP; and ✕
- v) Projected revenue streams that the hospital will generate (as had been envisaged in the feasibility study).

MIN. NO.NA/C.H/2018/254:

ADJOURNMENT

There being no other business, the meeting adjourned at 1.10 pm. Next sitting would be held on Thursday 9th August, 2018 at 10.00 am.

Sign.....

Date.....*9-8-2018*.....

 (Chairperson)

MINUTES OF THE FIFTY SIXTH (56TH) SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD ON TUESDAY 24TH JULY, 2018 AT 2ND FLOOR PROTECTION HOUSE, PARLIAMENT BUILDINGS, AT 11.30 AM

PRESENT

1. Hon. (Dr.) James Kipkosgei Murgor, MP - **Chairing**
2. Hon. (Dr.) James Nyikal, MP
3. Hon. (Dr.) Eseli Simiyu, MP
4. Hon. Kipsengeret Koros, MP
5. Hon. Patrick Munene Ntwiga, MP
6. Hon. Tongoyo Gabriel Koshal, MP

ABSENT WITH APOLOGIES

1. Hon. Sabina Chege, MP – **Chairperson**
2. Hon. (Dr.) Swarup Ranjan Mishra, MP - **Vice Chairperson**
3. Hon. (Dr.) Mohamed Dahir Duale, MP
4. Hon. Stephen Mule, MP
5. Hon. Muriuki Njagagua, MP
6. Hon. Alfred Agoi Masadia, MP
7. Hon. Esther M. Passaris, MP
8. Hon. Martin Peters Owino, MP
9. Hon. Mercy Wanjiku Gakuya, MP
10. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
11. Hon. Chris Karan, MP
12. Hon. Gladwell Jesire Cheruiyot, MP
13. Hon. Zachary Kwenya Thuku, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|--------------------|---|--------------------|
| 1. Mr. Victor Weke | - | Clerk Assistant II |
| 2. Ms. Fatuma Abdi | - | Audio Officer |
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MIN. NO.NA/C.H/2018/219: PRELIMINARIES

In the absence of the Chairperson and Vice-chairperson, Memembrs present unanimously elected Hon. (Dr.) James Murgor, MP to chair the meeting, pursuant to Standing Order No. 188. Hon. (Dr.) Murgor then called the meeting to order at 11.48 am and invited Hon. (Dr.) James Nyikal, MP to say a prayer.

MIN. NO.NA/C.H/2018/220:

CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

53rd Sitting:

Minutes of the 53rd sitting held on the morning of 17th July, 2018 were read and confirmed as a true record of proceedings as proposed by Hon. (Dr.) James Nyikal, MP and seconded by Hon. Patrick Ntwiga, MP.

54th Sitting:

Minutes of the 54th sitting held on the afternoon of 17th July, 2018 were read and confirmed as a true record of proceedings as proposed by Hon. (Dr.) Eseli Simiyu, MP and seconded by Hon. (Dr.) James Nyikal, MP.

55th Sitting:

Minutes of the 55th sitting held on 18th July, 2018 were read and confirmed as a true record of proceedings as proposed by Hon. (Dr.) James Nyikal, MP and seconded by Hon. (Dr.) Eseli Simiyu, MP.

There were no matters arising.

MIN. NO.NA/C.H/2018/221:

CONSIDERATION OF THE PROPOSAL BY KENYATTA UNIVERSITY ON THEIR 600 BED HOSPITAL

The Committee went through the written request from Kenyatta University, after the visit it had conducted to the institution on 6th July, 2018. The Committee resolved that the University's administration be invited to a meeting on 7th August, 2018 to shed light on the following, before the Committee makes a decision;

- i) The original plan on how the hospital was to be completed and operationalized before the loan was sought;
- ii) The structure of the loan totaling Kshs. 8,756,025,600 used to construct the hospital, including repayment terms, current repayment status, conditionalities/encumbrances and whether the repayment is done by the University or directly by Treasury;
- iii) The proposed management structure of the hospital once operations start;
- iv) Detailed numbers of doctors, specialists, nurses and other medical personnel to be employed at the hospital;
- v) Reasons for engaging a private partner once the hospital will already be operational, also considering that private entities are profit driven and may not be interested in universal health coverage;

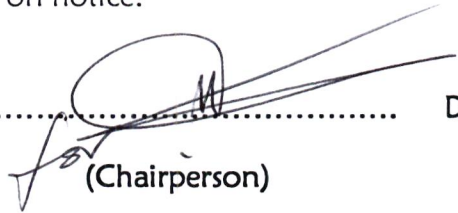
The secretariat was also tasked to also write to Treasury seeking terms of the loan agreement with the Chinese government.

MIN. NO.NA/C.H/2018/222: AOB

1. The Committee resolved to retreat to Mombasa during the week of 30th July to 3rd August, 2018 to write its report on the Health Laws (Amendment) Bill, 2018.
2. The Committee was informed that the Ministry of Health's Health Benefits Advisory Council on UHC intended to brief the it on the UHC pilot programme on Thursday 26th July, 2018. Members would be advised once the official invitation was received.

MIN. NO.NA/C.H/2018/223: ADJOURNMENT

There being no other business, the meeting adjourned at 12.35 pm. Next sitting would be held on notice.

Sign.......... Date..... 9/8/2018

(Chairperson)