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J. B. SNA
26/4/19



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

THIRD SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON SUPPLEMENTARY
ESTIMATES NO. 1 FOR THE FINANCIAL YEAR 2019/20

NOVEMBER, 2019



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 NOV 2019	
DAY: TUESDAY	
TABLED BY:	CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE HON. KIMANI ICHUNGWAH
CLERK-AT THE TABLE:	

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PREFACE

Mr. Speaker, the Supplementary Estimates I for FY 2019/20 were tabled in the National Assembly on 12th November, 2019 for consideration and approval. This is pursuant to Article 223 of Constitution, Section 44 of the Public Finance Management Act, 2012, PFM Regulation Part 40 and National Assembly Standing Order 243.

On behalf of the Budget and Appropriations Committee and pursuant to provisions of Standing Order number 207 (3) (b), it is my pleasant privilege to present the report of the Committee on its consideration of the Supplementary Estimates No. 1 for FY 2019/20.

Mandate of the Committee

Mr. Speaker, the Budget and Appropriation Committee derives its mandate from both Section 7 of the Public Finance Management Act, 2012 and National Assembly Standing Order 207. The Committee was established to take the principal role in budgetary oversight. The Committee is tasked with specific mandates among which is to:

1. Investigate, inquire into, and report on all matters related to coordination, control, and monitoring of the national government budget;
2. Examine the Budget Policy Statement, the Medium-Term Debt Strategy Paper and the Division of Revenue Bill (DoRB) presented to the House;
3. Discuss and review the Estimates and make recommendations to the House;
4. Examine Bills related to the national budget, including the Appropriations Bill; and
5. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

Mr. Speaker, the Budget and Appropriations Committee as currently constituted comprises of the following Honourable Members of Parliament:

Member	Constituency	Party
1. Hon. Kimani Ichung'wah, CBS, M.P- Chairperson	Kikuyu	Jubilee
2. Hon. CPA Moses Lessonet, M.P- Vice Chairperson	Eldama Ravine	Jubilee
3. Hon. CPA John Mbadi, EGH, CBS, M.P.	Suba South	ODM
4. Hon. Richard Onyonka, M.P.	Kitutu Chache South	Ford Kenya
5. Hon. Samwel Moroto, M.P.	Kapenguria	Jubilee
6. Hon. Millie Odhiambo, M.P.	Suba North	ODM
7. Hon. Twalib Bady, M.P.	Jomvu	ODM

8. Hon. (Dr.) Gideon Ochanda, M.P.	Bondo	ODM
9. Hon. James Mwangi Gakuya, M.P.	Embakasi North	Jubilee
10. Hon. (Dr.) Makali Mulu Benson, M.P.	Kitui Central	Wiper
11. Hon. Moses Kiarie Kuria, M.P.	Gatundu South	Jubilee
12. Hon. Benard Masaka Shinali, M.P.	Ikolomani	Jubilee
13. Hon. John Muchiri Nyaga, M.P.	Manyatta	Jubilee
14. Hon. Jude Njomo, M.P.	Kiambu Town	Jubilee
15. Hon. (Dr.) Korei Ole Lemein, M.P.	Narok South	Jubilee
16. Hon. Sarah Paulata Korere, M.P.	Laikipia North	Jubilee
17. Hon. Naisula Lesuuda, OGW, M.P.	Samburu West	KANU
18. Hon. Sakwa Bunyasi, M.P.	Nambale	ANC
19. Hon. Danson Mwashako, M.P.	Wundanyi	Wiper
20. Hon. Fatuma Gedi Ali, M.P.	Wajir County	PDR
21. Hon. Florence Chepng'etich Koskey Bore, M.P.	Kericho County	Jubilee
22. Hon. James Gichuki Mugambi, M.P.	Othaya	Jubilee
23. Hon. (Dr.) John K. Mutunga, M.P.	Tigania West	Jubilee
24. Hon. (Eng.) Mark Nyamita, M.P.	Uriri	ODM
25. Hon. Paul Abuor, M.P.	Rongo	ODM
26. Hon. Qalicha Gufu Wario, M.P.	Moyale	Jubilee
27. Hon. Wangari Mwaniki, M.P.	Kigumo	Jubilee

Parliamentary Budget Office/ Committee Secretariat

1. Ms. Phyllis Makau, OGW	Director, Parliamentary Budget Office
2. Mr. Martin Masinde	Senior Deputy Director, PBO
3. Ms. Lucy Makara	Deputy Director, PBO
4. Mr. Fredrick Muthengi	Chief Fiscal Analyst, PBO
5. Mr. Joseph Ndirangu	Fiscal Analyst/Clerk
6. Ms. Julie Mwithiga	Fiscal Analyst II
7. Mr. James Chacha	Fiscal Analyst II
8. Mr. Danson Kachumbo	Fiscal Analyst II
9. Mr. Jonathan Lemurt	Fiscal Analyst III
10. Ms. Winfred Atieno	Audio Officer III
11. Mr. Benard Omondi	Sergeant at Arms III
12. Mr. Joram Baraza	Office Assistant II
13. Mr. Tom Cyrille	Fiscal Analyst Intern

EXAMINATION OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR FY 2019/20

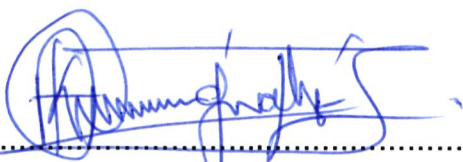
Mr. Speaker, the Committee held 6 consultative meetings including two meetings with the National Treasury; these were preceded by a briefing by the Parliamentary Budget Office. Pursuant to Standing Order 207(6), the Committee invited Chairpersons of Departmental Committees to make presentations on their reports on the Supplementary Estimates I for FY 2019/20. The Committee has examined and discussed the estimates along with the departmental committee submissions and has made various recommendations which are contained in this report. If approved by the House, these recommendations will form the basis for the passage of the Supplementary Appropriation Bill for financial year 2019/20.

Acknowledgements

Mr. Speaker, The Budget and Appropriations Committee would like to extend its gratitude to Departmental Committees and all Members of Parliament for their participation in scrutinizing the Supplementary Estimates No. 1. of FY 2019/20. The Committee is also grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the technical support accorded to the Committee during its sittings.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made insightful contributions towards the preparation of this report, in line with the requirements of the Public Finance Management (PFM) Act, 2012 and the Constitution.

Mr. Speaker, on behalf of the Committee and pursuant to Standing Order 199(6), it is my pleasant duty and privilege to table the Report on the Supplementary Estimates No. 1 for FY 2019/20 and recommend it to the House for adoption.

Signed: 

Hon. Kimani Ichung'wah, CBS, M.P.
Chairperson, the Budget and Appropriations Committee

Date: 26/11/2019.

I. OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR FY 2019/20

- 1) **Mr. Speaker**, the Supplementary Estimates No. 1 for FY 2019/20 was tabled in the National Assembly on 12th November, 2019. The estimates propose to increase the overall budget by Ksh.80.1 billion, representing a 2.9 percent increase. This is comprised of a decrease in recurrent estimates by Ksh. 5.65 billion (0.5% of the approved budget) and an increase in development estimates by Ksh. 85.76 billion (12.2% of the approved budget). It is observed that there are no proposed changes under the Consolidated Fund Services.
- 2) **Mr. Speaker**, Supplementary Budget is anchored under Article 223 of the Constitution, which allows the National Government to spend money that has not been approved if the amount appropriated under the Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated. **Mr. Speaker**, this Supplementary budget was submitted barely four months after the approval of the budget and the main justification for it is underperformance of projected revenues for FY 2019/20 which has resulted in revision of the projected ordinary revenues by Ksh. 108.7 billion, and to support the Big Four Plan. This is an indication that the budget challenge function at the National Treasury is weak in terms of checking the realism of revenue projections and alignment of the budget estimates to critical policy direction within the executive.
- 3) **Mr. Speaker**, during the review of this Supplementary Estimates, it came out clearly from the National Treasury that for a long period of time, the budget has been based on unrealistic revenue projections. An analysis of the growth of revenues over the last 10 years, 5 years and 3 years indicate that on average, revenue grew by 14 percent, 12 percent and 11 percent, respectively. It is worth noting that over the last 3 years, **Mr. Speaker**, the nominal GDP forecast was always higher than the actual outcome released by the Kenya National Bureau of Statistics (KNBS). Thus, historical performance of the economy has not largely informed future revenue forecast. The Committee observes that based on GDP performance as well as other macroeconomic fundamentals, the performance of revenue for FY 2019/20 may fall short by about Ksh. 120 billion to stand at Ksh.1.7 trillion by the close of FY 2019/20.
- 4) **Mr. Speaker**, the Committee is concerned that it has become a trend that there are two supplementary budgets in any financial year, which is against international best practice and it waters down the credibility of the budget as critical expenditures are left out during

the formulation of the budget with the expectation that they will be funded during a supplementary budget.

- 5) **Mr. Speaker**, a critical review of this Supplementary Estimates indicates that no information has been provided on measures taken by the National Government in implementing the resolutions made by the National Assembly for FY 2019/20 Budget Estimates. In particular, a key resolution was on the submission of a summative report on the progress of the Universal Health Care rollout programme in the 4 pilot counties so as to gauge the progress before the rollout to all the counties. This report has not been provided and yet resources towards Universal Health Care program have substantially increased in this Supplementary Budget. Non-adherence to National Assembly resolutions undermines the legislative budget oversight role of the House as espoused under Article 95 of the Constitution.
- 6) **Mr. Speaker**, an evaluation of the legal compliance indicates a lack of comprehensiveness in the documents submitted to Parliament. Article 223(2) of the 2010 Constitution spells out that the approval by Parliament for any spending shall be sought within two months after the first withdrawal of the money. The National Treasury has indicated that Ksh. 1.86 billion has already been spent however, no list of the expenditures has been provided. Section 43(2) (c) of PFM Act, 2012 stipulates that budget reallocations made on programmes and sub-votes should not exceed 10 percent. However, 37 programs out of 158 programs exceed 10 percent threshold. In addition, the supplementary budget has not indicated sources of fully financing the additional expenditures as required under part 40(6) of PFM Regulations.
- 7) **Mr. Speaker**, of importance is the introduction of new projects and the re-introduction of ongoing projects that had no funding in the approved budget especially under infrastructure, water and health ministries. The limitation of percentage 10 percent change in a programme is a standard international procedure of credible budget. In addition, in-year introduction of new projects is a strong indication of a weak budget process.
- 8) **Mr. Speaker**, a review of the state of the economy underpinning this Supplementary Budget indicates that generally the economy is set to grow at a lower rate in 2019 compared to 2018. When Parliament approved the 2019/20 budget estimates, the projected economic growth for the financial year was 6.2 percent. This growth was pegged on favourable weather conditions, strong service sector, stable macroeconomic environment, ongoing infrastructural investments and sustained business confidence.

Given the recent reviews of the performance of the economy as indicated by various institutions, this growth may not be achieved mainly on account of low performance in the manufacturing sector and also in agriculture despite the favorable rainfall. The revised growth target by the National Treasury stands at 5.9 percent.

- 9) **Mr. Speaker, on the link between the budget estimates, deficit, revenue performance and debt levels**, the country's total public debt stands at Ksh. 5.9 trillion as of September, 2019 with an expected deficit (including grants) of Ksh. 640 billion for FY 2019/20. Given the expected underperformance in ordinary revenue collection, any additional amount approved during this supplementary will determine the extent to which the deficit will increase and the financing of the same, ultimately, this will have impact on debt accumulation. **Mr. Speaker**, if we approve the supplementary as tabled in this House, the level of debt may hit Ksh.6.7 trillion mark by the end of this financial year.
- 10) **Mr. Speaker**, given the strong link between high deficits and debt accumulation, the Committee reiterates the need to separate the budget making function from resource mobilization, especially in so far as the borrowing is concerned. There is need to institute a robust and independent debt management office that must be established outside the National Treasury, like the case in Nigeria and other countries. The office shall oversee the preparation and implementation of a debt plan geared towards efficient management of Kenya's external and domestic debt obligations at sustainable levels compatible with desired economic activities for growth, development and participation in negotiations aimed at realizing these objectives.
- 11) **Mr. Speaker**, we are slowly becoming a welfare state, where provision of services is becoming free for every citizen, including those who can afford. Some of this services include free education as well as Universal Health Care (UHC). The question that Kenyans need to ask is whether we have the resources to sustain this programmes unless we resort to additional taxes or borrowing. Countries with sustainable welfare programmes have incomes and predictable stream of funding, particularly from taxes levied.
- 12) On programme implementation **Mr. Speaker**, the Committee is concerned in the manner in which the Government has been rolling out projects. There are concerns with regard to development projects not being fully funded due to revisions under supplementary budget as well as slow exchequer releases due to availability of resources and delayed access to IFMIS.

- 13) The committee is also concerned in the manner in which the National Treasury effected changes in the budget for Judiciary and Parliament in IFMIS without consulting the two arms of Government. This should never happen in future as this is against the Constitution, which bestows the power to appropriate funds to the National Assembly. Indeed, the independence of the Judiciary and Parliament must be safeguarded at all times.

II. KEY PROPOSED CHANGES IN SUPPLEMENTARY ESTIMATES NO. 1 FOR FY 2019/20

- 14) **Mr. Speaker**, the National Treasury proposed to reduce the recurrent estimates by Ksh. 5.65 Billion in overall terms. However, there were increments and reductions to programmes across various votes. The following are some of the key proposed changes under the supplementary estimates-

a) Key increments in recurrent expenditure

- (i) Increase of Ksh. 4.82 billion towards the Ministry of Health. This comprises Ksh. 2.18 billion to be allocated to support Preventive, Promotive & RMNCAH programme to reduce morbidity and mortality due to preventable causes. Further, Ksh. 1.89 billion will be allocated to the Health Policy, Standards and Regulations programme to strengthen health policy, standards and regulations.
- (ii) Increase of Ksh. 982.1 million to the State Department for Devolution. This comprised of Ksh. 1.09 billion for special initiatives for strengthening the management of humanitarian support services in the provision of Relief food to 2.5 million persons living in food insecure populations in ASALs counties and reductions of Ksh. 107.76 million related to devolution services and general administration.
- (iii) Increase of Ksh. 588.9 million to the State Department for Interior. This includes an amount meant for improving access to national government services, co-ordination of security, enhancement of peace building and conflict management, and reduction of alcohol, drug & substance abuse in Kenya.
- (iv) Increase of Ksh. 562.7 million to Ministry of Energy for the National Grid System to increase access of electricity.

b) Key reductions in recurrent expenditure

- (i) Reduction of Ksh. 4.892 billion from the Parliamentary Service Commission (National Assembly, Senate and Joint Services).
- (ii) Reduction of Ksh. 1.49 billion from the Judiciary which was intended for the Dispensation of Justice programme which is aimed at providing equitable access to, and expeditious delivery of justice.
- (iii) Reduction of Ksh. 468.9 million from State Department from Tourism where Ksh. 354.17 million was meant for the Ushanga Kenya Initiative where 3,150 pastoral women were expected to be empowered in the bead industry.
- (iv) Reduction of Ksh. 462.9 million from State Department for Information Communication Technology where Ksh. 354.15 million intended for the provision of universal access to E-Government services to promote knowledge based society and Ksh. 34.25 million from general administration planning and support services programme.
- (v) Reduction of Ksh. 461.6 million from the State Department for Social Protection, Pensions & Senior Citizens Affairs under the National Social Safety Net programmer (Ksh. 353.88 million) and Ksh. 113.55 million from general administration planning and support services programme.

15) Mr. Speaker, the development estimates were proposed to be increased by Ksh. 85.76 Billion in overall terms, however there were increments and reductions in programmes across various votes. The following are some of the key proposed changes in under supplementary-

c) Key increments in development expenditure

- (i) Increase of Ksh. 65 billion for introduction of new projects including those under the big four.
- (ii) Increase of Ksh. 16.9 billion for the Mombasa to Nairobi SGR.
- (iii) Increase of Ksh. 5.3 billion to the James Gichuru – JKIA Expressway and Ksh. 3.8 billion towards development of access roads to facilitate food security and access to nutrition facilities.

d) Key reductions in development expenditure

- (i) Reduction of Ksh. 5.51 billion from the State Department for Planning meant for Economic and Financial Policy Formulation and Management programme (Ksh. 5.46 billion) and Ksh. 99.51 million from General Administration, Planning and Support Services programme.
- (ii) Reduction of Ksh. 2.18 billion from the Parliamentary Service Commission meant for General Administration, Planning and Support Services programme.
- (iii) Reduction of Ksh. 1.89 billion from the State Department where Ksh. 1.87 billion was meant to increase access to university education under the University Education programmer and Ksh. 17.51 million from the research, science, technology and innovation programme to enhance integration of research, science, technology and innovation in socio-economic development.
- (iv) Reduction of Ksh. 1.37 billion from the Judiciary meant for Dispensation of Justice programme with the aim of provide equitable access to, and expeditious delivery of justice.

16) Mr. Speaker, the Committee is deeply concerned about the in-year introduction of new projects. In this Supplementary, most of the new projects are on account of the Big Four Plan, yet in the 2018 Budget Policy Statement, the National Treasury had informed the MDAs that they were on a zero-based budget on account of creating space to finance the Big Four Projects. This was again carried forward during the review of the 2019 Budget Policy Statement and during its approval, the house resolved that an implementation matrix on the Big Four projects be submitted before the review of the FY 2019/20 Budget Estimates. To date, the committee is yet to receive a comprehensive matrix showing the implementation strategy.

III. FINANCING OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR FY 2019/20

17) **Mr. Speaker**, a review of the fiscal framework indicates that the proposed supplementary estimates is likely to occasion to a financing gap of Ksh. 146.3 billion (even after taking into account the Ksh. 78 billion of proceeds from State Owned Enterprises). It is indicated that this financing gap will be financed through an additional external financing of Ksh. 26.2 billion and Ksh. 1.7 billion of local AiA collection. The savings by the Committee in this report, is likely to leave at least a financing gap of approximately Ksh. 100 billion. Given the likelihood of underperformance of the revenue collection for FY 2019/20, if the supplementary budget was to be approved as submitted, the financing gap will have to be met from additional borrowing either domestically or externally.

IV. CROSS-CUTTING ISSUES FROM THE DEPARTMENTAL COMMITTEES

18) **Mr. Speaker**, the following are the key issues that arose from the departmental committees' submissions-

- (i) **Pending bills:** Most MDAs have pending bills which were carried over from FY 2018/19, this may result to non-attainment of set targets in the FY 2019/20 because they form a first charge to the budget. This has further been exacerbated by the proposed budget cuts for some of the MDAs.
- (ii) **Stalled projects:** MDAs have stalled projects that are at varying levels of completion with a lot of money already spent on them. If these projects are not adequately funded for their completion, it will result in wastage of public resources. In addition, ongoing projects take too long to complete due to downward revision of targets during supplementary budgets for instance the occupational Health and Safety Institute in industrial area, Nairobi.
- (iii) **Lack of a coordination mechanism for functions carried out by both national and county government:** It was observed that in the health sector, the Universal Health Care allocation to all the counties of Ksh. 15.8 billion in this proposed Supplementary Budget was done before the preliminary report on UHC pilot programmes is submitted to Parliament. It was also indicated that the 47 Governors had signed MOUs on the same

before the allocation of funds is done. However, it is not clear how the UHC project would be implemented and how these resources would be channeled to the counties. In addition, under the State Department of Public Works there is an allocation of Ksh. 1.69 billion towards design, documentation, project management for upgrades of works of electrification and LAN installation in 118 health care centres under Universal Health Care. Given that Health is a devolved function, this may lead to duplication and wastage of resources if there is no co-ordination framework for the same.

- (iv) **Reversal of the house resolution on allocation of resources to projects identified during Public Participation on the budget:** It was observed that projects identified during the public participation on the budget and allocated funds in the 2019/20 budget adopted in the House had been left out in the printed estimates. Most of these projects appear in this Supplementary Estimates as new projects.
- (v) **Re-alignment of the budget towards the Big Four Plan:** Increase of allocation to the big four projects that ought to have been done at the time of 2019/20 budget preparation. Most of the increases in the allocations to MDAs under Health, Infrastructure, Industrialization, Transport, Public Works, Water and Sanitation, ICT and Energy are for new projects under the Big Four Plan.
- (vi) **Delay in exchequer releases especially for development projects:** The execution of the 2019/20 budget did not commence as planned which led to underperformance of the development budget during the first quarter. Most MDAs had not received exchequer towards development projects by the end of the first quarter and this may have been due to delay in uploading the budget to IFMIS. This has often resulted to low absorption of funds by the end of the financial year.
- (vii) The legal basis behind effecting the proposed reductions in the Supplementary Estimates 1 for FY 2019/20 in IFMIS for MDAs, Judiciary and Parliament before approval by the National Assembly.
- (viii) The departmental Committee on Labour was concerned on that the sector has not been allocated adequate resources. Drawing from its findings from the recently concluded visits to Saudi Arabia, the United Arab Emirates and the State of Qatar, the committee noted that the offices of labour consular in each of the stated countries remain a shell with inadequate human and fiscal resources to execute their mandates. It was a concern

that the country does not have a Labour Migration Policy to provide a framework for the export of labour.

- (ix) **Reversal of what Parliament had approved in the FY 2019/20 budget:** It was observed that in some MDAs, there were proposals in the supplementary estimates that amounted to reductions of what Parliament had approved in the 2019/20 budget. Some of these include- National Integrated and Information Management Systems (Ksh. 285 million); development projects under Regional Development Authorities (Ksh.352.9 million); the reallocations made to low volume sealed roads during estimates were not implemented negating the constitutional budget making role of the National Assembly; Construction of Industrial Research Laboratories-KIRDI Kisumu (Ksh. 241.8 million); Modernization of Cooperatives Cotton Gineries- Luanda Cooperative Ginnery in Busia County (Ksh. 30 million).
- (x) **Expected under-absorption of additional funds proposed during this Supplementary Estimates:** Some State Departments indicated that it would be difficult for them to absorb the additional funds by the end of the financial year 2019/20. This include allocations toward the supervision of Big Four projects under manufacturing; development of a Freeport, Industrial parks and Special Economic Zone in Mombasa where the preliminaries regarding the projects have not commenced; Dongo Kundu Special Economic Zone has land issues related to compensation of land owners and squatters that need to be settled first; and development of Leather Industrial Park in Kenanie.
- (xi) **Regularization of payments made under the provision of Article 223:** It was indicated that under the State department of Energy Ksh. 1.16 billion had been paid for the Loiyangalani – Suswa Transmission Line Project towards Lake Turkana Wind Power payments for penalties under deemed generation. The payment was made in August, 2019 within the FY 2019/20, and that the State Department for Energy was seeking regularization. However, it was a House resolution during the approval of the Supplementary Estimates No. 2 of FY 2018/19, that a Special audit on the payments for deemed generation be undertaken by the Office of the Auditor General and a report be submitted to the house before any additional payments are made towards penalties under deemed generation.

V. RECOMMENDATIONS

19) Mr. Speaker, having considered the above matters, the committee recommends as follows:

a) Policy Recommendations

- ✓ **That**, in view of the emerging concerns of rising debt, it is recommended that National Assembly initiates a legislation to operationalize establishment of an Independent Debt Management Office within first quarter of 2020.
- ✓ **That**, the MDAs to initiate comprehensive plans (by ring fencing funds in FY 2020/21 budget estimates) to complete all stalled and incomplete projects before starting new projects. They should also ensure that no new projects are introduced mid-year by way of supplementary estimates.
- ✓ **That**, upon approval of annual estimates the National Treasury should load the approved Budget within seven days into Integrated Financial Management Information System (IFMIS) in accordance with the PFM Regulations, 2015, so as to ease implementation of annual work plans, procurement plans and clearance of pending bills and a status report be submitted to National Assembly every quarter.
- ✓ **That**, the Office of Auditor General carries out a special forensic audit of the National Integrated Identity Management Systems (NIIMS) to establish the value for money and submit a report to National Assembly by end of March 2020.
- ✓ **That**, in their quarterly reporting all the MDAs to report not only on financial performance but also non-financial performance by programme/ projects and that the Office of the Controller of Budget complies with Section 9 of Controller of Budget Act, 2016 in their Reporting.
- ✓ **That**, the Universal Health Care (UHC) funding should be channeled through counties as Conditional grants by amending the Division of Revenue Bill. In addition, there is need to strengthen and revamp the National Hospital Insurance Fund (NHIF) as a vehicle of implementing UHC given that it is a more sustainable mode.
- ✓ **That**, the State Department for Labour to fast track development of labour export/ migration policy to provide a framework for labour export with favourable terms for

Kenyans seeking opportunities abroad. A status report should be sent to the National Assembly by February, 2020.

- ✓ **That**, the National Treasury to institutionalize the Street Children Rehabilitation Trust Fund and release Ksh. 153.9 million held in suspense account to enable the Trust Fund to execute its mandate and submit a status report to the National Assembly by February, 2020.
- ✓ **That**, the State Department for Industrialization conducts a feasibility study with respect to modernization programme of the Numerical Machine Complex and submits the report findings within 90 days.
- ✓ **That**, the Office of the Auditor General to submits a special audit report on the deemed Generation of the Lake Turkana Wind Power and report back to National Assembly by end of February 2020.
- ✓ **That**, the approval of payment of Ksh.1.16 Billion to the Loiyangalani - Suswa Transmission Line under the Lake Turkana wind power project be deferred awaiting the findings of the special forensic audit, the recommendation of the relevant committee and the decision of the House.
- ✓ **That**, the National Treasury provides sufficient counter-part funding in FY 2020/21 budget towards the commencement of Loiyangalani-Marsabit-Isiolo and Thika-Nairobi-East power transmission lines. This will safeguard the Ksh. 2.6 billion already paid as insurance; failure to which the National Treasury must find ways and means of recovering the above stated insurance amount.
- ✓ **That**, a comprehensive matrix on the implementation of the Big Four Plan be submitted by the National Treasury to Parliament before the submission of the 2020 Budget Policy Statement. This matrix should include the total cost of the projects, how much has been spent so far and the expected annual allocations until the completion of the projects.
- ✓ **That**, the National Treasury should not effect any reduction in the approved budget of Judiciary, Parliament and all MDAs through the IFMIS and Treasury circulars before approval by this House as it is illegal to do so.

b) Financial Recommendations

20) Mr. Speaker, the Committee considered the submissions by the Departmental Committees and after careful scrutiny and consultations made the financial recommendations on recurrent and development estimates as detailed in the attached Schedules 1 and 2.

ANNEX 1: SCHEDULE 1

ANNEX 2: SCHEDULE 2

ANNEX 3: DEPARTMENTAL COMMITTEE RECOMMENDATION

ANNEX 4: MINUTES

ANNEX 5: UNPACKING OF THE SUPPLEMENTARY BUDGET BY PARLIAMENTARY BUDGET OFFICE

ANNEX 6: SUBMISSIONS BY THE NATIONAL TREASURY

ANNEX 7: DEPARTMENTAL COMMITTEE REPORTS

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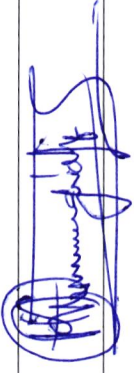






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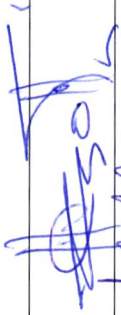


ADOPTION SCHEDULE

Members attendance list

Budget and Appropriations Committee: Date: 26/11/2019 Time: Sitting:

Name	Signature
1. Hon. Kimani Ichung'wah, CBS, M.P- Chairperson	
2. Hon. (CPA) Moses Lessonet, M.P- Vice Chairperson	
3. Hon. (CPA) John Mbadi, EGH, CBS, M.P.	
4. Hon. Richard Onyonka, M.P.	
5. Hon. Samwel Moroto, M.P.	
6. Hon. Millie Odhiambo, M.P.	
7. Hon. Twalib Bady, M.P.	
8. Hon. (Dr.) Gideon Ochanda, M.P.	
9. Hon. James Mwangi Gakuya, M.P.	
10. Hon. (Dr.) Makali Mulu, M.P.	

Name	Signature
11. Hon. Moses Kiarie Kuria, M.P.	
12. Hon. Benard Masaka Shinali, M.P.	
13. Hon. John Muchiri Nyaga, M.P.	
14. Hon. Jude Njomo, M.P.	
15. Hon. (Dr.) Korei Ole Lemein, M.P.	
16. Hon. Sarah Paulata Korere, M.P.	
17. Hon. Naisula Lesuuda, M.P.	
18. Hon. Sakwa Bunyasi, M.P.	
19. Hon. Danson Mwashako, M.P.	
20. Hon. Fatuma Gedi Ali, M.P.	
21. Hon. Florence C.K. Bore, M.P.	
22. Hon. James Gichuki Mugambi, M.P.	
23. Hon. (Dr.) John K. Mutunga, M.P.	

Name	Signature
24. Hon. (Eng.) Mark Nyamita, M.P.	
25. Hon. Paul Abuor, M.P.	
26. Hon. Qalicha Gufu Wario, M.P.	
27. Hon. Wangari Mwaniki, M.P.	

Signed..... Date.....

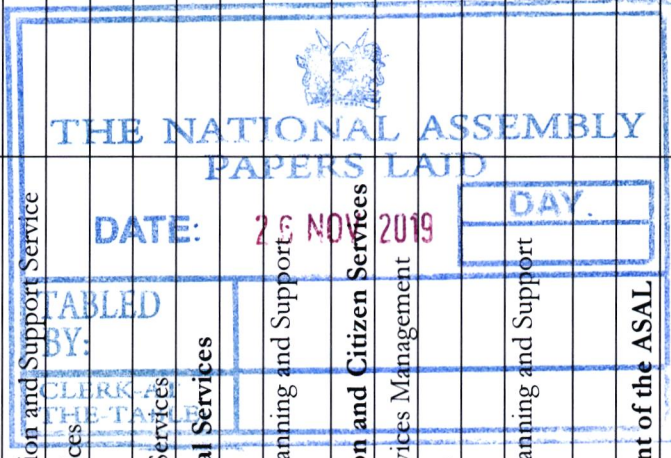
Committee Clerk

Signed.....Date.....

Director of Committee Services

SCHEDULE 1

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES			
PROGRAMME CODES & TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
The Presidency	131,793,000	(92,100,000)	39,693,000
0702000 Cabinet Affairs	-	(51,000,000)	(51,000,000)
0703000 Government Advisory Services	-	-	-
0704000 State House Affairs	131,793,000	(21,100,000)	110,693,000
0734000 Deputy President Services	-	(20,000,000)	(20,000,000)
State Department for Interior	278,982,619	1,158,500,000	1,437,482,619
0601000 Policing Services	257,998,445	1,090,000,000	1,347,998,445
0602000 Planning, Policy Coordination and Support Service	440,760,056	830,000,000	1,270,760,056
0603000 Government Printing Services	(62,516,191)	-	(62,516,191)
0625000 Road Safety	-	-	-
06256000 Population Management Services	(357,259,691)	(761,500,000)	(1,118,759,691)
State Department for Correctional Services	281,559,010	-	281,559,010
0604000 Correctional services	313,203,492	-	313,203,492
0623000 General Administration, Planning and Support Services	(31,644,482)	-	(31,644,482)
State Department for Immigration and Citizen Services	112,470,350	(150,000,000)	(37,529,650)
0605000 Migration and Citizens Services Management	112,470,350	(150,000,000)	(37,529,650)
State Department for Devolution	982,105,000	77,900,000	1,060,005,000
0712000 Devolution Services	(43,928,703)	77,900,000	33,971,297
0732000 General Administration, Planning and Support Services	(63,828,764)	-	(63,828,764)
0713000 Special Initiatives	1,089,862,467	-	1,089,862,467
State Department for Development of the ASAL	(86,100,000)	2,817,286,516	2,731,186,516
0733000 Accelerated ASAL Development	(86,100,000)	2,817,286,516	2,731,186,516
Ministry of Defence	(119,516,505)	-	(119,516,505)
0801000 Defence	-	-	-
0802000 Civil Aid	-	-	-



(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES			
PROGRAMME CODES & TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
0803000 General Administration, Planning and Support Services	(119,516,505)	-	(119,516,505)
0805000000 National Space Management	-	-	-
Ministry of Foreign Affairs	152,377,975	-	152,377,975
0714000 General Administration Planning and Support Services	15,872,490	-	15,872,490
0715000 Foreign Relation and Diplomacy	(182,572,969)	-	(182,572,969)
0741000 Economic and Commercial Diplomacy	324,279,723	-	324,279,723
0742000 Foreign Policy Research, Capacity Dev and Technical Cooperation	(5,201,269)	-	(5,201,269)
State Department for Vocational and Technical Training	(38,421,786)	608,541,000	570,119,214
0505000 Technical Vocational Education and Training	(8,864,887)	571,500,000	562,635,113
0507000 Youth Training and Development	(5,004,126)	37,041,000	32,036,874
0508000 General Administration, Planning and Support Services	(24,552,773)	-	(24,552,773)
State Department for University Education	(97,470,931)	(3,471,676)	(100,942,607)
0504000 University Education	(12,957,652)	14,040,000	1,082,348
0506000 Research, Science, Technology and Innovation	(16,482,004)	(17,511,676)	(33,993,680)
0508000 General Administration, Planning and Support Services	(68,031,275)	-	(68,031,275)
State Department for Early Learning & Basic Education	(365,326,656)	1,315,000,000	949,673,344
0501000 Primary Education	(55,085,396)	1,285,000,000	1,229,914,604
0502000 Secondary Education	(25,639,235)	30,000,000	4,360,765
0503000 Quality Assurance and Standards	(7,416,199)	-	(7,416,199)
0508000 General Administration, Planning and Support Services	(277,185,826)	-	(277,185,826)
State Department for Post Training and Skills Development	(74,600,000)	-	(74,600,000)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES			
<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0508000 General Administration, Planning and Support Services	(29,115,000)	-	(29,115,000)
0512000 Workplace Readiness Services	(23,250,000)	-	(23,250,000)
0513000 Post-Training Information Management	(22,235,000)	-	(22,235,000)
The National Treasury	(1,789,962,640)	(294,673,787)	(2,084,636,427)
0717000 General Administration Planning and Support Services	(1,524,431,331)	(50,000,000)	(1,574,431,331)
0718000 Public Financial Management	(235,672,220)	(244,673,787)	(480,346,007)
0719000 Economic and Financial Policy Formulation and Management	(29,859,089)	-	(29,859,089)
0720000 Market Competition	-	-	-
State Department for Planning	(137,441,931)	(313,008,312)	(450,450,243)
0706000 Economic Policy and National Planning	(2,962,481)	(263,008,312)	(265,970,793)
0707000 National Statistical Information Services	-	-	-
0708000 Monitoring and Evaluation Services	(34,971,443)	(50,000,000)	(84,971,443)
0709000 General Administration Planning and Support Services	(99,508,007)	-	(99,508,007)
Ministry of Health	4,819,981,304	2,216,976,787	7,036,958,091
0401000 Preventive, Promotive & RMNCAH	2,178,701,640	638,638,601	2,817,340,241
0402000 National Referral & Specialized Services	846,491,295	100,000,000	946,491,295
0403000 Health Research and Development	-	70,000,000	70,000,000
0404000 General Administration, Planning & Support Services	(99,619,351)	-	(99,619,351)
0405000 Health Policy, Standards and Regulations	1,894,407,720	1,408,338,186	3,302,745,906
State Department of Infrastructure	(115,589,577)	6,230,000,000	6,114,410,423
0202000 Road Transport	(115,589,577)	6,230,000,000	6,114,410,423
State Department of Transport	(77,910,960)	26,989,003,944	26,911,092,984

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0201000 General Administration, Planning and Support Services	(45,398,135)	166,000,000	120,601,865
0203000 Rail Transport	-	28,918,003,944	28,918,003,944
0204000 Marine Transport	(21,544,503)	(2,155,000,000)	(2,176,544,503)
0205000 Air Transport	(8,281,384)	60,000,000	51,718,616
0216000 Road Safety	(2,686,938)	-	(2,686,938)
State Department for Shipping and Maritime	(47,221,038)	-	(47,221,038)
0220000 Shipping and Maritime Affairs	(47,221,038)	-	(47,221,038)
State Department for Housing, Urban Development	(69,667,174)	514,493,736	444,826,562
0102000 Housing Development and Human Settlement	(25,963,725)	-	(25,963,725)
0105000 Urban and Metropolitan Development	(17,010,156)	514,493,736	497,483,580
0106000 General Administration Planning and Support Services	(26,693,293)	-	(26,693,293)
State for Public Works	(52,192,522)	590,787,661	538,595,139
0103000 Government Buildings	(9,705,641)	706,285,046	696,579,405
0104000 Coastline Infrastructure and Pedestrian Access	(6,240,249)	(115,497,385)	(121,737,634)
0106000 General Administration Planning and Support Services	(26,897,857)	-	(26,897,857)
0218000 Regulation and Development of the Construction Industry	(9,348,775)	-	(9,348,775)
Ministry of Water and Sanitation	(49,351,695)	3,701,981,918	3,652,630,223
1001000 General Administration, Planning and Support Services	(36,007,035)	-	(36,007,035)
1004000 Water Resources Management	(9,268,049)	(440,000,000)	(449,268,049)
1017000 Water and Sewerage Infrastructure Development	(4,076,611)	4,141,981,918	4,137,905,307
1015000 Water Storage and Flood Control	-	-	-
Ministry of Environment and Forestry	(85,350,564)	79,000,000	(6,350,564)
1002000 Environment Management and Protection	(13,965,718)	(5,000,000)	(18,965,718)

<u>(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES</u>			
<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
1010000 General Administration, Planning and Support Services	(38,621,860)	-	(38,621,860)
1012000 Meteorological Services	(28,415,432)	-	(28,415,432)
1018000 Forests and Water Towers Conservation	(4,347,554)	84,000,000	79,652,446
Ministry of Lands and Physical Planning	(90,160,991)	-	(90,160,991)
0101000 Land Policy and Planning	(90,160,991)	-	(90,160,991)
State Department for Information Communication and Technology	(632,959,270)	614,920,327	(18,038,943)
0207000 P1: General Administration Planning and Support Services	(34,251,442)	-	(34,251,442)
0210000 ICT Infrastructure Development	(47,422,400)	(1,000,000,000)	(1,047,422,400)
0217000 E-Government Services	(524,541,894)	1,614,920,327	1,090,378,433
0221000 Film Development Services	(26,743,534)	-	(26,743,534)
State Department for Broadcasting & Telecommunications	(233,242,236)	(166,000,000)	(399,242,236)
0207000 General Administration Planning and Support Services	(32,183,761)	-	(32,183,761)
0208000 Information And Communication Services	(201,058,475)	(166,000,000)	(367,058,475)
0209000 Mass Media Skills Development	-	-	-
State Department for Sports	(53,562,340)	100,000,000	46,437,660
0901000 Sports	(53,562,340)	100,000,000	46,437,660
State Department for Culture and Heritage	(122,151,828)	17,000,000	(105,151,828)
0902000 Culture Development	(52,886,234)	17,000,000	(35,886,234)
0903000 The Arts	(30,150,487)	-	(30,150,487)
0904000 Library Services	(7,491,000)	-	(7,491,000)
0905000 General Administration, Planning and Support Services	(31,624,107)	-	(31,624,107)
State Department for Energy	562,666,844	1,571,948,803	2,134,615,647

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0211000 General Administration Planning and Support Services	-	-	-
0212000 Power Generation	-	(670,000,000)	(670,000,000)
0213000 Power Transmission and Distribution	562,666,844	741,948,803	1,304,615,647
0214000 Alternative Energy Technologies	-	1,500,000,000	1,500,000,000
State Department for Livestock	(71,811,437)	50,000,000	(21,811,437)
0112000 Livestock Resources Management and Development	(71,811,437)	50,000,000	(21,811,437)
State Department for Crop Development	(11,193,404)	295,000,000	283,806,596
0107000 General Administration Planning and Support Services	6,959,981	325,000,000	331,959,981
0108000 Crop Development and Management	(13,285,341)	(30,000,000)	(43,285,341)
0109000 Agribusiness and Information Management	(4,868,044)	-	(4,868,044)
State Department for Fisheries, Aquaculture & the Blue Economy	(116,206,663)	-	(116,206,663)
0111000 Fisheries Development and Management	(45,395,200)	-	(45,395,200)
0117000 General Administration, Planning and Support Services	(30,720,604)	-	(30,720,604)
0118000 Development and Coordination of the Blue Economy	(40,090,859)	-	(40,090,859)
State Department for Irrigation	(82,860,214)	20,975,746	(61,884,468)
1014000 Irrigation and Land Reclamation	(55,901,736)	20,975,746	(34,925,990)
1016000 General Administration, Planning and Support Services	(22,747,324)	-	(22,747,324)
1022000 Water Harvesting and Storage for Irrigation	(4,211,154)	-	(4,211,154)
State Department for Agricultural Research	(102,666,684)	-	(102,666,684)
0120000 Agricultural Research & Development	(102,666,684)	-	(102,666,684)
State Department for Cooperatives	(81,000,060)	(230,000,000)	(311,000,060)
0304000 Cooperative Development and Management	(81,000,060)	(230,000,000)	(311,000,060)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
State Department for Trade	(45,953,444)	-	(45,953,444)
0307000 Trade Development and Promotion	(45,953,444)	-	(45,953,444)
State Department for Industrialisation	(55,134,392)	3,959,166,089	3,904,031,697
0301000 General Administration Planning and Support Services	(35,778,671)	-	(35,778,671)
0302000 Industrial Development and Investments	(19,355,721)	3,362,398,089	3,343,042,368
0303000 Standards and Business Incubation	-	596,768,000	596,768,000
State Department for Labour	(257,567,983)	(100,000,000)	(357,567,983)
0910000 General Administration Planning and Support Services	(76,575,293)	-	(76,575,293)
0906000 Promotion of the Best Labour Practice	(105,618,321)	45,000,000	(60,618,321)
0907000 Manpower Development, Employment and Productivity Management	(75,374,369)	(145,000,000)	(220,374,369)
State Department for Social Protection, pensions & senior citizens affairs	(461,625,912)	950,000,000	488,374,088
0908000 Social Development and Children Services	5,809,495	-	5,809,495
0909000 National Social Safety Net	(353,888,382)	950,000,000	596,111,618
0914000 General Administration, Planning and Support Services	(113,547,025)	-	(113,547,025)
State Department for Mining	(80,837,500)	(126,219,961)	(207,057,461)
1007000 General Administration Planning and Support Services	(44,782,628)	-	(44,782,628)
1009000 Mineral Resources Management	(12,079,058)	(131,000,000)	(143,079,058)
1021000: Geological Surveys and Geo Information	(23,975,814)	4,780,039	(19,195,775)
State Department for Petroleum	(32,037,500)	-	(32,037,500)
0215000 Exploration and Distribution of Oil and Gas	(32,037,500)	-	(32,037,500)
State Department for Tourism	(94,004,573)	(919,000,000)	(1,013,004,573)
0306000 Tourism Development and Promotion	(94,004,573)	(919,000,000)	(1,013,004,573)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

PROGRAMME CODES & TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
State Department for Wildlife	(51,691,157)	100,000,000	48,308,843
1019000 Wildlife Conservation and Management	(51,691,157)	100,000,000	48,308,843
State Department for Gender	(138,550,000)	-	(138,550,000)
0911000 Community Development	-	-	-
0912000 Gender Empowerment	(57,290,829)	-	(57,290,829)
0913000 General Administration, Planning and Support Services	(81,259,171)	-	(81,259,171)
State Department for Public Service	(208,289,602)	(416,571,713)	(624,861,315)
0710000 Public Service Transformation	(134,068,800)	(416,571,713)	(550,640,513)
0709000 General Administration Planning and Support Services	(74,220,802)	-	(74,220,802)
State Department for Youth	(362,365,824)	-	(362,365,824)
0711000 Youth Empowerment	(362,365,824)	-	(362,365,824)
State Department for East African Community	(51,660,615)	-	(51,660,615)
0305000 East African Affairs and Regional Integration	(51,660,615)	-	(51,660,615)
State Department for Regional & Northern Corridor Development	(54,500,012)	(352,850,000)	(407,350,012)
1013000 Integrated Regional Development	(54,500,012)	(352,850,000)	(407,350,012)
State Law Office and Department of Justice	(286,140,252)	(104,000,000)	(390,140,252)
0606000 Legal Services	(81,380,405)	-	(81,380,405)
0607000 Governance, Legal Training and Constitutional Affairs	(44,540,906)	(100,000,000)	(144,540,906)
0609000 General Administration, Planning and Support Services	(160,218,941)	(4,000,000)	(164,218,941)
The Judiciary	-	-	-
0610000 Dispensation of Justice	-	-	-
Ethics and Anti-Corruption Commission	-	10,026,465	10,026,465
0611000 Ethics and Anti-Corruption	-	10,026,465	10,026,465

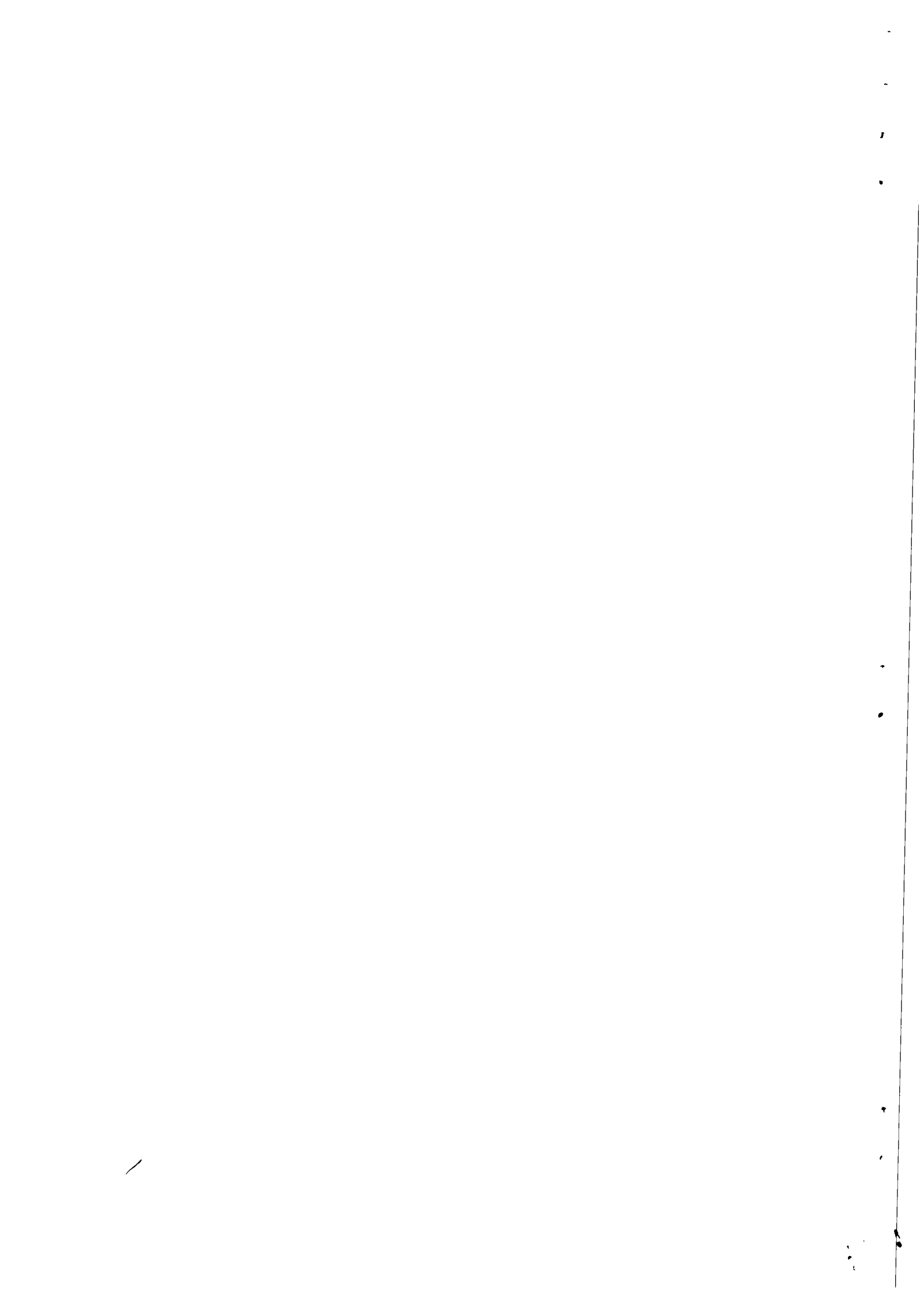
(REVISED) FY 2019 / 20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
National Intelligence Service	-	-	-
0804000 National Security Intelligence	-	-	-
Office of the Director of Public Prosecutions	150,000,000	-	150,000,000
0612000 Public Prosecution Services	150,000,000	-	150,000,000
Office of the Registrar of Political Parties	(32,556,074)	-	(32,556,074)
0614000 Registration, Regulation and Funding of Political Parties	(32,556,074)	-	(32,556,074)
Witness Protection Agency	-	-	-
0615000 Witness Protection	-	-	-
Kenya National Commission on Human Rights	-	-	-
0616000 Protection and Promotion of Human Rights	-	-	-
National Land Commission	(120,992,425)	-	(120,992,425)
0116000 Land Administration and Management	(120,992,425)	-	(120,992,425)
Independent Electoral and Boundaries Commission	(219,000,000)	(43,000,000)	(262,000,000)
0617000 Management of Electoral Processes	212,762,597	(43,000,000)	169,762,597
0618000 Delimitation of Electoral Boundaries	(431,762,597)	-	(431,762,597)
The Commission on Revenue Allocation	(28,938,369)	-	(28,938,369)
0737000 Inter-Governmental Transfers and Financial Matters	(28,938,369)	-	(28,938,369)
Public Service Commission	185,500,000	-	185,500,000
0725000 General Administration, Planning and Support Services	185,500,000	-	185,500,000
0726000 Human Resource Management and Development	-	-	-
0727000 Governance and National Values	-	-	-
0744000 Performance and Productivity Management	-	-	-
Salaries and Remuneration Commission	-	-	-
0728000 Salaries and Remuneration Management	-	-	-
Teachers Service Commission	(310,327,238)	891,000,000	580,672,762

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

PROGRAMME CODES & TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
0509000 Teacher Resource Management	(5,961,298)	945,000,000	939,038,702
0510000 Governance and Standards	(32,574,034)	-	(32,574,034)
0511000 General Administration, Planning and Support Services	(271,791,906)	(54,000,000)	(325,791,906)
National Police Service Commission	(83,790,900)	-	(83,790,900)
0620000 National Police Service Human Resource Management	(83,790,900)	-	(83,790,900)
Auditor General	-	-	-
0729000 Audit Services	-	-	-
Office of the Controller of Budget	(51,829,201)	-	(51,829,201)
0730000 Control and Management of Public finances	(51,829,201)	-	(51,829,201)
Commission on Administrative Justice	-	-	-
0731000 Promotion of Administrative Justice	-	-	-
National Gender and Equality Commission	(98,221,027)	600,000	(97,621,027)
0621000 Promotion of Gender Equality and Freedom from Discrimination	(98,221,027)	600,000	(97,621,027)
Independent Policing Oversight Authority	(1,500,000)	-	(1,500,000)
0622000 Policing Oversight Services	(1,500,000)	-	(1,500,000)
TOTAL	(274,017,004)	51,569,213,543	51,295,196,539
The Judiciary	-	(220,000,000)	(220,000,000)
0610000 Dispensation of Justice	-	(220,000,000)	(220,000,000)
Judicial Service Commission	-	-	-
0619000 General Administration, Planning and Support Services	-	-	-
Total Judiciary	-	(220,000,000)	(220,000,000)
Parliamentary Service Commission	(360,000,000)	-	(360,000,000)
0722000 Senate Affairs	(360,000,000)	-	(360,000,000)
0723000 General Admin, planning and support services	-	-	-

<u>(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES</u>			
<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
National Assembly	(150,000,000)	-	(150,000,000)
0721000 National Legislation, representation and oversight	(150,000,000)	-	(150,000,000)
Parliamentary Joint Services	(15,000,000)	(780,000,000)	(795,000,000)
0723000 General Admin, planning and support services	(15,000,000)	(780,000,000)	(795,000,000)
Total Legislature	<u>(525,000,000)</u>	<u>(780,000,000)</u>	<u>(1,305,000,000)</u>
Total Budget	<u>(799,017,004)</u>	<u>50,569,213,543</u>	<u>49,770,196,539</u>



SCHEDULE 2

THE NATIONAL ASSEMBLY
PAPERS LAID

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
1052	Ministry of Foreign Affairs	Foreign Relation & Diplomacy		(104,000,000)	From renovation of Chancery in New York (Dev.)
				(150,000,000)	From renovations in London (Dev.)
			220,000,000		For Construction and various Renovations in Pretoria (Dev.)
			25,000,000		For Construction of an Office Block and other works in Mogadishu (Dev.)
			9,000,000		Renovations in Rome(Dev)
1021	State Department for Interior	Planning, Policy Coordination and Support Service		(600,000,000)	From National Integrated Identity Management System (NIIMS) (Rec.)
				(200,000,000)	From National Integrated Identity Management System (NIIMS) (Dev.)
				(200,000,000)	From 1021000100, OOP Headquarters, "Other Operating Expenses" (Rec.)
		Policing Services Programme	240,000,000		Towards settling pending bills incurred for purchase of Motor Vehicles from DT- Dobie under the office of the Inspector General (Rec.)
			100,000,000		Office of the Inspector General towards addressing insecurity in Samburu and other affected areas (Rec.)
			150,000,000		Directorate of Criminal Investigations to enhance their operations (Rec.)
1064	State Department for Vocational and Technical Training	Technical Vocational Education and Training	1,021,000,000		Construction of 30 TTI's (Phase III) - Kshs 511 mill, Construction and equipping of TTI's (Phase II) - Kshs 258 mill, 38 GOK-AFDB TTI's funded-construction and equipping - Kshs 252 million GOK counterpart funding. (Dev.)

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>	
1065	State Department for University Education	University Education	1,882,488,563		To reverse cuts to capital projects in universities under the supplementary. The reduction will adversely affect project implementation including critical infrastructure in the Universities. Further, the institutions have pending certificates that remain unpaid and could potentially generate penalties and other litigation costs. (Dev.)	
1091	State Department for Infrastructure	Road Transport		(2,300,000,000)		James Gichuru - JKIA Expressway (Dev.)
				(3,427,815,679)		Access Roads to Food Security and Nutrition Facilities
				(469,102,780)		Access Roads to Industrial Park Facilities
			(185,116,600)	Access Roads to Affordable Housing Facilities		
1092	State Department for Transport	Marine Transport		(3,450,000,000)	Naivasha Special Economic Zone (Textile Park)	
1024	State Department for Immigration and Citizen Services.	Migration and Citizen Services Management Programme	150,000,000		Dongo Kundu Special Economic Zone	
					Towards Migration and Citizen Services Management Programme to support Operations at the Headquarters, (Rec)	
1122	State Department for ICT & Innovation	E-Government Services			From the Head ICT shared services (Rec.)	
					Connectivity to Special Economic Zone Textile Park - Naivasha	
					From Connectivity to Health Centres project (Dev.)	
				(694,571,737)		

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
					From Connectivity to Konza Data Center and Smart City Project (Dev.)
				(886,500,000)	From Connectivity to Leather Industrial Park – Kenanie (Dev.)
2071	Public Service Commission	General Administration and Support Services Programme	100,000,000		Towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme. (Rec.)
2151	Independent Police Oversight Authority	Policing Oversight Services	60,000,000		towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage (Rec.)
1107	Ministry of water & Sanitation	Water and sewerage infrastructure development		(1,000,000,000)	Water and Sewerage Relocation Works for the Nairobi Express Way - Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. (Dev)
				(2,114,981,918)	Northern Collector Water Supply (Dev.)
		Water Resource Management	80,000,000		Umaa Dam - For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
			50,000,000		Badasa Dam - For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
		Water storage & Flood Control		(1,070,000,000)	Reduction of Allocation to Peace Dams for the FY 2019/20 (Dev)

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
1108	Ministry of Environment and Sanitation		84,000,000		Kenya Forest Service - For Green Zones Development Support Project Phase II GOK counterpart funding to unlock Africa Development Bank (ADB) / Africa Development Fund (ADF). The Project Period is Six (6) years. The FY 2019/20 donor funding is Kshs 500 million is already factored in the Approved estimates(Dev)
1081	Ministry of Health	National referral & Specialized Services (D)	50,000,000		Construction of kitchen and Wards at Mathare National Referral Hospital - Enhanced allocation to this project which has an allocation of Kshs 65 Million which is inadequate (Dev)
		Health Policy, Standards and Regulations		(15,867,475,762)	To be part of DoRB as Cond. Grants Ksh. (15.87) billion
1175	State Department for Industrialization	Industrial Development & Investment		(1,460,000,000)	From the allocation for the Development of Freeport & Industrial parks- Special Economic Zone Mombasa
				(1,988,000,000)	From the allocation for the Development of Kenanie Leather Industrial Park; (Dev.)
				(67,200,000)	From the allocation for the Development of SEZ Textile Park Naivasha; (Dev.)
		Standards & Business Incubation	241,800,000		An increase in the allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu to enable the project to carry out Multidisciplinary research and development.
			318,000,000		allocation for Construction of Industrial Research Laboratories - KIRDI South B for

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
					the construction of industrial laboratories (Dev)
		Industrial Development & Investment	168,000,000		increase in the allocation for Infrastructure and Civics works Development-KITI to enable completion of some infrastructure and civil works (Dev.)
			650,000,000		An increase in the development allocation as an injection of working capital (Rivertex)
			170,000,000		An increase development allocation for the Development of Athi River Textile Hub-EPZA (Dev.)
1174	State Department of Trade	Trade Development and Promotion	120,000,000		For KIBT Parklands building to ensure Completion of partitioning
			100,000,000		Allocated to the Export Promotion Council (Rec.)
1173	State Department of Cooperatives	Cooperative Development and Management	30,000,000		For Modernization of Cooperatives Cotton Ginners- Luanda Cooperative Ginners in Busia County (Dev.)
1165	State Department for Crops Development	General Administration Planning & Support Services		(250,000,000)	From the Modernization of Agricultural Society of Kenya Premises (Dev)
1162	State Department for Livestock	Livestock resources Management & Development	50,000,000		An increased allocation for Disease Free zone Bachuma. (Dev.)
2081	Salaries and Remuneration Commission	Control and Management of Public Finances		(211,000,000)	Control and Management of Public Finances be disallowed since the National Assembly considered the matter and made a resolution on

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
1071	National Treasury	General Administration Planning and Support Services		(2,000,000,000)	A reduction of the employer contributions to compulsory National Social Security Schemes in the Pensions Department occasioned by the current delays in the implementation of the rollout of this activity. (Rec)
			2,000,000,000		to the Kenya Revenue Authority budget for the recruitment of an additional 1000 officers countrywide in order to generate an additional KSh. 50 billion in revenue in support of the achievement of this year's revenue estimate.(Rec)
		Public Financial Management	160,000,000		For public hearing identified projects - 1091148555 – Ksh. 5 Mill, 1091148553 - Ksh. 5 Mill, 1091148554 – Ksh. 5 mill, 1091146527 – Ksh. 5 Mill, 1091146526 – Ksh. 5 Mill, 1091146529 – KSh. 5 Mill, & Ksh. 100 mill. Kimutwa-Makaveti-Kwamutitsya Road in Machakos County
			15,000,000		Public Hearing hering project -Street Lighting for Dagoretti Center - UON -Kid Island
			70,000,000	-	Chuka Igambang'ombe Constituency) - Itugururu – Kamwimbi –Ishiara Road; spot improvement- Ksh. 8 million, Kamabandi – Nthima –Matinia Road; grading and murraining- Ksh. 8 million, Kibugua – Itugururu road; spot improvement- Ksh. 8 million, Kirubia – Mubukuru road; spot improvement- Ksh. 8 million, Kirachia – Kiampuriki road; spot improvement- Ksh. 8

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
					million, Maara constituency - Pole Pole Nturiri Kanoro Road- Ksh. 30 million
			-	(70,000,000)	From Tharaka Nithi County set aside for the construction of a social innovation centre
			-	(80,000,000)	Amount was meant for drilling of boreholes and earth dams for water to be used for irrigation, drinking water for animals and other domestic use - Ksh. 20 million per constituency in marsabit county.
			80,000,000	-	Sololo – Madho Adhi Road; Ksh. 20 million (Moyale Constituency), Kargi – Korr road; Ksh. 12 million (Laisamis Constituency), Anona – Golole – Karbururi road; Ksh. 12 million (Moyale Constituency), Bora Junction – Bori; Ksh. 12 million (Moyale Constituency), Mulata Buke – Kubi Bagasa; Ksh. 12 million (Saku Constituency), Balesa – Marime road; Ksh. 12 million (North Horr Constituency)
			60,000,000	-	Dagoretti South Constituency - Kagondo road – Bitumen works; Ksh. 10 million, Queen Girls High School road – Bitumen works; Ksh. 10 million, Mugumo-ini road – Bitumen works; Ksh. 10 million, Ebenezer Centre road – Bitumen works; Ksh. 10 million, Nungari road – Bitumen works; Ksh. 10 million, UoN – Dagoretti road – Bitumen works; Ksh. 10 million

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
			40,000,000	-	Embakasi North Constituency - Vumbi road – Cabro works; Ksh. 10 million, Nyayo Ward road – Cabro works; Ksh. 10 million, Dandora I Market road – Cabro works; Ksh. 10 million, Super Load road – Cabro works; Ksh. 10 million
1072	State Department for Planning	Economic Policy & National Planning	5,200,000,000		Reinstate the proposed reduction of the allocation the National Government Constituencies Development Fund (Dev.)
2061	Commission on Revenue Allocation	Governmental Transfers and Financial Matters	1,500,000		Recommendation on Vertical Share (Rec.)
			2,500,000		Recommendation on 3 rd Revenue Sharing (Rec.)
			5,000,000		Financing of cities (Rec.)
			5,000,000		Integrated Data Management System (Rec.)
			18,000,000		State of marginalization across and within counties (Rec.)
			3,000,000		Own Share Revenue Curriculum (Rec.)
			15,000,000		Efficient service delivery (Rec.)
2121	Office of the Controller of Budget	Control and Management of Public Finances	1,440,000		Courier and postal services (Rec.)
			5,000,000		Domestic travel, subsistence and other transportation costs (Rec.)
			1,700,000		Hospitality supplies and services (Rec.)

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
			840,000		Membership fees, dues and subscriptions to professional and trade bodies (Rec.)
			3,850,000		Routine maintenance, vehicles and other transport equipment (Rec.)
1152	State Department of Energy	Power Transmission and Distribution		(1,401,891,811)	From the proposed new allocation to Electrification of level 3 & 4 Hospitals Project (Dev.)
				(3,944,889,511)	From the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park (Dev.)
				(352,759,907)	From the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme (Dev.)
				(352,759,907)	from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme (Dev.)
			500,000,000		For Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centers across the Country (Dev.)
				(1,160,000,000)	In deferment of the payment of the Loiyangalani - Suswa transmission line till the Second supplementary and in line with the committee report recommendation (Dev.)
				(358,336,620)	Electrification of Economic Zones -Konza Technopolis Complex

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
		Alternative Energy	500,000,000	(1,500,000,000)	To Kenya Power Transmission Project to support the Konza Technopolis - i) Gilgil – Thika-Konza, 400KV, 250 Km, ii) Loiyangalani - Marsabit 180 Km 400KV. (Dev.)
1202	State Department for Tourism	Tourism Development and Promotion		(30,000,000)	Kenya Off-grid solar access project for under deserved counties From Coastal Beach management Project
				(120,000,000)	From Kisumu Waterfront, it was noted that this project has taken off and the remaining allocations for the projects are not enough to start up the projects
				(110,000,000)	From Malindi Beach Management, it was noted that this project has taken off and the remaining allocations for the projects are not enough to start up the projects
			50,000,000		To the Ushanga Kenya Initiative
			42,000,000		To the Farm Murera Gate Road Meru
			324,860,000		Recurrent allocation to allow the state department to undertake tourism advertisements/promotion of the country
1261	The Judiciary	Dispensation of Justice	2,863,877,066	(220,000,000)	Reduction of the Development Budget by KSh. 220 Million due to Austerity measures (Dev.)
2051	Judicial Service Commission	General Administration	136,558,848		Allocated to enable the Commission to achieve its planned activities and effectively deliver services to the people of Kenya

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
2031	Independent Electoral Boundaries Commission	Planning and Support Services Delimitation of Electoral Boundaries Programme of Management of Electoral Resources	106,000,000	(340,000,000)	From resources meant for the delimitation of electoral boundaries since the allocation may not be absorbed fully in this financial year. The allocation is for the recruitment of forty-nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64 million) and Kshs 42 million for the continuous voter registration at the constituency level. (Rec)
1252	State Law Office & Department of Justice	Legal Services	100,300,000		The allocation is meant for the following selected budget heads that are crucial in the delivery of the office mandate; Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million (Rec)
2011	Kenya National Commission on Human Rights	Promotion and Protection of Human Right	23,792,128		The reductions proposed under the Supplementary budget of Kshs 23.8 million will affect the Commission's ability to deliver on its mandate since it is already operating on a lean budget (Rec)
2131	Commission for Administrative Justice	Promotion of Administrative Justice	44,718,098		The funds will allow the Agency to undertake outreach services at the county level, Public education and awareness on access to information and administrative justice; and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia (Rec)

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
1321	Witness Protection Agency	Witness Protection	22,909,605		Towards actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. (Rec.)
1311	Office of Registrar of Political Parties	Registration, Regulation and Funding of Political	42,300,000		The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at Kshs 10 million, facilitate the convening of the Political Parties Liaison Committee meetings – Kshs 12.3 million and Kshs 20 million for domestic travel to enable the office undertake field activities.(Rec.)
2041	Parliamentary Service Commission			(360,000,000)	The allocation for the vote were adjusted back to the FY 2019/20 Approved Estimates then reduced by Ksh. (360) mill as follows: Ksh. 300 Mill from M&E and KSh. 60 Million from other expenditures. (From original budget)
2042	National Assembly			(150,000,000)	The allocation for the vote were adjusted back to the FY 2019/20 Approved Estimates then reduced (Rec. reduced by KSh. 150 mill - KSh. (50) Mill from the M&E, KSh. 100 mill from Other recurrent (From original budget)
2043	parliamentary Joint Services			(780,000,000)	The allocation for the vote were adjusted back to the FY 2019/20 Approved Estimates then reduced by (Dev. - KSh. (780) Mill (Inst. of Sec. System - KSh. (400) mill, Purchase of CPST land - KSh. (30) Mill, Purchase of Buildings - KSh. (350) Mill) (From original budget))
1095	State Department for Public Works			(1,645,846,329)	Reduction of Allocation to Supervision of Big Four Projects in Universal Health Care and Supervision of Big Four Projects in

<u>Vote</u>	<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>	<u>Explanatory Notes (Incl. Projects)</u>
					Manufacturing by 75% due to inability to absorb funds within the financial year.



(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
The Presidency	431,793,000	(92,100,000)	339,693,000
0702000 Cabinet Affairs	-	(51,000,000)	(51,000,000)
0703000 Government Advisory Services	-	-	-
0704000 State House Affairs	131,793,000	(21,100,000)	110,693,000
0734000 Deputy President Services	300,000,000	(20,000,000)	280,000,000
State Department for Interior	278,982,619	1,158,500,000	1,437,482,619
0601000 Policing Services	257,998,445	1,090,000,000	1,347,998,445
0602000 Planning, Policy Coordination and Support Service	440,760,056	830,000,000	1,270,760,056
0603000 Government Printing Services	(62,516,191)	-	(62,516,191)
0625000 Road Safety	-	-	-
06256000 Population Management Services	(357,259,691)	(761,500,000)	(1,118,759,691)
State Department for Correctional Services	281,559,010	-	281,559,010
0604000 Correctional services	313,203,492	-	313,203,492
0623000 General Administration, Planning and Support Services	(31,644,482)	-	(31,644,482)
State Department for Immigration and Citizen Services	112,470,350	(150,000,000)	(37,529,650)
0605000 Migration and Citizens Services Management	112,470,350	(150,000,000)	(37,529,650)
State Department for Devolution	982,105,000	77,900,000	1,060,005,000
0712000 Devolution Services	(43,928,703)	77,900,000	33,971,297
0732000 General Administration, Planning and Support Services	(63,828,764)	-	(63,828,764)
0713000 Special Initiatives	1,089,862,467	-	1,089,862,467
State Department for Development of the ASAL	(86,100,000)	2,817,286,516	2,731,186,516
0733000 Accelerated ASAL Development	(86,100,000)	2,817,286,516	2,731,186,516
Ministry of Defence	(119,516,505)	-	(119,516,505)
0801000 Defence	-	-	-
0802000 Civil Aid	-	-	-
0803000 General Administration, Planning and Support Services	(119,516,505)	-	(119,516,505)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0805000000 National Space Management	-	-	-
Ministry of Foreign Affairs	152,377,975	-	152,377,975
0714000 General Administration Planning and Support Services	15,872,490	-	15,872,490
0715000 Foreign Relation and Diplomacy	(182,572,969)	-	(182,572,969)
0741000 Economic and Commercial Diplomacy	324,279,723	-	324,279,723
0742000 Foreign Policy Research, Capacity Dev and Technical Cooperation	(5,201,269)	-	(5,201,269)
State Department for Vocational and Technical Training	(38,421,786)	608,541,000	570,119,214
0505000 Technical Vocational Education and Training	(8,864,887)	571,500,000	562,635,113
0507000 Youth Training and Development	(5,004,126)	37,041,000	32,036,874
0508000 General Administration, Planning and Support Services	(24,552,773)	-	(24,552,773)
State Department for University Education	(97,470,931)	(3,471,676)	(100,942,607)
0504000 University Education	(12,957,652)	14,040,000	1,082,348
0506000 Research, Science, Technology and Innovation	(16,482,004)	(17,511,676)	(33,993,680)
0508000 General Administration, Planning and Support Services	(68,031,275)	-	(68,031,275)
State Department for Early Learning & Basic Education	(365,326,656)	1,315,000,000	949,673,344
0501000 Primary Education	(55,085,396)	1,285,000,000	1,229,914,604
0502000 Secondary Education	(25,639,235)	30,000,000	4,360,765
0503000 Quality Assurance and Standards	(7,416,199)	-	(7,416,199)
0508000 General Administration, Planning and Support Services	(277,185,826)	-	(277,185,826)
State Department for Post Training and Skills Development	(74,600,000)	-	(74,600,000)
0508000 General Administration, Planning and Support Services	(29,115,000)	-	(29,115,000)
0512000 Workplace Readiness Services	(23,250,000)	-	(23,250,000)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0513000 Post-Training Information Management	(22,235,000)	-	(22,235,000)
The National Treasury	(1,789,962,640)	(294,673,787)	(2,084,636,427)
0717000 General Administration Planning and Support Services	(1,524,431,331)	(50,000,000)	(1,574,431,331)
0718000 Public Financial Management	(235,672,220)	(244,673,787)	(480,346,007)
0719000 Economic and Financial Policy Formulation and Management	(29,859,089)	-	(29,859,089)
0720000 Market Competition	-	-	-
State Department for Planning	(137,441,931)	(313,008,312)	(450,450,243)
0706000 Economic Policy and National Planning	(2,962,481)	(263,008,312)	(265,970,793)
0707000 National Statistical Information Services	-	-	-
0708000 Monitoring and Evaluation Services	(34,971,443)	(50,000,000)	(84,971,443)
0709000 General Administration Planning and Support Services	(99,508,007)	-	(99,508,007)
Ministry of Health	4,819,981,304	15,036,976,787	19,856,958,091
0401000 Preventive, Promotive & RMNCAH	2,178,701,640	638,638,601	2,817,340,241
0402000 National Referral & Specialized Services	846,491,295	100,000,000	946,491,295
0403000 Health Research and Development	-	70,000,000	70,000,000
0404000 General Administration, Planning & Support Services	(99,619,351)	-	(99,619,351)
0405000 Health Policy, Standards and Regulations	1,894,407,720	14,228,338,186	16,122,745,906
State Department of Infrastructure	(115,589,577)	7,240,000,000	7,124,410,423
0202000 Road Transport	(115,589,577)	7,240,000,000	7,124,410,423
State Department of Transport	(77,910,960)	29,436,503,944	29,358,592,984
0201000 General Administration, Planning and Support Services	(45,398,135)	166,000,000	120,601,865
0203000 Rail Transport	-	28,918,003,944	28,918,003,944
0204000 Marine Transport	(21,544,503)	292,500,000	270,955,497
0205000 Air Transport	(8,281,384)	60,000,000	51,718,616
0216000 Road Safety	(2,686,938)	-	(2,686,938)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
State Department for Shipping and Maritime	(47,221,038)	-	(47,221,038)
0220000 Shipping and Maritime Affairs	(47,221,038)	-	(47,221,038)
State Department for Housing, Urban Development	(69,667,174)	514,493,736	444,826,562
0102000 Housing Development and Human Settlement	(25,963,725)	-	(25,963,725)
0105000 Urban and Metropolitan Development	(17,010,156)	514,493,736	497,483,580
0106000 General Administration Planning and Support Services	(26,693,293)	-	(26,693,293)
State for Public Works	(52,192,522)	1,605,787,661	1,553,595,139
0103000 Government Buildings	(9,705,641)	1,721,285,046	1,711,579,405
0104000 Coastline Infrastructure and Pedestrian Access	(6,240,249)	(115,497,385)	(121,737,634)
0106000 General Administration Planning and Support Services	(26,897,857)	-	(26,897,857)
0218000 Regulation and Development of the Construction Industry	(9,348,775)	-	(9,348,775)
Ministry of Water and Sanitation	(49,351,695)	4,751,981,918	4,702,630,223
1001000 General Administration, Planning and Support Services	(36,007,035)	-	(36,007,035)
1004000 Water Resources Management	(9,268,049)	(440,000,000)	(449,268,049)
1017000 Water and Sewerage Infrastructure Development	(4,076,611)	4,441,981,918	4,437,905,307
1015000 Water Storage and Flood Control	-	750,000,000	750,000,000
Ministry of Environment and Forestry	(85,350,564)	79,000,000	(6,350,564)
1002000 Environment Management and Protection	(13,965,718)	(5,000,000)	(18,965,718)
1010000 General Administration, Planning and Support Services	(38,621,860)	-	(38,621,860)
1012000 Meteorological Services	(28,415,432)	-	(28,415,432)
1018000 Forests and Water Towers Conservation	(4,347,554)	84,000,000	79,652,446
Ministry of Lands and Physical Planning	(90,160,991)	-	(90,160,991)
0101000 Land Policy and Planning	(90,160,991)	-	(90,160,991)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
State Department for Information Communication and Technology	(462,959,270)	1,364,920,327	901,961,057
0207000 P1: General Administration Planning and Support Services	(34,251,442)	-	(34,251,442)
0210000 ICT Infrastructure Development	(47,422,400)	(1,000,000,000)	(1,047,422,400)
0217000 E-Government Services	(354,541,894)	2,364,920,327	2,010,378,433
0221000 Film Development Services	(26,743,534)	-	(26,743,534)
State Department for Broadcasting & Telecommunications	(233,242,236)	(166,000,000)	(399,242,236)
0207000 General Administration Planning and Support Services	(32,183,761)	-	(32,183,761)
0208000 Information And Communication Services	(201,058,475)	(166,000,000)	(367,058,475)
0209000 Mass Media Skills Development	-	-	-
State Department for Sports	(53,562,340)	100,000,000	46,437,660
0901000 Sports	(53,562,340)	100,000,000	46,437,660
State Department for Culture and Heritage	(122,151,828)	17,000,000	(105,151,828)
0902000 Culture Development	(52,886,234)	17,000,000	(35,886,234)
0903000 The Arts	(30,150,487)	-	(30,150,487)
0904000 Library Services	(7,491,000)	-	(7,491,000)
0905000 General Administration, Planning and Support Services	(31,624,107)	-	(31,624,107)
State Department for Energy	562,666,844	6,016,838,314	6,579,505,158
0211000 General Administration Planning and Support Services	-	-	-
0212000 Power Generation	-	(670,000,000)	(670,000,000)
0213000 Power Transmission and Distribution	562,666,844	3,686,838,314	4,249,505,158
0214000 Alternative Energy Technologies	-	3,000,000,000	3,000,000,000
State Department for Livestock	(71,811,437)	50,000,000	(21,811,437)
0112000 Livestock Resources Management and Development	(71,811,437)	50,000,000	(21,811,437)
State Department for Crop Development	(11,193,404)	295,000,000	283,806,596

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0107000 General Administration Planning and Support Services	6,959,981	325,000,000	331,959,981
0108000 Crop Development and Management	(13,285,341)	(30,000,000)	(43,285,341)
0109000 Agribusiness and Information Management	(4,868,044)	-	(4,868,044)
State Department for Fisheries, Aquaculture & the Blue Economy	(116,206,663)	-	(116,206,663)
0111000 Fisheries Development and Management	(45,395,200)	-	(45,395,200)
0117000 General Administration, Planning and Support Services	(30,720,604)	-	(30,720,604)
0118000 Development and Coordination of the Blue Economy	(40,090,859)	-	(40,090,859)
State Department for Irrigation	(82,860,214)	20,975,746	(61,884,468)
1014000 Irrigation and Land Reclamation	(55,901,736)	20,975,746	(34,925,990)
1016000 General Administration, Planning and Support Services	(22,747,324)	-	(22,747,324)
1022000 Water Harvesting and Storage for Irrigation	(4,211,154)	-	(4,211,154)
State Department for Agricultural Research	(102,666,684)	-	(102,666,684)
0120000 Agricultural Research & Development	(102,666,684)	-	(102,666,684)
State Department for Cooperatives	(81,000,060)	(230,000,000)	(311,000,060)
0304000 Cooperative Development and Management	(81,000,060)	(230,000,000)	(311,000,060)
State Department for Trade	(45,953,444)	-	(45,953,444)
0307000 Trade Development and Promotion	(45,953,444)	-	(45,953,444)
State Department for Industrialisation	(55,134,392)	4,727,966,089	4,672,831,697
0301000 General Administration Planning and Support Services	(35,778,671)	-	(35,778,671)
0302000 Industrial Development and Investments	(19,355,721)	4,131,198,089	4,111,842,368
0303000 Standards and Business Incubation	-	596,768,000	596,768,000
State Department for Labour	(257,567,983)	(100,000,000)	(357,567,983)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0910000 General Administration Planning and Support Services	(76,575,293)	-	(76,575,293)
0906000 Promotion of the Best Labour Practice	(105,618,321)	45,000,000	(60,618,321)
0907000 Manpower Development, Employment and Productivity Management	(75,374,369)	(145,000,000)	(220,374,369)
State Department for Social Protection, pensions & senior citizens affairs	(461,625,912)	950,000,000	488,374,088
0908000 Social Development and Children Services	5,809,495	-	5,809,495
0909000 National Social Safety Net	(353,888,382)	950,000,000	596,111,618
0914000 General Administration, Planning and Support Services	(113,547,025)	-	(113,547,025)
State Department for Mining	(80,837,500)	(126,219,961)	(207,057,461)
1007000 General Administration Planning and Support Services	(44,782,628)	-	(44,782,628)
1009000 Mineral Resources Management	(12,079,058)	(131,000,000)	(143,079,058)
1021000: Geological Surveys and Geo Information	(23,975,814)	4,780,039	(19,195,775)
State Department for Petroleum	(32,037,500)	-	(32,037,500)
0215000 Exploration and Distribution of Oil and Gas	(32,037,500)	-	(32,037,500)
State Department for Tourism	(94,004,573)	(919,000,000)	(1,013,004,573)
0306000 Tourism Development and Promotion	(94,004,573)	(919,000,000)	(1,013,004,573)
State Department for Wildlife	(51,691,157)	100,000,000	48,308,843
1019000 Wildlife Conservation and Management	(51,691,157)	100,000,000	48,308,843
State Department for Gender	(138,550,000)	-	(138,550,000)
0911000 Community Development	-	-	-
0912000 Gender Empowerment	(57,290,829)	-	(57,290,829)
0913000 General Administration, Planning and Support Services	(81,259,171)	-	(81,259,171)
State Department for Public Service	(208,289,602)	(416,571,713)	(624,861,315)
0710000 Public Service Transformation	(134,068,800)	(416,571,713)	(550,640,513)

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(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0709000 General Administration Planning and Support Services	(74,220,802)	-	(74,220,802)
State Department for Youth	(362,365,824)	-	(362,365,824)
0711000 Youth Empowerment	(362,365,824)	-	(362,365,824)
State Department for East African Community	(51,660,615)	-	(51,660,615)
0305000 East African Affairs and Regional Integration	(51,660,615)	-	(51,660,615)
State Department for Regional & Northern Corridor Development	(54,500,012)	(352,850,000)	(407,350,012)
1013000 Integrated Regional Development	(54,500,012)	(352,850,000)	(407,350,012)
State Law Office and Department of Justice	(286,140,252)	(104,000,000)	(390,140,252)
0606000 Legal Services	(81,380,405)	-	(81,380,405)
0607000 Governance, Legal Training and Constitutional Affairs	(44,540,906)	(100,000,000)	(144,540,906)
0609000 General Administration, Planning and Support Services	(160,218,941)	(4,000,000)	(164,218,941)
The Judiciary	-	-	-
0610000 Dispensation of Justice	-	-	-
Ethics and Anti-Corruption Commission	-	10,026,465	10,026,465
0611000 Ethics and Anti-Corruption	-	10,026,465	10,026,465
National Intelligence Service	-	-	-
0804000 National Security Intelligence	-	-	-
Office of the Director of Public Prosecutions	150,000,000	-	150,000,000
0612000 Public Prosecution Services	150,000,000	-	150,000,000
Office of the Registrar of Political Parties	(32,556,074)	-	(32,556,074)
0614000 Registration, Regulation and Funding of Political Parties	(32,556,074)	-	(32,556,074)
Witness Protection Agency	-	-	-
0615000 Witness Protection	-	-	-
Kenya National Commission on Human Rights	-	-	-

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(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0616000 Protection and Promotion of Human Rights	-	-	-
National Land Commission	(120,992,425)	-	(120,992,425)
0116000 Land Administration and Management	(120,992,425)	-	(120,992,425)
Independent Electoral and Boundaries Commission	(219,000,000)	(43,000,000)	(262,000,000)
0617000 Management of Electoral Processes	212,762,597	(43,000,000)	169,762,597
0618000 Delimitation of Electoral Boundaries	(431,762,597)	-	(431,762,597)
The Commission on Revenue Allocation	(28,938,369)	-	(28,938,369)
0737000 Inter-Governmental Transfers and Financial Matters	(28,938,369)	-	(28,938,369)
Public Service Commission	185,500,000	-	185,500,000
0725000 General Administration, Planning and Support Services	185,500,000	-	185,500,000
0726000 Human Resource Management and Development	-	-	-
0727000 Governance and National Values	-	-	-
0744000 Performance and Productivity Management	-	-	-
Salaries and Remuneration Commission	-	-	-
0728000 Salaries and Remuneration Management	-	-	-
Teachers Service Commission	(310,327,238)	891,000,000	580,672,762
0509000 Teacher Resource Management	(5,961,298)	945,000,000	939,038,702
0510000 Governance and Standards	(32,574,034)	-	(32,574,034)
0511000 General Administration, Planning and Support Services	(271,791,906)	(54,000,000)	(325,791,906)
National Police Service Commission	(83,790,900)	-	(83,790,900)
0620000 National Police Service Human Resource Management	(83,790,900)	-	(83,790,900)
Auditor General	-	-	-
0729000 Audit Services	-	-	-
Office of the Controller of Budget	(51,829,201)	-	(51,829,201)

(REVISED) FY 2019/20 SUPPLEMENTARY I ESTIMATES

<u>PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
0730000 Control and Management of Public finances	(51,829,201)	-	(51,829,201)
Commission on Administrative Justice	-	-	-
0731000 Promotion of Administrative Justice	-	-	-
National Gender and Equality Commission	(98,221,027)	600,000	(97,621,027)
0621000 Promotion of Gender Equality and Freedom from Discrimination	(98,221,027)	600,000	(97,621,027)
Independent Policing Oversight Authority	(1,500,000)	-	(1,500,000)
0622000 Policing Oversight Services	(1,500,000)	-	(1,500,000)
TOTAL	195,982,996	75,875,403,054	76,071,386,050
The Judiciary	-	(220,000,000)	(220,000,000)
0610000 Dispensation of Justice	-	(220,000,000)	(220,000,000)
Judicial Service Commission	-	-	-
0619000 General Administration, Planning and Support Services	-	-	-
Total Judiciary	-	(220,000,000)	(220,000,000)
Parliamentary Service Commission	(360,000,000)	-	(360,000,000)
0722000 Senate Affairs	(360,000,000)	-	(360,000,000)
0723000 General Admin, planning and support services	-	-	-
National Assembly	(150,000,000)	-	(150,000,000)
0721000 National Legislation, representation and oversight	(150,000,000)	-	(150,000,000)
Parliamentary Joint Services	(15,000,000)	(780,000,000)	(795,000,000)
0723000 General Admin, planning and support services	(15,000,000)	(780,000,000)	(795,000,000)
Total Legislature	(525,000,000)	(780,000,000)	(1,305,000,000)
TOTAL BUDGET	(329,017,004)	74,875,403,054	74,546,386,050

SCHEDULE 2

Vote	MDA	Program	Increases	Decreases	Explanatory Notes (Incl. Projects)
1011	The Presidency	Deputy President Services	300,000,000		For operations and maintenance
1052	Ministry of Foreign Affairs	Foreign Relation & Diplomacy		(104,000,000)	From renovation of Chancery in New York (Dev.)
			220,000,000	(150,000,000)	From renovations in London (Dev.)
			25,000,000		For Construction and various Renovations in Pretoria (Dev.)
			9,000,000		For Construction of an Office Block and other works in Mogadishu (Dev.)
					Renovations in Rome(Dev.)
1021	State Department for Interior	Planning, Policy Coordination and Support Service		(600,000,000)	From National Integrated Identity Management System (NIIMS) (Rec.)
				(200,000,000)	From National Integrated Identity Management System (NIIMS) (Dev.)
				(200,000,000)	From 1021000100, OOP Headquarters, "Other Operating Expenses" (Rec.)
		Policing Services Programme	240,000,000		Towards settling pending bills incurred for purchase of Motor Vehicles from DT-
			100,000,000		Office of the Inspector General towards addressing insecurity in samburu and other affected areas (Rec.)
			150,000,000		Directorate of Criminal Investigations to enhance their operations (Rec.)
1064	State Department for Vocational and Technical Training	Technical Vocational Education and Training	1,021,000,000		Construction of 30 TTI's (Phase III) - Kshs 511 mill, Construction and equipping of TTI's (Phase II) - Kshs 258 mill, 38 GOK-AFDB TTI's funded-construction and equipping - Kshs 252 million GOK counterpart funding. (Dev.)
1065	State Department for University Education	University Education	1,882,488,563		To reverse cuts to capital projects in universities under the supplementary. The reduction will adversely affect project implementation including critical infrastructure in the Universities. Further, the institutions have pending certificates that remain unpaid and could potentially generate penalties and other litigation costs. (Dev.)
1091	State Department for Infrastructure	Road Transport		(1,550,000,000)	James Gichuru - JKIA Expressway (Dev.)
				(3,427,815,679)	Access Roads to Food Security and Nutrition Facilities
				(469,102,780)	Access Roads to Industrial Park Facilities
			160,000,000	(185,116,600)	Access Roads to Affordable Housing Facilities
					For public hearing identified projects - 1091148555 - Ksh. 5 Mill, 1091148553 - Ksh. 5 Mill, 1091148554 - Ksh. 5 mill, 1091146527 - Ksh. 5 Mill, 1091146526 - Ksh. 5 Mill, 1091146529 - Ksh. 5 Mill, & Ksh. 100 mill. Kimutwa-Makaveti-Kwamutisya Road in Machakos County
			70,000,000		Chuka Igarbang'ombe Constituency) - Iugururu - Kamwimbi -Ishara Road; spot improvement- Ksh. 8 million, Kamabandi - Nihina -Matina Road; grading and murraming- Ksh. 8 million, Kibugua - Iugururu road; spot improvement- Ksh. 8 million, Kirubia - Mubukuru road; spot improvement- Ksh. 8 million, Kirachia - Kiamuriki road; spot improvement- Ksh. 8 million, Maara constituency - Pole Pole Nturri Kanoro Road- Ksh. 30 million
				(70,000,000)	From Tharaka Nithi County set aside for the construction of a social innovation centre
				(80,000,000)	Amount was meant for drilling of boreholes and earth dams for water to be used for irrigation, drinking water for animals and other domestic use - Ksh. 20 million per constituency in matsabiti county

SCHEDULE 2

1092	State Department for Transport	Marine Transport			(1,900,000,000)				Naivasha Special Economic Zone (Textile Park)
					(897,500,000)				Dongo Kundu Special Economic Zone
1024	State Department for Immigration and Citizen Services.	Migration and Citizen Services Management Programme	150,000,000						Towards Migration and Citizen Services Management Programme to support Operations at the Headquarters. (Rec)
1122	State Department for ICT & Innovation	E-Government Services			(69,667,324)				Connectivity to Special Economic Zone Textile Park - Naivasha
					(279,035,869)				From Connectivity to Health Centres project (Dev.)
					(470,964,132)				From Connectivity to Konza Data Center and Smart City Project (Dev.)
					(18,680,237)				From Connectivity to Leather Industrial Park – Kenanie (Dev.)
2071	Public Service Commission	General Administration and Support Services Programme	100,000,000						Towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme. (Rec.)
2151	Independent Police Oversight Authority	Policing Oversight Services	60,000,000						towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage (Rec.)
1107	Ministry of water & Sanitation	Water and sewerage infrastructure development			(700,000,000)				Water and Sewerage Relocation Works for the Nairobi Express Way - Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. (Dev)
					(2,114,981,918)				Northern Collector Water Supply (Dev.)
		Water Resource Management	80,000,000						Umaa Dam - For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
			50,000,000						Badasa Dam - For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
		Water storage & Flood Control			(320,000,000)				Reduction of Allocation to Peace Dams for the FY 2019/20 (Dev.)
1108	Ministry of Environment and Sanitation		84,000,000						Kenya Forest Service - For Green Zones Development Support Project Phase II GOK counterpart funding to unlock Africa Development Bank (ADB) / Africa Development Fund (ADF). The Project Period is Six (6) years. The FY 2019/20 donor funding is KShs 500 million is already factored in the Approved estimates(Dev)
1081	Ministry of Health	National referral & Specialized Services (D)	50,000,000						Construction of kitchen and Wards at Mathare National Referral Hospital - Enhanced allocation to this project which has an allocation of KShs 65 Million which is inadequate (Dev)

SCHEDULE 2

1175	State department for Industrialisation	Industrial Development & Investment		(1,460,000,000)	From the allocation for the Development of Freeport & Industrial parks- Special Economic Zone Mombasa
				(1,988,000,000)	From the allocation for the Development of Kenanie Leather Industrial Park; (Dev.)
		Standards & Business Incubation	241,800,000	(67,200,000)	From the allocation for the Development of SEZ Textile Park Naivasha. (Dev.)
			318,000,000		An increase in the allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu to enable the project to carry out Multidisciplinary research and development.
			168,000,000		allocation for Construction of Industrial Research Laboratories - KIRDI South B for the construction of industrial laboratories (Dev.)
			650,000,000		increase in the allocation for Infrastructure and Civics works Development-KITI to enable completion of some infrastructure and civil works (Dev.)
			170,000,000		An increase in the development allocation as an injection of working capital (Riverex)
1174	State Department of Trade	Trade Development and Promotion	120,000,000		An increase development allocation for the Development of Athi River Textile Hub-EPZA (Dev.)
1173	State Department of Cooperatives	Cooperative Development and Management	100,000,000		For KIBT Parklands building to ensure Completion of partitioning
1165	State Department for Crops	General Administration Planning & Support Services	30,000,000		Allocated to the Export Promotion Council (Rec.)
1162	State Department for Livestock	Livestock resources Management & Development	50,000,000	(250,000,000)	For Modernization of Cooperatives Cotton Gineries- Luanda Cooperative Ginery in Busia County (Dev.)
2081	Salaries and Remuneration Commission	Control and Management of Public Finances		(211,000,000)	From the Modernization of Agricultural Society of Kenya Premises (Dev.)
1072	State Department for Planning	Economic Policy & National Planning	5,200,000,000		An increased allocation for Disease Free zone Baohuma. (Dev.)
2061	Commission on Revenue Allocation	Governmental Transfers and Financial Matters	1,500,000		Control and Management of Public Finances be disallowed since the National Assembly considered the matter and made a resolution on it during the consideration of the Budget Estimates for the FY 2019/20 (Rec.)
			2,500,000		Reinstate the proposed reduction of the allocation the National Government Constituencies Development Fund (Dev.)
			5,000,000		Recommendation on Vertical Share (Rec.)
			5,000,000		Recommendation on 3 rd Revenue Sharing (Rec.)
			18,000,000		Financing of cities (Rec.)
			3,000,000		Integrated Data Management System (Rec.)
			15,000,000		State of marginalization across and within countries (Rec.)
2121	Office of the Controller of Budget	Control and Management of Public Finances	1,440,000		Own Share Revenue Curriculum (Rec.)
			1,700,000		Efficient service delivery (Rec.)
			840,000		Courier and postal services (Rec.)
			5,000,000		Domestic travel, subsistence and other transportation costs (Rec.)
			3,850,000		Hospitality supplies and services (Rec.)
1152	State Department of Energy	Power Transmission and Distribution	(1,401,891,811)		Membership fees, dues and subscriptions to professional and trade bodies (Rec.)
					Routine maintenance, vehicles and other transport equipment (Rec.)
					From the proposed new allocation to Electrification of level 3 & 4 Hospitals Project (Dev.)
					From the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park (Dev.)
			(352,759,907)		From the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme (Dev.)

SCHEDULE 2

					(352,759,907)	from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme (Dev.)
			500,000,000			For Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centres across the Country (Dev.)
				(1,160,000,000)		In deferment of the payment of theLoiyangalani - Suswa transmission line till the Second supplementary and in line with the committee report recommendation
				(358,336,620)		Electrification of Economic Zones -Konza Technopolis Complex
			500,000,000			To Kenya Power Transmission Project to support the Konza Technopolis - i) Gilgil –Thika-Konza, 400KV, 250 Km, ii) Loiyangalani- Marsabit 180 Km 400KV. (Dev.)
1202	State Department for Tourism	Tourism Development and Promotion		(30,000,000)		From Coastal Beach management Project
				(120,000,000)		From Kisumu Waterfront, it was noted that this project has taken off and the remaining allocations for the projects are not enough to start up the projects
				(110,000,000)		From Malindi Beach Management, it was noted that this project has taken off and the remaining allocations for the projects are not enough to start up the projects
			50,000,000			To the Ushanga Kenya Initiative
			42,000,000			To the Farm Murera Gate Road Meru
			324,860,000			Recurrent allocation to allow the state department to undertake tourism advertisements of the country
1261	The Judiciary	Dispensation of Justice	2,863,877,066	(220,000,000)		Reduction of the Development Budget by KSh. 220 Million due to Austerity measures (Dev)
2051	Judicial Service Commission	General Administration Planning and Support Services	136,558,848			Allocated to enable the Commission to achieve its planned activities and effectively deliver services to the people of Kenya
2031	Independent Electoral and Boundaries Commission	Delimitation of Electoral Boundaries		(340,000,000)		From resources meant for the delimitation of electoral boundaries since the allocation may not be absorbed fully in this financial year.
		Programme of Management of Electoral Resources	106,000,000			The allocation is for the recruitment of forty-nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64 million) and Kshs 42 million for the continuous voter registration at the constituency level. (Rec)
1252	State Law Office & Department of Justice	Legal Services	100,300,000			The allocation is meant for the following selected budget heads that are crucial in the delivery of the office mandate: Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million (Rec)
2011	Kenya National Commission on Human Rights	Promotion and Protection of Human Right	23,792,128			The reductions proposed under the Supplementary budget of Kshs 23.8 million will affect the Commission's ability to deliver on its mandate since it is already operating on a lean budget (Rec)
2131	Commission for Administrative Justice	Promotion of Administrative Justice	44,718,098			The funds will allow the Agency to undertake outreach services at the county level. Public education and awareness on access to information and administrative justice, and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia
1321	Witness Protection Agency	Witness Protection	22,909,605			Towards actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. (Rec.)

SCHEDULE 2

1311	Office of Registrar of Political Parties	Registration, Regulation and Funding of Political	42,300,000		The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at Kshs 10 million, facilitate the convening of the Political Parties Liaison Committee meetings – Kshs 12.3 million and Kshs 20 million for domestic travel to enable the office undertake field activities(Rec.)
2041	Parliamentary Service Commission			(360,000,000)	Reduction of Ksh. (360) mill as follows: Ksh. 300 Mill from M&E and KSh. 60 Million from Purchase of furniture and other equipment.(Amount is to be adjusted from the Approved Budget Estimates)
2042	National Assembly			(150,000,000)	Reduction of Rec. by KSh. 150 mill - KSh. (50) Mill from the M&E, KSh. 100 mill from Purchase of furniture and other equipment (From the Approved Budget Estimates. (Amount is to be adjusted from the Approved Budget Estimates)
2043	Parliamentary Joint Services			(245,000,000)	Dev. - Purchase of CPST land - KSh. (30) Mill, Purchase of Buildings - K.Sh. (200) Mill(From original budget) & Rec. - KSh. (15) Million.
1095	State Department for Public Works			(645,846,329)	Reduction of Allocation to Supervision of Big Four Projects in Universal Health Care and Supervision of Big Four Projects in Manufacturing due to inability to absorb funds within the financial year.
			15,000,000		For Street Lighting for Dagoretti Center - UON -Kid Island

MINUTES OF THE 137th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD TUESDAY, 26TH NOVEMBER 2019, AT THE SMALL DINING, NEW WING AT 10.00 A.M.

PRESENT:

- 1) Hon. Kimani Ichung'wah, CBS, M.P. – Chairperson**
- 2) Hon. (CPA) John Mbadi, EGH, CBS, M.P.
- 3) Hon. Richard Onyonka, M.P.
- 4) Hon. Samwel Moroto, M.P.
- 5) Hon. Bady Twalib Bady, M.P.
- 6) Hon. Jude Njomo, M.P.
- 7) Hon. (Dr.) Makali Mulu, M.P.
- 8) Hon. (Dr.) Gideon Ochanda, M.P.
- 9) Hon. Benard Masaka Shinali, M.P.
- 10) Hon. Naisula Lesuuda, OGW, M.P.
- 11) Hon. Sakwa Bunyasi, M.P.
- 12) Hon. James Gichuki Mugambi, M.P.
- 13) Hon. Florence C. K. Bore, M.P.
- 14) Hon. Paul Abuor, M.P.
- 15) Hon. (Dr.) John K. Mutunga, M.P.
- 16) Hon. Fatuma Gedi Ali, M.P.
- 17) Hon. Danson Mwashako, M.P.
- 18) Hon. Qalicha Gufu Wario, M.P.
- 19) Hon. (Eng.) Mark Nyamita, M.P.

ABSENT WITH APOLOGY:

- 1) Hon. (CPA) Moses Lessonet, M.P. – Vice Chairperson**
- 2) Hon. Millie Odhiambo, M.P.
- 3) Hon. James Mwangi Gakuya, M.P.
- 4) Hon. (Dr.) Korei Ole Lemein, M.P.
- 5) Hon. Moses Kiarie Kuria, M.P.
- 6) Hon. Sarah Korere, M.P.
- 7) Hon. John Muchiri Nyaga, M.P.
- 8) Hon. Wangari Mwaniki, M.P.

PARLIAMENTARY BUDGET OFFICE

- | | |
|---------------------------|-----------------------------|
| 1) Mr. Martin Masinde | Senior Deputy Director, PBO |
| 2) Mr. Frederick Muthengi | Chief Fiscal Analyst, PBO |
| 3) Ms. Julie Mwithiga | Fiscal Analyst II |
| 4) Mr. James Chacha | Fiscal Analyst II |
| 5) Mr. Cyrille Mutali | Fiscal Analyst Intern |

COMMITTEE SECRETARIAT

- | | |
|------------------------|--------------------------|
| 1) Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 2) Mr. Danson Kachumbo | Fiscal Analyst II |
| 3) Mr. Elijah Ichwara | Audio Officer |
| 4) Mr. Mohammed Said | Sergeant at Arms |
| 5) Mr. Joram Barasa | Office Assistant |

AGENDA

1. Preliminaries & Confirmation of Agenda
2. Confirmation of Previous Minutes
3. ***The Adoption draft report on Supplementary Estimates No.1 for FY2019/20***
4. Any Other Business (A.O.B)

MIN BAC /137/2019/01: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 10.30 a.m. Thereafter, Hon. Florence C.K. Bore, M.P. led the committee with a word of prayer. The Chairperson welcomed the Parliamentary Budget Office to brief the committee the draft report ***Supplementary Estimates No.1 for FY2019/20.***

MIN BAC/137/2019/02: CONFIRMATION AND ADOPTION OF THE PREVIOUS MINUTES

The committee confirmed and adopted minutes in the following manner:

- i. **Minutes to the 136th sitting** were proposed by *Hon. (Eng.) Mark Nyamita, M.P.* and seconded by *Hon. Florence C.K. Bore, M.P.*
- ii. **Minutes to the 1st sitting** for Committee report writing retreat on Supplementary Estimates for FY 2019/20 were proposed by *Hon. Florence C.K. Bore, M.P.* and seconded by *Hon. Qalicha Wario, M.P.*
- iii. **Minutes to the 2nd sitting** for Committee report writing retreat on Supplementary Estimates for FY 2019/20 were proposed by *Hon. Paul Abour, M.P.* and seconded by *Hon. Qalicha Wario, M.P.*
- iv. **Minutes to the 3rd sitting** for Committee report writing retreat on Supplementary Estimates for FY 2019/20 were proposed by *Hon. (Eng.) Mark Nyamita, M.P.* and seconded by *Hon. Richard Onyoka, M.P.*
- v. **Minutes to the 4th sitting** for Committee report writing retreat on Supplementary Estimates for FY 2019/20 were proposed by *Hon. Sakwa Bunyasi, M.P.* and seconded by *Hon. Florence C.K. Bore, M.P.*
- vi. **Minutes to the 5th sitting** for Committee report writing retreat on Supplementary Estimates for FY 2019/20 were proposed by *Hon. (Eng.) Mark Nyamita, M.P.* and seconded by *Hon. Qalicha Wario, M.P.*

MIN BAC/05/2019/03: ADOPTION OF DRAFT REPORT ON SUPPLEMENTARY ESTIMATES NO.1 FOR FY2019/20

Members were taken through the draft report by Parliamentary Budget Office. After deliberations, the Committee adopted the report with the following recommendations:

- ✓ **THAT**, in view of the emerging concerns of rising debt, the National Assembly initiates a legislation to operationalize establishment of an Independent Debt Management Office within first quarter of 2020;
- ✓ **THAT**, the Ministries, State Departments and Agencies initiates comprehensive plans (by ring-fencing funds in FY 2020/21 budget estimates) to ensure completion of all stalled and incomplete projects before starting any new projects. No new projects are to be introduced mid-year, by way of supplementary estimates;
- ✓ **THAT**, each financial year, upon approval of the annual estimates, the Cabinet Secretary for National Treasury ensures that the National Treasury uploads the approved Budget into Integrated Financial Management Information System (IFMIS) in accordance with the PFM Regulations (2015), within seven days of the enactment of the Appropriations Act so as to ease implementation of annual work plans, procurement plans and clearance of pending bills and that a status report be submitted to National Assembly every quarter;
- ✓ **THAT**, the Office of Auditor General carries out a special forensic audit of the National Integrated Identity Management Systems (NIIMS) to establish the value for money and submit a report to National Assembly by end of March 2020;
- ✓ **THAT**, in their quarterly reporting, all the Ministries, State Departments and Agencies do report, not only on financial performance, but also non-financial performance by programmes/projects and further that the Office of the Controller of Budget complies with Section 9 of Controller of Budget Act, 2016 in Reporting;
- ✓ **THAT**, the Universal Health Care (UHC) funding should be channeled through counties as Conditional grants by amending the Division of Revenue Act, 2019. In addition, there is need to strengthen and revamp the

National Hospital Insurance Fund (NHIF) as a vehicle of implementing UHC given that it is a more sustainable channel;

- ✓ **THAT**, the State Department for Labour fast tracks development of labour export/migration policy to provide a framework for labour export with favourable terms for Kenyans seeking opportunities abroad. The Cabinet Secretary submits a status report on this resolution to the National Assembly by February, 2020;

- ✓ **THAT**, the Cabinet Secretary for the National Treasury institutionalizes the *Street Children Rehabilitation Trust Fund* and releases Ksh. 153.9 million held in suspense account to enable the Trust Fund to execute its mandate and thereafter submit a status report on this resolution to the National Assembly by February, 2020;

- ✓ **THAT**, the State Department for Industrialization conducts a feasibility study with respect to modernization programme of the Numerical Machine Complex and submits the report on the findings to the National Assembly within 90 days;

- ✓ **THAT**, the Office of the Auditor General to submits a special audit report on the deemed Generation of the Lake Turkana Wind Power and submits a report to National Assembly by end of February 2020;

- ✓ **THAT**, the approval of payment of Ksh. 1.16 Billion to the Loiyangalani - Suswa Transmission Line under the Lake Turkana wind power project be deferred awaiting the findings of the special forensic audit, the recommendation of the relevant Committee and decision of the House;

- ✓ **THAT**, the National Treasury provides sufficient counter-part funding in FY 2020/21 budget towards the commencement of Loiyangalani-Marsabit-Isiolo and Thika-Nairobi-East power transmission lines. This will

safeguard the Ksh. 2.6 billion already paid as insurance, failure to which the National Treasury finds ways and means of recovering the insurance amount;

- ✓ **THAT**, the Cabinet Secretary for National Treasury submits to the Houses of Parliament, the comprehensive matrix on the implementation of the GoK's Big Four Agenda before the submission of the 2020 Budget Policy Statement. This matrix should include the total cost of the projects, how much has been spent so far and the expected annual allocations until the completion of the projects;

- ✓ **THAT**, the National Treasury should NOT effect, through the IFMIS and/or through Treasury Circulars, any reduction in the approved Budget of Judiciary, Parliament and/or any Ministries, State Departments or Agency before approval by the House as doing is illegal; and,

a) Financial Recommendations

Mr. Speaker, the Committee considered the submissions by the Departmental Committees and after careful scrutiny and consultations made the financial recommendations on recurrent and development estimates as detailed in the Schedules 1 and 2 as attached in the report.

MIN BAC/137/2019/04: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 12.30P.M. The next meeting will be communicated at a later date.

SIGNED



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HON. KIMANI ICHUNG'WAH, CBS, M.P.
CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

.....
26/11/19

DATE

MINUTES OF THE 4th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT WRITING RETREAT ON SUPPLEMENTARY ESTIMATES FOR FY 2019/20 HELD MONDAY, 25TH NOVEMBER 2019, AT THE BOMA HOTEL, NDOVU CONFERENCE HALL AT 11.00A.M.

PRESENT:

- 1) **Hon. Kimani Ichung'wah, CBS, M.P. – Chairperson**
- 2) Hon. (CPA) John Mbadi, EGH, CBS, M.P.
- 3) Hon. Richard Onyonka, M.P.
- 4) Hon. Samwel Moroto, M.P.
- 5) Hon. Jude Njomo, M.P.
- 6) Hon. Moses Kiarie Kuria, M.P.
- 7) Hon. (Dr.) Makali Mulu, M.P.
- 8) Hon. (Dr.) Gideon Ochanda, M.P.
- 9) Hon. Benard Masaka Shinali, M.P.
- 10) Hon. (Dr.) Korei Ole Lemein, M.P.
- 11) Hon. Naisula Lesuuda, OGW, M.P.
- 12) Hon. Sakwa Bunyasi, M.P.
- 13) Hon. Sarah Korere, M.P.
- 14) Hon. (Dr.) John K. Mutunga, M.P.
- 15) Hon. James Gichuki Mugambi, M.P.
- 16) Hon. Florence C. K. Bore, M.P.
- 17) Hon. Paul Abuor, M.P.
- 18) Hon. Danson Mwashako, M.P.
- 19) Hon. Qalicha Gufu Wario, M.P.
- 20) Hon. (Eng.) Mark Nyamita, M.P.
- 21) Hon. Wangari Mwaniki, M.P.

ABSENT WITH APOLOGY:

- 1) **Hon. (CPA) Moses Lessonet, M.P. – Vice Chairperson**
- 2) Hon. Millie Odhiambo, M.P.
- 3) Hon. Bady Twalib Bady, M.P.
- 4) Hon. James Mwangi Gakuya, M.P.
- 5) Hon. John Muchiri Nyaga, M.P.
- 6) Hon. Fatuma Gedi Ali, M.P.

IN ATTENDANCE

THE NATIONAL TREASURY

1. Hon. (Amb.) Ukur Yatani
2. Dr. Julius Muia, EBS
3. Mr. Albert Mwenda
4. Mr. Bernard Ndungu
5. Mr. Francis Anyona
6. Mr. John Njera
7. Mr. Stanley Kamau
8. Ms. Miriam Musyoki

Acting Cabinet Secretary
Principal Secretary

PARLIAMENTARY BUDGET OFFICE

- 1) Mrs. Phyllis Makau, OGW
- 2) Mr. Martin Masinde
- 3) Ms. Lucy Makara
- 4) Mr. Frederick Muthengi
- 5) Mr. Joseph Ndirangu
- 6) Ms. Julie Mwithiga
- 7) Mr. James Chacha
- 8) Mr. Jonathan Lemurt

Director, PBO
Senior Deputy Director, PBO
Deputy Director, PBO
Chief Fiscal Analyst, PBO
Fiscal Analyst II/ Clerk
Fiscal Analyst II
Fiscal Analyst II
Fiscal Analyst III

COMMITTEE SECRETARIAT

- 1) Mr. Joseph Ndirangu
- 2) Mr. Danson Kachumbo
- 3) Ms. Winnie Atieno
- 4) Mr. Mohammed Said
- 5) Mr. Joram Barasa

Fiscal Analyst II/ Clerk
Fiscal Analyst II
Audio Officer
Sergeant at Arms
Office Assistant

AGENDA

1. Preliminaries & Confirmation of Agenda
2. Confirmation of Previous Minutes
3. *Consideration and discussion of Departmental Committees recommendations on Supplementary Estimates*
4. *Meeting with Cabinet Secretary, National Treasury to discuss supplementary Estimates No. 1 for FY2019/20*
5. Any Other Business (A.O.B)

MIN BAC /04/2019/01: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 11.30 a.m. Thereafter, Hon. Richard Onyonka. M.P. led the Committee with a word of prayer.

MIN BAC/04/2019/02: CONFIRMATION AND ADOPTION OF THE PREVIOUS MINUTES

No minutes were confirmed.

MIN BAC/04/2019/03: CONSIDERATION AND DISCUSSION OF DEPARTMENTAL COMMITTEES RECOMMENDATIONS ON SUPPLEMENTARY ESTIMATES

The Chairperson welcomed the Parliamentary Budget Office to brief them on the matrix of Departmental committee recommendations. After deliberations, the Committee made the following recommendations:

1. The Committee approved the Office of Auditor General Supplementary Budget for FY 2019/20 as submitted by the National Treasury;
2. An increase of Ksh. 2.63 billion for Judiciary (Ksh. 1.49 billion recurrent and Ksh. 1.15 billion for capital);
3. An increase of Ksh. 2.55 billion for Parliamentary Service Commission
4. An increase of Ksh. 1.88 billion for National Assembly; and
5. Reduction of Ksh. 795 million for Parliamentary Joint Services. (Recurrent, 15 million, PJS, Dev. - KSh. (780) Mill (Installation of Security System - KSh. (400)

mill, Purchase of CPST land - KSh. 30 Mill, Purchase of Buildings - KSh. (350 Mill) (From original budget)

MIN BAC/04/2019/03: MEETING WITH THE NATIONAL TREASURY

The Cabinet Secretary, National Treasury informed the committee that in the current financial year, it is projected that ordinary revenue growth will be 14 percent at best acknowledging that the budget deficit is larger than expected. It was observed that the new projects identified in the Supplementary Estimates, in particular the Big Four Agenda will be financed through mop up from State owned Enterprises of Ksh.78.7 billion and increased donor funding.

The additional allocations were for the rollout of the program so as to expedite the implementation. The Cabinet Secretary urged the Committee to support the program as the gains are beneficial to the citizens. The UHC pilot program ended in July and the Ministry of Health will table a report in the coming months as requested by the National Assembly. The National Treasury promised the committee that it would closely monitor the implementation of UHC and if funds are not fully utilized the National Treasury will remove the allocation in the Second Supplementary Estimates.

The Committee was informed that the James Gichuru Express Way would be funded under Public- Private Partnership. The funding is through concessional loan of 30 years. The amount allocated was to cater for the preparatory work as removing of sewer lines and electricity poles before construction begins. The items highlighted were not part of the contract that the government signed with the private investor. The Cabinet Secretary acknowledged that pending bills was a serious issue.

In regards to stalled projects, the Committee was informed that there is a committee in place that examine and evaluate all the stalled projects in the country and measures have been put in place to curb the rising of pending bills by suspending new commitments and ensuring that some stalled projects get the required funding for completion.

After presentation, the Committee raised the following concerns and observations:

1. Members queried whether UHC project is able to absorb all the resources proposed in the supplementary budget before the financial year end;
2. The Committee observed that Health is a devolved function, therefore the resources for UHC should be allocated under the division of revenue framework as conditional grants.

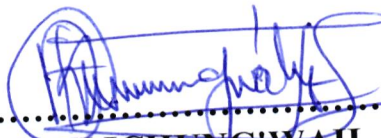
3. The Committee noted with concern that there is a lot of duplication of projects between the two levels of government.
4. The Committee queried the total amount of penalties accrued by Loiyangalani-Suswa transmission line
5. The queried if they could recover Ksh. 2.8 billion for insurance for three transmission lines.
6. The Cabinet Secretary was put to task to explain if the framework of royalties.

National treasury was able to respond to some of the concerns of members. It was noted in the meeting that National Treasury tabled an implementation matrix for the Big Four projects. However, the Committee observed that the matrix tabled before the committee lacked some information such as total cost per project and the allocation per year. The meeting adjourned after some lengthy deliberations.

MIN BAC/04/2019/4: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 2.00P.M.

SIGNED



.....
HON. KIMANI ICHUNG'WAH, CBS, M.P.
CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

.....
26/11/19

DATE

MINUTES OF THE 3RD SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT WRITING RETREAT ON SUPPLEMENTARY ESTIMATES FOR FY 2019/20 HELD SATURDAY, 23RD NOVEMBER 2019, AT THE BOMA HOTEL, NDOVU CONFERENCE HALL AT 10.00 A.M.

PRESENT:

- 1) **Hon. Kimani Ichung'wah, CBS, M.P. – Chairperson**
- 2) **Hon. (CPA) Moses Lessonet, M.P. – Vice Chairperson**
- 3) Hon. (CPA) John Mbadi, EGH, CBS, M.P.
- 4) Hon. Richard Onyonka, M.P.
- 5) Hon. Samwel Moroto, M.P.
- 6) Hon. James Mwangi Gakuya, M.P.
- 7) Hon. Bady Twalib Bady, M.P.
- 8) Hon. Jude Njomo, M.P.
- 9) Hon. (Dr.) Makali Mulu, M.P.
- 10) Hon. (Dr.) Gideon Ochanda, M.P.
- 11) Hon. Benard Masaka Shinali, M.P.
- 12) Hon. Naisula Lesuuda, OGW, M.P.
- 13) Hon. (Dr.) Korei Ole Lemein, M.P.
- 14) Hon. Sakwa Bunyasi, M.P.
- 15) Hon. John Muchiri Nyaga, M.P.
- 16) Hon. Sarah Korere, M.P.
- 17) Hon. James Gichuki Mugambi, M.P.
- 18) Hon. Florence C. K. Bore, M.P.
- 19) Hon. Paul Abuor, M.P.
- 20) Hon. Danson Mwashako, M.P.
- 21) Hon. Qalicha Gufu Wario, M.P.
- 22) Hon. (Eng.) Mark Nyamita, M.P.

ABSENT WITH APOLOGY:

- 1) Hon. Millie Odhiambo, M.P.
- 2) Hon. Moses Kiarie Kuria, M.P.
- 3) Hon. (Dr.) John K. Mutunga, M.P.
- 4) Hon. Fatuma Gedi Ali, M.P.
- 5) Hon. Wangari Mwaniki, M.P.

DEPARTMENTAL COMMITTEE CHAIRPERSONS & REPRESENTATIVES

1. Hon. William Cheptumo, M.P. Justice and Legal Affairs

PARLIAMENTARY BUDGET OFFICE

- 1) Mrs. Phyllis Makau, OGW Director, PBO
- 2) Mr. Martin Masinde Senior Deputy Director, PBO
- 3) Ms. Lucy Makara Deputy Director, PBO
- 4) Mr. Frederick Muthengi Chief Fiscal Analyst, PBO
- 5) Mr. Joseph Ndirangu Fiscal Analyst II/ Clerk
- 6) Ms. Julie Mwithiga Fiscal Analyst II
- 7) Mr. James Chacha Fiscal Analyst II
- 8) Mr. Jonathan Lemurt Fiscal Analyst III

COMMITTEE SECRETARIAT

- 1) Mr. Joseph Ndirangu Fiscal Analyst II/ Clerk
- 2) Mr. Danson Kachumbo Fiscal Analyst II
- 3) Ms. Winnie Atieno Audio Officer
- 4) Mr. Mohammed Said Sergeant at Arms
- 5) Mr. Joram Barasa Office Assistant

AGENDA

1. Preliminaries & Confirmation of Agenda
2. Confirmation of Previous Minutes
3. ***Receiving Submissions from Departmental Committees on Justice and Legal Affairs on Supplementary Estimates No.1 for FY 2019/20***
4. ***Consideration and discussion of Departmental Committee recommendations on Supplementary Estimates***
5. Any Other Business (A.O.B)

MIN BAC /03/2019/01: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 10.30 a.m. Thereafter, the Chairperson welcomed the Chairperson Justice and Legal Affairs to submit the Committee Report.

MIN BAC/03/2019/02: CONFIRMATION AND ADOPTION OF THE PREVIOUS MINUTES

No minutes were confirmed.

MIN BAC/03/2019/03: SUBMISSION FROM DEPARTMENTAL COMMITTEES ON JUSTICE AND LEGAL AFFAIRS

The Chairperson for Departmental Committee on Departmental Committees on Justice and Legal Affairs submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

1. Judiciary

Committee's Observations

- a) The proposed reductions of Kshs 1.5 billion under the Judiciary's recurrent vote will severely affect the operations of the Judiciary. In particular, the following services will be affected; all Service weeks, Special Benches, Tribunal Sittings and Mobile courts will have to be suspended negating the objective of reducing case backlog, Judiciary's ability to provide official transport & fuel for Judges and Court Stations hence severely affecting attendance to courts, crime scenes and prison visits, and Maintenance of Key installations like Lifts, Generators, Security Scanners at Supreme Court and all court premises will be affected by the proposed reduction.
- b) The Committee further observed that the Judiciary has registered remarkable improvement in case clearance rate from 93% in FY 2017/18 to 96% in FY 2018/19 and a significant reduction in case backlog (cases 5 years and above) of 77%. These achievements were attributed to targeted strategies and initiatives such as service weeks as well as improved operational efficiency. These gains are likely to be lost if proposed cuts are implemented.
- c) The Committee also observed that the proposed austerity measures proposed by the National Treasury on the recurrent budget items cannot be applied uniformly

across departments particularly in the case of service-oriented departments like the Judiciary whose budgets are largely recurrent.

- d) The proposed reduction under the development vote will affect the implementation of the Judiciary's capital projects funded under the exchequer for FY 2019/20. The approved budget for the projects for FY 2019/20 was Kshs 1.8 billion; however, the National Treasury is proposing to reduce the allocation by Kshs. 1.4 billion leaving a balance of 0.4 billion that will only cater for the outstanding pending certificates that the Judiciary is yet to settle. Hence the Judiciary will be forced to stall the ongoing projects in this financial year. Annex 2 gives details of the projects that will be affected by the supplementary budget.
- e) The Committee observed that the Judiciary Fund Act and the Judiciary Fund Regulations have been enacted by the National Assembly to actualize the provisions of Article 173 of the Constitution so as to strengthen the financial independence of the Judiciary. However, the fund has not been operationalized to date despite the necessary legislations being in place.

2. Judicial Service Commission

- a) In the proposed supplementary budget, the Commission's budget is proposed to be reduced by Kshs 136.6 million comprised of Kshs 99.8 million for Judicial Service Commission and Kshs 36.8 million for the Judicial Training Institute.
- b) The Committee further observed that the budgetary cuts will negatively affect the Commission's ability to undertake investigations, complaints handling, disciplinary hearing and the fight against corruption, training programmes for the judges and magistrates on emerging issues in the administration of justice, facilitation of the new JSC Commissioners with vehicles, office space and furniture, Automation of JSC operations (E-recruitment Document management system, HRMS); and routine maintenance of vehicles and other transport equipment.

3. Independent Electoral and Boundaries Commission (IEBC)

- a) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 4.775 billion. The Commission's recurrent budget has been revised upwards by Kshs 15 million to cater for the recent by-elections. There were also some reallocations that were undertaken within the vote to cater for the by-elections.
- b) It is further noted that the Commission's development budget has completely been reviewed to nil. The budget was meant for the construction of warehouses in Wajir, Kakamega, Isiolo, Garissa and Machakos for storage of election materials.
- c) The Committee also noted that the Commission has pending bills amounting to Kshs 4.3 billion comprised of Kshs 2.7 billion for contracted legal services and Kshs 1.7 billion for goods and services procured for the 2017 General Elections and Fresh Presidential Election. It is also noted that some of the suppliers have already gone to court and the Commission is at risk of its properties being attached if the litigants acquire court decrees.
- d) The committee has also observed that pending bills amounting to Kshs 1.5 billion have been validated and processed. However, the commission lacks the funds to settle those pending bills.
- e) The Committee has also observed that the committee has lost a total of forty-nine (49) registration officers and deputy registration officers due to natural attrition and other factors and therefore the commission lacks adequate human resource capacity to undertake registration exercise. The commission is also facing a funding shortfall of **Kshs 43.5 million** for continuous voter registration exercise since its initial approved allocation has reallocated to cater for by-elections and verification of signatures for the filed petition to suspend Taita Taveta County Government.
- f) The Committee has also observed that the Commission has an allocation of **Kshs 441 million** for the delimitation of electoral boundaries in the FY 2019/20. However, the Commission has not put in place the boundaries delimitation operation plan and is yet to receive the recently released national population census report to embark on the processes of delimiting the electoral boundaries and therefore the commission may not consume fully the allocations factored for the process.

4. Office of the Attorney General and Department of Justice

- a) In the proposed Supplementary 1 budget, the recurrent budget has been decreased by Kshs 0.386 billion and its development budget has also been adjusted downwards by Kshs 0.1 billion.
- b) The proposed budget cuts will affect the following services; the country's ability to present and defend the country's human rights record under the 3rd cycle universal periodic review process before the UN Human Rights Council and the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment before the Committee against Torture which would have gone a long way to aid the country's effort to secure the UN Security Council seat.
- c) In addition, budget cuts will affect its capacity to assist in drafting of legislation for the 'Big Four' initiatives, Purchase of 7 utility vehicles for the regional offices to support transportation of Counsel to attend court cases on behalf of the Government in the Regions, vet procurement contracts for the MDA's, Training of State Counsel on specialized emerging areas of law such as Oil and Gas Law, Joint Development Projects, Blue Economy, Nuclear Law, Maritime Law, and Deep Sea Mining, and Review of Public Trustee Rules.
- d) The Committee has also observed that the Asset Recovery Agency has made tremendous progress in the recovery of proceeds of crime and assets. In this regard, the Agency has recovered assets worth Kshs 3.4 billion and cash amounting to Kshs 287 million.
- e) The Committee has also noted that the Agency is in the processing of setting up a Criminal Assets Recovery Fund whose source of revenue will be proceeds recovered from crime. The Regulations guiding the use of the Fund is currently being developed.

5. Ethics and Anti-Corruption Commission

- a) In the proposed Supplementary I budget; the Commission's budget has been revised to Kshs 2.976 billion. The Commission's recurrent budget has not been revised but its development budget has been increased slightly by Kshs 10.0 million to cater for the EACC Automation processes.
- b) The Committee has also observed that the Commission is also experiencing serious staffing shortages and other challenges requiring extra funding by the government.

In particular, the Committee noted that the Commission is facing a funding shortfall of Kshs 200 million for undertaking targeted investigation, asset tracking and recovery. The Commission also requires an additional funding of Kshs 388 million for recruitment of additional staff whose approval was granted after the finalization of the 2019/20 financial budget process.

6. Kenya National Commission on Human Rights

- a) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 360.5 million. The proposed reduction of Kshs 23.8 million will affect the following budget items; Internet Connections for regional offices such as Nairobi, Kitale, Kisumu, Wajir, Nyahururu and Mombasa offices, hospitality supplies and services, contracted guards and cleaning services, maintenance expenses and staff training budget.
- b) The Committee further noted that at the beginning of FY 2019/2020 the Commission had Pending Bills worth Ksh17.6 million which effectively reduces the Commission's budget further to Kshs 342.9 million. It was further noted that the Pending bills were not as a result of over expenditure or Commission's inefficiency in requesting for exchequer or late payment processing, but was due to the National Treasury not releasing the last exchequer request that was submitted to them.

7. Office of the Director of Public Prosecution

The Committee observed that in the proposed supplementary budget the office was allocated an additional Kshs 150 million to cater for the settling of pending bills occasioned by acquisition of additional vehicles for its field offices to facilitate the attendance of prosecutors in various courts.

8. Commission for Administrative Justice

- a) The Committee noted that the Commission allocation under the FY 2019/20 is Kshs 565 million against a resource requirement of Kshs 818 million leading to a shortfall of Kshs 253 million.
- b) The Committee also observed that the Commission's budget has been revised to Kshs 520.3 million. The reduction of Kshs 44.7 million will negatively impact on some of the key planned activities in the 2019/20 FY as follows: - Outreach

services will be hampered by the proposed reduction on purchase of motor vehicles; Public education and awareness on access to information and administrative justice; Decentralization of the Ombudsman services to the counties, where the Commission had targeted to establish two branch offices.

- c) The Commission had projected to purchase two motor vehicles in the current financial year and had notably been allocated Kshs. 16.5 million for the same. However, this amount has been reduced by 50 percent to Kshs. 8.2 million which is inadequate.
- d) The Committee observed that Commission on Administrative Justice is facing difficulties in accessing information from government agencies negating the gains made under the Access to Information Act (No.31 of 2016).

9. Witness Protection Agency

- a) In the FY 2019/20, the approved budget for the Agency's was **Kshs 481.6 million** against a resource requirement of **Kshs 713.2 million** leading a funding shortfall of Kshs 231.6 million.
- b) The Committee has observed that in the proposed supplementary budget, the Agency's budget has been revised to **Kshs 458.7 million** reducing the budget by **Kshs 22.9 million**. The sub items affected include- communication, domestic and foreign travel, printing, training, hospitality, office supplies, specialized materials, fuel & lubricants, purchase of office furniture and equipment and maintenance of motor vehicles and other assets.
- c) The Committee also observed that the Agency has for the last four (4) months (July 2019 to October 2019) experienced tremendous growth in the number of witness admitted into the Witness Protection Programme (WPP). This growth is attributed to the concerted efforts by the law enforcement agencies (mainly the Offices of the DPP, DCI and EACC) to entrench the rule of law and the fight against corruption. The increase in witnesses has constrained the resources and capacity of the Agency in supporting the law enforcement agencies.
- d) The Committee acknowledges the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses.

Indeed, the Committee noted the significant role the Agency has played in the prosecution of complex corruption and terrorism related cases.

10. Office of Registrar of Political Parties

- a) The Office had requested Kshs. 4.9 billion out of which Kshs. 4.1 billion was for the Political Parties Fund and the balance of Kshs. 801.3 million was to cater for ORPP's operations. The Kshs. 4.1 billion is 0.3% of the projected national revenue for FY 2019/20.
- b) However, in FY 2019/20, the office was allocated **Kshs 427.5 million** for office operations leading to a shortfall of Kshs 373.8 million.
- c) The Office has also been allocated Kshs. 871.2 million for the Political Parties Fund leading to a shortfall of Kshs 3.2 billion. It is important to note that the allocation for the Political Parties Fund was increased from Kshs 371.2 million in FY 2018/19.
- d) Further the Committee has observed that in the proposed supplementary budget, the Office's allocation has been revised to Kshs 1.22 billion. This has resulted in a budget cut of **Kshs 74.9 million**. The proposed budget cut through the supplementary budget estimates No. I will affect the implementation of Registration and Regulation of Political Parties and Political Parties Liaison Committee.
- e) The proposed budget cut will adversely affect the implementation of programmes/activities under the sub-programme of registration and regulation of political parties. The budget under this sub-programme is proposed to be reduced from the approved budget of **Kshs. 402.9 million** to **Kshs. 340.4 million**. This has resulted to a budget cut of **Kshs. 62.6 million**.
- f) The budget cut will also adversely affect the implementation programmes/activities under the sub-programme on the administration of the Political Parties' Liaison Committee. The sub-programme on Political Parties' Liaison Committee budget is proposed to be reduced from the approved budget of **Kshs. 24.6 million** to **Kshs. 12.3 million**. This will result to a budget cut of Kshs. **12.3 million**.

ii. Departmental Committee on Departmental Committees on Justice and Legal Affairs s recommendations:

1. The reinstatement of the proposed reduction on the Judiciary's budget of Kshs 2.9 billion comprised of Kshs 1.5 billion for recurrent expenditure and Kshs 1.4 billion for development expenditure.
2. The operationalization of the Judiciary Fund account in accordance with Article 173(4) of the Constitution since the necessary legislations being the Judiciary Fund Act and Judiciary Fund Regulations have been put in place in order to insulate the Judiciary against future budget cuts.
3. The reinstatement of the proposed reduction of the Kshs 136.6 million to Judicial Service Commission budget in order for the Commission to achieve its planned activities and effectively deliver services to the people of Kenya.
4. The approval of the Supplementary Estimate I for FY 2019/20 for the Office of the Director of Public Prosecution as submitted by the National Treasury.
5. An additional funding of Kshs 1.5 billion for the Independent Electoral and Boundaries Commission (IEBC) for settling of the validated pending bills that have been processed by the Commission. The Committee further recommends the National Treasury in conjunction with the Commission to come up with a payment plan for the remaining pending bills.

Financial Recommendations

Reductions:

A reduction of **Kshs 340 million** from the Programme of Delimitation of Electoral Boundaries specifically from the **Kshs 441.3 million** meant for the delimitation of electoral boundaries since the allocation may not be consumed fully in this financial year.

Increases (Reallocations):

1. Increase by **Kshs 106 million** to the Programme of Management of Electoral Resources. The allocation is specifically for the recruitment of forty-nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64

million) and **Kshs 42 million** for the continuous for voter registration at the constituency level.

2. Increase by **Kshs 100.3 million** to the Programme Legal Services. The allocation is specifically meant for the following selected budget heads that are crucial in the delivery of the office mandate; Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million.
3. Increase by **Kshs 23.8 million** to the Programme of Promotion and Protection of Human Right. The reductions proposed under the Supplementary budget of Kshs 23.8 million will affect the Commission’s ability to deliver on its mandate since it is already operating on a lean budget.
4. Increase by **Kshs 44.7 million** to the Programme of promotion of Administrative Justice. The funds will allow the Agency to undertake outreach services at the county level, Public education and awareness on access to information and administrative justice; and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia.
5. Increase by **Kshs 22.9 million** to the Programme of witness protection. The budget is critical for actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. Indeed, the other Agencies in the criminal justice system have all acknowledged the crucial role played by the agency. The allocations will be sourced from the reductions effected on the allocations for the delimitation of boundaries process under the budget for Independent Electoral and Boundaries Commission.
6. Increase by **Kshs 42.3 million** to the Programme of Registration, Regulation and Funding of Political. The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at Kshs 10 million, facilitate the convening of the Political Parties Liaison Committee meetings – Kshs 12.3 million and Kshs 20 million for domestic travel to enable the office undertake field activities.

After the presentation, the Committee observed the following issues of concern:

1. The Committee observed that the proposed cuts in the Judiciary will greatly affect its operations, therefore the need to reject some of the cuts proposed.
2. Further, the Committee queried if the Committee on Justice and Legal Affairs identified areas of wastages especially in Judiciary budget which can result in savings.
3. The Committee queried if there is a framework in place to settle pending court awards from which the government has to settle.
4. The Committee queried if there are duplication of roles due to the fact that Kenya National Commission on Human Rights is requesting additional funding for Internet Connections for regional offices such as Nairobi, Kitale, Kisumu, Wajir, Nyahururu and Mombasa offices and yet this is a function for the Ministry of ICT.
5. The Committee queried the start date for delimitation of electoral boundaries and if there scheduled preparatory works in place.

MIN BAC/03/2019/04: CONSIDERATION AND DISCUSSION OF DEPARTMENTAL COMMITTEE RECOMMENDATIONS ON SUPPLEMENTARY ESTIMATES

The Chairperson welcomed the Parliamentary Budget Office to brief them on the matrix of Departmental committee recommendations. After deliberations, the Committee made the following recommendations as per matrix highlighted below:

<u>MDA</u>	<u>Program</u>	<u>Increases</u>	<u>Decreases</u>
Ministry of Foreign Affairs	Foreign Relation & Diplomacy		(104,000,000)
			(150,000,000)
		220,000,000	
		25,000,000	
		9,000,000	
State Department for Interior			(600,000,000)

	Planning, Policy Coordination and Support Service		(200,000,000)
			(200,000,000)
	Policing Services Programme	240,000,000	
		100,000,000	
		150,000,000	
State Department for Vocational and Technical Training	Technical Vocational Education and Training	1,021,000,000	
State Department for University Education	University Education	1,882,488,563	
State Department for Infrastructure	Road Transport		(2,300,000,000)
			(3,427,815,679)
			(469,102,780)
			(185,116,600)
State Department for Transport	Marine Transport		(3,450,000,000)
			(1,795,000,000)
State Department for Immigration and Citizen Services.	Migration and Citizen Services Management Programme	150,000,000	
State Department for ICT & Innovation	E-Government Services		(170,000,000)
			(69,667,324)
			(694,571,737)
			(886,500,000)
			(18,680,237)
Public Service Commission	General Administration and Support Services Programme	100,000,000	
Independent Police Oversight Authority	Policing Oversight Services	60,000,000	
Ministry of water & Sanitation	Water and sewerage infrastructure development		(1,000,000,000)
			(2,114,981,918)
	Water Resource Management	80,000,000	
		50,000,000	

	Water storage & Flood Control		(1,070,000,000)
Ministry of Environment and Sanitation		84,000,000	
Ministry of Health	National referral & Specialized Services (D)	50,000,000	
	Health Policy, Standards and Regulations		(15,867,475,762)
State Department for Industrialization	Industrial Development & Investment		(1,460,000,000)
			(1,988,000,000)
			(67,200,000)
	Standards & Business Incubation	241,800,000	
		318,000,000	
	Industrial Development & Investment	168,000,000	
		650,000,000	
		170,000,000	
State Department of Trade	Trade Development and Promotion	120,000,000	
		100,000,000	
State Department of Cooperatives	Cooperative Development and Management	30,000,000	
State Department for Crops Development	General Administration Planning & Support Services		(250,000,000)
State Department for Livestock	Livestock resources Management & Development	50,000,000	
Salaries and Remuneration Commission	Control and Management of Public Finances		(211,000,000)
National Treasury	General Administration Planning and Support Services		(2,000,000,000)
		2,000,000,000	

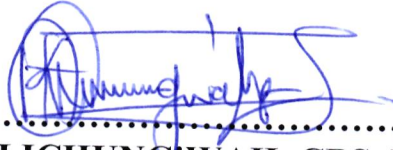
	Public Financial Management	160,000,000	
		15,000,000	
		70,000,000	
		-	(70,000,000)
		-	(80,000,000)
		80,000,000	-
		60,000,000	-
		40,000,000	-
State Department for Planning	Economic Policy & National Planning	5,200,000,000	
Commission on Revenue Allocation	Governmental Transfers and Financial Matters	1,500,000	
		2,500,000	
		5,000,000	
		5,000,000	
		18,000,000	
		3,000,000	
		15,000,000	
Office of the Controller of Budget	Control and Management of Public Finances	1,440,000	
		5,000,000	
		1,700,000	
		840,000	
		3,850,000	
State Department of Energy	Power Transmission and Distribution		(1,401,891,811)
			(3,944,889,511)
			(352,759,907)
			(352,759,907)
		500,000,000	
			(1,160,000,000)
			(358,336,620)
		500,000,000	

	Alternative Energy		(1,500,000,000)
State Department for Tourism	Tourism Development and Promotion		(30,000,000)
			(120,000,000)
			(110,000,000)
		50,000,000	
		42,000,000	
		324,860,000	
Independent Electoral and Boundaries Commission	Delimitation of Electoral Boundaries		(340,000,000)
	Programme of Management of Electoral Resources	106,000,000	
State Law Office & Department of Justice	Legal Services	100,300,000	
Kenya National Commission on Human Rights	Promotion and Protection of Human Right	23,792,128	
Commission for Administrative Justice	Promotion of Administrative Justice	44,718,098	
Witness Protection Agency	Witness Protection	22,909,605	
Office of Registrar of Political Parties	Registration, Regulation and Funding of Political	42,300,000	
State Department for Public Works			(1,645,846,329.00)

MIN BAC/03/2019/5: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 3.00P.M. The next meeting will be Monday, 25th November 2019.

SIGNED



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HON. KIMANI ICHUNG'WAH, CBS, M.P.
CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE


26/11/19

.....
DATE

MINUTES OF THE 2nd SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT WRITING RETREAT ON SUPPLEMENTARY ESTIMATES FOR FY 2019/20 HELD ON FRIDAY, 22ND NOVEMBER 2019, AT THE BOMA HOTEL, SOUTH C, NDOVU CONFERENCE HALL AT 3.00 P.M.

PRESENT:

- 1) Hon. Kimani Ichung'wah, CBS, M.P. – Chairperson
- 2) Hon. (CPA) Moses Lessonet, M.P. – Vice Chairperson
- 3) Hon. Richard Onyonka, M.P.
- 4) Hon. Bady Twalib Bady, M.P.
- 5) Hon. Samwel Moroto, M.P.
- 6) Hon. (Dr.) Makali Mulu, M.P.
- 7) Hon. (Dr.) Gideon Ochanda, M.P.
- 8) Hon. (Dr.) Korei Ole Lemein, M.P.
- 9) Hon. Jude Njomo, M.P.
- 10) Hon. Benard Masaka Shinali, M.P.
- 11) Hon. Naisula Lesuuda, OGW, M.P.
- 12) Hon. Sakwa Bunyasi, M.P.
- 13) Hon. John Muchiri Nyaga, M.P.
- 14) Hon. Sarah Korere, M.P.
- 15) Hon. James Gichuki Mugambi, M.P.
- 16) Hon. Florence C. K. Bore, M.P.
- 17) Hon. Danson Mwashako, M.P.
- 18) Hon. Paul Abuor, M.P.
- 19) Hon. (Eng.) Mark Nyamita, M.P.

 THE NATIONAL ASSEMBLY PAPERS LAD	
DATE: 26 NOV 2019	
OAY.	
TABLED BY:	
CLERK AT THE TABLE:	

ABSENT WITH APOLOGY:

- 1) Hon. (CPA) John Mbadi, EGH, CBS, M.P.
- 2) Hon. Millie Odhiambo, M.P.
- 3) Hon. Moses Kiarie Kuria, M.P.
- 4) Hon. James Mwangi Gakuya, M.P.
- 5) Hon. (Dr.) John K. Mutunga, M.P.
- 6) Hon. Qalicha Gufu Wario, M.P.
- 7) Hon. Fatuma Gedi Ali, M.P.
- 8) Hon. Wangari Mwaniki, M.P.

DEPARTMENTAL COMMITTEE CHAIRPERSONS & REPRESENTATIVES

- | | |
|---|-------------------------------|
| 1. Hon. (Dr.) Rachael Kaki Nyamai, M.P. | Lands |
| 2. Hon. George Kariuki, M.P. | ICT |
| 3. Hon. Ali Wario, M.P. | Labour and Social Welfare |
| 4. Hon. David Gikaria, M.P. | Energy |
| 5. Hon. Joseph Limo, M.P. | Finance and National Planning |
| 6. Hon. (Dr.) Victor Munyaka, M.P. | Sports, Culture and Tourism |

PARLIAMENTARY BUDGET OFFICE

- | | |
|----------------------------|-------------------------------------|
| 1) Mrs. Phyllis Makau, OGW | Director, PBO |
| 2) Mrs. Florence Abonyo | Director, Committee Services |
| 3) Mr. Martin Masinde | Senior Deputy Director, PBO |
| 4) Mr. Nicholas Emejen | Deputy Director, Committee Services |
| 5) Ms. Lucy Makara | Deputy Director, PBO |
| 6) Mr. Frederick Muthengi | Chief Fiscal Analyst, PBO |
| 7) Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 8) Ms. Julie Mwithiga | Fiscal Analyst II |
| 9) Mr. James Chacha | Fiscal Analyst II |
| 10) Mr. Jonathan Lemurt | Fiscal Analyst III |

COMMITTEE SECRETARIAT

- | | |
|------------------------|--------------------------|
| 1) Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 2) Mr. Danson Kachumbo | Fiscal Analyst II |
| 3) Ms. Winnie Atieno | Audio Officer |
| 4) Mr. Mohammed Said | Sergeant at Arms |
| 5) Mr. Joram Barasa | Office Assistant |

AGENDA

1. Preliminaries & Confirmation of Agenda
2. Confirmation of Previous Minutes
3. *Receiving Submissions from Departmental Committees on Supplementary Estimates No.1 for FY 2019/20*
4. Any Other Business (A.O.B)

MIN BAC /02/2019/01: PRELIMINARY

- 1) The Chairperson welcomed the committee members to the meeting and called the meeting to order at 3.20 P.M. This was followed by a prayer by Hon. (Dr.) Makali Mulu, M.P. Thereafter, the Chairperson welcomed the Chairperson Lands to submit the Committee report.

MIN BAC/02/2019/02: CONFIRMATION AND ADOPTION OF THE PREVIOUS MINUTES

No minutes were confirmed.

MIN BAC/02/2019/03: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON LANDS

The Chairperson for Departmental Committee on Lands submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

THAT;

1. The decrease in the recurrent expenditure of Ksh. 90.1 million in the Ministry of Lands and Physical Planning and a decrease of Ksh. 120 million from the National Lands Commission is meant to cater for projects and programmes under the Big four Agenda.
2. The proposed reduction of Ksh. 43 million on the County Land Offices and Ksh. 7.3 million on the Kenya Institute of Survey and Mapping Heads will have significant negative effect on the operations and delivery of two important bodies that are already under funded. The County Land Offices form a nexus between the ministry and operations at the counties without which issuance of title deeds, solving boundary disputes and completion of ongoing adjudication will be difficult.
3. The proposed reduction in the Commissions recurrent budget will have likely implications on operations and outputs of the Commission. For example, the processing of title deeds and transfer documents for public institutions will reduce from a target of 6,000 to 4,000 and targeted execution of leases and grants for public institutions will reduce from 5,000 to 3,000.

4. The Committee observed that the Commission has a pending Bill to the tune of Ksh. 561 million carried forward from the FY 2018/19 of which Ksh. 519 million is staff gratuity for officers of the Commission who were transited from contract to permanent status.

ii. Departmental Committee on Lands recommendations

1. The reinstatement of the Sum-total of Ksh. 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of Ksh. 43,789,037 deducted from County Land Offices-Vote 1112 and the same deducted from the vote head survey department-National Bulk Titling Centre within Vote 1112-Ministry of Lands and Physical Planning.
2. The committee agrees with the proposed reduction of Ksh. 120,992,425 from the National Lands Commission- Vote 2021.
3. The approval of the 2019/2020 Revised Estimate (Supplementary Estimates I) of Ksh. 1,187,207,575 for Vote 2021 -the National Land Commission and Ksh. 2,926,039,009 for Vote 1112 - Ministry of Lands and Physical Planning.

MIN BAC/02/2019/04: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

The Chairperson for Departmental Committee on Communication, Information and Innovation submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a) State Department of ICT

THAT: -

- i. The proposed decrease under the recurrent sub vote is a net GOK Exchequer change while that of the development is based on adjustments in both external funding sources and net GoK.
- ii. There are new proposed projects towards providing internet connectivity to the big four projects with total allocation amounting to Ksh. 3.29 billion. The proposed big four projects include:
 - a) Connectivity to health facilities (Ksh. 774.6 million),
 - b) Connectivity to special Economic Zones (Naivasha Textile Park –Ksh. 79.7 million),
 - c) Connectivity to Leather Industrial Park (Kenanie – Ksh. 28.7 million),

- d) Connectivity to Dongu Kundu Special Economic Zones (Ksh. 8 million) and,
 - e) Konza Data and Smart City (Ksh. 2.4 billion)
- iii. There was need for additional information and justification underpinning the proposed new projects towards connectivity of the big four projects to inform KPIs, expected outputs and targets. Further, the new allocation towards connectivity of big four projects may not be absorbed in view of the overall performance by the ministry in the 1st quarter and other challenges.
 - iv. Overall decreases are likely to affect achievement of key expected targets and operations of key departments and agencies under the State Department. That the revised adjustments were done without due consideration and taking into account the requirements and needs of spending and thus is likely to impact negatively projects under implementation.
 - v. Review of 1st quarter performance for programmes and projects under implementation indicated progress except challenges such as less than expected exchequer releases. In addition , some of the notable achievement under the FY 2018/19 include submission of data protection bill 2019 to parliament which has since been enacted , 90% upgrade and maintenance of the Government Data Centre , procurement and distribution of 100,000 digital devices against committed target of 150,000, Training of 15,200 youths on line jobs against a target of 120,000 youths, 15% development of the Konza projects under the Engineer, Procure, Construct and Finance framework, among others.

b) Broadcasting and Telecommunications

THAT: -

- i. The Kenya Media Council is to undertake internship placement of 1000 students undertaking media related courses in six media enterprises both local and international. The project, as an enabler of the Big Four Agenda, will provide the students with internship opportunities to learn on thematic reporting, among other objectives. However, there is a funding gap particularly affecting key mandate such as payment of salaries, pensions for Board and staff members, rent, media engagement and other operating cost. The shortfall also affected the control of misleading and fake news and monitoring of media activities.

- ii. The rationalization affected key flagship projects under implementation such as studio mashinani, Sinema Mashinani and agencies like Kenya News Agency as well as Kenya Year Book. This is likely to negatively impact achievement of key deliverables critical to employment creation through content enhancement and supporting the creative sector. This also includes establishment of talent centres at the county level and support the overall objectives of the big four plans. Further, despite the progress and achievement by Kenya Year Book, critical editions for the financial year 2016/17 and 2017/18 have not been published due to lack of funds and a modern printing press which among other things leads to high operational costs.
- iii. Expenditure and exchequer releases were below target however; the State Department was committed to fast track the on-going work to achieve the committed target within the financial year.
- iv. There was non-compliance on the part of the State Department and the Controller of Budget in submitting non-financial performance of all programmes and projects under implementation.

ii. Departmental Committee on Communication, Information and Innovation Recommendations

a) State Department of ICT

❖ Recurrent Sub Vote - Reductions (Re-allocations)

- a) Reduce Ksh. 170 million from Head ICT shared services

❖ Development Sub Vote

- Reductions (Re-allocations)

- a) Reduce Ksh. 354 million from Connectivity to Health Centres project
- b) Reduce Ksh. 886.5 million from Connectivity to Konza Data Center and Smart City Project
- c) Reduce Ksh. 10 million from Connectivity to Leather Industrial park – Kenanie

- Increases (Re-allocations)

- a) Allocate Ksh. 386.5 million towards Sinema Mashinani projects under Kenya Film Classification Board,

- b) Allocate by reinstating an amount of Ksh. 500 million to the Ajira Fund (Seed Capital)
- c) Allocate Ksh. 10 million to the Kenya Film School

Policy recommendations

b) State Department of Broadcasting and Telecommunication

❖ Recurrent Sub Vote

- Reductions (Re-allocations)

- a) Reduce Ksh. 117 million from the Government Advertising Agency (GAA) under the sub-item Advertising, Awareness and publicity Campaigns.

- Increases (Re-allocations)

- a) Allocate Ksh. 200 million to Media Council of Kenya towards media sector internship and placement and support related activities.
- b) Allocate Ksh. 80 million to the Media Council of Kenya, the Item Current Grant to Semi-Autonomous Government Agencies
- c) Allocate Ksh. 7 million to KBC , the Item Current Grant to Semi-Autonomous Government Agencies towards recurrent budget support for maintenance and rehabilitation activities

❖ Development Sub Vote

- Increases (Re-allocations)

- i. Allocate and re-instate Ksh. 54 million to KBC Rollout of Studio Mashinani project.
- ii. Allocate Ksh. 300 million to the Kenya Year Book as Capital Grant to Semi Government Agencies

Policy recommendations

- a) The National Treasury ensures that the rationalization of approved allocation takes into account impact of the same on the programmes and projects under implementation.
- b) The State Department to comply with statutory requirements of reporting non-financial programme and projects information and performance to the controller of budget.

MIN BAC/02/2019/05: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE

The Chairperson for Departmental Committees on Labour and Social Welfare submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a) State Department for Labour

Foreign employment promotion, which is expected to play a significant role in alleviating the problem of youth unemployment in the country remains under funded and without a comprehensive legal framework. The Labour Consular Offices in Qatar, Saudi Arabia and the United Arab Emirates remain ineffective due to inadequate financial and human resources.

b) State Department for Social Protection

The National Safety Net Program, *Inua Jamii* is operating without a legal framework. The Social Assistance Act, 2013 on which the program is anchored has never been operationalized.

The Funds allocated for health insurance for the beneficiaries of the Cash Transfer Program are not adequate. Currently only Ksh. 600 million is available for this translating to only Ksh. 500 per beneficiary. The issue of whether part of the money was disbursed through the Ministry of Health is not clear.

The account of the Street Children Rehabilitation Trust Fund has been regularized with its relocation from the State Department of Interior. This has occasioned the suspense of **Ksh. 153,843,795** million.

c) State Department for Youth Affairs

The field offices under the Directorate of Youth Affairs have no budgetary allocation under the Supplementary Budget except for Personnel Emoluments. The officers cannot execute their mandates in the prevailing scenario.

d) State Department for Gender Affairs

The Department has no field officers in key aspects such as sensitization on Gender Based Violence. There is a notable disparity in repayment of loans under the various affirmative Action Funds such as Youth Enterprise Development Fund, Uwezo Fund, and Women Enterprise Development Fund. Uwezo Fund stands out for highest number of defaulting cases.

e) State Department for ASAL

There is no provision for recurrent allocation to the State Department where most of the projects are donor supported. This has hindered their ability to monitor the projects under Drought Coordination and food security assessment item administered by the National Drought Management Authority.

f) National Gender and Equality Commission

The Commission remains underfunded and may not be able to discharge its mandate as provided for in the Constitution. As a constitutional Commission, Parliament has an obligation to fund it to realize its goal. The Committee observes that the Commission has an obligation to report to specific international for a on the level of compliance of set standards on gender and equality. Any reduction of its recurrent expenditure therefore renders it ineffective.

ii. Departmental Committees on Labour and Social Welfare Recommendations

A. Policy Recommendations

- i. The State Department for Labour should fast track the enactment of a Labour Migration Policy in order to provide for the framework for labour export to countries with deficit and ensure favourable terms for Kenyans seeking opportunities abroad.
- ii. The State Department for Social Protection should operationalize the Social Assistance act as a matter of urgency to provide a proper legal framework for social protection as provided for in the Constitution.
- iii. Funds allocated for the health insurance for the elderly should be domiciled in one State Department. Given that the State Department for Social Protection has the requisite structures to reach the elderly, it is recommended that the funds be domiciled at the State Department for Social Protection
- iv. The National Government affirmative action Fund be retained at the State Department for Gender, given that it is expected to empower the vulnerable members of the society, especially women and girls.

- v. The Ksh. **153, 843,795** million in suspense at the Street Children Rehabilitation Trust Fund due to delay in regularization of the Trust account and subsequent delay in exchequer releases, be returned to Treasury for re- voting. It is recommended that the funds be reallocated to the Trust Fund to execute its mandate.

B. Financial Recommendations

❖ Re-allocation

The Committee recommended the following re-allocation: -

- i. **Ksh. 600 million** allocated to State Department for Social Protection under the National Social Safety Net Programme for the beneficiaries of National Social Safety Net Programme to be enrolled in NHIF to be re -allocated as follows:
 - a) Ksh. 500 million be retained at the State Department for Social Protection to be used for the cash transfer program for the elderly
 - b) Ksh. 40 million be allocated to the National Drought Management Authority who also have a mandate over one of the components of Cash Transfer (The Hunger Safety Net Program). This should be specifically used under the item Drought coordination and Food Security Assessment to enable the Authority discharge its mandate effectively
 - c) Ksh. 20 Million be allocated to the Anti-Female Genital Mutilation Board (FGM) to builds its capacity in sensitizing affected communities on the dangers of FGM. Due to underfunding the Board has not been able to discharge its role. This will support the Government’s current declaration to end the practice of FGM.
 - d) Ksh. 40 Million be allocated to the National Gender and Equality Commission. The Constitution obligates Parliament to facilitate the work of Constitutional Commissions. With the current cut, the Commission is not able to carry out its mandate of ensuring compliance with national and international standards of gender mainstreaming and equality.
- ii. **Ksh. 153,843,795** in the State Department for Social Protection for Street Families Rehabilitation Trust Fund which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary

allocation be utilized for the said purposes in the current Financial year in the Social Development and Children Services Programme.

MIN BAC/02/2019/06: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON ENERGY

The Chairperson for Departmental Committee on Energy submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a) State Department of Energy

- i. In the 2019/20 Supplementary I Estimates development Budget Exchequer allocation has increased by **Ksh. 7, 989,027,999**. However, there is a reduction of **Ksh. 750,000,000** which affected the following projects;
 - Bogoria Silali project **Ksh. 250,000,000**.
 - Menengai Geothermal Development project **Ksh. 400,000,000**.
 - Nuclear Power Plant Sitting **Ksh. 100,000,000**.
- ii. The proposed allocation includes new projects with total allocation amounting to Ksh. 10.55 billion. That, out of Ksh. 10.55 billion, Ksh. 7.5 billion is an exchequer amount towards providing connectivity to the Big Four projects while Ksh. 3.00 billion is an external funds towards Kenya Off Grid Solar Access Projects in fourteen (14) Arid and Semi-Arid Lands (ASAL) Counties. The Big Four projects include:
 - a) Electrification of Level 4 & Level 3 Hospitals (Ksh. 1.55 billion),
 - b) Electrification of Economic Zones such as Naivasha Industrial Park and Konza Techno-polis Complex amounting to Ksh. 4.78 billion,
 - c) Electrification of Food Processing Plants (Ksh. 353 million), and
 - d) Electrification of 6 government housing schemes (Ksh. 865 million).
- iii. It was observed an increase in allocation towards transmission and distribution which is to enhance connectivity, demand creation and utilization of available power. This is also to support the completion of planned transmission lines which are grossly underfunded.

- iv. The proposed increases under recurrent sub votes is financed through local AIA while the development expenditure is financed through external funding including grants and new additional external funding as well as net GoK. Most projects allocations adjusted on the basis of the National Treasury Circular requesting re-orientation and prioritization to the big four projects and scaling down external funds where absorption may be less than expected.
- v. There is an additional item Allocation of Ksh. 1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation. The payment was made in August 2019 within the FY of 2019/20, and that the State Department for Energy was seeking regularization. The Special audit on the payments for deemed generation that was to be undertaken by the Office of the Auditor General following House resolution on the same is yet to be concluded.
- vi. That there are three additional projects proposed for implementation under the Street lighting projects amounting to Ksh. 25 million, bringing the total allocation under the Street Lighting Project to Ksh. 1.025 billion up from Ksh. 1 billion. The Committee was informed that these projects were not proposed by the State Department for inclusion in the supplementary budget I under consideration. That any extra allocation should be to enhance and support planned projects for the FY 2019/20 and not to the listed projects. However, the Committee was informed that these are projects identified during the 2019/20 budget hearings.
- vii. The performance of the 1st Quarter of the FY 2019/20, in which the recurrent expenditure performance stood at 26% while that of development was at 34%. There were no major challenges noted towards implementation of on-going projects. That, the Committee will continue monitoring the progress and performance of all projects especially under the agencies of the ministry such as REREC, GDC, among others. Further, the committee will be following on the performance using the quarterly reports from the National Treasury and Controller of Budget which the committee will ensure reporting on non-financial performance for all programmes and projects.
- viii. Energy and Petroleum Regulatory Authority is slow in issuing licence and approvals with respect to approval of tariffs. For instance, KETRACO did not receive approvals for tariffs in the FY 18/19 as requested which affected planning and budgeting of expected collections.

- ix. The unsatisfactory pace and process of settling pending bills particularly by GDC to its suppliers and REREC to KPLC for projects done by the latter based on mutual arrangement. This is also despite grant of additional allocation under supplementary II of FY 2018/19 which was also informed by the presidential directive to clear outstanding pending bills by end of June 2019.

b. State Department of Petroleum

- i. The overall proposed adjustments amount to a reduction of Ksh. 32 million relatives to the original approved Estimates, of which adjustments were the under recurrent sub votes while there were no proposed changes to the allocation under the development votes.
- ii. The proposes reduction under recurrent sub votes is on account of the proposed rationalization and the state department informed the committee that changes will affect delivery of approved outputs and targets.
- iii. The performance of the 1 Quarter of the FY 2019/20, in which there were no major challenges to ongoing projects. However, the Committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.

ii. Departmental Committees on Energy Recommendations

That:

a. State Department of Energy

The proposed adjustments amounting to an increase of **Ksh. 9.6 billion** under Development be approved subject to the following amendments:

Development Expenditure

Reductions (Re-allocation)

- i. Reduce **Ksh. 300 million** from the proposed new allocation to Electrification of level 3 & 4 Hospitals Project bringing the total proposed allocation to **Ksh. 1,251,891,811;**
- ii. Reduce **Ksh. 500 Million** from the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park, bringing the proposed allocation to **Ksh. 3, 884,889,511;**

- iii. Reduce **Ksh. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme bringing the proposed allocation to **Ksh. 342,759,907**;
- iv. Reduce **Ksh. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme bringing the proposed allocation to **Ksh. 342,759,907**.

Increases (Re- allocation)

- i. Increase by **Ksh. 400 Million** to Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centres across the Country; and
- ii. Increase by **Ksh. 500 Million** to Kenya Power Transmission Project to support the Konza Techno-polis.
 - Gilgil –Thika-Konza, 400KV, 250 Km
 - Loiyangalani- Marsabit 180 Km 400KV
- iii. That, the proposed allocations under recurrent sub-vote be approved as proposed.
- iv. That, the National Treasury confirms the allocation of Ksh. 1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana. Wind Power payments for penalties under deemed generation was not paid as per the approval given under Supplementary II estimates 2018/19.
- v. That, the special Audit that was the condition for approval of the payments under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation be concluded by the Office of the Auditor General as resolved previously by the House and the audit report tabled in the National Assembly.
- vi. That the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.
- vii. Allocation to key projects and outstanding commitments should be comprehensively considered under the Annual budget and not through the supplementary budgeting approach. That the State Department to apprise the Committee on compliance to this recommendation and measures taken to ensure comprehensive and sound budgeting by February 2020. Further increases due to performance of local AiA collection by SAGAs under the State Department

should be re-oriented towards development expenditure and the same be reflected in the 2020 BPS.

- viii. That, any project proposed during public participation and subsequently approved for allocation should be considered when finalising the Annual Estimates. National Treasury should avoid proposing such projects during supplementary budgeting.

b. State Department for Petroleum

- i. Approves the overall proposed adjustments be approved. That, the relates to total reduction of **Ksh. 32 million** relatives to the original approved Estimates, of which the adjustments were towards the recurrent sub votes.
- ii. That, the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.

MIN BAC/02/2019/07: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

The Chairperson for Departmental Committee on Finance and National Planning submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

1. There is a total increase of Ksh. 85.8 billion in the development budget while there is a reduction of Ksh. 5.7 billion in the recurrent budget. The overall effect is the increase of the budget by about Ksh. 80 billion amid huge revenue underperformance in the first quarter of the fiscal year. This seems to indicate that borrowing is likely to be increased beyond the approved levels.
2. Kenya Revenue Authority (KRA) was underfunded by Ksh. 9 billion in the Budget Estimates for the FY 2019/20 this has made it difficult for it to optimally discharge its mandate of revenue collection. The Supplementary Budget proposes to enhance the Authority's revenue by Ksh. 4 billion for operations and capacity enhancement reducing the deficit to Ksh. 5 billion. The Authority requested for additional Ksh. 2 billion for the recruitment of additional 1,000 officers. This is among the measures

that will improve compliance in order to generate additional Ksh. 50 billion in revenue.

3. There is a proposed capital injection of Ksh. 1.2 billion towards the Agricultural Finance Corporation and the Consolidated Bank of Kenya which are government corporations. The Committee noted that AFC was an elite financing bank for farmers and prudence needs to be observed in getting value for money through this programme.
4. There is an introduction of a new project, data warehouse business intelligence, foreign financed to a larger extent (foreign funding constitutes Ksh. 229 million out of a total of Ksh. 270 million).
5. The approved allocation for the compulsory employer contribution to the staff pension scheme is proposed to be reduced by Ksh. 5.5 billion from Ksh. 10.9 billion to Ksh. 5.4 billion.
6. The proposed increment of Ksh. 211 million on the Salaries and Remuneration Commission's budget is about 47% of the approved budget. This is a huge deviation from the original budget, also in view of Section 43 of the Public Finance Management Act, 2012.
7. Despite the increase in the global budget, the Supplementary Budget proposes a decrease to the allocation of the National Government Constituencies Development Fund to below the 2.5% that is provided for in the Constituencies Development Fund Act.
8. Some treaties and protocols that the Government enters into at the East African Community (EAC) have an impact on taxes in the country.
9. The approved allocation to the programme on Special Initiatives under the State Department for Devolution has been proposed to be increased from Ksh. 54 million to about Ksh. 1.1 billion to cater for emergency relief and refugee assistance.
10. It is worth noting that with the new management in National Treasury and KRA it is expected that new reforms will be adopted to enhance revenue mobilization and efficient use of available resources.
11. The proposals in the Supplementary Budget tend to overturn the proposals made by the National Assembly in the Budget Estimates for the FY 2019/20.

ii. Departmental Committee on Finance and Planning recommendations

A. Policy Recommendations

- i. The Supplementary Budget Estimates for 2019/20 should be consistent with the revenue outlook considering that the first quarter results indicate a huge revenue underperformance, considering that on overall, this supplementary proposes an increase in expenditure. This is to avoid occasioning a wider financing gap that will potentially increase borrowing beyond the approved levels.
- ii. In the intervening period, the Government should increase funding towards provision of relief food to ASAL Counties in the next budget. In the long term, deliberate measures should be instituted to ensure that there is sustainable provision of food for the population in ASAL areas so as to permanently address the perennial need for relief supplies.
- iii. Greater focus should be placed on investment in revenue enhancement measures and non-tax incentives to encourage both local and foreign investment to guarantee the country self-financing as opposed to borrowing.
- iv. The Government should ensure that all pending projects are completed in order to avoid wastage of resources and ensure that all pending bills are cleared in order to encourage businesses to grow and have more money in circulation.
- v. The Government should reduce borrowing commercial loans which are expensive and instead borrow cheaper bilateral and multi-lateral loans if need arises.
- vi. To encourage growth of SMEs, the Government should stop borrowing locally in order to encourage banks to give loans to SMEs.
- vii. There is need for greater scrutiny by Parliament of any EAC treaties and protocols that have an impact on the tax collection in the country.
- viii. There is need for the Departmental Committee to perform lifestyle audits on all KRA staff.
- ix. There was a proposal that the Finance and National Planning Committee and the Budget and Appropriation Committee should visit Ghana on a benchmarking exercise and learn how the country has been able to tap on new avenue of collection of tax revenue.

B. Financial Recommendations

❖ Proposed Reductions

The Committee proposed reductions in the following votes: -

Vote 2081: Salaries and Remuneration Commission

That the proposed increase of the budget to the Salaries and Remuneration Commission by about Ksh. 211 million under the Programme: 073000 – Control and Management of Public Finances be disallowed since the National Assembly considered the matter and made a resolution on it during the consideration of the Budget Estimates for the FY 2019/20.

Vote 1071: National Treasury

A reduction of Ksh. 2 billion that was approved for employer contributions to compulsory National Social Security Schemes in the Pensions Department in the Programme: 0717000 - General Administration Planning and Support Services. This is occasioned by the current delays in the implementation of the rollout of this activity.

❖ Proposed Increases

The Committee proposed increases in the following votes:-

Vote 1071: State Department for Planning

Rejected the proposed reduction of the allocation the National Government Constituencies Development Fund from Ksh. 41.7 billion to Ksh. 36.5 billion under the Programme: 076000 – Economic Policy and National Planning. This is because this reduction will occasion an allocation to NG-CDF that is below the legal requirement of 2.5%.

Vote 2061: Commission on Revenue Allocation

Under the proposed reduction of Ksh. 78 million, the Committee proposed reinstatement of Ksh. 50 million under the Programme: 0737000 – Inter-Governmental Transfers and Financial Matters to cater for: -

- | | |
|--|--------------------|
| a. Recommendation on Vertical Share | – Ksh. 1.5 million |
| b. Recommendation on 3 rd Revenue Sharing | – Ksh. 2.5 million |

- c. Financing of cities – Ksh. 5 million
- d. Integrated Data Management System – Ksh. 5 million
- e. State of marginalization across and within counties – Ksh. 18 million
- f. Own Share Revenue Curriculum – Ksh. 3 million
- g. Efficient service delivery – Ksh. 15 million

Vote 2121: Office of the Controller of Budget

Under the proposed reduction of Ksh. 64 million, the Committee proposed reinstatement of Ksh. 12.83 million under the Programme: 0730000 – Control and Management of Public Finances to cater for:-

- a. Courier and postal services – Ksh. 1.44 million.
- b. Domestic travel, subsistence and other transportation costs – Ksh. 5 million.
- c. Hospitality supplies and services – Ksh. 1.7 million.
- d. Membership fees, dues and subscriptions to professional and trade bodies – Ksh. 840,000.
- e. Routine maintenance, vehicles and other transport equipment – Ksh. 3.85 million.

National Treasury: Vote 1071

An increase of Ksh. 2 billion to the Kenya Revenue Authority budget under the Programme: 0717000 - General Administration Planning and Support Services for the recruitment of an additional 1000 officers countrywide in order to generate an additional Ksh. 50 billion in revenue in support of the achievement of this year's revenue estimate.

MIN BAC/02/2019/08: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE DEPARTMENTAL COMMITTEE ON SPORTS, CULTURE AND TOURISM

The Chairperson for Departmental Committee on Sports, Culture and Tourism submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a. State Department for Sports

1. In the financial year 2019/20, the State Department for Sports has been allocated a total of **Ksh. 15.2 billion** comprised of **Ksh. 1.3 billion** for recurrent expenditure and **Ksh. 13.9 billion** for development expenditure. The department allocation has

increased significantly by Ksh. 13.0 billion in FY 2019/20 from Ksh. 2.2 billion in FY 2018/19 representing a percentage growth 590.9%.

2. The Committee observed that the department's recurrent budget has been decreased by Ksh. 53 million representing 5% decline on the department budget. However, the development budget has been adjusted upwards by Ksh. 100 million. In overall terms, the net effect is an increase of Ksh. 47 million representing a percentage change of 0.3%.
3. The committee further observed that the proposed reduction of Ksh. 53 million under the supplementary budget will affect the department's budgetary provision on the following items; communication, supplies and services, domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, purchase of motor vehicles, equipment and furniture.
4. The additional allocation of Ksh. 100 million is specifically meant to expedite the completion of Kipchoge Keino Stadium which is a critical sports infrastructure for the athletes. The project was identified by the budget and appropriation committee during its public budget hearings.
5. The committee has also observed that the department has a pending bill amounting to **Ksh. 583.7 million** comprised of **Ksh. 17 million** for AGPO, Ksh. 261.6 million – Non- AGPO and **Ksh. 305 million** which are historical pending bills that are under audit before being processed for payment.

b. State Department of Culture and Heritage

1. The approved allocation to the state department was **Ksh. 3.6 billion**. Out of this amount, **Ksh. 3.0 billion** was for recurrent expenditure while **Ksh. 0.6 billion** is for development expenditure.
2. In the proposed supplementary budget, the department recurrent budget has been decreased by Ksh. 0.122 billion representing 5% of its approved budget. In addition, the development budget has also increased by Ksh. 17 million. In overall terms, the budget has been revised by 3.4%.
3. The committee observed that the budgets for the following critical projects such as the Refurbishment of Archives Offices, Rehabilitation and upgrade of Maralal, Kenyatta House, Rehabilitation and upgrade of Lokitaung Memorial have been reduced by Ksh. 12.4 million, Ksh. 5.3 million, and Ksh. 5.3 million respectively.

The Committee further noted that if the proposed budgetary cuts were effected the projects will stall in the FY 2019/20.

4. The committee further observed that there is a new provision of Ksh. 40 million for the fencing of Kapenguria Museum. The project was identified by the budget and appropriation committee during its public budget hearings.
5. The committee has observed that the department has a pending bill amounting to Ksh. 704.9 million. It is further noted that a significant proportion of the pending bill amounting to Ksh. 438 million is pension arrears and statutory deductions owed to pensioners and NSSF by the National Museums of Kenya.

c. State department of Tourism

1. In the financial year 2019/20, the department has been allocated **Ksh. 7,875.9 million** which is composed of **Ksh. 6,345 million** is for recurrent expenditure while **Ksh. 1,530** is for development expenditure.
2. In the proposed supplementary budget, the department recurrent budget has been decreased by Ksh. 468.9 million representing 7.4% of its approved recurrent budget. In addition, the development budget of the department has significantly been reduced by Ksh. 701 million (54.2%). In overall terms, the budget has been revised downwards by 14.9%.
3. It was noted that the PFM regulation requires that any adjustments to various programmes, whether increase or decrease should not be more than 10% of the approved estimates per programme. However, the budget for the programme of tourism development and promotion has been significantly reduced by 14.9% contrary to the provisions of the PFM regulations.
4. The proposed reduction of **Ksh. 468.9 million** under the recurrent budget is due to budget rationalization and will affect the following budget items; Domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, office and general supplies, purchase of motor vehicles, equipment and furniture.
5. The department's development budget has a net reduction of Ksh. 701 million and the following projects will be affected; Sustaining new markets and sitting booths in Tourism Target Markets – KTB – (Ksh. 375 million), Kenyatta International Convention Center (KICC) – (Ksh. 120 million), Coastal Beach Management Programme – (Ksh. 100 million), Kisumu Water Front – (Ksh. 120 million) and Malindi Beach Management – (Ksh. 130 million).
6. The Committee further observed that there is a new provision of **Ksh. 24 million** and **Ksh. 120 million** for Mama Ngina Beach Management and open space office

modelling respectively. The new provision for the Mama Ngina Beach Management is meant for settling contractual agreement for ongoing works and **Ksh. 24 million** is meant for office partitioning at the newly built tourism fund building for the state department.

Departmental Committee on Sports, Culture and Tourism Recommendations

The Committee recommended the following;

a. State Department of Sports

The approval of the Supplementary Estimate I for FY 2019/20 for the state department for Sports as submitted by the National Treasury.

b. State Department of Culture and Heritage

❖ Reductions

The Committee recommends a reduction of **Ksh. 23 million** from the allocation of **Ksh. 40 million** meant for the fencing of Kapenguria Museum.

❖ Increase

The committee recommends the reallocation of the **Ksh. 23 million** deducted from the budget for the Fencing of Kapenguria Museum to the following projects; Refurbishment of Archives Offices – **Ksh. 12.4 million**, Rehabilitation and upgrade of Maralal Kenyatta House – **Ksh. 5.3 million**, and Rehabilitation and upgrade of Lokitaung Memorial – **Ksh. 5.3 million**.

c. State Department for Tourism

❖ Reductions

The recommends reduction of **Ksh. 30 million** from Coastal Beach management Programme, **Ksh. 120 million** from Kisumu Waterfront and **Ksh. 110 million** from Malindi Waterfront. The Committee noted that these projects have taken off and the remaining allocations for the projects are not enough to start up the projects.

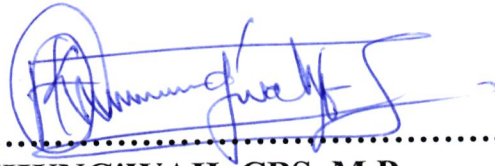
❖ Increase

The Committee recommends reallocation of the Ksh. 260 million deducted from the above projects to the following projects; Ushanga Kenya Initiative Ksh. 50 million, Farm Murera Gate Road Meru Ksh. 42 million and Kenya Tourism Board Ksh. 168 million.

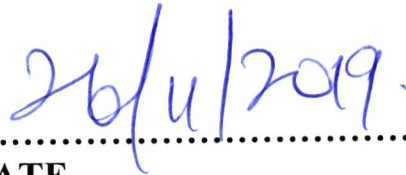
MIN BAC/02/2019/09: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 6:30 p.m. The next meeting will be Saturday, 23rd November 2019 at 10.00 a.m.

SIGNED



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HON. KIMANI ICHUNG'WAH, CBS, M.P.
CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

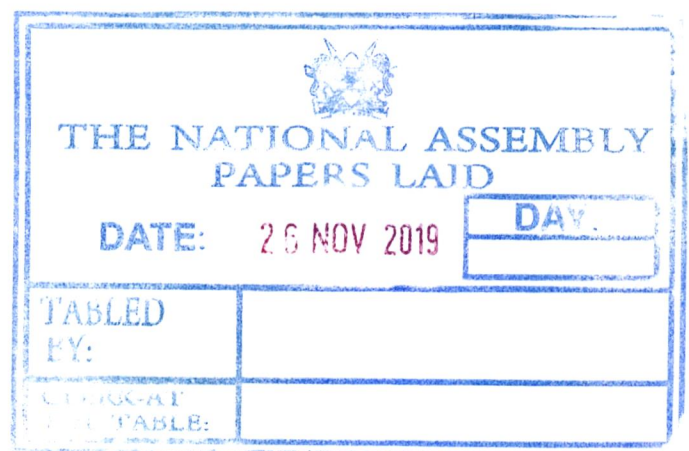


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DATE

MINUTES OF THE 1st SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT WRITING RETREAT ON SUPPLEMENTARY ESTIMATES FOR FY 2019/20 HELD ON FRIDAY, 22ND NOVEMBER 2019, AT THE BOMA HOTEL, SOUTH C, NDOVU CONFERENCE HALL AT 9.30 A.M.

PRESENT:

- 1) Hon. Kimani Ichung'wah, CBS, M.P. – Chairperson
- 2) Hon. (CPA) Moses Lessonet, M.P. – Vice Chairperson
- 3) Hon. Richard Onyonka, M.P.
- 4) Hon. Bady Twalib Bady, M.P.
- 5) Hon. James Mwangi Gakuya, M.P.
- 6) Hon. Samwel Moroto, M.P.
- 7) Hon. (Dr.) Makali Mulu, M.P.
- 8) Hon. (Dr.) Gideon Ochanda, M.P.
- 9) Hon. (Dr.) Korei Ole Lemein, M.P.
- 10) Hon. Jude Njomo, M.P.
- 11) Hon. Benard Masaka Shinali, M.P.
- 12) Hon. Naisula Lesuuda, OGW, M.P.
- 13) Hon. Sarah Korere, M.P.
- 14) Hon. Sakwa Bunyasi, M.P.
- 15) Hon. John Muchiri Nyaga, M.P.
- 16) Hon. James Gichuki Mugambi, M.P.
- 17) Hon. Florence C. K. Bore, M.P.
- 18) Hon. Danson Mwashako, M.P.
- 19) Hon. Paul Abuor, M.P.
- 20) Hon. Qalicha Gufu Wario, M.P.
- 21) Hon. (Eng.) Mark Nyamita, M.P.



ABSENT WITH APOLOGY:

- 1) Hon. (CPA) John Mbadi, EGH, CBS, M.P.
- 2) Hon. Millie Odhiambo, M.P.
- 3) Hon. Moses Kiarie Kuria, M.P.
- 4) Hon. (Dr.) John K. Mutunga, M.P.
- 5) Hon. Fatuma Gedi Ali, M.P.
- 6) Hon. Wangari Mwaniki, M.P.

DEPARTMENTAL COMMITTEE CHAIRPERSONS & REPRESENTATIVES

- | | |
|---------------------------------------|-------------------------------------|
| 1. Hon. Sabina W. Chege, M.P. | Health |
| 2. Hon. David Pkosing, M.P. | Transport, Public Works and Housing |
| 3. Hon. Japhet M. Kareke Mbiuki, M.P. | Environment and Natural Resources |
| 4. Hon. Julius Kibiwott Melly, M.P. | Education and Research |
| 5. Hon. Emmanuel Wangwe, M.P. | Agriculture & Livestock |
| 6. Hon. Kanini Kega, M.P. | Trade, Industry and Cooperatives |
| 7. Hon. Peter Mwathi, M.P. | Defence and Foreign Relations |
| 8. Hon. Paul Koinange, M.P. | Security and Administration |

PARLIAMENTARY BUDGET OFFICE

- | | |
|----------------------------|-----------------------------|
| 1) Mrs. Phyllis Makau, OGW | Director, PBO |
| 2) Mr. Martin Masinde | Senior Deputy Director, PBO |
| 3) Ms. Lucy Makara | Deputy Director, PBO |
| 4) Mr. Frederick Muthengi | Chief Fiscal Analyst, PBO |
| 5) Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 6) Ms. Julie Mwithiga | Fiscal Analyst II |
| 7) Mr. James Chacha | Fiscal Analyst II |
| 8) Mr. Jonathan Lemurt | Fiscal Analyst III |

COMMITTEE SECRETARIAT

- | | |
|------------------------|--------------------------|
| 1) Mr. Joseph Ndirangu | Fiscal Analyst II/ Clerk |
| 2) Mr. Danson Kachumbo | Fiscal Analyst II |
| 3) Ms. Winnie Atieno | Audio Officer |
| 4) Mr. Mohammed Said | Sergeant at Arms |
| 5) Mr. Joram Barasa | Office Assistant |

AGENDA

1. Preliminaries & Confirmation of Agenda
2. Confirmation of Previous Minutes
3. *Receiving Submissions from Departmental Committees on Supplementary Estimates No.1 for FY 2019/20*
4. Any Other Business (A.O.B)

MIN BAC /01/2019/01: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 10.00 A.M. This was followed by a prayer by Hon. Paul About M.P. Thereafter, the Chairperson welcomed the Chairperson on Health to submit the Committee report.

MIN BAC/01/2019/02: CONFIRMATION AND ADOPTION OF THE PREVIOUS MINUTES

No minutes were confirmed.

MIN BAC/01/2019/03: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON HEALTH:

The Chairperson for Departmental Committee on Health made submission to the Committee largely on Universal Health Coverage (UHC). The Committee made the following observations:

- i. The Committee observed that even though the Ministry has used preliminary findings on the piloting of the UHC, there is need to ensure that comprehensive report on the pilot is finalized and submitted to the Committee once the pilot phase is closed out by end of December 2019. This will allow the Committee to review the successes and challenges and also propose recommendations to enrich the UHC programme.
- ii. The Committee observed that there are active engagements going on between the national government and the county governments on UHC which are aimed at arriving to a consensus and signing of an intergovernmental agreement to ensure that this flagship programme is implemented successfully.
- iii. The Committee observed that there are many piece meal interventions which relate to UHC both funded by development partners as well as government such as free maternity programme, insurance to secondary school students, scrapping of user foregone fees as well as conditional grants to level 5 hospitals. As the UHC is rolled out across the country, all these initiatives

need to be consolidated in to one pool of resources to reap from economies of scale;

- iv. The Committee observed that the Ministry has offered an explanation on the additional new projects which have been allocated resources. The Committee is of the opinion that despite the explanation, some of the projects fall under the purview of the county governments based on the health functions assigned to each level of government by the Constitution. Further, the institutions such as Kenya Medical Training College which is supposed to implement one of these projects is not aware of the same hence has no plans in terms of utilization of the funds allocated and this puts to question on how the National Treasury engages various agencies on matters of budgeting.
- v. The Committee observed that the Ministry has huge pending bills totaling to Kshs 40 Billion relating to historical court awards. However, there is no clear indications on whether the Ministry is engaging the Attorney General's office on how this handle the settlement of the court awards.

ii. Health's Committee recommendations

The Committee having received submissions from the Ministry of Health and having lengthy and insightful deliberations on the supplementary budget and other policy matters in the sector, makes the following recommendations regarding the supplementary budget estimates I FY 2019/2020 for the Health Sector:

(a) Policy Recommendations

- i. The Ministry of Health must strictly implement projects guided by assigned mandate and functions provided in the Constitution. Where the National government wishes to implement projects deemed to be at purview of County governments, approval of resources from the Committee shall be only granted on the condition that a clear partnership framework agreed by both levels of government is submitted to the Committee.
- ii. The Ministry of Health should only implement National government projects and programs where its implementation is backed by an approved current policy. To this end, the Ministry of Health must urgently validate and finalize

the UHC Policy that is currently in draft form before it implements the full Rollout of the Universal Health Coverage UHC.

- iii. The National government should expedite the reforms in the National Hospital Insurance Fund (NHIF) to ensure that the Fund is prepared to play its central role in the full Rollout of the UHC. The Ministry of Health to submit a report on the re-engineering and revamping of NHIF to the National Assembly before the full Rollout of UHC is undertaken.
- iv. A proper framework must be developed and put in place before the next budget cycle (FY 2020/2021) to guide Public participation during the Budget estimates hearings by the National Assembly. The new framework should provide for participation by Departmental Committees and a proper feedback mechanism to the County governments and other government departments.
- v. The Ministry of Health to urgently convene a roundtable meeting of Members of Departmental Committee on Health in National Assembly and Senate, Councils of Governors, Chairpersons of Health Committee in the County Assemblies, CECs of Health and Development partners funding UHC programs to agree on how the full Rollout will be implemented more specifically the specific roles played by each actor, financing aspects as well as feedback mechanism;
- vi. The Committee recommends that out of the allocation earmarked for the rollout of UHC, and specifically on the allocation towards health products and commodities, an allocation of Kshs 290 Million be provided as a special intervention for HIV and AIDS once the entire UHC rollout begins. This allocation to be implemented through the Constituency Aids Control Committees (CACC);
- vii. The proposed allocation of Kshs 20 million for the Reconstruction of drugs and rehabilitation center a Coast general hospital is a project being implemented by the NACADA and SAGA domiciled at the Ministry of Interior and Coordination of National Government and not Ministry of Health.

(b) Financial recommendations

The Committee recommends that the additional allocation of Kshs 16 Billion towards the full rollout of UHC under the development budget be approved. However, no funds should be spend/expended until the pilot phase is completed in December 2019 and a Comprehensive report of the Pilot phase is provided to the National Assembly. This additional allocation should only be released after a clear roadmap is provided to ensure that the rollout succeeds for the benefit of the public.

a) Proposed reallocations:

The Committee recommends the following reallocations within the development vote:

- i. Reduce Kshs 50 Million under the development vote for the establishment of the Cancer Centres. The Committee observed that the project will only be able to absorb Kshs 350 Million yet the project has an allocation of Kshs 400 Million.
- ii. Increase by Kshs 50 Million under the development vote for the Construction of kitchen and Wards at Mathare National Referral Hospital. Enhanced allocation to this project which has an allocation of Kshs 65 Million which is inadequate.

b) Proposed reductions:

The Committee recommends the following reductions in the development vote:

- i. Reduce by Kshs 30 Million for the construction of Kiyawara Hospital in Kieni. This is a function which is in the purview of the county government in terms of functions to the two levels of government
- ii. Reduce by Kshs 20 Million for reconstruction of drugs and rehabilitation centre at coast general hospital. This project does not appear as one of the public hearings project. Further, this centre is under NACADA which is outside the Ministry of Health mandate.

After presentation, **members made the following concerns and comments:**

1. The Committee queried why the Health Committee was proposing reduction to projects identified in previous public hearings. The Committee observed that public hearings is an important exercise enshrined in the Constitution and the projects identified are vital to the public.

2. The Committee further queried as to why the Health Committee approved the additional allocation for UHC despite having serious reservations about the programme as highlighted in their observations.
3. The Committee queried why the Health Committee approved additional expenditures for new projects identified to support the Big Four Agenda despite having a pending bill Kshs. 40 billion hence the need to rationalize so as to reduce the pending bills.

MIN BAC/01/2019/04: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING

The Chairperson for Departmental Committee on Transport, Public Works and Housing submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a. Vote 1091: State Department for Infrastructure

- i. The development budget is increasing by Kshs.12.50 billion mainly on account of James Gichuru – JKIA EXPRESS way, access roads to big four projects and Spot improvements projects (Public participation projects)
- ii. The Committee further observed that as at 30th October 2019, the total pending bills amounted to **Kshs. 81 billion**, comprising of carry-over bills 2018/2019 not paid and additional certified works from 1st July to 30th October, 2019.
- iii. In addition, the Committee observed that the reallocations made to low volume sealed roads during estimates were not implemented negating the constitutional budget making role of the National Assembly.

b. Vote 1092 State Department for Transport

- iv. The Committee observed the Standard Gauge Railway (SGR) project has accumulated **Kshs.30 billion** as pending bills on operations. This resulted from the promotional tariffs it applied when it started operation from 2017/18. It is also noted the SGR makes Kshs.1.3 billion per months against an operation expense of Kshs.1.0 billion. However, this money is deposited in an escrow account as a

security the SGR loan and cannot be accessed for operations therefore leaving the operator to foot the bill of the entire operations which at the end becomes unbearable.

c. Vote 1093 State Department for Shipping and Maritime

- i. The Committee observed that the State Department suffered a loss of **Kshs. 47,1221,038** in the supplementary estimates 1 for 2019/20. It is noted that this will hinder operations at Headquarters at the State Department.
- ii. The Committee Further observed that the State Department has a pending Bill of **Kshs. 640, 000** which relates to procurement of ICT equipment. The committee was informed that the pending bill was transferred to the State Department for ICT for payment since the budget for ICT was consolidate under the State Department for ICT.

d. Vote 1094 State Department for Housing, Urban Development

- i. The recurrent budget is reduced by **Kshs.69 million** mainly on account austerity measures on noncore expenditures whereas the Development is increased **Kshs. 514 million** mainly on account of provision for BRT.
- ii. The Committee observed that the State Department has a pending bill amounting **Kshs.766 million** of which payments towards **Kshs.263 million** is in process whereas the balance of **Kshs.503 million** have no budgetary provision.
- iii. The Committee further observed that the National Treasury was fronting that Kshs. 52.0 Billion was available to support affordable housing but funds are held up in Saccos.

e. Vote 1095: State Department for Public Works

- i. The Committee observed that allocations to critical footbridges that were connecting schools across the country were reduced from **Kshs. 7.8 million** per footbridge to **Kshs.3.5 million** per footbridge. The committee was informed by the State Department that there are 57 critical footbridges that were planned for construction but only 33 were funded. It was noted that reduction in budgetary allocation will hinder completion and result in accumulation of pending bills. Of

important to note is that some of these bridges were funded through intervention of the House and removing the allocations negates the Constitutional budget making role of the National Assembly.

- ii. It is observed that within the supervision of big four projects under manufacturing there is an allocation of Kshs.499 million. The state Department submitted that it would be difficult to absorb the amount by the end of the financial year 2019/20. The Committee was equally concerned with capacity of the State Department fully utilizing the allocated amount by the end of the financial year.
- iii. The Committee observed that there was an allocation of **Kshs. 1.694 billion** towards supervision of Big Four projects under Universal Health Care. The details provided indicated that, the purpose of the allocations is for design, documentation, project management for upgrades of works of electrification and LAN installation in 118 health care centres. The committee notes this is a devolved function and may lead to duplication and wastage of resources. Further, according the State Department these amounts may not be absorbed unless implementing agencies fast-track their works.
- iv. It was also observed that the State Department has a pending bill of **Kshs. 551 million** of which **Kshs.494 million** for development and **Kshs.57 million** for recurrent. The committee notes that the outstanding bills may not be cleared through realignment of the available budgetary provisions or through the first charge approach due to inadequacy of budgetary provisions for the State Department.

II: Departmental Committee on Transport, Public Works and Housing Committee Recommendations

That: -

a) State Department for Infrastructure

- i. The National Treasury enhances the budgetary allocation to State Department for Infrastructure in this Financial Year and Consider increasing the ceiling for the FY 2020/21 to enable the State Department settle pending Bills. In addition, the national Treasury should seriously consider floating a Roads Bond because the annual allocations are not sufficient to address the current commitment amounting to over Kshs. 680 Billion.

- ii. The National Treasury and the State Department for Infrastructure implement the House resolution on the reallocations to low sealed roads through this Supplementary Estimates 1.

b) State Department for Transport

- iii. An immediate amendment to the Rail Development Levy Fund (RDLF) to allow utilization towards railway operations to clear the backlog of pending bills in the Rail Transport. In addition, Treasury must find the payment of the pending bills from exchequer as a stop gap measure in the meantime.

c) State Department for Shipping and Maritime Affairs

- iv. The Budget and Appropriations Committee approves the Supplementary Estimates 1 as proposed by the National Treasury.

d) State Department for Housing and Urban Development

- v. The Budget and Appropriations Committee approves the supplementary estimates 1 as proposed by the National Treasury.
- vi. The National Treasury should find proper legal mechanism to mobilize the Kshs. 52 .0 Billion they submitted to be available in the Saccos to be used for affordable Housing Programme.

e) State Department for Public Works

vii. Financial Recommendations

Reductions

- a) A reduction of Kshs. **115,497,385** from the Government buildings programme for supervision big four projects in manufacturing.
- b) Reduce **Kshs. 352,700,000** from the Government building programme for the supervision big four projects in universal health care.

Increase

- c) Increase Kshs. **115,497,385** to Coastline Infrastructure and pedestrian access programme to reinstate the amounts deducted from each of the footbridges.
- d) Increase **Kshs.352,700,000** to coast line infrastructure and pedestrian access programme to finance the unfunded 22 footbridges which were ongoing but not funded in 2019/20.

After presentation, **members made the following concerns and comments:**

1. The Committee was concerned why there were additional resources under the sector to fund new projects and yet the sector has one of the highest pending bills.
2. It was observed that the reallocations made to low volume sealed roads during estimates were not implemented negating the constitutional budget making role of the National Assembly.
3. It was noted that there was need for the national government to fast track legislation to support floating a Roads Bonds. The current financing of infrastructure projects is not sustainable in the long run.
4. It was observed that the allocation of Kshs. 1.694 billion towards supervision of Big Four projects under Universal Health Care may duplication and wastage of resources. Further, these amounts may not be absorbed unless implementing agencies fast-track their works.
5. It was observed that the proposed reduction in allocations to critical footbridges that were connecting schools across the country from Kshs. 7.8 million per footbridge to Kshs.3.5 million per footbridge negates the constitutional budget making role of the National Assembly.

MIN BAC/01/2019/05: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON ENVIRONMENT & NATURAL RESOURCES

The Chairperson for Departmental Committee on Environment & Natural Resources submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a. State Department for Mining

- i. The State Department for Mining has continued to be affected by the under-funded. It has further been affected by the highest budget cut through the supplementary of Kshs. 80 million in the recurrent expenditure and Kshs. 131 million in the Development expenditure.
- ii. The centralization of the Information and Communication Technology of Ministries Departments and Agencies in the Ministry of Information Communication and Technology was impacting negatively on the technical

sectors as it was hampering the acquisition of specialized ICT equipment and software for the Geodata and online Mining Cadastre System.

- iii. The National Airborne Geophysical Survey was being implemented by the Ministry of Interior under the Inter-Agency framework. However, it is important to note that the technical expertise for this project was in the State Department for Mining. The allocation of Kshs. 131 million towards the public participation and community engagement for this project was removed from the Department's budget through the Supplementary Budget.
- iv. The Mining Sector is expected to continuously increase in growth to support the economy, and while it's a big enabler to the "Big Four" Agenda. There is therefore need to support the value addition projects through capacity building activities for the artisanal and small-scale mining especially in Taita Taveta, Kakamega, Kwale, Vihiga, and Kisii Counties.

b. Ministry of Water, Sanitation and Irrigation

- i. The Ministry of Water, Sanitation and Irrigation had a reduction of Kshs. 49 million in the Recurrent Expenditure and an addition of Kshs. 7.757 billion in the Development vote. The Increase is towards the Water and Sewerage Relocation Works along the Nairobi Express Way amounting to Kshs. 2.7 billion and an allocation of Kshs. 4,229,963,836 for the Northern Collector Tunnel and the Northern Collector Tunnel Community Water Supply Schemes. However, the absorption of these huge allocations was doubtful due to the limited time to expend the budget.
- ii. The Supplementary Budget had introduced new budget lines that were not in the Budget Estimates for FY 2019/2020. These projects include the Peace Dams Construction in West Pokot, Turkana, Baringo, Tana River and Marsabit Counties with an allocated amount of Kshs. 1.070 billion in the supplementary budget. Whereas the peace dams are a good idea to appease the warring pastoralist communities due to water scarcity, there is no proper justification why they have been factored in the supplementary budget as opposed to the main budget.

- iii. Under the Water for School programme, it was observed that there were boreholes that had been sunk through this programme. However, the project was not providing value to the beneficiaries as they were not equipped with water pumping equipment. Hence, there was need to have the projects implemented to completion for water supply to the intended beneficiaries by ensuring adequate allocation of funds by the implementing agencies.
- iv. Itare Dam project had stalled for one year due the contractor CMC Di Ravenna, having filed pre-bankruptcy proceedings in Italy. As the Ministry is trying to engage the contractor and the financiers on the way forward to ensure that the project get back on course, there was need to ensure that the Itare Dam Site is well secured from damage due to idle time and equipment. The Ministry requested for a budget of Kshs. 120 million for the same.

c. State Department of Wildlife

- i. The Gross Estimates for the First Supplementary estimates for 2019/2020 financial year was Ksh. 9,204 Million, out of which Ksh. 7,736 Million was Recurrent expenditure whereas Ksh. 1,468 Million was capital expenditures. This represents a decrease of Ksh.51 Million in the recurrent budget and an increase of Ksh.100 Million in Capital expenditure. The increase in capital expenditure is to be utilized at a JICA funded project at the Nairobi Safari Walk.
- ii. There was need to consider reallocation within the state department's budget to cater for the following expenses that were outstanding: Ksh. 7 Million under Foreign travel to cater for air tickets to CITES conference. The event had already been undertaken and there was need to pay for the air tickets utilized. Equally, Ksh.50 Million to cater for Wildlife Policy development and implementation and the review of the Wildlife Conservation and Management Act, 2013.
- iii. Target AIA Collection for KWS increased by Ksh.724 M in the 2018/2019 Financial Year to Ksh. 4,060 M. This was attributed to political stability after elections and improved collection of revenues due to automation and other deployments of technology that curbed revenue leakages. The state

department had a pending bill on Human-Wildlife Conflict approved compensation claims of Ksh. 610 Million.

- iv. The KWS had outstanding debts that amounted to Ksh. 2,980 Million. They included: Tsavo Area SGR phase 1 (Kenya Railways) –Ksh. 6 M; Southern Bypass easement (KeNHA); Ksh. 2,474 M; SGR Nairobi Park (Kenya Railways)- Ksh. 500 M.

d. Ministry of Environment and Forestry

- i. The Ministry had pending bills amounting to Ksh. 115,781,578.25 categorized as follows: Historical pending bills (Ksh. 86,493,986.25); FY 2018/19 pending bills under AGPO (Ksh. 17,876,867) and FY 2018/19 pending bills non AGPO (Ksh. 11,410,725). The ministry has processed pending bills amounting to Ksh 77,519,320.40 awaiting payment upon receipt of exchequer. However, the ministry may not pay some of the pending bills due to lack of budgetary provision in FY 2019/20 especially those under the projects with NIL allocation.
- ii. There was need to consider reinstating the budgetary allocation to the following projects to enhance rehabilitation of riparian and degraded areas: Nairobi River Rehabilitation and Restoration Programme - Ksh. 110M; Urban Rivers Rehabilitation project- Ksh. 70M; Imarisha Lake Naivasha Catchment Management in Kenya- Ksh. 140M; Suswa - Lake Magadi – Migori Environment Restoration project – Ksh.71M; Forest Plantations – Ksh. 200M.
- iii. NEMA had pending bills amounting to Ksh. 62 Million. Out of this, Ksh. 62 Million was owed to the Kenya revenue authority and Ksh. 30 Million was owed to suppliers.
- iv. NEMA’s enforcement department was ineffective. This was attributed largely to inadequate funding and inadequate staffing levels. There was need to consider reinstatement of the charging of EIA fees by the organization in order for it to generate adequate internal revenues to enable it to operate optimally. It was reported that deliberations geared towards reinstatement of the fee charging were on going.
- v. KFS requested for the following specific support: Reinstatement of Ksh. 200 Million to cater for Forest plantation Establishment. The allocation was removed last year but the project is critical in providing products that

contribute to Big Four Agenda namely affordable housing and manufacturing. Equally, it requested for an internal reallocation to cater for Green Zone Development Support Project which was a 6- year project supported by ADB to the tune of Ksh. 5.3 Billion but required 10% counterpart fund which was not provided in the printed estimates and this was affecting its implementation. The project aimed at improving forest conservation in 15 counties through improving the livelihoods of the surrounding communities.

- vi. There was need to consider lifting of the moratorium on exploitation of forest products that were largely going to waste after maturity. This would improve revenue generation at the KFS and hence ensure it operates optimally.
- vii. KEFRI ought to consider intensifying research on forestry in arid areas which had the potential to contribute to the attainment of the constitutional requirement of 10% forest cover.
- viii. KEFRI was piloting aerial planting of seeds by planting 1,800 kg of seeds. This was a technology that was utilized the world over and was one of the cheapest ways to propagate forests.

II. Departmental Committee on Environment & Natural Resources Committee Recommendations

That:

a. Policy Recommendations

1. The Ministries, Departments and Agencies (MDAs) should embark on planning to complete the stalled and incomplete projects prior to starting new projects and settle outstanding pending bills especially those relating to staff statutory deductions. In addition, they should form validation committees to validate all outstanding payments and come up with repayment plan within the current financial year.
2. Stakeholders' consultations on reinstating the Environmental Impact Assessment fees previously charged by the National Environment Management Authority (NEMA) that drastically reduced internally generated Revenue (A-I-A). This will ease pressure on exchequer as its sole financier and improve on execution of its mandate.
3. The Ministry together with the State Law Office and the National Treasury to develop innovative measures to finance the domestication of Multilateral Environment Agreements (MEAs).

b. Financial Recommendations

Upon review of the submissions, the committee made the following financial recommendations:

a. Reductions

The Committee recommends reduction by Kshs. 1,000 million from the proposed new project the Water and Sewerage Relocation Works for the Nairobi Express Way under the Water and Sanitation in the ministry of Water and Sanitation. The net effect is to Reduce Water and Sewerage Relocation Works for the Nairobi Express Way from Kshs 2,700 Million to Kshs 1,700 million.

Re-allocations

The savings arising from this reduction shall be directed/ reallocated towards needy cases within Ministry/ subsector.

After presentation, **members made the following concerns and comments:**

1. The Committee queried the list of beneficiaries for the Peace Dams Construction in West Pokot, Turkana, Baringo, Tana River and Marsabit Counties. The Committee further queried as to why the allocation has been factored in the supplementary budget as opposed to the main budget.
2. The Committee noted with concerned the lack of adherence by the National Treasury on House Resolutions. The Committee queried why the removal of budgetary allocations towards Badasa and Umma dam.
3. The Committee queried as to why the Nairobi Express Way was being allocated Kshs. 2.7 billion and yet it was a project under PPP. In addition, these amounts may not be absorbed at the end of the financial year.

MIN BAC/01/2019/06: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH

The Committee having scrutinized the 2019/20 Supplementary Budget Estimates for the sector and also having considered the various submissions during the scrutiny, made the following observations:

a) General Observations

- i. There is a general reduction on the recurrent budget of all agencies within the Education sector as a result of austerity measures where various none core areas on spending allocation have be reduced. The Committee is concerned that these reductions even though they are on account of austerity measures, may have negative implications on the effective functioning of the various Agencies;
- ii. Some additional projects which emanated from the 2019/20 budget public/consultations have been allocated funds under the Supplementary Budget. Some of the projects include construction of a health unit in Bomet University and infrastructure support to the Kitale National Polytechnic. However, it is regrettable that the allocation for other ongoing projects within the sector has been reduced significantly which pose other challenges such as stalling and accumulation of pending bills.

b) Specific observations

a. State Department for Early Learning and Basic Education

- i. The Committee has observed that **Kshs 60 million** has been enhanced under the primary and secondary school infrastructure improvement. According to the Ministry submissions only 4 schools will benefit from this allocation. The Committee considers that this allocation is high. While the Committee agrees with this allocation, the State Department should spread it across to cover more schools with infrastructural needs.
- ii. The Committee observed that the **Kshs 31 million** reduced from the school audit and the school feeding programme will adversely affect quality of education in learning since these areas are directly linked to supervision of schools and retention of learners in primary schools.

- iii. That the donor support towards improvement of schools (primary and secondary) in Nyamira/Borabu boarder has always been provided in the budget but this support is never received from the donor which is an indication that the State Department and the development partner have not agreed on this issue;

b. State Department for Vocational and Technical Training

- i. That the reduction in development budget has affected a number of ongoing projects especially on the construction of the TTI's. One of the key reductions in the capital projects is the construction of 30 Technical Training Institutes (Phase III TTI's) where the allocation has been reduced by **Kshs 512 million** and construction and equipping of TTI's (Phase II) which has been reduced by **Kshs 258 million** as well as GOK counterpart funding reduction of **Kshs 252 million** under the AFDB TTI construction and equipping projects. This may affect the progress made in the implementation of these projects since as indicated, the targets in terms of completion levels have already been revised downwards.

c. State Department for University Education and Research

- i. That there is uniform reduction in allocation to capital projects in public universities by 26%. This begs the questions on whether these reductions are based on any information regarding the status of the projects so that informed rationalization can be effected.
- ii. The Committee also observed that again, in 2018/19 the reduction in various projects in the universities was also done in the same manner. The Committee is concerned that if this trend continues it will leave the public universities exposed to adverse outcomes relating to these projects such as contractual issues (pending bills), litigations as well as possibility of the projects stalling.

d. Teachers Service Commission (TSC)

- i. That TSC recurrent budget has been reduced by **Kshs 311 million** on account of reduction in non-core areas of spending such as domestic travel and training among others. The Committee is concerned that despite these allocations being none core they are very critical for the effective functioning of the Commission especially on the field service activities. Specifically, the field services whose reduction is **Kshs 68 million** will adversely affect the Commission.
- ii. That the GOK development allocation of **Kshs 54 million** to support the ongoing construction of county offices have been entirely reduced despite the fact that the Commission intended to use this allocation to pay for pending certificates of work which have already been presented. This project in Bomet is at 67% completion level.

II. Departmental Committee on Education and Research Recommendations

a) Policy Recommendation

The Committee recommends that the enhanced allocation of **Kshs 60 million** under the primary and secondary school infrastructure improvement should be spread across to cover more schools with infrastructural needs. This is informed by the fact that this allocation is high considering that it covers only four (4) schools as submitted by the State Department for Early Learning and Basic Education. The Committee will follow up to ensure that more schools benefit from this enhanced allocation.

b) Financial recommendations

a) State Department for Early Learning and Basic Education

That the Budget Committee considers reversing/reinstating the reductions which have been proposed in the recurrent Supplementary Estimates as follows: School Feeding Programme by Kshs 16 million and School Audit by Kshs. 15 million. These reductions even though noncore are critical in sustaining the quality of education in public schools in terms of school's supervision and retaining learners in ASAL areas

b) State Department for Vocational and Technical Training

That the following amounts be reinstated: Construction of 30 TTI's (Phase III) by Kshs. 511 million, Construction and equipping of TTI's (Phase II) by Kshs. Kshs 258 million, 38 GOK-AFDB TTI's funded-construction and equipping by Kshs. 252 million GOK counterpart funding. These projects are at advanced levels in terms of completion levels and the reductions effected will slow down the progress made in terms of implementation.

c) State Department for University Education and Research

That the following amounts be reinstated: Capital projects in various universities amounting to Kshs. 1.8 billion.

d) Teachers Service Commission

That the following amounts be reinstated: Field services by Kshs 68 million recurrent. Field services is a critical component in the working of the Commission and the reduction if effected may jeopardize the operations of the Commission. Construction of county accommodation offices by Kshs 54 million under the development. These projects have already pending certificates which need to be paid and if this reduction is effected may create pending bills for the Commission.

e) State Department for Post Training and Skills Development

The Committee approves the proposed budget adjustments for the State Department for Post Training and Skills Development.

After presentation, the Committee observed that the reduction of allocation of capital projects in both technical training institutes and universities will adversely affect project implementation. Further, the institutions have pending certificates that remain unpaid and could potentially generate penalties and other litigation costs.

MIN BAC/01/2019/07: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

The Committee having scrutinized the 2019/20 Supplementary Budget Estimates for the sector and also having considered the various submissions during the scrutiny, made the following observations:

a) State Department for Crops Development - Vote 1165

- (i) The recurrent budget suffered a Ksh. 46 Million reduction in supplementary 1 across various O&M items. This will indirectly affect implementation of key development projects/programmes including the Ministry's Big 4 drivers.
- (ii) Supplementary 1 includes an addition of Ksh. 35 Million for hosting of the 59th Inter-African Coffee Organization general assembly and Ksh.575 Million for Modernization of Agricultural Society of Kenya show grounds. Modernization of Agricultural Society of Kenya project started in FY2017/18 with an initial allocation of Ksh175 million and it was to modernize the ASK Jamhuri Park pavilion.
- (iii) Supplementary 1 includes a reduction of Ksh30 Million from the Development of Mau Buffer Zone Project.
- (iv) The state department submitted a list of funding requests of Ksh. 26,310 million to the National Treasury during Supplementary 1 but no funding was provided.
- (v) The total pending bills (verified and unverified) as at 30th June 2019 was Ksh. 12,674 million.
- (vi) The department introduced a new project under a supplementary budget- the Modernization of Agricultural Society of Kenya Premises with a proposed allocation of Ksh. 575 million. This is in violation of Regulation 40(8) of the PFM Regulations.

b) State Department for Livestock - Vote 1162

- (i) There is an increased allocation of Ksh. 20 million to the Veterinary Headquarters unit. The increase is on: Hospitality Supplies and Services (11 million), Foreign Travel (3million), and printing (4million). The allocation is for hosting of 23rd Codex Committee for Africa Region (CCFRICA), the targeted output is not captured in the budget books.

- (ii) The department was deducted Kshs 30 Million, an allocation for the Livestock Policy Research & Regulations which targets to develop and review 5 policies, and strategies; and to develop and review 5 bills and regulations on livestock and development.

c) State Department for Fisheries and Blue Economy - Vote 1166

- (i) The state department had a pending bill of Kshs. 266.4 million at the end of the FY 2018/19. Out of this bill, Kshs. 69.3 million relates to expenses that are recurrent in nature whilst Kshs. 197.1 million accrued due to lack of exchequer to settle bills relating to the implementation of capital projects.
- (ii) There was an outstanding bill of Kshs. 22 million that cannot be settled due to budget cuts as proposed in the Supplementary Estimates No. 1 FY 2019/20. The Kshs. 3.9 million development bills cannot be settled due to lack of budgetary provision. The bill was historical.

d) State Department for Irrigation - Vote 1167

- (i) Introduction of a new project-New Kithimu- Irrigation project in Embu with an allocation of Ksh. 30 million. Regulation 40(8) of the PFM Regulations, 2015 stipulates that no new program or policy can be introduced in the supplementary budget.
- (ii) There is a reduction of Ksh. 150 million in the allocation to Small Holder Irrigation Programme from an allocation of Ksh. 370 million to Ksh. 220 million with no corresponding variation in targeted outputs.
- (iii) A reduction of Ksh. 209 million on allocation to Mwea Irrigation Development project (Thiba Dam and Irrigation Area) from an allocation of Ksh. 1,987 to Ksh. 1,778 with no corresponding variation in targeted outputs. Members were concerned that importation of equipment from outside the country occasioned incurring taxes by the Contractor. Progress of the dam should not be delayed by the said taxation issues.
- (iv) An introduction of the Drought Resilience in Northern Kenya project with an allocation of Ksh. 350 million donor funds. The target is to conduct one baseline study and compile an inception report geared towards strengthening drought resilience and adaptive capacities of production systems in Northern Kenya.
- (v) There were errors in capturing of the allocations to the Smallholder Irrigation Programme and Mwea Irrigation and Development Project

(Thiba Dam and Irrigation Area) which needs to be rectified by the National Treasury to reflect a true position.

e) State Department for Agricultural Research - Vote 1168

- (i) The department's approved allocation is Ksh. 6,356 million and is being reduced to Ksh. 6,253 under supplementary 1. The recurrent budget has been rationalized by Ksh. 102 million from an allocation of Ksh. 5,561 million to Ksh. 5,458 million. The allocation to development expenditure has not been touched.
- (ii) The total pending bills as at 1st quarter 2019/20 FY was Ksh. 185 million comprising of Ksh 14 million recurrent and Ksh. 164 million development

Departmental Committee on Agriculture and Livestock recommendations:

- (i) The committee recommends a reduction of Ksh. 400 million in the allocation for the Modernization of Agricultural Society of Kenya Premises. The allocation remains at Ksh. 175 million.
- (ii) Reinstate the reduced allocation of Kshs 30 Million for the Livestock Policy Research & Regulations. This will ensure that the department develop and review 5 policies and strategies, as well as develop and review 5 bills and regulations on livestock and development.
- (iii) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.
- (iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.
- (v) The National Treasury with the state department for irrigation scrutinize and rectify any errors in the budget figures for Smallholder Irrigation Programme and Mwea Irrigation and Development Project.
- (vi) The National Treasury expedites the process of resolving any taxation issues with the contractor for Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) to enable continued implementation of the project.

MIN BAC/01/2019/08: SUBMISSION FROM DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

The Chairperson for Departmental Committee on Trade, Industry and Cooperatives submission to the Committee largely on proposed increments and reductions. The Committee made the following observations:

a. State Department of Industrialization

1. The allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu is proposed to reduce by Ksh. 241.8 million. During the scrutiny of the 2019/20 annual estimates, the Committee made a recommendation and resolved to provide additional funds of Ksh. 400 million for the completion and equipping of KIRDI in Kisumu to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the “Big 4 Agenda. This resolution has been negated with the proposed reduction.
2. The Ksh. 2,160 million introduced and allocated for the Development of a Freeport, Industrial parks and Special Economic Zone in Mombasa is in line with providing enough resources towards the Big Four, but given that preliminaries regarding the projects have not commenced, concerns of absorption arose. The Committee further observed that Dongo Kundu has land issues related to compensation of land owners and squatters.
3. Ksh. 1,200 million toward Development of Special Economic Zone in Naivasha is a boost in the realization of the Big Four agenda.
4. The allocation of Ksh 2,475,198,089 towards development of Leather Industrial Park in Kenanie is a welcome idea but the amount is too much to be utilized within the remaining time if the Financial year.
5. The Government has spent a lot of money in modernizing Rivatex but very little has been done in regard to materials/cotton to be utilized by the machines. Thus, there is need for working capital towards cotton development-subsidy and extension support.
6. Construction of Constituency Industrial Centres will promote manufacturing by providing the youth with skills and create employment at constituency level. There is need therefore for funding towards sensitization, coordination and monitoring on the implementation of the centers.

7. There is need for MSEA to create a fund to support small and micro enterprises with loans. This will widen the avenues through which the SME will access funds.
8. Reducing 168,000,000 for infrastructure and civil works development for KITI is misinformed since the institution has several incomplete buildings that needs to be completed to facilitate proper training of youth towards achieving the Big Four agenda.

b. State Department of cooperatives;

1. Ksh. 30 million was provided for the Modernization of Cooperatives Cotton Ginneries- (Luanda Cooperative Ginnery in Busia County) as resolved by the National Assembly but was removed by Treasury against the requirement of the Kenyan Constitution.
2. The Principal Secretary need to have a utility vehicle to facilitate efficient movement to be able to discharge his mandate effectively

c. State Department of Trade

1. The reduction of Ksh 265 million from 2,152 million is unlawful since the reduction forms 12.35% change against the regulation 40(9) of the PFM (National Government) Regulations 2015 which provides that in approving supplementary estimates the National Assembly approval shall not exceed ten (10) percent of the approved budget estimates of a program or Sub-Vote unless it is for unforeseen and unavoidable need as defined in PFM (National Government) Regulations, Regulation 40(3).
2. There is need to control prices of agricultural products that enter the Kenyan market from neighboring countries such as milk, eggs, maize etc as much as the region enjoys free regional markets since Kenyan farmers are counting losses due to the influx of the products. Subsequently there is a need to operationalize Kenya Trade Remedy Agency.
3. Deducting Ksh 120 million from the printed estimate of Ksh 240 million that was budgeted towards partitioning KIBT Parklands building will delay its completion yet the building will be generating revenue to the government if completed. The building has stalled for years and it makes no economic sense to delay its completion because some floors are now occupied.

Departmental Committee on Trade, Industry and Cooperatives recommendations:

a. State Department for Industrialization

- 1) A reduction of Ksh 1,460,000,000 in the allocation for the Development of Freeport & Industrial parks- special Economic Zone Mombasa;
- 2) A reduction of Ksh. 1,988,000,000 in the allocation for the Development of Kenanie Leather Industrial Park;
- 3) A reduction of Ksh. 67,200,000 on the allocation for the Development of SEZ Textile Park Naivasha;
- 4) An increase in the allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu by **Ksh. 241,800,000**. This will enable the project to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the “Big 4 agenda”;
- 5) An increase in the allocation for Construction of Industrial Research Laboratories-KIRDI South B by **Ksh. 318,000,000** for the construction of industrial laboratories;
- 6) An increase in the allocation for Infrastructure and Civics works Development-KITI by **Ksh 168,000,000** to enable completion of some infrastructure and civil works;
- 7) An increase in the development allocation for RIVATEX by **Ksh 650,000,000** as an injection of working capital;
- 8) An increase in the development allocation of **Ksh 297,400,000** to Numerical Machines for modernization of foundry plant;
- 9) An increase development allocation of **Ksh 170,000,000** for the Development of Athi River Textile Hub-EPZA;
- 10) An allocation of **Ksh 320,000,000** as development expenditure towards Technical Support, Sensitization and Coordination for the Manufacturing Pillar;
- 11) An allocation of **Ksh. 1,000,000,000** towards MSMEs Fund.

b. State Department of Trade

1. Additional allocation of **Ksh. 100,000,000** to Kenya Trade Remedy Agency;
2. Additional allocation of Ksh 120,000,000 for KIBT Parklands building to ensure Completion of partitioning;
3. An additional allocation of Ksh. 100,000,000 for the recurrent expenditure to support trade promotion.

c. State Department of Cooperatives

- 4. An allocation of Ksh. 30,000,000** for Modernization of Cooperatives Cotton Ginneries- Luanda Cooperative Ginnery in Busia County.

MIN BAC/01/2019/09: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS

The Committee having scrutinized the 2019/20 Supplementary Budget Estimates for the sector and also having considered the various submissions during the scrutiny, made the following observations:

1. The proposed reduction of Ksh. 182.6 million under Foreign Relations and Diplomacy programme would affect critical services such as the issuance of passports and visas.
2. The proposed overall reduction across recurrent items did not meet Treasury's 50 percent reduction across board because the Ministry is unique and a bulk of its core duties involves travel, both within host nations and from headquarters.
3. The proposed reduction of Ksh. 119.5 million would not affect the operations of the ministry significantly. The Ministry could still operate by adopting austerity measures to deliver the set targets with lesser resources.
4. The proposed reduction of Ksh.352.9 million under the state Department for Regional and Northern Corridor Development was a reversal of committee resolutions towards development projects under RDAs. It was a concern that out of the additional Ksh. 500 million the Committee approved as additional allocation, Ksh 352 was being reversed through the supplementary.

Departmental Committee on Defence & Foreign Relations recommendations:

A. Policy recommendations

Going forward, the State Department for Regional and Northern Corridor Development in liaison with Treasury should immediately draw an implementation plan of all the projects under regional development authorities that have commenced, before embarking on any new projects;

B. Financial recommendations

The Committee recommends that the National Assembly approves re-allocations within the Ministry of Foreign Affairs as follows;

1. Allocate Kshs. 30 million for Construction and various Renovations in Pretoria
2. Allocate Kshs. 20 million for Construction of an Office Block and other works in Mogadishu
3. Allocate Kshs. 250 million for Renovation of Chancery in New York
4. Allocate Kshs. 250 million for Renovations in London Embassy

The committee is further agreeable to the proposals by the National Treasury that: -

- a) additional **KSh. 152,377,975** be allocated towards the Ministry of Foreign Affairs
- b) a sum of **KSh. 119,516,505** be reduced from the Ministry of Defence
- c) a sum of **KSh. 51,660,615** be reduced from the State Department for East African Affairs
- d) a sum of **KSh. 407,350,012** be reduced from the State Department for Regional and Northern Corridor Development

MIN BAC/01/2019/10: SUBMISSION FROM THE DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

The Committee having scrutinized the 2019/20 Supplementary Budget Estimates for the sector and also having considered the various submissions during the scrutiny, made the following observations:

- 1) The execution of the 2019/20 budget did not commence as planned. All the agencies had not received exchequer towards development projects by the end of the first quarter
- 2) The major impact of the additional resources under Presidency will lead to operationalization of the benefits of the 2nd retired Vice President in line with the Retirement Benefits of the Deputy President and Designated State Officers Act, 2015

- 3) The Committee further observed there are 10 new projects being introduced at the supplementary. While most of the projects relates to public participation hearings on the budget, the significant new project was noted to be the Cyber Crime project with a proposed allocation of Ksh. 1 billion for cybercrime related investigations. The proposed allocations will be for operations in the cybercrime section which have always been affected by delays in the administration of criminal justice. The fund is expected to help in retrieval and recovery of electronic evidence from digital media to help speed up cyber-crime related cases
- 4) It was also observed that some of the proposals in the supplementary amounted to reversals of Parliamentary approvals on the estimates as accented to in the Appropriations Act. They included additional allocations towards the National Integrated and Information Management Systems of Ksh. 285 million and the reduction of Ksh. 150 million from the ongoing digitization of records under the state Department for Immigration and Citizen Services Vote.

The Departmental Committee on Administration & National Security recommendations:

a) Reductions:

- 1) Reduce the allocation towards the General Administration, Planning and Support Services by **Ksh. 1 billion** under the state Department for Interior as follows: -
 - a) **Ksh. 600 million** under 1021000127 -National Integrated Identity Management System (NIIMS) under Recurrent Expenditure
 - b) **Ksh. 200 million under** National Integrated Identity Management System (NIIMS), Development Expenditure.
 - c) **Ksh. 200 million** under 1021000100, OOP Headquarters, “Other Operating Expenses”

b) Increases:

- 2) Increase the allocation towards Policing Services Programme by **Ksh 440 million** to support the following: -
 - a) **Ksh. 200 million** towards the Directorate of Criminal Investigations to enhance their operations,

- b) **Ksh. 240 million** towards settling pending bills incurred for purchase of Motor Vehicles from DT- Dobie under the office of the Inspector General.
- 3) **Ksh. 200 million** towards the Population Management Services Programme within the State Department for Interior under Vote Head “1021004800- National Registration Field Services, Recurrent expenditure to support field services.
- 4) **Ksh. 200 million** towards Migration and Citizen Services Management Programme to support Operations at the Headquarters, under the State Department for Immigration and Citizen Services.
- 5) Increase the allocation to Public Service Commission by **Ksh. 100 million** towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme.
- 6) **Ksh. 60 million** towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage

Further the Committee is agreeable to the proposal by the Cabinet secretary, National Treasury that: -

- 1) Additional **Ksh. 39,693,000** be allocated towards the Presidency
- 2) Additional **Ksh. 281,559,010** be allocated towards State Department for Correctional Services
- 3) A sum of **Ksh. 624,861,315** be reduced from the State Department for Public Service
- 4) A sum of **Ksh. 83,790,900** be reduced from National Police Service Commission

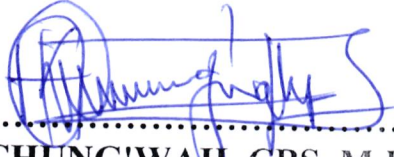
Other Recommendations

The Budget and Appropriations Committee look for resources elsewhere amounting to **Ksh. 400 million** for special operations to mop out illegal guns which has exacerbated insecurity in areas such as Kitui, Samburu, Mandera, Lamu and areas affected by cattle rustling.

MIN BAC/01/2019/11: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 2.00 P.M.

SIGNED



.....
HON. KIMANI ICHUNG'WAH, CBS, M.P.
CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

26/4/2019

.....
DATE



REPUBLIC OF KENYA

Parliamentary Budget Office

UNPACKING OF THE 1ST SUPPLEMENTARY ESTIMATES FOR FY 2019-20

NOVEMBER, 2019

Disclaimer

The Parliamentary Budget Office (PBO) is a non-partisan professional office of the Parliament of the Republic of Kenya. The primary function of the Office is to provide professional advice in respect of budget, finance and economic information to committees of Parliament.

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Ten-point take away on Supplementary Estimates 1 for FY 2019/20

1. The National Treasury proposes to increase the overall budget by Kshs.80.1 billion which is comprised of a decrease in recurrent expenditure by Ksh. 5.7 billion (0.5%) and an increase in development estimates by Kshs. 85.8 billion (12.2%).
2. The National Treasury has indicated that Ksh.1.86 billion has already been spent under Article 223, indeed, the law requires that this approval must be to be sought within two months after the first withdrawal. However, no list of the expenditures has been provided;
3. No information has been provided in regards to measures taken by the National Government in implementing the recommendations made by the National Assembly for FY 2019/20 Budget Estimates.
4. Section 43(2) (c) of PFM Act, 2012 stipulates that budget reallocations made on programmes and Sub-Votes should not exceed 10 percent. However, 43 out of 158 programs exceeded the 10 percent legal provision.
5. The supplementary budget has not indicated the financing measures of the additional expenditures as required under part 40(6) of PFM regulations.
6. Regulation 40(8) of the PFM regulations, stipulates that no new program can be introduced in the supplementary budget. There several new projects identified under Infrastructure, water and health ministries. This goes against the legal provision as well as undermining the principle of the Medium Term Expenditure Framework (MTEF).
7. The economy is set to experience a lower growth in 2019 compared to the 6.3 percent in 2018 on account of slowdown in activities in the manufacturing sector.
8. The recent trend of having many in-year revisions in any financial year reduces the credibility of the budget.
9. The need to have an implementation matrix to evaluate the priorities under Big Four that indicates the gaps that require additional funding, as resolved by the House during approval of the BPS 2019, has not been adhered to.
10. A review of the fiscal framework indicates that the proposed supplementary estimates are likely to result to a financing gap of Ksh. 146.3 billion. This gap may have to be funded through domestic or external borrowing.

I. Overview

- 1) **A Supplementary Budget is anchored under Article 223 of the Constitution. The provision states that the National Government may spend money that has not been appropriated, if the amount appropriated for any purpose under the Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act; or money has been withdrawn from the Contingencies Fund.** To this end, a Supplementary Budget arises as a result of increases in revenue, increases in expenditure due to external funding through budgetary support, savings from revision of programs, shortfall in resources thus necessitating budget cuts, emergencies or unforeseen expenditures and reallocations within a program.
- 2) This brief provides a critical evaluation to the extent to which Supplementary Budget I for FY 2019/20 adheres to the tenets outlined in law as well as international best practice.
- 3) The 1st Supplementary Estimates for FY 2019/20 were tabled in the National Assembly on 12th November, 2019. **The estimates propose to increase the overall budget by Ksh. 80.1 billion from Ksh. 2,734 billion to Ksh. 2,814.7 billion, representing a 2.9 percent increase. This includes a decrease in recurrent expenditure by Ksh. 5.7 billion (0.5%) and increase in development estimates by Ksh. 85.8 billion (12.2%).** The proposed reduction has not spared the other two arms of Government, indeed, there are significant reductions for both Parliament and Judiciary budget (Table 1). It is also observed that there are no changes under the Consolidated Fund Services.
- 4) **A critical review of the Supplementary Estimates indicates that no information has been provided in regards to measures taken by the National Government in implementing the recommendations made by the National Assembly for FY 2019/20 Budget Estimates.** In particular, some key policies (Annex 5) such as submission of a summative report on the progress of the Universal Health Care rollout in the 4 pilot counties so as to gauge the progress has not been provided and yet resources towards Universal Health Care program have substantially increased. **In addition, there are new projects proposed and there is no indication of a framework in place for the completion of stalled projects.** Indeed, the lack of the National Treasury not adhering to National Assembly resolutions undermines the legislative budget oversight role of National Assembly as espoused under Article 95 of the Constitution.

Table 1: Summary of the 1st Supplementary Estimates for FY 2019/20 (Ksh. Millions)

		Approved Estimates	Revised Estimates	Supplementary changes	%Change
National Executive	Recurrent	1,171,996	1,171,565	(431)	0.04%
	Capital	696,758	785,185	88,428	12.7%
	Total	1,868,754	1,956,751	87,997	4.7%
Parliament	Recurrent	37,579	33,987	(3,592)	-9.6%
	Capital	3,066	1,766	(1,300)	-42.4%
	Total	40,644	35,753	(4,892)	-12.0%
Judiciary	Recurrent	15,032	13,401	(1,630)	-10.8%
	Capital	4,390	3,020	(1,370)	-31.2%

		Approved Estimates	Revised Estimates	Supplementary changes	%Change
CFS	Total	19,422	16,422	(3,000)	-15.4%
	<i>Public Debt</i>	696,554	696,554	-	0.0%
	<i>Pensions</i>	104,489	104,489	-	0.0%
	<i>Salaries & miscall.</i>	4,737	4,737	-	0.0%
	Total	805,780	805,780	-	0.0%
Total	<i>Recurrent</i>	1,224,606	1,218,954	(5,653)	-0.5%
	<i>Capital</i>	704,214	789,971	85,757	12.2%
	CFS	805,780	805,780	-	0.0%
	Total	2,734,600.08	2,814,704.79	80,104.71	2.9%

Source: National Treasury

- 5) The changes in key targets in the approved estimates for FY 2019/20 against the Supplementary estimates I are indicated in Annex 6. There are a total of 158 approved programmes in FY 2019/20 which translates to 1,652 monitorable targets. It is worth noting that there is significant downward revision in the number of targets in the proposed supplementary. Overall, the number of targets under supplementary budget have reduced by 777, representing a 52.9 percent decline from the printed estimates. This is likely to affect key outcomes within the different programmes. For instance, there is a proposed reduction in the number of targets by 29 percent, 27 percent, and 60 percent in the Ministry of Health, the State Department for Interior and the State Department for Vocational and Technical Training, respectively. This may affect service delivery and achievement of intended outcomes in these votes/ministries.

A snapshot: A look at the health budget under Supplementary 1

The National Treasury has proposed adjustments in the FY 2019/20 budget estimates through the Supplementary I Estimates aimed at reducing the non-core areas of spending as well as direct resources to the Big Four agenda sectors, which includes the health sector. The resultant effect of the proposed adjustment of this sector's FY 2019/20 budget is the revision of its budget upwards by Ksh. 28.2 billion. This brings the total allocation for the sector to Ksh. 115.6 billion in FY 2019/20 comprising of Ksh. 62.9 billion for recurrent expenditure and Ksh. 52.7 billion for development expenditure.

Out of the 52 projects which the Ministry of Health is implementing in FY 2019/20, 8 projects have been affected and 2 new projects have been introduced. The development budget has been enhanced by Ksh. 18 billion on account of a major allocation towards the rollout of UHC. However, information pertaining the details of the projects to be funded as well as the spatial distribution of the same has not been provided.

Despite the enhanced resource allocation in the Supplementary I estimates, it is also observed that the targets have not been adequately revised under the Program Based Budget (PBB) as some targets in some programmes have largely remained the same.

II. Compliance to the Legal Framework

- 6) The legal framework underpinning the Supplementary Budget is articulated in Article 223 of the Constitution; Sections 43(2) and 44 of the Public Finance Management (PFM) Act 2012, and Part 40 of the PFM Regulations (National Government), 2015.
- 7) **An evaluation of the legal compliance indicates that the document achieved a compliance rate of 58.6 percent.** This is as a result of lack of comprehensiveness in the documents submitted to Parliament. The following are the key concerns:
 - i. Article 223(2) of the 2010 Constitution spells out that the approval of Parliament for any spending shall be sought within two months after the first withdrawal of the money. The National Treasury has indicated that Ksh. 1.86 billion has already been spent however, no list of the expenditures has been provided;
 - ii. Section 43(2) (c) of PFM Act, 2012 stipulates that budget reallocations made on programmes and sub-votes should not exceed 10 percent. However, 43 programs out of 158 programs exceed 10 percent threshold;
 - iii. The supplementary budget has not indicated sources of financing the additional expenditures as required under part 40(6) of PFM Regulations; and
 - iv. Regulation 40(8) of the PFM Regulations, stipulates that no new program can be introduced in the supplementary budget. However, there are several new projects identified under infrastructure, water and health ministries.

III. Realism of the Macroeconomic Framework Underpinning the Supplementary I Estimates

- 8) **The economy is set to experience a lower growth in 2019 compared to the 6.3 percent in 2018.** When Parliament approved the 2019/20 budget estimates, the projected economic growth for the financial year was 6.2 percent. This growth was pegged on stable weather conditions, strong service sector, stable macroeconomic environment, ongoing infrastructural investments and sustained business confidence. Given the recent performance of the economy as indicated in various documents¹, this growth will not be achieved. The revised growth target by the National Treasury is 5.9 percent that will be supported by ongoing public investment in infrastructure projects, growth in tourism and exports, business and consumer confidence².
- 9) **Unpredictable weather patterns continued to affect the performance of the economic growth during the first half of 2019 and this will affect the end-year performance.** The latest data³ indicate that the economy grew by 5.6 percent during the first half of 2019 compared to 6.5 percent during the same period

¹Budget Review and Outlook Paper,(BROP) 2019; Second Quarter 2019 GDP Release by KNBS; World Bank's Kenya Economic Update October 2019 edition

²Budget Review and Outlook Paper,(BROP) 2019

³Second Quarter 2019 GDP Release by KNBS

in 2018. The lower growth was on account of the Agriculture sector where production is low despite the rains implying that there are still inefficiencies such as storage of the produce; market and pricing that seem to be affecting the overall performance of the sector. The Manufacturing sector performance was subdued mainly due to lower production of the food sub-sector. In addition, the Purchasing Manager's Index (PMI) that is used as an indicator of the performance of the manufacturing sector, point to a slight slowdown in activities as it declined from 54 percent in September, 2019 to 53 percent in October, 2019.

- 10) **The inflation has remained low, stable and within the target band of 5 ± 2.5 percent, however, the cost of some basic food commodities remains high.** The average inflation from January to October 2019 stood at 5.1 percent which is within target. Nevertheless, due to climate changes that have affected planting and harvesting seasons, the food production was low and this resulted to high food prices. In particular, the cost of basic food commodities such a maize flour increased from Ksh. 84 per Kg in October 2018 to Ksh. 125 per Kg in October 2019 while that of Beans from Ksh. 106 per Kg to Ksh. 124 per Kg during the same period. Going forward, the food and fuel inflation are likely to increase during the festive season. In addition, there may be increases of fuel prices in the international market due to anticipated crude oil supply cuts by OPEC and Russia.

Table 2: Percentage Contribution to Inflation (January to October, 2019)

Category	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19
Food & Nonalcoholic Beverages	11.40	8.45	22.46	48.18	44.00	47.68	53.43	56.78	66.24	75.24
Alcoholic Beverages, Tobacco & Narcotics	2.61	3.25	3.49	2.98	3.48	3.48	3.45	3.06	3.73	3.77
Clothing & Footwear	4.06	3.88	3.86	2.83	3.04	2.89	2.52	2.94	3.40	2.61
Housing, Water, Electricity, Gas and Other Fuels	45.32	48.62	32.89	17.31	16.09	14.12	13.10	5.62	5.28	3.98
Furnishings, Household Equipment and Routine Household Maintenance	4.31	4.02	3.99	2.52	2.92	2.48	2.08	2.48	2.78	1.93
Health	2.76	3.01	3.10	2.33	2.42	2.22	0.97	1.09	1.23	1.05
Transport	18.69	17.81	19.16	15.36	18.51	17.99	15.95	18.24	4.82	5.19
Communication	3.50	3.71	3.79	2.85	3.33	3.25	2.98	3.75	4.96	0.65
Recreation & Culture	0.40	0.40	0.29	0.25	0.22	0.20	0.21	0.23	0.25	0.18
Education	0.91	0.84	0.85	0.75	0.89	0.89	0.86	1.05	1.45	1.19
Restaurants & Hotels	2.94	2.93	2.99	2.37	2.56	2.28	2.20	2.25	2.78	2.08
Miscellaneous Goods & Services	3.11	3.07	3.12	2.27	2.55	2.53	2.25	2.52	3.09	2.14
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: KNBS, PBO

- 11) **The monetary sector indicators point to stability but there are uncertainties in the effect of the removal of the interest capping to the credit to the SMEs.** The Central Bank Rate (CBR) has been maintained at 9.0 per cent but may increase due to the removal of the interest rate capping which will in turn increase the lending rates and improve liquidity in the domestic market. This may be beneficial to the private sector however; higher short-term interest rates arising from strong appetite of government in the domestic market may not support improved credit to the small and medium enterprises. In addition, the wait and see attitude on credit growth indicates that the full positive impact of the removal of the interest capping could be delayed and the impact on growth may not be immediate.

IV. Financing of the Supplementary Estimates I FY 2019/20

- 12) **A review of the Fiscal Framework indicates that the realism of revenue projections are not a major guide to decision making.** It has become a trend that supplementary budgets are on account of underperformance in revenue indicating that the revenue projections are not realistic and not based on a critical evaluation of the key drivers.
- 13) **The trend of having two supplementary budgets in any financial year is an indication that the budget challenge function is not working.** The budget process under the Medium Term Expenditure Framework (MTEF) approach requires a serious scrutiny of proposals by MDAs through the sector working groups with the aim of aligning the priorities to the National Agenda (Big Four). Indeed, during the consideration of the 2019 Budget Policy Statement (BPS), the house resolved that there was need to have an implementation matrix to evaluate the priorities under Big Four before the implementation of the budget estimates for FY 2019/20. Therefore, as much as this supplementary budget is on account of the Big Four, there is no matrix of evaluation that indicates the gaps that require additional funding. Therefore, there is need to address these weaknesses in the budget process.

Table 3: Fiscal Framework underpinning the proposed Supplementary Estimates No. 1 (Ksh. Billions)

Item	FY 2019/20		
	Printed Estimates	BROP 2019	Supplementary Estimates 1
Total Revenue	2,115.9	2,090.5	2,090.5
o/w Ordinary Revenue	1,877.2	1,851.8	1,851.8
Expenditure*	2,789.5	2,835.7	2,915.8
o/w Recurrent	1,760.3	1,744.9	1,739.2
Development	652.3	707.4	793.2
Fiscal Balance	(673.6)	(745.2)	(825.3)
Grants	38.8	38.8	38.8
Fiscal Balance (Grants)	(634.8)	(706.4)	(786.5)
Net foreign financing	331.3	331.3	331.3
Net Domestic financing	303.5	308.9	308.9
Financing Gap	-	(66.2)	(146.3)

Source: Budget Review and Outlook Paper 2019, PBO projections

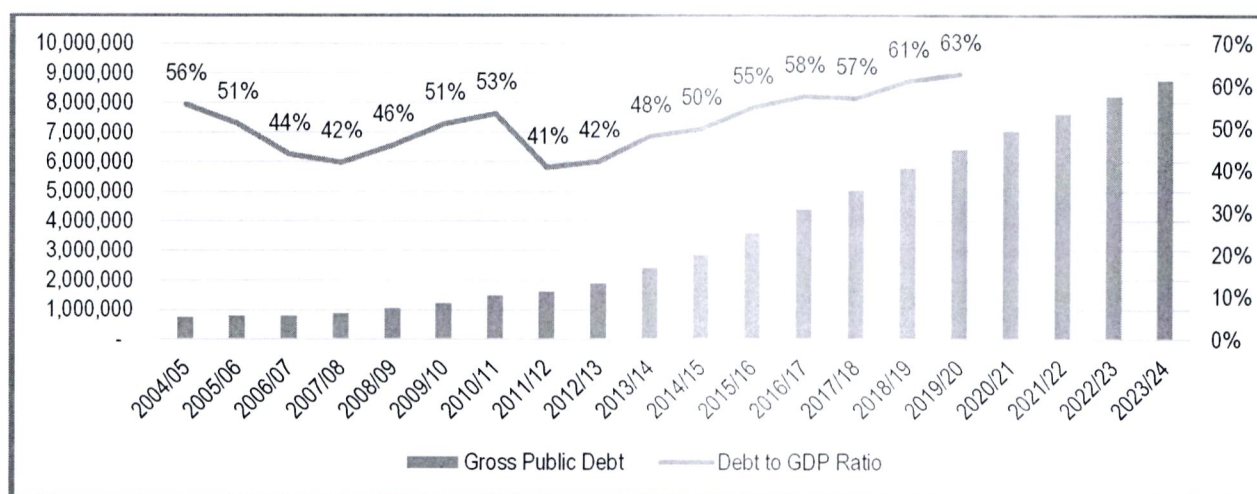
* Includes transfers to county governments

- 14) A further review of the fiscal framework indicates that the proposed supplementary estimates are likely to result to a financing gap of Ksh. 146.3 billion. It is clear that the revenue projections are still unrealistic and that the proceeds from State Owned Enterprises(SOEs) of Kshs.78 billion⁴ are not likely to finance the supplementary increases that are on account of the shortfall in revenue and additional expenditures. Therefore, if the supplementary budget is approved, this financing gap will have to be met from additional borrowing either domestically or external borrowing meant for budgetary support (this is usually commercial debt that is not tied to any conditionality).

V. Consolidated Fund Services

- 15) Kenya's Public and Publicly Guaranteed Stock of debt has grown by an annualized growth rate of 19% for the past 10 years. This is as a result of massive infrastructural projects, shortfalls in revenue forecast, increase in social expenditure, and shrinking fiscal space due to increase in debt servicing payments. As at end of September 2019, public debt amounted to Ksh. 5.96 trillion (63% of Nominal Gross Domestic Product⁵) and comprised of Ksh. 2.6 trillion (48%) in domestic debt and Ksh. 3.1 trillion (52%) in external debt. At this level, the debt is Kshs.3 trillion below the national debt ceiling of Ksh. 9 trillion (set under the PFM Act, 2012 (Amended) Regulations).

Figure 1: Movement of the public and publicly guaranteed debt stock, (FY 2004/05 – FY 2023/24)



Source: Annual Public Debt Management Report & Central Bank (K) Bulletin.

⁴Proceeds from SOEs are already incorporated in the revised ordinary revenue projection of Ksh. 1,851 billion

⁵The Budget Review and Outlook Paper, 2019 indicated that Nominal GDP as at June 2019 amounted to Kshs. 9.32 trillion.

- 16) **Debt finance will remain key to budget finance as long as the country's fiscal framework annually incorporates a fiscal deficit factor into its fiscal projections.** Similarly, the stock of debt will continue to rise, primarily after the revision of the debt ceiling from 50% of debt to GDP ratio (in Net Present Value Terms) to a numerical figure of Ksh. 9 trillion. The concern therefore becomes the impact of growing debt on the fiscal framework whereby debt repayment, being mandatory charges to the consolidated fund.
- 17) **The concern therefore shifts from constraining the trend of debt, to debt management at high stock levels.** The current debt management practice should therefore evolve from not only adhering to the annual borrowing strategy, to incorporating fiscal discipline, transparency, accountability for accumulated assets, in order to guarantee value for money that will increase economic output and prepare the country for the repayment period. However, it is important to note that debt management under higher debt levels could be more difficult as solvency and liquidity concerns change with increase in the debt stock and exposure to macroeconomic and fiscal risks create further uncertainty.
- 18) **Supplementary I Estimates does not effect any changes on the expenses related to the Consolidated Fund Services.** These therefore remain at Ksh. 805 billion in FY 2019/20, and accounting for 43.5% of the revised FY 2019/20 Ordinary Revenue (as opposed to 58% FY 2018/19). Consolidated Fund Services are mandatory charges to the consolidated fund and therefore crowd out the revenues available for other budgetary activities and subsequently the fiscal flexibility of the national budget.

Table 4: Consolidated Fund Service Expenses (Ksh. Millions)

Expenditure Head	FY 2019/20
Interest Payments	441,481
Redemptions	255,073
Total Public Debt	696,554
Ordinary Pensions	50,170
Commuted Pensions	54,056
other Pension Schemes	262
Total Pensions	104,489
Total Allowances & Others	4,736
TOTAL CFS	805,779

Source: Approved Budget Estimates, FY 2019/20

- 19) There are no changes occasioned under the CFS however, preliminary reviews of the Supplementary Estimates indicated that there could be a financing gap under the fiscal framework underpinning the supplementary estimates. It is important to note that if this gap materializes, the deficit can easily be accommodated by the already adjusted debt ceiling of Kshs. 9 trillion.

VI. Key Proposed Changes under the Supplementary Estimates I for FY 2019/20

- 20) The purpose of the Supplementary Estimates I for FY 2019/20 as per the guidelines given by the National Treasury was to cater for provisions of unseen and unavoidable expenditures; realigning the budget to the Big Four Agenda and rationalize of budget due to shortfall of revenue collection in the 1st quarter FY 2019/20 on account of unrealistic revenue targets. Given that there was a mop up of Kshs. 78 billion from

State Owned Enterprises (SOEs), the additional spending is not fully accommodated by budget rationalization (this evidenced by a very small reduction in recurrent expenditure by Kshs.5.65 billion).

❖ **Key proposed changes in Recurrent Expenditure**

21) The cumulative changes in the recurrent expenditure amount to a decrease of Ksh. 5.65 billion. The key increments and deductions are in the following areas:

a) Major Additions

- (i) Ksh. 4.82 billion towards the Ministry of Health; Ksh. 2.17 billion towards the Preventive, Promotive & RMNCAH programme to reduce morbidity and mortality due to preventable cause and Ksh. 1.89 billion to the Health Policy, Standards and Regulations programme to strengthen health policy, standards and regulations.
- (ii) Ksh. 2.74 billion towards Parliamentary Joint Services for the creation of this new vote aimed at catering for shared services between the National Assembly and the Senate.
- (iii) Ksh. 982.1 million to the State Department for Devolution for the strengthened management of humanitarian support services in the provision of relief food to 2.5 million persons living in food insecure populations in ASALs counties.
- (iv) Ksh. 588.9 million to the State Department for Interior to improve access to national government services, co-ordinate security, enhance peace building and conflict management, reduce alcohol, drug and substance abuse in Kenya.
- (v) Ksh. 562.7 million to Ministry of Energy for increased access of electricity.

b) Major Reductions

- (i) Ksh. 4.29 billion from the Parliamentary Service Commission meant for Senate Affairs and general administration, planning and support services.
- (ii) Ksh. 2.03 billion from the National Assembly meant for strengthening legislative capacity, oversight and representation function of the National Assembly.
- (iii) Ksh. 1.79 billion from the National Treasury meant to increase the reliability, stability and soundness of the financial sector under Public Financial Management programme and general administration, planning and support services.
- (iv) Ksh. 1.49 billion from the Judiciary meant for the Dispensation of Justice with the aim of provide equitable access to, and expeditious delivery of justice.
- (v) Ksh. 468.9 million from State Department from Tourism meant to increase tourism's contribution to the economy.

(vi) Ksh. 462.9 million from State Department for Information Communication Technology intended to provide universal access to E-Government services.

(vii) Ksh. 461.6 million from the State Department for Social Protection, Pensions & Senior Citizens Affairs under the National Social Safety Net.

❖ Key proposed changes in Development Expenditure

22) The cumulative changes in the development expenditure amount to an increase of Ksh. 85.76 billion. The key increments and deductions are in the following areas:

a) Major Additions

(i) Ksh. 32.23 billion towards the State Department for Transport for Mombasa to Nairobi SGR, additional allocation towards the provision for the Big Four Agenda and provision for Dongo Kundu SEZ and Kenya Ferry Services.

(ii) Ksh. 18.03 billion for the Ministry of Health towards the Big Four Agenda of Universal Healthcare Coverage.

(iii) Ksh. 12.61 billion towards the State Department for Infrastructure for the improvement road networks in the country.

(iv) Ksh. 9.64 billion for the Ministry of Energy towards the Lake Turkana Wind Power project and Big Four projects.

(v) Ksh. 7.76 billion for the Ministry of Water and Sanitation with provision the Northern Collector and the James Gichuru Express Road.

(vi) Ksh. 5.93 billion towards the State Department for Industrialization for the creation of an enabling environment to promote and facilitate industrial development through value addition and investment.

(vii) Ksh. 2.82 billion towards the State Department for Development of the ASAL aimed at improving the standards of living of communities in Arid and Semi-Arid Areas.

(viii) Ksh. 2.28 billion for the State Department for Information Communication Technology to enhance public service delivery through E-Government Services.

(ix) Ksh. 2.24 billion to the State Department for Public Works towards the government buildings programme.

(x) Ksh. 1.36 billion to the State Department for Interior for the enhancement of public safety and security and improved access to National Government services.

(xi) Ksh. 1.32 billion to the State Department for Early Learning & Basic Education towards the improved access of primary education.

b) Major Deductions

(i) Ksh. 5.51 billion from the State Department for Planning meant for Economic and Financial Policy Formulation and Management programme.

(ii) Ksh. 2.18 billion from the Parliamentary Service Commission meant for General Administration, Planning and Support Services.

(iii) Ksh. 1.89 billion from the State Department for University Education meant for infrastructure improvement in universities.

(iv) Ksh. 1.37 billion from the Judiciary meant for Dispensation of Justice with the aim of providing equitable access to expeditious delivery of justice.

VII. Policy Options

The following are the possible key policy options-

	Policy Options	Likely Implication
1.	Approve the Supplementary Estimates No. 1 of FY 2019/20 as proposed	(i) Financing gap estimated at Ksh. 146.3 billion will require additional borrowing. (ii) There may be need for Supplementary Estimates 2 to adjust budget downwards to meet any shortfall in revenue. (iii) This may set precedence for critical expenses to be left out during the budget estimates with the intention that they will be approved in the supplementary budgets, thus reducing the credibility of the budget.
2.	Approve the Supplementary Estimates No. 1 of FY 2019/20 with amendments	(i) Agree on proposed expenditure cuts by focusing on key reductions in non-core areas. (ii) Consider reducing allocations to all new projects as well as other projects where a concretized project appraisal has not been done.

ANNEX 1: Legal Compliance of Supplementary Estimates I for FY 2019/20

Item	Constitution	PFM Act	PFM Regulations	Score	Comments
GENERAL OVERVIEW					
1. Additional expenditure should be on account of either insufficiency of amounts provided, need arisen for which no amounts were allocated or withdrawal from contingency fund	223(1)	44(1)		5 out of 5	Complied.
2. Spending should be sought within 2 months after the first withdrawal	223(2)	44(1)		0 out of 5	There no attached list indicating approvals under Article 223 of the Constitution.
3. Overall budget change should not be more than 10 percent of the printed estimates unless Parliament approves a higher percentage.	223(5)	44(1)		5 out of 5	Complied. Overall budget change is 4.2 percent
CONFORMITY TO THE PROVISIONS OF THE PFM LAW AND ITS REGULATION					
4. Reallocation changes per program should not exceed 10 percent of total approved budget of a program unless for unforeseen circumstances		43 (2) (c)		3 out of 5	43 programs out of 158 programs exceed 10 percent
5. Conformity to budget circular			40(1)	5 out of 5	Complied
6. Conformity to Fiscal Responsibility Principles		44(3),15(2)	26(1)	2 out of 5	Despite the fact the fact that parliament approved a higher ceiling for public debt, no information has been provided on the fiscal deficit shall be financed
7. Conformity to Financial Objectives		44(3)		3 out of 5	Partly complied.
8. Presentation in a Programme Based Budgeting Format			40(6)(a)	4 out of 5	Despite the budget has been presented in programme based, some KPIs have not been revised and yet there is some

Item	Constitution	PFM Act	PFM Regulations	Score	Comments
					revision in allocation.
9. Information on budget performance (actual expenditure and outstanding liabilities/commitments)			40(6)(b)	4 out of 5	No information on outstanding liabilities
10. Details of supplementary changes (amount, reasons for change, basis for calculation)			40(6)(c)(d)	5 out of 5	Information provided
11. Sources for funding of additional expenditure			40(6)(e)	0 out of 5	No information has been provided
12. Analysis of the fiscal impact of the additional expenditures for the planned outputs and outcomes of the affected programmes			40(6)(f)	3 out of 5	Some planned outputs and outcomes of some programmes have not been varied despite reduction in the budget
13. Updated Fiscal Projections			40(6)(h)	0 out of 5	No information has been provided
14. No new programmes /projects to be introduced in the Supplementary Budget			40(8)	2 out of 5	There several new projects identified under Infrastructure, water and health sector
Total				58.6 percent	

ANNEX 2: Major Proposed Adjustments in Recurrent Expenditure (Ksh. Millions)

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
1011 The Presidency	8,982.99	131.79	9,114.78	<ul style="list-style-type: none"> State house affairs; Ksh. 131.79 million
1021 State Department for Interior	129,096.94	588.98	129,685.92	<ul style="list-style-type: none"> Policing services; Ksh. (232) million Planning, policy Coordination and Support Service; Ksh. 1,240.76 million Government Printing Service; Ksh. (62) million Population Management Services; Ksh. (357.26)
1023 State Department for Correctional Services	26,105.77	281.55	26,387.32	<ul style="list-style-type: none"> Correctional services; Ksh. 313.20 million General Administration, Planning and Support Services; Ksh. (31.64) million
1032 State Department for Devolution	991.50	982.10	1,973.60	<ul style="list-style-type: none"> General Administration, Planning and Support Services; Ksh. (63.83) million Special Initiatives; Ksh. 1,089.86 million
1035 State Department for Development of the ASAL	1,059.69	(86.10)	973.59	<ul style="list-style-type: none"> Accelerated ASAL Development; Ksh. (86.1) million
1041 Ministry of Defence	104,531.03	(119.52)	104,411.51	<ul style="list-style-type: none"> General Administration, Planning and Support Services; Ksh. (119.52) million
1052 Ministry of Foreign Affairs	17,288.41	152.37	17,440.78	<ul style="list-style-type: none"> Foreign Relation and Diplomacy; Ksh. (182.57) million Economic and Commercial Diplomacy; Ksh. 324.27 million
1065 State Department for University Education	108,820.53	(97.47)	108,723.06	<ul style="list-style-type: none"> General Administration, Planning and Support

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
				Service; Ksh. (68.03) million
1066 State Department for Early Learning & Basic Education	90,214.70	(365.33)	89,849.37	<ul style="list-style-type: none"> • Primary Education ; Ksh. (55.08) million • General Administration, Planning and Support Services; Ksh. (277.19) million
1068 State Department for Post Training and Skills Development	200.50	(74.60)	125.90	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (29.11) million
1071 The National Treasury	78,641.05	(1,789.96)	76,851.09	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (1,524.43) million • Public Finance Management; Ksh. (235.67) million
1072 State Department for Planning	11,902.11	(137.44)	11,764.67	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (99.51) million
1081 Ministry of Health	58,083.95	4,819.98	62,903.93	<ul style="list-style-type: none"> • Preventive, Promotive & RMNCAH; Ksh. 2,178.70 million • Health Policy, Standards and Regulations; Ksh. 1,894.41 million
1091 State Department for Infrastructure	61,451.00	(115.59)	61,335.41	<ul style="list-style-type: none"> • Road Transport; Ksh. (115.59) million
1092 State Department for Transport	9,821.10	(77.92)	9,743.18	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (45.39) million
1094 State Department for Housing & Urban Development	1,005.00	(69.67)	935.33	<ul style="list-style-type: none"> • Housing Development and Human Settlement; Ksh. (25.96) million
1095 State Department for Public Works	2,330.00	(52.20)	2,277.80	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (26.89) million

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
1108 Ministry of Environment and Forestry	10,179.80	(85.35)	10,094.45	• General Administration, Planning and Support Services; Ksh. (38.61) million
1112 Ministry of Lands and Physical Planning	3,016.20	(90.16)	2,926.04	• Land Policy and Planning; Ksh. (90.16) million
1122 State Department for Information Communication Technology	3,043.00	(462.96)	2,580.04	• E-Government Services; Ksh. (354.54) million
1123 State Department for Broadcasting & Telecommunications	4,412.80	(233.24)	4,179.56	• Information & Communication Services; Ksh. (201.06) million
1132 State Department for Sports	1,260.19	(53.56)	1,206.63	• Sports programme; Ksh. (53.56) million
1134 State Department for Culture and Heritage	3,018.20	(122.15)	2,896.05	• Culture/Heritage; Ksh. (52.88) million
1152 Ministry of Energy	5,752.00	562.67	6,314.67	• Power Transmission and Distribution; Ksh. 562.67 million
1162 State Department for Livestock	2,139.00	(71.81)	2,067.19	• Livestock Resources Management and Development; Ksh. (71.81) million
1166 State Department for Fisheries, Aquaculture & the Blue Economy	1,770.78	(116.21)	1,654.57	• Fisheries Development and Management; Ksh. (45.39) million • Development and Coordination of the Blue Economy; Ksh. (40.09) million
1167 State Department for Irrigation	978.00	(82.86)	895.14	• Irrigation and Land Reclamation; Ksh. (55.92) million
1168 State Department for Agricultural Research	5,561.33	(102.66)	5,458.67	• Agricultural Research & Development; (Ksh. 102.66) million
1173 State Department for Cooperatives	732.90	(81.00)	651.90	• Cooperative Development and Management; Ksh. (81) million
1174 State Department for Trade	1,692.90	(145.95)	1,546.95	• Trade Development and Promotion; Ksh. (145.95) million

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
1175 State Department for Industrialization	3,440.61	(55.13)	3,385.48	<ul style="list-style-type: none"> General Administration, Planning and Support Services; Ksh. (35.78) million
1184 State Department for Labour	2,943.37	(257.57)	2,685.80	<ul style="list-style-type: none"> Promotion of the Best Labour Practice; Ksh. (105.62) million
1185 State Department for Social Protection, Pensions & Senior Citizens Affairs	19,825.31	(461.63)	19,363.68	<ul style="list-style-type: none"> National Social Safety Net; Ksh. (353.88) million
1192 State Department for Mining	632.33	(80.84)	551.49	<ul style="list-style-type: none"> General Administration, Planning and Support Services ;Ksh. (44.78) million Mineral Resources Management; Ksh. (12.08) million Geological Survey and Geo-information Management; Ksh. (23.97) million
1202 State Department for Tourism	6,345.93	(468.87)	5,877.06	<ul style="list-style-type: none"> Tourism Development and Promotion; Ksh. (468.86) million
1203 State Department for Wildlife	7,788.17	(51.69)	7,736.48	<ul style="list-style-type: none"> Wildlife Conservation and Management; Ksh. (51.69) million
1212 State Department for Gender	1,661.73	(138.55)	1,523.18	<ul style="list-style-type: none"> Gender Empowerment; Ksh. (57.29) million
1213 State Department for Public Service	8,411.65	(208.29)	8,203.36	<ul style="list-style-type: none"> Public Service Transformation; Ksh. (134.07) million
1214 State Department for Youth	11,435.47	(362.36)	11,073.11	<ul style="list-style-type: none"> Youth Empowerment; Ksh. (362.36) million
1221 State Department for East Africa Community	671.30	(51.66)	619.64	<ul style="list-style-type: none"> East African Affairs and Regional Integration; Ksh. (51.66) million
1222 State Department for Regional and Northern Corridor Development	2,131.60	(54.50)	2,077.10	<ul style="list-style-type: none"> Integrated Regional Development; Ksh. (54.50) million

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
1252 State Law Office and Department of Justice	5,103.50	(386.44)	4,717.06	• Legal Services; Ksh. (181.68) million
1261 The Judiciary	14,466.60	(1,493.67)	12,972.93	• Dispensation of Justice; Ksh. (1,493.67) million
1291 Office of the Director of Public Prosecutions	2,936.18	150.00	3,086.18	• Public Prosecution Services; Ksh. 150 million
1311 Office of the Registrar of Political Parties	1,298.71	(74.86)	1,223.85	• Registration, Regulation and Funding of Political Parties; Ksh. (74.86) million
2021 National Land Commission	1,308.20	(120.99)	1,187.21	• Land Administration and Management; Ksh. (120.99) million
2041 Parliamentary Service Commission	13,646.60	(4,298.65)	9,347.95	• Senate Affairs; Ksh. (792.95) million • General Administration, Planning and Support Services; Ksh. (3,505.70) million
2042 National Assembly	23,932.14	(2,032.65)	21,899.49	• National Legislation, Representation and Oversight; Ksh. (2,032.65) million
2043 Parliamentary Joint Services	-	2,739.56	2,739.56	• General Administration, Planning and Support Services; Ksh. 2,739.56 million
2051 Judicial Service Commission	565.07	(136.56)	428.51	• General Administration, Planning and Support Services; Ksh. (136.56) million
2061 The Commission on Revenue Allocation	469.38	(78.94)	390.44	• Inter-Governmental Transfers and Financial Matters; Ksh. (78.94) million
2071 Public Service Commission	2,171.00	85.50	2,256.50	• General Administration, Planning and Support Services; Ksh. 85.50 million
2081 Salaries and Remuneration Commission	450.36	211.10	661.46	• Salaries and Remuneration • Management Ksh. 211.10 million

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
2091 Teachers Service Commission	252,897.00	(310.33)	252,586.67	<ul style="list-style-type: none"> • General Administration, Planning and Support Services; Ksh. (271.79) million • Governance and Standards; Ksh. (32.57) million
2101 National Police Service Commission	736.87	(83.79)	653.08	<ul style="list-style-type: none"> • National Police Service Human Resource Management; Ksh. (83.79) million
2121 Office of the Controller of Budget	703.10	(64.66)	638.44	<ul style="list-style-type: none"> • Control and Management of Public finances; Ksh. (64.66) million
2141 National Gender and Equality Commission	488.93	(98.22)	390.71	<ul style="list-style-type: none"> • Promotion of Gender Equality and Freedom from Discrimination; Ksh. (98.22) million
2151 Independent Policing Oversight Authority	892.70	(61.50)	831.20	<ul style="list-style-type: none"> • Policing Oversight Services; Ksh. (61.50) million

ANNEX 3: Major Proposed Adjustments in Development Expenditure (Ksh. Millions)

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
1011 The Presidency	2,337.27	(92.10)	2,245.17	• Cabinet Affairs; Ksh. (51) million
1021 State Department for Interior	10,097.17	1,358.50	11,455.67	• Policing services; Ksh. 1,090 million • Planning, policy Coordination and Support Service; Ksh. 1,030 million
1024 State Department for Immigration and Citizen Services	1,390.30	(150.00)	1,240.30	• Migration & Citizen Services Management; Ksh. (150) million
1032 State Department for Devolution	7,400.99	77.90	7,478.89	• Devolution services; Ksh. 77.90 million
1035 State Department for Development of the ASAL	3,860.12	2,817.29	6,677.41	• Accelerated ASAL Development; Ksh. 2,817.29 million
1064 State Department for Vocational and Technical Training	9,178.60	(412.46)	8,766.14	• Technical Vocational Education and Training; Ksh. (449.50) million • Youth Training and Development; Ksh. 37.04 million
1065 State Department for University Education	9,238.70	(1,885.96)	7,352.74	• University Education; Ksh. (1,868.45) million
1066 State Department for Early Learning & Basic Education	7,063.88	1,315.00	8,378.88	• Primary Education; Ksh. 1,285 million
1071 The National Treasury	37,270.58	(569.67)	36,700.91	• Public Financial Management; Ksh. (519.67) million
1072 State Department for Planning	43,961.30	(5,513.01)	38,448.29	• Economic and Financial Policy Formulation and Management; Ksh. (5,463) million
1081 Ministry of Health	34,640.68	18,034.45	52,675.13	• Health Policy, Standards and Regulations; Ksh. 17,275.81 million
1091 State Department for Infrastructure	124,965.60	12,612.03	137,577.63	• Road Transport; Ksh. 12,612.03 million
1092 State Department for Transport	84,010.00	32,234.00	116,244.00	• Rail Transport; Ksh. 28,918 million

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme *
	Ksh. Millions			
1094 State Department for Housing & Urban Development	30,519.00	514.49	31,033.49	• Urban and Metropolitan Development; Ksh. 514.49 million
1095 State Department for Public Works	2,103.00	2,236.63	4,339.63	• Government Buildings; Ksh. 2,353.13 million
1107 Ministry of Water and Sanitation	56,971.89	7,756.96	64,728.85	• Water and Sewerage Infrastructure Development; Ksh. 7,256.96 million
1122 State Department for Information Communication Technology	25,191.00	2,284.34	27,475.34	• E-Government Services; Ksh. 3,284.34 million • ICT Infrastructure Development; Ksh. (1,000) million
1123 State Department for Broadcasting & Telecommunications	747.00	(166.00)	581.00	• Information And Communication Services; Ksh. (166) million
1132 State Department for Sports	13,900.00	100.00	14,000.00	• Sports; Ksh. 100 million
1152 Ministry of Energy	71,667.00	9,642.59	81,309.59	• Power Transmission and Distribution; Ksh. 7,312.59 million • Alternative Energy Technologies; Ksh. 3,000 million
1165 State Department for Crop Development	18,046.80	545.00	18,591.80	• General Administration Planning and Support Services; Ksh. 575 million
1173 State Department for Cooperatives	3,727.50	(260.00)	3,467.50	• Cooperative Development and Management; Ksh. (260) million
1174 State Department for Trade	460.00	(120.00)	340.00	• Trade Development and Promotion; Ksh. (120) million
1175 State Department for Industrialization	5,915.00	5,926.57	11,841.57	• Industrial Development and Investments; Ksh. 5,889.59 million
1184 State Department for Labour	3,290.10	(100.00)	3,190.10	• Manpower Development, Employment and Productivity

Vote	Printed Estimates	Proposed Change	Supplementary Estimates	Details of key changes by programme
	Ksh. Millions			
				<ul style="list-style-type: none"> Management; Ksh. (145) million Promotion of the Best Labour Practice; Ksh. 45 million
1185 State Department for Social Protection, Pensions & Senior Citizens Affairs	14,487.32	950.00	15,437.32	<ul style="list-style-type: none"> National Social Safety Net; Ksh. 950 million
1192 State Department for Mining	574.00	(126.22)	447.78	<ul style="list-style-type: none"> Mineral Resources Management; Ksh. (131) million
1202 State Department for Tourism	1,530.00	(701.00)	829.00	<ul style="list-style-type: none"> Tourism Development and Promotion; Ksh. (701) million
1203 State Department for Wildlife	1,368.00	100.00	1,468.00	<ul style="list-style-type: none"> Wildlife Conservation and Management; Ksh. 100 million
1213 State Department for Public Service	1,497.81	(416.57)	1,081.24	<ul style="list-style-type: none"> Public Service Transformation; Ksh. (416.57) million
1222 State Department for Regional and Northern Corridor Development	3,242.60	(352.85)	2,889.75	<ul style="list-style-type: none"> Integrated Regional Development; Ksh. (352.85) million
1252 State Law Office and Department of Justice	230.00	(104.00)	126.00	<ul style="list-style-type: none"> Governance, Legal Training and Constitutional Affairs; Ksh. (100) million
1261 The Judiciary	4,390.40	(1,370.21)	3,020.19	<ul style="list-style-type: none"> Dispensation of Justice; Ksh. (1,370.21) million
2041 Parliamentary Service Commission	3,065.55	(2,182.78)	882.78	<ul style="list-style-type: none"> General Administration, Planning and Support Services; Ksh. (2,182.78) million

ANNEX 4: Proposed adjustments for the Big Four Agenda in the Supplementary Estimates No. 1 of FY 2019/20

Agenda	Vote	Programme	Amount (Ksh. Million)	Remarks
Affordable Healthcare	1081 Ministry of Health	Preventive, Promotive & RMNCAH	2,817.34	This is an allocation aimed at: <ul style="list-style-type: none"> Placing 2,717 interns in the rollout of UHC Engagement of 10,378 community health workers in UHC Hiring of 1,500 data clerks for UHC
		Health Policy, Standards and Regulations	19,170.22	Strengthen health policy, standards and regulations.
Manufacturing	1092 State Department for Transport	Rail Transport	28,918.00	Additional is on account of provision for Big Four & Ksh 16.7 billion for the Mombasa to Nairobi SGR
Affordable Housing	1095 State Department for Public Works	Government buildings	2,342.43	Supervision of Big Four Projects
Manufacturing	1107 Ministry of Water & Sanitation	Water and Sewerage Infrastructure Development	7,252.89	Northern Collector & James Gichuru Express Road
Manufacturing	1122 State Department for Information Communication Technology	E-Government services	2,929.80	This is an allocation towards connectivity to Big 4 Projects which include: <ul style="list-style-type: none"> Konza Data Centre & Smart City Dongo Kundu Special Economic Zone Leather Industrial Park – Kenanie Health Facilities SEZ Textile Park - Naivasha
Manufacturing	1152 Ministry of Energy	Power transmission and distribution	7,875.25	Big Four additional and Lake Turkana Wind Power
		Alternative Energy Technologies	3,000	Big Four additional and Development Partners Funded Projects
Manufacturing	1175 State Department for Industrialization	Industrial Development & Investments	5,870.24	This allocation is towards the: <ul style="list-style-type: none"> Development of a Freeport & Industrial parks-SEZ Mombasa (Ksh. 2.16 billion) Additional allocation of Ksh. 2.46 billion towards the Development of Leather Industrial Park - Kenanie

ANNEX 5: House Resolutions on Budget Estimates for the FY 2019/20

	HOUSE RESOLUTIONS ON BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2019/2020	CURRENT STATUS
1	That, the Ksh. 4.6 billion allocated to the Ministry of Health for the rollout of Universal Health Care to the 43 Counties will only be released subject to the provision of a summative report on the progress of the Universal Health Care rollout in the 4 pilot counties.	Status Unknown
2	That, the National Assembly Health Committee and the Senate should jointly come up with a framework for overseeing the level five hospitals, in particular, to ensure that projects funded by conditional grants are properly implemented.	Status Unknown
3	That, the National Treasury comes up with a framework for the completion of stalled projects by October 1st 2019.	No framework submitted
4	That, the Public Finance Management Act 2012 be immediately amended to penalize any Ministry, Department or Agency that commits government when there are inadequate provisions or that fails to settle outstanding commitments.	No amendments submitted to Parliament
5	That, the State Department for Early Learning and Basic Education should conduct an infrastructural audit in all public schools within the next three months to identify infrastructural gaps and prepare a plan of action aimed at ensuring the distribution of the funds is equitable and priority accorded to schools located in rural areas. Further, the State Department should submit quarterly reports on how infrastructural funds have been utilized.	No report was submitted to Parliament
6	That, the State Department for Vocational and Technical Training, the Ministry of Interior and Coordination of National Government and the National Government Constituency Development Fund (NGCDF) management should initiate modalities within the next three months to ensure that the stalled Technical Training Institutes (TTIs) projects are completed.	No framework in place
7	That, funds earmarked for relief food should be budgeted for under the Ministry of Devolution. This will enable the Ministry to plan for the money and provide relief food in time whenever it is required and to ensure that Kenyans who depend on relief food throughout the year are catered for.	Status Unknown
8	That, the Office of the Controller of Budget should begin FY 2019/20, report on the non-financial performance in its quarterly budget implementation reports to facilitate proper oversight by Parliament and the county assemblies as per the constitutional requirements.	1st Quarter report on FY 2019/20 not submitted to Parliament
9	That, regulations on the Cherry Revolving Fund under the State Department for Cooperatives as well as the Ajira Fund under the State Department of ICT be developed and fast tracked in order to ensure proper operationalization of the Funds; taking into account the provisions of the PFM Act, 2012 on establishment of such funds. These regulations should be submitted to Parliament for consideration before the end of the 1st quarter of the FY 2019/20.	No regulations submitted to Parliament
10	That, the State Department prepares and submits its planned activities and expenditure plans which will be funded by the proceeds from the Sports, Arts and Social Development Fund for pre-budget scrutiny by the relevant committee in the next budget process.	Status Unknown

11	That, starting 1st July 2019, the National Tree Planting Campaign Project should not be undertaken by the Ministry of Environment and Forestry headquarters but rather, should be inter-sectoral and undertaken by institutions with the technical know-how such as the Kenya Forest Service through community forest associations, Kenya Water Towers Agency and the Kenya Forestry Research Institute.	Status Unknown
12	That, the Cross-County Bulk Water and Sanitation Programme/Projects should promote equitable distribution of water resources in all areas of this country.	Status Unknown
13	That, both Bus Rapid Transit and Diesel Multiple Units be domiciled in the State Department for Transport and that the Kenya National Shipping Line remains in the State Department for Shipping and Maritime Affairs for ease of coordination and management.	Status Unknown
14	That, the National Treasury provides resources in the 2019/20 financial year to rehabilitate the section of roads that were washed away by floods across the country.	Status Unknown
15	That, the Parliamentary Service Commission, just like is the case with the Office of the President, should budget for the three retired speakers as per the Act commencing on 1st July 2019.	Status Unknown

ANNEX 6: Changes in the targets of Supplementary I Estimates against Printed Estimates for FY 2019/20

Vote	Details of Vote	No. of Targets in the Printed Estimates 2019/20	Revised targets in 2019/20 Supplementary Estimates I
1011	Presidency	13	5
1021	Interior	64	17
1023	Correctional Services	58	30
1024	Immigration and Citizen Services	26	15
1032	Devolution	15	3
1035	Development of the ASAL	8	2
1041	Defence	3	0
1052	Foreign Affairs	156	139
1064	Vocational and technical training	105	63
1065	University Education	43	38
1066	Early learning and Basic Education	48	13
1068	Post training and skill development	20	9
1071	National Treasury	38	5
1072	Planning	55	18
1081	Health	70	20
1091	Infrastructure	22	8
1092	Transport	25	13
1093	Shipping and Maritime	11	3
1094	Housing and Urban Development	23	19
1095	Public Works	18	10
1112	Lands and Physical Planning	15	7
1122	Information Communication Technology	16	8
1123	Broadcasting and Tele communication	14	13
1132	Sports	9	2
1134	Culture and Heritage	38	5
1152	Energy	30	9
1162	Livestock	51	28
1165	Crop Development	39	15
1166	Fisheries, Aqua Culture and Blue Economy	39	14
1167	Irrigation	14	9
1168	Agricultural Research	10	7
1173	Cooperatives	10	7
1174	Trade	19	12
1175	Industrialization	18	15
1184	Labour	40	15
1185	Social protection, pensions and Senior Citizen's Affairs	22	11
1193	Petroleum	4	0
1202	Tourism	14	11

1212	Gender	12	7
1213	Public Service	22	12
1214	Youth's	5	2
1221	East African Communication	31	12
1222	Regional and Northern Corridor Development	13	11
1252	Law office and Department of Justice	54	41
1261	Judiciary	33	32
1271	Ethic's and Anti-Corruption Commission	1	1
1291	Office of Director of Public Prosecutions	6	0
1311	Office of Registrar of Political Parties	8	8
1321	Witness Protection Agency	14	11
2011	Kenya National commission on Human Right's	9	8
2021	National Land Commission	34	18
2031	Independent Electoral and Boundaries Commission	10	6
2041	Parliamentary Service Commission	22	20
2042	National Assembly	19	15
2043	Parliament Joint Services	6	4
2051	Judicial Services Commission	10	10
2061	Commission on Revenue Allocation	13	2
2071	Public Service Commission	3	3
2081	Salaries and Remuneration Commission	16	3
2091	Teachers Service Commission	21	13
2101	National Police Service Commission	19	6
2121	Office of the Controller of Budget	13	2
2131	Commission Administrative Justice	10	3
2141	National Gender and Equality Commission	17	7
2151	Independent Policing oversight. Authority	8	0
	Total	1,652	875

COMPENDIUM OF COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>(,ADMINISTRATIION AND NATIONAL SECURITY</p>	<p>1) The execution of the 2019/20 budget did not commence as planned. All the agencies had not received exchequer towards development projects by the end of the first quarter</p> <p>2) The major impact of the additional resources under Presidency will lead to operationalization of the benefits of the 2nd retired Vice President in line with the Retirement Benefits of the Deputy President and Designated State Officers Act, 2015</p> <p>3) The Committee further observed there are 10 new projects being introduced at the supplementary. While most of the projects relates to public participation hearings on the budget, the significant new project was noted to be the Cyber Crime project with a proposed allocation of KSh. 1 billion for cybercrime related investigations. The proposed allocations will be for operations in the cybercrime section which have always been affected by delays in the administration of criminal justice. The fund is expected to help in retrieval and recovery of electronic evidence from digital media to help speed up cyber-crime related cases</p>	<p>Reductions</p> <p>1) Reduce the allocation towards the General Administration, Planning and Support Services by KSh. 1 billion under the state Department for Interior as follows: -</p> <p>a) KSh. 600 million under 1021000127 -National Integrated Identity Management System (NIIMS) under Recurrent Expenditure</p> <p>b) KSh. 200 million under National Integrated Identity Management System (NIIMS), Development Expenditure.</p> <p>c) KSh. 200 million under 1021000100, OOP Headquarters, “Other Operating Expenses”</p> <p>Increases</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>4) It was also observed that some of the proposals in the supplementary amounted to reversals of Parliamentary approvals on the estimates as accented to in the Appropriations Act. They included additional allocations towards the National Integrated and Information Management Systems of KSh. 285 million and the reduction of KSh. 150 million from the ongoing digitization of records under the state Department for Immigration and Citizen Services Vote</p>	<p>2) Increase the allocation towards Policing Services Programme by KSh 440 million to support the following: -</p> <p>a) KSh. 200 million towards the Directorate of Criminal Investigations to enhance their operations,</p> <p>b) KSh. 240 million towards settling pending bills incurred for purchase of Motor Vehicles from DT- Dobie under the office of the Inspector General.</p> <p>3) KSh. 200 million towards the Population Management Services Programme within the State Department for Interior under Vote Head “1021004800- National Registration Field Services, Recurrent expenditure to support field services.</p> <p>4) KSh. 200 million towards Migration and Citizen Services Management Programme to support Operations at the Headquarters, under the State Department for Immigration and Citizen Services.</p> <p>5) Increase the allocation to Public Service Commission by KSh. 100 million towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme.</p> <p>6) KSh. 60 million towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>2. DEFENCE AND FOREIGN RELATIONS</p>	<p>Observation</p> <p>Ministry of Foreign Affairs</p>	<p>Further the Committee is agreeable to the proposal by the Cabinet secretary, National Treasury that: -</p> <ol style="list-style-type: none"> 1) Additional KSh. 39,693,000 be allocated towards the Presidency 2) Additional KSh. 281,559,010 be allocated towards State Department for Correctional Services 3) A sum of KSh. 624,861,315 be reduced from the State Department for Public Service 4) A sum of KSh. 83,790,900 be reduced from National Police Service Commission <p>Other Recommendations</p> <p>The Committee is strongly recommending that the Budget and Appropriations Committee look for resources elsewhere amounting to KSh. 400 million for special operations to mop out illegal guns which has exacerbated insecurity in areas such as Kitui, Samburu, Mandera, Lamu and areas affected by cattle rustling.</p> <p>Recommendation</p> <p>The State Department for Regional Development Authorities within a span of three months to Identify one project per each of the 7 Regional Development Authorities which can be implemented with the available resources in the medium term</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. The proposed reduction of KSh. 182.6 million under Foreign Relations and Diplomacy programme would affect critical services such as the issuance of passports and visas.</p> <p>2. The proposed overall reduction across recurrent items did not meet Treasury's 50% reduction across board because the Ministry is unique and a bulk of its core duties involves travel, both within host nations and from headquarters.</p> <p>Ministry of Defence</p> <p>3. The proposed reduction of KSh. 119.5 million would not affect the operations of the ministry significantly. The Ministry could still operate by adopting austerity measures to deliver the set targets with lesser resources.</p> <p>State Department for Regional and Northern Corridor Development</p> <p>4. The proposed reduction of KSh.352.9 million under the state Department for Regional and Northern Corridor Development was a reversal of committee resolutions towards development projects under RDAs. It was a concern that out of the additional KSh. 500 million the Committee approved as additional allocation, KSh 352 was being reversed through the supplementary.</p>	<p>The Committee approves the re-allocation of KSh. 220 million to Pretoria constructions, KSh. 25 million towards Construction of an Office block and other works in Mogadishu and Renovations in Rome through reduction of KSh. 104 million in Newyork and KSh 150 million for London renovations</p> <p>The committee is further agreeable to the proposals by the National Treasury that: -</p> <p>a) additional KSh. 152,377,975 be allocated towards the Ministry of Foreign Affairs</p> <p>b) a sum of KSh. 119,516,505 be reduced from the Ministry of Defence</p> <p>c) a sum of KSh. 51,660,615 be reduced from the State Department for East African Affairs</p> <p>d) a sum of KSh. 407,350,012 be reduced from the State Department for Regional and Northern Corridor Development</p>
<p>3. TRANSPORT PUBLIC WORKS AND HOUSING</p>	<p>Observation</p>	<p>Recommendation</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>State Department for Infrastructure</p>	<p>The committee observed that the proposed supplementary estimates for 2019/20 adjust the gross approved allocation to the State Department from Kshs 186.41 billion to Kshs 198.91 billion. The recurrent budget is reduced by Kshs 115 million mainly on account of the O&M following the guideline by the National Treasury directing such expenditures be reduced by 50%. The development budget is increasing by Kshs 12.50 billion mainly on account of James Gichuru -JKIA Express way access roads to big four projects and sport improvements projects (Public participation Projects)</p> <p>The Committee further observed that as at 30th October 2019, the total pending bills amounted to Kshs.81 billion, comprising of carry-over bills 2018/2019 not paid and additional certified works from 1st July to 30th October, 2019</p> <p>In addition, the Committee observed that the reallocations made to low volume sealed roads during estimates were not implemented negating the constitutional budget making role of the National Assembly</p>	<p>State Department for infrastructure</p> <p>The committee recommends that the National Treasury enhances the budgetary allocation to the State Department for Infrastructure in this FY and consider increasing the ceilings for the FY 2020/21 to enable the State Department settle pending bills. In addition the national treasury should seriously consider floating a Roads Bond because the annual allocations are not sufficient to address the current commitment amounting to cover Kshs 680 Billion.</p> <p>The committee recommends the national treasury and the state department for infrastructure implement the House Resolution on the reallocation to low sealed roads through this supplementary Estimates 1.</p>
<p>State Department for Transport</p>	<p>State Department for Transport</p>	<p>State Department for Transport</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>The Committee observed the Standard Gauge Railway (SGR) project has accumulated Kshs.30 billion as pending bills on operations. This resulted from the promotional tariffs it applied when it started operation from 2017/18. It is also noted the SGR makes Kshs.1.3 billion per months against an operation expense of Kshs.1.0 billion. However, this money is deposited in an escrow account as a security the SGR loan and cannot be accessed for operations therefore leaving the operator to foot the bill of the entire operations which at the end becomes unbearable</p> <p style="text-align: center;">State department for Shipping and Maritime</p> <p>The committee observed that the State Department suffered a loss of Kshs 47,1221,038 in supplementary estimates 1 for 2019/20.its noted that this will hinder operations at HQs at the state Department.</p> <p>The committee further observed that the State Department has a pending bill of Kshs 640,000 which relates to procurement of ICT equipment.The committee was informed that the pending bill was transferred to the State Department for ICT for payment since the budget for ICT was consolidated under the State Department for ICT.</p> <p style="text-align: center;">State Department for Housing and Urban Development</p>	<p>The committee recommends an immediate amendment to the Rail Development Levy Fund (RDLF) to allow utilisation towards railway operations to clear the backlog of pending bills in the rail transport.In addition the National treasury must find the paymmt of the pending bills from exchequer as a stop gap measure in the meantime.</p> <p style="text-align: center;">State department for Shipping and Maritime</p> <p>The committee recommends that the Budget and appropriation committee approves the supplementary estimates 1 as proposed by the national Treasury.</p> <p style="text-align: center;">State department for Housing and Urban Development</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>i: The committee observed that the proposed supplementary estimates for 2019/20 adjust the gross approved allocation to the State Department from Kshs 31.52 billion to Kshs 31.97 billion. The recurrent budget is reduced by Kshs 69 million mainly on account of austerity measures on non-core expenditures whereas the Development is increased by Ksh 514 million mainly on account of provision for BRT</p> <p>ii: The committee observed that the State Department has a pending bill amounting Kshs 766 million of which payments towards Kshs 263 million is in the process whereas the balance of Kshs 503 million have no budgetary provision.</p> <p>iii: The Committee further observed that the National Treasury was fronting that Kshs. 52.0 Billion was available to support affordable housing but funds are held up in Saccos.</p> <p>State Department for Public Works</p> <p>i: The Committee observed that allocations to critical footbridges that were connecting schools across the country were reduced from Kshs. 7.8 million per footbridge to Kshs. 3.5 million per footbridge. The committee was informed by the State Department that there are 57 critical footbridges that were planned for construction but only 33 were funded. It was noted that reduction in budgetary allocation will hinder completion and result in accumulation of pending bills. Of important to note is that some of these bridges were funded through intervention of the House and removing the</p>	<p>The committee recommends that the BAC approves the supplementary estimates as proposed by the national Treasury</p> <p>The National Treasury should find proper legal mechanism to mobilize the Kshs. 52.0 Billion they submitted to be available in the Saccos to be used for affordable Housing Programme</p> <p>State Department for Public Works</p> <p>Financial Recommendations</p> <p>Reductions</p> <p>a) The committee recommends a reduction of Kshs. 115,497,385 from the Government buildings programme for supervision big four projects in manufacturing.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>allocations negates the Constitutional budget making role of the National Assembly.</p> <p>ii. It is observed that within the supervision of big four projects under manufacturing there is an allocation of Kshs.499 million. The state Department submitted that it would be difficult to absorb the amount by the end of the financial year 2019/20. The Committee was equally concerned with capacity of the State Department fully utilizing the allocated amount by the end of the financial year.</p> <p>iii. The committee observed that there was an allocation of Kshs 1.694 billion towards supervising of Big Four projects under Universal Health Care. The details provided indicated that, the purpose of the allocation are for design, documentation, project management for upgrades of works of electrification and LAN installation in 118 health care centers. The committee notes this is a devalued function and may lead to duplication and wastage of resources. Further, according to the State Department these amounts may not be absorbed unless implementing agencies fast-track their works.</p>	<p>b) Reduce Kshs. 352,700,000 from the Government building programme for the supervision big four projects in universal health care.</p> <p>Increase</p> <p>a) Increase Kshs. 115,497,385 to Coastline Infrastructure and pedestrian access programme to reinstate the amounts deducted from each of the footbridges.</p> <p>b) Increase Kshs.352,700,000 to coast line infrastructure and pedestrian access programme to finance the unfunded 22 footbridges which were ongoing but not funded in 2019/20.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>iv. It was observed that the State Department has a pending bill of Kshs 551 million of which Kshs 494 million for development and Kshs 57 million for recurrent. The committee notes that the outstanding bills may not be cleared through realignment of the available budgetary provisions or through the first charge approach due to inadequacy of budgetary provision for the state department.</p>	
4. LANDS	<p>Observation</p> <p>i. That the decrease in the recurrent expenditure of Kshs 90.1 million in the Ministry of Lands and Physical Planning and a decrease of Kshs 120 million from the National Lands Commission is meant to cater for projects and programmes under the Big four Agenda.</p> <p>ii. That the proposed reduction of Kshs 43 million on the County Land Offices and Kshs 7.3 million on the Kenya Institute of Survey and Mapping Heads will have significant negative effect on the operations and delivery of two important bodies that are already under funded. The County Land Offices form a nexus between the ministry and operations at the counties without which issuance of title deeds, solving boundary disputes and completion of ongoing adjudication will be difficult.</p>	<p>Recommendation</p> <p>The Committee recommends the reinstatement of the Sum-total of Kshs 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of Kshs 43,789,037 deducted from County Land Offices-Vote 1112 and the same deducted from the vote head survey department-National Bulk Tiling Centre within Vote 1112-Ministry of Lands and Physical Planning.</p> <p>The committee agrees with the proposed reduction of Kshs 120,992,425 from the National Lands Commission- Vote 2021.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>iii. That the proposed reduction in the Commissions recurrent budget will have likely implications on operations and outputs of the Commission. For example, the processing of title deeds and transfer documents for public institutions will reduce from a target of 6000 to 4000 and targeted execution of leases and grants for public institutions will reduce from 5000 to 3000.</p> <p>iv. That there were no new projects or programs introduced during this supplementary Estimate 1 of 2019/20 FY. The ministry will continue to implement the 12 ongoing projects that were earmarked for completion during the consideration of the budget estimates for the 2019/20 FY.</p> <p>v. The budget adjustments for the various programmes have complied with the provisions of section 43 (2) c of the Public Finance Management Act, 2012 which requires that the sum of all reallocations made to or from a programme do not exceed 10% of the total expenditure approved for that programme.</p> <p>vi. The Committee observed that the Commission has a pending Bill to the tune of Kshs 561 million carried forward from the FY 2018/19 of which Kshs 519 million is staff gratuity for officers of the Commission who were transited from contract to permanent status</p>	<p>The Committee recommends the approval of the 2019/2020 Revised Estimate (Supplementary Estimates I) of Kshs 1,187,207,575 for Vote 2021 -the National Land Commission and Kshs 2,926,039,009 for Vote 1112 - Ministry of Lands and Physical Planning.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>5. TRADE, INDUSTRY AND COOPERATIVES</p>	<p>OBSERVATION State Department of Industrialization</p> <ol style="list-style-type: none"> 1. The state department for Industrialization has been provided additional allocation of Ksh. 5,926 million for development expenditure which is in line with the objective of the supplementary- providing resources for the Big Four projects. 2. The allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu is proposed to reduce by Ksh. 241.8 million. During the scrutiny of the 2019/20 annual estimates, the Committee made a recommendation and resolved to provide additional funds of Ksh. 400 million for the completion and equipping of KIRDI in Kisumu to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the “Big 4 Agenda. This resolution has been negated with the proposed reduction. 3. The Ksh. 2,160 million introduced and allocated for the Development of a Freeport , Industrial parks and Special Economic Zone in Mombasa is in line with providing enough resources towards the Big Four, but given that preliminaries regarding the projects have not commenced, concerns of absorption arose. The Committee further observed that Dongo Kundu has land issues related to compensation of land owners and squatters. 	<p>RECOMMENDATIONS State Department for Industrialization</p> <ol style="list-style-type: none"> 1. A reduction of Ksh 1,460,000,000 in the allocation for the Development of Freeport & Industrial parks- special Economic Zone Mombasa; 2. A reduction of Ksh. 1,988,000,000 in the allocation for the Development of Kenanie Leather Industrial Park;

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>4. Ksh. 1,200 million toward Development of Special Economic Zone in Naivasha is a boost in the realization of the Big Four agenda.</p> <p>5. The allocation of Ksh 2,475,198,089 towards development of Leather Industrial Park in kenanie is a welcome idea but the amount is too much to be utilized within the remaining time if the Financial year.</p> <p>6. The Government has spent a lot of money in modernizing Rivatex but very little has been done in regard to materials/cotton to be utilized by the machines. Thus there is need for working capital towards cotton development-subsidy and extension support.</p> <p>7. Construction of Constituency Industrial Centres will promote manufacturing by providing the youth with skills and create employment at constituency level. There is need therefore for funding towards sensitization, coordination and monitoring on the implementation of the centers.</p> <p>8. There is need for MSEA to create a fund to support small and micro enterprises with loans. This will widen the avenues through which the SME will access funds.</p> <p>9. Reducing 168,000,000 for infrastructure and civil works development for KITI is misinformed since the institution has several incomplete buildings that needs to be completed to facilitate proper training of youth towards achieving the Big Four agenda.</p>	<p>3. A reduction of Ksh. 67,200,000 on the allocation for the Development of SEZ Textile Park Naivasha; A total of Kshs 3,515,200,00 from the above reductions to be spent as follows;</p> <p>4. An increase in the allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu by Ksh. 241,800,000. This will enable the project to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the “Big 4 agenda”;</p> <p>5. An increase in the allocation for Construction of Industrial Research Laboratories-KIRDI South B by Ksh. 318,000,000 for the construction of industrial laboratories;</p> <p>6. An increase in the allocation for Infrastructure and Civics works Development-KITI by Ksh 168,000,000 to enable completion of some infrastructure and civil works;</p> <p>7. An increase in the development allocation for RIVATEX by Ksh 650,000,000 as an injection of working capital;</p> <p>8. An increase in the development allocation of Ksh 297,400,000 to Numerical Machines for modernization of foundry plant;</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>10. Numerical Machine Complex is underfunded despite its potential indelivering towards the Big Four Agenda</p> <p>State Department of cooperatives;</p> <p>The Committee made the following observation;</p> <ol style="list-style-type: none"> 1. Ksh. 30 million was provided for the Modernization of Cooperatives Cotton Ginneries- (Luanda Cooperative Ginney in Busia County) as resolved by the House but was removed by Treasury against the requirement of the Kenyan Constitution. 2. The Principal Secretary need to have a utility vehicle to facilitate efficient movement to be able to discharge his mandate effectively <p>State Department of Trade</p>	<p>9. An increase development allocation of Ksh 170,000,000 for the Development of Athi River Textile Hub-EPZA;</p> <p>10. An allocation of Ksh 320,000,000 as development expenditure towards Technical Support, Sensitization and Coordination for the Manufacturing Pillar;</p> <p>11. An allocation of Ksh. 1,000,000,000 towards MSMEs Fund.</p> <p>State Department of Cooperatives</p> <p>12. An allocation of Ksh. 30,000,000 for Modernization of Cooperatives Cotton Ginneries- Luanda Cooperative Ginney in Busia County.</p> <p>State Department of Trade</p> <p>13. Additional allocation of Ksh. 100,000,000 to Kenya Trade Remedy Agency;</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. The reduction of Ksh 265 million from 2,152 million is unlawful since the reduction forms 12.35% change against the regulation 40(9) of the PFM (National Government) Regulations 2015 which provides that in approving supplementary estimates the National Assembly approval shall not exceed ten (10) percent of the approved budget estimates of a program or Sub-Vote unless it is for unforeseen and unavoidable need as defined in PFM (National Government) Regulations, Regulation 40(3).</p> <p>2. There is need to control prices of agricultural products that enter the Kenyan market from neighboring countries such as milk, eggs, maize etc as much as the region enjoys free regional markets since Kenyan farmers are counting losses due to the influx of the products. Subsequently there is a need to operationalize Kenya Trade Remedy Agency.</p> <p>3. Deducting Ksh 120 million from the printed estimate of Ksh 240 million that was budgeted towards partitioning KIBT Parklands building will delay its completion yet the building will be generating revenue to the government if completed. The building has stalled for years and it makes no economic sense to delay its completion because some floors are now occupied.</p> <p>4. Most activities out by the State Department are recurrent thus cutting the recurrent expenditure budget by 50 percent will paralyse many activities and underutilisation of officers.</p>	<p>14. Additional allocation of Ksh 120,000,000 for KIBT Parklands building to ensure Completion of partitioning;</p> <p>15. An additional allocation of Ksh. 100,000,000 for the recurrent expenditure to support trade promotion.</p>
6. LABOUR AND SOCIAL WELFARE	OBSERVATION	RECOMMENDATIONS

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>a) The sector is generally underfunded despite the critical role it provides in the welfare of the most vulnerable members of the society such as the youth, women, children, the elderly and Persons Living With Disabilities.</p> <p>b) The Budget absorption rate for all the MDAs under the purview of the Committee is low. This is largely attributed to the slow exchequer release by the Treasury.</p> <p>c) Most of the subsectors under the purview of the Committee do not have proper legal and policy framework. This is true of the social Protection, Children, Disability, Youth and labour migration subsectors. The current legal regime under this sub sectors are out dated and not consistent with the Constitution of Kenya, 2010.</p> <p>3.2 Specific Observations</p> <p>3..2.1 State Department for Labour</p> <p>a) Foreign employment promotion, which is expected to play a significant role in alleviating the problem of youth unemployment in the country remains under funded and without a comprehensive legal framework. The Labour Consular Offices in Qatar, Saudi Arabia and the United Arab Emirates remain ineffective due to inadequate financial and human resources.</p>	<p>The Committee having received submissions from the various State Departments and Commission and further deliberated, scrutinized and examined the submissions and content of the 2019/2020 Supplementary Budget I, the Committee recommends the following:</p> <p>a) Policy Recommendations</p> <ol style="list-style-type: none"> 1. The State Department for Labour should fast track the enactment of a Labour Migration Policy in order to provide for the framework for labour export to countries with deficit and ensure favourable terms for Kenyans seeking opportunities abroad. 2. The State Department for Social Protection should operationalize the Social Assistance act as a matter of urgency to provide a proper legal framework for social protection as provided for in the Constitution.

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>3.2.2 State Department for Social Protection</p> <p>a) The National Safety Net Program, <i>Inua Jamii</i> is operating without a legal framework. The Social Assistance Act, 2013 on which the program is anchored has never been operationalized.</p> <p>b) The Funds allocated for health insurance for the beneficiaries of the Cash Transfer Program are not adequate. Currently only Kshs 600 million is available for this translating to only Kshs. 500 per beneficiary. The issue of whether part of the money was disbursed through the Ministry of Health is not clear.</p> <p>c) The account of the Street Children Rehabilitation Trust Fund has been regularized with its relocation from the State Department of Interior. This has occasioned the suspense of Kshs. 165 million</p> <p>3.2.3 State Department for Youth Affairs</p>	<p>3. Funds allocated for the health insurance for the elderly should be domiciled in one State Department. Given that the State Department for Social Protection has the requisite structures to reach the elderly, it is recommended that the funds be domiciled at the State Department for Social Protection</p> <p>4. The National Government affirmative action Fund be retained at the State Department for Gender, given that it is expected to empower the vulnerable members of the society, especially women and girls.</p> <p>5. The Kshs.165 million in suspense at the Street Children Rehabilitation Trust Fund due to delay in regularization of the Trust account and subsequent delay in exchequer releases, be returned to Treasury for re- voting. It is recommended that the funds be reallocated to the Trust Fund to execute its mandate.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>a) The field offices under the Directorate of Youth Affairs have no budgetary allocation under the Supplementary Budget except for Personnel Emoluments. The officers cannot execute their mandates in the prevailing scenario.</p> <p>3.2.4 State Department for Gender Affairs</p> <p>a) The Department has no field officers in key aspects such as sensitization on Gender Based Violence.</p> <p>b) There is a notable disparity in repayment of loans under the various affirmative Action Funds such as Youth Enterprise Development Fund, Uwezo Fund, and Women Enterprise Development Fund. Uwezo Fund stands out for highest number of defaulting cases.</p> <p>3.2.5 State Department for ASAL</p> <p>a) There is no provision for recurrent allocation to the State Department where most of the projects are donor supported. This hinders monitoring and Evaluation of the projects* details(I will insert)</p>	<p>Re-allocation</p> <p>The Committee recommended the following re-allocation:-</p> <p>a) Kshs 600 million allocated to State Department for Social Protection under the National Social Safety Net Programme for the beneficiaries of National Social Safety Net Programme to be enrolled in NHIF to be re-allocated as follows:</p> <p>i) Kshs. 500 million be retained at the State Department for Social Protection to be used for the cash transfer program for the elderly</p> <p>ii) Kshs. 40 million be allocated to the National Drought Management Authority who also have a mandate over one of the components of Cash Transfer (The Hunger Safety Net Program). This should be specifically used under the item Drought coordination and Food Security Assessment to enable the Authority discharge its mandate effectively</p> <p>iii) Kshs. 20 Million be allocated to the Anti-Female Genital Mutilation Board (FGM) to builds its capacity in sensitizing affected communities on the dangers of FGM. Due to underfunding the Board has not been able to discharge its role. This will support the Government's current declaration to end the practice of FGM.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p data-bbox="427 1160 464 1787">3.2.6 National Gender and Equality Commission</p> <p data-bbox="624 922 858 1787">The Commission remains underfunded and may not be able to discharge its mandate as provided for in the Constitution. As a constitutional Commission, Parliament has an obligation to fund it to realize its goal. The Committee observes that the Commission has an obligation to report to specific international fora on the level of compliance of set standards on gender and equality. Any reduction of its recurrent expenditure therefore renders it ineffective.</p>	<p data-bbox="352 120 592 900">iv) Kshs.40 Million be allocated to the National Gender and Equality Commission. The Constitution obligates Parliament to facilitate the work of Constitutional Commissions. With the current cut, the Commission is not able to carry out its mandate of ensuring compliance with national and international standards of gender mainstreaming and equality.. increase</p> <p data-bbox="647 120 850 900">b) Ksh. 153,843,795 in the State Department for Social Protection for Street Families Rehabilitation Trust Fund which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary allocation be utilized for the said purposes in the current Financial year in the Social Development and Children Services Programme.</p>
<p data-bbox="935 1823 1026 2024">7.AGRICULTURE AND LIVESTOCK</p>	<p data-bbox="967 1473 999 1644">Observations</p> <p data-bbox="1054 927 1190 1796">(i) The introduction of new projects under the supplementary budget- which is against the provisions of Regulation 40(8) of the PFM Regulations, 2015 which stipulates that no new program or policy can be introduced in the supplementary budget.</p> <p data-bbox="1222 927 1318 1796">(ii) The underperformance in the development expenditure of the state departments was occasioned by the delay in uploading the budget to IFMIS.</p>	<p data-bbox="975 528 1007 766">Recommendations</p> <p data-bbox="1094 125 1158 900">State Department for Crop Development & Agricultural Research</p> <p data-bbox="1238 125 1302 900">Under the state department, the Committee made the following recommendations on allocations:</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>(iii) There were errors in capturing the allocations to the Smallholder Irrigation Programme and Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) which needs to be rectified by the National Treasury to reflect a true position.</p> <p>(iv) There is a need to enhance resource allocations to enable completion of projects within stipulated time and resources; and improve project/programme monitoring and evaluation.</p> <p>(v) It is essential to support tea, coffee, and sugarcane research as it is crucial in improving and sustaining the productivity performance of the crops. There is need to fund tea, sugar and coffee research in the next financial year.</p>	<p>(i) The committee recommends a reduction of Ksh. 400 million in the allocation for the Modernization of Agricultural Society of Kenya Premises. The allocation remains at Ksh. 175 million</p> <p>ii. An additional of Ksh 200 million for food security and crop diversification project.</p> <p>State Department for Livestock</p> <p>Under the state department, the Committee made the following recommendations:</p> <p>(i) Reinstate the reduced allocation of Kshs 30 Million for the Livestock Policy Research & Regulations. This will ensure that the department develop and review 5 policies and strategies, as well as develop and review 5 bills and regulations on livestock and development.</p> <p>ii. An increase allocation of Kshs 100 million for Disease Free Zone Bachuma</p> <p>iii. An increase allocation of Kshs 70 million for modernisation/ Rehabilitation of Kenya Meat Cossion Factory.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.</p> <p>State Department for Fisheries, Aquaculture & the Blue Economy</p> <p>Under the state department, the Committee made the following recommendations:</p> <p>(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.</p> <p>(i) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills</p> <p>State Department for Irrigation</p> <p>Under the state department, the Committee made the following recommendations on allocations:</p> <p>(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.</p> <p>(ii) The National Treasury with the state department for irrigation scrutinize and rectify any errors in the budget figures for Smallholder Irrigation Programme and Mwea Irrigation and Development Project.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
8. FINANCE AND PLANNING	<p>Observation</p> <p>Following the submissions from the State Departments and Commissions and the briefing by the Parliamentary Budget Office on the proposed Supplementary Budget Estimates for the FY 2019/20, the Committee made the following observations, THAT:-</p>	<p>(iii) The National Treasury expedites the process of resolving any taxation issues with the contractor for Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) to enable continued implementation of the project.</p> <p>(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.</p> <p>State Department for Agricultural Research</p> <p>Under the state department, the Committee made the following recommendations:</p> <p>(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.</p> <p>(ii) The state department includes in the Budget Policy Statement for 2020, an allocation for funding tea research, coffee research, and sugarcane research to ensure continued development and sustenance of the crops.</p> <p>Policy Recommendations</p>
		<p>The Committee made the following policy recommendations. That: -</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. There is a total increase of KSh. 85.8 billion in the development budget while there is a reduction of KSh. 5.7 billion in the recurrent budget. The overall effect is the increase of the budget by about KSh. 80 billion amid huge revenue underperformance in the first quarter of the fiscal year. This seems to indicate that borrowing is likely to be increased beyond the approved levels.</p> <p>2. Kenya Revenue Authority (KRA) was underfunded by KSh. 9 billion in the Budget Estimates for the FY 2019/20 this has made it difficult for it to optimally discharge its mandate of revenue collection. The Supplementary Budget proposes to enhance the Authority's revenue by KSh. 4 billion for operations and capacity enhancement reducing the deficit to KSh. 5 billion. The Authority requested for additional KSh. 2 billion for the recruitment of additional 1000 officers. This is among the measures that will improve compliance in order to generate additional KSh. 50 billion in revenue.</p>	<p>1. The Supplementary Budget Estimates for 2019/20 should be consistent with the revenue outlook considering that the first quarter results indicate a huge revenue underperformance, considering that on overall, this supplementary proposes an increase in expenditure. This is to avoid occasioning a wider financing gap that will potentially increase borrowing beyond the approved levels.</p> <p>2. In the intervening period, the Government should increase funding towards provision of relief food to ASAL Counties in the next budget. In the long term, deliberate measures should be instituted to ensure that there is sustainable provision of food for the population in ASAL areas so as to permanently address the perennial need for relief supplies.</p> <p>1. Greater focus should be placed on investment in revenue enhancement measures and non-tax incentives to encourage both local and foreign investment to guarantee the country self-financing as opposed to borrowing.</p> <p>2. The Government should ensure that all pending projects are completed in order to avoid wastage of resources and ensure that all pending bills are cleared in order to encourage businesses to grow and have more money in circulation.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>3. There is a proposed capital injection of KSh. 1.2 billion towards the Agricultural Finance Corporation and the Consolidated Bank of Kenya which are government corporations.</p> <p>4. There is an introduction of a new project, data warehouse business intelligence, foreign financed to a larger extent (foreign funding constitutes KSh. 229 million out of a total of KSh. 270 million).</p> <p>5. The approved allocation for the compulsory employer contribution to the staff pension scheme is proposed to be reduced by KSh. 5.5 billion from KSh. 10.9 billion to KSh. 5.4 billion.</p> <p>6. The proposed increment of KSh. 211 million on the Salaries and Remuneration Commission's budget is about 47% of the approved budget. This is a huge deviation from the original budget, also in view of Section 43 of the Public Finance Management Act, 2012.</p> <p>7. Despite the increase in the global budget, the Supplementary Budget proposes a decrease to the allocation of the National Government Constituencies Development Fund to below the 2.5% that is provided for in the Constituencies Development Fund Act.</p> <p>8. Some treaties and protocols that the Government enters into at the East African Community (EAC) have an impact on taxes in the country.</p>	<p>3. The Government should reduce borrowing commercial loans which are expensive and instead borrow cheaper bilateral and multi-lateral loans if need arises.</p> <p>4. To encourage growth of SMEs, the Government should stop borrowing locally in order to encourage banks to give loans to SMEs.</p> <p>5. There is need for greater scrutiny by Parliament of any EAC treaties and protocols that have an impact on the tax collection in the country.</p> <p>Financial Recommendations</p> <p>The Committee made the following financial recommendations:-</p> <p>Proposed Reductions</p> <p>The Committee proposed reductions in the following votes:-</p> <p><u>Salaries and Remuneration Commission: Vote 2081</u></p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>9. The approved allocation to the programme on Special Initiatives under the State Department for Devolution has been proposed to be increased from KSh. 54 million to about KSh. 1.1 billion to cater for emergency relief and refugee assistance.</p> <p>10. The proposals in the Supplementary Budget tend to overturn the proposals made by the National Assembly in the Budget Estimates for the FY 2019/20.</p>	<p>1. That the proposed increase of the budget to the Salaries and Remuneration Commission by about KSh. 211 million under the Programme: 073000 – Control and Management of Public Finances be disallowed since the National Assembly considered the matter and made a resolution on it during the consideration of the Budget Estimates for the FY 2019/20.</p> <p><u>National Treasury: Vote 1071</u></p> <p>2. A reduction of KSh. 2 billion that was approved for employer contributions to compulsory National Social Security Schemes in the Pensions Department in the Programme: 0717000 - General Administration Planning and Support Services. This is occasioned by the current delays in the implementation of the rollout of this activity.</p> <p>Proposed Increases The Committee proposed increases in the following votes:-</p> <p><u>State Department for Planning: Vote 1070</u></p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>1. Rejected the proposed reduction of the allocation the National Government Constituencies Development Fund from KSh. 41.7 billion to KSh. 36.5 billion under the Programme: 076000 – Economic Policy and National Planning. This is because this reduction will occasion an allocation to NG-CDF that is below the legal requirement of 2.5%.</p> <p><u>Commission on Revenue Allocation: Vote 2061</u></p> <p>2. Under the proposed reduction of KSh. 78 million, the Committee proposed reinstatement of KSh. 50 million under the Programme: 0737000 – Inter-Governmental Transfers and Financial Matters to cater for:-</p> <p>a. Recommendation on Vertical Share -KSh. 1.5</p> <p>b. Recommendation on 3rd Revenue Sharing -Ksh. 2.5</p> <p>c. Financing of cities -KSh. 5 million</p> <p>d. Integrated Data Management System -KSh. 5 million</p> <p>e. State of marginalization across and within countries -KSh 5 million</p> <p>f. Own Share Revenue Curriculum -KSh. 18 million</p> <p>g. Efficient service delivery - KSh 3 million</p> <p><u>Office of the Controller of Budget: Vote 2121</u></p> <p>3. Under the proposed reduction of KSh. 64 million, the Committee proposed reinstatement of KSh. 12.83 million under the Programme: 0730000 – Control and Management of Public Finances to cater for:-</p> <p>a. Courier and postal services – KSh. 1.44 million.</p> <p>b. Domestic travel, subsistence and other transportation costs – KSh. 5 million.</p> <p>c. Hospitality supplies and services – KSh. 1.7 million.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>d. Membership fees, dues and subscriptions to professional and trade bodies – KSh. 840,000.</p> <p>e. Routine maintenance, vehicles and other transport equipment – KSh. 3.85 million.</p> <p><u>National Treasury: Vote 1071</u></p> <p>4. An increase of KSh. 2 billion to the Kenya Revenue Authority budget under the Programme: 0717000 - General Administration Planning and Support Services for the recruitment of an additional 1000 officers countrywide in order to generate an additional KSh. 50 billion in revenue in support of the achievement of this year's revenue estimate.</p>
<p>9.ENVIRONMENT AND NATURAL RESOURCES</p>	<p>1 State Department for Mining</p>	<p>1. In reviewing the Supplementary estimates for Financial Year 2019/20, the Committee held meetings and received submissions from all state agencies under the subsector. Upon review of the submissions, the committee made the following Financial Recommendations</p> <p>Policy Recommendations</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. The State Department for Mining has continued to be affected by the under-funded. It has further been affected by the highest budget cut through the supplementary of Kshs. 80 million in the recurrent expenditure and Kshs. 131 million in the Development expenditure. The budget cuts incurred in Supplementary I Estimates of the Financial Year 2019/20 will affect the State Departments capacity to discharge its mandate as outlined in Mining Act 2016, and to implement effectively its Strategic Plan as aligned to the MTP III (2018-2022).</p> <p>2. Despite the underfunding, the State Department for Mining was utilizing the limited allocation effectively. This was observed on the increment of the collection of the Recurrent AIA to Kshs. 100,000,000 against a budget amount of Kshs. 20,000,000 for the FY 2018/19. The Department aims at increasing the recurrent AIA to Kshs. 150 million in FY 2019/20.</p> <p>3. The centralization of the Information and Communication Technology of Ministries Departments and Agencies in the Ministry of Information Communication and Technology was impacting negatively on the technical sectors as it was hampering the acquisition of specialized ICT equipment and software for the Geodata and online Mining Cadastre System.</p> <p>4. The National Airborne Geophysical Survey was being implemented by the Ministry of Interior under the Inter-Agency framework. However, it is important to note that the technical expertise for this project was in the State Department for Mining. The allocation of Kshs. 131 million towards the public participation and community engagement for this project was removed from the Department's budget through the Supplementary Budget.</p>	<p>1. That the Ministries, Departments and Agencies (MDAs) should embark on planning to complete the stalled and incomplete projects prior to starting new projects.</p> <p>2. That The Ministries, Departments and Agencies (MDAs) should plan to settle outstanding pending bills especially those relating to staff statutory deductions. In addition, they should form validation committees to validate all outstanding payments and come up with repayment plan within the current financial year.</p> <p>3. The Committee recommends for stakeholders' consultations on reinstating the Environmental Impact Assessment fees previously charged by the National Environment Management Authority (NEMA) that drastically reduced internally generated Revenue (A-I-A). This will ease pressure on exchequer as its sole financier and improve on execution of its mandate.</p> <p>4. The Committee recommends the Ministry together with the State Law Office and the National Treasury to develop innovative measures to finance the domestication of Multilateral Environment Agreements (MEAs)</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>5. The Mining Sector is expected to continuously increase in growth to support the economy, and while it's a big enabler to the "Big Four" Agenda. There is therefore need to support the value addition projects through capacity building activities for the artisanal and small scale mining especially in Taita Taveta, Kakamega, Kwale, Vihiga, and Kisii Counties.</p> <p>4.2 Ministry of Water, Sanitation and Irrigation</p> <p>6. The Ministry of Water, Sanitation and Irrigation had a reduction of Kshs. 49 million in the Recurrent Expenditure and an addition of Kshs. 7.757 billion in the Development vote. The Increase is towards the Water and Sewerage Relocation Works along the Nairobi Express Way amounting to Kshs. 2.7 billion and an allocation of Kshs. 4,229, 963,836 for the Northern Collector Tunnel and the Northern Collector Tunnel Community Water Supply Schemes. However, the absorption of these huge allocations was doubtful due to the limited time to expend the budget.</p>	<p>5.1.1 Reductions</p> <p>2. The Committee recommends reduction by Kshs. 1,000 million from the proposed new project the Water and Sewerage Relocation Works for the Nairobi Express Way under the Water and Sanitation in the ministry of Water and Sanitation. The net effect is to Reduce Water and Sewerage Relocation Works for the Nairobi Express Way from Kshs 2,700 Million to Kshs 1,700 million.</p> <p>Justification</p> <p>3. Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. However, should the need arise for additional funds, The National Treasury may allocate funds for the project through another supplementary estimates on a need basis before the lapse of the current appropriation.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>7. The Supplementary Budget had introduced new budget lines that were not in the Budget Estimates for FY 2019/2020. These projects include the Peace Dams Construction in West Pokot, Turkana, Baringo, Tana River and Marsabit Counties with an allocated amount of Kshs. 1.070 billion in the supplementary budget. Whereas the peace dams is a good idea to appease the warring pastoralist communities due to water scarcity, there is no proper justification why they have been factored in the supplementary budget as opposed to the main budget.</p> <p>8. Under the Water for School programme, it was observed that there were boreholes that had been sunk through this programme. However, the project was not providing value to the beneficiaries as they were not equipped with water pumping equipment. Hence, there was need to have the projects implemented to completion for water supply to the intended beneficiaries by ensuring adequate allocation of funds by the implementing agencies.</p> <p>9. Ifare Dam project had stalled for one year due the contractor CMC Di Ravenna, having filed pre-bankruptcy proceedings in Italy. As the Ministry is trying to engage the contractor and the financiers on the way forward to ensure that the project get back on course, there was need to ensure that the Ifare Dam Site is well secured from damage due to idle time and equipment. The Ministry requested for a budget of Kshs. 120 million for the same.</p>	<p>4. The savings arising from this reduction shall be directed/ reallocated towards needy cases within Ministry of water and sanitation</p> <p style="text-align: center;">5.1.2 Re-allocations</p> <p>Water and Sewerage Relocation Works for the Nairobi Express Way-(1,000) Umaa Dam - KSH 100M Badasa Dam -Ksh. 100M</p>

4.3 State Department of Wildlife

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>10. The Gross Estimates for the First Supplementary estimates for 2019/2020 financial year was Ksh. 9,204 Million, out of which Ksh. 7,736 Million was Recurrent expenditure whereas Ksh. 1,468 Million was capital expenditures. This represents a decrease of Ksh.51 Million in the recurrent budget and an increase of Ksh.100 Million in Capital expenditure. The increase in capital expenditure is to be utilized at a JICA funded project at the Nairobi Safari Walk.</p> <p>11. There was need to consider reallocation within the state department's budget to cater for the following expenses that were outstanding: Ksh. 7 Million under Foreign travel to cater for air tickets to CITES conference. The event had already been undertaken and there was need to pay for the air tickets utilized. Equally, Ksh.50 Million to cater for Wildlife Policy development and implementation and the review of the Wildlife Conservation and Management Act, 2013.</p> <p>12. Target AIA Collection for KWS increased by Ksh.724 M in the 2018/2019 Financial Year to Ksh. 4,060 M. This was attributed to political stability after elections and improved collection of revenues due to automation and other deployments of technology that curbed revenue leakages.</p> <p>13. The state department had a pending bill on Human-Wildlife Conflict approved compensation claims of Ksh. 610 Million.</p> <p>14. The KWS had outstanding debts that amounted to Ksh. 2,980 Million. They included: Tsavo Area SGR phase 1 (Kenya Railways) –Ksh. 6 M; Southern Bypass easement (KeNHA); Ksh. 2,474 M; SGR Nairobi Park (Kenya Railways)- Ksh. 500 M.</p>	<p>Soin- Koru - KSh. 100M</p> <p>Water Resources Authority- KSh. 100M</p> <p>Ministry's HQ for Peace Dams - KSh. 146M</p> <p>National Water Harvesting Authority - KSh 70M</p> <p>Ministry's HQ for Peace Dams - KSh. 146M</p> <p>Kenya Forest Service - KSh. 84M in the Ministry of Environment and Forestry</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>4.4 Ministry of Environment and Forestry</p> <p>15. The Ministry had pending bills amounting to Ksh. 115,781,578.25 categorized as follows: Historical pending bills (Ksh. 86,493,986.25); FY 2018/19 pending bills under AGPO (Ksh. 17,876,867) and FY 2018/19 pending bills non AGPO (Ksh. 11,410,725). The ministry has processed pending bills amounting to Ksh 77,519,320.40 awaiting payment upon receipt of exchequer. However, the ministry may not pay some of the pending bills due to lack of budgetary provision in FY 2019/20 especially those under the projects with NIL allocation.</p> <p>16. There was need to consider reinstating the budgetary allocation to the following projects to enhance rehabilitation of riparian and degraded areas: Nairobi River Rehabilitation and Restoration Programme - Ksh. 110M; Urban Rivers Rehabilitation project- Ksh. 70M; Imarisha Lake Naivasha Catchment Management in Kenya- Ksh. 140M; Suswa - Lake Magadi – Migori Environment Restoration project – Ksh.71M; Forest Plantations – Ksh. 200M.</p> <p>17. NEMA had pending bills amounting to Ksh. 62 Million. Out of this, Ksh. 62 Million was owed to the Kenya revenue authority and Ksh. 30 Million was owed to suppliers.</p>	<p>Wish List</p> <p>Under the State Department for Wildlife, the National Treasury to consider reinstating the Foreign and Domestic Travel Votes under the Recurrent Expenditure so as to enable it clear the outstanding bill of Kshs. 7 million incurred during the country’s participation in the CITES COP 18 Conference.</p> <p>The National Treasury to consider reallocating Kshs. 50 million for development of Wildlife Policy and Bill from the Human Wildlife Mitigation Programme which has Kshs. 400 million. The Wildlife Policy in use currently was developed in 1975 and may not reflect the current reality in the wildlife sector.</p> <p>The National Treasury to consider allocating Kshs. 150 million under the Ministry of Water, Sanitation and Irrigation for the Tula Tula Water Supply in Eidas, Wajir County. This will increase the water supply in Wajir County.</p> <p>The National Treasury to consider allocating Kshs. 200 million for Forest Restoration Programme under the Ministry of Environment and Forestry. This will assist the Kenya Forest Service in taking care of the forest plantation for better yields in support of the Big Four Agenda of Housing.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>18. NEMA's enforcement department was ineffective. This was attributed largely to inadequate funding and inadequate staffing levels. There was need to consider reinstatement of the charging of EIA fees by the organization in order for it to generate adequate internal revenues to enable it to operate optimally. It was reported that deliberations geared towards reinstatement of the fee charging were on going.</p> <p>19. KFS requested for the following specific support: Reinstatement of Ksh. 200 Million to cater for Forest plantation Establishment. The allocation was removed last year but the project is critical in providing products that contribute to Big Four Agenda namely affordable housing and manufacturing. Equally, it requested for an internal reallocation to cater for Green Zone Development Support Project which was a 6- year project supported by ADB to the tune of Ksh. 5.3 Billion but required 10% counterpart fund which was not provided in the printed estimates and this was affecting its implementation. The project aimed at improving forest conservation in 15 counties through improving the livelihoods of the surrounding communities.</p> <p>20. There was need to consider lifting of the moratorium on exploitation of forest products that were largely going to waste after maturity. This would improve revenue generation at the KFS and hence ensure it operates optimally.</p> <p>21. KEFRI ought to consider intensifying research on forestry in arid areas which had the potential to contribute to the attainment of the constitutional requirement of 10% forest cover.</p> <p>22. KEFRI was piloting aerial planting of seeds by planting 1,800 kg of seeds. This was a technology that was utilized the world over and was one of the cheapest ways to propagate forests.</p>	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>10.JUSTICE AND LEGAL AFFAIRS</p>	<p>Observation</p> <p>Judiciary</p> <p>a) The total resource requirement for the Judiciary for the FY 2019/20 was Kshs. 23.3 Billion comprised of Kshs 16.992 Billion for recurrent expenditure and Kshs. 6.295 Billion for Development/Capital Expenditure. However, the Judiciary's approved allocation was Kshs. 18.5 Billion composed of Kshs 14.1 Billion for recurrent expenditure and Kshs 4.39 Billion for development expenditure leading to a shortfall of Kshs 4.8 Billion.</p> <p>b) In the proposed supplementary budget, the Department's recurrent budget has been reduced by Kshs 1.5 billion while the development budget has also been reduced by Kshs 1.4 billion translating to an overall reduction Kshs 2.9 billion (11.1%).</p>	<p>Recommendation</p> <p>a) The Committee recommends the reinstatement of the proposed reduction on the Judiciary's budget of Kshs 2.9 billion comprised of Kshs 1.5 billion for recurrent expenditure and Kshs 1.4 billion for development expenditure. The Committee's decision is informed by the devastating effects of the budgetary cuts on the Judiciary operations and its ability to improve its infrastructure across the country.</p> <p>b) The justification for the reinstatement of the development budget of the Judiciary is informed by the fact that the proposed reduction of 1.4 billion by the National treasury will lead to a 77% decrease on the approved GoK development budget leaving a balance of 419 million which cannot even settle the pending certificates currently standing at Kshs 429 million.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>c) The proposed reductions of Kshs 1.5 billion under the Judiciary's recurrent vote will severely affect the operations of the Judiciary. In particular, the following services will be affected; all Service weeks, Special Benches, Tribunal Sittings and Mobile courts will have to be suspended negating the objective of reducing case backlog, Judiciary's ability to provide official transport & fuel for Judges and Court Stations hence severely affecting attendance to courts, crime scenes and prison visits, and Maintenance of Key installations like Lifts, Generators, Security Scanners at Supreme Court and all court premises will be affected by the proposed reduction.</p> <p>d) The Committee further observed that the Judiciary has registered remarkable improvement in case clearance rate from 93% in FY 2017/18 to 96% in FY 2018/19 and a significant reduction in case backlog (cases 5 years and above) of 77%. These achievements were attributed to targeted strategies and initiatives such as service weeks as well as improved operational efficiency. These gains are likely to be lost if proposed cuts are implemented.</p> <p>e) The Committee also observed that the proposed austerity measures proposed by the National Treasury on the recurrent budget items cannot be applied uniformly across departments particularly in the case of service oriented departments like the Judiciary whose budgets are largely recurrent.</p>	<p>c) The Judiciary's operations will also be curtailed by the proposed reduction of Kshs 1.5 billion on its recurrent budget since key services such as court proceedings will be affected due to limited supply of office stationery, witness expenses, maintenance of buildings and other assets, courts of appeal circuits, fuel as well as automation of court processes</p> <p>d) The Committee recommends the operationalization of the Judiciary Fund account in accordance with Article 173(4) of the Constitution since the necessary legislations being the Judiciary Fund Act and Judiciary Fund Regulations have been put in place in order to insulate the Judiciary against future budget cuts.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>f) The Proposed reduction under the development vote will affect the implementation of the Judiciary's capital projects funded under the exchequer for FY 2019/20. The approved budget for the projects for FY 2019/20 was Kshs 1.8 billion; however, the National Treasury is proposing to reduce the allocation by Kshs. 1.4 billion leaving a balance of 0.4 billion that will only cater for the outstanding pending certificates that the Judiciary is yet to settle. Hence the Judiciary will be forced to stall the ongoing projects in this financial year. Annex 2 gives details of the projects that will be affected by the supplementary budget.</p> <p>g) The Committee observed that the Judiciary Fund Act and the Judiciary Fund Regulations have been enacted by the National Assembly to actualize the provisions of Article 173 of the Constitution so as to strengthen the financial independence of the Judiciary. However, the fund has not been operationalized to date despite the necessary legislations being in place.</p> <p>Judicial Service Commission</p> <p>a) The total resource requirement for the Judicial Service Commission (JSC) for the FY 2019/20 was Kshs. 1,228 million comprised Kshs 628 Million for the Judicial Service Commission operations and Kshs. 600 Million for the Judicial Training Institute. However, the Commission's approved allocation was Kshs. 565 Million composed of Kshs 405.4 Million for the Judicial Service Commission and Kshs. 159.7 Million for the Judicial Training Institute leading to a shortfall of Kshs 663 Million.</p>	<p>a) The Committee recommends the reinstatement of the proposed reduction of the Kshs 136.6 million to Judicial Service Commission budget in order for the Commission to achieve its planned activities and effectively deliver services to the people of Kenya.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>b) In the proposed supplementary budget, the Commission's budget is proposed to be reduced by Kshs 136.6 million comprised of Kshs 99.8 million for Judicial Service Commission and Kshs 36.8 million for the Judicial Training Institute.</p> <p>c) The Committee further observed that the budgetary cuts will negatively affect the Commission's ability to undertake Investigations, Complaints handling, Disciplinary Hearing and the fight against corruption, training programmes for the judges and magistrates on emerging issues in the administration of justice, facilitation of the new JSC Commissioners with vehicles, office space and furniture, Automation of JSC operations (E-recruitment Document management system, HRMS); and routine maintenance of vehicles and other transport equipment.</p> <p>INDEPENDENCE ELECTORAL BUDGET COMMITTEE</p> <p>a) The Commission's approved allocation for FY 2019/20 was Kshs 4.76 billion for the recurrent vote and Kshs 43 million for the development vote against a resource requirement of Kshs 7.743 billion comprised of Kshs 6.387 billion for recurrent expenditure and Kshs 1.366 billion for development expenditure.</p>	<p>Reductions</p> <p>a) The Committee recommends a reduction of Kshs 340 million from the Programme of Delimitation of Electoral Boundaries specifically from the Kshs 441.3 million meant for the delimitation of electoral boundaries since the allocation may not be consumed fully in this financial year.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 4.775 billion. The Commission's recurrent budget has been revised upwards by Kshs 15 million to cater for the recent by-elections. There were also some reallocations that were undertaken within the vote to cater for the by-elections.</p> <p>c) It is further noted that the Commission's development budget has completely been reviewed to nil. The budget was meant for the construction of warehouses in Wajir, Kakamega, Isiolo, Garissa and Machakos for storage of election materials.</p> <p>d) The Committee also noted that the Commission has pending bills amounting to Kshs 4.3 billion comprised of Kshs 2.7 billion for contracted legal services and Kshs 1.7 billion for goods and services procured for the 2017 General Elections and Fresh Presidential Election. It is also noted that some of the suppliers have already gone to court and the Commission is at risk of its properties being attached if the litigants acquire court decrees.</p>	<p>Increases</p> <p>b) The Committee recommends the reallocation of Kshs 100 million from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Management of Electoral Resources. The allocation is specifically for the recruitment of forty nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64 million) and Kshs 42 million for the continuous for voter registration at the constituency level.</p> <p>c) The Committee further recommends an additional funding of Kshs 1.5 billion for the Commission for settling of the validated pending bills that have been processed by the Commission.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>e) The committee has also observed that pending bills amounting to Kshs 1.5 billion have been validated and processed. However, the commission lacks the funds to settle those pending bills.</p> <p>f) The Committee has also observed that the committee has lost a total of forty nine (49) registration officers and deputy registration officers due to natural attrition and other factors and therefore the commission lacks adequate human resource capacity to undertake registration exercise. The commission is also facing a funding shortfall of Kshs 43.5 million for continuous voter registration exercise since its initial approved allocation has reallocated to cater for by-elections and verification of signatures for the filed petition to suspend Taita Taveta County Government.</p>	<p>d) The Committee further recommends the National Treasury in conjunction with the Commission to come up with a payment plan for the remaining pending bills since if not settled the quantum will not only increase but the operations of the Commission will be constrained since the suppliers are likely to withdraw their services and supply of goods that are meant to support conducting of by-elections and other functions of the commission.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>g) The Committee has also observed that the Commission has an allocation of Kshs 441 million for the delimitation of electoral boundaries in the FY 2019/20. However, the Commission has not put in place the boundaries delimitation operation plan and is yet to receive the recently released national population census report to embark on the processes of delimiting the electoral boundaries and therefore the commission may not consume fully the allocations factored for the process.</p> <p>Office of the attorney General and Department of Justice</p> <p>a) The Committee observed that resource requirement for the office for the FY 2019/20 stood at Kshs 12.9 billion composed of Kshs 7.7 billion for recurrent expenditure and Kshs 5.2 billion for development expenditure. However the office approved allocation was Kshs 5.3 billion comprised of Kshs 5.1 billion for recurrent expenditure and Kshs 0.2 billion for development expenditure leading to a shortfall of Kshs 7.6 billion.</p> <p>b) In the proposed Supplementary 1 budget, the Department's recurrent budget has been decreased by Kshs 0.386 billion representing 7.6% decline on the Department's recurrent budget. Likewise its development budget has also been adjusted downwards by Kshs 0.1 billion translating to a 43.5% decrease. In overall terms, the net effect is a decrease of Kshs 0.486 billion representing a percentage change of 8.9%.</p>	<p>a) The Committee recommends the reallocation of Kshs 100.3 million from the Programme of Delimitation of Electoral Boundaries under the Programme of Electoral and Boundaries Commission Vote to the Programme Legal Services. The allocation is specifically meant for the following selected budget heads that are crucial in the delivery of the office mandate; Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>c) The Committee further observed that the proposed budget cuts will affect the following services; the country's ability to present and defend the country's human rights record under the 3rd cycle universal periodic review process before the UN Human Rights Council and the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment before the Committee against Torture which would have gone a long way to aid the country's effort to secure the UN Security Council seat.</p> <p>d) The Committee also observed that the proposed budget cuts will affect the Department's capacity to assist in drafting of legislation for the 'Big Four' initiatives, Purchase of 7 utility vehicles for the regional offices to support transportation of Counsel to attend court cases on behalf of the Government in the Regions, vet procurement contracts for the MDA's, Training of State Counsel on specialized emerging areas of law such as Oil and Gas Law, Joint Development Projects, Blue Economy, Nuclear Law, Maritime Law, and Deep Sea Mining, and Review of Public Trustee Rules.</p> <p>e) The Committee has also observed that the Asset Recovery Agency has made tremendous progress in the recovery of proceeds of crime and assets. In this regard, the Agency has recovered assets worth Kshs 3.4 billion and cash amounting to Kshs 287 million.</p>	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>The Committee has also noted that the Agency is in the processing of setting up a Criminal Assets Recovery Fund whose source of revenue will be proceeds recovered from crime. The Regulations guiding the use of the Fund is currently being developed</p> <p>Ethics and Anti-corruption Commission</p> <p>a) The total resource requirement for the Commission for the FY 2019/20 amounts to Kshs. 4.7 billion composed of Kshs 4.4 Billion for recurrent expenditure and Kshs. 0.3 billion for Development/Capital Expenditure. However, the Commission's approved budget is Kshs. 2,966 billion composed of Kshs 2,941 billion for recurrent expenditure and Kshs 25 million for development expenditure leading to a shortfall of Kshs 1,734 billion.</p> <p>b) In the proposed Supplementary I budget, the Commission's budget has been revised to Kshs 2,976 billion. The Commission's recurrent budget has not been revised but its development budget has been increased slightly by Kshs 10.0 million to cater for the EACC Automation processes.</p> <p>c) The Committee has also observed that the Commission is also experiencing serious staffing shortages and other challenges requiring extra funding by the government. In particular, the Committee noted that the Commission is facing a funding shortfall of Kshs 200 million for undertaking targeted investigation, asset tracking and recovery. The Commission also requires an additional funding of Kshs 388 million for recruitment of additional staff whose approval was granted after the finalization of the 2019/20 financial budget process.</p>	<p>Committee's Recommendations</p> <p>a) Notwithstanding the highlighted human resource and financial constrain faced by the Commission, the Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Commission as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019 given the limited resources at the disposal of the government.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p style="text-align: center;">Kenya National Commission on Human Rights</p> <p>a) The Commission has been allocated Kshs. 384.3 Million in the FY 2019/20 against a resource requirement of Kshs. 600 million by the National Treasury. This leaves a resource gap of Kshs. 215.7 Million.</p> <p>b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 360.5 million. The proposed reduction of Kshs 23.8 million will affect the following budget items; Internet Connections for regional offices such as Nairobi, Kitale, Kisumu, Wajir, Nyahururu and Mombasa offices, Hospitality Supplies and Services, Contracted Guards and Cleaning Services, Maintenance Expenses and staff training budget.</p> <p>c) The Committee further noted that at the beginning of FY 2019/2020 the Commission had Pending Bills worth KSh17.6 million which effectively reduces the Commission's budget further to Kshs 342.9 million. It was further noted that the Pending bills were not as a result of over expenditure or Commission's inefficiency in requesting for exchequer or late payment processing, but was due to the National Treasury not releasing the last exchequer request that was submitted to them.</p>	<p>Committee's Recommendations</p> <p>a) The Committee therefore recommends the reallocation of Kshs 23.8 million from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Promotion and Protection of Human Right. The reductions proposed under the Supplementary budget of Kshs 23.8 million will affect the Commission's ability to deliver on its mandate since it is already operating on a lean budget.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p style="text-align: center;">Office of the Director of Public Prosecution</p> <p>Committee's Observations</p> <p>a) The Office resource requirement for FY 2019/20 is Kshs 4.9 billion composed of Kshs 4.8 billion for recurrent expenditure and Kshs 142 million for development expenditure. However, the ODP's approved allocation is Kshs. 3.0 billion composed of Kshs 2.9 billion for recurrent expenditure and Kshs 107 million for development expenditure hence a resource short fall of Kshs 1.921 billion.</p> <p>b) The Committee further observed that in the proposed supplementary budget the office was allocated an additional Kshs 150 million to cater for the settling of pending bills occasioned by acquisition of additional vehicles for its field offices to facilitate the attendance of prosecutors in various courts.</p> <p>Commission For administrative Justice</p> <p>Committee's Observation</p> <p>a) The Committee noted that the Commission allocation under the FY 2019/20 is Kshs 565 million against a resource requirement of Kshs 818 million leading to a shortfall of Kshs 253 million.</p>	<p>Committee's Recommendations</p> <p>a) The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Office of the Director of Public Prosecution as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.</p> <p>Committee's Recommendations</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>b) The Committee also observed that the Commission's budget has been revised to Kshs 520.3 million. The reduction of Kshs 44.7 million will negatively impact on some of the key planned activities in the 2019/20 FY as follows: - Outreach services will be hampered by the proposed reduction on purchase of motor vehicles; Public education and awareness on access to information and administrative justice; Decentralization of the Ombudsman services to the counties, where the Commission had targeted to establish two branch offices.</p> <p>c) The Commission had projected to purchase two motor vehicles in the current financial year and had notably been allocated Kshs. 16.5 million for the same. However, this amount has been reduced by 50 percent to Kshs. 8.2 million which is inadequate.</p> <p>d) The Committee observed that Commission on Administrative Justice is facing difficulties in accessing information from government agencies negating the gains made under the Access to Information Act (No.31 of 2016).</p>	<p>e) The Committee recommends the reallocation of Kshs 44.7 million from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of promotion of Administrative Justice. The funds will allow the Agency to undertake outreach services at the county level, Public education and awareness on access to information and administrative justice; and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia.</p>
	<p>Witness protection Agency</p>	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>a) In the FY 2019/20, the approved budget for the Agency's was Kshs 481.6 million against a resource requirement of Kshs 713.2 million leading a funding shortfall of Kshs 231.6 million.</p> <p>b) The Committee has observed that in the proposed supplementary budget, the Agency's budget has been revised to Kshs 458.7 million reducing the budget by Kshs 22.9 million. The sub items affected include- communication, domestic and foreign travel, printing, training, hospitality, office supplies, specialized materials, fuel & lubricants, purchase of office furniture and equipment and maintenance of motor vehicles and other assets.</p>	<p>a) The Committee recommends a reallocation of Kshs 22.9 million from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of witness protection. The budget is critical for actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. Indeed, the other Agencies in the criminal justice system have all acknowledged the crucial role played by the agency. The allocations will be sourced from the reductions effected on the allocations for the delimitation of boundaries process under the budget for Independent Electoral and Boundaries Commission.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>c) The Committee also observed that the Agency has for the last four (4) months (July 2019 to October 2019) experienced tremendous growth in the number of witness admitted into the Witness Protection Programme (WPP). This growth is attributed to the concerted efforts by the law enforcement agencies (mainly the Offices of the DPP, DCI and EACC) to entrench the rule of law and the fight against corruption. The increase in witnesses has constrained the resources and capacity of the Agency in supporting the law enforcement agencies.</p> <p>d) The Committee acknowledges the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses. Indeed, the Committee noted the significant role the Agency has played in the prosecution of complex corruption and terrorism related cases.</p> <p style="text-align: center;">Office of Registrar of Political Parties</p> <p>Committee's Observations</p>	<p style="text-align: center;">Recommendations</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>a) The Office had requested Kshs. 4.9 billion out of which Kshs. 4.1 billion was for the Political Parties Fund and the balance of Kshs. 801.3 million was to cater for ORPP's operations. The Kshs. 4.1 billion is 0.3% of the projected national revenue for FY 2019/20.</p> <p>b) However, in FY 2019/20, the office was allocated Kshs 427.5 million for office operations leading to a shortfall of Kshs 373.8 million.</p> <p>c) The Office has also been allocated Kshs. 871.2 million for the Political Parties Fund leading to a shortfall of Kshs 3.2 billion. It is important to note that the allocation for the Political Parties Fund was increased from Kshs 371.2 million in FY 2018/19.</p> <p>d) Further the Committee has observed that in the proposed supplementary budget, the Office's allocation has been revised to Kshs 1.22 billion. This has resulted in a budget cut of Kshs 74.9 million. The proposed budget cut through the supplementary budget estimates No. 1 will affect the implementation of Registration and Regulation of Political Parties and Political Parties Liaison Committee.</p>	<p>a) The Committee recommends the reallocation of Kshs 42.3 million from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Registration, Regulation and Funding of Political. The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at Kshs 10 million, facilitate the convening of the Political Parties Liaison Committee meetings – Kshs 12.3 million and Kshs 20 million for domestic travel to enable the office undertake field activities.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>e) The proposed budget cut will adversely affect the implementation of programmes/activities under the sub-programme of registration and regulation of political parties. The budget under this sub-programme is proposed to be reduced from the approved budget of Kshs. 402.9 million to Kshs. 340.4 million. This has resulted to a budget cut of Kshs. 62.6 million.</p> <p>f) The budget cut will also adversely affect the implementation of programmes/activities under the sub-programme on the administration of the Political Parties' Liaison Committee. The sub-programme on Political Parties' Liaison Committee budget is proposed to be reduced from the approved budget of Kshs. 24.6 million to Kshs. 12.3 million. This will result to a budget cut of Kshs. 12.3 million.</p>	
11.SPORTS CULTURE AND TOURISM	<p>4.1 State Department for Sports</p>	<p>5.1 State Department of Sports</p> <p>The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the state department for Sports as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<ol style="list-style-type: none"> 1. In the financial year 2019/20, the State Department for Sports has been allocated a total of Kshs 15.2 billion comprised of Kshs 1.3 billion for recurrent expenditure and Kshs 13.9 billion for development expenditure. The department allocation has increased significantly by Kshs 13.0 billion in FY 2019/20 from Kshs 2.2 billion in FY 2018/19 representing a percentage growth 590.9%. 2. The Committee observed that the department's recurrent budget has been decreased by Kshs 53 million representing 5% decline on the department budget. However, the development budget has been adjusted upwards by Kshs 100 million. In overall terms, the net effect is an increase of Kshs 47 million representing a percentage change of 0.3%. 3. The committee further observed that the proposed reduction of Kshs 53 million under the supplementary budget will affect the department's budgetary provision on the following items: communication, supplies and services; domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, purchase of motor vehicles, equipment and furniture. 4. The additional allocation of Kshs 100 million is specifically meant to expedite the completion of Kipchoge Keino Stadium which is a critical sports infrastructure for the athletes. The project was identified by the budget and appropriation committee during its public budget hearings 	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>5. The committee has also observed that the department has a pending bill amounting to Kshs 583.7 million comprised of Kshs 17 million for AGPO, Kshs 261.6 million – Non- AGPO and Kshs 305 million which are historical pending bills that are under audit before being processed for payment.</p> <p style="text-align: center;">4.2 State department of Culture and Heritage</p> <p>Heritage</p> <p>1. The approved allocation to the state department was Kshs 3.6 billion. Out of this amount, Kshs 3.0 billion was for recurrent expenditure while Kshs 0.6 billion is for development expenditure.</p> <p>2. In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 0.122 billion representing 5% of its approved budget. In addition, the development budget has also increased by Kshs 17 million. In overall terms, the budget has been revised by 3.4%.</p>	<p style="text-align: center;">5.2 State Department of Culture and Heritage</p> <p>Financial Recommendations</p> <p>Reductions</p> <p>The Committee recommends a reduction of Kshs. 23 million from the allocation of Kshs. 40 million meant for the fencing of Kapenguria Museum.</p> <p>Increase</p> <p>The committee recommends the reallocation of the Kshs. 23 million deducted from the budget for the Fencing of Kapenguria Museum to the following projects; Refurbishment of Archives Offices – Kshs. 12.4 million, Rehabilitation and upgrade of Maralal Kenyatta House – Kshs. 5.3 million, and Rehabilitation and upgrade of Lokitaung Memorial – Kshs. 5.3 million.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>3. The committee observed that the budgets for the following critical projects such as the Refurbishment of Archives Offices, Rehabilitation and upgrade of Maralal Kenya House, Rehabilitation and upgrade of Lokitaung Memorial have been reduced by Kshs 12.4 million, Kshs 5.3 million, and Kshs 5.3 million respectively. The Committee further noted that if the proposed budgetary cuts were effected the projects will stall in the FY 2019/20. More importantly, the committee has undertaken inspections in the national Archives offices recently and has observed that the offices are in dilapidated situation and hence there is urgent need for renovations.</p> <p>4. The committee further observed that there is a new provision of Kshs 40 million for the fencing of Kapenguria Museum. The project was identified by the budget and appropriation committee during its public budget hearings.</p> <p>5. The committee has observed that the department has a pending bill amounting to Kshs 704.9 million. It is further noted that a significant proportion of the pending bill amounting to Kshs 438 million is pension arrears and statutory deductions owed to pensioners and NSSF by the National Museums of Kenya.</p>	<p>5.3 State Department for Tourism Financial Recommendation</p>
	<p>4.3 State department of Tourism</p>	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. In the financial year 2019/20, the department has been allocated Kshs 7,875.9 million which is composed of Kshs 6,345 million is for recurrent expenditure while Kshs 1,530 is for development expenditure.</p> <p>2. In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 468.9 million representing 7.4% of its approved recurrent budget. In addition, the development budget of the department has significantly been reduced by Kshs 701 million (54.2%). In overall terms, the budget has been revised downwards by 14.9%.</p> <p>3. It was noted that the PFM regulation requires that any adjustments to various programmes, whether increase or decrease should not be more than 10% of the approved estimates per programme. However, the budget for the programme of tourism development and promotion has been significantly reduced by 14.9% contrary to the provisions of the PFM regulations.</p> <p>4. The proposed reduction of Kshs 468.9 million under the recurrent budget is due to budget rationalization and will affect the following budget items; Domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, office and general supplies, purchase of motor vehicles, equipment and furniture.</p>	<p>Reductions</p> <p>The recommends reduction of Kshs. 30 million from Coastal Beach management Programme, Kshs. 120 million from Kisumu Waterfront and Kshs. 110 million from Malindi Waterfront. The Committee noted that these projects have taken off and the remaining allocations for the projects are not enough to start up the projects.</p> <p>Increase</p> <p>The Committee recommends reallocation of the Kshs. 260 million deducted from the above projects to the following projects; Ushanga Kenya Initiative Kshs. 50 million, Farm Murera Gate Road Meru Kshs. 42 million and Kenya Tourism Board Kshs. 168 million.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
12. HEALTH	<p>5. The department's development budget has a net reduction of Kshs 701 million and the following projects will be affected; Sustaining new markets and sitting booths in Tourism Target Markets – KTB – (Kshs 375 million), Kenyatta International Convention Center (KICC) – (Kshs 120 million), Coastal Beach Management Programme – (Kshs 100 million), Kisumu Water Front – (Kshs 120 million) and Malindi Beach Management – (Kshs 130 million).</p> <p>6. The committee also observed that the proposed reduction effected against the water front projects in Kisumu and Malindi as well as the coastal Beach Management Programme were so significant that the projects are not likely to take off.</p> <p>7. In addition, the Committee observed that the proposed reduction of Kshs 375 million from the development budget of the Kenya Tourism Board will significantly affect its ability to market the country in tourism target markets and sustain booths in our traditional markets.</p> <p>8. The Committee further observed that there is a new provision of Kshs 24 million and Kshs 120 million for Mama Ngina Beach Management and open space office modelling respectively. The new provision for the Mama Ngina Beach Management is meant for settling contractual agreement for ongoing works and Kshs 24 million is meant for office partitioning at the newly built tourism fund building for the state department.</p>	

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>OBSERVATION</p> <p>1. The Committee having scrutinized the supplementary budget estimates I FY 2019/2020 for the sector and also considered the various submissions during the scrutiny, made the following observations: -</p> <p>i. The Committee observed that even though the Ministry has used preliminary findings on the piloting of the UHC, there is need to ensure that comprehensive report on the pilot is finalized and submitted to the Committee once the pilot phase is closed out by end of December 2019. This will allow the Committee to review the successes and challenges and also propose recommendations to enrich the UHC programme.</p> <p>ii. The Committee observed that there are active engagements going on between the national government and the county governments on UHC which are aimed at arriving to a consensus and signing of an intergovernmental agreement to ensure that this flagship programme is implemented successfully.</p>	<p>RECOMMENDATION</p> <p>1. The Committee having received submissions from the Ministry of Health and having lengthy and insightful deliberations on the supplementary budget and other policy matters in the sector, makes the following recommendations regarding the supplementary budget estimates I FY 2019/2020 for the Health Sector: -</p> <p>(a) Policy Recommendations</p> <p>i. The Ministry of Health must strictly implement projects guided by assigned mandate and functions provided in the Constitution. Where the National government wishes to implement projects deemed to be at purview of County governments, approval of resources from the Committee shall be only granted on the condition that a clear partnership framework agreed by both levels of government is submitted to the Committee.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>iii. The Committee observed that there are many piece meal interventions which relate to UHC both funded by development partners as well as government such as free maternity programme, insurance to secondary school students, scrapping of user foregone fees as well as conditional grants to level 5 hospitals. As the UHC is rolled out across the country, all these initiatives need to be consolidated in to one pool of resources to reap from economies of scale;</p> <p>iv. The Committee observed that the Ministry has offered an explanation on the additional new projects which have been allocated resources. The Committee is of the opinion that despite the explanation, some of the projects fall under the purview of the county governments based on the health functions assigned to each level of government by the Constitution. Further, the institutions such as Kenya Medical Training College which is supposed to implement one of this projects is not aware of the same hence has no plans in terms of utilization of the funds allocated and this puts to question on how the National Treasury engages various agencies on matters of budgeting.</p> <p>v. The Committee observed that the Ministry has huge pending bills totaling to Kshs 40 Billion relating to historical court awards. However, there is no clear indications on whether the Ministry is engaging the Attorney General's office on how this handle the settlement of the court awards.</p>	<p>ii. The Ministry of Health should only implement National government projects and programs where its implementation is backed by an approved current policy. To this end, the Ministry of Health must urgently validate and finalize the UHC Policy that is currently in draft form before it implement the full Rollout of the Universal Health Coverage UHC.</p> <p>iii. The National government should expedite the reforms in the National Hospital Insurance Fund (NHIF) to ensure that the Fund is prepared to play its central role in the full Rollout of the UHC. The Ministry of Health to submit a report on the re-engineering and revamping of NHIF to the National Assembly before the full Rollout of UHC is undertaken.</p> <p>iv. A proper framework must be developed and put in place before the next budget cycle (FY 2020/2021) to guide Public participation during the Budget estimates hearings by the National Assembly. The new framework should provide for participation by Departmental Committees and a proper feedback mechanism to the County governments and other government departments.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>v. The Ministry of Health to urgently convene a roundtable meeting of Members of Departmental Committee on Health in National Assembly and Senate, Councils of Governors, Chairpersons of Health Committee in the County Assemblies, CECs of Health and Development partners funding UHC programs to agree on how the full Rollout will be implemented mores specifically the specific roles played by each actor, financing aspects as well as feedback mechanism;</p> <p>vi. The Committee recommends that out of the allocation earmarked for the rollout of UHC, and specifically on the allocation towards health products and commodities, an allocation of Kshs 290 Million be provided as a special intervention for HIV and AIDS once the entire UHC rollout begins. This allocation to be implemented through the Constituency Aids Control Committees (CACC);</p> <p>That, the proposed allocation of Kshs 20 million for the Reconstruction of drugs and rehabilitation center a Coast general hospital is a project being implemented by the NACADA and SAGA domiciled at the Ministry of Interior and Coordination of National Government and not Ministry of Health</p> <p>(a) Financial recommendations</p> <p>Chairperson,</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>The Committee recommends that the additional allocation of Kshs 16 Billion towards the full rollout of UHC under the development budget be approved. However, no funds should be spend/expended until the pilot phase is completed in December 2019 and a Comprehensive report of the Pilot phase is provided to the National Assembly. This additional allocation should only be released after a clear roadmap is provided to ensure that the rollout succeeds for the benefit of the public.</p> <p>The Committee recommends the following re-allocation within the development vote:</p> <p>Proposed re-allocation programme</p> <p>Establishment of the Cancer Centres- Reduce KSh. 50 million National referral and specialized services- Increase by KSh. 50 million</p> <p>Proposed reductions</p> <p>The Committee recommends the following reductions in the development vote:</p> <p>Preventive and Promotive health</p> <p>The Committee approves the budget adjustments to the Ministry of Health presented under the 2019/20 first supplementary budget estimates taking into consideration the above financial recommendations proposed by the Committee.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
<p>EDUCATION, SCIENCE AND TECHNOLOGY</p>	<p>a) General Observations</p> <p>i. That there is a general reduction on the recurrent budget of all agencies within the Education sector as a result of austerity measures where various none core areas on spending allocation have been reduced. The Committee is concerned that these reductions even though they are on account of austerity measures, may have negative implications on the effective functioning of the various Agencies;</p> <p>i. The Committee observed that some additional projects which emanated from the 2019/20 budget public/consultations have been allocated funds under the Supplementary Budget. Some of the projects include construction of a health unit in Bomet University and infrastructure support to the Kitale National Polytechnic. However, it is regrettable that the allocation for other ongoing projects within the sector has been reduced significantly which pose other challenges such as stalling and accumulation of pending bills.</p>	<p>The Committee having received submissions from the Ministry of Education and the Teachers Service Commission, makes the following recommendations regarding the 2019/2020 Supplementary Budget Estimates for the Education Sector: -</p> <p>a) Policy Recommendation</p> <p>The Committee recommends that the enhanced allocation of Kshs 60 million under the primary and secondary school infrastructure improvement should be spread across to cover more schools with infrastructural needs. This is informed by the fact that this allocation is high considering that it covers only four (4) schools as submitted by the State Department for Early Learning and Basic Education. The Committee will follow up to ensure that more schools benefit from this enhanced allocation.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>b) Specific observations</p> <p>a. State Department for Early Learning and Basic Education</p> <p>i. The Committee has observed that Kshs 60 million has been enhanced under the primary and secondary school infrastructure improvement. According to the Ministry submissions only 4 schools will benefit from this allocation. The Committee considers that this allocation is high. While the Committee agrees with this allocation, the State Department should spread it across to cover more schools with infrastructural needs.</p> <p>ii. The Committee observed that the Kshs 31 million reduced from the school audit and the school feeding programme will adversely affect quality of education in learning since these areas are directly linked to supervision of schools and retention of learners in primary schools.</p> <p>iii. That the State Department has revised the various key performance indicators (KPI's) and targets for the affected capital projects based on the revised development budget, some of which are indicated below:</p> <p>Project</p>	<p>b) Financial recommendations</p> <p>The Committee makes the following recommendations under the various State Departments within the Sector. The recommendations are based on the fact that no significant additional allocations have been provided in the sector to allow reallocations to fill the gap left by the significant reductions made especially on core ongoing capital projects in the sector.</p> <p>a) State Department for Early Learning and Basic Education</p> <p>That the Budget Committee considers reversing/reinstating the reductions which have been proposed in the recurrent Supplementary Estimates as follows:</p> <p>Programme</p> <p>Primary education- KSh. 16 million recurrent reduction</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>Kenya Primary Education project No. of early grade mathematics textbooks distributed initial target zero revised target 3,100,000 and no. of teachers trained on early grade mathematics from initial target of zero to 100,000</p> <p>Primary School Infrastructure improvement New Classrooms constructed initial target 145 increased to 160</p> <p>Secondary Schools infrastructure improvement No of schools expanded/rehabilitated increased from the initial allocation of 2,359 to 2,361</p> <p>School infrastructure in Nyamira/Borabu No. of primary and secondary schools covered increased from 68 to 34</p> <p>iv. That the donor support towards improvement of schools (primary and secondary) in Nyamira/Borabu boarder has always been provided in the budget but this support is never received from the donor which is an indication that the State Department and the development partner have not agreed on this issue;</p> <p>b. State Department for Vocational and Technical Training</p>	<p>Quality Assurance and Standards- KSh. 15 million recurrent reduction</p> <p>Total</p> <p>b) State Department for Vocational and Technical Training</p> <p>That the amounts stated in the table below be reinstated: Programme</p> <p>Construction of 30 TTI's (Phase III)-Re instate KSh. 511 million</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS								
	<p>i. That the reduction in development budget has affected a number of ongoing projects especially on the construction of the TTI's. One of the key reductions in the capital projects is the construction of 30 Technical Training Institutes (Phase III TTI's) where the allocation has been reduced by Kshs 512 million and construction and equipping of TTI's (Phase II) which has been reduced by Kshs 258 million as well as GOK counterpart funding reduction of Kshs 252 million under the AFDB TTI construction and equipping projects. This may affect the progress made in the implementation of these projects since as indicated, the targets in terms of completion levels have already been revised downwards.</p> <p>ii. That the State Department has revised the various key performance indicators (KPI's) and targets for the affected capital projects based on the revised development budget, some of which are indicated below:</p> <table border="1" data-bbox="327 436 598 1332"> <thead> <tr> <th data-bbox="550 436 598 660">Project</th> <th data-bbox="550 660 598 1332"></th> </tr> </thead> <tbody> <tr> <td data-bbox="454 436 550 660">Construction and equipping of TTIs (Phase II) completion level reduced from initial target of 90% to revised target of 45%</td> <td data-bbox="454 660 550 1332"></td> </tr> <tr> <td data-bbox="343 436 454 660">EA Skills Transformation and regional integration (World Bank)-Kshs 700 million-new project No. of polytechnics improved to regional centers of excellence from original target of zero to 3</td> <td data-bbox="343 660 454 1332"></td> </tr> <tr> <td data-bbox="199 436 343 660">Infrastructure development of Kitale National Polytechnic- Kshs 100 million No. of department provided with modern equipment from initial target of zero to 2.</td> <td data-bbox="199 660 343 1332"></td> </tr> </tbody> </table>	Project		Construction and equipping of TTIs (Phase II) completion level reduced from initial target of 90% to revised target of 45%		EA Skills Transformation and regional integration (World Bank)-Kshs 700 million-new project No. of polytechnics improved to regional centers of excellence from original target of zero to 3		Infrastructure development of Kitale National Polytechnic- Kshs 100 million No. of department provided with modern equipment from initial target of zero to 2.		<p>Construction and Equipping of TTIs- Reinstate KSh. 258 million</p> <p>Technical Education - Re institute KSh. 252 million Gok counterpart funding</p> <p>Total</p>
Project										
Construction and equipping of TTIs (Phase II) completion level reduced from initial target of 90% to revised target of 45%										
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COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>c. State Department for University Education and Research</p> <p>i. That there is uniform reduction in allocation to capital projects in public universities by 26%. This begs the questions on whether these reductions are based on any information regarding the status of the projects so that informed rationalization can be effected.</p> <p>ii. The Committee also observed that again, in 2018/19 the reduction in various projects in the universities was also done in the same manner. The Committee is concerned that if this trend continues it will leave the public universities exposed to adverse outcomes relating to these projects such as contractual issues (pending bills), litigations as well as possibility of the projects stalling.</p>	<p>c) State Department for University Education and Research That the amounts stated in the table below be reinstated:</p> <p>Programme</p> <p>University Education- Re instate KSh 1.8 billion</p>
	<p>d. Teachers Service Commission (TSC)</p>	<p>d. Teachers Service Commission (TSC) The amount stated below be reinstated</p> <p>Programme</p> <p>General Administration, Planning and Support services</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
14. ENERGY	<p>i. That TSC recurrent budget has been reduced by Kshs 311 million on account of reduction in non-core areas of spending such as domestic travel and training among others. The Committee is concerned that despite these allocations being none core they are very critical for the effective functioning of the Commission especially on the field service activities. Specifically the field services whose reduction is Kshs 68 million will adversely affect the Commission.</p> <p>ii. That the GOK development allocation of Kshs 54 million to support the ongoing construction of county offices have been entirely reduced despite the fact that the Commission intended to use this allocation to pay for pending certificates of work which have already been presented. This project in Bomet is at 67% completion level.</p>	<p>Quality Assurance and Standards</p> <p>State Department for post Training and skills development The Committee approves the proposed budget adjustment for the satae department for post training and skills development.</p>
14. ENERGY	<p>OBSERVATIONS</p> <p>Based on the review and scrutiny of the proposed supplementary I Estimates and supporting documents as well as deliberations with key stakeholders, the Committee makes the following observations under each of the State Departments:</p> <p>4.1 State Department of Energy</p>	<p>RECOMMENDATIONS</p> <p>Based on the review and scrutiny of the proposed Supplementary I Estimates and supporting documents as well as consultations with key stakeholders, the Committee makes the following recommendations under each of the State Departments:-</p> <p>5.1 State Department of Energy</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>1. The overall proposed adjustments amounts to Kshs. 10.202 billion relative to the original approved Estimates, of which adjustments under recurrent sub vote is an increase of Kshs. 562.6 million and the development sub vote by Kshs. 9.64 billion;</p> <p>2. That there is an increase in recurrent budget of Kshs. 562,666,844 under current transfers to KETRACO financed by local AIA.</p> <p>3. In the 2019/20 Supplementary I Estimates development Budget Exchequer allocation has increased by Kshs.7, 989,027,999. However, there is a reduction of Kshs. 750,000,000 which the affected the following projects;</p> <p>Bogoria Silali project Kshs. 250,000,000.</p> <p>Menengai Geothermal Development project Kshs. 400,000,000.</p> <p>Nuclear Power Plant Siting Kshs. 100,000,000.</p>	<p>1. That, the proposed adjustments amounting to an increase of Kshs. 9.6 billion under Development be approved subject to the following amendments:</p> <p>Development</p> <p>Reductions (Re-allocation)</p> <p>Kshs 300 million from the proposed new allocation to Electrification of level 3 & 4 Hospitals Project bringing the total proposed allocation to Kshs. 1,251,891,811;</p> <p>i. Reduce Kshs. 500 Million from the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park, bringing the proposed allocation to Kshs. 3, 884,889,511;</p> <p>ii. Reduce 50 Million from the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme bringing the proposed allocation to Kshs. 342,759,907;</p> <p>iii. Reduce Kshs.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>4. The proposed allocation includes new projects with total allocation amounting to Kshs. 10.55 billion. That, out of Kshs. 10.55 billion, Kshs 7.5 billion is an exchequer amount towards providing connectivity to the Big Four projects while Kshs 3.00 billion is an external funds towards Kenya Off Grid Solar Access Projects in fourteen (14) Arid and Semi-Arid Lands (ASAL) Counties. The Big Four projects includes:</p> <ol style="list-style-type: none"> i. Electrification of Level 4 & Level 3 Hospitals (Kshs 1.55 billion), ii. Electrification of Economic Zones such as Naivasha Industrial Park and Konza Technopolis Complex amounting to Kshs. 4.78 billion, iii. Electrification of Food Processing Plants (Kshs. 353 million), and iv. Electrification of 6 government housing schemes (Kshs. 865 million). 5. Observed an increase in allocation towards transmission and distribution which is to enhance connectivity, demand creation and utilization of available power. This is also to support the completion of planned transmission lines which are grossly underfunded. 	<p>iv. Reduce Kshs. 50 Million from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme bringing the proposed allocation to Kshs. 342,759,907;</p> <p>Increases (Re- allocation)</p> <ol style="list-style-type: none"> v. Increase by Kshs. 400 Million to Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centres across the Country; and vi. Increase by Kshs. 500 Million to Kenya Power Transmission Project to support the Konza Technopolis. <p>Gilgil –Thika-Konza, 400KV, 250 Km</p> <p>Loiyangalani- Marsabit 180 Km 400KV.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>6. The proposed increases under recurrent sub votes is financed through local AIA while the development expenditure is financed through external funding including grants and new additional external funding as well as net GoK. Most projects allocations adjusted on the basis of the National Treasury Circular requesting re-orientation and prioritization to the big four projects and scaling down external funds where absorption may be less than expected.</p> <p>7. There is an additional item Allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation. The payment was made in August 2019 within the FY of 2019/20, and that the State Department for Energy was seeking regularization. The Special audit on the payments for deemed generation that was to be undertaken by the Office of the Auditor General following House resolution on the same is yet to be concluded.</p> <p>8. That there are three additional projects proposed for implementation under the Street lighting projects amounting to Kshs. 25 million, bringing the total allocation under the Street Lighting Project to Kshs. 1.025 billion up from Kshs. 1.000 billion. The Committee was informed that these projects were not proposed by the State Department for inclusion in the supplementary budget I under consideration. That any extra allocation should be to enhance and support planned projects for the FY 2019/20 and not to the listed projects. However, the Committee was informed that these are projects identified during the 2019/20budget hearings.</p>	<p>2. That, the proposed allocations under recurrent sub-vote be approved as proposed.</p> <p>3. That, the National Treasury confirms the allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation was not paid as per the approval given under Supplementary II estimates 2018/19.</p> <p>4. That, the special Audit that was the condition for approval of the payments under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation be concluded by the Office of the Auditor General as resolved previously by the House and the audit report tabled in the National Assembly.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>9. The Committee noted the performance of the 1st Quarter of the FY 2019/20, in which the recurrent expenditure performance stood at 26% while that of development was at 34%. There were no major challenges noted towards implementation of on-going projects. That, the Committee will continue monitoring the progress and performance of all projects especially under the agencies of the ministry such as REREC, GDC, among others. Further, the committee will be following on the performance using the quarterly reports from the National Treasury and Controller of Budget which the committee will ensure reporting on non-financial performance for all programmes and projects.</p> <p>10. Energy and Petroleum Regulatory Authority is slow in issuing licence and approvals with respect to approval of tariffs. For instance KETRACO did not receive approvals for tariffs in the FY 18/19 as requested which affected planning and budgeting of expected collections.</p> <p>11. The Committee noted the unsatisfactory pace and process of settling pending bills particularly by GDC to its suppliers and REREC to KPLC for projects done by the latter based on mutual arrangement. This is also despite grant of additional allocation under supplementary II of FY 2018/19 which was also informed by the presidential directive to clear outstanding pending bills by end of June 2019.</p>	<p>5. That the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.</p> <p>6. Allocation to key projects and outstanding commitments should be comprehensively considered under the Annual budget and not through the supplementary budgeting approach. That the State Department to apprise the Committee on compliance to this recommendation and measures taken to ensure comprehensive and sound budgeting by February 2020. Further increases due to performance of local AIA collection by SAGAs under the State Department should be re-oriented towards development expenditure and the same be reflected in the 2020 BPS.</p> <p>7. That, any project proposed during public participation and subsequently approved for allocation should be considered when finalising the Annual Estimates. National Treasury should avoid proposing such projects during supplementary budgeting.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>12. any project proposed during the public participation and subsequently approved for allocation should be considered when finalising the annual estimates. National treasury should avoid proposing such projects in the supplementary.</p> <p style="text-align: center;">4.2 State Department of Petroleum</p>	<p style="text-align: center;">5.2 State Department for Petroleum</p> <p>1. Approves the overall proposed adjustments be approved. That, the relates to total reduction of Kshs 32 million relative to the original approved Estimates, of which the adjustments were towards the recurrent sub votes.</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>2. The proposes reduction under recurrent sub votes is on account of the proposed rationalization and the state department informed the committee that changes will affect delivery of approved outputs and targets.</p> <p>3. The Committee noted the performance of the 1 Quarter of the FY 2019/20, in which there were no major challenges to ongoing projects. However, the Committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.</p>	<p>2. That, the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.</p>
<p>15. COMMUNICATION, INFORMATION AND TECHNOLOGY</p>	<p>OBSERVATIONS</p> <p>1. Based on the review and scrutiny of the Supplementary II Estimates and supporting documents as well as engagements with State</p>	<p>RECOMMENDATIONS</p> <p>2. Based on the foregoing observations, the Committee recommends as follows:</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>Departments and respective agencies, the Committee makes the following key observations, :-</p>	
	<p>State Department of ICT THAT:-</p> <p>I. Total proposed additional allocation in Supplementary I amounts to Ksh. 1.82 billion. Whereas adjustment under recurrent sub votes is a decrease amounting to kshs 462.95 million, that of the development sub vote is an increase of ksh 2.28 billion. This brings the total proposed allocation under the State Department to Ksh 30.05 billion, comprised of kshs 27.4 billion for development and Ksh 2.5 billion towards recurrent sub-vote.</p> <p>II. The proposed decrease under the recurrent sub vote is a net GOK Exchequer change while that of the development is based on adjustments in both external funding sources and net GoK.</p> <p>III. There are new proposed projects towards providing internet connectivity to the big four projects with total allocation amounting to kshs 3.29 billion. The proposed big four projects include:</p>	<p>State Department of ICT A: Financial Recommendations</p> <p>That the proposed supplementary measures for the State Department for ICT & Innovation be approved subject to the following amendment by the Committee:</p> <p>Recurrent Sub Vote</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>ivity to health facilities (Ksh 774.6 million),</p> <p>i. Connect</p> <p>ii. Connectivity to special Economic Zones (Naivasha Textile Park –Kshs 79.7 million), Connecti</p> <p>iii. ivity to Leather Industrial Park (Kenanie – Ksh 28.7 million), Connectiv</p> <p>iv. ivity to Dongu Kundu Special Economic Zones (Kshs 8 million) and, Connectiv</p> <p>v. Data and Smart City (Ksh 2.4 billion) Konza</p> <p>IV. There was need for additional information and justification underpinning the proposed new projects towards connectivity of the big four projects to inform KPIs, expected outputs and targets. Further, the new allocation towards connectivity of big four projects may not be absorbed in view of the overall performance by the ministry in the 1st quarter and other challenges.</p>	<p>Reductions (Re-allocations)</p> <p>i. Reduce Ksh 170 million from Head ICT shared services</p> <p>Development Sub Vote</p> <p>Reductions (Re-allocations)</p> <p>i. Reduce kshs 354 million from Connectivity to Health Centres project</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>V. Overall decrease are likely to affect achievement of key expected targets and operations of key departments and agencies under the State Department. That the revised adjustments were done without due consideration and taking into account the requirements and needs of spending and thus is likely to impact negatively projects under implementation.</p> <p>VI. Review of 1st quarter performance for programmes and projects under implementation indicated progress except challenges such as less than expected exchequer releases. In addition, some of the notable achievement under the FY 2018/19 include submission of data protection bill 2019 to parliament which has since been enacted, 90% upgrade and maintenance of the Government Data Centre, procurement and distribution of 100,000 digital devices against committed target of 150,000, Training of 15,200 youths on line jobs against a target of 120,000 youths, 15% development of the Konza projects under the Engineer, Procure, Construct and Finance framework, among others.</p> <p style="text-align: center;">Broadcasting and Telecommunications</p> <p>THAT:-</p>	<p>ii. Reduce kshs 886.5 million from Connectivity to Konza Data Center and Smart City Project</p> <p>iii. Reduce ksh 10 million from Connectivity to leather industrial park – kenanie</p> <p style="text-align: center;">Increases (Re-allocations)</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
	<p>VII. The Kenya Media Council is to undertake internship placement of 1000 students undertaking media related courses in six media enterprises both local and international. The project, as an enabler of the Big Four Agenda, will provide the students with internship opportunities to learn on thematic reporting, among other objectives. However, there is a funding gap particularly affecting key mandate such as payment of salaries, pensions for Board and staff members, rent, media engagement and other operating cost. The shortfall also affected the control of misleading and fake news and monitoring of media activities.</p> <p>VIII. The rationalization affected key flagship projects under implementation such as studio mashinani , Sinema Mashinani and agencies like Kenya News Agency as well as Kenya Year Book. This is likely to negatively impact achievement of key deliverables critical to employment creation through content enhancement and supporting the creative sector. This also includes establishment of talent centers at the county level and support the overall objectives of the big four plans. Further, despite the progress and achievement by Kenya Year Book , critical editions for the financial year 2016/17 and 2017/18 have not been published due to lack of funds and a modern printing press which among other things leads to high operational costs</p> <p>IX. Expenditure and exchange releases were below target however, the State Department was committed to fast track the on-going work to achieve the committed target within the financial year.</p> <p>X. There was non-compliance on the part of the State Department and the Controller of Budget in submitting non-financial performance of all programmes and projects under implementation.</p>	<p>i. Allocate Ksh 386.5 million towards Sinema Mashinani projects under Kenya Film Classification Board,</p> <p>ii. Allocate by reinstating an amount of Ksh 500 million to the Ajira Fund (Seed Capital)</p> <p>iii. Allocate Kshs 10 million to the Kenya Film School</p> <p>B: Policy recommendations</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p>i. National Treasury and The State Department to update a comprehensive Key Performance Indicators and expected outputs and targets under the proposed connectivity projects in the programme based budget upon approval of the Supplementary budget.</p> <p>ii. The State Departments to comply to statutory requirements of reporting non-financial programme and projects information and performance to the Controller of Budget</p> <p>State Department of Broadcasting and Telecommunication A: Financial Recommendations</p> <p>That the proposed supplementary measures for the State Department for Broadcasting and Telecommunication be approved subject to the following amendment by the Committee:</p> <p>Recurrent Sub Vote Reductions (Re-allocations)</p> <p>i. Reduce kshs 117 million from the Government Advertising Agency (GAA) under the sub-item Advertising, Awareness and publicity Campaigns.</p> <p>Increases (Re-allocations)</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		<p data-bbox="1129 1328 1236 2128">i. Allocate Ksh 200 million to Media Council of Kenya towards media sector internship and placement and support related activities.</p> <p data-bbox="978 1328 1082 2128">ii. Allocate Kshs 80 million to the Media Council of Kenya, the Item Current Grant to Semi-Autonomous Government Agencies</p> <p data-bbox="810 1328 946 2128">iii. Allocate kshs 7 million to KBC , the Item Current Grant to Semi-Autonomous Government Agencies towards recurrent budget support for maintenance and rehabilitation activities</p> <p data-bbox="770 1328 802 1630">Development Sub Vote</p> <p data-bbox="730 1328 762 1892">Increases (Re-allocations)</p> <p data-bbox="611 1328 683 2128">i. Allocate and re-instate Ksh 54 million to KBC Rollout of Studio Mashinani project.</p> <p data-bbox="483 1328 555 2128">ii. Allocate kshs 300 million to the Kenya Year Book as Capital Grant to Semi Government Agencies</p> <p data-bbox="435 1328 467 1792">B: Policy recommendations</p> <p data-bbox="236 1328 339 2128">i. That the National Treasury ensure rationalization of approved allocation takes into account impact of the same on the programmes and projects under implementation</p>

COMMITTEE	OBSERVATIONS	RECOMMENDATIONS
		ii. The State Department to comply with statutory requirements of reporting non-financial programme and projects information and performance to the controller of budget.



REPUBLIC OF KENYA
THE NATIONAL TREASURY & PLANNING

**TALKING NOTES FOR THE AG.CABINET
SECRETARY/NATIONAL TREASURY AND
PLANNING ON THE FY 2019/20
SUPPLEMENTARY ESTIMATES NO.1**

NOVEMBER 2019

1. **Mr. Chairman,** It is my pleasure to honour your request to attend this meeting to discuss the FY 2019/20 Supplementary Estimates No.1.

2. I wish to thank you for creating time amidst the busy schedule of the House to review and consider the FY 2019/20 Supplementary Estimates No.1:

Question 1: The Justification for FY 2019/20 Supplementary Estimates No.1

3. **Mr. Chairman,** In the FY 2018/19, ordinary revenue was below target by Ksh.91.2 billion and in this regard, the projected revenue estimates for FY 2019/20 was therefore overstated by over Ksh.100 billion. In addition, preliminary review of revenue performance for the first quarter of the FY 2019/20 have indicated underperformance in projected revenues for the broad tax categories. Arising from these, the Government has revised the ordinary revenue target by Ksh.108.7 billion for the FY 2019/20 to reflect the lower base of FY 2018/19 and projected performance to end of the financial year.

4. **Mr. Chairman,** In addition to this, the Cabinet directed re-alignment of the FY 2019/20 Budget to the 'Big Four' Plan. Further to this, we experienced drought in some parts of the Country as well as requests for emerging priorities from MDAs which required our consideration.

5. These fiscal developments have therefore necessitated the preparation of the FY 2019/20 Supplementary Estimates No. 1.

Question No.2: A list of projects that their provisions has increased and the Status of such projects

6. **Mr. Chairman,** The list of projects whose allocations has increased and the status of those projects is as indicated in **Annex I** of this report.

Question No.3: The source of funding to meet the increased expenditures

Additional Expenditures

7. **Mr. Chairman**, The Gross Overall Ministerial cumulative expenditure has increased by **Ksh.80.1billion** from the FY 2019/20 original approved budget. The overall cumulative change is indicated in Table 1.

TABLE 1: FY 2019/20 GROSS BUDGET EXPENDITURE(KSH. MILLION)

Expenditure	Original Approved Budget Estimates	Supplementary Estimates No. 1	Variance	% Change to the Original Budget
Total Expenditure	3,044,600.1	3,131,204.8	86,604.7	2.8%
1.0. Ministerial National Government	1,928,820.3	2,008,925.0	80,104.7	4.2%
Recurrent Estimates	1,224,606.5	1,218,953.9	(5,652.6)	-0.5%
Development Estimates	704,213.8	789,971.1	85,757.3	12.2%
2.0. County Sharable Allocation	310,000.0	316,500.0	6,500.0	2.1%
3.0 Consolidated Fund Services	805,779.8	805,779.8	-	0.0%

- **Financing Measures**

8. **Mr. Chairman**, The additional expenditures in the FY 2019/20 Supplementary Estimates No. 1 has been financed by increase in Local Appropriations in Aid (AiA) of **Ksh.1.7 billion** and increase in projects funded by Development Partners of **Ksh.26.2 billion**. The National Treasury has also mopped-up surpluses from State Corporations and SAGAs amounting to **Ksh.78.7 billion**. This also covers part of the shortfall arising from the downward revision in revenues.

9. **Question No.4: Revenue Performance for the first Quarter of the FY 2019/20 Budget and the projections to the end of the financial year**

- **Revenue Performance**

10. **Mr. Chairman**, total cumulative revenues including A-I-A for the first quarter amounts to **Ksh.421.2 billion**. However, as at the end of October, 2019 total cumulative revenues including A-I-A amounts to **Ksh.559.2 billion** (5.4 % of GDP) against a target of **Ksh.624.9 billion**. The recorded shortfall of **Ksh.65.7 billion** is mainly as a result of an under performance of the ordinary revenues by **Ksh.43.3 billion** and Ministerial AiA by **Ksh.22.4 billion**. The revenue performance represents a growth of 12.6% compared to a growth of 11.9% in October 2018.

11. **Mr. Chairman**, ordinary revenue collection during the first quarter amounted to **Ksh.384.4 billion** against a target of **Ksh.444.5 billion**. However, the cumulative collection at the end of October, 2019, amounted to **Ksh.513.9 billion** against a target of **Ksh.557.3 billion** recording a shortfall of **Ksh.43.3 billion**. The short fall in ordinary revenue collection was recorded in all broad revenue categories. Excise tax recorded the largest shortfall of **Ksh.16.7 billion**. The details of revenue performance are provided in Table 2 below.

Table 2: Cumulative Revenue Collection as at 31st October 2019 (Ksh.Million)

	Oct-19			Oct-18		Oct-19	
	Target*	Prel. Issues	Deviation	Prel. Issues	% of GDP	% of GDP	Growth*
TOTAL REVENUE	624,927	559,219	(65,708)	496,810	5.3%	5.4%	12.6%
Ordinary revenue	557,273	513,941	(43,332)	455,643	4.9%	5.0%	12.8%
Import Duty	41,583	34,224	(7,359)	36,066	0.4%	0.3%	-5.1%
Excise Taxes	84,297	67,656	(16,660)	57,581	0.6%	0.7%	17.5%
Taxes on Income, Profits (Income Tax)	248,827	241,042	(7,785)	207,365	2.2%	2.3%	16.2%
Income Tax from Individuals (PAYE)	143,052	135,518	(7,534)	119,505	1.3%	1.3%	13.4%
Other Income Tax	105,775	105,524	(251)	87,860	0.9%	1.0%	20.1%
Taxes on goods and services (VAT)	148,318	140,451	(7,867)	126,601	1.4%	1.4%	10.9%
VAT (Domestic)	79,633	78,506	(1,127)	69,812	0.7%	0.8%	12.5%
VAT (Imports)	68,685	61,945	(6,740)	56,789	0.6%	0.6%	9.1%
Other Revenue	34,248	30,588	(3,660)	28,030	0.3%	0.3%	9.1%
Ministerial Appropriation in Aid	67,655	45,278	(22,376)	41,167	0.4%	0.4%	10.0%
Recurrent	46,387	32,706	(13,681)	28,954	0.3%	0.3%	13.0%
o w RML	18,935	22,135	3,200	21,522	0.2%	0.2%	2.9%
Development	21,267	12,572	(8,696)	12,213	0.1%	0.1%	2.9%
o w RDL	9,142	7,409	(1,733)	7,208	0.1%	0.1%	2.8%
GDP	10,355,352	10,355,352	-	9,348,273	9,348,273	10,355,352	

Other Revenue category includes, investment income, stamp duty, capital gain tax, traffic revenue, land revenue, fines and forfeitures, import declaration fees (IDF), tax on property, reimbursement and Anti Adulteration Levy.

12. The ordinary revenue collection represented an annual growth of 12.8%, which is an improvement from a growth of 10.6% recorded in October 2018.

- **Ministerial A-I-A**

13. **Mr. Chairman**, Ministerial A-I-A collected amounted to **Ksh.45.3 billion**, against a target of **Ksh.67.7 billion** thus underperforming by **Ksh.22.4 billion**. The shortfall in AiA is mainly attributed to delay in reporting by the MDAs. The Railway Development Levy amounted to **Ksh.7.4 billion** against a target at **Ksh.9.1 billion** while the collected Road Maintenance Levy (RML) amounted to **Ksh.26.6 billion**.

Revenue projection

14. Revenue estimates for FY 2019/20 have been revised downwards from **Ksh.2,115.9 billion** to **Ksh.2,007.2 billion** reflecting a downward revision of **Ksh.108.7 billion**. However, inclusive of the mop up from State owned Enterprises of **Ksh.78.7 billion**, the total revenue inclusive of AiA is projected

at **Ksh.2,084.2 billion** (20.1% of GDP). Ordinary revenue is projected at **Ksh.1,843.8 billion** (17.8% of GDP).

15. Overall expenditure and net lending for FY 2019/20 is projected at **Ksh.2,876.1 billion** (27.8% of GDP) of which recurrent is **Ksh.1,754.7 billion** (16.9% of GDP) and development is **Ksh.738.1 billion** (7.1% of GDP).

Question No.5: Status of domestic borrowing for the first quarter and the projection to the end of FY 2019/20

16. Mr. Chairman, in the FY 2019/20, the net domestic borrowing as at 30th September, 2019 is **Ksh.68.6billion** while the projection to end June 2020 is **Ksh.300.7billion**.

Question No. 6: Status of External Financing for the FY 2019/20

17. Mr. Chairman, in the current Financial Year 2019/2020, the approved Estimates in relation to Overseas Development Agencies(ODA) Budget is **Kshs.294,480,376,204** which is as shown by Table 3 below:

Table 3: Development Financed Projects Financing

	Amount	%
Net Concessional Loans (Revenue & AIA)	209,426,778,682	71%
Net Commercial Loans (ECA)	13,079,049,600	4%
Project Loan (SGR)	38,190,000,000	13%
Net Grants (Revenue & AIA)	33,784,547,922	11%
TOTAL	294,480,376,204	100%

Disbursements of Development Partners Funds

18. Mr. Chairman, as at 18th November 2019, we disbursed a total of **Kshs.44,359,154,638** (22%) out of **Kshs.294,480,376,204** as indicated by Table 4

TABLE 4: SUMMARY OF GRANTS AND LOANS DISBURSEMENT STATUS - CUMMULATIVE 2019/2020

FOR THE PERIOD ENDING 18 NOVEMBER 2019			
FUNDING TYPE	PRINTED ESTIMATES 2019/2020	CUMMULATIVE DISBURSEMENT	% Achieved against Revised Estimates
	KSHS	KSHS	
LOANS REVENUE	65,247,885,075	10,583,360,640	16%
GRANTS REVENUE	14,474,816,167	3,112,754,707	22%
LOANS AIA	195,447,943,207	49,812,449,509	25%
GRANTS AIA	19,309,731,755	1,619,326,598	8%
GRAND TOTAL	294,480,376,204	44,359,154,638	22%

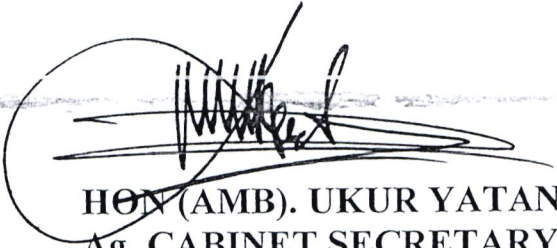
Question No.7: List of all pending bills as at the end of 30th September, 2019

19. **Mr. Chairman**, as per updated returns submitted by MDAs, pending bills as at the end of the FY 2018/19 amount to **Ksh.96.1 billion** of which AGPO pending Bills were **Ksh.2.6 billion** and Non-AGPO were **Ksh.93.5 billion** as indicated in Annex IIA of this report. As guided in the Treasury Circular No.7/2019 of 28th June 2019, these should form a first charge on FY2019/20 budgetary allocation before entering into any new commitments.

20. In addition, certain MDAs reported historical pending bills relating to prior years amounting to **Kshs.82.7 billion**. These historical pending bills will be dealt shall be dealt with by the Pending Bills Closure Committee (PBCC) once reconstituted as set out in the guidelines spelt out in Gazette Notice 297 of 14th January 2005.

21. The list of the pending bills for Counties which was submitted to the Controller of Budget was **Ksh108.4billion** while the list which was submitted to the Office of Auditor General was **Ksh.89billion**. The Auditor General through a special Audit Committee cleared **Ksh.51.3billion** for payment, of

which **Ksh23.3billion** have been paid. The overall outstanding pending bills for Counties is **Ksh. 64.2billion**. The details are as indicated by Annex IIB.

A handwritten signature in black ink, appearing to read 'Ukur Yatani', is written over a circular stamp. The signature is bold and stylized, with a large loop at the end.

HON (AMB). UKUR YATANI

Ag. CABINET SECRETARY/NATIONAL TREASURY AND PLANNING

November 19, 2019

ANNEX I: FY 2019/20 LIST OF DEVELOPMENT PROJECTS WITH ADDITIONAL PROVISION,
VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1011 The Presidency			
1011100401 Phase 2-Refurbishment of Fence and Main House at Mombasa State House	25,000,000	20,000,000	
25,000,000	20,000,000	ongoing	
1021 State Department for Interior	11,590,000	2,167,062,168	
1021100202 Purchase of Modern Polic Patrol Boat in Lake Victoria-Kisumu County	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1021100395 Construction of Police Post in Matungu - Kakamega County	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1021100396 Construction of Police Post in Mberere South-Embu County	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1021100810 Comprehensive refurbishment of residential houses and sewerage at GSU	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1021100834 Repair of sewer system at Kisingo Mombasa Gsu Camp	11,590,000	28,808,765	Ongoing
1021100835 Construction of modern armory at GSU Recce Camp - Ruiru and Magadi	-	9,679,990	Ongoing
1021100989 Construction of Kuresoi North - DCC's HQ & Access Road - Nakuru	-	8,573,413	Ongoing
1021105802 Hudduma Namba ID Cards	-	30,000,000	Ongoing
1021106501 Cyber Crime	-	1,000,000,000	Ongoing
1023 State Department for Correctional Services	-	1,000,000,000	Ongoing
1023100294 Construction of a Special Maximum Prison in Sigor	-	150,000,000	Ongoing
150,000,000	40,000,000	Ongoing	
1024 State Department for Immigration and Citizen Services	100,000,000	40,000,000	
1024102401 Maintenance of passport system (both Hardware, software and licenses	100,000,000	40,000,000	Ongoing
1032 State Department for Devolution	20,300,000	77,900,000	
1032101101 Kenya Symbioity Programme - Headquarters	20,300,000	77,900,000	Donor funded projects
1035 State Department for Development of the ASAL	2,371,500,000	2,817,286,516	
1035100100 Kenya Hunger Safety Net Programme	2,371,500,000	2,700,000,000	PHR
1035101700 Resilience and Sustainable Food Systems Programme	-	117,286,516	Donor funded projects
1052 Ministry of Foreign Affairs	50,000,000	254,000,000	
1052100201 Construction and Various Renovations in Pretoria	30,000,000	220,000,000	Ongoing
1052100301 Construction of an office block and other works in Mogadishu	20,000,000	25,000,000	Ongoing
1052101001 Renovation of chancery in Rome	-	9,000,000	Ongoing
1064 State Department for Vocational and Technical Training	25,600,000	1,065,121,000	
1064100100 Mbaa-ini Youth Polytechnic	1,200,000	3,800,000	

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1064100200 Lereshwa Youth Polytechnic	-	8,400,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1064100300 Lucy Onono Kinda Umala Youth Polytechnic	-	1,600,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1064100500 Nyagwehe Youth Polytechnic (Debt Swap)	4,200,000	2,600,000	
1064100600 Vitenge Youth Polytechnic (Debt Swap)	-	2,600,000	
1064100700 Ebusiralo Youth Polytechnic (Debt Swap)	-	4,300,000	
1064100800 Mfangano Youth Polytechnic (Debt Swap)	4,200,000	3,500,000	
1064101000 M&E For K'dip Projects In State Department Of Science & Technology	-	10,241,000	
1064103801 East Africa Skills Transformation and Regional Integration	-	700,000,000	Donor funded projects
1064103900 Infrastructure development at Kitale National Polytechnic	-	100,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1065 State Department for University Education	8,000,000	114,040,000	
1065100400 University of Nairobi Generating Evidence for Population Dynamics	8,000,000	14,040,000	
1065101400 Bomet University College Development of Health Unit	-	100,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1066 State Department for Early Learning & Basic Education	-	1,360,000,000	
1066101401 Kenya Primary Education Project (GPE) - Headquarters	-	1,300,000,000	Donor funded
1066101502 Reconstruction of Solai School	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1066101503 Construction of classrooms in Kamutuandu Primary School	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1066102402 Upgrading of St. Augustine Mwera Boys High School	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1066102403 Construction of Mpeketoni Girls Secondary School	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1071 The National Treasury			
1071102201 Strategic Investments in Public Enterprises	3,700,000,000	1,870,044,006	
1071103801 Data warehouse business intelligence	3,700,000,000	1,600,000,000	Consolidated Bank Pay off
	-	270,044,006	
1081 Ministry of Health			
1081102101 East Africa Public Laboratory Networking Project	11,144,788,998	18,069,652,549	
1081103300 Environmental Health Services	203,030,478	250,432,318	Donor funded project
1081105702 Infrastructure development at KMTC Othaya	37,400,500	56,075,868	Donor funded project
1081105703 Infrastructure development at KMTC Ikolomani	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1081109401 Roll-out of Universal Health Coverage	5,400,000,000	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1081110301 Transforming Health Systems for Universal Care Project	4,920,370,873	16,025,381,630	Big Four projects
1081111501 Special Global Fund TB Grant KEN-T-TNT	583,987,147	1,000,000,000	Donor funded project
		582,562,733	Donor funded project

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1081117601 National Aids Control Council - (Beyond Zero Campaign)	-	35,200,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1081117901 Reconstruction of Drugs Rehabilitation Centre at Coast Gen. Hosp.	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1081118001 Construction of a Hospital in Kiyawara - Kiwi East Constituency	-	30,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091 State Department for Infrastructure			
1091101306 NUTRIP - James Gichuru junction - Rironi (Uhuru Highway) (26 km)	4,084,906,951	13,342,035,059	Ongoing
1091102400 Arusha-Hollili/Taveta-Voi Road Project	759,470,881	550,000,000	Ongoing
1091115401 Isebania - Mukuyu - Kisii - Ahero Road (A1) Lot 1 & 2	12,500,000	190,000,000	Ongoing
1091127801 Improvement of Roads in Mt. Kenya and Aberdare National Park	3,192,936,070	480,000,000	Ongoing
1091135902 Improvement of roads in Nyeri town	55,000,000	400,000,000	Ongoing
1091135903 Murraming of roads in Tetu Constituency	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135904 Murraming of roads in Mathira Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135905 Murraming of roads in Mukurweini Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135906 Upgrading of Nanyuki-Doldol road and bridges	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135907 Upgrading of Tom-Mboya Road Kisumu	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135908 Upgrading of Habaswein-Dadajabula road - Wajir South	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135909 Murraming of Hadado-Arbajahan road - Wajir West	-	40,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135910 Murraming of Ajawa-Batalu road - Wajir North	-	25,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135911 Construction of Bridge at Malkadaka (Isiolo County)	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135912 Muthatari-Kimangaro - BAT Road (Mbeere North)	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135913 Rukuriri-Kathegeri-Kigumo Road (Runyenjes)	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135914 Mwanguwi-Mghambonyi Road	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135915 Mghange Mwanda road	-	40,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135916 Wundanyi Wesu road	-	6,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135917 Kungu Ngerenyi Lushengoyi Road	-	6,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135918 Wundanyi Shigharo road	-	6,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1091135919 Fighinyi Njilingi Nyache Road	-	6,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135920 Kishushe Ndii Road (Voi)	-	5,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135921 Construction of murrum roads in Lamu County Wards	-	65,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135922 Riruta Dagoretti-Kawangware Road C63	-	60,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135923 Rehabilitation of roads in Nakuru East	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135924 Rehabilitation of roads in Bahati Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135925 Rehabilitation of roads in Naivasha Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135926 Rehabilitation of roads in Gilgil Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135927 Turbo-Naitiri-Sikhendu road C44	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135928 Emia Road (Kapsiro)	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135929 Rehabilitation of roads in Borabu Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135930 Rehabilitation of roads in Kitutu Masaba Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135931 Rehabilitation of roads in North Mugirango Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135932 Rehabilitation of roads in West Mugirango Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135933 Rehabilitation of roads in Suna East Constituency	-	20,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135934 Rehabilitation of roads in Suna West Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135935 Rehabilitation of roads in Uriri Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135936 Rehabilitation of roads in Nyatike Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135937 Rehabilitation of roads in Kuria West Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135938 Rehabilitation of roads in Kuria East Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135939 Rehabilitation of roads in Awendo Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135940 Rehabilitation of roads in Rongo Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1091135941 Rehabilitation of roads in Maara Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135942 Aldina-Mikunjuni road (Mombasa County)	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135943 Rehabilitation of roads in Tharaka Constituency	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135944 Rehabilitation of roads in Mwea Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135945 Rehabilitation of roads in Kirinyaga Central Constituency	-	5,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135946 Rehabilitation of roads in Ndia Constituency	-	5,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135947 Rehabilitation of roads in Gichugu Constituency	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135948 Construction of Thakwe Bridge - Makueni County	-	150,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091135949 Oleusuya-Kona baridi Bridge (Kajiado County)	-	100,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1091142601 Dualling Thika - Kenol - Marua (A2-R)	40,000,000	500,000,000	
1091148565 Riara - Uriri - Minyenya - Nyachuria	-	10,000,000	
1091148566 Nyandito - Ritika	-	10,000,000	
1091148567 Marera - Pundo Kawiti Primary	-	10,000,000	
1091148568 Koyar - Adonji - Kondoro	-	10,000,000	
1091148569 Kwar - Bridge - Kanyimach	-	10,000,000	
1091148570 Ndonyo - Bridge - Kairu - Maroo	-	10,000,000	
1091148701 Development of Infra. for the Regional Centre of Excellence - KIHBT	25,000,000	200,000,000	
1091152202 Access Roads to Affordable Housing Facilities	-	205,116,600	Big Four project
1091152203 Access Roads to Industrial Park Facilities	-	519,102,780	Big Four project
1091152204 Access Roads to Food Security and Nutrition Facilities	-	3,807,815,679	Big Four project
1091152301 James Gichuru - JKIA Expressway	-	5,300,000,000	Big Four project
1092 State Department for Transport			
1092100200 Development of Mombasa to Nairobi Standard Gauge Railway	7,698,000,000	28,594,003,944	
1092100500 Kenya Transport Sector Support Programme	7,097,000,000	16,900,000,000	last payment for SGR Phase I & Payment for Nairobi ICD
1092101801 Maintenance of ferries and jetties project - Headquarters	451,000,000	226,000,000	ongoing
1092105501 Dongo Kundu Special Economic Zone	150,000,000	500,000,000	ongoing
1092105502 Naivasha Special Economic Zone (Textile Park)	-	3,590,000,000	Big Four Project
1092105503 Rehabilitation of Nairobi-Konza Metre-Gauge Railway Line	-	6,900,000,000	Big Four Project
	-	478,003,944	Big Four Project
1094 State Department for Housing & Urban Development			
1094106501 Nairobi Bus Rapid Transport Project	-	614,493,736	
1094106601 Rehabilitation of Siakago Market	-	594,493,736	Big Four Project
1094106602 Rehabilitation of Ishiara Market	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1095 State Department for Public Works			
1095103501 Upgrade of Hospitals and Universal Health Care	-	2,352,131,375	Big Four Project
1095103601 Development of Leather Industrial Park - Kenanie	-	1,694,827,513	Big Four Project
1095103602 Construction of Constituency Industrial Development Centre	-	3,983,366	Big Four Project
1095103603 Dongo Kuny Special Economic Zone	-	21,908,514	Big Four Project
1095103604 Development of Special Economic Zone Textile Parking Naivasha	-	99,185,818	Big Four Project
1095103605 Konza Technopolis Complex	-	355,515,433	Big Four Project
1095104101 Park Road	-	19,041,128	Big Four Project
1095104102 Starehe	-	8,237,601	Big Four Project
1095104103 Shauri Moyo	-	10,149,617	Big Four Project
1095104104 Ruai	-	23,685,095	Big Four Project
1095104105 East African Portland Cement	-	45,760,911	Big Four Project
1095104106 Kibera	-	59,798,293	Big Four Project
1095104107 Mariguni	-	5,019,041	Big Four Project
	-	5,019,045	Big Four Project
1107 Ministry of Water and Sanitation	5,940,000,000	12,186,963,836	
1107100300 Support to the Water Resources Management and Water Service Provision	-	25,000,000	Ongoing
1107101601 Athi Water Services Board	1,925,000,000	840,000,000	Ongoing
1107101602 Lake Victoria North Water Services Board	90,000,000	675,000,000	Ongoing
1107101603 Coastal Water Services Board	160,000,000	255,000,000	Ongoing
1107101600 Water & Sanitation Services & Improvement Project (Athi WSB)	2,175,000,000	1,770,000,000	
1107101703 Coastal Region Water Security & Climate Resilience Project (CRWSCR)	2,850,000,000	1,500,000,000	Ongoing
1107105101 Support to Equitable Access to quality water	60,000,000	350,000,000	Ongoing
1107107401 Mavoko Water Supply	755,000,000	235,000,000	Ongoing
1107115601 Improvement of Drinking Water & Sanitation Systems in Mombasa	100,000,000	27,000,000	Ongoing
1107117601 Northern Collector Water Supply	-	4,229,963,836	Big Four Project
1107117604 Relocation of Water Pipelines & Sewer lines - Nairobi Express Way	-	2,700,000,000	Big Four Project
1107117701 Construction of Water pans - Kajiado East & South Constituencies	-	35,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117702 Drilling of Boreholes and Earth Dams - Marsabit	-	80,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117703 Construction of Kaprom Dam - West Pokot	-	100,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117704 Drilling of Boreholes in Laikipia East & West Constituencies	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117705 Dadantai - Warcadey Water Supply in Eldas - Wajir	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117706 Mbulia Water project in Voi - Taita Taveta	-	10,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20

VOTE DETAILS

	Approved Estimates	Change in Estimates	Status/Remarks
1107117707 Chawia Check Dam - Taita Taveta	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1107117801 Construction of Peace Dams	-	1,070,000,000	
1108 Ministry of Environment and Forestry			
1108102201 Green Growth & Employment - Headquarters	35,000,000	58,000,000	
1108102801 Implementation of National Green Economy Strategy through Low Carbon	22,000,000	46,000,000	ongoing
	13,000,000	12,000,000	ongoing
1122 State Department for Information Communication Technology			
1122100301 East African Trade and Transport Facilitation Project - Headquarters	561,585,886	3,504,366,090	
1122100401 NOFBI II - Headquarters	200,000,000	200,000,000	Ongoing
1122101901 Connectivity to Health Facilities	361,585,886	10,000,000	Ongoing
1122101902 Connectivity to Special Economic Zone Textile Park - Naivasha	-	774,571,737	Big Four projects
1122101903 Connectivity to Leather Industrial Park - Kenia	-	79,667,324	Big Four projects
1122101904 Connectivity to Donngo Kundu Special Economic Zone	-	28,680,237	Big Four projects
1122101905 Connectivity to Konza Data Centre & Smart City	-	7,966,732	Big Four projects
	-	2,403,480,060	Big Four projects
1132 State Department for Sports			
	-	100,000,000	
1132100502 Infrastructure Development at Kipchoge Keino Stadium	-	100,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1134 State Department for Culture and Heritage			
	-	40,000,000	
1134102301 Fencing of Kapenguria Museum	-	40,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1152 Ministry of Energy			
	10,339,000,000	16,053,820,969	
1152100400 Loiyangalani - Suswa transmission line	-	1,160,000,000	Payment of Pending bills
1152101400 Turkwell- Ortum- Kitale	120,000,000	165,000,000	Ongoing
1152101600 Nairobi 132kv And 66kv Network Upgrade And Reinforcement	950,000,000	1,450,000,000	Ongoing
1152102200 Menengai Geothermal Development Project	2,900,000,000	291,000,000	Ongoing
1152102700 Last Mile Electricity Connectivity	5,500,000,000	1,050,000,000	Ongoing
1152103000 Kenya Development of Solar Power Plants (Garissa)	380,000,000	341,792,970	Ongoing
1152103502 Street lights - Ebaleti-Karindel(Karen)-Gitiba-Mutuni	-	5,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1152103503 Street lights- Embakasi Central, North, West & Mathare Constituencies	-	15,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1152103504 Installation of Street Lights on roads in Changamwe	-	5,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1152104001 Machakos - Konza - Kajjado - Namanga	319,000,000	287,000,000	
1152107901 Kenya Power Transmission Expansion Project	50,000,000	650,000,000	
1152108001 K-OSAP- State Department of Energy	-	3,000,000,000	Donor funded project
1152108301 Nuclear Policy and Legislation	-	80,000,000	ongoing
1152108901 Electrification of Level 4 & Level 3 Hospitals	120,000,000	1,551,891,811	Big Four Project
1152109001 Naivasha Industrial Park	-	4,384,889,511	Big Four Project

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	Approved Estimates	Change in Estimates	Status/Remarks
1152109002 Konza Technopolis Complex	-	398,336,620	Big Four Project
1152109101 Electrification of Food Processing Plants - HQ	-	353,722,919	Big Four Project
1152109201 Starehe Housing Scheme	-	15,933,465	Big Four Project
1152109202 Shauri Moyo Housing Scheme	-	23,900,197	Big Four Project
1152109203 Ruai Housing Scheme	-	392,759,907	Big Four Project
1152109204 Kibera Housing Scheme	-	23,900,197	Big Four Project
1152109205 Mariguini Housing Scheme	-	15,933,465	Big Four Project
1152109206 East Africa Perland	-	392,759,907	Big Four Project
1165 State Department for Crop Development	-	575,000,000	
1165107101 Modernization of Agricultural Society of Kenya Premises	-	575,000,000	Ongoing
1167 State Department for Irrigation	-	380,000,000	
1167102001 Drought Resilience in Northern Kenya	-	350,000,000	Donor funded project
1167102101 New Kithimu Irrigation project - Embu County	-	30,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1175 State Department for Industrialization	527,000,000	6,336,366,089	
1175100301 Develop a Freeport & Industrial parks-Special Economic Zone Mombasa	-	2,160,000,000	Big Four project
1175100401 Naivasha SEZ Textile Park	-	1,200,000,000	Big Four project
1175100501 Development of Leather Industrial Park - Kenanite	100,000,000	2,475,198,089	Big Four project
1175101201 Construct on of Constituency Industrial Development Centres -ESP	352,000,000	278,768,000	Big Four project
1175102301 Modernization of NMC's Foundry Plant & Fabrication Workshop	75,000,000	222,400,000	Big Four project
1184 State Department for Labour	-	65,100,000	
1184100301 Construct on of Occupational Safety & Health-OSH-Institute-Phase I	-	45,000,000	ongoing
1184102501 Construct on of Kasarani Modern Employment Office	-	14,700,000	ongoing
1184102801 Construct on of a Resource Centre at Tom Mboya Labour College, Kisumu	-	5,400,000	ongoing
1185 State Department for Social Protection, Pensions & Senior Citizens Affairs	2,154,569,200	950,000,000	
1185104001 Kenya Social and Economic Inclusion Project	2,154,569,200	950,000,000	PIR
1192 State Department for Mining	-	4,780,039	
1192102101 Geo Technical Site Investigation for Dongo Kundu SEZ	-	4,780,039	Big Four project
1202 State Department for Tourism	-	144,000,000	
12021003001 Open Space Office Modelling and Security System Fitting	-	24,000,000	ongoing
1202101701 Rehabilitation of Mama Ngina Beach Waterfront	-	120,000,000	Project completed
1203 State Department for Wildlife	-	100,000,000	
1203101001 Nairobi Safari Walk Development & Education Outreach Project	-	100,000,000	Donor funded project
1213 State Department for Public Service	-	50,000,000	

VOTE DETAILS

	Approved Estimates	Change In Estimates	Status/Remarks
1213100801 Huduma Centre-Merti	-	50,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1222 State Department for Regional and Northern Corridor Development	-	20,000,000	
1222102802 Coast Development Authority - CDA	-	20,000,000	
1261 The Judiciary	-	34,000,000	
1261102601 Child Protection Legal and Policy Reform	-	4,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1261102701 Construction of Likuyani Law Courts	-	30,000,000	Project identified during the Public participation for FY 2018/19 & 2019/20
1271 Ethics and Anti-Corruption Commission	-	10,026,465	
1271100401 Automation of EACC Business Processes	-	10,026,465	Transfer from State Department for ICT
2141 National Gender and Equality Commission	-	600,000	
2141100201 Access & Mobility Impl. of Universal Access in Vulnerable Situation	-	600,000	Donor funded project



ANNEX IIIA: STATUS OF PENDING BILLS AS AT 31ST OCTOBER 2019

CATEGORY	Ministry/State Department/Agency	I. AGRO		II. NON-AGRO		III. HISTORICAL		GRAND TOTALS		Balance Outstanding	MCA Remarks	% Rate of Total
		Pending Bills as at 30th June 2019	Amount Funded To Date	Balance Outstanding	Pending Bills as at 30th June 2019	Amount Funded To Date	Balance Outstanding	Pending Bills as at 30th June 2019	Amount Funded To Date			
1011	The Presidency	124,548,571	124,548,571	452,043,096	452,043,096	56,812,198	56,812,198	632,403,865	632,403,865	0%		0%
1012	State Department for Interior	904,732,657	904,732,657	3,374,335,655	3,374,335,655	95,319,751	95,319,751	4,374,368,263	4,374,368,263	2%	Validated by the Internal Auditor. No comment.	2%
1013	State Department for Correctional Services			63,384,281	63,384,281	6,161,955,183	6,161,955,183	6,225,339,464	6,225,339,464	3%	Pending bills upto 2017/18 have been forwarded to pending basic Committee. The 2018/19 bills forms the first charge where they meet the criteria as per PFM Act 2012 and Public Procurement and Disposal of Goods Act 2012.	3%
1014	State Department for Immigration and Citizen Services	14,063,496	14,063,496	126,882,158	126,882,158	7,302,516	7,302,516	148,248,170	148,248,170	0%	Lack of Exchange	0%
1015	State Department for Devolution	80,675,362	80,675,362	128,419,603	128,419,603			208,094,965	208,094,965	0%	Validation by internal audit is ongoing and changes will be communicated.	0%
1016	State Department for Development of the ASA	1,260,110	1,260,110	13,912,220	13,912,220	412,220	412,220	14,792,110	14,792,110	0%	No comments.	0%
1017	Ministry of Education	21,390,283	21,390,283	558,283,385	533,937,304	24,346,081	24,346,081	555,327,587	555,327,587	0%	The pending bills carry a consolidated figure for FY 2018/19 and previous years. The bills forms the first charge in the FY 2019/20.	0%
1018	Ministry of Foreign Affairs			188,564,229	76,800,300	111,763,929		188,564,229	76,800,300	0%	Lack of funds. Capitalised interest submission.	1%
1019	State Department for Vocational & Tech Training	59,883,075	59,883,075	654,898,870	654,898,870	1,803,800	1,803,800	916,585,745	916,585,745	1%	The pending bills relates to unreleased development expenditure meant for distribution to local authorities.	1%
1020	State Department for University Education & Research			895,425,233	895,425,233			895,425,233	895,425,233	0%	Lack of Exchange	0%
1021	State Department for Early Learning & Basic Education	3,710,445	3,710,445	8,389,906	3,652,408	4,537,498		12,100,351	3,652,408	0%	Chief documentation issues and late submissions at the closure of the financial year.	0%
1022	State Department for Post Training and Skills Development	2,087,779	2,087,779	1,173,786	1,173,786			3,261,565	3,261,565	0%	Historical bills require further verifications.	0%
1023	The National Treasury	643,100	643,100	239,661,897	239,661,897	1,652,500	1,652,500	241,957,497	241,957,497	0%	The Ministry chief responsibility of funds to meet Recurrent bills of 58.4M and Development bills of 17.6M having not been verified. It has historical bills of 41,558.9M with 40.7B being Court Awards and verifications.	23%
1024	State Department for Planning					28,229,023	28,229,023	28,229,023	28,229,023	0%	Historical bills require further verifications.	0%
1025	Ministry of Health			76,067,334	76,067,334	41,655,419,887	41,655,419,887	41,731,487,221	41,731,487,221	0%	The pending bills have been approved by the committee. Out of the 12,581B pending bills, 18.1M bills were received as an additional from National Water Harvesting & Storage Authority as result of local analysis.	0%
1026	State Department for Infrastructure	1,320,000	1,320,000	71,214,286,390	71,214,286,390			71,215,606,390	71,215,606,390	40%	Chief system closure before processing details.	40%
1027	State Department for Transport	3,926,688	3,926,688	7,587,899	7,587,899	2,179,560	2,179,560	13,694,147	13,694,147	0%	Lack of Exchange	0%
1028	State Department for Shipping and Maritime Development	34,800	34,800	640,000	640,000	674,800	674,800	674,800	674,800	0%	Validated pending bills	0%
1029	State Department for Housing, Urban Development	47,011,077	47,011,077	215,781,318	215,781,318	503,518,892	503,518,892	766,311,288	766,311,288	0%	The pending bills have been approved by the committee. Out of the 12,581B pending bills, 18.1M bills were received as an additional from National Water Harvesting & Storage Authority as result of local analysis.	0%
1030	State Department for Public Works			325,743,650	325,743,650	200,951,027	200,951,027	526,694,677	526,694,677	0%	18.1M bills were received as an additional from National Water Harvesting & Storage Authority as result of local analysis.	0%
1031	Ministry of Water & Sanitation			34,688,896	34,688,896	12,581,000,000	12,581,000,000	12,615,688,896	34,688,896	7%	Payments Historical bills had documentation issues and also	0%
1032	Ministry of Environment & Forestry	11,410,725	11,410,725	14,180,293	14,180,293	86,265,630	86,265,630	111,856,648	111,856,648	0%	Payments Historical bills had documentation issues and also	0%
1033	Ministry of Lands and Physical Planning	277,993,212	277,993,212	152,846,754	152,846,754	46,500	46,500	430,866,476	430,866,476	0%	Payments at different stages	0%
1034	State Department for ICT & Innovation	13,254,588	13,254,588	223,507,907	223,507,907	11,473,590	11,473,590	248,236,055	248,236,055	0%	Payments at different stages	0%

1123	State Department for Broadcasting & Communication	19,729,474	646,973,458	91,287,250	757,990,182	91,287,250	757,990,182	0%	The pending bills submitted excludes KSH 249,532,482.60 which are non compliant & awaiting provision of requisite documentation. Budget constraints cited as the major hurdle to
1132	State Department for Sports	1,722,611	45,405,445	86,963,950	134,092,006	86,963,950	134,092,006	0%	The pending bills are yet to be cleared by the Internal Audit.
1134	State Department for Culture & Heritage	6,120,660	18,077,602	17,477,394	41,675,655	17,477,394	8,909,123	0%	No explanations
1152	State Department for Energy	1,714,455	7,410,254	4,753,365	13,878,074	4,753,365	13,878,074	0%	Lack of supportive documents
1162	State Department for Livestock	76,366,300	19,600,000	4,025,953,160	4,121,919,460	4,025,953,160	4,121,919,460	2%	AGPO and Non-AGPO items were affected by exchequer not received under Development vote. Historical bills are protected legal matters referred to Pending Bills Closing committees in the Previous financial
1165	State Department for Crop Development	79,643,740	82,847,574	12,310,511,573	12,473,002,887	12,310,511,573	12,473,002,887	7%	Lack of exchequer and inadequate budgetary allocations.
1166	State Department for Fisheries, Aquaculture & Blue Economy	32,925,578	220,482,908	12,911,456	266,319,942	12,911,456	266,319,942	0%	Pending bills includes blue economy continuing projects facing financial constraints. Historical & FY 2018/19 bills have been audited and factored in the current FY 2019/20 procurement plan and
1167	State Department for Irrigation	9,960,788	-	-	9,960,788	9,960,788	9,960,788	0%	The pending bills forms the 1st quarter in the FY 2019/20
1168	State Department for Agricultural Research	978,270	13,123,010	-	14,101,280	978,270	14,101,280	0%	Lack of Exchequer
1173	State Department for Cooperatives	23,672,811	19,500,431	13,643,869	56,817,111	13,643,869	56,817,111	0%	All Pending bills
1174	State Department for Trade	4,795,131	1,351,160	50,456,696	56,602,987	50,456,696	56,602,987	0%	The pending bills have been validated by internal audit department and draft report issued
1175	State Department for Industrialization	55,183,760	208,715,085	-	263,898,845	55,183,760	263,898,845	0%	Insufficient Exchequer
1194	State Department for Labour	8,573,145	-	46,133,395	54,706,540	46,133,395	54,706,540	0%	The historical bills represents a consolidated figure of bills from FY 2012/13 to FY 2018/19 as reported by the State Department.
1195	State Department for Social Protection	38,434,977	85,483,733	21,567,440	145,486,150	21,567,440	145,486,150	0%	Pending bills occurred as result of budget cuts & austerity measures in Suriname.
1192	State Department for Mining	36,301,479	590,355	216,630,990	217,221,345	216,630,990	217,221,345	0%	Pending bills of KSH 216.6M forms historical bills which are likely to be determined in a court case is finalized. The bills relates to a tender awarded for supply and delivery of cylinders in the FY
1193	State Department for Petroleum	81,792,524	117,862,989	15,000,000	214,655,513	15,000,000	214,655,513	0%	Validated pending bills
1202	State Department for Tourism	36,301,479	1,767,750	803,771	38,673,000	803,771	38,673,000	0%	No Pending bills
1204	State Department for Wildlife	92,539,825	117,862,989	15,000,000	225,402,814	15,000,000	225,402,814	0%	To be paid as the first charge in FY 2019/20
1211	State Department for Public Service	275,531,602	6,132,296,030	4,159,649,451	10,567,477,084	4,159,649,451	10,567,477,084	6%	NOTE new submission of 30.8.2019 (NYS pending bill stand at 10,524B as shown AGPO. 275.53M, Miscellaneous - 233.5M, TVET - 1.169B. Service women allowance and savings - 1.213B, 4th Quarter A/E related - 2.59B, Global 502M and Others 383M). State Dept of youth pending bills stands at 43.2M
1212	State Department for Gender	21,707,049	73,371,474	96,078,523	158,964,833	96,078,523	158,964,833	0%	The pending bills are in the process for payment as first charge
1221	State Department for East African Community	4,597,861	14,242,780	2,945,654	26,959,728	2,945,654	26,959,728	0%	Inadequate budgetary provisions and lack of documents.
1222	State Department for Regional & Northern Corridor Development	614,890	6,774,795	7,386,685	7,386,685	7,386,685	7,386,685	0%	
1252	State Law Office and Department of Justice	8,878,795	10,195,916	19,142,474	38,217,184	19,142,474	38,217,184	0%	The pending bills have been validated by the Internal Audit
COMMISSIONS/INDEPENDENT OFFICES									

Category	Number	Rate	Pending Bills as at 30th June 2019		Amount Funded To		Balance Outstanding	
			June 2019	Date				
I. ACPD	2,577	153,688	57,276,159	2,519,884,529				
II. NON-ACPD	93,535	825,184	782,729,825	92,753,095,390				
III. HISTORICAL	82,667	298,435	-	82,667,288,435				
TOTAL	178,780	277,307	840,008,984	177,940,268,323				

Subtotal	2,577	153,688	57,276,159	2,519,884,529	2,005,477,888	93,535,825,184	782,729,825	92,753,095,390	82,667,288,435	82,667,751,992	178,780,277,307	840,008,984	178,028,328,239	100%
1293 The Judiciary					898,437,695			898,437,695		898,437,695			898,437,695	0%
1273 Ethics and Anti-Corruption Commission					40,816,746			40,816,746		40,816,746			40,816,746	0%
1263 National Intelligence Service					54,547,705			207,420,795		207,420,795			207,420,795	0%
1243 Office of the Director of Public Prosecutions					9,748,835			14,817,833		14,817,833			14,817,833	0%
1173 Witness Protection Agency					17,611,120			6,775,146		6,775,146			6,775,146	0%
2003 National Land Commission					8,199,350			839,824,451		839,824,451			839,824,451	0%
2033 Independent Electoral and Boundaries Commission					3,260,468,977			3,260,468,977		3,260,468,977			3,260,468,977	2%
2043 Parliamentary Service Commission					116,634,474			964,373,528		964,373,528			964,373,528	1%
2063 Judicial Service Commission					724,155			93,134,412		93,134,412			93,134,412	0%
2463 The Commission of Revenue Allocation					724,155			7,775,233		7,775,233			7,775,233	0%
2473 Public Service Commission					13,958,800			13,958,800		13,958,800			13,958,800	0%
2603 Salaries and Remuneration Commission					2,174,416			31,323,058		31,323,058			31,323,058	0%
2693 Teachers' Service Commission					962,124			248,258,976		248,258,976			248,258,976	0%
2103 National House Service Commission					962,124			31,755,352		31,755,352			31,755,352	0%
2113 Auditor General					2,172,296			2,172,296		2,172,296			2,172,296	0%
2123 Controller of Budget					82,165			470,104		470,104			470,104	0%
2133 Commission of Administrative Justice					2,172,296			694,992		694,992			694,992	0%
2143 National Gender and Equality Commission					30,010			30,010		30,010			30,010	0%
2153 Independent Policing Oversight Authority					2,867,288			2,867,288		2,867,288			2,867,288	0%

Subtotal	2,577	153,688	57,276,159	2,519,884,529	2,005,477,888	93,535,825,184	782,729,825	92,753,095,390	82,667,288,435	82,667,751,992	178,780,277,307	840,008,984	178,028,328,239	100%
1293 The Judiciary					898,437,695			898,437,695		898,437,695			898,437,695	0%
1273 Ethics and Anti-Corruption Commission					40,816,746			40,816,746		40,816,746			40,816,746	0%
1263 National Intelligence Service					54,547,705			207,420,795		207,420,795			207,420,795	0%
1243 Office of the Director of Public Prosecutions					9,748,835			14,817,833		14,817,833			14,817,833	0%
1173 Witness Protection Agency					17,611,120			6,775,146		6,775,146			6,775,146	0%
2003 National Land Commission					8,199,350			839,824,451		839,824,451			839,824,451	0%
2033 Independent Electoral and Boundaries Commission					3,260,468,977			3,260,468,977		3,260,468,977			3,260,468,977	2%
2043 Parliamentary Service Commission					116,634,474			964,373,528		964,373,528			964,373,528	1%
2063 Judicial Service Commission					724,155			93,134,412		93,134,412			93,134,412	0%
2463 The Commission of Revenue Allocation					724,155			7,775,233		7,775,233			7,775,233	0%
2473 Public Service Commission					13,958,800			13,958,800		13,958,800			13,958,800	0%
2603 Salaries and Remuneration Commission					2,174,416			31,323,058		31,323,058			31,323,058	0%
2693 Teachers' Service Commission					962,124			248,258,976		248,258,976			248,258,976	0%
2103 National House Service Commission					962,124			31,755,352		31,755,352			31,755,352	0%
2113 Auditor General					2,172,296			2,172,296		2,172,296			2,172,296	0%
2123 Controller of Budget					82,165			470,104		470,104			470,104	0%
2133 Commission of Administrative Justice					2,172,296			694,992		694,992			694,992	0%
2143 National Gender and Equality Commission					30,010			30,010		30,010			30,010	0%
2153 Independent Policing Oversight Authority					2,867,288			2,867,288		2,867,288			2,867,288	0%

Subtotal	2,577	153,688	57,276,159	2,519,884,529	2,005,477,888	93,535,825,184	782,729,825	92,753,095,390	82,667,288,435	82,667,751,992	178,780,277,307	840,008,984	178,028,328,239	100%
1293 The Judiciary					898,437,695			898,437,695		898,437,695			898,437,695	0%
1273 Ethics and Anti-Corruption Commission					40,816,746			40,816,746		40,816,746			40,816,746	0%
1263 National Intelligence Service					54,547,705			207,420,795		207,420,795			207,420,795	0%
1243 Office of the Director of Public Prosecutions					9,748,835			14,817,833		14,817,833			14,817,833	0%
1173 Witness Protection Agency					17,611,120			6,775,146		6,775,146			6,775,146	0%
2003 National Land Commission					8,199,350			839,824,451		839,824,451			839,824,451	0%
2033 Independent Electoral and Boundaries Commission					3,260,468,977			3,260,468,977		3,260,468,977			3,260,468,977	2%
2043 Parliamentary Service Commission					116,634,474			964,373,528		964,373,528			964,373,528	1%
2063 Judicial Service Commission					724,155			93,134,412		93,134,412			93,134,412	0%
2463 The Commission of Revenue Allocation					724,155			7,775,233		7,775,233			7,775,233	0%
2473 Public Service Commission					13,958,800			13,958,800		13,958,800			13,958,800	0%
2603 Salaries and Remuneration Commission					2,174,416			31,323,058		31,323,058			31,323,058	0%
2693 Teachers' Service Commission					962,124			248,258,976		248,258,976			248,258,976	0%
2103 National House Service Commission					962,124			31,755,352		31,755,352			31,755,352	0%
2113 Auditor General					2,172,296			2,172,296		2,172,296			2,172,296	0%
2123 Controller of Budget					82,165			470,104		470,104			470,104	0%
2133 Commission of Administrative Justice					2,172,296			694,992		694,992			694,992	0%
2143 National Gender and Equality Commission					30,010			30,010		30,010			30,010	0%
2153 Independent Policing Oversight Authority					2,867,288			2,867,288		2,867,288			2,867,288	0%

PENDING BILLS SUMMARY AS AT 30TH JUNE 2019

Category	Number	Rate	Pending Bills as at 30th June 2019		Amount Funded To		Balance Outstanding	
			June 2019	Date				
I. ACPD	2,577	153,688	57,276,159	2,519,884,529				
II. NON-ACPD	93,535	825,184	782,729,825	92,753,095,390				
III. HISTORICAL	82,667	298,435	-	82,667,288,435				
TOTAL	178,780	277,307	840,008,984	177,940,268,323				

MIDA's Submissions	Number	Rate
Submissions	70	100%
Non Submissions	0	0%
Total	70	100%

1293 The Judiciary
 1273 Ethics and Anti-Corruption Commission
 1263 National Intelligence Service
 1243 Office of the Director of Public Prosecutions
 1173 Witness Protection Agency
 2003 National Land Commission
 2033 Independent Electoral and Boundaries Commission
 2043 Parliamentary Service Commission
 2063 Judicial Service Commission
 2463 The Commission of Revenue Allocation
 2473 Public Service Commission
 2603 Salaries and Remuneration Commission
 2693 Teachers' Service Commission
 2103 National House Service Commission
 2113 Auditor General
 2123 Controller of Budget
 2133 Commission of Administrative Justice
 2143 National Gender and Equality Commission
 2153 Independent Policing Oversight Authority

898,437,695
 40,816,746
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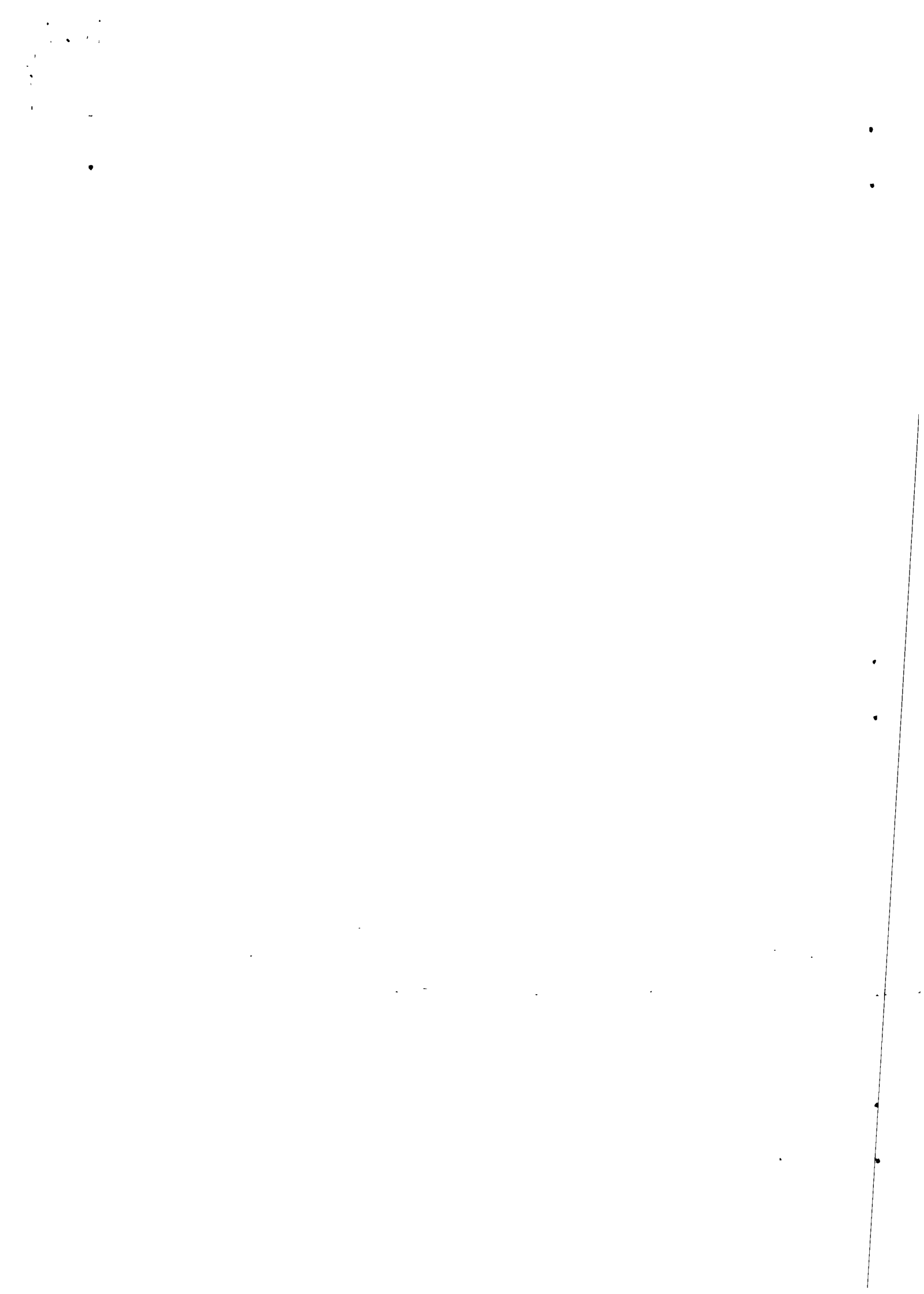
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ANNEX IIB: SUMMARY OF PENDING BILLS AFTER THE AUDIT BY THE OAG AND STATUS ON PAYMENTS BY COUNTY GOVERNMENTS AS AT 28TH OCTOBER 2019

County	List Presented to OCOB by counties as at 30th June 2018 (Kshs)	List presented to OAG by County for special Audit (Kshs)	Eligible Pending Bills as per OAG Special Audit (Kshs)	Ineligible Pending Bills as per the OAG Special Report (Kshs)	Eligible Pending Bills paid (Kshs) as at 28th Oct 2019	Ineligible Pending Bills paid (Kshs) as at 28th October 2019	Total Pending Bills paid (Kshs) as at 28th October 2019	Outstanding Eligible Pending Bills (Kshs)	Overall Outstanding Bills (Kshs) as at 28th Oct 2019	Percentage of Eligible bills paid (G/C) *100
1 Narok	1,725,444,405	2,056,439,795	1,980,736,070	75,703,725	180,625,471	0	180,625,471	1,800,110,599	1,875,814,324	100
2 Machakos	975,461,203	1,286,526,181	942,363,607	344,162,574	148,725,095	0	148,725,095	793,638,512	1,137,801,086	19
3 Nairobi City	64,802,987,771	23,139,794,063	11,783,829,072	11,355,964,991	1,956,437,222	146,440,676	2,102,877,898	9,827,391,850	21,036,916,165	16
4 Vilupa	1,184,810,000	2,037,052,291	1,151,148,522	885,903,769	201,908,412	0	201,908,412	949,240,110	1,835,143,879	17
5 Isiolo	101,330,098	1,334,674,795	1,258,372,703	76,302,092	246,700,442	0	246,700,442	1,011,672,261	1,087,974,353	18
6 Tana River	946,029,550	1,202,679,386	507,082,631	695,596,755	112,133,078	0	112,133,078	394,949,553	1,090,546,308	20
7 Migori	290,942,340	1,275,250,208	1,007,373,410	267,876,798	245,622,671	59,084,196	304,706,867	761,750,739	970,543,341	22
8 Tharaka-Nithi	260,776,492	1,112,652,892	701,871,919	410,780,973	190,837,092	0	190,837,092	511,034,827	921,815,800	24
9 Bomet	1,155,473,480	1,253,551,181	1,190,167,877	63,383,304	360,306,336	0	360,306,336	829,861,541	893,244,845	27
10 Kirinyaga	250,092,562	1,328,459,563	741,080,963	587,378,600	227,245,701	0	227,245,701	513,835,262	1,058,833,979	30
11 Nandi	1,394,228,985	1,447,847,605	942,307,841	3,545,800,427	1,801,985,966	42,359,883	2,69,605,584	622,193,453	1,127,733,217	31
12 Mombasa	3,705,503,765	5,347,786,393	3,545,800,427	1,801,985,966	320,114,388	0	320,114,388	1,269,538,752	4,078,247,641	34
13 Siaya	614,507,285	709,770,238	637,310,697	72,459,541	257,239,401	0	257,239,401	380,071,296	452,530,837	36
14 Kiambu	785,758,702	2,312,759,531	1,831,618,030	481,141,501	751,932,969	0	751,932,969	1,079,685,061	1,560,826,562	40
15 Garissa	980,059,238	2,553,348,202	2,307,530,407	245,817,795	982,180,233	0	982,180,233	1,325,350,174	1,571,167,969	41
16 Baringo	63,600,000	45,765,998	24,046,826	21,719,172	10,598,744	0	10,598,744	13,448,082	35,167,254	43
17 Taita Taveta	239,653,602	451,282,264	390,269,112	61,013,152	199,412,375	0	199,412,375	190,856,737	251,869,889	44
18 Turkana	633,660,494	5,660,295,757	1,816,400,453	3,843,895,304	951,865,194	0	951,865,194	864,535,259	4,708,430,563	51
19 Kisumu	2,047,603,022	2,475,722,125	1,792,200,077	683,522,048	1,009,944,318	0	1,009,944,318	782,255,759	1,465,777,807	52
20 Meru	2,000,925,093	2,265,112,691	1,845,545,178	419,567,513	1,121,694,626	0	1,121,694,626	723,850,552	1,143,418,065	56
21 Samburu	792,663,564	846,492,795	762,579,174	83,913,621	467,571,530	0	467,571,530	295,007,644	378,921,265	61
22 Nakuru	2,379,815,709	2,504,561,905	420,164,604	2,084,397,301	268,132,025	0	268,132,025	152,032,579	2,236,429,880	64
23 Muranga	469,485,623	2,038,047,918	1,531,778,008	506,269,910	1,053,114,117	0	1,053,114,117	478,663,891	984,933,801	69
24 Kisii	865,075,580	1,414,104,629	1,200,573,919	213,530,710	827,685,030	0	827,685,030	372,888,889	586,419,599	69
25 Mandera	107,580,050	552,137,062	349,433,313	202,703,749	242,832,171	0	242,832,171	106,601,142	309,304,891	69
26 Busia	993,600,000	1,013,493,163	972,895,883	40,597,280	692,115,339	0	692,115,339	280,780,544	321,377,824	71
27 Marsabit	799,153,814	776,441,111	728,259,831	48,151,280	531,000,000	0	531,000,000	197,259,831	245,411,111	73
28 Bungoma	326,391,974	601,481,507	376,038,793	225,442,714	288,473,766	0	288,473,766	87,565,027	313,007,741	77
29 Trans Nzoia	781,572,410	1,079,983,912	666,047,614	413,936,298	532,838,091	0	532,838,091	133,209,523	547,145,821	80
30 Kitui	1,167,092,734	1,443,011,641	572,033,419	870,978,222	506,681,656	0	506,681,656	65,351,763	1,290,792,305	89
31 West Pokot	113,054,409	1,725,540,240	483,053,261	1,242,486,979	434,747,935	0	434,747,935	29,246,571	957,090,931	90
32 Embu	1,278,735,548	1,362,958,792	435,114,432	927,844,360	405,867,861	0	405,867,861	29,208,046	40,064,970	95
33 Kakamega	634,742,603	593,950,376	583,093,452	10,856,924	553,885,406	0	553,885,406	91,000,000	408,429,198	96
34 Wajir	2,619,575,061	2,357,171,365	2,039,742,167	317,429,198	1,948,742,167	0	1,948,742,167	1,621,340	28,705,642	98
35 Lamu	179,490,878	143,663,524	85,050,899	58,612,625	83,429,559	0	83,429,559	0	0	0
Elgeyo/Marak wet	136,750,039	908,679,275	225,216,395	683,462,880	225,216,395	344,165,449	569,381,844	0	339,297,431	100
37 Homabay	746,480,000	1,663,245,610	40,447,020	1,622,798,590	40,447,020	241,871,783	282,318,803	0	1,380,926,807	100
38 Kajiado	769,805,900	366,353,650	88,191,609	278,162,041	88,191,609	0	88,191,609	0	278,162,041	100
39 Kericho	1,255,284,413	1,094,470,975	490,184,743	604,286,232	490,184,743	141,827,944	632,012,687	0	462,458,288	100

County	List Presented to OCOB by counties as at 30th June, 2018 (Kshs)	A	List Presented to OAG, by County for special Audit (Kshs)	B	Eligible Pending Bills as per OAG Special Audit (Kshs.)	C	Ineligible Pending Bills as per the OAG Special Report (Kshs)	D	Eligible Pending Bills paid (Kshs.) as at 28th Oct 2019	E	Ineligible pending Bills paid (Kshs.) as at 28th October 2019	F	Total Pending Bills paid (Kshs.) as at 28th October, 2019	G=E+F	Outstanding Eligible pending Bills (Kshs.)	H=C-E	Overall Outstanding Bills (Kshs.) as at 28th Oct 2019	I=B-G	Percentage of Eligible pending bills paid (G/C)*100
40 Kilifi		1,224,796,197	1,377,012,031	1,116,043,558	260,968,473	1,116,043,558	16,360,234	1,132,403,792	0	244,608,239	100								
41 Kwale		1,830,21,075	2,501,631,906	809,734,393	1,691,897,513	809,734,393	0	809,734,393	0	1,691,897,513	100								
42 Latkipia		760,611,928	989,444,917	77,539,708	911,905,205	77,539,708	0	77,539,708	0	911,905,205	100								
43 Makueni		32,571,164	34,902,732	33,018,202	1,884,530	33,018,202	0	33,018,202	0	1,884,530	100								
44 Nyamira		1,345,587,238	435,328,993	275,698,127	159,630,866	275,698,127	36,301,873	312,000,000	0	123,328,993	100								
45 Nyandarua		906,921,152	1,138,159,128	297,078,779	841,080,349	297,078,779	317,016,227	614,095,006	0	524,064,122	100								
46 Nyeri		1,411,372,489	360,535,590	152,196,769	208,338,821	152,196,769	33,604,863	185,801,632	0	174,733,958	100								
47 Uasin Gishu		315,377,197	366,384,594	76,566,231	289,818,363	76,566,231	96,674,772	173,241,003	0	193,143,591	100								
Total		108,411,436,836	88,985,960,500	51,284,830,125	37,701,100,371	23,264,094,707	1,507,236,223	24,771,330,930	28,020,735,418	64,214,599,566									