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DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

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REPORT ON THE CONSIDERATION ON THE SUPPLIMENTARY ESTIMATES NO. I FOR FY 24/25 FOR;

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

2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

JULY, 2024

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CHAPTER ONE

1.0 Introduction

This report details the consideration by the Departmental Committee on Housing, Urban Planning & Public Works of Supplementary Estimates No. I for the FY 2024/2025 which were submitted to the National Assembly on the 12th July, 2024 to rationalize the budget estimates to align with the expected revenue shortfalls and realign the budget through two key strategies: the rationalization of budget estimates to align with the revised fiscal framework, and the realignment of the budget to accommodate carryovers from FY 2023/24

The Committee held a total of four (4) sittings scrutinizing the Supplementary Estimates and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Wednesday 17th July, 2024 and made their submissions concerning the proposed Supplementary I for FY 24/25

Acknowledgement

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed Supplementary Estimates II for the fiscal year 2023/2024 successfully. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Housing, Urban Planning and Public Works, it is my privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the Supplementary Estimates No. 1 for the fiscal year 2024/2025.

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

CHPATER TWO

2.0 Mandate and establishment of the Committee

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

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

2.1 Subjects under the Committee

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

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

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

2.2 Committee Membership

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

Chairperson

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

Vice Chairperson

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

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

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

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

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

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

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

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

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

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

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

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

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

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

2.3 Committee Secretariats

5) The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Ms. Elzy Moroto
Senior Legal Counsel

Mr. James Muguna
Research Officer II

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Mr. Nelson Odida
Research Officer III

Ms. Ashley Cherono
Public Relations Officer III

Ms. Mercy Mayende
Media Relation Officer III

Ms.Mercy Ondego
Research Officer III

Mr. Mohamed Said
Sergeant-at-Arms

Mr. Meldrick Kevin Sakani
Audio Officer

CHAPTER THREE

3.0 Highlights of Changes in the Supplementary Estimates No. 1 for FY 24/25

6) The Supplementary Estimates No. I for the FY 2024/2025 was submitted to the National Assembly on the Friday 12th July, 2024 to rationalize the budget estimates to align with the expected revenue shortfalls and realign the budget to accommodate carryovers.

7) The Estimates proposes to reduce the approved budget estimates by **Ksh. 121.78 billion** by reducing the National Government recurrent expenditure by Ksh. 34.05 billion and its development expenditure by **Ksh. 122.35 billion**. Further, it proposes to increase the allocations for Consolidated Fund Services (CFS) by **Ksh. 23.78 billion** and that of County Equitable Share by **Ksh. 10.83 billion** as shown in table 1 below;

Table 1: Overall summary Supplementary Estimates No.1 of 2024/25

		Approved Estimates	Revised Estimates	Difference	Percentage change
National Government	Recurrent	1,632,096.6	1,598,049.1	(34.047.5)	(2.1%)
	Development	746,335.9	623,984.7	(122,352.2)	(16.4%)
	CFS	1.213,453.0	1,237,233.8	23.780.8	2.0%
	Sub – Total	**3,591,885.5**	**3,459,267.6**	**(132,627.9)**	**(3.7%)**
County Government	County Equitable share	400,117.0	410,951.0	10,834.0	2.7%
Total		**3,992,002.5**	**3,870,218.6**	**121,783.9**	**3.1%**

8) The major changes in **recurrent expenditure** in the proposed Supplementary are as follows:
   i) The State Department for ASAL and Regional Development has a net increment of Kshs. 2.91 billion largely because of the transfer of School Feeding programme from State Department of Basic Education to NDMA.
   ii) The State Department for Cooperatives has a net increment of Kshs. 1.98 billion largely because of provision of funds for payment of coffee debts.
   iii) All other MDAs have a net reduction in their allocations with the largest decrease being for the TSC (Kshs. 10.28 billion), State Department for Basic Education (Ksh. 8.08 billion) and the State House (Ksh. 3.63 billion). Most of the reductions are on account of budget rationalization.

9) The major changes in **development expenditure** in the Supplementary are as follows:
   i) The State Department for Economic Planning has a net increment of Kshs. 4.78 billion which is largely because of an increase for NG-CDF.
   ii) All other MDAs have a net reduction in their allocations with the largest decreases being for the State Department for Energy (Kshs. 18.54 billion), State Department for Roads (Ksh. 14.11 billion) and the State Department for Internal Security and National Administration (Ksh. 7.57 billion). Most of the reductions

are on account of budget rationalization.

10) The changes in the CFS were due to an increase for the Monthly Pensions for civil servants and military (**Ksh. 5.66 billion**) and for the Gratuity for civil servants and military (**Ksh. 15.55 billion**). The changes in the County Equitable Share were due to carryovers from FY 2023/24

3.1 Changes for MDAs under the Committees purview

11) The Supplementary Estimates No. 1 for FY 2024/25 has the following impact on the two State Departments under the Committee's purview as highlighted in table 2:

12) It proposes to **decrease** the allocation for the **State Department for Housing and Urban Development** by **Ksh. 2,423 million** (3 percent) comprising of a reduction of **Ksh. 12 million** for recurrent expenditure and a reduction of **Ksh. 2,422 million** for development expenditure.

13) It proposes to **decrease** the allocation for the **State Department for Public Works** by **Ksh. 1,227 million** (24 percent) comprising of a reduction of **Ksh. 18 million** for recurrent expenditure and a reduction of **Ksh. 1,209 million** for development expenditure.

Table 2: Summary of changes in the Supplementary Estimates I (Ksh. millions)

		Approved Estimates	Revised Estimates	Changes	% Change
State Department for Housing and Urban Development	Recurrent	1,315	1,302	(12)	1%
	Development	86,250	83,839	(2,411)	3%
	Total	**87,566**	**85,142**	**(2,423)**	**3%**
State Department for Public Works	Recurrent	3,699	3,681	(18)	0.4
	Development	1,309	100	(1,209)	92%
	Total	**5,009**	**3,781**	**(1,227)**	**24%**

Source: National Treasury

14) Following the adjustments, the changes to the allocation for the State Department for Public Works exceed the 10 percent threshold as stipulated by Regulation 40 (9) of the Public Finance Management (National Government) Regulations of 2015.

15) All the changes are due to reduction of GoK Exchequer funding on account of budget rationalization.

3.2 Impact of Changes to the State Department for Housing and Urban Development

16) The reduction in recurrent expenditure amounting to **Ksh. 12 million**, primarily affects the allocation for operations and maintenance across all programmes and is due to the reduction in GoK Exchequer funding. There was no change in the allocation for Compensation to employees across all programmes.

17) The reduction of **Ksh. 2,411 million** in the Approved Development expenditure was due to a reduction in GoK Exchequer funding. All the projects affected by reduction are ongoing at various stages thus the funding is likely to either lead to accumulation of pending bills or stall the progress altogether. The changes will impact the allocation for 12 ongoing projects.

Table 3: Summary of changes in the State Department in Ksh. millions

Vote	Source	Approved Estes	Revised Estes	Difference	% change
Recurrent Expenditure	GoK Exch	1,229.4	1,216.9	(12.4)	(0.9%)
	AiA	86.0	86.0	-	-
	Sub - total	**1,315.4**	**1,302.9**	**(12.4)**	**(0.9%)**
Development Expenditure	**GoK Funding**	2,691.0	280.0	(2,411.0)	(89%)
	AiA	64,158.8	64,158.8	-	-
	Donor	19,401.0	19,401.0	-	-
	Sub - total	**86,250.8**	**83,839.8**	(2,411.0)	(2.8%)
TOTAL		**87,566.2**	**85,142.7**	**(2,423.4)**	**(2.8%)**

18) The key development projects to be affected include:

i) National Slum Upgrading project has a decrease of Ksh. 1,099 million which reduces its allocation to zero

ii) Maintenance of Government pool housing has a decrease of Ksh. 6 million which reduces its allocation from Ksh. 826 million to Ksh. 820 million

iii) Construction of Nakuru Multi purpose Market has a decrease of Ksh. 105 million which reduces its allocation to zero.

iv) Homabay Modern fish market has a decrease of Ksh. 171 million which reduces its allocation to zero.

v) Vision 2030 flagship and ESP markets have a decrease of Ksh. 536 million which reduces its allocation to zero and will affect the completion of 5 market hubs and 182 ESP markets.

vi) Construction of Chaka Market has a decrease of Ksh. 54 million which reduces its allocation to zero.

vii) Construction of Gikomba Market has a decrease of Ksh. 209 million which reduces its allocation to zero.

viii) Building Climate Resilience of the Urban Poor project has a decrease of Ksh. 28 million which reduces its allocation to zero.

ix) Nairobi Metropolitan improvement project has a decrease of Ksh. 55 million which reduces its allocation to zero

x) Kangari Market has a decrease of Ksh. 90.3 million which reduces its allocation to zero.

3.3 Impact of Changes to the State Department for Public Works

19) The reduction in recurrent expenditure for the State Department for Public Works, amounting to **Ksh. 18 million**, cut across all programmes affecting the allocation for operations and maintenance on account of reduction in GoK Exchequer funding. There was no change in the allocation for Compensation to employees across all programmes.

20) The Supplementary Estimates No. 1 for FY 2024/25 proposes to reduce the Development expenditure for the State Department for Public Works by **Ksh. 1,209 million (24 percent)** as shown in table 4 below and the reduction cuts across all projects under the state department including Bottom up Economic Transformation Agenda

Table 4: Change in allocation for Recurrent expenditure in Ksh. millions

Vote	Source of funding	Approved Estimates	Revised Estimates	Difference	% change
Recurrent Expenditure	GoK Exchequer	2,749.9	2,731.1	18.8	(0.7%)
	AiA	950.0	950.0	-	-
	Sub – total	**3,699.9**	**3,681.1**	**18.8**	**(0.7%)**
Development Expenditure	GoK Exchequer	1,209.1	-	(1,209.1)	(100%)
	AiA	100.0	100.0	-	-
	Sub – total	**1,309.1**	**100.0**	(1,209.1)	(100%)
Total		**5,009.0**	**3,781.1**	**(1,227.9)**	**(24.5)**

21) The key development projects to be affected include:

i) Construction & completion of stalled Government buildings has a decrease of Ksh. 28 million which reduces its allocation to zero.

ii) Construction of County Headquarters - BETA has a decrease of Ksh. 444 million which reduces its allocation to zero.

iii) County and Sub - county works offices have a decrease of Ksh. 36 million which reduces its allocation to zero.

iv) Completion of MoW sports club has a decrease of Ksh. 3 million which reduces its allocation to zero

v) Construction of Ndau seawall has a decrease of Ksh. 28 million which reduces its allocation to zero.

vi) Construction of footbridges has a decrease of Ksh. 54 million which reduces its allocation to zero.

vii) Construction of New Mokowe Jetty has a decrease of Ksh. 105 million which reduces its allocation to zero.

viii) Construction of Footbridges - BETA has a decrease of Ksh. 10 million which reduces its allocation to zero.

ix) Construction of Footbridges continued - BETA has a decrease of Ksh. 82 million which reduces its allocation to zero.

x) Pedestrian Access (Footbridges) has a decrease of Ksh. 163 million which reduces its allocation to zero.

xi) Construction of Kiwayu seawall and Jetty has a decrease of Ksh. 43 million which reduces its allocation to zero.

xii) Pedestrian Access has a decrease of Ksh. 19 million which reduces its allocation to zero. Supervision projects have a decrease of Ksh. 79 million which reduces its allocation to zero.

xiii) Public Participation projects have a decrease of Ksh. 104 million which reduces its allocation to zero.

xiv) National Building Inspectorate has a decrease of Ksh. 10 million which reduces its allocation to zero.

xv) Building and Construction Material Survey has a decrease of Ksh. 12 million which reduces its allocation to zero.

CHAPTER FOUR

4.0 Submissions by the Agencies under the purview of the Committee

State Department for Housing & Urban Development

Mr. Said Athman, Housing Secretary representing the Principal Secretary for State Department for Housing and Urban Development appeared before the Committee on Wednesday 17th July, 2024 and submitted as follows;

22) In the FY 2024/25 Approved Estimates, the State Department had an approved allocation of Kshs. **87.566 billion** comprising of **Kshs. 86.251 billion** Development and **Kshs. 1.315 billion** Recurrent. In the proposed FY 2024/25 Revised 1 Estimates, the State Department has been allocated Kshs. **85.144 billion** comprising of **Kshs. 83.840 billion** Development and **Kshs. 1.304 billion** Recurrent as summarized in tables 5, 6 and 7 below.

Table 5: Summary of FY 2024/25 Approved Estimates and Proposed FY 2024/25 Revised 1 Estimates

Description	FY 24/25 Approved Estimates	Proposed Revised 1 Estimates FY 24/25	Variance
Recurrent Budget	1,315.4	1,304.1	(11.3)
Development Budget	86,250.8	83,839.8	(2,411.0)
Total	**87,566.2**	**85,143.9**	**(2,422.3)**

Table 6: Recurrent Budget - Summary of FY 2024/25 Approved Estimates and Proposed FY 2024/25 Revised 1 Estimates Analysis by Economic Classification

Description	FY 24/25 Approved Estimates	Proposed Revised 1 Estimates FY 24/25	Variance
Compensation to Employees	925	925	-
Use of goods and services & Transfers.			-
Being;			-
Rent	198.565	198.565	-
Contracted Guards & Cleaning Services	128.319	128.319	-
National Secretariat for Human Settlement	30	23.440	(6.560)
Training	1.283	1.026	(0.257)
Other O&M	32.226	27.726	(4.500)

Transfers			
Total	**1,315.393**	**1,304.076**	**(11.317)**

Table 7: Development Budget - Summary of FY 2024/25 Approved Estimates and Proposed FY 2024/25 Revised 1 Estimates Analysis by Source of Funding

Description	FY 24/25 Approved Estimates	Revised 1 Estimates FY 24/25	Variance
GOK(Exchequer)	**2,691**	**280**	**(2,411)**
Local AIA	**64,058.8**	**64,058.8**	**-**
CSHS	*18.5*	*18.5*	-
Estates	*820.3*	*820.3*	-
Housing Levy	*63,220*	*63,220*	-
Donor:	**19,501**	**19,501**	**-**
KUSP II	*8,201*	*8,201*	-
KISIP II	*11,200*	*11,200*	-
KISRIP	*100*	*100*	-
Total	**86,250.8**	**83,839.8**	**(2,411)**

Highlights of the most affected programmes, projects and spending items

Recurrent expenditure

23) The following programs under recurrent expenditure were affected as summarized in table 8 below; Housing Development and Human Settlement, Urban and Metropolitan Development and General Administration Planning and Support Services;

Table 8: Highlights of affected programmes and spending items under Recurrent

Programme	Approved Estimates 2024/2025			Propose d Cuts	Proposed Revised Estimates 1 2024/2025		
	Gross	A-I-A	Net	Total	Gross	A.I. A	Net
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
Prog 1. Housing Development and Human Settlement	822.679	86	736.679	(8.635)	814.044	86	728.044
Prog 2. Urban and Metropolitan Development	146.023	-	146.023	(1.087)	144.936	-	144.936

Programme	Approved Estimates 2024/2025			Propose d Cuts	Proposed Revised Estimates 1 2024/2025		
	Gross	A-I-A	Net	Total	Gross	A.I. A	Net
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
Prog 3. General Administration Planning and Support Services	346.691	-	346.691	(1.595)	345.096	-	345.096
TOTAL	**1,315.39**	**86.00**	**1,229.39**	**(11.317)**	**1,304.07**	**86.00**	**1,218.07**

24) From the above table 8, the National Secretariat for Human Settlement's allocation has being reduced by **Kshs.6.56 million** from the approved budget of **Kshs 30Million** in the FY 2024/25 which would not be sufficient to efficiently fund activities and would adversely affect the Secretariat's operations.

25) Other reductions will adversely affect the State Department's Operations and Maintenance expenditures including; supervision, monitoring, evaluation, and reporting on the Affordable Housing Programme implementation.

Development Expenditure

26) Table 9 below highlights the affected programmes and projects under Development expenditure

Table 9: Highlights of affected programmes and Projects under Development

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
Programme 1: Housing Development and Human Settlement						
1. Redevelopment of Soweto East Zone A - National Slum Upgrading Policy	99		-		(99)	

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
2. Redevelopment of Soweto East Zone A - Various Social and Physical Infrastructure	1,000		-		(1,000)	
3. Construction of Nakuru Multipurpose Market	105		-		(105)	
4. Homabay Modern Fish Market	171.5		-		(171.5)	
5. Repair and Refurbishment of State Department of Housing Offices in 47 Counties and Head Quarters	6		-		(6)	
Total Programme 1	**1381.5**	**-**	**-**	**-**	**(1,381.5)**	**-**
Programe 2 Urban and Metropolitan Development						
6. Nairobi Metropolitan Services Improvement Project (NaMSIP)	55		-		(55)	
7. Kangari Market	90.3		-		(90.3)	
8. Urban Renewal of Gikomba Market	209.7		-		(209.7)	
9. Construction of Chaka Market	54.3		-		(54.3)	
10.Completion of 79 No. ESP markets	536.2		0		(536.2)	

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
11.Building Climate Resilience of Urban Poor (BCRUP)	28		-		(28)	
12. Public Participation Projects	56		-		(56)	
Total Programme 2	**1029.5**	**-**	**-**	**-**	**(1,029.5)**	**-**
Grand Total	**2,411**	**-**	**-**	**-**	**(2,411)**	**-**

27) From table 9 above all exchequer funding has been proposed for removal except for counterpart funding for donor projects; The Second Kenya Urban Support Programme (KUSP II) and Kenya Informal Settlement Improvement Project Phase II (KISIP II).

Information on changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformation Agenda (BETA) Projects

28) Table 10 below highlights changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformation Agenda (BETA) Projects

Table 10: Information on changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformation Agenda (BETA) Projects.

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
1. Affordable Housing Fund (Housing Levy)	63,220		63,220		-	
i. Affordable Housing	*32,506*		*32,506*		-	
ii. Social Housing	*15,000*		*15,000*		-	
iii. Police Housing	*1,050*		*1,050*		-	
iv. Social and Physical Infrastructure	*14,664*		*14,664*		-	
2. Construction of 6,100 Housing Units for Civil Servants - BETA	18.5		18.5		-	
3. Redevelopment of Soweto East Zone A - National Slum Upgrading Policy	99		-		(99)	
4. Redevelopment of Soweto East Zone A - Various Social and Physical Infrastructure	1,000		-		(1,000)	
5. Kenya Informal Settlement Improvement Project (KISIP) II	140	11,200	140	11,200	-	-
6. Construction of Nakuru Multipurpose Market	105		-		(105)	
7. Homabay Modern Fish Market	171.5		-		(171.5)	

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
8. Refurbishment of Government pool housing units	820.3		820.3		-	
9. Repair and Refurbishment of State Department of Housing Offices in 47 Counties and Head Quarters	6		-		(6)	
10. Nairobi Metropolitan Services Improvement Project (NaMSIP)	55		-		(55)	
11. Ruai Wholesale Market	-		-		-	
12. Kangari Market	90.3		-		(90.3)	
13. Urban Renewal of Gikomba Market	209.7		-		(209.7)	
14. Construction of Chaka Market	54.3		-		(54.3)	
15.Completion of 79 No. ESP markets	536.2		0		(536.2)	
16. Kenya Urban Support Programme II (KUSP II)	140	8,201	140	8,201	-	-
17.Building Climate Resilience of Urban Poor (BCRUP)	28		-		(28)	
18. Kenya Informal Settlement Redevelopment		100		100		-

Project Details	FY 2024/25 Approved Estimates (Kshs Millions)		Proposed Revised 1 Estimates FY 2024/25 (Kshs Millions)		Variance	
	[a]		[b]		[c]=b-a	
	GoK	Foreign	GoK	Foreign	GoK	Foreign
Project (KISRIP)						
19. Public Participation Projects	56		-		(56)	
Total	**66,750**	**19,501**	**64,339**	**19,501**	**(2,411)**	**-**

Expected impact of the Budget revision on programme and project targets

29) The proposed deductions will derail completion of ongoing projects thus the State Department will not be able to achieve the targets for the following;

i) National Human Settlement Secretariat- The cut of **Kshs. 6.56M** will incapacitate the secretariat to effectively deliver its mandate which is largely an international obligation.

ii) Nairobi Metropolitan Services Improvement Project (NaMSIP) - The Cut of **Kshs. 55M** will affect the completion of the project which is at 95% rate of completion.

iii) Building Climate Resilience of the Urban Poor (BCRUP)-The cut of **Kshs. 28M** will affect the implementation of the project which is an international obligation for addressing climate change.

iv) Markets -The cut of **Kshs. 1.167B** for the following markets namely; Nakuru Multipurpose Market, Homabay Modern Fish Market, Kangari Market, Gikomba Market, Chaka Market, 79 No. ESP markets will affect the implementation of these projects as some of them were at 95% completion.

v) Redevelopment of Soweto East Zone A - National Slum Upgrading Policy- The cut of **Kshs.99M** will stagnate the formulation of National Slum upgrading housing policy.

vi) Redevelopment of Soweto East Zone A - Various Social and Physical Infrastructure- The cut of **Kshs. 1B** will adversely affect implementation of the various projects such as construction of classrooms, health centres, access roads and floodlights installation.

Status of the Affordable Housing Fund

30) The Affordable Housing Fund Account has a balance brought forward of **Kshs 38,462,861,495.45** from FY 2023/24. The Account has also accrued interest income from Treasury Bills Investments of Kshs.21,221,762.90. Therefore, the total balance brought forward as at 1st July 2024 is **Kshs.38,484,083,258.35** and the funds need to be included in the FY 2024/25 budget.

31) In the FY 2024/25 the State Department projected to collect **Kshs.72 billion** arising from an average monthly collection of **Kshs. 6 billion** based on the collections from April, May and June after the enactment of Affordable Housing Act 2024 and requested the Committee to consider amending the Affordable Housing Levy allocation from **Kshs. 63.220 billion** to **Kshs. 110.484 billion** in the **FY 2024/25** supplementary 1 budget.

32) Out of the Housing Levy collection of **Kshs.72 billion** in the FY 2024/25, 0.5% will go to the Kenya Revenue Authority as commission, 0.5% to County Committees and 2% will cater for the administrative costs of the Affordable Housing Board.

33) The State Department being an implementer and taking up the supervisory role will not be getting a share of the 2% administrative costs and hence requires additional funding to facilitate its monitoring and supervisory activities.

Projects Affected by FY 2024/25 Supplementary 1 Estimates

34) During the FY 2024/25 Supplementary 1 Estimates the State Departments budget has been rationalized under development.

35) Some of the projects majorly markets nearing completion have been affected by the cuts and to avoid pending bills/stall projects the projects would be funded under the housing levy fund since the Affordable Housing Fund Act allows the State Department to take up development of markets and associated Physical Infrastructure.

State department for Public Works

Mr. Joel Arumonyang, the Principal Secretary State Department for Public Works appeared before the Committee on Wednesday 17th July, 2024 and submitted the following regarding the Supplementary Estimates No I for FY 24/25;

36) The State Department's Gross Printed Estimates was **Kshs.5,009Million** for the FY 2024/25 **comprising of Kshs.3,699.9Million** for Recurrent and **Kshs.1,309.1Million** for Development Budget.

37) The Supplementary Estimates No.1 **proposes** to rationalize the budget downwards by **Ksh.1,227.9Million** to **Kshs.3,781.1Million** made up of **Kshs.3,681.1Million** and **Kshs.100Million** as Recurrent and Development respectively as summarized in the table 11 below

Table 11: Summary of Printed Estimates Vs Supplementary Estimates No.1 for the FY 2024/25

Description	Estimates FY 224/25	AIA	Sup. No 1 FY 24/25	Revised
Recurrent	3,699.9		(18.8)	3,681.1
Development	1,309.1	100	(1,209.1)	100.0
Total	**5,009.0**		**(1,227.9)**	**3,781.1**

Analysis of Recurrent budget deviation

38) The State Department Net Recurrent approved budget was **Kshs.2,749.9Million** while the Revised Net recurrent budget is **Kshs.2,731.1Million** with a net reduction of **Ksh.18.8Million** as shown in table 12 below;

Table 12: Recurrent printed Estimates Vs supplementary Estimates No.1 for FY 2024/25

Vote Details	Economic classification	Printed Estimates FY 2024/25	Revised Estimates FY 2024/25	deviation
Vote 1095: State Department of Public Works	**Gross**	**3,699,978,552**	**3,681,142,270**	**(18,836,282)**
	A.I.A	950,000,000	950,000,000	-
	Net	**2,749,978,552**	**2,731,142,270**	**(18,836,282)**
	Compensation to employees	920,000,000	920,000,000	-
	Grants and Transfers	2,571,000,000	2,571,000,000	-
	Utilities	10,925,422	10,925,422	-
	Rent	79,954,992	79,954,992	-
	Contracted Guards & Cleaning Services	41,495,613	41,495,613	-
	Office Operations and maintenance	76,602,525	57,766,243	(18,836,282)

39) From table 12 above the State Department's Recurrent budget has been grossly underfunded and will adversely affect spending areas that are necessary for the execution of the State Department mandate. The programs that will be adversely affected by targeted rationalization include:

i) Design and documentation of projects: - The State Department is a consultant of all Government projects at the National and County Level. The project teams are expected to visit project sites for design, documentation and take briefs of the proposed projects;

ii) Support to State Functions: - The State Department provides professional and technical services in the matters related to State functions including National celebrations and all day-to-day local functions involving the Presidency; and

iii) Membership fees and subscription to professional bodies: - The State Department has over 600 professionals (Engineers, Architects, Quantity Surveyors, Accountants, Auditors, Supply Chain and so on). These are

required to annually subscribe to their respective professional bodies for purposes of signing of contractual/Accountable documents and for continuous professional development to be in 'good standing' status. In addition, the department has a carry-over bill for subscription fee and renewal of professional licenses amounting to **Kshs.5.1Million** which had targeted to settle as a first charge with the proposed budget allocation. The rationalization of subscription item by 100% will thus affect settlement of the outstanding bill and payment of subscription fees for the 2024/25 financial year.

40) Over the years the State Department has been facing serious recurrent budget constraints which negatively affected all its office operations. As a consequence, the Department has not been able to facilitate officers undertaking official duties outside workstations; provision of general office supplies and services has been inadequate; officers training and capacity development has not been done for a while now; repair and maintenance of office equipment's is in disarray, provision of fuel and maintenance of motor vehicles is unreliable. Most of the vehicles are grounded due to inadequate funds for servicing and lack of fuel.

Analysis of Development budget deviation

41) The State Department's net Development Printed Estimates allocation was **Kshs.1,209Million** while the Revised Estimates is **ZERO** representing net deviation of Kshs.(1,209)Million. This translates to 100% reduction (total withdrawal of the Development budget) as shown in the table 13 below: -

Table 13: Development Budget Deviation

Description	Printed Estimates	Revised Estimates	Deviation
	FY 2024/25	FY 2024/25	FY 2024/25
	Kshs. (Million)		
Gross	**1,309**	**100**	**(1,209)**
GOK	1,209	0	(1,209)
Grants	-		-
Local AIA	100	100	100

42) The proposed rationalization has not considered allocation to the ongoing projects, pending payments for ongoing projects, BETA projects and allocation for identified public participation projects and would lead to pending bills, stalling of all ongoing projects, increased project costs due to accumulation of interests on delayed payments in addition to possible litigation due to failure by the State Department to meet its contractual obligations.

43) The following programs and projects would be affected by the budget cuts; Construction and completion of Stalled Government buildings, **Voi pool housing**, **Construction of**

five county headquarters, Refurbishment of works building and regional works offices, Ministry of Works Sports club, Supervision of projects, Coastal Infrastructure, **Re-construction of Mokowe Jetty, Completion of Ndau Sea wall, Construction of Kiwayu seawall and jetty,** Pedestrian Access, Building Standards, Research Services

Expected impact of the budget revision on programme and projects targets

44) Revision of development budget to zero will lead to contactors abandoning sites due to failure by State Department to meet its financial obligations, stalling of ongoing projects, pending bills, deterioration of works due to effects of weather, increased project costs due to accumulation of interests on delayed payments in addition to possible litigation due to failure by the State Department to meet its contractual obligations.

CHAPTER FIVE

5.0 Committee observations and recommendations

45) The Committee having scrutinized the proposed Supplementary I for FY 24/25 and the submissions by the Agencies made the following observations and recommendations;

Observations

State Department for Housing & Urban Development

46) The Committee Observed that:

i) In the proposed Supplementary Estimates No. 1 for FY 24/25, the State Department's budget has a reduction of **Ksh. 2,422.3 million** (2.8 percent) comprising of a decrease in recurrent expenditure amounting to **Ksh. 12.4 million** (0.9 percent), impacting operations and maintenance, and a decrease in development expenditure amounting to **Ksh. 2,411 million** (2.8 percent), affecting all government exchequer-funded projects under the State Department;

ii) In the proposed Supplementary Estimates No. 1, the total allocation for the State Department is **Ksh. 85,143.9 million** comprising of **Ksh. 1,304 million** for Recurrent expenditure, funded entirely through Government Exchequer, and **Ksh. 83,839.8 million** for Development expenditure. The Development expenditure includes **Ksh. 280 million** from Government exchequer, **Ksh. 19,501 million** from Donor funds and **Ksh. 64,058.8 million** from Appropriation in Aid;

iii) In the approved FY 2024/25 Budget, the State Department projected **Kshs. 63,200 million** from the Housing Levy. However, based on monthly collections of **Kshs. 6,000 million** in April, May, and June 2024, the projection for FY 2024/25 was revised to **Kshs. 72,000 million.** Additionally, the Committee noted that as of 30th June 2024, the Affordable Housing Fund Account had a balance of **Kshs. 38,462.8 million** from FY 2023/24 collections, plus Kshs. 21.2 million in interest from **Kshs. 20,000 million** invested in Treasury bills, totaling **Kshs. 38,484 million.** These funds were not included in the FY 2024/25 Supplementary No. 1 Estimates, which projected **Kshs. 63,220 million** from the Affordable Housing Levy. The Committee resolved to include these funds in the proposed Supplementary Estimates No. 1 for FY 2024/25, increasing the allocation for Appropriation in Aid (AiA) collected from the Housing Levy from **Kshs. 63,220 million to Kshs. 110,484 million.**(*Details in Annexure 1*)

iv) The Committee observed that the State Department submitted a list of projects at various stages of implementation, however, the Committee resolved to approve ongoing projects with a total budgetary requirement of **Ksh. 86,139.3 million** and recommends that all other earmarked projects (*annexure 2*) to be subjected to requirement of section 15 (2) and (3) of the Affordable Housing Act, No. 2 of 2024 that requires the Board to submit the Annual Investment Program to the Cabinet Secretary for onward submission to Parliament. The list of ongoing projects approved by the Committee is attached as *annexure 2.*

v) The Committee noted that the National Housing Corporation has 15 projects at negotiation stage with a total cost of **Kshs. 6,400 million** and 40 projects at

documentation stage with a total cost of **Kshs. 26,692 million.** The Committee therefore recommends that the National Housing Corporation submits the list of these projects to the Affordable Housing Board for funding pursuant to the First schedule of the Affordable Housing Act No. 2 of 2024. *(annexure 4)*

State Department for Public Works

47) The Committee Observed that:

i) In the proposed Supplementary Estimates No. 1 for FY 2024/25, the State Department's budget has a reduction of **Ksh. 1,227.9 million** (24.5 percent) comprising of a decrease in recurrent expenditure amounting to **Ksh. 18.8 million** (0.7 percent), impacting operations and maintenance, and a decrease in development expenditure amounting to **Ksh. 1,209 million** (92 percent), affecting all government exchequer-funded projects under the State Department.

ii) In the proposed Supplementary Estimates No. 1 for FY 2024/25, the total allocation for the State Department is **Ksh. 3,781.1 million**. This includes **Ksh. 3,681.1 million** for recurrent expenditure, with **Ksh. 2,731.1 million** from the government exchequer and **Ksh. 950 million** from Appropriation in Aid. Additionally, Ksh. **100 million** is allocated for development expenditure and is funded through Appropriation in Aid.

iii) The reduction in development expenditure significantly impacts the completion of critical coastline infrastructure as well as pedestrian access projects aimed at protecting land from sea encroachment and enhancing accessibility in rural areas. These include the construction of jetties, seawalls, and pedestrian access bridges, which facilitate human settlement in challenging terrains. These projects are vital enablers for sectors such as trade, tourism, education, universal healthcare, food security, and national security, aligning with the Medium-Term Plan IV of Vision 2030 and the Bottom-Up Economic Agenda (BETA).

iv) The Committee observed that as an implementer of the Affordable Housing Programme, the State Department plays a significant role in the supervision of ongoing and planned Housing and Associated Social and infrastructure. Despite this, the State Department's allocation for the Supervision of these projects has entirely been removed. Therefore, the State Department shall incorporate the request for Supervisory funding amounting Ksh.350 million in its submission to the Affordable Housing Board pursuant to the First schedule of the Affordable Housing Act No. 2 of 2024.

Recommendations

48) The Committee made the following recommendations

Financial Recommendation

Based on the review of the proposed Supplementary Estimates I for FY 2024/25 for the State Department for Housing and Urban Development and State Department for Public

Works, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

i) Vote 1094: State Department for Housing and Urban Development, the proposed changes in the Supplementary Estimates No.1 of FY 2024/25 comprising of a decrease in Recurrent Expenditure amounting to **Ksh. 12.4 million** and a decrease in Development Expenditure amounting to **Ksh. 2,411 million** be approved with the following amendments.

   a) Increase the allocation for Development Expenditure (AiA) by Ksh. **47,261 million** on account of higher projection in the Housing Levy collections and carryover balance from FY 2023/24.

ii) Vote 1095: State Department for Public Works, the proposed changes in the Supplementary Estimates No.1 of FY 2024/25 comprising of a decrease in Recurrent Expenditure amounting to **Ksh. 18.8 million** and a decrease in Development Expenditure amounting to **Ksh. 1,209 million** be approved

SIGNED..... DATE..20/7/24

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

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

DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY & MINING

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION, 2024

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY, AND MINING

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/25 SUPPLEMENTARY ESTIMATES NO. 1

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

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

JULY, 2024

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PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Environment, Forestry, and Mining of Supplementary Estimates No. I for the FY 2024/25 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations, 2015, and Standing Order 243.

1.2. The Mandate of the Committee

2. The Departmental Committee on Environment, Forestry, and Mining is one of the 20 Departmental Committees of the National Assembly established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:

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

3. By the Second Schedule of the Standing Orders, the Committee is mandated to consider, the following Subjects: **climate change; environment management and conservation; forestry; mining and natural resources; pollution;** and **waste management.**

1.3. Committee Membership

4. The Committee comprises the following Members:

Chairperson

The Hon. David Gikaria, MP

Nakuru Town East Constituency

UDA Party

Vice-Chairperson

The Hon. Charles Kamuren, MP

Baringo South Constituency

UDA Party

Members

The Hon. Mbalu Jessica Nduku Kiko, M.P.
Kibwezi East Constituency
Wiper Democratic Movement

The Hon. Yakub Adow Kuno, M.P.
Bura Constituency
United Party of Independent Alliance

The Hon. Mwanyanje Gertrude Mbeyu, M.P.
Kilifi County,
Orange Democratic Movement (ODM)

The Hon. Salim Feisal Bader, M.P.
Msambweni Constituency
United Democratic Alliance (UDA)

The Hon. Titus Lotee, M.P.
Kacheliba Constituency
Kenya Union Party (KUP)

The Hon. Joseph Wainaina Iraya, M.P.
Nominated,
United Democratic Alliance (UDA)

The Hon. Emathe Joseph Namuah, M.P.
Turkana Central Constituency
United Democratic Party (UDA)

The Hon. Kururia Elijah Njoroge. M.P.
Gatundu North Constituency
Independent Member

The Hon. Kemei Beatrice Chepng'eno, M.P.
Kericho County
United Democratic Alliance (UDA)

The Hon. Nguro Onesmus Ngogoyo, M.P.
Kajiado North Constituency
United Democratic Alliance (UDA)

The Hon. Masito Fatuma Hamisi, M.P.
Kwale County
Orange Democratic Movement (ODM)

The Hon. Mohamed Tubi Bidu, M.P.
Isiolo South Constituency
Jubilee Party (KPP)

1.4. Committee Secretariat

5. The following Members of Staff service the Committee:

Ms. Hellen Ekadeli
Clerk Assistant II/Head of Secretariat

Ms. Nancy Chamunga
Fiscal Analyst III

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Mr. Joseph Kuria
Research Officer II

Ms. Mercy Wanyonyi
Legal Counsel

Mr. Stephen Otieno
Sergeant-At-Arms

Mr. Kevin Obilo
Media Relations Officer III

1.5. Overview of the Examination of the Supplementary Estimates 1 for FY 2024/25

6. The Supplementary Estimates 1 for the Financial Year 2024/25 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on **Thursday, 12th July 2024.** Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

7. The Departmental Committee on Environment, Forestry, and Mining held a sitting on **Wednesday, 17th July 2024** for a briefing on Supplementary Estimates by the Parliamentary Budget Office. The Committee, thereafter held its retreat to scrutinize and deliberate on the Estimates with the Ministries, Departments, and Agencies under its purview from **Wednesday, 17th** to **Thursday, 18th July 2024 at Bunge Tower.**

1.6. Acknowledgment

8. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. Further, the Committee appreciates the Ministries and State Departments that appeared before it to make their submissions.

9. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Environment, Forestry, and Mining to present the Report to the Budget and Appropriation Committee under the provisions of section 37 of the Public Finance Management Act (PFM Act) and Standing Order 207 (6).

THE HON. DAVID GIKARIA, M.P.

CHAIRPERSON

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 1 FOR FY 2024/25

10. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.
11. This report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely the:

    I. State Department for Environment and Climate Change;
    II. State Department for Forestry; and
    III. State Department for Mining.

2.1 Review of Supplementary Estimates 1 FY 2024/25 per MDA

12. Supplementary Estimate No. 1 for FY 2024/25 has the following impact on the three (3) State Departments under the Committee's purview on account of **budget rationalization.**:
13. It proposes to **reduce** the allocation of the **State Department for Environment and Climate Change** by **Kshs. 557.8 million (11.11 percent reduction)**, comprising reductions of **Kshs. 178.8 million (5.37 percent reduction)**, **and Kshs. 379 million (22.47 percent reduction)**, for **recurrent** and **development expenditures** respectively.
14. It proposes to **reduce** the allocation of the **State Department for Forestry** by **Kshs. 984.25 million (7.53 percent reduction)** comprising **reductions** of **Kshs. 11.95 million (0.13 percent reduction)** and **Kshs. 972.30 million (24.18 percent reduction)** for both **recurrent expenditure** and **development expenditure respectively.**
15. Lastly, it proposes to **reduce** the allocation of the **State Department for Mining** by **Kshs. 763.29 million (43.41 percent reduction)**) comprising **reductions** of **Kshs. 111.03 million (10.04 percent reduction)** and **Kshs. 652.26 million (100 percent reduction)** for both **recurrent expenditure** and **development expenditure** respectively.

Table 1: Supplementary Estimates 1 FY 2024/25 Changes per MDA (Kshs. Millions)

MDA	Category	Approved Estimates	Revised Estimates	Difference	% Difference
State Department for Environment and Climate Change	Recurrent	3,332.34	3,153.54	(178.80)	(5.37)
	Development	1,686.80	1,307.80	(379.00)	(22.47)
	Total	**5,019.14**	**4,461.34**	**557.80)**	**(11.11)**
State Department for Forestry	Recurrent	9,043.63	9,031.68	(11.95)	(0.13)
	Development	4,020.30	3,048.00	(972.30)	(24.18)
	Total	**13,063.93**	**12,079.68**	**(984.25)**	**(7.53)**
State Department for Mining	Recurrent	1,105.90	994.87	(111.03)	(10.04)
	Development	652.26	-	(652.26)	(100.00)
	Total	**1,758.16**	**994.87**	**(763.29)**	**(43.41)**

Source: National Treasury

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

3.1 The State Department for Environment and Climate Change – Vote 1331

16. The Principal Secretary, State Department for Environment and Climate Change, Eng. Festus Ng'eno made the following submissions on the Supplementary Estimates No. 1:
17. The State Department for Environment and Climate Change is implementing the following (4) programs in the 2024/25 Financial Year namely;

i. **General Administration, Planning, and Support Services**
ii. **Environment Management and Protection**
iii. **Meteorological Services**
iv. **Forest and Water Towers Conservation**

Table 2: Programmes affected by the Supplementary Estimates I (Kshs. Millions) - Recurrent

S/No	Programme Name	Approved Estimates FY 2024/2025	Proposed Supplementary Cuts (FY 2024/25)	Proposed FY 2024/25 Supplementary Estimates.
1	Environment Management and Protection	1,548	(40)	1,508
2	General Administration, Planning and Support Services	686	(133)	553
3	Meteorological Services	1,098	(6)	1,092
TOTALS		**3,332**	**(179)**	**3,153**

Table 3: Programmes affected by the Supplementary Estimates I (Kshs. Millions)- Development

S/No	Programme Name	Approved Estimates FY 2024/2025	Proposed Supplementary Cuts in FY 2024/25		Proposed FY 2024/25 Supplementary Estimates.
			Foreign	GoK	
1	Environment Management and Protection	1,170	0	-32.5	1,138
2	Meteorological Services	486	0	-336	150
3	Forest Development Management and Conservation	30.5	0	-10.5	20
Totals		**1,687**	**0**	**-379**	**1,308**

LIST OF PROJECTS AFFECTED BY THE SUPPLEMENTARY ESTIMATE I OF FY 2024/25

18. A total of ten (10) projects are affected by the proposed reductions namely;

i. Purchase of digital instrument;
ii. High-Performance Computing Platform;
iii. Acquisition of CAT 3 Airport Weather Observing System AWOS- Phase III;
iv. Acquisition of CAT 3 Automatic Weather Stations (AWS)-Phase IV;
v. Weather Radar Surveillance Network and Africa Climate Support;
vi. Construction of Centers of Excellence and Innovation on the Environment;
vii. Mitigation & Management of Soil loss under Kenya Water Towers Agency;
viii. Community Livelihood Improvement Programme;
ix. Plastic Waste Management and Pollution Control; and
x. Securing and Protection of Water Towers.

Table 4: Highlight Of The Most Affected Projects And Spending Items (Kshs. Millions)

S/No	Project Code Name	Approved Estimates	Revised Estimates	Total Deduction	Spending Items
1	Purchase of Digital Instrument	65	15	50	Purchase of Instruments and Calibration
2	High Performance Computing Platform	37	20	17	Purchase of Instruments and Calibration
3	Acquisition of CAT 3 Airport Weather Observing System AWOS- Phase III	184	67	117	Purchase of Instruments and Calibration
4	Acquisition of CAT 3 Automatic Weather Stations (AWS)-Phase IV	3	0	3	Purchase of Instruments and Calibration

S/No	Project Code Name	Approved Estimates	Revised Estimates	Total Deduction	Spending Items
5	Construction of Centres of Excellence and Innovation on Environment	12.5	0	12.5	Transfer to SAGA
6	Weather Radar Surveillance Network	197	48	149	Purchase of instruments and Calibration
7	Mitigation & Management of Soil loss under Kenya Water Towers Agency	17.5	10	8	Transfer to SAGA
8	Community Livelihood Improvement Programme	13	10	3	Transfer to SAGA
9	Plastic Waste Management and Pollution Control	32.5	22.5	10	Contracted Technical Services
10	Securing and Protection of Water Towers	30	20	10	Transfer to SAGA
	TOTALS	**591.5**	**212.5**	**379**	

19. This decrease of **Kshs. 379M** in development will affect the implementation of three Key Pillar Projects for the State Department namely:

i. National Climate Change Action Plan (NCCAP) to enhance Climate Adaptation and Mitigation;

ii. Solid Waste Management Project through the Development of Circular Economy Strategy for Sustainable Waste Management, Establishment of Waste Infrastructure and Material Recovery Facilities;

iii. Plastic Waste and Pollution Control through ensuring compliance with the ban on plastic bags; and

iv. Modernization and Monetization of Meteorological Services to enhance Climate Information under the National Framework of Climate Services.

Table 5: Revised Schedule of Programmes and Projects Affected

No.	Programmes	Projects Affected by the Budget Cuts
1	Meteorological Services	Purchase of digital instrument
		High Performance Computing Platform
		Acquisition of CAT 3 Airport Weather Observing System AWOS- Phase III
		Acquisition of CAT 3 Automatic Weather Stations (AWS)- Phase IV

No.	Programmes	Projects Affected by the Budget Cuts
		Weather Radar Surveillance Network and Africa Climate Support
2	Water Towers Conservation	Mitigation & Management of Soil loss under Kenya Water Towers Agency
		Community Livelihood Improvement Programme
		Securing and Protection of Water Towers
3	Environment Management and Protection	Plastic Waste Management and Pollution Control
		Construction of Centers of Excellence and Innovation on environment

20. The State Department still faces several challenges as reflected below:

i. **Inadequate Funding and Liquidity** - the current levels of funding to the State Department from the exchequer as well as other sources are inadequate and this adversely impacts the implementation of planned programs and activities;

ii. **Budget Cuts**- Although the State Department acknowledges the financing challenges facing the government as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the budget cuts however affect the implementation of the agreed performance contract;

iii. **Climate change and associated extreme weather events** (floods, droughts, rising temperature, increased frequency of wildfires, and climate variability) threaten sustainable development and impacts negatively on the sector. Recurrent flooding and droughts affect food production, water supply, housing access, and general livelihoods of the people;

iv. **Inadequate human capacity** due to natural attrition and retirement of the currently approved staff establishments of 927 versus the in-post staff of 718 creates a shortfall of 209 which has adversely hindered the implementation of planned programs and activities of the State Department.

3.2 State Department for Forestry – Vote 1332

21. The Principal Secretary, State Department for Forestry, Mr. Gitonga Mugambi, EBS submitted as follows on the FY 2024/25 Supplementary Estimates 1:

22. The State Department for Environment and Climate Change is implementing the following (4) programs and objectives in the 2024/25 Financial Year namely;

i. **Forests Development, Management, and Conservation Environment Management and Protection**

ii. **Agroforestry and Commercial Forestry Development**

iii. **General Administration, Planning, and Support Services**

23. The total gross change in estimates between the Approved Estimates for the FY 2024/25 and the Supplementary I Estimates reflects a downward effect of **Kshs. 984.25 million**.

24. In the FY 2024/25, the total approved estimates for the State Department of Forestry Vote 1332 was **Kshs.13.06 billion** which comprised of **Kshs. 9.04 billion** for Recurrent expenditure, and **Kshs. 4.02 billion** for Development expenditure.

25. The Approved Estimates have been revised during the Supplementary Estimate No. I for FY 2024/25 to **Kshs.12.08 billion** which comprises of **Kshs. 9.03 billion** for recurrent expenditure and **Kshs. 3.05 billion** for development expenditure.

Table 6: Summary of Changes in the Supplementary Estimates 1 FY 2024/25 (Kshs. Millions)

Description	Approved Budget FY 2024/25	Revised Estimate FY 2024/25	Reduction FY 2024/25	Reduction %
	A	B	C=B-A	
Recurrent	9,043.63	9,031.68	(11.95)	(0.1)
Development	4,020.30	3,048.00	(972.3)	(24.2)
Total	**13,063.93**	**12,079.68**	**(984.25)**	**(7.5)**

26. Based on Table 6 above, the recurrent budget has been **reduced by 0.1%** on account of the austerity measures as implemented vide National Treasury and Economic Planning Circular No.8/2024 dated 5th July 2024.

27. Further, the Development budget has been **reduced by 24.2%.** The reduction has affected the GoK component for projects being funded directly by the Government as well as GoK Counterpart funding for the donor-funded projects.

28. The recurrent allocation of **Kshs. 9,031.68 million** comprises **Kshs. 166.68 million** concerning HQs, **Kshs.1,423 million** for KEFRI, and **Kshs.7,442 million** for KFS for both personnel emoluments and operations & maintenance costs.

29. It is worth noting that, KEFRI's requirement for Personnel Emolument is **Kshs.1,481 million,** against an allocation of **Kshs. 1,423 million** thus leaving a shortfall of **Kshs. 58 million**. This therefore leaves the Institution with no allocation for other office operations. Lack of this allocation will further affect the collection of the targeted A in A for KEFRI of **Kshs. 76 million**.

30. Under the KFS, the service has an A in A target of **Kshs. 4,474 million**, resulting in a net budgetary allocation in the FY 2024/25 of **Kshs. 2,968 million.** However, the certainty of collecting projected AIA of **Kshs. 4,474 Million** which is tied to the payment of salaries is not guaranteed. The Service is therefore requesting for downward revision of the AIA target to

Kshs.1,500 million while the balance of **Kshs. 2,974 million** is supplemented through the GoK funding to support the payment of salaries for KFS.

31. Arising from the budgetary reduction of **Kshs. 984.25**, the implementation of planned programs has been affected significantly as shown in Table 7 below.

Table 7: Programmes Affected by Supplementary Estimates I (Kshs. Millions)

Programme	Approved Estimates FY 2024/25	Supplementary Estimates No. I FY 2024/25	Change in Estimates
Forests Resources Conservation and Management	11,192.85	10,519.53	(673.32)
Forests Research and Development	1,708.60	1,423.00	(285.60)
Water Towers Rehabilitation and Conservation	15	0	(15.00)
Forests Development, Management and Conservation	**12,916.45**	**11,942.53**	**(973.92)**
Agroforestry Services	11.12	8.52	(2.60)
Agroforestry and Commercial Forestry Development	**11.12**	**8.52**	**(2.60)**
General Administration, Planning and Support Services	136.36	128.64	(7.72)
General Administration, Planning and Support Services	**136.36**	**128.64**	**(7.72)**
Total Expenditure	**13,063.93**	**12,079.69**	**(984.25)**

32. From Table 7 above, the Forest Resources Conservation and Management sub-program has been revised downwards by **Kshs.673.32 Million**. The key activities under this sub-program include the National Tree Growing and Rangeland Restoration Campaign which aims to achieve 30% tree cover by 2032, Forest Rangers Camps rehabilitation, development of Forest Road, and; other forest restoration programs under Kenya Forests Service (KFS).
33. Further, the Forests Research and Development sub-program has been revised downwards by **Kshs.285.6 Million**. The key activities under this sub-program include the construction of tree seed processing units, farmers' resource centers across the country, the development of technologies, and other forest research programs under the Kenya Forest Research Institute (KEFRI).
34. In line with the Medium-Term Plan IV of 2023-2027, the State Department for Forestry has identified key projects/programs that are linked to BETA as follows:
    i. National Tree Growing and Rangeland Restoration
    ii. Agro-forestry and Commercial forestry
    iii. Forest Research and Development

iv. Livelihood and job creation

v. Policy legal and institutional reforms

35. The State Department Development budget has been revised downwards by **Kshs. 972.3 million** with most GoK-funded projects facing budget cuts of 100%. You may wish to note that the budget cuts will not only affect the planned activities of the projects but also the trade/partner agreements with key suppliers, especially for donor-funded projects with GoK counter funds. Consequently, the reduction of these funds will negatively affect the contractual obligations which may result in litigations and pending bills.

36. The State Department for Forestry has a total projected AIA collection of **Kshs.4,550 Million out of which Kshs. 4,474 Million** is to be collected by KFS while **Kshs. 76 Million** is to be collected by KEFRI. The collection of A in A by KFS is tied to payment of salaries which is not guaranteed, while that of KEFRI may not be achieved due to lack of operational budget to support the A in A collection earmarked activity. The Kenya Forest Service is therefore requesting for downward revision of the AIA target to **Kshs. 1,500 million**, while the balance of **Kshs. 2,974 million** is supplemented through the GoK funding to support the payment of salaries for KFS.

37. Further, KEFRI is requesting for either a reduction of Ain A collection from **Kshs. 76 Million** to **NIL**, or reinstatement of the budget to support the A in A collection.

38. **Capacity Development for Modern Technology in Forest Fire Management** is a donor-funded project. To effectively identify, monitor, and suppress fires, the project will build and implement fire detection, surveillance, and communication systems. Appropriate training will also be provided, and fire companies will be properly outfitted with the latest tools, trucks, troop carriers, and drones. The project is being carried out in fourteen (14) counties in the Mau, Aberdare, and Mount Kenya Forest Ecosystems that are prone to fire. Furthermore, Kenya Forestry College (KFC) Londiani will create a fire training center. The GOK fund is required for project coordination, monitoring, site inspections, technology tests sampling training of KFS staff on the use of technology and machines, and sensitization on the use of surveillance technology and radio communication firefighting training to KFS staff at KFC.

39. However, under the Supplementary Estimates1 of FY 2024/25, the GoK counterpart funding is not available. Non-provision of the GoK funding affects the implementation of the above activities as well as activities not covered by the project protocols. This will not only lead to delay but will also affect the trade/partner agreements with key suppliers that were agreed in the loan protocol and the contract.

40. The shortfall of **Kshs. 972.3 million** will negatively impact key strategic projects including:

- The reduction of **Kshs. 80 million** on Construction of Tree Seed Processing Units which is a Strategic intervention towards 15 billion trees growing by producing 100 metric tonnes per year thus will affect the completion schedule of the project.
- The reduction of **Kshs. 413.2 million** on the Tree Growing Campaign and Rangeland Restoration project due to **a reduction in GoK exchequer funding**. This will affect the attainment of the objectives of the Tree Growing Campaign and Rangeland Restoration project.
- The reduction of **Kshs. 68 million** on the Green Zones Development Support Project Phase II due to **reductions in GoK exchequer funding.** This will affect the project completion schedule.
- The reduction of **Kshs.230 million** on the Construction of Tree Seed Processing Units due to a **reduction in GoK exchequer funding.** This will affect the strategic intervention towards 15 billion trees growing hence affecting the completion schedule of the BETA project.
- The reduction of **Kshs. 20 million** on the Forest Rangers' camps rehabilitation project due to a **reduction in GoK exchequer funding.** This will affect 4,600 forest rangers who lack adequate housing facilities.

3.3 State Department for Mining – Vote 1192

41. The Principal Secretary State Department for Mining, Mr. Elijah Mwangi submitted as follows on the FY 2024/25 Supplementary Estimates 1:

42. The State Department is implementing three Programmes namely:

i. **Geological Survey and Geo-Information Management;**
ii. **Mineral Resource Management;** and
iii. **General Administration, Planning, and Support Services.**

43. The State Department for Mining has been affected by budget cuts amounting to **Kshs. 111.03 million** and **Kshs. 652.26 million** for recurrent and development budgets respectively.

Table 8: Summary of Gross Changes in the Supplementary Estimate 1 (Kshs. Millions)

VOTE	FY 24/25 Approved Estimates	FY 24/25 Suppl. 1 Estimates	Deviation
Recurrent	1,105.90	994.87	(111.03)
Development	652.26	0	(652.26)
TOTAL	**1,758.16**	**994.87**	**(763.29)**

Table 9: Programmes Affected by Supplementary Estimates I (Kshs. Millions)

Programme	Category	FY24/25 Budget Estimates	FY24/25 Suppl. 1 Estimates	Deviation
1007000 General Administration Planning and Support Services	Recurrent	436.38	396.32	(40.06)
	Development	0	0	0
1009000 Mineral Resources Management	Recurrent	331.66	307.62	(24.04)
	Development	270.8	0	(270.8)
1021000 Geological Survey and Geoinformation Management	Recurrent	337.86	290.93	(46.93)
	Development	381.46	0	(381.46)
Total		**1,758.16**	**994.87**	**(763.29)**

Table 10: Projects Affected by Supplementary Estimates I (Kshs. Millions)

Project Name	FY24/25 Budget Estimates	FY24/25 Suppl. 1 Estimates	Deviation
Geological Data Bank Project-BETA.	42.50	0	(42.50)
Online Transactional Mining Cadastre Portal-BETA.	166.80	0	(66.80)
Mineral Audit Support-BETA.	66.00	0	(66.00)
Mineral Certification Laboratory	105.20	0	(105.20)
Geological Mapping and Mineral Exploration	183.72	0	(183.72)
Rehabilitation of Madini House	38.00	0	(38.00)
Geo Technical Site Investigations	50.00	0	(50.00)
Total	**652.26**	**0**	**(652.26)**

Expected Impact of the Development Budget revisions on program and project targets

44. The State Department's Development Budget of **Kshs. 652.26 million** in the Approved Budget has been removed with **a ZERO allocation** as per the proposed FY 2024/25 Supplementary 1 Estimates.

45. The lack of allocation of the development budget will affect mineral exploration equipment acquisition, negatively affecting exploration and mineral deposit evaluation. This will adversely affect the acquisition, storage, and management of geological and mineral data leading to reduced mining investments.

46. The lack of funds to decentralize laboratories to regional levels will hamper mineral identification and evaluation by Artisanal Miners and the Regional Technical Officers.

47. The Mining Act recognizes online mining cadastre as the only avenue for making applications, processing, and managing mineral rights. Currently, there is a cadastre system in place and a respective management contract. Lack of provision will be counterproductive and will adversely affect the mining sector on mineral rights licensing and management.

48. Digitization of Mining Information Management Systems through Mineral Audit Support is critical to enhancing efficiency and revenue generation in the Sector; lack of provision is counter-productive for mining revenues management and the Country's funds sources' diversification.

49. Madini House hosts critical mining equipment and information systems thus rehabilitation funds were meant to safeguard these assets. The budget cuts expose these specialized and costly assets.

50. Geological Data Bank acts as a repository of all geological data and facilitate online access. Lack of budget allocation hampers efficient global mining data availability and investment opportunities.

51. The lack of a Geo-Technical Site Investigations budget hampers adequate seismic data for estimating seismic hazards and information on geo-hazard hotspot zones in the country. This inhibits geo-hazard data availability hampering preparedness and proper planning to manage geological challenges.

52. FY 2023-24 Development budget Pending bills amounting to **Kshs. 79,998,877** and awarded multi-year contracts will not be able to be cleared/honored due to a lack of Development budget allocation in the proposed supplementary estimates. This could cause litigations due to failure to honor contractual obligations of contracts associated with it.

Expected Impact of Recurrent Budget revisions on programs and project targets (Headquarters)

53. The State Department's Recurrent Budget has suffered a further reduction of the Recurrent Budget of **Kshs. 111.03 Million** in the proposed FY2024/25 Supplementary 1 estimates about the Approved Budget.

54. The State Department's core mandate involves systematic field geological exploration, regular field mineral rights inspection and enforcement, and geological & Mining incidents response. These are the essential responsibilities of the State Department and majorly involve local domestic travel which has been reduced by 50%.

55. Mineral exploration involves systematic fieldwork activities that entail geological mapping, mineral delineation, and evaluation. The current global demand for strategic and development minerals which are the key drivers of the current economies are achieved through the above activities. The Recurrent Budget reduction of **Kshs 46.93** Million under the Geological Surveys Directorate will adversely affect operations aimed at discoveries of new economically viable mineral deposits.

56. The new technical staff recruited in the FY 2023/24 will require additional facilitation in terms of tools, equipment, training, and logistical operations yet the overall operational budget has been reduced.

57. The State Department is mandated to carry out mineral resources and commercial explosives management which involves revenue management & enhancement, licensing, compliance and enforcement, and mine health and safety. This requires regular fieldwork inspections and monitoring; the Recurrent Budget reduction of **Kshs 24.04 Million** under the Mineral Resources Management will affect effective and efficient mineral rights and commercial explosives administration.

58. The Mining Act provides for Departmental offices at the County Level and domiciles the Artisanal Mining Committees for licensing and management of Artisanal Mining at the Regional Mining Offices. The current provision is insufficient to cover the Committee operations and the wide and tough terrains administered by the regional mining offices.

59. The Recurrent Budget reduction of **Kshs 40.06 Million** under General Administration will hamper mining sector regulation, compliance management, artisanal mining activities, Mineral Rights Board operations, and revamping the Legal and Institutional entities to streamline the Mining Sector

Expect Impact of Recurrent Budget revisions on program and project targets
National Mining Corporation - NAMICO

60. National Mining Corporation (NAMICO), the only State Corporation under the Ministry and Charged with the Responsibility of Commercialization of Strategic Mineral Resources has its budget reduced **from Kshs. 336 Million in FY 2023/24 to a partly Kshs. 89 Million**.

This will hamper its operations and derail the rollout of key initiatives in STRATEGIC mineral exploitation.

61. The allocation of **Kshs. 89 Million** will only take care of its recurrent needs of Personnel Emoluments, Office Rent, Board Operations, and basic office operations.

62. The Budget requirement for NAMICO in the prevailing circumstances is **Kshs. 336 Million**. This will cater to the rollout of several key projects aimed at Exploiting Strategic Minerals such as Rare Earth Elements, Chromite, Nickel, and Copper among others.

63. An additional allocation of **Kshs. 247 million** will therefore cater to the NAMICO Mandate on Strategic Minerals exploitation and enhancement of geological data collection and enhancement of staff with Technical Expertise in Geology, Mining, and others as approved.

64. The State Department for the current medium-term operations had demonstrated potential for Revenues growth and diversification of sources of funds for Government operations. To actualize the Sector's potential, the Department would require enhanced facilitation over the Medium Term (3 Financial Years).

65. The SDM proposed FY24/25 Supplementary 1 estimates is **Kshs. 994.87 Million** against the FY 24/25 Approved Budget of **Kshs. 1,758.16 Million;** indicating a tracking back to under-investment in the Mining Sub-Sector.

66. The State Department for Mining humbly requests for consideration of reinstatement of the development budget and enhancement of the recurrent budget for effective mineral resource exploration and management.

PART III

4.0 COMMITTEE OBSERVATIONS

67. The Committee having considered the submissions by the Ministries, Departments, and Agencies under its purview, made the following observations:

4.1 State Department for Environment and Climate Change

68. Supplementary 1 Estimates FY 2024/25 has **reduced** the FY 2024/25 Budget for the State Department by **Kshs. 558 million.** A **reduction** of **Kshs. 179 million for recurrent expenditure** and a **decrease of Kshs. 379 million for development expenditure.**

69. The **reduction in recurrent estimates** is due to the **General Administration, Planning and Support Services Programme** receiving a deduction of **Kshs. 133.32 million**; the **Environment Management and Protection Programme** gets a deduction of **Kshs 39.65 million;** and the **Meteorological Services Programme** receives a deduction of **Kshs. 5.82 million.**

70. Headquarters has a reduction of **Kshs. 172.98 million. Kshs. 167.02 million** under Hospitality Supplies and Services, followed by Purchase of Furniture by **Kshs. 2.83 million.** The State Department of Environment's core mandate involves the Climate Change/Action Policy and the promotion of low-carbon technologies to reduce emissions; among others. These essential responsibilities will be affected by the reduction in the hospitality item budget.

71. The Meteorological Department has a reduction of **Kshs. 5.83 million. Kshs. 2.55 million**, for the Purchase of Furniture, followed by Domestic Travel and Subsistence, and other transportation costs by **Kshs. 0.91 million.**

72. The **reduction in development estimates** is wholly on **the GoK Exchequer by Kshs. 379 million** on account of budget rationalization. Ten (10) out of the 26 projects have proposed reductions.

73. The key projects to be affected by the changes are namely: the Weather Radar Surveillance Network project by **Kshs. 149 million (reduction);** Acquisition of CAT 3 Airport Weather Observing System-AWOS- Phase III Project by **Kshs. 117 million (reduction);** The purchase of digital instruments by **Kshs. 50 million (reduction)**; High-Performance Computing Platform Project by **Kshs. 17 million (reduction);** Construction of Centers of Excellence and Innovation on Environment by **Kshs. 12.5 million (reduction);** Plastic Waste Management and Pollution Control by **Kshs. 10 million (reduction);** and Securing and Protection of Water Towers by **Kshs. 10 million (reduction).**

74. The Committee observed that the current levels of funding to the State Department from the exchequer as well as other sources are inadequate and this adversely impacts the implementation of planned programs and activities.

75. The Committee noted that the Kenya Meteorological Department has received huge budget cuts amounting to **Kshs. 333 million.** This will impede the Modernization and Monetization of Meteorological Services to enhance Climate Information under the National Framework of Climate Services.

76. The Committee noted that although the State Department acknowledges the financing challenges facing the government as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the budget cuts however affect the implementation of the agreed performance contract.;

77. The Committee further noted that climate change and associated extreme weather events **(floods, droughts, rising temperature, increased frequency of wildfires, and climate variability)** threaten sustainable development and impacts negatively on the sector. Recurrent flooding and droughts affect food production, water supply, housing access, and the general livelihoods of the people.

4.2 State Department for Forestry

78. Supplementary 1 Estimates FY 2024/25 has **reduced** the FY 2024/25 Budget for the State Department by **Kshs. 984.25 million. Reductions** of **Kshs. 11.95 million for recurrent expenditure** and **Kshs. 972.30 million for development expenditure.**

79. The **reduction in recurrent estimates** is due to the **General Administration, Planning and Support Services Programme** receiving a deduction of **Kshs. 7.73 million**; the **Agroforestry and Commercial Forestry Development Programme** getting a deduction of **Kshs 2.6 million;** and the **Forests Development, Management, and Conservation Programme** receives a deduction of **Kshs. 1.62 million.**

80. The Committee noted that 18 out of the 19 ongoing projects have proposed **reductions in development estimates,** with 16 out of the 19 having **a hundred percent (100%) reduction.** The key projects to be affected by the changes are namely: Tree Growing Campaign and Rangeland Restoration Project by **Kshs. 413.2 million (reduction);** Green Zones Development Support Project Phase II by **Kshs. 68 million (reduction);** Construction of Tree Seed Processing Units by **Kshs. 230 million (reduction)**; Forest Rangers' camps rehabilitation project by **Kshs. 40 million (reduction);** and Natural Forestry Programme by **Kshs. 30 million (reduction).**

81. The Committee observed that the budget cuts will impede the country from achieving the objective of the 15 billion trees growing campaign, collection and distribution of tree seeds, development of technology and protocols especially for endangered and hard to propagate tree species.

82. The Committee further noted that the budget cuts amounting to **Kshs.972.3 million** with most GoK funded projects facing budget cuts of 100% will not only affect the planned activities of the projects, but also the trade/partner agreements with key suppliers especially for donor funded projects with GoK counter funds. Consequently, the reduction of these funds will negatively affect the contractual obligations which may result to litigations and pending bills.

83. The Committee observed that the State Department for Forestry has a total projected AIA collection of **Kshs. 4.55 billion**, out of which **Kshs. 4.474 billion** is to be collected by KFS while **Kshs. 76 million** is to be collected by KEFRI. The collection of AIA by KFS is tied to payment of salaries which is not guaranteed, while that of KEFRI may not be achieved due to lack of operational budget to support the AIA collection earmarked activities. There is need for a downward revision of the AIA target by KFS to **Kshs.1.5 billion,** while the balance of **Kshs. 2.974 billion** supplemented through the GoK funding to support the payment of salaries for KFS, and a further downward revision of the AIA target by KEFRI from **Kshs. 76 million** to **NIL**, while the balance of **Kshs. 76 million** supplemented through the GoK funding to support the payment of salaries for KEFRI.

4.3 State Department for Mining

84. Supplementary 1 Estimates FY 2024/25 has **reduced** the FY 2024/25 Budget for the State Department by **Kshs. 763.29 million. Reductions** of **Kshs. 111.03 million** for **recurrent expenditure** and **Kshs. 652.26 million** for **development expenditure.**

85. The Committee observed that the proposed reduction in recurrent estimates is mainly on account of Domestic Travel Subsistence and other transportation costs by **Kshs. 78.06 million (44 percent reduction)** and Hospitality Supplies and Services of **Kshs. 117.7 million (31 percent reduction).** The Recurrent Budget reduction will adversely affect operations aimed at discoveries of new economic viable mineral deposits; systematic field geological exploration, regular field mineral rights inspection and enforcement, geological & mining incidents response which majorly involve local domestic travel.

86. The Committee further observed that the State Department's proposed reduction in development estimates of **Kshs. 652.26 million** is **wholly on GoK Exchequer**. All the seven (7) ongoing projects at different stages have received **a hundred (100%) reduction**.

87. The reduction in the development budget will have the following impacts. It will:

i. Hamper the decentralization of laboratory facilities to the regional levels; and mineral identification for artisanal miners;

ii. Prevent mineral exploration and deposit evaluations leading to reduced mining investments in the country;

iii. Impair hosting equipment for mining information systems exposing the country to loss of revenues and mining data;

iv. Incapacitate data gathering for geo hazards thereby hampering the country's preparedness for geological disaster management;

v. Hamper efficiency in mining revenue management and enhancement; hamper digitization of geological data limiting global access and hence reducing investment in the mining sector.

88. The Committee noted that the Mining Act recognizes the Online Mining Cadaster (OMC) as the only avenue for making applications, processing and management of mineral rights. Currently, there is a cadaster system in place and respective management contract. Lack of budget provision will be counterproductive as the State Department will not be able to fund hosting, maintenance and re-development of OMC, thereby adversely affect the mining sector on mineral rights licensing and management.

89. The Committee noted that the State Department collected **Kshs. 3.3 billion** in FY 2023/24 against a collection of **Kshs. 2.8 billion** in royalties which went into the Consolidated Funds Services. With the annual revenue collection target of **Kshs. 3.0 billion**, the State Department intends to surpass the FY 2023/24 actual collections. The budget cut will negatively impact the State Department's capacity to mobilize **Kshs. 15 billion revenue medium-term target** as set out by the National Treasury.

5.0 COMMITTEE RECOMMENDATIONS

90. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. 1 for the FY 2024/25, the Committee recommends the following:

5.1 FINANCIAL RECOMMENDATIONS

91. The Committee recommends THAT:

a) For the **State Department for Environment and Climate Change,** the proposed changes in the First Supplementary Estimates for the FY 2024/25 comprising reductions in recurrent and development expenditures amounting to **Kshs. 178.8 million** and **Kshs. 379 million be approved.**

b) For the **State Department for Forestry,** the proposed changes in the First Supplementary Estimates for the FY 2024/25 comprising reductions in recurrent and development expenditures amounting to **Kshs. 11.95 million,** and **Kshs. 972.3 million be approved.**

c) For the **State Department for Mining,** the proposed changes in the First Supplementary Estimates for the FY 2024/25 comprising reductions in recurrent and development expenditure amounting to **Kshs. 111.03 million,** and **Kshs. 652.26 million be approved** as submitted.

6.0 COMMITTEE REQUEST FOR ADDITIONAL FUNDING

92. The Committee further recommends that the proposed estimates for the State Departments be enhanced with the following additional funding:

a. The State Department for Environment and Climate Change be allocated an additional **Kshs. 333 million** for the following:

i. Increment of **Kshs. 333 million** under the development expenditure to the Weather Radar Surveillance Network project by **Kshs. 149 million** (reduction); Acquisition of CAT 3 Airport Weather Observing System-AWOS- Phase III Project by **Kshs. 117 million** (reduction); The purchase of digital instruments by **Kshs. 50 million** (reduction); High-Performance Computing Platform Project by **Kshs. 17 million** of the Kenya Meteorological Department as climate change and associated extreme weather events like

floods. This will impede the Modernization and Monetization of Meteorological Services to enhance Climate Information under the National Framework of Climate Services.

b. The State Department for Forestry is allocated an additional **Kshs. 3.763 billion** for the following:

   i. Increment of **Kshs. 713.2 million** under development expenditure to the Tree Growing Campaign and Rangeland Restoration Project **by Kshs. 413.2 million**; Construction of Tree Seed Processing Units by **Kshs. 230 million**; Forest Rangers' camps rehabilitation project by **Kshs. 40 million**; and Natural Forestry Programme by **Kshs. 30 million**. The budget cuts will impede the country from achieving the objective of the 15 billion trees growing campaign, collection and distribution of tree seeds, development of technology and protocols especially for endangered and hard to propagate tree species.

   ii. Increment of **Kshs. 3.05 billion** under recurrent expenditure to the State Department for Forestry. The State Department has a total projected AIA collection of Kshs. 4.55 billion, out of which Kshs. 4.474 billion is to be collected by KFS while Kshs. 76 million is to be collected by KEFRI. The collection of AIA by KFS is tied to payment of salaries which is not guaranteed, while that of KEFRI may not be achieved due to lack of operational budget to support the AIA collection earmarked activities. There is need for a downward revision of the AIA target by KFS to Kshs.1.5 billion, while the balance of **Kshs. 2.974 billion** supplemented through the GoK funding to support the payment of salaries for KFS, and a further downward revision of the AIA target by KEFRI from Kshs. 76 million to NIL, with the balance of **Kshs. 76 million** supplemented through GoK funding.

c. The State Department for Mining is allocated additional **Kshs. 730.32 million** for the following:

   i. Increment of **Kshs. 78.06 million** under the recurrent expenditure to the Domestic Travel Subsistence and other transportation costs. The Recurrent Budget reduction will adversely affect operations aimed at discoveries of new economic viable mineral deposits; systematic field geological exploration, regular field mineral rights inspection and enforcement,

geological & mining incidents response which majorly involve local domestic travel.

ii. Increment of **Kshs. 105.2 million** under the development expenditure to the Mineral Certification Laboratory. The budget cut will hamper the decentralization of laboratory facilities to the regional levels; and mineral identification for artisanal miners.

iii. Increment of **Kshs. 183.76 million** under the development expenditure to the Geological Mapping and Mineral Exploration. The budget cut will hamper mineral exploration and deposit evaluations leading to reduced mining investments in the country.

iv. Increment of **Kshs. 38 million** under the development expenditure to the Rehabilitation of Madini House. The budget cut will impair hosting equipment for mining information systems exposing the country to loss of revenues and mining data.

v. Increment of **Kshs. 50 million** under the development expenditure to the Geo Technical Site Investigations. The budget cut will incapacitate data gathering for geo hazards thereby hampering the country's preparedness for geological disaster management.

vi. Increment of **Kshs. 66 million** under the development expenditure to the Mineral Audit Support (BETA). The budget cut will hamper efficiency in mining revenue management and enhancement.

vii. Increment of **Kshs. 166.8 million** under the development expenditure to the Online Transactional Mining Cadaster Portal-BETA. Lack of provision of funds goes against the Mining Act requirements which only recognizes this online licensing management system, going against contractual obligation.

viii. Increment of **Kshs. 42.5 million** under the development expenditure to the Geological Data Bank Project-BETA. The budget cut will hamper digitization of geological data limiting global access and hence reducing investment in the mining sector.

PART IV

7.0 SCHEDULE 1: COMMITTEE'S REQUEST FOR ADDITIONAL FUNDING – State Department for Environment and Climate Change (Kshs. Millions)

Vote	Recurrent	Development	Total	Justification
1331100900 Weather Radar Surveillance Network	-	149.00	149.00	The Recurrent Budget reduction will adversely affect operations aimed at discoveries of new economic viable mineral deposits; systematic field geological exploration, regular field mineral rights inspection and enforcement, geological & mining incidents response which majorly involve local domestic travel.
1331100700 Acquisition of CAT 3 Airport Weather Observing System-AWOS - Phase III	-	117.00	117.00	The budget cut will hamper digitization of geological data limiting global access and hence reducing investment in the mining sector.
1331100500 Purchase of digital instrument	-	50.00	50.00	Lack of provision of funds goes against the Mining Act requirements which only recognizes this online licensing management system, going against contractual obligation
1331100600 High Performance Computing Platform	-	17.00	17.00	The budget cut will hamper efficiency in mining revenue management and enhancement
Total	**-**	**333.00**	**333.00**	

8.0 SCHEDULE 2: COMMITTEE'S REQUEST FOR ADDITIONAL FUNDING – State Department for Forestry (Kshs. Millions)

Vote	Recurrent	Development	Total	Justification
1332000200 Kenya Forest Service	2,974.00	-	2,974.00	The State Department has a total projected AIA collection of Kshs. 4.55 billion, out of which Kshs. 4.474 billion is to be collected by KFS while Kshs. 76 million is to be collected by KEFRI. The collection of AIA by KFS is tied to payment of salaries which is not guaranteed, while that of KEFRI may not be achieved due to lack of operational budget to support the AIA collection earmarked activities. There is need for a downward revision of the AIA target by KFS to Kshs.1.5 billion, while the balance of Kshs. 2.974 billion supplemented through the GoK funding to support the payment of salaries for KFS, and a further downward revision of the AIA target by KEFRI from Kshs. 76 million to NIL, with the balance of Kshs. 76 million supplemented through GoK funding
1332000300 Kenya Forestry Research Institute	76.00	-	76.00	

Vote	Recurrent	Development	Total	Justification
1332101900 Tree Growing Campaign and Rangeland Restoration Project-BETA	-	413.20	413.20	The budget cuts will impede the country from achieving the objective of the 15 billion trees growing campaign, collection and distribution of tree seeds, development of technology and protocols especially for endangered and hard to propagate tree species.
1332101700 Construction of Tree Seed Processing Units	-	230.00	230.00	
1332101300 Forest rangers Camps Rehabilitation	-	40.00	40.00	
1332101000 Natural Forestry Programme	-	30.00	30.00	
Total	**3,050.00**	**713.20**	**3,763.20**	

9.0 SCHEDULE 3: COMMITTEE'S REQUEST FOR ADDITIONAL FUNDING – State Department for Mining (Kshs. Millions)

Vote	Recurrent	Development	Total	Justification
1192000101 Headquarters - Domestic Travel and Subsistence, and Other Transportation Costs	78.06	-	78.06	The Recurrent Budget reduction will adversely affect operations aimed at discoveries of new economic viable mineral deposits; systematic field geological exploration, regular field mineral rights inspection and enforcement, geological & mining incidents response which majorly involve local domestic travel.
1192100200 Geological Data Bank Project-BETA	-	42.50	42.50	The budget cut will hamper digitization of geological data limiting global access and hence reducing investment in the mining sector.
1192100300 Online Transactional Mining Cadaster Portal-BETA	-	166.80	166.80	Lack of provision of funds goes against the Mining Act requirements which only recognizes this online licensing management system, going against contractual obligation
1192100400 Mineral Audit Support-BETA	-	66.00	66.00	The budget cut will hamper efficiency in mining revenue management and enhancement
1192100500 Mineral Certification Laboratory	-	105.20	105.20	The budget cut will hamper the decentralization of laboratory facilities to the regional levels; and mineral identification for artisanal miners.
1192100600 Geological Mapping and Mineral Exploration	-	183.76	183.76	The budget cut will hamper mineral exploration and deposit evaluations leading to reduced mining investments in the country.
1192101600 Rehabilitation of Madini House	-	38.00	38.00	The budget cut will impair hosting equipment for mining information systems exposing the country to loss of revenues and mining data.
1192102100 Geo Technical Site Investigations	-	50.00	50.00	The budget cut will incapacitate data gathering for geo hazards thereby hampering the country's preparedness for geological disaster management.
Total	**78.06**	**652.26**	**730.32**	

SIGNED .....

THE HON. DAVID GIKARIA, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND MINING)

DATE..... 19/7/2024 .....

Annex 1: Mini Schedule indicating the Committee's request for additional funding
Annex 2: PBO brief on the Supplementary Estimates I for FY 2024/25
Annex 3: MDA's submissions
Annex 4: Minutes of the Committee sittings
Annex 5: Adoption List

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

.....

THIRTEETH PARLIAMENT - THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON:

CONSIDERATION OF THE FY 2024/2025 SUPPLEMENTARY ESTIMATES NO. 1

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

JULY 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

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

CHAIRPERSON'S FOREWORD

The Proposed Supplementary Estimates I for the 2024/25 Financial Year was submitted in the National Assembly on Friday, 12th of July 2024 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

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

The Committee held a total of two (2) sittings scrutinizing the Supplementary Budget Estimates and considering and adopting its report. All agencies under the Committee's oversight appeared before the Committee on Wednesday, 17th July 2024 and made submissions concerning the proposed supplementary budget. The Committee considered and unanimously adopted its report on the same day on Wednesday, 17th July 2024.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed 2024/25 Supplementary Estimates successful. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee Secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Justice and Legal Affairs, it is my pleasant privilege and duty to present to the Budget and Appropriations Committee a report of the Committee on the scrutiny of the Supplementary Estimates I of the Financial Year 2024/2025.

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON, JUSTICE AND LEGAL AFFAIRS COMMITTEE

PART 1

1.0 PREFACE

1.1. Introduction

1. This is the Committee report on its consideration of the Supplementary Estimates I for the FY 2024/2025 in accordance with Article 223 of the Constitution of Kenya and Section 43(2) and 44 of the Public Finance Management Act 2012, Section 40 of the Public Finance Management National Government Regulations and Standing Order 243. The Departmental Committee on Justice and Legal Affairs held meetings with the Departments and Agencies under its purview to scrutinize their Supplementary Estimates on Wednesday 17th July of 2024. The Committee then consolidated its recommendations for submission to the Budget Committee pursuant to the provision of Standing Order 207(6).

1.2. Mandate of the Committee

2. The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides for the functions of Departmental Committees as follows-
    (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    (b) Study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
    (c) Study and review all legislation referred to it;
    (d) Study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
    (e) Investigate and enquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;
    (f) Vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments)
    (g) Examine treaties, agreements and conventions;
    (h) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
    (i) Consider reports of Commissions and Independent Offices submitted to the House pursuant to provisions of Article 254 of the Constitution; and
    (j) Examine any questions raised by Members on a matter within its mandate.

3. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows-
    (a) Constitutional affairs;
    (b) The administration of law and Justice
    (c) The Judiciary;
    (d) Public prosecutions;
    (e) Elections;
    (f) Ethics, integrity and anti-corruption; and
    (g) Human rights.

1.3. Committee Membership

4. The Departmental Committee on Justice and Legal affairs was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson
Hon. Murugara George Gitonga, MP
Tharaka Constituency
UDA Party

Vice-Chairperson
Hon. Mutuse Eckomas Mwengi
Kibwezi West Constituency
MCCP Party

Members

Hon. Maalim Farah, MP
Dadaab Constituency
WDM-K

Hon. Francis Kajwang' Tom Joseph, MP
Ruaraka Constituency
ODM Party

Hon. (Dr.) Otiende Amollo, SC, MP
Rarieda Constituency
ODM Party

Hon. Makali John Okwisia, MP
Kanduyi Constituency
FORD-Kenya

Hon. Maina Jane Njeri, MP
Kirinyaga (CWR)
UDA Party

Hon. Mogaka Stephen M, MP
West Mugirango Constituency
Jubilee Party

Hon. Siyad Amina Udgoon, MP
Garissa Township
Jubilee Party

Hon Onyiego Silvanus Osoro, MP
South Mugirango
UDA Party

Hon. Junet Mohamed, MP
Suna East
ODM Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok
UDA Party

Hon. Muriu Wakili Edward, MP
Gatanga Constituency
UDA Party

Hon. Gichohi Kaguchia John Philip, MP
Murukweini Constituency
UDA Party

Hon. Mohamed Aden Daudi, MP
Wajir East Constituency
Jubilee Party

1.4. Committee Secretariat

5. The Committee secretariat is as follows-

Mr. Ahmed Salim Abdalla
Clerk Assistant I / Head of the Secretariat

Mr. Ronald Walala **Senior Legal Counsel**	Mr. Abdikafar Abdi **Clerk Assistant III**
Mr. Isaac Nabiswa **Legal Counsel II**	Mr. Omar Abdirahim **Fiscal Analyst II**
Ms. Jael Ayiego Kilaka **Clerk Assistant III**	Ms. Vivienne Ogega **Research Officer III**
Ms. Calvin Karungo **Media Relations Officer**	Mr. Peter Mutethia **Audio Officer**
Ms. Mary Kamande **Public Communications Officer**	Mr. John Nduaci **Serjeant-at-arms**

1.5. Overview of the Examination of the Estimates

6. The Committee held two (2) sittings in examining the estimates. Both sitting took place on Wednesday 17th July 2024 where the Committee was briefed on the proposed supplementary estimates by the Parliamentary Budget Office before interacting with the State agencies.

7. Subsequently, the Committee met with the officials from the state agencies that include; the Judiciary and Judicial Service Commission, State Department for Correctional Services, the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR) and the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Office of the Director of Public Prosecutions, the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), and Witness Protection Agency. The last sitting was held on 17th July 2024 where the Committee met and adopted its report.

1.6. Acknowledgements

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the FY 2024/25 Supplementary Estimates I.

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

10. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the FY 2024/25 Supplementary Estimate I.

PART 2

2.0 INTRODUCTION

1. The National Assembly considered and approved the FY 2024/25 Budget Estimates as contained in the National Assembly Appropriation Bill no. 34 of 2024 which HE the President Assented to. The FY 2024/25 budget was to be funded through additional revenue raising measures amounting to Kshs 344.3 billion contained in the Finance Bill, 2024, which HE the President declined to assent to. This created a financing gap of a similar amount and implies that funding of expenditures to the tune of Kshs 344.3 billion is not tenable.

2. The Supplementary I Estimates for FY 2024/25 which was submitted in the National Assembly on Friday, 12th of July 2024. The Justice and Legal Affairs Committee oversees all matters relating to Constitutional affairs, the administration of law and justice, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In its oversight function, the Committee oversees the following Agencies:
   i. State Law Office & Department of Justice
   ii. The Judiciary
   iii. State Department for Correctional Services
   iv. Ethics & Anti-Corruption Commission
   v. Office of the Director of Public Prosecutions
   vi. Office of the Registrar of Political Parties
   vii. Witness Protection Agency
   viii. Kenya National Commission on Human Rights
   ix. Independent Electoral & Boundaries Commission
   x. Judicial Service Commission
   xi. Commission on Administrative Justice

2.1 Highlights of Supplementary Estimates I For FY 2024/25

3. The overall expenditure in the FY 2024/25 Supplementary Estimates No. I has decreased by 6.6 per cent from the original approved Budget Estimates as shown in Table 1. The recurrent expenditure decreased by 2.1 percent while the development expenditure decreased by 16.4 percent.

4. The gross ministerial expenditure (excluding Consolidated Fund Services and county allocation) is cumulatively proposed to decrease by Kshs 156.4 billion (-6.6%) in comparison to the FY 2024/25 approved Ministerial Estimates.

5. The proposed decline in expenditure is majorly on account of development expenditure which has a proposed decrease of Kshs 122.4 billion (-16.4%) on the net funding from the exchequer. On the other hand, recurrent expenditure is to decline by Kshs 34.04 billion (-2.1%).

6. Consolidated Fund Services whose allocation caters for the interest payments, pensions and salaries for independent offices and commissions has a proposed increase of Kshs 23.8 billion (2%). The County equitable share has been allocated Kshs 10.8 billion which is primarily a carry-over of last year's allocation.

7. The total gross change of the ministerial estimates, County shareable transfer and consolidated fund services amounts to a reduction of Kshs 121.9 billion or 3.1 percent decrease.

Table 1: Overall Summary Revised Budget I FY 2024/25

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation	Percentage Deviation
			Ksh. Million	**Ksh. Million**	**Ksh. Million**	**%**
1	**National Government**	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*(34,047.53)*	*-2.1%*
		Development	*746,335.91*	*623,984.67*	*(122,351.24)*	*-16.4%*
		Total	***2,378,432.51***	***2,222,033.75***	***(156,398.76)***	***-6.6%***
	o/w Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*-2.0%*
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*-16.2%*
		Total	***2,309,194.21***	***2,158,070.73***	***(151,123.48)***	***-6.5%***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*-6.3%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*-50.0%*
		Total	***44,598.00***	***40,865.50***	***(3,732.50)***	***-8.4%***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*-3.2%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*-50.0%*
		Total	***24,640.30***	***23,097.52***	***(1,542.78)***	***-6.3%***
2	**Consolidated Fund Services**		**1,213,453.00**	**1,237,233.80**	**23,780.80**	**2.0%**
3	**County Equitable Share**		**400,117.00**	**410,951.00**	**10,834.00**	**2.7%**
Total (1+2+3)			**3,992,002.51**	**3,870,218.55**	**(121,783.96)**	**-3.1%**

Source: Supplementary I Estimates, National Treasury

2.2 Overview of Supplementary I for FY 2024/25

8. The Justice and Legal Affairs sub sector gross approved budget for the financial year 2023/24 is Kshs 83.0 billion, which is comprised of Kshs 80.3 billion for recurrent expenditure and Kshs 2.7 billion for development expenditures respectively. This forms the baseline for Supplementary I budget estimates for the financial year 2024/25.

9. The gross approved budget for the MDAs under the sector has been revised to Kshs 79.0 billion reflecting a decrease of Kshs 4.0 billion which comprises of Kshs 2.3 billion for recurrent expenditure and Kshs. 1.75 billion for development expenditure translating to a decrease of 4.8%.

2.2.1 The Judiciary

10. The Approved Estimates for Judiciary for the FY 2024/25 amounts to Kshs. 23,737.4 million. This comprises Kshs. 22,137.4 million for recurrent expenditure and Kshs. 1,600 million for Capital expenditure respectively.

Table 2: Summary of Supplementary Budget Estimates for the Judiciary - Kshs Millions

Ministries/Departments	Details	Approved Gross Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Judiciary	Recurrent	22,137.4	(500.0)	21,637.4	(2.3%)
	Development	1,600.0	(800)	800.0	(50%)
	Total	**23,737.4**	**(1300.0)**	**22,437.4**	**(5.5%)**

Source: Supplementary I Estimates, National Treasury

11. The Approved Estimates have been adjusted to Kshs. 22,437.4 million under Supplementary Estimates No. I, comprising of Kshs. 21,637.4 million for recurrent expenditure and Kshs. 800.0 million for Capital expenditure. The changes are on account of reduced provision for Recurrent expenditure by Kshs. 500 million and Capital expenditure by Kshs. 800 million.

12. The proposed reduction Kshs 500 million under the recurrent vote will affect the following areas; State officers 1st phase salary review (Kshs 100 million), Automation (Kshs 100 million), Operationalization of new courts and Sub-registries (Kshs 100 million), AJS/Mediation (Kshs 100 million), and Small Claims Courts (Kshs 100 million).

13. The following projects under the Judiciary's development Budget has been adjusted under the proposed supplementary budget as shown in the table below;

Table 3: Projects Affected under the Supplementary Estimates FY 2024/25 Kshs Millions

Projects	Approved Estimates	Supplementary Estimates	Revised Estimates
Judiciary Automation	700.0	(400.0)	300.0
Construction of Meru Law Courts	60.0	(45.0)	15.0
Refurbishment of Supreme Court Headquarters	303.4	(268.0)	35.4
Construction of Small Claims Courts	20.0	(20.0)	0
Children law courts in Hurlighum	31.0	(31.0)	0
Construction of Court of Appeal Complex	10	(5)	5.0
Construction of Voi Law Courts	15.0	(14.0)	1.0

Source: Supplementary Estimates I, National Treasury

14. It is important to note that supplementary budget is likely to impact many ongoing capital projects under the judiciary as shown in the table above. It is therefore important to question the rational for budgetary cuts in the face of the many stalled projects under the judiciary.

2.2.2 Judicial Service Commission

15. The Gross Approved Estimates for the Commission for the FY 2024/25 amounts to Kshs 902.9 million for recurrent expenditure. The Approved Estimates have been revised to Kshs. 660.1 million reflecting a net decrease of Kshs. 242.8 million under Supplementary Estimates I due to budget rationalization across departments. The Approved Estimates comprise of Kshs 618.7 million for the Commission's operations and Kshs 284.2 million (26.9%) for the Kenya Judiciary Academy.

Table 4: Summary of the Supplementary Budget Estimates Kshs million

Ministries/Departments	Details	Approved Gross Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Judicial Service Commission	Recurrent	902.9	(242.8)	618.7	26.9%
	Development	-	-	-	-
	Total	**902.9**	**(242.8)**	**618.7**	**26.9%**

Source: Supplementary I Estimates, National Treasury

16. The changes are on account of downward revision of the following budget items; Domestic Travel and Subsistence, and Other Transportation Costs (Kshs 31.2 million), Foreign Travel (Kshs 7.9 million), Hospitality Supplies and Services (Kshs 51.3 million), Training Expenses (Kshs 13.5 million), Other Operating Expenses (Kshs 5.6 million), Refurbishment of Buildings (Kshs. 25.0 million), Purchase of motor vehicles (Kshs 29.7 million) and Purchase of Office Furniture and General Equipment (Kshs 11 million).

2.2.3 The State Law Office and Department of Justice

17. The Gross Approved Estimates for the State Law Office and Department of Justice for the FY 2024/25 amounts to Kshs. 6,977.6 million. This comprises of Kshs. 6,820.6 million for recurrent expenditure and Kshs. 157.0 million for Capital expenditure.

Table 5: Summary of the Supplementary Budget Estimates Kshs million

Ministries/Departments	Details	Approved Gross Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
State Law Office	Recurrent	6,820.6	(874.7)	5,945.9	(12.8%)
	Development	157.0	0	157.0	0%
	Total	**6,977.6**	**(874.7)**	**6,102.9**	**(12.5%)**

Source: Supplementary I Estimates, National Treasury

18. The Approved Estimates have been adjusted to **Kshs. 6,102.9 million** comprising of Kshs. **5,945.9 billion** for Recurrent Expenditure and **Kshs. 157.0 million** for Capital expenditure. The recurrent budget was revised downwards by **Kshs 874.7 million** as a result of budget rationalization and the budget for the following areas will be affected; Decentralization of the office to counties (Kshs 337.6 million), Public trustee – field services (Kshs 13.7 million), Registrar of marriages (Kshs 10.7 million), Civil Litigation Department - operating expenses (Kshs 309.8 million), Headquarters Administrative Services (Kshs 138.9 million), Treaties and Agreement Department (Kshs 26.0 million) and National legal Aid service (Kshs 7.2 million). The net effect on the department is a decrease of Kshs 874.7 million as shown in the table below.

Table 6: A Summary of the Departments Affected Budget Heads Kshs Million

No.	Description	Approved Estimates	Amendments	Revised Estimates
1.	Decentralization of the Office to Counties	348.3	(337.6)	10.7
2.	Public trustee – field services	28.4	(13.7)	14.6
3.	Registrar of marriages	24.0	(10.7)	13.3
4.	Civil Litigation Department - operating expenses	1,412.1	(309.8)	1,102
5.	Headquarters Administrative Services	281.7	(138.9)	142.8
6.	Treaties and Agreement Department	91.9	(26.0)	65.9
7.	National legal Aid service	17.1	(7.2)	9.9

Source: Supplementary I Estimates, National Treasury

2.2.4 The State Department for Correctional Services

19. The Gross Approved Estimates for the State Department for the FY 2024/25 amounts to Kshs. 35,550.4 million. This comprises Kshs. 34,727.3 million for recurrent expenditure and Kshs. 823.0 million for Capital expenditure respectively.

Table 7: Summary of Supplementary Estimates - Kshs Million

Departments	Details	Approved Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
State Department for Correctional Services	Recurrent	34,727.3	(337.6)	34,389.7	(0.97%)
	Development	823.0	(823.0)	0.0	(100.0%)
	Total	**35,550.4**	**(1,160.2)**	**34,389.7**	**3.3%**

Source: Supplementary I Estimates, National Treasury

20. The Approved Estimates have been adjusted downwards to Kshs. 34,389.7 million under Supplementary Estimates No. I. The reduction comprises of Kshs. 337.6 million for recurrent expenditure and Kshs. 823.0 million for Capital expenditure.

21. The recurrent budget for the following departments has been revised as follows; Prisons Staff Training College (Kshs 57.7 million), Probation Services (Kshs 14.9 million), Headquarters Administrative services – Prisons (Kshs 115.7 million), Finance and procurement services (Kshs 12.2 million), General administrative services – coordination (Kshs 73.7 million), Maximum and High-risk prisons (Kshs 7.5 million) and Medium and Other district prisons (Kshs 18.6 million). Further, the department capital budget has completely been removed through the supplementary budget and this will significantly impact many ongoing capital projects.

2.2.5 The Independent Electoral & Boundaries Commission (IEBC)

22. The Gross Approved Estimates for the Independent Electoral and Boundaries Commission for FY 2024/25 is Kshs. 3,755.2 million which comprised of Kshs 3,730.9 million for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures and Kshs 24.3 million for development expenditure to cater for settling

pending bills and complete ongoing construction works of office block and warehouse in Turkana County.

Table 8: Summary of Supplementary Budget Estimates for the IEBC Kshs Million

Ministries/Departments	Details	Approved Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
The Independent Electoral & Boundaries Commission	Recurrent	**3,730.90**	(63.20)	3,667.70	(1.7%)
	Development	24.30	(24.3)	0.0	(100%)
	Total	**3,755.2**	**(87.5)**	**3,667.0**	**(2.3%)**

Source: Supplementary 1 Estimates, National Treasury

23. The Approved Estimates have been adjusted to Kshs. 3,667.0 million under Supplementary Estimates No.1 reflecting a decrease of Kshs. 87.50 million translating to a percentage decrease of 2.3%. The decrease is on account of budget rationalization.

24. In particular, the budget for Regional Election Coordination Services, Finance management services, Secretariat, voter education and Information and Communication Technology have been adjusted as shown in the table below.

Table 9: Summary of the Supplementary Recurrent Estimates FY 2024/25 - Kshs Million

Head/ Description	Approved Estimates	Changes	Revised Estimates
2031000500 Finance Management Services	54.0	(4.7)	49.3
2031001200 Regional Election Coordination Services	1,886.2	(13.1)	1,873.1
0617040 Information and Communication Technology	445.8	(10.6)	435.3
2031000100 Secretariat	991.3	(22.4)	968.9
0618010 Voter Education	46.4	(2.9)	43.5

Source: Budget Estimates, National Treasury

2.2.6 The Office of Director of Public Prosecutions

25. The Gross Approved Estimates for the Office of the Director of Public Prosecutions for the FY 2024/25 amounts to Kshs. 4,007.5 million. This comprises of Kshs. 3,959.0 million for recurrent expenditure and Kshs. 48.5 million for Capital expenditure respectively.

Table 10: Summary of Supplementary Budget Estimates for ODPP – Kshs Million

Ministries/ Departments	Details	Approved Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Office of the Director of Public Prosecution	Recurrent	3,959.0	-	3,959.0	0.0%
	Development	48.5	(42.5)	6.0	87.6%
	Total	**4,007.5**	**(42.5)**	**3,965.0**	**0.02%**

Source: Supplementary 1 Estimates, National Treasury

26. The Approved Estimates have been adjusted to Kshs. 3,965.0 million under Supplementary Estimates No.1 for FY 2024/25. This comprises of Kshs. 3,959.0 billion for recurrent expenditure and Kshs. 6.0 million for Capital expenditure. The overall change is on account

of budget rationalization of Kshs. 42.5 million under development vote meant for the roll out Uadilifu case management system.

27. There are no changes to the outputs and targets in the Public Prosecution Services programme in line with the changes in expenditures.

2.2.7 The Commission on Administration Justice

28. The Gross Approved Estimates for the Commission on Administration Justice for FY 2024/25 is Kshs. 662.0 million for recurrent expenditure. The Approved Estimates have been revised to Kshs. 636.5 million reflecting a net decrease of Kshs. 25.5 million under Supplementary Estimates I due to budget rationalization across departments.

Table 11: Summary of Supplementary Estimate I FY 2024/25 – Kshs Million

Departments	Details	Approved Revised Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
The Commission on Administration Justice	Recurrent	662.0	(25.5)	636.5	(3.9%)
	Development	-	-	-	-
	Total	**662.0**	**(25.5)**	**636.5**	**(3.9%)**

Source: Supplementary I Estimates, National Treasury

29. The changes are on account of downward revision of the following budget items; Domestic Travel and Subsistence, and Other Transportation Costs (Kshs 8.5 million), Hospitality Supplies and Services (Kshs 4.5 million), Other Operating Expenses (Kshs 4.0 million) Refurbishment of Buildings (Kshs. 3 million) and Purchase of Office Furniture and General Equipment (Kshs 2.5 million).

2.2.8 The Ethics and Anti-Corruption Commission (EACC)

30. The Gross Approved Estimates for the Commission for FY 2024/25 is Kshs. 4,171.6 million comprised of Kshs 4,113.6 million for recurrent expenditure and Kshs 57.9 million for development expenditure. The Approved Estimates has been adjusted to Kshs. 4,113.6 million under Supplementary Estimates I. This reflects a decrease of Kshs. 57.9 million in which the Commission's development budget which was meant for Refurbishment of EACC Headquarters was entirely removed.

Table 12: Summary of Supplementary Budget Estimates for EACC - Kshs Millions

Ministries/Departments	Details	Approved Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
The Ethics and Anti-Corruption Commission	Recurrent	4,113.6	-	4,113.6	0%
	Development	57.9	(57.9)	-	100%
	Total	**4,171.6**	**(57.9)**	**4,113.6**	**1.4%**

Source: Supplementary I Estimates, National Treasury

31. There are no changes to the outputs and targets for the Commission's programme of Ethics and Anti-corruption in line with the changes in expenditure as proposed under the Supplementary Estimates I for the FY 2024/25.

2.2.9 Witness Protection Agency

32. The Gross Approved Estimates for the Agency for FY 2024/25 is Kshs. 741.2 million which is for recurrent expenditure. The Approved Estimates has been adjusted to Kshs. 697.1 million under Supplementary Estimates I. This reflects a decrease of Kshs. 44.1 million (6%) resulting in revision of the following budget heads; operating expenses (Kshs 32.9 million), staff mortgage and loans (Kshs 10.0 million), Hospitality and Supplies (Kshs 0.6 million), and domestic travel (Kshs 0.16 million).

Table 13: Summary of Supplementary Budget Estimates - Kshs Millions

Ministries/Departments	Details	Approved Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Witness Protection Agency	Recurrent	741.2	(44.1)	697.1	6.0%
	Development	-	-	-	-
	Total	**741.2**	**(44.1)**	**697.1**	**6.0%**

Source: Supplementary I Estimates, National Treasury

33. There are no changes to the outputs and targets for the Agency in line with the changes in expenditure as proposed under the Supplementary Estimates I for the FY 2024/25.

2.2.10 Kenya National Commission for Human Right (KNCHR)

34. The Gross Approved Estimates for the Commission for FY 2024/25 is Kshs. 478.1 million for recurrent expenditure. The Approved Estimates has been adjusted downwards to Kshs. 472.1 million under Supplementary Estimates I. This reflects a decrease of Kshs. 5.9 million translating to a percentage decrease of 1.2%. The reduction is on account of budget rationalization for recurrent expenditure.

35. The budgetary items affected under the supplementary budget are the following; Domestic travel – (Kshs 2.3 million), other operating expense (Kshs 1.2 million), Training expenses – (Kshs 0.4 million), Hospitality supplies and services (Kshs 1.0), and communication and supplies – (0.9 million).

Table 14: Summary of Supplementary Budget Estimates for KNCHR Kshs Million

Ministries/ Departments	Details	Approved Gross Estimates	Approved Net Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
The Kenya National Commission on Human Rights	Recurrent	478.1	478.1	(5.9)	472.1	(1.2%)
	Development	-	-	-	-	-
	Total	**478.1**	**478.1**	**(5.9)**	**472.1**	**(1.2%)**

Source: Supplementary I Estimates, National Treasury

36. There are no changes to the outputs and targets for the Agency in line with the changes in expenditure as proposed under the Supplementary Estimates I for the FY 2024/25.

2.2.11 Office of the Registrar of Political Parties

37. The gross approved allocation for the Office of the Registrar of Political Parties for the FY 2024/25 is Kshs. 2,037.9 million which comprises of Kshs 514.6 million for office operations and Kshs 1,508.3 million for Political Parties Fund which is shared amongst the political parties as per the provisions of Section 25 of the Political Parties Act and Kshs 14.99 million for the Political Parties Liaison Committee.

38. The Approved Estimates has been adjusted downwards by Kshs. 130.5 million (6.4%) under Supplementary Estimates I. This is a result of budget rationalization in the following budgetary items; Training expenses – (Kshs 25.6 million), Domestic travel – (Kshs 26.8 million), Foreign travel – (Kshs 5.1 million), Other operating expenses – (Kshs 12.0 billion), Hospitality – (Kshs 8.2 million), Hospitality supplies and services (Kshs 11.4 million), Insurance Costs (Kshs 20.4 million), Communication and Supplies – (Kshs 3.6 million,) Printing and advertising – (Kshs 2.8 million) and Office and General Supplies – (Kshs 6.2 million).

Table 15: Summary of Supplementary Estimates for the ORPP – Kshs Million

Ministries/ Departments	Details	Approved Gross Estimates	Approved Net Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Office of the Registrar of Political Parties	Recurrent	2,037.9	2,037.9	(130.5)	1,907.4	(6.4%)
	Development	-	-	-	-	-
	Total	**2,037.9**	**2,037.9**	**(130.5)**	**1,907.4**	**(6.4%)**

Source: Supplementary 1 Estimates, National Treasury

39. There will be changes to the outputs and targets of the Registration, Regulation and Funding of Political Parties Programme in line with the changes in expenditure. In particular, No. of County and National political parties agents/candidates trained on Political Parties Code of Conduct will be revised from 200 to zero, the number of political party officials trained on leadership will be revised from 90 to zero, No. of political parties trained on Alternative Disputes Resolution, Conflict Management and Internal Disputes Resolution will be revised from 90 to zero and No. of IEC materials disseminated to sensitize the public on their political rights will be revised from 8,000 to 5000.

2.3 Summary of the Key Salient Issues

I. **Drastic Cut on Development Budget -** The development budget for the Judiciary and the State Department for correctional service development budget have substantially been decreased by Kshs 800 million and Kshs 803 million respectively under the Supplementary budget. This is likely to hamper the timely completion of ongoing projects in the sector. It will have been prudent to rationalize their recurrent rather than reducing their development substantially.

II. **Decentralization of the State Law Office Services to the Counties** - The National Assembly allocated Kshs 348.3 million for the decentralization of the AG'S services to the counties in the FY 2024/25. However, the National Treasury is proposing to revise the allocation significantly by Kshs 337.6 million leaving a balance of Kshs 10.7 million. This will impact significantly on the planned decentralization Programme of the Office Services.

III. **One-line budget item** - the budget of the Ethics and Anti-Corruption Commission and the Office of the Director of the Public Prosecution are one-line budget items contrary to the provisions of the Article 201(a) and (e) of the Constitution and Section 66(1)(a) of the PFM Act which calls for the promotion and enforcement of transparency, effective management and accountability with regard to the use of public finances.

IV. **Pending bills of the Independent Electoral Boundaries Commission** - the Commission has pending bills accumulated from prior years to the 2022 general elections amounting to Kshs 3.895 billion of which legal fees accounts for Kshs 2.6 billion, election logistics – Postal Corporation of Kenya - Kshs 0.499 billion and other pending bills – Kshs 0.796 billion. This may result in court cases where negotiated legal will be taxed upwards and suppliers of goods and services meant to support the conduct of by-elections withdrawing services. There is also need for the Commission to standardize and cap the fees charged by the law firms particularly for the presidential election.

PART 3

3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

3.1 OBSERVATIONS

3.1.1 Judiciary

a) The Judiciary's Approved Gross Estimates for the FY 2024/25 is **Kshs 23.74 billion** comprising of **Kshs 22.14 billion** for recurrent expenditure and **Kshs 1.600 billion** for development expenditure.

b) The Approved Estimates have been adjusted to **Kshs. 22.44 billion** under Supplementary Estimates No. I, comprising **Kshs. 21.64 billion** for recurrent expenditure and **Kshs. 0.8 billion** for Capital expenditure. This reflects a decrease of **Kshs. 0.500 billion** under the recurrent vote and a decrease of Kshs 0.80 billion under the development vote.

c) The proposed reduction of Kshs 0.50 billion under the recurrent vote will affect the following areas; State officers 1st phase salary review (Kshs 100 million), Automation (Kshs 100 million), Operationalization of new courts and Sub-registries (Kshs 100 million), AJS/Mediation (Kshs 100 million), and Small Claims Courts (Kshs 100 million).

d) The Committee has also observed that the department's development budget reduces by **Kshs 800 million** shared as follows; **Kshs 400 million** from construction projects and **Kshs 400 million** from the Judiciary Automation budget.

e) The Office has a pending bill of **Kshs 0.44 million** brought forward from FY 2023/24 comprising of **Kshs 0.14 million** for recurrent expenditure and **Kshs 0.3 million**. This implies that the total deficit of the department will be **Kshs 1.74 billion.**

f) The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, delays in release of exchequer and delays in processing title documents for lands belonging to the Judiciary.

g) The Judicial Service Commission was allocated **Kshs 902.9 million** for recurrent expenditure in the FY 2024/25. In the proposed Supplementary Estimates I, the Commission's budget has been revised to **Kshs 660.1 million** reflecting a net decrease of **Kshs. 242.8 million.**

h) The changes are on account of downward revision of the following budget items; Domestic Travel and Subsistence, and Other Transportation Costs (Kshs 31.2 million), Foreign Travel (Kshs 7.9 million), Hospitality Supplies and Services (Kshs 51.3 million), Training Expenses (Kshs 13.5 million), Other Operating Expenses (Kshs 5.6 million), Refurbishment of Buildings (Kshs. 25.0 million), Purchase of motor vehicles (Kshs 29.7 million) and Purchase of Office Furniture and General Equipment (Kshs 11 million).

3.1.2 State Law Office and Department of Justice

a) The Approved Gross Estimates for the State law Office in the FY 2024/25 is **Kshs 6.978 billion** comprising of **Kshs 6.821 billion** for recurrent expenditure and **Kshs 0.157 billion** for development expenditure.

b) In the proposed supplementary Estimates I, the department's recurrent budget has been revised by **Kshs 874.0 million** representing 12.8% decrease on the department recurrent budget. However, the development budget has not been revised. In overall terms, the net effect is a decrease of **Kshs 874.0 million** representing a percentage increase of 12.5%.

c) The recurrent budget was revised downwards by **Kshs 874.7 million** as a result of budget rationalization and the following budget items will be affected; Domestic travel (Kshs 157.7 million), Foreign travel (Kshs 21.5 million), Hospitality Supplies (Kshs 24.4 million), Contracted services (Kshs 234.2 million), Refurbishment of buildings (Kshs 137.5 million), purchase of vehicles (Kshs 186.0 million), and purchase of office furniture (Kshs 100.8 million).

d) The State Law Office is faced with the challenge of retaining staff due to uncompetitive remuneration package by the Office. The Office has lost considerable number of staffs to other organization such as Parliament, Judiciary and Ethics and Anti-Corruption Commission.

e) The Office has a total pending bill of **Kshs 99.5 million** emanating from FY 2023/24 and prior years. These pending bills were incurred as a result of lack of exchequer release, merchants submitting incomplete documents, deactivation of procurement and payment module of IFMIS, among others.

3.1.3 State Department for Correctional Services

a) The State Department approved gross budget for FY 2024/25 is **Kshs 35.55 billion** comprised of **Kshs 34.7 billion** for recurrent expenditure and **Kshs 0.82 billion** for development expenditure.

b) The Approved Estimates have been adjusted downwards to **Kshs. 34.4 billion** under Supplementary Estimates No. I. This reflects a net decrease of **Kshs. 1.15 billion** comprising of Kshs 0.33 billion under the recurrent budget and Kshs 0.82 billion under the development vote. Further, it is important to point out that the department capital budget has completely been removed through the supplementary budget and this will significantly impact many ongoing capital projects.

c) The State Department has requested the Committee the reinstatement of the development vote of Kshs 823.0 million and Kshs 327 million under the recurrent vote to enable implement BETA priority projects and programmes.

d) Further, the State Department has pending bills relating to last FY 2023/24 amounting to Kshs 210 million out of which Kshs 100 million was for emergency flood mitigation for the Kenya Prisons Infrastructure which were destroyed during enhanced rainfall.

e) The Committee has also observed the need for the departments in the Justice sector to collaborate together with a view to developing policies that are geared towards decongesting our prisons considering other forms restorative justice that can be implemented.

f) The Committee has also observed that there is need for the department to leverage on public private partnerships to implement some of its programmes. In addition, the Committee has also urged the State Department to leverage on the huge tracks of land at its disposal and the convicted prisoners to generate food in order to complement the resources it has received from the exchequer.

3.1.4 Independent Electoral and Boundaries Commission

a) The Commission Approved Gross Estimates is FY 2024/25 is **Kshs. 3,755.2 million** which comprised of **Kshs 3,730.9 million** for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures and **Kshs 24.3 million** for development expenditure to cater for settling pending bills and complete ongoing construction works of office block and warehouse in Turkana County.

b) The Approved Estimates have been adjusted to Kshs. 3.67 billion under Supplementary Estimates No. I reflecting a decrease of Kshs. 63.2 million under the recurrent budget and Kshs 24.3 million under the development vote translating to a percentage decrease of 1.7% and 100% respectively.

c) The Committee noted with concern that the Commission has pending bills amounting to Kshs 3.895 billion of which legal fees accounts for Kshs 2.6 billion, election logistics – Postal Corporation of Kenya - Kshs 0.399 billion and other pending bills – Kshs 0.796 billion. The Commission has requested an allocation of Kshs 1.3 billion in the Supplementary Estimates I and the balance of Kshs 2.6 billion in the FY 2025/26 budget. The Committee stressed the need for the Commission to standardize and cap the fees charged by the law firms particularly for the presidential election.

d) The pending bill of Kshs 1.3 billion to be prioritized is comprised of the Following; Presidential petition cost – Kshs 502 million, Postal Corporation of Kenya – Kshs 399 million and Court Awards – Kshs 402 million.

e) The Committee cognizant of its oversight mandate has also directed the Commission to submit before the Committee primary documents in support of the pending bills especially on the legal bills for consideration and scrutiny to ascertain whether the Auditor General should undertake a special audit on the same.

3.1.5 Commission for Administrative Justice

a) The Approved Gross Estimates for the Commission on Administrative Justice in the FY 2024/25 amounts to **Kshs 661.97 million** for current expenditure. The Approved Estimates have been revised to **Kshs. 636.5 million** reflecting a net decrease of **Kshs. 25.5 million** under Supplementary Estimates I due to budget rationalization across departments.

b) The changes are on account of downward revision of the following budget items; Domestic Travel and Subsistence, and Other Transportation Costs (Kshs 8.5 million),

Hospitality Supplies and Services (Kshs 4.5 million), Other Operating Expenses (Kshs 4.0 million) Refurbishment of Buildings (Kshs. 3 million) and Purchase of Office Furniture and General Equipment (Kshs 2.5 million).

c) The Commission has requested the Committee to consider and reinstate its budgetary allocation for the FY 2024/25 and allocate an additional allocation of Kshs 7.5 million on foreign travel to enable the Commission honor its international obligations. However, the Committee has urged the Commission to appreciate the tight fiscal space the Country is faced with and consider adopting cost cutting measures.

d) The Committee stressed the need for the Commission to create awareness on its mandate particularly in ensuring the citizen right to quality service both at the national and county level of government is not compromised.

3.1.6 Witness Protection Agency

a) The Gross Approved Estimates for the Agency for FY 2024/25 is **Kshs. 741.2 million** which is for recurrent expenditure comprising of Kshs 426.9 million for personnel emoluments, Kshs 249.1 million for witness expenses and Kshs 65.2 million for other recurrent expenditures.

b) The Approved Estimates has been adjusted to **Kshs. 697.1 million** under Supplementary Estimates I. This reflects a decrease of **Kshs. 44.1 million** (6%) resulting in revision of the following budget heads; Operating expenses (Kshs 32.9 million), staff mortgage and loans (Kshs 10.0 million), Hospitality and Supplies (Kshs 0.6 million), and domestic travel (Kshs 0.16 million).

c) The Committee acknowledges the critical role the office plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses and further noted that the office has played crucial role in the prosecution of complex corruption and terrorism related cases in the recent past.

d) The Agency is currently facilitating a total of 85 witnesses with a total dependent population of 98 as at 30th June, 2024 under the witness protection programme. The objective of the programme is to protect threatened, vulnerable and intimidated witnesses from harm because of cooperating with the prosecution and law enforcement agencies.

e) The Committee has further observed that the Agency has been operating an itemized budget since 2011. However, this has posed major challenges in the implementation of the Witness Protection Programme. This has limited the ability of the Agency to re-organize its recurrent expenditure and re-allocate to witness expenses and vice versa on need basis.

3.1.7 Kenya National Commission on Human Rights

a) The Approved Gross Estimates for the Kenya National Commission on Human Rights in the FY 2024/25 amounts to **Kshs. 478.0 million** for recurrent expenditure.

b) The Approved Estimates has been adjusted downwards to **Kshs. 472.1 million** under Supplementary Estimates I. This reflects a decrease of **Kshs. 5.9 million** translating to

a percentage decrease of 1.2%. The reduction is on account of budget rationalization for recurrent expenditure.

c) The budgetary items affected under the supplementary budget are the following; Domestic travel – (Kshs 2.3 million), other operating expense (Kshs 1.2 million), Training expenses – (Kshs 0.4 million), Hospitality supplies and services (Kshs 1.0), and communication and supplies – (0.9 million).

3.1.8 Ethics and Anti-Corruption Commission

a) The Approved Gross Estimates for the Ethics and Anti-Corruption Commission in the FY 2024/2025 amounts to **Kshs 4.172 billion** comprising of **Kshs 4.113 billion** and **Kshs 0.0579 billion** for recurrent and capital expenditures respectively.

b) The Approved Estimates has been adjusted to Kshs. 4.113 billion under Supplementary Estimates I. This reflects a decrease of Kshs. 57.9 million in which the Commission's development budget which was meant for Refurbishment of EACC Headquarters was entirely removed.

c) The proposed revision of the Commission development budget by Kshs 57.9 million greatly impact on the ongoing project with the likelihood of project stalling, possibility of litigation and escalation on costs and unsuitable work environment among others. Therefore, the Commission requested the reinstatement of its development budget.

d) The Committee has also observed the Commission has a pending bill amounting to **Kshs 24.7 million** which will be settled as first charge pursuant to the provisions of the PFM Act. The pending bill was a as result of unfunded exchequer by the National Treasury in the FY 2023/24.

3.1.9 Office of the Director of Public Prosecution

a) The Approved Gross Estimates for the Office of the Director of Public Prosecutions for the FY 2024/25 amounts to Kshs. 4.007 billion. This comprises of Kshs. 3.959 billion for recurrent expenditure and Kshs. 0.048 billion for Capital expenditure, respectively.

b) The Approved Estimates have been adjusted to Kshs. 3.965 billion under Supplementary Estimates No. I for FY 2024/25. This comprises of Kshs. 3.959 billion for recurrent expenditure and Kshs. 0.006 billion for Capital expenditure. The overall change is on account of budget rationalization of Kshs. 42.5 million under development vote meant for the roll out Uadilifu case management system.

c) The Committee further observed that the proposed budget cut is likely to stall implementation of the ongoing roll out of the Uadilifu case management system. This will affect and greatly inhibit the efficiency and the effectiveness of the Office operations.

d) The Office is faced by a number challenges; inadequate funding, inadequate human resource capacity, uncompetitive terms of service, inaccessibility of mobile court stations, politicization of cases, weak inter-agency collaboration, intimidation of witnesses and victims and inadequate infrastructural and operation capacity.

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

3.1.10 Registrar of Political Parties

a) The gross approved allocation for the Office of the Registrar of Political Parties for the FY 2024/25 is **Kshs. 2.0379 billion** which comprises of **Kshs 0.515 billion** for office operations and Kshs **1.5083 billion** for Political Parties Fund which is shared amongst the political parties as per the provisions of Section 25 of the Political Parties Act and **Kshs 0.01499 billion** for the Political Parties Liaison Committee.

b) The Approved Estimates has been adjusted downwards by Kshs. 130.5 million (6.4%) under Supplementary Estimates I. This is a result of budget rationalization in the following budgetary items; Training expenses – (Kshs 25.6 million), Domestic travel – (Kshs 26.8 million), Foreign travel – (Kshs 5.1 million), Other operating expenses – (Kshs 12.0 billion), Hospitality supplies and services (Kshs 11.4 million), Insurance Costs (Kshs 20.4 million), Communication and Supplies – (Kshs 3.6 million,) Printing and advertising – (Kshs 2.8 million) and Office and General Supplies – (Kshs 6.2 million).

c) Inter and intra political parties' conflicts leading to legal suits – the Office is frequently enjoined in matters filed in Courts and in the political parties' dispute tribunal arising from inter and intra political parties' disputes. This affects the office in terms of legal fees and time used in defending cases.

d) The Office has one hundred and thirteen staff in-post against an authorized establishment of two hundred and thirty-five due to inadequate funding. Further the office is only represented in 12 counties instead of all the 47 counties and hampers adequate delivery of services.

e) The Office has demonstrated it has serious transport challenge and is constrained in the discharge of its functions due to lack of adequate vehicles. In addition, some of the vehicles are extremely old and are uneconomical to maintain.

3.2 RECOMMENDATIONS

3.2.1 Proposed Reductions

The Committee recommends a reduction of **Kshs 1.466 billion** from the allocations of the votes stated below:

Vote	Programme	Proposed Reduction	Justification
State Law	Legal Services	Reduce the allocation for the legal Services by **Kshs 766 million (Recurrent).**	The Committee recommends a reduction of **Kshs 766 million (Recurrent)** from the Agency's recurrent budget. The Agency declared a saving of **Kshs 766 million** from the Department budget for **2211300 Other Operating Expenses** under the Civil Litigation Department. It is thus recommended the reallocation of the earmarked budget to accommodate Agencies with more pressing needs in the sector that are not funded.
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties.	Reduce **Kshs 700 million** from the Political Parties Fund under the programme of Registration, Regulation and Funding of Political Parties.	The Committee recommends a reduction of **Kshs 700 million (Recurrent)** from the approved allocation for the Political Parties Fund for FY 2024/25 (**Kshs 1,508.3 million).** The Committee recommends the budget for the Office of the Registrar of Political Parties to be rationalized to accommodate Agencies with more pressing needs in the sector that are not funded.

3.2.2 Proposed Increases

The Committee recommends the funds deducted from the budget of the votes stated above be reallocated to the following Agencies as shown in the table below:

Vote	Programme	Proposed Increase	Justification
Judiciary	Dispensation of Justice	Increase the allocation for the programme of Dispensation of Justice by **Kshs 407.6 million.**	The proposed additional allocation of **Kshs 407.6 million** will cater for the following: i. **Kshs 381 million (Recurrent)** is meant to support the Ajira programme where 1000 recruits will be engaged under long term contracts to support the Judiciary digitization programme. This will create job opportunities for the youth who will be undertaking transcription of court proceedings for the Judiciary. ii. **Kshs 26.6 million (Development)** to complete the ongoing construction of Wajir High Court.
State Department for Correctional Services	Prison Services	Increase the allocation for the programme of Prision Services by **Kshs 600 million.**	The Committee additional allocation of **Kshs 600 million** will cater for the following; i. The State Department requires **Kshs 1.2 billion** to facilitate the recruitment of additional 3000 prison officers. The decision has been informed by the increasing number of inmates which is currently averaging at 63,000 as well as natural attritions. However, the National Treasury has not provisioned for the **Kshs 1.2 billion** required for this activity in the FY 2024/25. The Committee has provision for the allocation of **Kshs 500 million** in the Approved Estimates of FY 2024/25 and is further recommending an additional allocation of **Kshs 600 million** (Recurrent) to facilitate the planned recruitment of the additional 3000 prison officers.

Vote	Programme	Proposed Increase	Justification
	Probation and after care services	Increase the allocation for the programme of Probation and After care Services by **Kshs 40 million.**	ii. **Kshs 40 million (Development)** for pending bills relating to the ongoing projects under the Probation Department in the last financial year 2023/24.
State Law Office	Governance, Legal Training and Constitutional Reforms	Increase the allocation for the programme of Governance, Legal Training and Constitutional Reforms by **Kshs 160 million.**	i. **Kshs 100 million** (Recurrent) for Kenya School of Law as exchequer support. The Agency's budget of **Kshs 151 million** in terms of exchequer support was entirely removed during the approval of the Budget Estimates for the FY 2024/25. The Committee cognizant of the consequences of removing the exchequer support for the Agency recommends a partial reinstatement of its budget until the government puts in place mitigating measures such as lowering the entry requirement to increase the number of students to improve its AIA.
			ii. **Kshs 60 million** (Recurrent) for the Council of Legal Education as exchequer support. The Agency's budget of **Kshs 202 million** in terms of exchequer support was entirely removed during the approval of the Budget Estimate for the FY 2024/25. The Committee therefore recommends a partial reinstatement of the Agency's exchequer budget.
State Law Office	Legal Services	Increase the allocation for the programme of Legal Services by **Kshs 32.1 million.**	iii. **Kshs 32.1 million** for the Asset Recovery Agency to enhance the Agency's operation and maintenance budget.
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Programme	Increase the allocation for the Programme of Ethics and Anti-Corruption by **Kshs 30 million.**	The Committee recommends an increase of **Kshs 30 million** to partly reinstate the Commission's development budget which was completely removed by Supplementary Estimates I. The proposed revision of the Commission development budget by **Kshs 57.9 million** will greatly impact on the ongoing refurbishment of the EACC Headquarters with the likelihood of project stalling, possibility of litigation and escalation on costs.

Vote	Programme	Proposed Increase	Justification
Independent Electoral and Boundaries Commission	Management of Electoral Processes	Increase the allocation for the programme of Management of electoral processes by **Kshs 150 million.**	The Committee additional allocation of **Kshs 150 million** will cater for the following; i. **Kshs 100 million (Recurrent)** for Pending Bills for Non-legal bills (Postal Corporation of Kenya) which is owed by the Commission **Kshs 399 million** and ii. **Kshs 50 million (Recurrent)** to enable the Commission meet its statutory contractual obligations such as maintenance of the KIEMS Kits and the renewal of ICT Licenses which is crucial for registration of voters and conduct of By-elections.
Kenya National Commission on Human Right	Protection and Promotion of Human Right	Increase the allocation for the programme of Protection and Promotion of Human Right by **Kshs 5.9 million.**	The Committee recommends the reinstatement of **Kshs 5.9 million** which was removed through the Supplementary Estimates I given that the affected budget lines are not sufficient to meet the requirements of the Institutions.
Office of the Director of Public Prosecution.	Public Prosecution Services	Increase the allocation for the programme of Public Prosecution Services by **Kshs 20 million.**	The Committee recommends the allocation of **Kshs 20 million** for the Office to implement the Uadilifu Case Management System.
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	Increase the allocation for the programme of Registration, Regulation and Funding of Political Parties by **Kshs 20.4 million.**	The Committee recommends an additional allocation of **Kshs 20.4 million** for the Office to enable it meet its contractual obligation on staff medical insurance.

SIGNED.....**DATE**.....19.7.024.....

HON. GEORGE GITONGA MURUGARA, CBS, MP (CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

DEPARTMENTAL COMMITTEE ON LANDS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATE I FOR THE FINANCIAL YEAR 2024/25

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

Published by:

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July 2024

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CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The Supplementary Estimates No. I FY 2024/2025 were submitted to the National Assembly on Friday, 12th July 2024. The preparation and processing of the Supplementary Estimates I is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

2. The report being a culmination of the Committees' engagements and deliberations with the various spending agencies under the purview of the Committee has the principal objective to inform decision making on the Supplementary Estimate I for Financial Year 2024/25 allocations to various components of the two agencies: State Department for Lands and Physical Planning and the National Land Commission under the purview of the Committee.

3. The resultant information and insights acquired during the Committee's processing of the proposed Supplementary Estimate I have guided the formation of the Committee's observations and recommendations hence provide crucial and resourceful input in the final Budget and Appropriation Committee's report on the Supplementary Estimate I for Financial Year 2024/25.

1.1.2 Establishment and Mandate of the Committee

4. The Departmental Committee on Lands is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:

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

   ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;

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

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

   v. To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

   viii. To examine treaties, agreements and conventions;

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

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

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

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

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

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

1.1.3 Committee Membership

7. The Departmental Committee on Lands was constituted by the House on Thursday, 27th October 2022 and comprises the following Members:

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

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

Members

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

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

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

Hon. George Koimburi, MP
Juja Constituency
UDA Party

Hon. Paul Katan, MP
Kaloleni Constituency
ODM Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

Hon. Joseph Hamisi Dena, MP
Nominated
ANC Party

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

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
WIPER Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
JUBILEE Party

1.1.4 Committee Secretariat

8. The Committee is facilitated by the following staff secretariat·

Mr Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr Binensa Mabungu
Clerk Assistant III

Mr. Sidney Bwire
Senior Legal Counsel

Ms. Judith Kiprop
Fiscal Analyst III

Ms. Audrey Ogutu
Legal Counsel II

Ms Mary Kamande
Public Communication Officer

Ms. Brenda Michira
Research Officer III

Mr Yeziel Jillo
Serjeant-At-Arms

Mr Cosmas Akhonya
Audio Officer

1.1.5 Highlights of the Supplementary Estimates I for FY 2024/25

9. The Supplementary Estimates No. I for Financial Year 2024/25 was submitted in the National Assembly and subsequently committed to Departmental Committees for consideration in line with their respective mandates on Friday, 12th July 2024 pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(1) of the National Assembly Standing Orders. The Committees were required to consider the Supplementary Estimates for the MDAs under their purview and report to the Budget and Appropriations Committee within fourteen (14) days.

10. In this regard, the Departmental Committee on Lands scheduled meetings with the State Department for Lands and Physical Planning and the National Land Commission to deliberate on expenditures contained in the Supplementary Estimates No. I FY 2024/25.

1.1.6 Acknowledgement

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

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

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

DEPARTMENTAL COMMITTEE ON LANDS

CHAPTER TWO

2.0 BROAD SUMMARY OF SUPPLEMENTARY ESTIMATES NO. I FY 2024/25

13. The FY 2024/25 Supplementary Estimates I proposes to **reduce** the approved budget **by Kshs. 121.78 billion, a 3.1 percent decrease** on account of a net decrease in ministerial expenditure, the Consolidated Fund Services is however proposed to increase as well as the county equitable share.

14. The **gross ministerial expenditure** (excluding Consolidated Fund Services and county allocation) is cumulatively proposed to **decrease by Kshs. 156.39 billion** (-6.6 percent) in comparison with the FY 2024/25 approved Ministerial Budget Estimates.

15. The proposed decline in expenditure is majorly on account of development expenditure which has a proposed decrease of Ksh. 122.35 billion (-16.4%) on the net funding from the exchequer. On the other hand, recurrent expenditure is proposed to decline by Ksh. 34.04 billion (-2.1%), similarly, the decline is a downward adjustment on the net exchequer funding.

16. Consolidated Fund Services whose allocation caters for interest payments, pensions and salaries for Independent Offices and Commissions has a proposed increase of Kshs. 23.78 billion (2%). The county equitable share is proposed to increase on account of carryovers.

2.1.1 OVERVIEW OF SUPPLEMENTARY ESTIMATE I PER MDA

17. Supplementary Estimate I for FY 2024/25 has the following impact on the two (2) Ministries, Department and Agencies under the Committee's purview on account of budget rationalization:

    i) It proposes to **reduce** the allocation for the State Department of Lands and Physical Planning by **Kshs. 5,025.8 million** (50.2%) comprising of Kshs.30.7 million on the recurrent expenditure and **Kshs. 4,994.7 million** on development expenditure.

    ii) It proposes to reduce the allocation for the National Land Commission **by Ksh. 234 million** (11.6%) comprising of Kshs. 86.2 million on recurrent and Kshs. 147.9 million on development expenditure.

2.1.2 IMPACT OF THE SUPPLEMENTARY ESTIMATE NO. I ON BOTH RECURRENT & DEVELOPMENT EXPENDITURE

State Department for Lands and Physical Planning
Recurrent Expenditure

18. Supplementary Estimates I FY 2024/25 proposes to **reduce** the recurrent expenditure for the State Department **by Kshs. 30.7 million** wholly on **account of**

the GoK Exchequer. The reduction is under the programmes for the Department of Lands and County Land Offices

Reductions

19. Department for Lands has the **highest reduction** of **Kshs. 17.5 million** on Hospitality, Supplies and services.

20. County Land Offices has a reduction of **Kshs. 13.2 million** which includes Purchase of office furniture and general equipment has **100 per cent reduction (Kshs. 8 million)** followed by domestic travel and Subsistence and other transportation cost by **Kshs. 2.5 million** and Communication, Supplies and Services by **Kshs. 1 million**

Development Expenditure

21. Supplementary Estimates No. I for FY 2024/25 proposes to **reduce** the development expenditure for the state department by **Kshs. 4,995.1** wholly on GoK Exchequer funding on account of budget rationalization.

National Lands Commission

Recurrent Expenditure

22. Supplementary Estimates No. I for FY 2024/25 proposes to **reduce** the recurrent expenditure for the Commission by **Kshs. 86.2 million**. This is wholly on GoK Exchequer on account of budget rationalization for the programme on Land Administration and Management.

23. Settlement of the historical land injustices had the **highest reduction** of **Kshs. 28.2 million** followed by the headquarters administration services at **Kshs. 25.2 million**.

Development Expenditure

24. The Supplementary Estimate No. I for FY 2024/25 proposes to **reduce** the development expenditure for National Lands Commission by **Kshs. 147.9 million (100 percent reduction)**, which is wholly due to a reduction in GoK Exchequer funding on account of budget rationalization.

2.1.3 SALIENT ISSUES

25. **Effects of Budget variations on strategic objectives -** the change in the recurrent and development expenditure is on account of budget rationalization. With relatively similar annual budget cuts and austerity measures implemented by the National Treasury, the set timelines for the completion of projects may not be achieved therefore hampering the Ministry's and NLC ability to meet its objective.

26. Appropriations in Aid – the state department for Lands and Physical Planning has a reallocation within the AIA on BETA projects.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

27. In the review and consideration of the Supplementary Estimate I for the Financial Year 2024/25, the Departmental Committee on Lands received submissions from the State Departments on the relevant thematic areas.

3.1.1 STATE DEPARTMENT FOR LANDS & PHYSICAL PLANNING

28. The Principal Secretary of the State Department for Lands and Physical Planning Hon. Nixon Korir appeared before the Committee on Wednesday , 17th July, 2024 and submitted as follows-

On the overall variation to the MDAs approved 2024/2025 recurrent and development budget;

29. In the Financial Year 2024/2025, the State Department was allocated a total approved budget of **Kshs.10,020,536,000** out of which Recurrent was **Kshs.4,166,400,000** and Development was **Kshs.5,854,136,000.** However, the proposed Supplementary I Estimates for FY 2024/25 has reduced our allocation to **Kshs.5,002,650,000** implying a variation of **Kshs.5,017,886,000** from the approved budget.

VOTE	Approved Estimates FY 2024/25	Supplementary I Allocation FY 2024/25 (Kshs)	Variation
Recurrent	4,166,400,000	4,143,650,000	(22,750,000)
Development	5,854,136,000	859,000,000	(4,995,136,000)
TOTAL	**10,020,536,000**	**5,002,650,000**	**(5,017,886,000)**

Highlight the most affected programmes, projects and spending items

30. The State Department of Lands and Physical Planning has three(3) programmes and seven sub-programmes as listed below:

i) Land Policy and planning Programme which has four(4) sub-programmes
   - ✓ Development planning and land reforms
   - ✓ Land Survey
   - ✓ Land Use
   - ✓ Land Settlement

ii) Land Information Management Programme which has two(2) sub-programmes
   - ✓ Digitization of Land Records and processes
   - ✓ Infrastructure Development

iii) General Administration, Planning and Support Programme which has one (1) sub-programme

✓ General Administration, Planning and Support Services

31. The Supplementary I Estimates FY 2024/25 has severely affected two of their programmes;

i) **Land Policy and Planning programme-** Under the proposed cut, this programme will suffer a major budgetary reduction of **Kshs.4,535,126,000** comprising of **Kshs.4,518,126,000** in Development and **Kshs.22,750,000** in Recurrent respectively.

ii) **Land Information Management Programme** – Under the proposed cuts, this programme will also suffer a major budgetary reduction of **Kshs.482,760,000** under the Development vote.

Information on changes to expenditure allocation to development projects, including changes to priority to Bottom-up Economic Transformative Agenda (BETA) projects;

32. The State Department had been allocated a total of **Kshs.5,389,136,000** towards implementation of Bottom-up Economic Transformative Agenda (BETA) projects. However, under the proposed Supplementary I Estimates, the entire funding that was to come from the Exchequer amounting to **Kshs.4,779,136,000** is proposed for reduction.

33. The balance available in the proposed supplementary estimates of **Kshs.610,000,000** to finance BETA Projects is expected to be raised through collections of AIA.

Revised schedule of the key performance indicators and performance targets

34. The State Department is fully aware of the unprecedented challenges arising out of the failure to approve the Finance bill 2024. In this regard, if the proposed cuts are approved by Parliament, they shall have to review their work plans to fit within the Revised budget estimates.

Additional Information to the Committee

Revenue Generation-

35. The State Department of Lands and Physical planning is a key revenue generation state department. Every financial year, the Principal Secretary of the State Department is appointed as a Receiver of Revenue and designated to collect various revenue streams mainly Stamp duty, Stand Premia and Land Rent.

36. The Principal Secretary was also appointed as a collector of stamp duty in October, 2023 and preliminary stamp duty figures indicate that the State Department collected **Kshs.11.8 Billion** as at 30th June 2024. The State Department is projecting to raise even more revenue under stamp duty taking into account the implementation of some of the reform initiatives that have been approved and gazetted.

37. The State Department was also able to surpass the AIA target of **Kshs.1.249 Billion** and thereby collecting approximately **Kshs.2.2Billion** in the FY 2023/2024. The State Department has remitted back to the National Treasury Excess AIA of **Kshs.1.25 Billion** out of this collection. This milestone was achieved due to the full roll out & implementation of the cashless system and onboarding of all land services on the E-Citizen Platform.

38. **Core Mandate Programmes-** The State Department's core mandate programmes are largely domiciled in the Development Vote. This has dangerously exposed the State Department to the Austerity cuts currently being proposed.

Way Forward

39. **Review of AIA Target-** The State Department is proposing a review of the AIA target in the approved estimates of the FY 2024/2025 from **Kshs.1.401 Billion** to **Kshs.1.850 Billion**, an increase of **Kshs.450 million**. This increase will slightly help in mitigating the State Department from the effects of the proposed reductions if approved by parliament.

40. **Reinstatement of Key Priority Programmes-** Most of the core mandate programmes in the Development vote targeted for reduction contribute immensely towards the generation of revenue. Since the Government seeks to bridge the financing gap occasioned by the repeal of the Finance Bill 2024, it is only prudent that State Departments that are critical in raising revenue are **EXEMPTED** from the proposed austerity measures.

3.1.2 THE NATIONAL LAND COMMISSION

41. On the Wednesday, 17th July 2024, the National Land Commission made submissions to the Committee as follows-

Overall variation to the MDAs approved 2024/2025 recurrent and development budget;

42. The Commission Recurrent budget reduced by **Kshs 86,173,781** and Development **Kshs 147,860,000** respectively as shown in the table below;

VOTE	Printed Estimates FY 2024/25	Revised Estimates FY 2024/25	Variation
Recurrent Vote	1,868,362,679	1,782,188,898	(86,173,781)
Development Vote	147,860,000	-	(147,860,000)
TOTAL	**2,016,222,679**	**1,782,188,898**	**(234,033,781)**

Notes;

*The overall variation deducted to the Commission approved FY 2024/25 recurrent and development budget is Kshs. (**234,033,781**)*

Highlights of the most affected programmes, projects and spending items;

43. The Commission runs only one programme namely Land Administration & Management. The Key areas affected within the Programme are both in Recurrent & Development expenditure.

Information on changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformative Agenda (BETA) projects;

44. The Commission, through its ongoing programme Land Administration and Management is an enabler of Bottom-Up Economic Transformation Agenda. The Current budget allocation has been aligned to support Beta and MTP IV which is critical in achieving the desired transformation of economic pillar of the Vision 2023.

Expected impact of the Budget revisions on programme and project targets; and

45. The budget revision downwards has had a great impact on the Commission programmes and project targets. The Commission will experience a budget cut of recurrent budget reduced by **Kshs 86,173,781** and Development **Kshs 147,860,000** respectively.

Revised schedule of Key performance indicators and performance targets.

46. The Commission revised Key performance indicators and performance targets after the budget cuts.

Gratuity for Staff who completed their Contracts

47. The Commission engaged the services of two staff on contract basis. The two staff completed their contracts and require to be paid their gratuity as part of the contract agreement upon completion. The Commission is requesting approval from this Committee to be allocated Kshs 4,108,637 being gratuity payable to them as below

S/No	Name of Employee	Designation	Amount
1	Josyline Makena	Director Valuation & Taxation	2,652,295
2	Consolata Ng'ang'a	Personal Secretary	1,456,342
	Total Amount		**4,108,637**

Pending bills as at 30th June 2024, and the strategy for their settlement;

48. The Commission has pending bills to the tune of **Kshs 623,567,234** as part of the Commission Strategy to settle the long standing pending bills. As per the PFM Act Pending bills form first charge in the FY 2024/25 Budget allocation. Further to the strategy, the Commission will continue to engage the National Treasury to assist with budget allocation to be able to dispense all the pending bills.

CHAPTER FOUR

4.1 COMMITTEE OBSERVATIONS

The Committee made the following observations:

The State Department for Lands and Physical Planning

49. The State Department for Lands and Physical planning is a key revenue generating department. Every financial year, the Principal Secretary of the State Department is appointed as a Receiver of Revenue and designated to collect various revenue streams mainly Stamp duty, Stand Premia and Land Rent. It is only prudent that State Departments that are critical in raising revenue are **EXEMPTED** from the proposed austerity measures.

50. The Principal Secretary was also appointed as a collector of stamp duty in October, 2023 and preliminary stamp duty figures indicate that the State Department collected **Kshs.11.8 Billion** as at 30th June 2024. The State Department is projecting to raise even more revenue under stamp duty taking into account the implementation of some of the reform initiatives that have been approved and gazetted.

51. The State Department was also able to surpass the AIA target of **Kshs.1.249 Billion** and thereby collecting approximately **Kshs.2.2Billion** in the FY 2023/2024. The State Department has remitted back to the National Treasury Excess AIA of **Kshs.1.25 Billion** out of this collection. This milestone was achieved due to the full roll out & implementation of the cashless system and onboarding of all land services on the E-Citizen Platform.

52. Core Mandate Programmes - The State Department's core mandate programmes are largely domiciled in the Development Vote. This has exposed the State Department to the austerity cuts being proposed for the FY 2024/25.

53. The development budget of the State department was reduced by **Kshs. 4,995.1 million** (85 percent) from 5,854.1 million to 859 million. The reduction affects critical projects such as the settlement of the landless in Tana River County which amounted to Kshs. 200 million. The affected households in Tana River are still leaving in tented camps following the heavy disruption of rains in May 2024 as well as the households in Mai Mahiu.

54. The Budget Estimates for the FY 2024/25 had allocated Kshs. 20 Million from the Public Participation, which has 100 percent reduction from the proposed Supplementary Estimate I. This will inhibit the State Department from conducting public participation before undertaking any project which is a Constitutional requirement.

The National Land Commission

55. The 100 per cent cut on NLC development expenditure of **Kshs. 147.8 million** for the FY 2024/25 will affect the **ongoing contracts** amounting to **Kshs. 33.2 million**

and **Kshs. 114.3 Million** on development of digital public land inventory database for all public lands.

56. The reduction on the recurrent budget amounting to **Kshs. 86 million** will affect the issuance of projected 40,000 letters of allotment which translates to Kshs. 1 billion revenue to government lost.

4.2 RECOMMENDATIONS

State Department for Lands & Physical Planning

Financial Recommendations

57. The Committee recommends that the National Treasury to review the AIA target for the State Department Lands and Physical Planning from **Kshs.1.401 Billion** to **Kshs.1.850 Billion**, an increase of **Kshs.450 million**. The increase will help in mitigating the State Department from the effects of the proposed reductions if approved.

58. The Committee requests for an additional budget amounting to **Kshs. 4,868.5 million** for the State Department of Lands and Physical Planning budget for the FY 2024/25. This includes **recurrent expenditure** of **Kshs. 52.5 million** meant for the **lands control board allowance** so as to facilitate completion of land transactions and **Kshs. 4,816 million** on **development expenditure** for below key priority areas:

a) Settlement of the landless – **Kshs. 3,680 million** for the settlement of Tana River, Kiambaa and the second installment Kedong Ranch which is to be paid in the FY 2024/25 failure it will expose the State department to legal suit.
b) Digitization of the Land Records – **Kshs. 317.7 million** this is an important project as it had aimed at digitizing small registries namely Baringo, West Pokot and Tana River.
c) Processing and registration of title deeds – **Kshs. 580.3 million** since the state department will not be able to procure specialized materials and other supplies from Government printers for production of title deeds.
d) Geo-referencing of Land Parcels - **Kshs. 100 million** since geo-referencing is a requirement for digitization per the Land Registration Act of 2012. The State department plans to geo-reference land parcels in three (3) areas namely Nandi, Marsabit and Tana River.
e) Construction of Land Registries – **Kshs. 138 million** which has affected the ongoing construction in Ngong, Mutomo, Samburu, Naivasha and Nanyuki whereas construction of new registries in Nyamira, Nyando and Kiritiri will not be undertaken

The core mandate programmes in the State Department is on development vote which has contributed towards the generation of revenue immensely.

The National Land Commission

Financial Recommendations

59. The Committee requests additional budget for NLC FY 2024/25 amounting to **Kshs. 233.9 million.** This includes development expenditure of **Kshs 147.8 million** and recurrent expenditure of **Kshs. 86.1 million.** The **development expenditure** includes ongoing contracts such as provision of cloud services, Cyber Security solutions, telephony services and internet services, public land inventory management among others, and the budget cuts may lead to legal suits and pending bills. The additional budget for the **recurrent expenditure** will enable issuance of 40,000 letters of allotment which translates to Kshs. 1 billion revenue to government.

SIGNED.....**DATE**.....18th/July/2024.....

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

Committee Additional Requests on the proposed budget 2024/25 (Kshs. Million)

Programme	Sub-Programme	Head/Title/Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
Vote 1112: State department for Lands and Physical Planning										
0101000 Land Policy and Planning	0101010 - Development Planning and Land Reforms	1112001000 Department of Lands	70	-	52.5	-	52.5	122.5	-	The State Department requires Kshs. 52.5 million for payment of board allowances to gazette members to facilitate completion of lands transactions.
	0101010 - Development Planning and Land Reforms	1112100300 Processing and Registration of Title Deeds - BETA	-	350	-	580.3	580.3	-	930.3	The State Department will not be able to procure specialized materials and other supplies from Government Printers for production of title deeds. Further, the target of registration and issuance of 405,000 titles will be severely affected.
	0101050 Land Settlement	1112101100 Settlement of the Landless - BETA	-	20	-	3,680	3,680	-	3,700	The State Department had entered into a contract for the purchase of Land (Kedong Ranch) with a second installment payable in the FY 2024/25. This may not be honored exposing the State Department to legal suit. Additionally, the settlement of the

Programme	Sub-Programme	Head/Title/Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
										landless in Kiambaa and Tana River will not be undertaken
0101000 Land Policy and Planning	0101030 Land Survey	1112101300 Geo-Referencing of Land Parcels - BETA	-	50	-	100	100	-	150	The State Department Plans to geo-reference land parcels in three (3) areas namely Nandi, Marsabit and Tana River will be georeferenced to produce cadaster maps. Georeferencing is a requirement for digitization per the Land Registration Act of 2012
0121000 Land Information Management	0121010 Digitization of Land Records and Processes	1112100600 Digitization of Land Records - BETA	-	130	-	317.7	317.7	-	447.7	The State Department had planned to accelerate the digitization program in three (3) Land Offices with small registries namely Baringo, West Pokot, Tana River. However, due to the effects of Supplementary I the state department can digitize one land office
	0121020 Infrastructure Development	1112100400 Construction of Land Registries	-	138	-	138	138	-	138	The ongoing construction of land registries in Ngong, Mutomo, Samburu, Naivasha and Nanyuki will stall and the construction of

Programme	Sub-Programme	Head/Title/Delivery Unit	Proposed 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
										new registries in Nyamira, Nyando and Kiritiri will not be undertaken.
Total			**70**	**688**	**52.5**	**4,816**	**4,868.5**	**122.5**	**5,366**	
Vote 2021 - National Lands Commission										
0119000 Land Administration and Management		2021100200 ICT Networking & Infrastructure	-	-	-	147.8	147.8	-	147.8	NLC has ongoing contracts that includes provision of cloud services, Cyber Security solutions, telephony services and internet services among others, and the budget cuts may lead to legal suits and pending bills.
0119000 Land Administration and Management		0119010 General Administration, Planning and Support Services	1,782.2	-	86.1	-	86.1	1,868.3	-	Additional budget will enable issuance of 40,000 letters of allotment which translates to Kshs. 1 billion revenue to government.
Total			**1,782.2**	**-**	**86.1**	**147.8**	**233.9**	**1,868.3**	**147.8**	

DEPARTMENTAL COMMITTEE ON LABOUR



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LABOUR

.....

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I FOR FY 2024/2025 FOR THE FOLLOWING VOTES:

VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE

VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

VOTE 2071- PUBLIC SERVICE COMMISSION

VOTE 2081- SALARIES AND REMUNERATION COMMISSION

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

JULY, 2024

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ABBREVIATION

FY	-	Financial or Fiscal Year
MDAs	-	Ministries, Departments and Agencies
SAGAs	-	Semi-Autonomous Government Agencies
Ksh	-	Kenya Shilling
SRC	-	Salaries and Remuneration Commission
PSC	-	Public Service Commission
PFMA	-	Public Finance Management Act
A-i-A	-	Appropriations in Aid
GoK	-	Government of Kenya

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REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT-THIRD SESSION -2024
DEPARTMENTAL COMMITTEE ON LABOUR

REPORT ADOPTION LIST

We, the members of the Departmental Committee on Labour, have pursuant to Standing Orders 243 and 199, adopted this report on consideration of the Supplementary Estimates I for FY 2024/25) and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity.
Date. 19/7/24

	NAMES	SIGNATURE
1.	**Hon. Karemba Eric Muchangi Njiru, MP-Chair person**	Virtual
2.	**Hon. Muli Fabian Kyule, MP- Vice Chairperson**	
3.	Hon. K'Oyoo James Onyango, M.P.	Virtual
4.	Hon. Kagesi Kivai Ernest Ogesi, M.P.	
5.	Hon. Kiti Richard Ken Chonga, M.P.	
6.	Hon. Lomwa Joseph Samal, M.P.	
7.	Hon. Omwera George Aladwa, M. P.	
8.	Hon. Wambilianga Catherine Nanjala, MP	Virtual
9.	Hon. Abdullahi Amina Dika, M.P.	
10.	Hon. Aburi Donya Dorice, M.P.	
11.	Hon. Barasa Patrick Simiyu , M.P.	Virtual
12.	Hon. Chiforomodo Mangale Munga, M.P.	
13.	Hon. Kihungi Peter Irungu, M. P.	
14.	Hon. Sankaire Leah Sopiato, M.P.	
15.	Hon. Siyoi Lillian Chebet, M.P.	

SIGN...... ***DATE.*** 19/7/24

Mr. Abenayo Wasike, Principal Clerk Assistant I

PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

2. The National Assembly Standing Orders assigns the Departmental Committee on Labour the mandate to consider matters in relation to *labour, human capital and remuneration, trade union relations and public service.*

1.2 Mandate of the Committee

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

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

2. In executing its mandate, the Committee oversees the following Government Ministries and Departments:

    1) The State Department for Public Service and its Autonomous and Semi-Autonomous Government Agencies which include;
        a) Kenya School of Government;
        b) Huduma Centres; and
        c) Institute of Human Resource Management
    2) The State Department for Labour and Skills Development and its Autonomous and Semi-Autonomous Government Agencies which include;

a) National Industrial Training Authority (NITA);
b) National Productivity and Competitiveness Centre (NPCC);
c) Kenya National Labour Board and the Wages Council;
d) National Employment Authority (NEA);
e) Migrant Workers Welfare Fund
f) Department of Labour Migration Management;

3) Public Service Commission;
4) Salaries and Remuneration Commission;

1.3 Committee Membership

1. The Departmental Committee on Labour was constituted by the House on 27th October 2022 and comprises of the following Members:

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

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

Members

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

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

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

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

Hon. George Aladwa Omwera,
Makadara Constituency
ODM Party

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

Hon. Amina Dika Abdullahi, MP
Tana River Constituency
KANU

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

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

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

Hon. Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon. Leah Sopiato Sankaire, MP
Kajiado County
UDA Party

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

1.4 Committee Secretariat

3. The Committee is facilitated by the following secretariat:

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

Mr. Fredrick Muthengi
Deputy Director PBO

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Colletah Sigilai
Senior Legal Counsel

Ms. Josephine Osiba
Hansard reporter III

Ms. Wambui Nyachae
Research Officer III

Mr. Timothy C. Tsungulah
Research Officer III

Ms. Yasmin Hassan
Serjeant-At-Arms I

Ms. Mercylyn Kerubo
Audio Officer III

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Faith Njiru
Public Communication Officer II

1.5 Overview of the Examination of the Supplementary Estimates I FY 2024/25

4. Supplementary Estimates I for FY 2024/25 were submitted to the National Assembly on the 12th of July 2024. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
5. The Committee held meetings with the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration on 17th and 18th July 2024.

1.6 Summary of Observations and Recommendation

6. In considering the Supplementary Estimates I for FY 2024/25, the Committee made the following key observations, that: -
7. It proposes to reduce the budget of the State Department for Public Service by **KSh. 984.5 million** composed of **KSh. 62.8 million** and **KSh. 921.7 million** Recurrent and Development respectively.
8. The State Department for Labour and Skills Development approved Gross budget estimates for the FY 2024/25 was **Kshs. 5.83 billion** out of which Recurrent estimates was **Kshs. 4.32 billion** and Development estimates was **Kshs.1.51 billion.** Under Development, GOK funding was **Kshs.443.56 million** and donor funding was **Kshs.1.07 billion**.
9. However, under the 1st Supplementary Estimates for FY 2024/25, the State Department's Gross budget estimates is **Kshs. 5.42 billion** out of which Recurrent estimates is **Kshs. 4.27 billion** and Development estimates is **Kshs.1.15 billion**
10. The overall variation to the approved 2024/25 Recurrent and Development budget will reduce the Public Service Commission's budget by **Kshs. 130.2m** and **Kshs. 45.3m** respectively.
11. It proposes to reduce the Salaries and Remuneration Commission's budget by **Kshs.19.49 million** from **Kshs.472.23 million** to **Kshs.452.74 million.**
12. The Committee recommended that the proposed revised budget estimates for the MDAs and Independent Commissions under its purview be approved without amendments.

1.7 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Estimates I FY 2024/25.
14. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Public Service, the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission for the useful information that they provided to the Committee on the Supplementary Estimates I FY 2024/25.
15. On behalf of the Committee and Pursuant to Standing Order 243 it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Eric Muchangi, MP
Chairperson, Departmental Committee on Labour

PART II

2.0 OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY ESTIMATES I FY 2024/25

16. . The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
17. The Supplementary Estimates 1 for the financial year 2024/25 were submitted to the National Assembly for approval on 12th July 2024. The Supplementary estimates were thereafter referred to the Budget and Appropriations Committee and the respective Departmental Committees for review and approval.
18. This is the first time a Supplementary budget has been submitted early into the financial year. According to the National Treasury, the reason for this Supplementary is mainly to rationalize the 2024/25 budget to align it to the revised fiscal (revenue and expenditure) framework occasioned by the withdrawal of the additional revenue measures which had been proposed in the Finance Bill, 2024.

2.1 Overview of the overall 2024/25 Supplementary Estimates I

19. The overall change in the National Government (Executive, Parliament and Judiciary) budget is a **decrease of Kshs. 156.4 billion**. The development expenditure is proposed to reduce by **Kshs. 122.4 billion** whereas the recurrent expenditure increases by **Kshs. 34.1 billion.**
20. The Consolidated fund services is proposed to **increase by Kshs. 23.7 billion** to cater for pensions whereas the Equitable share to county governments is proposed to **increase by Kshs 10.8 billion** on account of carryovers from the previous financial year. Given the observed changes, the overall 2024/25 is proposed to **reduce by Kshs 121.8 billion** as indicated in Table 1.

Table 1 : 2024/25 Overall Supplementary Estimates I (Kshs Millions)

Details		**Approved Estimates**	**Supplementary Estimates I**	**Revised Estimates**
Executive	Recurrent	1,566,523	(30,605)	1,535,919
	Development	742,671	(120,519)	622,152
	Total	**2,309,194**	**(151,123)**	**2,158,071**
Parliament	Recurrent	42,533	(2,700)	39,833
	Development	2,065	(1,033)	1,033
	Total	**44,598**	**(3,733)**	**40,866**
Judiciary	Recurrent	23,040	(743)	22,298
	Development	1,600	(800)	800
	Total	**24,640**	**(1,543)**	**23,098**
CFS		**1,213,453**	**23,781**	**1,237,234**
County Equitable Share		**400,117**	**10,834**	**410,951**
Grand Total		**3,992,003**	**(121,784)**	**3,870,219**

Source: National Treasury

2.2 Overview of 2024/25 Supplementary Estimates I For the Labour Affairs Sector

21. The overall Labour Affairs approved budget for the financial year 2024/25 is Kshs 19,185.57 million, of which Kshs 16,444.74 million is for the recurrent expenditure and Kshs 2,740.83 million for the development expenditure. The table below shows the summary of the approved budget against the proposed budgetary cuts in the financial year 2024/25.
22. The sector is by and large an administrative sector and has minimal development budget. The sector's approved budget is being proposed to reduce by Kshs 1,609.78 million. The development budget has severely been affected where Kshs 1,330.82 million is slated for reduction in the current financial year before it even commenced.

Table 2 : Labour analysis of expenditure by Vote and programmes in Ksh. Millions

Table : Labour Affairs Analysis of Expenditure by Vote and Programmes in Kshs. Millions										
	Approved Estimates 2024/25			Supplementary I FY 2024/25			Variance Approved Vs Supplementary I			% change of Gross
Vote and Programme	Current	Capital	Total Gross	Current	Capital	Total Gross	Current	Capital	Total Gross	Estimates
State Department for Labour and Skills Development	**4,319.53**	**1,512.89**	**5,832.41**	**4,268.54**	**1,149.07**	**5,417.61**	**(50.99)**	**(363.82)**	**(414.81)**	**(7.1)**
General Admin Planning & Support Services	509.93	-	509.93	494.45	-	494.45	(15.48)	-	(15.48)	(3.0)
Labour, Employment and Safety Services	1,169.42	346.11	1,515.53	1,144.53	-	1,144.53	(24.89)	(346.11)	(371.00)	(24.5)
Manpower Development, Employment & Productivity Management	2,640.17	1,166.78	3,806.95	2,629.56	1,149.07	3,778.63	(10.62)	(17.71)	(28.33)	(0.7)
State Department for Public Service	**8,030.75**	**1,182.65**	**9,213.40**	**7,968.00**	**260.95**	**8,228.94**	**(62.76)**	**(921.70)**	**(984.46)**	**(10.7)**
Public Service Transformation	7,646.63	1,122.65	8,769.27	7,601.78	260.95	7,862.73	(44.85)	(861.70)	(906.55)	(10.3)
General Administration	384.13	60.00	444.13	366.21	-	366.21	(17.91)	(60.00)	(77.91)	(17.5)
Public Service Commission	**3,622.23**	**45.30**	**3,667.53**	**3,476.51**	**-**	**3,476.51**	**(145.72)**	**(45.30)**	**(191.02)**	**(5.2)**
General Administration, Planning ans Support Services	855.02	45.30	900.32	801.12	-	801.12	(53.90)	(45.30)	(99.20)	(11.0)
Human Resource Management & Development	2,492.69	-	2,492.69	2,442.97	-	2,442.97	(49.72)	-	(49.72)	(2.0)
Governance and National Values	171.92	-	171.92	148.98	-	148.98	(22.95)	-	(22.95)	(13.3)
Performance and Productivity Management	56.51	-	56.51	48.75	-	48.75	(7.76)	-	(7.76)	(13.7)
Administration of Quasi-Judicial Functions	46.08	-	46.08	34.69	-	34.69	(11.39)	-	(11.39)	(24.7)
Salaries Remuneration Commission	**472.23**	**-**	**472.23**	**452.74**	**-**	**452.74**	**(19.49)**	**-**	**(19.49)**	**(4.1)**
Salaries and Remuneration Management	472.23	-	472.23	452.74	-	452.74	(19.49)	-	(19.49)	(4.1)
Total Labour Affairs	**16,444.74**	**2,740.83**	**19,185.57**	**16,165.78**	**1,410.02**	**17,575.79**	**(278.96)**	**(1,330.82)**	**(1,609.78)**	**(8.4)**

23. Overall, to bridge the expected revenue shortfall within the financial year, the Budget rationalization across all sectors affected several items and reduced to some extent the following items;
    i. Communication, Supplies and Services
    ii. Domestic Travel and Subsistence, and Other Transportation Costs
    iii. Foreign Travel and Subsistence, and other transportation costs
    iv. Training Expenses
    v. Hospitality Supplies and Services
    vi. Other Operating Expenses
    vii. Routine Maintenance - Other Assets
    viii. Refurbishment of Buildings

PART III

3.0 SUBMISSIONS BY STATE DEPARTMENTS AND INDEPENDENT COMMISSIONS

3.1 State Department for Public Service

24. The Principal Secretary, State Department for Public Service, accompanied by other officials from the Ministry of Public Service, Performance and Delivery Management appeared before the Committee and made the following submissions;

Overall Variation to the State Departments Approved 2024/25 Recurrent and Development Budget

25. In the Financial Year 2024/25, the State Department was allocated **KSh. 9,213.4 million** comprising of **KSh. 8,030.8 million** and **KSh. 1,182.6 million** Recurrent and Development respectively.
26. The proposed budget under supplementary estimate I will reduce the budget by **KSh. 984.5 million** composed of **KSh. 62.8 million** and **KSh. 921.7 million** Recurrent and Development respectively.

Table 3 Variation between FY 2024/25 Approved Estimates and Proposed Supplementary Estimates 1

	FY 2024/2025 Approved estimates	FY 2024/2025 Supplementary Estimates I	Change in Estimates
	KShs.Million		
Recurrent Estimates			
Compensation to Employees	4,615.7	4,615.7	-
Use of Goods and Services	1,349.6	1,296.4	(53.2)
Current Transfers to Govt. Agencies	2,001.5	2,001.5	-
Other Recurrent	64.0	54.4	(9.6)
Sub total	**8,030.8**	**7,968.0**	**(62.8)**
Development Estimates			
Acquisition of Non-Financial Assets	571.0	-	(571.0)
Capital Grant to Govt. Agencies	315.7	-	(315.7)
Other Development	295.9	260.9	(35.0)
Sub total	**1,182.6**	**260.9**	**(921.7)**
TOTAL ESTIMATES	**9,213.4**	**8,229.0**	**(984.5)**

Highlights of the most affected Programmes, Projects and Spending Items

27. The programmes and projects have been affected by supplementary estimate I as follows.

Table 4 Summary of Programmes affected by Supplementary Estimates

Programme	FY 2024/25 Approved Budget Estimates	FY 2024/25 Proposed Supplementary Estimates I	Change in Estimates
	Ksh. Million		
Public Service Transformation	8,769.3	7,862.7	(906.6)
General Administration Planning and Support Services	444.1	366.2	(77.9)
Total	**9,213.4**	**8,228.9**	**(984.5)**

Table 5 Summary of Projects Affected by Supplementary Estimates I

	Approved Budget Estimates FY 2024/25	Proposed Supplementary I Estimates FY 2024/25	Change in Estimates
Project Name	**Ksh (million)**		
Implementation of Huduma Service Delivery Channels	443.0	-	(443.0)
Construction of Tuition Complex at KSG Matuga	56.0	-	(56.0)
Construction of Tuition Complex at KSG Baringo	77.7	-	(77.7)
Construction of Hostels at KSG Embu	182.0	-	(182.0)
Upgrade of Government Human Resource Information System-GHRIS & IPPD	60.0	-	(60.0)
Public Participation Projects	103.0	-	(103.0)
JDS Human Resource Development Scholarship 1	260.9	260.9	-
TOTAL FOR VOTE	**1,079.6**	**260.9**	**(921.7)**

28. Huduma Centres connect to Ministries, Counties, Departments, and Agencies' (MCDAs) backend systems through the Internet and WAN links, facilitating efficient and convenient service delivery to the public.
29. This aligns with the BETA thematic area of Digital Superhighway and Creative Economy, aiming to intensify national connectivity through fibre-optic infrastructure, fostering an environment conducive to economic recovery and inclusive growth. Seamless government service delivery is essential, and this cannot be achieved without adequate internet connections. However, the proposed allocation is insufficient to cover these services, jeopardizing the effectiveness of Huduma Centres in delivering essential services.
30. The 53 Huduma Centres rely on the issuance of Authority to Incur Expenditure (AIE) to procure general office supplies and services essential for maintaining operational continuity

across various Ministries, Departments, and Agencies (MDAs). Budget cuts will significantly impact this provision, potentially leading to shortages of essential supplies and services and maintenance of assets.

31. The Centres are in poor state and require periodic repairs. This could hinder the ability of MDAs within the Huduma Centres to maintain seamless service delivery to the public, affecting operational efficiency and potentially compromising service quality. Additionally, the number of Huduma Mashinani to be undertaken will reduce thus resulting to the inaccessibility of Government services to citizens at the lowest administration level.
32. In addition, the Kenya School of Government has been receiving salary support from the exchequer since its inception. In the Financial Year 2023/2024, the School received salary support of **Kshs.371. 54 million** and this amount has since been reduced to nil in the FY 2024/2025. The School is therefore requesting for consideration to restore the Recurrent Grant for salary support for its staff following budget cuts for training budget across MDAs which is the main source of A-I-A for the School.

Information on changes to expenditure allocation to development projects, including changes to priority Bottom-up Economic Transformation Agenda (BETA) projects

33. The State Department is an enabler of the Bottom-up Economic Transformation Agenda (BETA). The Agenda envisages a highly skilled, agile and responsive public sector workforce with the right attitude and knowledge to support service delivery.
34. The projects in the State Department are designed to ensure institutional capacity in the public sector, and modernise processes, policies and practices to anticipate and address changing workforce requirements.

Expected impact of the budget revisions on programme and project targets

35. Under the proposed supplementary budget, the State Departments budget will be reduced from **Kshs. 9,213.4** million. to **Kshs. 8,228.9** million. This represents a budget reduction of **Kshs. 984.5** million in both development and recurrent votes.
36. The reduction will majorly affect the mandate of the State Department for Public Service as provided under the Bottom-up Economic Transformation Agenda (BETA) in the following areas:
    i. Huduma Secretariat usually issue Authority to Incur Expenditure (A.I.Es) to various centers for hospitality expenses and general supplies. The operation of the centers will be adversely affected by the budget cut due to lack of supplies;
    ii. State Department for Public Service has a mandate of Human Resource Development to produce a highly skilled, agile and responsive public sector workforce with the right attitude and knowledge to support service delivery as per the BETA initiatives. The proposed reduction in training budget will affect the number of staff projected for training hence affect negatively the government promises under this initiative.
    iii. In addition, most Donor program support civil servant's capacity building and career development by offering Scholarships. The donors pay tuition fees for all civil servants in National Government and County Governments while the Government pays part of their Daily subsistence allowances and travel costs. Reducing training and foreign travel budget will adversely affect our mandate and the promises under the BETA initiatives under Human Resource Development and Capacity building to the entire country;

iv. A key mandate of the State Department under the Government BETA initiatives is to develop and modernise policies and practices to guide the civil Service in human resource management. Reducing budget on temporary committees and technical services will collapse this mandate for the State Department. Hence this may result to redundancy and inefficiency in in the entire public service;

v. The budget cuts target maintenance of assets that include the 53 Huduma Centres countrywide. The Centres are in poor state and require periodic repairs. Reducing this budget will negatively dent the image of the Government because Huduma Centres are the face of Government in the rural areas;

vi. Kenya School of Government is strained in A-I-A collection and depend on GoK Funding on training. The reduction in training budget item across all MDAs will reduced the number of civil servants attending courses in the school. This will significantly reduce AIA collection that will affect the school's operation including payment of salaries.

vii. The proposed austerity measures in Supplementary I of FY 2024/2025 with regard to development grant may lead to litigations by the contractors for non-payment of pending certificates.

viii. The development budget includes critical upgrades to ICT infrastructure and systems at the Data Centres in Nairobi and Nakuru, reducing downtime and improving service delivery. The aging ICT infrastructure at these Data Centres has been undergoing phased maintenance and upgrades, facilitated by various contractors. However, budget cuts threaten these upgrades and maintenance efforts, risking increased downtime, legal disputes with contractors, and a decline in service quality.

ix. Additionally, ongoing projects for Huduma Centres in Molo and Embu Runyenjes require funding for completion in FY 2024/25, and budget constraints could prolong the completion of these projects, impacting the overall development agenda.

x. Furthermore, insufficient budget allocations hinder the installation and maintenance of essential CCTV systems, compromising security and surveillance capabilities at these centres. This could lead to increased vulnerabilities and potential security breaches, further affecting the efficient and secure delivery of services.

Table 6 Summary of Affected Key Priority Areas in Supplementary Estimates I of FY 2024/25

Priority Area	**Affected Activities/Remarks**
SP 1.2 Human Resource Development	
Training Services	Reduction in training budget will affect JDS Human Resource Development Scholarship Government contribution Promotional courses will be affected
Completion of Tuition complex - Matuga	Construction of the complex will attract pending bills and if not completed on time may attract interest for delayed payment and ultimately results in court cases for pending bills.

Priority Area	Affected Activities/Remarks
Completion of twin Hostels - Embu	Reduction in budget to nil will attract pending bills and if not completed on time may attract interest for delayed payment and ultimately results in court cases for pending bills.
Completion of Tuition Block - Baringo	Reduction in budget to nil will attract pending bills and if not completed on time may attract interest for delayed payment and ultimately results in court cases for pending bills.
SP 1.3 Management Consultancy Services	
Consultancy services on organizational restructuring and workload analysis	Reduction of the budget will affect the number of institution structures done
Training of Officers on IPPD, Unified Payroll Number Generating (UPN) and GHRIS and evaluation of Service delivery innovations Public Service	Capacity building on new technologies and innovations to enhance storage of information and payroll management will be affected.
SP 1.4 Huduma Kenya	
Upgrades of ICT infrastructure and systems at the Data Centres in Nairobi and Nakuru	• The aging ICT infrastructure at these Data Centres has been undergoing phased maintenance and upgrades, facilitated by various contractors. • Budget cuts threaten these upgrades and maintenance efforts, risking increased downtime, legal disputes with contractors, and a decline in service quality.
Rehabilitation of Huduma Centres and completion of Molo and Runyenjes Huduma Centres	• The facilities are eight (9) years old and are in deplorable state. Reduction in budget will affect renovation works. • ongoing projects for Huduma Centres in Molo and Embu Runyenjes require funding for completion in FY 2024/25, and budget constraints could prolong the completion of these projects, impacting the overall development agenda.

37. The budget revision will reduce the State Department's overall budget by **Kshs.984.5 Million** as shown in the table.

Table 7 : Summary of Programmes affected by the proposed supplementary Estimates I

Programmes	FY 2024/25 Approved Budget Estimates	Proposed Supplementary I Estimates	Change in Estimates
	KSh.Million		
Public Service Transformation			
Huduma Kenya Service Delivery	1,492.6	921.9	(570.7)
Management Consultancy Services	109.4	106.6	(2.8)
Human Resource Development	2,530.6	2,209.2	(321.4)
Human Resource Management	4,594.0	4,584.7	(9.4)
Public Service Reforms	42.7	40.4	(2.3)
Sub Total	**8,769.3**	**7,862.7**	**(906.5)**
General Administration Planning and Support Services			
Information Communication Services	3.6	3.1	(0.5)
Financial Management Services	60.9	57.0	(3.8)
Human Resource and Support Services	379.1	305.5	(73.6)
Administrative services	0.5	0.5	-
Sub Total	**444.1**	**366.2**	**(77.9)**
TOTALS	**9,213.4**	**8,228.9**	**(984.5)**

Revised schedule of key performance indicators and performance targets

38. A detailed schedule of the key performance indicators and revised targets is illustrated in Annex 1 to the submissions by the State Department.

Other Relevant Information Regarding FY 2024/25 Budget

39. Human Resource Management Professional Examination Board (HRMPEB) has consistently relied on a **Kshs. 50.0 million** grant to cover staff salaries due to insufficient revenue from the limited number of student enrolments.
40. As a state corporation established only two years ago, it is still in the development phase and heavily dependent on this financial support. However, this crucial funding was withdrawn for the 2024/2025 financial year.
41. Consequently, the Board will be unable to pay its staff, jeopardizing the operation of an essential examinations body responsible for certifying HR students. This financial crisis threatens the integrity and functionality of the entire certification process, posing a significant risk to professional standards in the HR field.

3.2 State Department for Labour and Skills Development

42. The Principal Secretary, State Department for Labour and Skills Development, accompanied by other officials from Ministry of Labour and Social Protection appeared before the Committee and made the following submissions;

Variation of Draft Budget Estimates for the FY 2024/25 and the 1st Supplementary Budget Estimates

43. The State Department's approved Gross budget estimates for the FY 2024/25 was **Kshs. 5.83 billion** out of which Recurrent estimates was **Kshs. 4.32 billion** and Development estimates was **Kshs.1.51 billion.** Under Development, GOK funding was **Kshs.443.56 million** and donor funding was **Kshs.1.07 billion**.
44. However, under the 1st Supplementary Estimates for FY 2024/25, the State Department's Gross budget estimates is **Kshs. 5.42 billion** out of which Recurrent estimates is **Kshs. 4.27 billion** and Development estimates is **Kshs.1.15 billion.** Details is as per **table** below.

Table 8 : Summary of the Gross Budget Estimates FY 2024/25

DETAILS	Recurrent (Kshs. Million)	Development (Kshs. Million)	Total
Approved Budget	4,319.5	1,512.9	**5,832.4**
1st Supplementary Estimates	4,271.8	1,149.1	**5,420.9**
Variance	(47.7)	(363.8)	**(411.5)**

45. From the table above, there is an overall budget cut of **Kshs. 47.7 million** under Recurrent and **Kshs. 363.8 million** under Development.
46. Out of the Gross allocation under **Recurrent,** the total Budgeted **AiA** is **Kshs. 2.68 billion** making the **Net Budget Estimates** after the 1st Supplementary Estimates be at **Kshs. 1.59 billion.** While under **Development,** the **World Bank** Allocation is **Kshs. 1.07 billion** leaving a balance of **Kshs. 79.77 million** as **GoK** as demonstrated on Table below.

Table 9 :Details of the Budget Estimates FY 2024/25 (Gross Vs Net)

Details	Draft Budget (Kshs. Millions)	1st Supplementary (Kshs. Millions)
Recurrent Estimates		
Net Budget	1,639.43	1,591.69
Appropriation in Aid (AiA)	2,680.10	2,680.10
Total Gross Recurrent Budget	**4,319.53**	**4,271.79**
Development Estimates		
GoK	443.59	79.77
World Bank	1,069.30	1,069.30
Total Development Budget	**1,512.89**	**1,149.07**

Highlights of the most affected programmes, projects and spending items

47. Some key functions that will be affected include the following;

i. **Institutions of Social Dialogue:** These are listed under the Labour Institutions Act, 2007 and are already inadequately funded hence non-operational. Among these institutions include: the 13 Wages Council Establishment, Child Labour Committees, National Council for Occupational Safety and Health (NACOSH), National Labour Board (NLB) and Alternative Dispute Resolution Mechanism (ADR).

ii. **Review of the Labour Laws:** There is need to align the Labour laws with the Constitution of Kenya and the emerging global policies, these national labour laws include Employment act 2007, Labour Relations Act, 2007, the Labour Institution Act, 2007 and the Occupational Safety and health Policy, Legal and Institutional Reforms

iii. **Kenya's International and Regional commitments:** The commitments are expected to guide member States on the international best practices and to promote inter/intra State co-operation. Kenya is a signatory to a number of International and Regional commitments which include: International Labour Organization (ILO); African Union, International Organization for Migration (IOM), East Africa Common Market Protocol, World Association of Public Employment Services (WAPES), Pan African Productivity Association (PAPA) and African Regional Labour Administration Centre (ARLAC).

iv. **Field Stations operations:** There are currently 44 County Labour Offices and 31 County OSH Offices which are inadequately funded and in deplorable conditions. The current limited budget has greatly affected the operations of the field offices since most Officers cover diverse geographical location with diverse economic activities some covering more than one (1) County. The field offices also lack equipment and working tools.

v. **Investigations of Economic Disputes referred by the Employment and Labour Relations Court.** This involves on-the-spot investigations into the labour disputes and entails administering questionnaires; analyses of labour costs, audited accounts and other economic factors; and preparation of reports for submission to the Employment and Labour Relations Court within specified timelines. Currently, the Court is established in seven stations, namely; Nairobi, Mombasa, Kisumu, Nakuru, Kericho, Nyeri and Eldoret. In addition, there are eight (8) sub-registries located in Malindi, Machakos, Bungoma, Garissa, Meru, Kisii, Voi and Kitale.

vi. **Completion of key Projects:** These include the **Meru Labour Office** which is almost 100% complete, **the National Employment Promotion centre, Kabete** which will house National Employment Authority (NEA) and the **Occupational Safety & Health (OSH) Institute** which is also in its completion stages.

Changes to Development projects allocation and Bottom –up Economic Transformative Agenda (BETA) projects

48. All the planned projects will be affected by the budget cuts as all apart from the NYOTA Project. Table below gives details of the status of the ongoing projects.

Table 10 Development Expenditure Analysis (Kshs. millions)

Project	Approved Estimates FY 2023/24	Draft Estimates FY 2024/25	FY 2024/25 1st Supplementary Estimates	% Completion status as at 30th June 2024
Construction of Meru County Labour Office	10.0	5.40	0	95.71%
Construction of Occupational Safety & Health-OSH-Institute-	206.4	94.75	0	97.33%

Project	Approved Estimates FY 2023/24	Draft Estimates FY 2024/25	FY 2024/25 1st Supplementary Estimates	% Completion status as at 30th June 2024
Phase I				
Establishment of National Labour Market Information System (LMIS)	145.87	100.00	100	100%
Construction of the National Employment Promotion Centre Kabete – **BETA Project**	301.12	245.95	0	53.53%
Upgrading of Kisumu Industrial Training Centre (KITC)	15	17.71	0	46.39%
National Youth Opportunities Towards Advancement (NYOTA) Project	100	1,049.07	1,049.07	0%
	778.39	**1,512.88**	**1,149.07**	

Expected impact of the Budget Revisions on Program and project targets

49. The impact of the Budget revision on the State Department's programmes and projects will be as detailed on the table below;

Table 11: Impact of Budget Revision on Programmes

Programme	Amount Decreased (Kshs. millions)	Impact
Programme 1: Labour, Employment and Safety services	373.00	✓ Reduced activities on the Labour Migration Export Program which is a BETA priority; ✓ Outstanding pending bills ✓ Delayed review and implementation of the Labour Laws which include Employment act 2007, Labour Relations Act, 2007, the Labour Institution Act, 2007 and the Occupational Safety and health Policy, Legal and Institutional Reforms and the Occupational Safety and Health Policy; ✓ Lack of Kenya's participation in the International and Regional commitments e.g International Labour Organization (ILO), African Union, International Organization for Migration (IOM), East Africa Common Market Protocol, World Association of Public Employment Services (WAPES), Pan African Productivity Association (PAPA) and African Regional Labour Administration Centre

		(ARLAC). ✓ Inactive Institutions of Social Dialogue (Local and International) ✓ Underfunding for operations to the 44 County Labour Offices and 31 Occupational and Safety Offices Field stations ✓ Insufficient facilitation of existing foreign missions ✓ Non-establishment of additional Labour Attaché Offices ✓ Reduced operations for the Registrar of Trade union ✓ Incomplete and stalled Projects whose condition will further deteriorate and increase the overall cost of construction.
Programme 2: Manpower Development, Industrial skills & Productivity Management	26.86	✓ There will be no capacity building of Staff on Labour Market Information System Content. ✓ Inefficiency in personnel interaction with the System in updating the Kenya labour observatory. ✓ Reduced operations on the National online employment skill training Programme, the National innovation, talent and entrepreneurship development Programme and the National Apprenticeship and mentorship programme which all benefit the youth. ✓ Untrained Public servants in National and county Governments on Public Service Productivity mainstreaming ✓ Difficulty in collection of Productivity measurement data and computation of Productivity indices
Programme 3: General Administration, Planning and Support Services	11.74	✓ Outstanding payments for services offered in FY 2023/24 ✓ Reduced Investigations of Economic Disputes referred by the Employment and Labour Relations Court. ✓ Lack of participation in the Annual Tree planting exercise
TOTAL	**411.55**	

Revised Schedule of Key Performance Indicators and Targets

50. The budget reductions under Supplementary Estimates I will hamper the State Department in the attainment of key outputs relative to the set targets in the FY 2024/25. A detailed revised schedule of key performance indicators and performance targets is attached in Annex I of the submission by the State Department for labour and Skills Development.

Request for intervention under the 1st Supplementary FY 2024/25

51. The role played by the State Department is critical in the National economy with particular focus on labour and employment matters.
52. Although the Vote has complied with the Austerity measures as guided by the Circular, it is a big blow to the State Department as its mandate is based on the Operations and Maintenance expenditure items for its basic service delivery.
53. In addition, cuts on Refurbishment of buildings, provision of field and foreign stations as well as Contracted professional service, will affect some of the key critical areas for service delivery.
54. For this reason, the State Department appealed to the committee that the vote be exempted from the austerity measures in order for the following critical areas to be functional even

Table 12 : Analysis of FY 2024/25 Critical Areas

AREA	REQUIRED AMOUNT (Millions)	Allocation FY 2024/25	JUSTIFICATION
Labour Migration and Export Programme	475	24.47	To facilitate foreign employment for the Kenya Migrant workers, the State Department developed the Global Labour Market Strategy (2023-2027). The strategy is currently under implementation outlines activities and programmes to facilitate promotion of foreign employment, market key as a key labour destination country as well as enhance protection of the Kenya migrants Some of the strategies outlines towards promotion of foreign employment is: • Developing, signing and monitoring of Bilateral Labour Agreements with key labour destination countries; • Market Kenya as a key labour destination country; • Undertaking employment needs assessment in existing and potential labour destination countries to establish the skills gap and facilitate skills development for targeted foreign labour market; • Establish and maintain a centralized database for job seekers, recruitment agencies, foreign employers, numbers, location and skills of Kenyan migrant workers. The ILMMIS system will enable the State Department to obtain accurate and real time data on Kenyan

AREA	REQUIRED AMOUNT (Millions)	Allocation FY 2024/25	JUSTIFICATION
			migrant workers.; • Operationalize a One-Stop-Centre offering all labour migration services under one integrated system for improved linkages and seamless flow of information; • Develop a communication Strategy on labour migration In addition, some of the strategies outlined towards protection of the migrant workers are: Operationalization of the Kenya Migrant workers welfare Fund and finalization and Enactment of the Labour Migration Management Bill
Institutions of Social Dialogue (Local and International)	380	11.82	• Operationalization of 13 Wages Council • Establishment and operationalization of Child Labour Committees • National Council for Occupational Safety and Health (NACOSH) • National Labour Board (NLB) • Alternative Dispute Resolution Mechanism (ADR)
Country's participation in the International and Regional commitments	297	3.56	• International Labour Organization (ILO) • African Union, • International Organization for Migration (IOM), • East Africa Common Market Protocol, • World Association of Public Employment Services (WAPES), • Pan African Productivity Association (PAPA) and • African Regional Labour Administration Centre (ARLAC) • East African Community Summit and Technical Meetings • The Common Market for Eastern and Southern Africa (COMESA)
Review and implementation of the Labour Laws	175	0.28	These national labour laws include Employment act 2007, Labour Relations Act, 2007, the Labour Institution Act, 2007 and the Occupational Safety and health Policy, Legal and Institutional Reforms

AREA	REQUIRED AMOUNT (Millions)	Allocation FY 2024/25	JUSTIFICATION
Enhancement of field services	140	45.13	Enhancing operational and maintenance for field services • 31 Occupational Safety and Health Offices across the country Labour Offices • 49 offices in 44 counties for Labour Services
Registrar of Trade union	40	2.35	• To regulate trade unions, employers' organizations and federations which are countrywide • Inspection of Books of Accounts/Records and Membership Records • To equip the newly recruited officers
Ensure Safe Working Environment	400	10.53	• Medical examination of workers exposed to classified occupational diseases • Hazardous industrial equipment are examined; • Members of the Safety and Health Committees and other workers are trained on basic OSH; • Workplaces are surveyed on levels of air borne and other contaminants; • Workplaces are inspected for compliance with OSH legislation and related regulations; • Architectural drawings for buildings scrutinized for safety and approval • Mainstreaming of Occupational Safety and Health Services in the Micro and Small Enterprises (MSEs) across all Counties • Inculcation of a Safety Culture in workplaces across all Counties
Capacity building of Staff on LMIS Content Production	70	1.74	This is planned to produce labour market information content and key Labour Market Indicator to enable personnel interact efficiently with the Labour Market Information System as well as aid in updating the Kenya labour observatory
Productivity mainstreaming in the Public service (Both National and County	128	6.84	• Train 30,000 Public servants in 485 MDAs and 47 county Governments on Public service Productivity mainstreaming. • Collect Productivity measurement data and compute Productivity indices for all

AREA	REQUIRED AMOUNT (Millions)	Allocation FY 2024/25	JUSTIFICATION
Governments)			MDAs and County Governments • Develop productivity improvement strategies for all the MDAs and County Governments • Undertake Productivity Improvement Programs using tools such as Lean Six sigma, KAIZEN, Balanced Score Card and Business Re-engineering. Benefits ✓ Improved efficiency and effectiveness in delivery of public services ✓ Efficient resource utilization
Post Training and skills development	215	16.71	• National online employment skill training Programme • National innovation, talent and entrepreneurship development Programme • National Apprenticeship and mentorship programme • Fencing the land for the Post Training Institute in Thika
Annual Tree planting exercise	100	0.5	The State Department plans to plant and maintain 900,000 trees every year. This will cater for indigenous trees seedlings and ensuring survival as well as transportation cost for the staff.
TOTAL	**4,494.38**	**123.93**	

3.3 Public Service Commission

55. The Chairperson, Public Service Commission accompanied by other officers appeared before the Committee and made the following submissions;

Overall variation of the Commission approved 2024/25 recurrent and development budget

56. The overall variation to the approved 2024/25 Recurrent and Development budget will reduce the Commission's budget by **Kshs. 130.2m** and **Kshs. 45.3m** respectively as shown in the Table below:

Table 13 Table 1: Overall Variation to Approved 2024/25 Budget

Budget Items	Approved Estimates 2023/2024 (A)	Approved Estimates 2024/2025 (B)	Supplementary Estimates I 2024/2025 (C)	Change (D) = B-C
	(Kshs.) Millions	(Kshs.) Millions	(Kshs.) Millions	(Kshs.) Millions
1. RECURRENT				
Gross	**3,540.24**	**3,622.23**	**3,492.03**	**130.20**
AIA	(15.00)	(15.00)	(15.00)	-
Net Recurrent	**3,525.24**	**3,607.23**	**3,477.03**	**130.20**
Compensation to Employees (PE)	2,743.36	2,990.70	2,990.70	-
Other Recurrent	796.88	631.53	501.33	130.20
Total	**3,540.24**	**3,622.23**	**3,492.03**	**130.20**
2. DEVELOPMENT				
Refurbishment of Buildings	**45.30**	**45.30**	**-**	**45.30**
2071 VOTE HEAD TOTAL	**3,585.54**	**3,667.53**	**3,492.03**	**175.50**

57. The Commission's overall reduction is 4.8% of the approved budget, both recurrent and development. However, the greatest impact on the reduction is on other recurrent (operations & maintenance) with an adverse change of 21%.

Highlights of the most affected programmes, projects and spending items

58. The Commission's budget is implemented under five budget programmes with a total of ten sub-programmes. The programmes most affected by the proposed revision are Programme 1 (General Administration and Support Services) by **Kshs. 95.48m** or 10.6%, and Programme 2 (Human Resource Management and Development) by **Kshs. 45.72m** or 1.8%
59. The project affected by the revision is the entire Development Expenditure budget reduction of **Kshs. 45.3m**. The allocation was intended to cater for the on-going construction project of additional offices on the roof top of the existing old office block. The following spending items are most affected by the proposed revision:

Table 14 : Summary of Affected Budget Lines

	Budget Item Description	Reduction Kshs. Million
1	2210200 Communication, Supplies and Services	**6,845,520**
2	2210300 Domestic Travel and Subsistence, and Other Transportation Costs	**50,484,483**
3	2210400 Foreign Travel and Subsistence, and other transportation costs	**2,140,000**
4	2210700 Training Expenses	**11,542,676**
5	2210800 Hospitality Supplies and Services	40,159,100
6	2211302 School Examination and Invigilation Fees	4,800,000
7	2211306 Membership Fees, and Subscriptions to Professional Bodies	3,300,000
8	2211310 Contracted Professional Services	1,105,080
9	2211320 Temporary Committees Expenses	800,000
10	2220205 Maintenance of Buildings and Stations - Non-Residential	1,625,000

11	3110300 Refurbishment of Buildings	1,800,000
12	3110900 Purchase of Household Furniture and Institutional Equipment	1,100,000
13	4110400 Domestic Loans to Individuals and Households	4,500,000
	Decrease in Recurrent Expenditure	**130,201,859**
14	Decrease in Development Expenditure	45,300,000
	Gross Budget Decrease	**175,501,859**

Information on changes to expenditure allocation to development projects, including changes to priority beta projects

60. The proposed Supplementary Estimates will see the Commission lose its entire Development budget of **Kshs. 45.3m.** The allocated resources were intended to finance the on-going construction project of additional offices on the roof top of the existing old office block.
61. The challenge of adequate and suitable office accommodation for the Commission still prevails owing to the limited space and old physical facilities as the building was constructed in the 1950's. The Commission has been rehabilitating the building in phases every year.
62. The Commission is a key enabler of the Bottom-Up Economic Transformation Agenda through the following interventions:
    i. Under the **Youth Empowerment and Development Agenda**, the Commission, in its Programme II: Human Resource Management and Development, continues to support the up-skilling of youth for employability through the Public Service Internship Programme (PSIP); and
    ii. Under the **Public Service Transformation Agenda**, the Government requires highly skilled, agile and a responsive Public Sector workforce that is well equipped with requisite skills, knowledge, attitudes and competencies. The Commission will ensure the provision of quality human resource which is crucial for the social economic development of the country.

Expected impact of the budget revisions on programme and project targets

63. The proposed budget reduction of **Kshs. 130.2m** will adversely affect the Commission in discharging its mandate and functions during the year. The Commission's allocation to core mandate programmes will significantly scale down its activities in core mandate areas during the period.
64. The following specific programmes will be impacted by the proposed revision:

i. Recruitment & Selection Services

65. The Commission is called upon from time to time to offer Secretariat services to various gazetted Selection Panels. Consequently, the Commission shoulders the attendant costs including the payment of allowances to the Selection Panel members at the rates approved by the Salaries and Remuneration Commission. These payments are charged to the Hospitality budget line which has suffered a budget cut of **Ksh. 50m** in the proposed revision. In addition, the Commission will play a key role in the planned reorganization of Government.

ii. Public Service Internship Programme (PSIP)

66. The allocation to meet the administrative cost of running the PSIP has also been reduced. The administrative costs include the recruitment process, M&E, induction, capacity building for both institutions and supervisory and mentorship teams. These activities are usually funded through hospitality and domestic travel budget lines.

iii. Promotional Competency Assessment Exams

67. The Public Service Commission has a wide mandate that includes the administration of examinations for specified cadres. The administration of the examination has been undertaken in accordance with Section 51 of the Public Service Commission Act 2017 under vacancies dependent on examinations which states that *"Where vacancies are to be filled according to the results of examinations held under the authority of the Commission, the Commission shall make such arrangements and issue such instructions as may be appropriate."*

68. The Commission projects to raise Kshs. 14m in Appropriation-In-Aid (AIA) as examination fees from candidates undertaking promotional competency assessment exams. However, the operational budget line (Item 2211302) to administer the exams has been reduced by **Kshs. 4.8m**.

iv. Contracted Professional Services

69. Under the Contracted Professional Services budget line, the Commission planned to undertake the following:

    a) The Commission's current Strategic Plan 2019-2024 lapsed at the end the FY 2023/24. Consequently, the Commission will require resources amounting to **Kshs. 11.5m** to develop a new Strategic Plan for the next five-year period, and prepare a Board summative Board evaluation report.

    b) The Cabinet, on March 7th 2024, directed that all government institutions should transition from the current cash-based accounting system to accrual-based accounting system which will promote accountability in the use of public resources. The required funds of **Kshs. 6.5m** will cater for:
        i. Hiring a firm to undertake asset tagging (bar codes), and updating of the fixed assets register; and
        ii. Capacity building of Accounts Unit to transition to the accrual basis of accounting.

v. Medical Insurance, Group Life & WIBA

70. The Commission's approved budget for Medical Insurance, Group Life and WIBA was reduced from **Kshs. 100.17m** in FY 2023/24 to **Kshs. 50.07m**, a significant reduction by **50%**. The reduction will adversely affect the delivery of medical service to staff and Commissioners, Group Life and WIBA during the 2024/25 financial year as shown in the Table here below:

Table 15 Medical Insurance, Group Life & WIBA Budgetary Requirements

Particulars	Current Premium Kshs. M	Projected Premium Kshs. M	Renewal Date	Supporting Document

Medical Insurance – Staff	72.2	76.0	01/12/2024	**Annex 1**
Medical Insurance – Commissioners	6.8	8.5	12/02/2025	**Annex 2**
Group Life	13.7	14.5	01/02/2025	**Annex 3**
WIBA	4.6	5.5	01/11/2024	**Annex 4**
Total	**97.3**	**104.5**		
FY 2024/25 Budget Allocation		50.1		
Deficit		**54.4**		

71. The Commission requires an additional **Kshs. 54.4m** to meet its medical insurance, WIBA and group life statutory obligations to the Commissioners and staff.

vi. Hosting of AAPSCOMS Annual General Meeting & Conference

72. The Commission requires resources to host the Association of African Public Service Commissions (AAPSCOMS) Annual General Meeting & Conference in Kenya in September 2024. The Commission is a member of the Association of African Public Services Commissions (AAPSCOMS). The Association was established in 2008. The purpose of the Association is to collaborate, share experiences and best practices among Public Service Commissions in Africa in order to promote good governance and improve service delivery in the public services of the continent.

vii. Implementation of the Commission's Organization Structure

73. The Commission has approved a new organization structure, which was implemented with effect from May 2024. The new structure precedes the earlier one that was in place since 2013. The structure has retained the current salary grading as approved by the Salaries & Remuneration Commission.
74. The Commission plans to implement the new structure in phases starting with FY 2024/25. On 15th April 2024, the Commission wrote to the National Treasury requesting for consideration of additional resources amounting to **Kshs. 282.6m** in the FY 2024/25 budget for implementation of the new structure.
75. The National Treasury vide a letter Ref: RES 2071/23/01/'A'/(40) dated 21st May 2024 (**Annex 5**) indicating that it had no objection in the implementation of the new structure, and committed to consider the resultant financial implication amounting to **Kshs. 282.6m** included in the FY 2024/25 Supplementary Estimates.

Revised schedules of key performance indicators and performance targets

76. The revised key performance indicators and targets are captured in the attached Schedule 1.

Request to the committee

The Commission appealed to the Committee to consider additional resources to cater for the following critical areas:

1) **Kshs. 20m** reinstated under Hospitality Services to cater for:
    a) Recruitment & Selection/Reorganization of Government, **Kshs. 10m**.
    b) PSIP operations, **Kshs. 10m**.
2) **Kshs. 4.8m** for Promotional Competency Assessment Exams.
3) **Kshs. 18m** under Contracted Professional Services to cater for:
    a) **Kshs. 11.5m** for development of a new Strategic Plan and Board summative evaluation report.

b) **Kshs. 6.5m** to support the transition from Cash Basis of Accounting to Accrual Basis of Accounting in form of asset tagging and capacity building.

4) **Kshs. 54.4m** to cater for the shortfall in Medical Insurance, Group Life & WIBA.
5) **Kshs. 20m** towards the hosting of AAPSCOMS Annual General Meeting & Conference in September 2024, which is planned to be presided by the HE the President.
6) **Kshs. 282.6m** towards the implementation of the Commission's Organization Structure in line with the Treasury Letter of 21st May 2024.

3.4 Salaries and Remuneration Commission

77. The Chairperson, Salaries and Remuneration Commission accompanied by the Commission Secretary/Chief Executive Officer appeared before the Committee together with other officers from the Commission and submitted as follows:

Overall variation to the Commission's approved 2024/25 budget

78. The Commission's budget was reduced by **Kshs.19.49 million** from **Kshs.472.23 million** to **Kshs.452.74 million** in the supplementary 1 estimates as summarised in the table below.

Table 16 : First Quarter Recurrent Expenditure (Amount in Kenya Shillings

Description	Year 2023/24	Printed Budget Estimates 2024/2025	Supplementary Estimates No. 1	Variance
Compensation to Employees	302,400,000	318,600,000	318,600,000	-
Use of Goods & Services	211,576,144	147,134,472	129,764,756	(17,369,716)
Capital Expenditure	35,081,311	6,496,450	4,371,450	(2,125,000)
Gross Expenditure	**549,057,455**	**472,230,922**	**452,736,206**	**(19,494,716)**
Receipts (AIA)	834,680	-	-	-
Net Expenditure	**548,222,775**	**472,230,922**	**452,736,206**	**(19,494,716)**

Expected impact of the Budget revisions on programme targets

79. The reduction of the financial year 2024/25 budget estimates by **Ksh.107.2Million** from **Ksh.559.9Million** in the Budget Policy Statement (BPS) to **Ksh.472.23Million** in the printed estimates and to **Ksh452.7Million** in Supplementary Estimates No.1 will impede the Commission's ability to deliver on its mandate, reverse the milestones achieved in wage bill management and result in litigations from failure to honour contractual and statutory obligations.

Impact on Commission Activities.

80. Budget reduction on internet connection and renewal of software licenses will affect all core activities in the work plan as listed below.

i) Job evaluation. The Commission acquired an i-JES system in the year 2021. The system is operational and has so far been used to evaluate 37,420 jobs. The licence for the system is payable on annual basis. Failure to renew the licence will result closure of the system which will result in loss of the startup costs as well as reversal of milestones made in efficient job evaluation.

ii) Issue of advice on remuneration and benefits and sensitization of institutions on SRC circulars and policies. The Commission receives several requests from institutions for Job evaluation, allowances and benefits, rewarding of productivity and performance and CBAs. The absence of budget line for internet, Microsoft office licence renewal and courier service will interfere with communications within the commission as well as stake holder engagements which will significantly affect this critical activity.

iii) Implementation of Business Continuity Plan.
In order to ensure business continuity, the Commission engaged Konza Technopolis Development Authority (Kotda) to provide an offsite backup facility for critical information in 2021. Failure to pay the annual renewal fee will expose SRC critical information to risk.

iv.) Commission virtual meetings. The Commission conducts most of the meetings virtually due to shortfall of funding in the fuel budget. The reduction of budget for fuel, internet and maintenance of ICT software will make it difficult to carry out the commission meetings.

81. The other activities in the work plan that will be affected include:
    i) Carrying out of monitoring and evaluation to ensure adherence to the advice issued by the Commission on remuneration and benefits.
    ii) Collaboration with research institutions, private sector, public universities and other PFM institutions to undertake research related to SRC mandate.
    iii) Review of the Framework for recognition of performance and productivity in the Public Service
    iv) Carrying out labour market surveys in the public and private sector.
    v) Undertaking a study on benefits payable in the public service.
    vi) Review of pension for retired public officers
    vii) Job evaluation training for new commissioners

82. Inability to meet contractual obligations on terms and conditions.
    i.) The Commission has signed contracts with employees for provision of airtime and medical cover. The funds provided will not be sufficient to honour these obligations.

    ii.) SRC will not be able to pay for sitting allowance for ex-official members and members of the Audit and Risk Committee.
    iii.) The Commission will also be unable to pay for GPA/WIBA which is a statutory obligation.

83. Day-to-day operations including Courier services, Office and general supplies and services Fuelling of Commission's motor vehicles and Maintenance of motor vehicles and office equipment.

Revised schedule of key performance indicators and performance targets

84. **The revised key performance indicators are as follows**

Table 17 Revised schedule of key performance indicators and performance targets

Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2024/2025	Revised 2024/2025 Targets
Advice on remuneration and benefits	% of advice on remuneration and benefits	100	50
	% of advice on CBA issued on requests	100	50
	% of advice issued on requests for performance and productivity	100	50
Harmonized grading structures for public service	% of jobs reviewed	100	50
	Number of salary survey reports	3	2
	Number of reports on the cost projection for review of remuneration and benefits in the fourth remuneration review cycle	1	1
Benefits policy framework	Number of benefits policy framework in the public service	1	0
Adherence to SRC advice on remuneration and benefits	% of monitoring and evaluation reports for public service institutions	100	0
Quarterly wage bill bulletin	Number of wage bill bulletins	4	2
Framework on implementation of allowances payable in public service	Sectoral and institution-specific reports on allowances payable in public service	221	0

PART IV

4.0 COMMITTEE OBSERVATIONS

85. The Committee having considered the Supplementary Estimates No. 1 for FY 2024/25 and analysed submissions from the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission, made the following observations, THAT;

State Department for Public Service

86. In the Financial Year 2024/25, the State Department for Public Service Approved Budget amounted to Kshs. 9,213.4 million comprising of Kshs. 8,030.8 million and Kshs. 1,182.6 million Recurrent and Development expenditure respectively.

87. However, the proposed budget under supplementary estimate I is seeking to reduce the budget by Kshs. 984.5 million composed of Kshs. 62.8 million and Kshs. 921.7 million Recurrent and Development respectively.

State Department for Labour and Skills Development

88. In the Financial Year 2024/25, the State Department for Labour and Skills Development Approved Budget amounted to **Kshs 5,832.4 million** comprising of **Kshs. 4,319.5 million** and **Kshs. 1,512.89** million for Recurrent and Development expenditure respectively.

89. However, supplementary estimate I propose to reduce the budget by **Kshs. 414.8 million** composed of **Kshs. 50.99 million** and **Kshs. 363.8 million** Recurrent and Development respectively

Public Service Commission

90. The overall approved budget in the Financial Year 2024/25 for the Public Service Commission amount to **Kshs 3,667.53 million** comprising of **Kshs. 3, 622.23 million** for recurrent expenditure and **Kshs. 45.3 million** and Development expenditure.

91. However, supplementary estimate I propose to reduce the budget by **Kshs. 191.0 million** comprising of **Kshs. 145.72 million** recurrent expenditure and **Kshs. 45.3 million** for Development.

Salaries and Remuneration Commission

92. The overall approved budget in the Financial Year 2024/25 for the Salaries and Remuneration Commission amount to Kshs 472.23 million solely for recurrent expenditure.

93. Reduction of the Commission's budget by Kshs 19.49 million from the approved level of Ksh.472.23 million to Ksh452.7 million in Supplementary Estimates No.1 will impede the Commission's ability to deliver on its mandate and may lead to reversal of the milestones achieved in wage bill management.

94. Additionally, the Committee Observes that the Commission is seeking for additional Kshs. 13.2 million to cater for Maintenance of Computers, Software, and Networks of support for iJES, KoTDA for iJES hosting, EDMS, Microsoft Office renewal, as well as preventive maintenance and repairs of ICT equipment.

PART V

5.0 COMMITTEE RECOMMENDATIONS

Recommendations

(a) State Department for Labour and Skill Development

95. That the proposed revised budget for the State Department of Labour and Skills Development in FY 2024/25 of Kshs. 5,417,606,768 comprising of Kshs 4,268,536,768 for recurrent expenditure and Kshs. 1,149,070,000 for development expenditure be approved without amendments

(b) State Department for Public Service

96. The proposed revised budget for the State Department for Public Service in FY 2024/25 allocation of Kshs. 8,228.94 million comprising of Kshs. 7,968.00 million and Kshs. 260.95 million recurrent and development respectively be approved without amendments.

(c) Public Service Commission

97. The proposed budget estimates for FY 2024/25 of Kshs 3,476,510,559 for the Public Service Commission for recurrent expenditure be approved without amendments as proposed.

98. In addition, the Committee recommends that the Commission to realign/ reallocate funds within its programmes and activities in order to support other immediate activities and priorities with the available resources.

(d) Salaries and Remuneration Commission

99. The proposed budget estimates for FY 2024/25 of Kshs. 452,736,206 for the Salaries and Remuneration Commission that for recurrent expenditure be approved without amendments as proposed.

100. The Committee recommends that the Commission should realign/ reallocate funds within its programmes and activities in order to support other immediate activities and priorities with the available resources.

SIGNED..... **DATE**.....19/07/2024.....

HON. ERIC MUCHANGI KAREMBA, M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ON THE CONSIDERATION OF THE 2024/2025 SUPPLEMENTARY I WITH RESPECT TO: -

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

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PART I

1.0 PREFACE

1.1 Introduction

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

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

1.2 Mandate of the Committee

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

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

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

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

   d. study and review all legislation referred to it;

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

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

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

   h. examine treaties, agreements, and conventions;

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

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

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

1.3 Subjects of the Committee

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

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

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

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

1.4 Committee Membership

7. The Committee comprises of the following Members: -

Hon. Gabriel Tongoyo, MP
Chairperson
MP for Narok West Constituency

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

Hon. Kaluma George Peter, MP
MP for Homa Bay Constituency

Hon. Aduma Owuor, MP
MP for Nyakach Constituency

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

Hon. Liza Chepkorir Chelule, MP
MP for Nakuru County

Hon. Sarah Paulata Korere, MP
MP for Laikipia North Constituency

Hon. Oku Kaunya, MP
MP for Teso North Constituency

Hon. Mburu Kahangara, MP
MP for Lari Constituency

Hon Protus Ewesit Akujah, MP
MP for Loima Constituency

Hon. Rozaah Akinyi Buyu, MP
MP for Kisumu West Constituency

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

Hon. Fatuma Jehow, MP
MP for Wajir County

Hon. Francis Sigei, EBS, MP
MP for Sotik Constituency

Hon. Hussein Weytan, MP
MP for Mandera East Constituency,

1.5 Committee Secretariat

8. The Committee Secretariat consists of the following:

Mr. John Mugoma
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant III

Mr. Gideon Kipkogei
Clerk Assistant III

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Delvin Onyancha
Research Officer III

Ms. Judy Kanyoko
Legal Counsel II

Mr. Benson Kimanzi
Sergeant at Arms

Mr. Rodgers Kilungya
Audio Officer

1.6 Examination of the 2024/2025 Supplementary Estimates No. I

9. The 2024/2025 Supplementary Estimates No. I was submitted to the National Assembly on Friday, 12th July, 2024 and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B) The Committees were required to consider the 2024/2025 Supplementary I with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.

10. Following the committal of the 2024/2025 Supplementary Estimates No. I, the Committee was briefed by the Parliamentary Budget Office on Tuesday, 17th July, 2024 on the contents of the Supplementary I and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate from 17th - 18th July , 2024.

11. The Committee deliberated on the issues contained in the Supplementary Estimates No.I and subsequently adopted the report.

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

1.7 Acknowledgement

13. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2024/2025 Supplementary Estimates No. I.

14. On behalf of the Departmental Committee on Administration and Internal Security, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2024/2025 Supplementary Estimates No. I with respect to the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority.

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

PART II

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES - OVERALL EXPENDITURES

15. The supplementary Budget was prepared against a background of inadequacy in additional funding that was to be raised through measures as contained in Finance Bill 2024. Given that the Finance Bill was not assented to as was required, consequently, the Appropriation Act had expenditures amounting to KSh 344.3 billion which was not financed.

16. To partly deal with this shortfall, The National Treasury has proposed to the National Assembly to cut expenditures amounting to **KSh. 121.7 billion**, to be implemented in the context of supplementary I as detailed in Table 1.

Table 1: Overall supplementary I Analysis (KSh. Millions)

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation	Percentage Deviation
			Ksh. Million	Ksh. Million	Ksh. Million	%
1	National Government	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*(34,047.53)*	*-2.1%*
		Development	*746,335.91*	*623,984.67*	*(122,351.24)*	*-16.4%*
		Total	***2,378,432.51***	***2,222,033.75***	***(156,398.76)***	***-6.6%***
	o/w Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*-2.0%*
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*-16.2%*
		Total	***2,309,194.21***	***2,158,070.73***	***(151,123.48)***	***-6.5%***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*-6.3%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*-50.0%*
		Total	***44,598.00***	***40,865.50***	***(3,732.50)***	***-8.4%***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*-3.2%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*-50.0%*
		Total	***24,640.30***	***23,097.52***	***(1,542.78)***	***-6.3%***
2	Consolidated Fund Services		1,213,453.00	1,237,233.80	23,780.80	2.0%
3	County Equitable Share		400,117.00	410,951.00	10,834.00	2.7%
	Total (1+2+3)		3,992,002.51	3,870,218.55	(121,783.96)	-3.1%

2.1 OVERVIEW OF SUPPLEMENTARY ESTIMATES I FOR MDAs

17. Unlike the previous Supplimentarries which were comprised of reallocations, absolute increases, and reduction of expenditures, the proposed supplementary for the MDAs under the purview of the Committee is purely proposed reductions across various votes. For example, the Executive Office of the President has seen its proposed allocation revised downwards by 34 percent. Some of the agencies with the highest cuts include, Office of the Deputy President with a proposed reduction of 44 percent, State House with a proposed reduction of 54 percent and Office of the Prime Cabinet Secretary with a proposed reduction of 36 percent among others as detailed in Table 2.

18. The implication of such changes is twofold: either the programmes/heads/sub-items or agencies facing budgetary cuts can accommodate the reduction by using the remaining funds efficiently, or the proposed cuts when effected, will lead to downward review of performance targets as had been set at the time of approving the annual estimates.

Table 2: Summary of Proposed Supplementary Expenditures 2024/2025- (KSh. Millions)

	Approved Estimates			Proposed Revised			% Reduction		
Vote	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1011	5,432.2	5.0	5,427.2	3,584.5	5.0	3,579.5	34.0%	-	34.0%
1012	4,896.0	3.3	4,892.7	2,698.2	3.3	2,694.9	44.9%	-	44.9%
1013	1,140.8	-	1,140.8	721.7	-	721.7	36.7%		36.7%
1014	458.3	-	458.3	363.9	-	363.9	20.6%		20.6%
1015	597.1	-	597.1	507.8	-	507.8	15.0%		15.0%
1016	275.1	-	275.1	228.7	-	228.7	16.9%		16.9%
1017	9,496.0	2.1	9,493.9	4,307.5	2.2	4,305.3	54.6%		54.7%
1024	11,014.8	3,945.0	7,069.8	9,874.3	3,945.0	5,929.3	10.4%	-	16.1%
1025	110,552.1	-	110,552.1	107,842.4	-	107,842.4	2.5%		2.5%
1026	35,877.1	92.9	35,784.2	27,325.1	92.9	27,232.2	23.8%	-	23.9%
2101	1,131.3	-	1,131.3	1,008.0	-	1,008.0	10.9%		10.9%
2151	1,107.7	-	1,107.7	1,088.6	-	1,088.6	1.7%		1.7%

PART III

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES

19. The Ministry, Departments and Agencies appeared before the Committee from 17th -18th July, 2024 to deliberate the contents of the 2024/2025 Supplementary I. The detailed presentations made to the Committee are annexed to this report.

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

3.1 EXECUTIVE OFFICE OF THE PRESIDENT

The Committee held a consultative meeting with the delegation from the Executive Office of the President led by the Principal Administrative Secretary, Mr. Arthur Osiya, EBS on Thursday, 18th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

21. In the Approved Estimates for the FY 2024/25, the total allocation was **Ksh 5.432Billion** of which the Recurrent Estimates was **Ksh 4.231Billion** and Development Estimates was **Ksh 1.200Billion**.

22. In the Supplementary Estimates I the overall allocation is **Ksh 3.584Billion** which is recurrent Estimates only. The Executive Office of the President has lost a total of **Ksh 1.848Billion** of which Recurrent Estimates is **Ksh 646.8Million** and **Ksh 1.2Billion** is under the Development Estimates.

23. Overally, all the programmes have been affected since the deduction was on operation and maintenance items in the budget. Deductions per program is as detailed below: -

S.NO	Programme	Approved Estimates Ksh.	Revised Estimates Ksh.	Deduction Ksh.
1.	General Administration Planning and Support Services	1,891,034,139	1,232,071,323	658,962,816
2.	Government Advisory Services;	1,277,494,730	1,129,851,841	147,642,889
3.	Government Printing Services;	1,417,396,876	711,886,586	705,510,290
4.	Leadership and Coordination of Government Services	846,264,374	510,664,881	335,599,493
	TOTAL	**5,432,190,119**	**3,584,474,631**	**1,847,715,488**

24. The most affected programmes are the Government Printing Services, General Administration and Planning and Support Services and the Leadership and coordination of government services.

25. The Executive Office lost the whole of the development budget under the following projects;
    a) General Works at the Cabinet Affairs Office, Kshs. 14,300,000.
    b) National Fund for the Disabled of Kenya, Kshs. 328,600,000.
    c) Directorate of Resource Survey and Remote Sensing Kshs. 158,000,000.
    d) Modernization of Press & Refurbishment of Buildings at GP Kshs. 700,000,000.

26. The Government Printing Services lost a total of **KSh.700Million, Ksh. 600Million** being for purchase of equipment and **Ksh.100Million** for refurbishment of the government press building which is in dire need for safe operating and modern working environment.

27. The Directorate of Resource Survey and Remote Sensing lost **Ksh.158Million.** The most affected spending items are calibration of equipment, purchase of software & survey equipment and research and feasibility studies. Being a facilitator in the achievement of BETA plan though research, this will hinder the implementation of the BETA priorities.

28. Grants totaling to **Ksh.328.6 Million** for the **National Fund for the Disabled of Kenya** was deducted. This fund provides for social economic integration of persons with disability through provision of mobility aids and variety of vocational tools of trade.

29. The Office through the Directorate of Remote Sensing Surveys; carry's out research that covers field work where technical staff undertake spatial data collection, validation and analyses information which is used to inform planning, decision making and policy formulation. All these are geared towards supporting realization of the Government BETA plan in the following key thematic areas; affordable housing program; food security; climate change and 15 Billion Trees Planting Initiative.

30. The budget cuts will negatively affect all the operations of the office. However, the most affected programmes are;

a. Government Printing Services

31. The Government Printer has been grossly underfunded over the years. In the spirit of reviving it; H.E the President established a taskforce for reviewing the status for modernization of the government press, the report is in its final stages. Once the department is modernized and operates at full capacity, it will generate revenue and support its operations.

32. In the FY2024/25 a total of **KSh.700 Million** allocated for purchase of equipment, printing machine repairs and refurbishment of buildings under capital expenditure. In the current supplementary, the total budget allocated has been removed. In light of this budget cut the Government Printer will continue operating with its old equipment and therefore not operate at its optimal level.

b. Directorate of Resource Surveys and Remote Sensing (DRSRS)

33. To be able to carry out spatial data collection, the Directorate of Resource Surveys and Remote Sensing (DRSRS) needs funds for Research; totally deducting these funds will incapacitate the Directorate hence poor data collection or no data collection to inform on the BETA projects.

c. Kenya International Boundaries Office (KIBO)

34. The Executive Office of the President through the Kenya International Boundary Office (KIBO) undertakes Joint activities for the reaffirmation of the Kenya Boundary with Tanzania, Uganda and South-Sudan. The process involves reconnaissance surveys and inspections, border community sensitization and peace building, reaffirm boundaries to support establishment of points of entry, repair and construction of boundary pillars, preparation and maintenance of boundary vista, and preparation of cartographic boundary maps. These activities culminate in the preparation of boundary treaty documents for ratification and depositing with the African Union and United Nations.

35. In light of this, deducting the funds under domestic, foreign and hospitality budget items will greatly affect implementation of these critical boundary reaffirmation activities.

d. Temporary committee's expenses

36. The office has two on-going taskforces and a tribunal; Taskforce for Review of Legal and Regulatory Framework Governing Religious Organizations and Taskforce on Modernization of Government Press and tribunal for the removal of Hon. Justice Kullow from office. The initial budget requirement for the taskforces and tribunal is **Kshs.852.8 Million.** The total allocation in FY 2023/24 was **Ksh. 351Million** leaving a balance of **Ksh. 501.8Million.**

37. The initial budget allocation for these taskforces and tribunal in FY2024/25 is KSh. 210Million, but has been reduce to **KSh.168Million** in the supplementary budget. This budget cut will impact negatively on the operations of these taskforces and tribunal.

e. Carry Overs for 2023-24

38. The FY2023/24 Supplementary II Budget Estimates were approved towards the end of June 2024. The Office received a total of **KShs. 4.368 Billion** in exchequer releases against an approved budget of **KSh. 5.22Billion**. This implies that approximately **KSh. 860Million** was not funded.

39. The office however has commitments of the unfunded budget and is finalizing its reconciliation to determine the exact amount of the carryovers from FY23/24.

40. The proposed budget cuts will negatively affect the settlement of FY2023/24 carryovers as required by law and will also impede implementation of the planned activities for FY2024/25.

f. Betting Control and Licensing Board (BCLB)

41. BCLB is mandated to control, license and facilitate recovery of tax derived from the gaming activities. In the FY2023/2024 the Board has generated from licenses and permit fees more than **Kshs. 200 million** and facilitated collection of taxes from gaming and betting activities amounting to more than **Ksh. 24 billion**.

42. The proposed budget cuts will affect enforcement activities in eradication of illegal gambling, supervision of draws and Casino activities and promotion of responsible gambling and public sensitization activities. The result will be reduced revenue, proliferation of illegal gambling activities and other associated criminality including money laundering and Terrorism Financing.

43. In light of the important role BCLB Plays in supporting revenue generation which is a priority in the BETA, the office appeals that a budget cut of **KSh.14 Million** under Hospitality and domestic travel for BCLB for board operations and for field inspection gaming establishments be re-instated.

g. Office of the Government Spokesperson (OGS)

44. The office of the Government Spokesperson, a newly established office, is at its infancy and therefore needs personnel, modern communication equipment and an ideal working environment.

45. The office therefore requests for reinstatement of the proposed budget cuts of **KSh. 15.7Million.**

h. State Corporations Advisory Committee

46. To support the board activities, the office requires KSh.17Million in a year. The advisory committee also has pending claims for FY2023/24 totaling KSh.4Million. The proposed budget allocation in Supplementary budget 1 of **KSh. 6.24Million** will therefore not be sufficient to support board operations. The office therefore appeals for reinstatement of **KSh. 14.63Million** under Hospitality and domestic travel to support board operations.

3.2 OFFICE OF THE DEPUTY PRESIDENT

47. The Principal Administrative Secretary in the Office of the Deputy President, Mr. Patrick Mwangi, led a delegation from the Office of the Deputy President on Wednesday 17th July 2024. They submitted to the Committee as follows:

    a. The budget allocation for 2024/25 was **Kshs. 4.896 billion** comprising of **Kshs 4.576 Billion** recurrent expenditure and **Kshs. 320.4 Million** for development expenditure. In supplementary budget I, the allocation decreased by **Kshs. 2.157 billion** to **Kshs. 2.739 million.** The recurrent budget has been reduced by **Kshs. 1.836 million** to **Kshs. 2.739 million**. Development budget has been reduced by 100%.

b. The most affected programmes with the budget cuts are, office of the spouse of Deputy President with a budget cut of **Kshs. 557, 565,241**. This included a reduction of salaries for contracted staff of **Kshs. 57,565,241**. Domestic travel and hospitality will also be affected.

c. The impact of the reduction in budget allocation will be in facilitation of H.E Deputy Presidents engagements, overseeing reforms in agricultural sector such as coffee, avocado, potatoes among others, promoting social values by curbing social vices, coordinating the planning and supervision of Development Partners funded programmes and projects.

d. The 50% reduction of the medals and awards for Presidential Honors and Awards allocation will aggravate the backlog of unissued medals.

e. The refurbishment of Harambee Annex in 5th and 6th Floor for construction of Cabinet meeting rooms will be affected.

f. The Office requests for reinstatement of the allocation to ensure that the office of the Deputy President achieves its Constitutional mandate

3.3 OFFICE OF THE PRIME CABINET SECRETARY

48. The Committee held a consultative meeting with the delegation from the Office of the Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs led by Chief of Staff Mr. Joseph N. Busiega, MBS, ndc(K) on Thursday, 18th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

a. The total resource requirements to facilitate effective coordination and supervision of Government operations in FY 2024/25 amounts to **Ksh 2,345.2 Million** comprising of **Ksh 232 Million** for Compensation to employees, **Ksh 173.2 Million** contractual obligations and **Ksh 1,940 Million** for other recurrent expenditures.

b. The approved FY 2024/25 Budget Policy Statement (BPS) Ceilings for the OPCS is **Ksh 1,502.10 Million**. In this regard, the OPCS finalized and submitted to the National Treasury the final FY 2024/25 budget in line with the approved BPS ceilings.

c. However, Following the Presidential Directive on rationalizing of FY 2024/25 allocations, the OPCS FY 2024/25 Budget was reviewed downwards to **Ksh 1,140.79 Million** from the approved BPS ceiling level of **Ksh 1,502.10 Million**.

d. The initial rationalization of FY 2024/25 reduced O&M budget by **Ksh 361.31 Million** which was **28.45%** of the approved O&M BPS ceiling of **Ksh 1,270.10.** In addition, the rationalization raised the overall budget shortfall from the initial Ksh **843.1 Million** to **Ksh 1,204.41 Million.**

e. The approved FY 2024/25 Estimates for the Office of The Prime Cabinet Secretary OPCS

amounts to **Ksh 1,140.79 Million,** comprising of **Ksh 232 Million** for Compensation to employees, **Ksh 173.2 Million** contractual obligations and **Ksh 735.59 Million** for other recurrent expenditures.

f. The Proposed FY 2024/25 Revised Estimates No I. has reviewed the approved estimates for the OPCS from **Ksh 1,140.78 Million** to **Ksh 721.71 Million** comprising of **Ksh 232 Million** for Compensation to employees, **Ksh 173.2 Million** contractual obligations and **Ksh 316.51 Million** for other recurrent expenditures.

g. The rationalization of the FY 2024/25 approved budget has reduced the OPCS recurrent budget by **Ksh 419.07 Million**. The proposed cuts comprise of **Ksh 287.65 Million** from the approved Use of goods and services budget and **Ksh 131.42 Million** from the approved Acquisition of Non-Financial Assets budget.

h. The proposed Supplementary Estimates No. I has the net effect of reducing the approved Operations and Maintenance Budget by **46.11%.**

i. The proposed Supplementary Estimates No. I will therefore increase the overall budget shortfall in FY 2024/25 to **Ksh 1,623.49 Million**. This shortfall will hinder effective coordination and supervision of Government operations by the OPCS.

j. The implementation of the above proposed budget cuts will affect full operationalization of the OPCS programmes which will lead to inadequate and in-effective coordination services across MDAs.

k. The achievement of the targets and objectives of the OPCS will be adversely affected by the downward revision on various budget items which will in turn hinder the OPCS operations in ensuring effective Coordination and supervision of implementation of National Government Policies, Programmes and Projects including the BETA priorities.

49. Expected impact of the budget revisions on OPCS Targets include;

a. Low Facilitation of the PCS while on official duty and representing the President on state functions both locally and abroad
b. Stalling of Phase III of the Refurbishment works at the Kenya Railways Headquarters.
c. Deferred operationalization of National Government Dashboard and the situation room, hence uncoordinated implementation of Government Policies, Programmes and Projects including BETA priorities.
d. Slow Operationalization of the National Government Coordination Organs.
e. Non-acquisition of necessary office, ICT and transport equipment for the staff deployed to the OPCS.

3.4 STATE DEPARTMENT FOR PARLIAMENTARY AFFAIRS

50. The Committee held a consultative meeting with the delegation from the State Department

for Parliamentary Affairs led by the Principal Secretary, CPA Aurelia Chepkirui Rono, CBS on Thursday, 18th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

a. The State Department had a total approved budget estimates in FY 2024/25 of **Kshs. 458.2 million**. The revised budget in the Supplementary 1 is **Kshs. 363.9 million** reflecting a budget cut of **kshs. 94.3 million.**

b. The most affected programmes are :-
   i. Parliamentary Liaison and Legislative Services at **Kshs. 33 million;**
   ii. Policy Coordination and Strategy at **Kshs. 30.7 million;**
   iii. The General Administration, Planning and Support at **Kshs. 30.6 million.**

c. The budget cuts will lead to the following:-
   i. Inadequate monitoring and evaluation of the implementation of the GLA leading to gaps in oversight and accountability;
   ii. Lack of sensitization and awareness on the development of National Government Legislation Guidelines leading to inconsistencies and inefficiencies in policy and legislation formulation;
   iii. Delayed finalization of development of the Parliamentary Liaison Framework impairing structured coordination efforts.
   iv. Ineffective coordination of Parliamentary Liaison Services across MDAs resulting in communication breakdowns and operational inefficiencies;
   v. Limited collaboration with Parliament on the Executive's implementation of Parliamentary Resolutions and Executive's undertakings to Parliament hindering effective governance and legislative follow-through;
   vi. Inadequate monitoring nad evaluation of the implementation of the Public Policy Handbook;
   vii. Fragmented policy information due to lack of establishment of the Public Policy Repository;
   viii. Lack of sensitization and awareness on development of National Government Policy Guidelines leading to inconsistencies and inefficiencies in policy and legislation formulation;
   ix. Limited policy research and policy advisory briefs leading to reduced evidence based policy recommendations;
   x. Reduced policy effectiveness as a result of inadequate public policy review;
   xi. Inadequate capacity building on public policy;
   xii. Operational inefficiency and reduced productivity due to lack of working tools, equipment, ICT infrastructure and such other facilities as are necessary to support the State Department's core mandate;
   xiii. Limited mobility and responsiveness of staff due to lack of purchase and maintenance of motor vehicles therefore affecting service delivery;
   xiv. Low performance as a result of inadequate staffing;
   xv. Inadequate monitoring and evaluation of the implementation of State Department's programmes; and
   xvi. Slowed implementation of cross cutting issues.

3.5 STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT

51. The Acting Principal Secretary, Amos N. Gathecha, appeared before the Committee on Thursday 18th July, 2024 and submitted as follows;

    a. The department has been allocated a recurrent budget of **Kshs. 597.11 million** FY 2024/25. This was further revised downwards to **Kshs. 507.9 million** resulting to a shortfall of **Kshs. 89.3 Million**. There was no development budget for the State department.

    b. The reduction of 15 % in the revised budget will have a significant adverse effect on **Public Service Performance Management** with a reduction of **Kshs. 84.7 Million, General Administration Planning and Support Services** with a reduction of **Kshs. 176.8 Million, Coordination and Supervision of Government Services** budget cut of **Kshs. 40.3 Million** and **Service Delivery Management** with a budget cut of **Kshs. 206 Million.**

    c. The notable reduction under the Public Performance Management Programme in FY 24/25 will have a significant adverse effect on placing MDAs on Performance Contracts and undertaking Performance Evaluation. Government Delivery Services Programme which is done through field activities has received inadequate funds. Domestic travel and hospitality supplies and service budget items have been reduced by 50% will have an adverse effect on the efficiency and effectiveness of the implementation of its core functions since it entails extensive travelling meeting agencies, monitoring and evaluating activities.

    d. The Department requested reinstatement of **Kshs. 89.3 Million** to coordinate and prioritize fast-tracking of projects and programmes in Kenya, review performance contracting guidelines and monitor and evaluate project implementation.

3.6 STATE DEPARTMENT FOR CABINET AFFAIRS

52. The Committee held a consultative meeting with the delegation from the State Department of Cabinet Affairs led by the Principal Secretary Dr. Idris Salim Dokota, PhD on Thursday, 18th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

    a. The Approved Estimates have been proposed for reduction from **KSh. 275.1** million to **KSh. 228.7** million under the FY2024/25 Supplementary Estimates No. 1. This reflects a decrease of **KSh.46.4** million on account of rationalization of expenditures.

    b. The key Indicative performance targets linked to programmes and projects, for the Cabinet Affairs Sub-Sector Vote during the period will be adversely affected by the proposed cuts as follows;
    c. The State Department is in the process of developing and implementing the Cabinet Decisions and Presidential Directives Management Information System for monitoring the implementation status of all cabinet decisions and presidential directives.

d. The State Department also gives Secretariat and Technical Backstopping to Cabinet Committees in terms of Coordination and preparation of policy briefs, Cabinet Memos, scheduling of submissions, setting the timetable and agenda for Cabinet Committees; and Review and analysis of all proposed policy and legislation to ensure they are of quality and developed in a transparent manner considering best practices in policy development.

e. Overseeing and coordination of implementation of Cabinet Decisions and sectoral Best Practices across Government which involves Bi-annual Sectoral Meetings to track the implementation of Cabinet Decisions, Presidential Directives and progress reporting.

f. To support the above, the State Department has commenced the process of establishing a Dashboard to capture the implementation of all Government Programs and Projects.

g. Coordination, planning and supervision of the implementation of development partners' funded programs and projects, as well as harmonizing resource mobilization efforts and alignment to Kenya Kwanza Government Agenda. The successful implementation of this programme is by utilizing a multi – sectoral approach.

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

3.7 STATE HOUSE

53. The Committee held a consultative meeting with the delegation from the State House led by the State House Comptroller, Hon. (Dr.) Katoo Ole Metito on Thursday, 18th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

a. The total approved budget for State House in the FY2024/25 was **KSh.9,496 million**. This has been revised in Supplementary Estimates No.1 to **KSh.4,382 million** reflecting a budget cut of **KSh.5,114 million (54%)**.

b. Overall variation to the approved FY2024/25 recurrent and development budget is highlighted below:-

Vote	Sub-Programme	Approved Estimates FY2024/25 KSh. Million	Revised Estimates FY2024/25 KSh. Million	Change in Estimates KSh. Million
Recurrent	Coordination of State House Functions	7,290.61	3,835.03	(3,455.58)

	Administration of Statutory benefits for the retired Presidents	646.69	547.45	(99.24)
	Sub-Total	**7,937.30**	**4,382.48**	**(3,554.82)**
Development	Coordination of State House Functions	1,558.70	0.00	(1,558.70)
	Sub-Total	**1,558.70**	**0.00**	**(1,558.70)**
Grant Total		**9,496.00**	**4,382.48**	**(5,113.52)**

c. State House is implementing one (1) programme; **State House Affairs** and two (2) sub-programmes; **Coordination of State House functions** & **Administration of Statutory Benefits for the Retired Presidents.** The approved estimates for these sub-programmes have been revised downward by **57%** and **15%** respectively.

d. The most affected areas are Office of the First Lady's programmes and initiatives, advisory services and overall State House programmes and activities.

e. Additionally, spending items such as Presidential visits, National celebrations, State hospitality and maintenance of both residential and non-residential buildings among others are the most affected items.

f. State House development allocation of **KSh.1,558.70** has been revised to zero. The affected projects are as listed below;

i. Refurbishment of Buildings - Nairobi State House;
ii. Purchase of Specialised Plant, Equipment & Machinery;
iii. ICT Networking & Communications Equipment (Nairobi);
iv. Construction and Other Civil Works;
v. Refurbishment of Buildings at Eldoret State Lodge;
vi. Refurbishment of Buildings at Sagana State Lodge;
vii. Phase 2-Refurbishment of Fence and Main House at Mombasa State House;
viii. Refurbishment of buildings at Nakuru State House;
ix. Refurbishment of Buildings at Kisumu State Lodge;
x. Refurbishment of Buildings at Kakamega State Lodge;
xi. The Mechanical Garage;
xii. Kisii State Lodge; and
xiii. Refurbishment of Buildings at Mtito Andei State Lodge.

g. State House is an enabler of the BETA programmes and projects. The role entails: -
i. Providing policy advisory on key priorities areas and strategic interventions in line with BETA;

ii. Tracking and reporting on the implementation of Government priorities and commitments of BETA;
iii. Following up and reporting on the policy execution on BETA priorities;
iv. Pursuing initiatives that address the socio-economic issues of the vulnerable and special interest groups; and
v. Convening multi- stakeholder forums on the BETA core pillars and enablers to ensure harmony and coherence in execution and attainment of BETA priorities.

h. The impact of changes in budget estimates are as follows: -
i. Contractual obligations will not be met fully as budget for supply of essential goods and services has been rationalized;
ii. Implementation of the ongoing Development projects will be affected;
iii. The FY2024/25 targets in the Strategic Plan 2023-2027 will be reviewed to align with the current Budget.
iv. Some of the planned activities under administration of Statutory benefits for the retired Presidents will be scaled down; and
v. State House programmes and activities as per the Strategic Plan 2023-2027 require adequate funding and the budget has now been revised downward, this will adversely affect the execution of all planned programmes and activities.

3.8 STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES

54. Delegation from the State Department for Immigration and Citizen Services, led by Amb. (Prof) Julius Bitok, CBS appeared before the Committee on 17th July 2024 and submitted as follows:

a. The budget estimates for FY 2024/25 for the State Department was **Kshs. 14,960 Million**. This comprised of recurrent vote of **Kshs. 10,150 Million** and development vote of **Kshs. 4,810 Million.** The supplementary I estimate revised the budget downwards with a total deduction of **Kshs. 661 Million**. This comprises of recurrent vote **of Kshs. 9,903 Million** and Kshs. **4,396 Million** Development vote. Totaling to Kshs. **14,299 Million**.

b. The budget cut of **Kshs. 661 Million** will affect **General Administration and Planning** with a reduction of **Kshs. 73 Million, Population Registration Services** with a budget cut of **Kshs. 384 Million** and **Migration and Citizen Services** with **Kshs. 204 Million** revision of budget downwards.

c. The budget cuts will affect the Operation and Maintenance of offices in many parts of the country. The department will have challenges in maintaining Immigrant Attaches in Foreign Missions, this had an accumulation of pending bills amounting to **Kshs. 352,367, 360.**

d. The IPRS Upgrade and Rollout will be halted as the department had already contracted upgrading of the system which costed **Kshs 745.50 Million** with only a down payment of **Kshs. 40 Million** leaving a balance of **Kshs. 705 Million**.

e. National Registration bureau projects of building Registries (10) will not be completed, the contractors were demanding pay. Refurbishment and structural cabling of Nyayo House to create ample space for e-citizen, ETA, Banking Halls, New Machine rooms and other restructured functions will not be completed due to underfunding. The Budget cuts will affect the operations of E-Citizen Services that require regular system upgrade, public sensitization and regular monitoring and evaluation for MDAs, this will translate to low uptake of the on-boarding services and hence reduced revenue collection.

f. Management of sensitive operations in Refugees management and illegal Immigrants whose expenditure is confidential, is likely to impact on the security of the country. Civil Registration Field Services needed enhanced security of field offices to safeguard vital citizen data and government property from theft and vandalism due to the nature of services offered of processing birth certificates. This may not be realized due to the budget cuts.

g. The State Department requests for re-instatement of recurrent budget cuts mounting to Kshs. **247 Million** to enable operationalization of new field services and manage security operations.

3.9 NATIONAL POLICE SERVICE

55. The Committee held a consultative meeting with the delegation from the National Police Service led by the Ag. Inspector General of the National Police Service, Mr. Douglas Kanja, CBS on Wednesday, 17th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that:

a. In the approved estimates, the National Police Service was allocated a recurrent of **108,771,352,775** and development of **1,780,720,000.**

b. The National Police Service has an overall reduction of **KShs. 2.71 billion** comprising a reduction of **KShs. 928.91 million** and **KShs. 1.78 billion** for Recurrent and Development Budget Estimates respectively. The Development Vote has been reduced by 100%.

c. The National Police Service has one Programme namely Policing Services and five Sub-Programmes. Three (3) Recurrent spending Items have been mostly affected by the proposed budget cuts namely; domestic travel and subsistence, training expenses and confidential expenditure.

d. Part of the funds budgeted under domestic travel and training expenses were meant for recruitment exercise of 5,000 uniformed officers.

e. The affected sub-programmes are as shown below:-

S/NO.	SUB PROGRAMME	APPROVED ESTIMATES FY 2024/25	SUPPLEMENTARY ESTIMATES FY 2024/25	CHANGE IN ESTIMATES
1	Kenya Police Services	55,088.06	54,741.65	**(346.41)**
2	Administration Police Services	25,563.07	25,374.17	**(188.90)**
3	Criminal Investigation Services	10,062.08	8,830.68	**(1,231.40)**
4	General-Paramilitary Service	9,727.86	9,627.61	**(100.25)**
5	General Administration	10,111.01	9,268.34	**(842.67)**
	Total	**110,552.08**	**107,842.45**	**(2,709.63)**

f. The most affected spending items under the Recurrent budget estimates are indicated below:-

S/NO.	PROJECT CODE & TITLE	APPROVED ESTIMATES FY 2024/25	SUPPLEMENTARY ESTIMATES FY 2024/25	CHANGE IN ESTIMATES	REMARKS
1.	Domestic Travel and Subsistence, and Other Transportation Costs	742,788,592	555,278,149	(187,510,443)	The funds a part of the recruitment budget for 5,000 Uniformed Officers in the current financial year
2.	Training Expenses	563,562,672	315,850,138	(247,712,534)	
3.	Confidential Expenditures	951,827,597	475,913,797	(475,913,800)	The funds ar used i information gathering fo covert and over operations various parts the Country.
GRAND TOTAL		**2,258,178,861**	**1,347,042,084**	**(911,136,777)**	

g. The National Police Service had planned to implement the following **six (6)** BETA projects which have been reduced by 100%: -

i. Police Modernization Programme Kshs. 434.99 million;
ii. Construction of National Police Service Hospital Kshs. 30 million;
iii. Completion of Police Houses at Kamukunji, Pangani and Central Police Kshs. 12.2 million;
iv. Construction of 12 No. housing type E flats in Karatina Kshs.14.93 million;
v. Equipping and training for the National Forensics Laboratory Kshs. 300 million; and
vi. Construction of AP camps Kshs. 25.56 million.

h. The National Police Service was expected to implement 24 capital projects in the FY 2024/25. However, with the 100% budget cuts, none of the project will be implemented therefore impacting major areas that are critical for the NPS fulfillment of its mandate.

i. National Police Service requires additional funding amounting to **KShs. 29.78 billion** and **KShs. 2.7 billion** for Recurrent and Development respectively. The critical underfunded areas are:-

Recurrent: -

i. Insurance for National Police Service and Kenya Prisons Service (Medical and Group Life Covers) – Kshs. 11,566.53 million.
ii. Presidential Escort Unit & Recce and G Company - Kshs. 629.64 million.
iii. Recruitment of **5,000** Police Constables - Kshs. 2,150.42 million.
iv. General Administration Support Services - Kshs. 52.5 million.
v. Utilities- Kenya Police Service - Kshs. 777.84 million.
vi. Security operations-NPS, KPS, APS, DCI - Kshs. 2,249.02 v
vii. National Police Reserve - Kshs. 1,000 million.
viii. Purchase of ICT, Networking and Police Communication Equipment - Kshs. 1,123.46 million.
ix. Multi-Agency Security Operations (North Rift) - Kshs. 1,841.25 million.
x. Confidential Expenditure - Kshs. 1,099.64 million.
xi. Specialised Materials & Supplies (Forensic Lab Consumables) – Kshs. 480.15 million.
xii. Refined Fuel, Oil and Lubricants - Kshs. 300 million.
xiii. Operationalization of the Leadership Academy Ngong – Kshs. 300 million.
xiv. Maintenance of Motor Vehicles – Kshs. 150 million.
xv. Food and Rations - Kshs. 1,225.16 million.
xvi. Purchase of Uniform and clothing - Kshs. 2,952.17 million.
xvii. National Police Service Airwing Kshs. 1,000 million.
xviii. Purchase of Police and Security Equipment – Kshs. 330 million.
xix. Training and Capacity Building – Kshs. 422.4 million.
xx. Kanyonyo Hospital -Operations and Maintenance - Kshs. 129.32

Development

i. National Police Service Level 4 Hospital (Pending Bills) - Kshs. 948.63 million.
ii. Police Modernization - Kshs. 434.99 million.
iii. Construction of Police Stations and housing for Kenya Police Service, Administration Police Service, DCI and GSU - Kshs. 362.36 million.
iv. Equipping of the National Forensic Lab – Kshs. 300 million.

v. Maintenance of DCI Systems - Kshs. 100 million.
vi. Upgrade of Automatic Fingerprint Identification System - Kshs. 518.37 million.
vii. Public Participation Projects – Kshs. 35 million.

3.10 STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION

56. Delegation from the State Department for Internal Security and Administration led by Dr. Raymond V.O. Omollo, PhD, CBS, appeared before the Committee on 17th July 2024 and submitted as follows:

a. The State Department's initial approved budget was **Kshs. 35,877,114, 720**, which comprised of recurrent vote budget of **Kshs. 28,311,624,720** and development vote budget **of Kshs. 7,565,490,000.** This was revised downwards to Kshs. **27,329,808,830** for recurrent budget and for development vote budget **100%** budget cut.

b. The most affected programmes, projects and spending items are, **General and Administration and Support services,** with a reduction of recurrent vote **Kshs. 833 Million** and development vote of **Kshs. 6,500 Million** meant for Police Modernization and **Kshs. 20 Million** for Government Chemist; **Policy Coordination Services** with a reduction of **Kshs. 65 Million** for development; and **National Government Field Administration Services** with a development budget of **Kshs. 845 Million** and recurrent budget of **Kshs. 145 Million**.

c. The budget cut will have impact on the multi-agency security operations in various parts of the country experiencing banditry and other insecurity. The National Police Modernization Phase two will not be implemented, this was a 7 years phased out project, the Government Chemist laboratory refurbishment in Nairobi and Mombasa is expected to stall, Miritini Treatment and Rehabilitation Centre construction will also be affected due to 100 % development budget cut. Construction (84) and refurbishment (40) of earmarked administrative units will be affected.

d. The department requested the re instatement of the development vote and recurrent vote to facilitate completion of projects that are critical in security of the country, and the operationalization and refurbishment of administrative units. Additional budget will also facilitate security operations around the country.

3.11 NATIONAL POLICE SERVICE COMMISSION

57. The Committee held a consultative meeting with the delegation from the National Police Service Commission led by Chief Executive Office Mr. Peter Leley on Wednesday, 17th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

a. The overall variation to the NPSC approved 2024/2025 recurrent shows a significant

deviation amounting to **Kshs 120,992,871.** This deviation primarily affects the budget allocated for operations and maintenance, which has been reduced from **Kshs. 419,812,317** to **Kshs. 298,819,446** which translates to **28.82%** reduction. Despite maintaining the budget for personal emoluments at **Kshs 711,460,000,** the overall total budget has decreased from **Kshs. 1,131,272,317** to **Kshs. 1,010,279,446.** This reduction in the operations and maintenance budget will impair the Commission's ability to effectively manage its essential functions and carry out its mandated responsibilities.

b. The budget breakdown for the financial year 2024/2025 provides a detailed overview of how funds are allocated across various expenditure categories. Of particular note is the allocation for operations and maintenance, which is further segmented into non-discretionary expenditure itemssuch as utilities, rent, insurance, gratuity, and contracted professionals. These essential expenses leave the Commission with **Kshs. 159.48 million** to cover all other operating expenses for the entire year.

c. In line with the budget rationalization, the Commission has reviewed its schedule of key performance indicators and performance targets for the National Police Service Human Resource Management program in the financial year 2024/2025. These indicators are crucial for monitoring and evaluating the effectiveness of HR services, counseling management, and administrative standards within the National Police Service.

d. A reduction in this budget will incapacitate the Commissions operations and hinder its ability to execute its mandate and its major programmes on: -

   i. The recruitment of 10,000 Police Officers earmarked to be undertaken in the first quarter of the 2024/2025 financial year.
   ii. The proposed budget cuts will severely limit the Commission's capacity to implement and support this new system. The necessary infrastructure and networking capabilities required for the digital recruitment process will be compromised. This includes the procurement of hardware and software, training for staff and applicants, and the establishment of support centers to assist candidates during the application process.
   iii. The budget reduction will affect the Commission's ability to conduct outreach and sensitization programs, which are crucial for informing potential candidates about the new recruitment process and encouraging a diverse rangeof applicants. These programs are essential to ensure that the recruitment process is inclusive and reaches candidates from various regions and backgrounds.

e. The Commission requests the Committee to support the approval of additional financial allocation to the National Police Service Commission, for implementation of key programs and welfare programs.

3.12 INDEPENDENT POLICING OVERSIGHT AUTHORITY

58. The Committee held a consultative meeting with the delegation from the Independent Policing Oversight Authority (IPOA) led by Chief Executive Officer Mr. Elema Halake, SS

on Wednesday, 17th July, 2024 to consider the 2024/2025 Supplementary Budget Estimates I. The Committee was informed that: -

a. The approved 2024/25 Budget Estimate, the Independent Policing Oversight Authority (IPOA) was allocated a gross **recurrent budget** of **Kshs. 1,107.67 Million** comprising of **Kshs. 832.38 Million** Compensation to Employees and **Kshs. 275.29 Million** Operation & Maintenance. The estimate was further rationalized downward by **Kshs. 17.28 Million** in the operation and maintenance expenditure lines on account of the recent directives on rationalization of the annual budget to align to the revised fiscal framework by the National Treasury.

b. The overall decline of the operations and maintenance by **Kshs. 123.96** from the baseline will have a significant effect on the performance of the Authority towards itsattainment of its strategic objectives. The Authority has a backlog of **2,864** cases pending for investigations due to inadequate budgetary allocation and staffing levels. The Authority request the enhancement of budgetary allocation to reduce the backlog of cases and fast track administrative justice.

c. Limited accessibility to IPOA services due to extensive coverage areas by the existing offices. The Authority request additional funds for expanding service reach through establishment of two (2) additional regional offices and complaint intake desks at Huduma Centers.

d. The Authority has flagged out **Kshs.164.66 Million** out of the deficit of **Kshs. 920.98 Million** as critical expenditure lines that require additional funding on priority basis for effective discharge of the IPOA's mandate.

e. The Authority requests for additional **Kshs.39 million** in the Insurance costs expenditure line for implementation of the following;

f. To cater for deficit of **Kshs.34.5 Million** in the medical insurance **ongoing contract**. The funds are meant to cater for medical insurance costs for 298 staff.The Authority's annual medical insurance cost is **Kshs.70 Million**.

g. To cater for the deficit on General Life & WIBA cover for 298 staff. The Authority's mandate is mainly field based and involves traveling across the Country to conduct investigations, inspections of police facilities and monitoring of police operations.Due to the nature of operations and the high risk involved, the Authority requiresadditional **Kshs.4 million** to bridge the existing deficit. On average the Authorityspends **Kshs.8 million** on GL/WIBA per annum.

h. The Authority thus requests that the following be considered and approved:-
   i. The full budget ceiling of **Kshs. 1,107.67 Million** proposed by the National Treasury for 2024/25 financial year, as contained in the FY2024/25 draft budget estimates;
   ii. Reinstatement of the Budget cut **Kshs.17.28 Million** to bridge the existing deficitin

order to maintain a fair operate level.

iii. Additional resources amounting to **Kshs. 164.7 Million** in order to effectively deliver on its planned performance target for FY 2024/25.

PART IV

4.0 COMMITTEE OBSERVATIONS

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

a. Executive Office of the President

1. The Approved Estimates have been proposed for reduction from KSh.5.4 billion to KSh.3.6 billion under the FY 2024/25 Supplementary Estimates No.1, reflecting a decrease of KSh.1.8 billion on account of rationalization of expenditures.

2. Under recurrent expenditures, the proposed cuts mainly targeted use of goods and services with a proposed reduction of 23 percent, compensation to employees by 15 percent and other Recurrent by 62 percent.

3. The proposed reduction of development budget by 100 percent, if effected would severely affect the operations of Government Printer which had been allocated KSh. 700 million in the annual estimates towards modernisation of its equipment. Failure to address the needs of the Government Printer may bring the crucial services to a halt.

4. The earmarked budge cuts across all the programmes implies the planned targets would not be achieved as planned and therefore the Office would be forced to revise its programme targets to reflect the level of funding.

5. The proposed cut would worsen the fiscal situation of the Office given that they had started the FY 2024/25 with carry overs/pending bills which are required by law as first charge. Should the cuts be effected, the implementation of the budget of the FY 2024/2025 would be impeded.

b. Office of the Deputy President

1. The Approved Estimates for the Office has been proposed for reduction from KSh.4.9 billion to KSh.2.7 billion under the FY 2024/25 Supplementary Estimates No. 1, reflecting a net decrease of KSh.2.2 billion on account of rationalization of expenditures.

2. The allocation to the Spouse to the Deputy President has been proposed for reduction to zero and the programmes by the Office, forthwith have been discontinued. However, the Committee observed that the Staff under the defunct office had signed a contract with the Office of the Deputy President and any discontinuation of their services may attract litigation.

3. The Committee further observed that there was a need to review the allocation towards medals, awards and honours due to the prevailing economic circumstances. The item line for medals had proposed revised allocation of KSh. 125 million.

4. The Confidential Expenditure for the Office had been proposed for reduction from KSh. 320 million to zero in line with the government policy to reduce such expenditures.

5. The Committee also observed that the Office was undertaking functions related to the Ministry of Agriculture and the National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA). There was need for these activities to be funded from their respective MDAs. The allocation for such duplicated activities included KSh. 20 million towards Alcohol, Drugs and Substance Abuse and KSh. 183 million towards Coffee Sector Implementation Committee.

c. Office of the Prime Cabinet Secretary

1. The allocation to the Office is being proposed for reduction by KSh. 419.1 million from KSh.1,140 million to KSh. 721.7 million on account of rationalization of expenditures.

2. The proposed cuts, if effected would lead to stalling of Phase III of the Refurbishment works at the Kenya Railways Headquarters. The Refurbishment works was reduced by 100 percent in line with the policy of the government to rationalise such expenditures by 100 percent.

3. The proposed cuts would also lead to deferment of the operationalization of the National Government Dashboard and situation room, resulting in uncoordinated implementation of Government policies, programmes and projects including BETA priorities. Despite the looming negative impact of the cut, the affected areas were observed to be an overlap with the activities of the State Department for Performance and Delivery Management.

d. State Department for Parliamentary Affairs

1. The Approved Estimates for the State Department had been proposed for revision from KSh. 458.3 million to KSh. 363.9 million on account of rationalization of expenditures.

2. The impact of reduction would lead to scaling down of performance targets as had been set in the Annual estimates. Some of the notable targets to be revised include the number of officers trained on parliamentary liaison services from 129 to 52, number of technical officers' capacity built on public policy handbook from 25 to 15 among others.

3. Legislative Agenda Tracking System was grossly underfunded. The impact of the underfunding would lead to the State Department not achieving its core mandate as enshrined in the Executive Order No. 1 of 2023.

e. State Department for Performance and Delivery Management

1. The proposed cut amounted to KSh. 89.3 million from KSh. 597.1 million in the Annual Estimates to KSh. 507.9 million on account of rationalization of expenditures.

2. The major implication of the proposed cut if effected, would lead to review of performance targets downwards. The key targets to be affected included reduction in evaluation of 453 MDAs to 226, Reduction in provision of ICT equipment and network infrastructure from 100% to zero and not being able to develop Government Coordination Information System (GCIS).

f. State Department for Cabinet Affairs

1. The Approved Estimates have been proposed for reduction from KSh.275.1 million to KSh.228.7 million under the FY2024/25 Supplementary Estimates No. 1. This reflects a decrease of KSh.46.4 million on account of rationalization of expenditures.

2. The proposed cuts included Communication, supplies and services cut by 20 percent (KSh. 1.6 million), Domestic Travel and subsistence cut by 50 percent (KSh. 16.1 million) and purchase of office furniture cut by 100 percent (KSh. 7.8 million) among others.

g. State House

1. The supplementary Estimates No. 1 proposes to reduce the budget for State House by KSh. 5,188 million from KSh. 9,496 million to KSh. 4,307 million, representing a proposed reduction of 54.7 percent. All the Development projects has also been proposed for 100 percent reduction.

2. The major proposed reductions under the recurrent were under the Office of the 1st Lady, whose budget is being proposed for reduction from KSh 696.6 million to zero in line with the policy pronouncement by the government on such offices; State House Nairobi- KSh. 2,199 million, Policy Analysis and Research – KSh. 589 million and Administration of Statutory Benefits to Retired Presidents/Vice Presidents and other designated State officers by KSh. 113 million.

3. The impact of the proposed reduction of development budget by 100 percent, if effected would lead do delay in completion of the multi-year projects which had been ongoing. Additionally, the Committee observed that the Government faces risks of incurring high costs of completing the projects due to project overruns.

4. The Committee further observed that there was need to restore a budget of KSh.

3,377 million to enable State House to meet their existing contractual obligations including wages for public servants who were working under the defunct Office of the first lady.

h. State Department for Immigration & Citizen services

1. The Approved Estimates have been proposed for reduction from KSh.14.9 billion to KSh.14.3 billion under the FY 2024/25 Supplementary Estimates No. 1, reflecting a decrease of KSh.689.4 million on account of rationalization of expenditures.

2. The department have had several challenges in maintenance of Immigration attachees in foreign missions occasioned by critical underfunding over the years hence accumulation of pending bills amounting to KSh. 352.4 million. The proposed reductions would worsen the operations of its immigration attachees in foreign missions.

3. Carry overs from FY 2023/24 - At the close of FY 2023/24, the Development funding was not received in full hence payments were not completed. This resulted to carry overs/Pending Bills which forms the first charge of the FY 2024/2025. The pending bills would affect the budget implementation in FY 2024/2025.

4. The proposed reduction of KSh. 180 million on IPRS would affect its upgrade and modernisation where the State Department had entered a contractual obligation over a three period at a total sum of KSh. 745.5 million.

5. E-citizen services - over 17,349 government services had been on boarded to the e-citizen platform. To enable sustainable uptake, revenue collection of these digitized services, the Committee observed there was need for continuous upgrade, public sensitization and regular monitoring for MDA compliance. The proposed cuts, if effected, will affect the operations of the e-citizen services which will translate to low uptake of the on boarded services and reduce revenue collection.

i. The National Police Service

1. The Approved Estimates have been proposed for a reduction from KSh.110.5 billion to KSh.107.8 billion under the FY 2024/25 Supplementary Estimates No. 1, reflecting a decrease of KSh.2.7 billion on account of rationalization of expenditures.

2. The Confidential expenditure by the Service is used to cater for undercover and intelligence led investigations, operations and information gathering for covert and overt operations in various parts of the country. The proposed budget cut of KSh. 475.9 million will greatly affect the capacity of the police in detecting and preventing crime countrywide.

3. The NPS had planned to commence upgrading of the Automated Palm and

Fingerprint Identification System (APFIS) to the latest version of Multi-Biometric Identification System (MBIS) to increase the capacity and enhance efficiency & timely processing of Police Clearence Certificates. However, this has now been curtailed by the proposed austerity measures. Besides the planned upgrade, the budget cut of KSh. 918 million on the Forensic Laboratory would have a serious impact on service delivery by the DCI.

4. The cut in Recurrent budget would negatively affect the planned recruitment of 5,000 police officers. Instead of recruiting 5,000 as had been planned. The available funds of KSh. 3,200 million could only recruit 2,862. To recruit 5,000 officers as had been planned, the Service requires additional KSh. 2,150.4 million.

5. The police modernisation programme had seen its budget revised from KSh. 435 million to zero. The proposed cut if effected, would impact negatively on the ability of NPS to procure and maintain crowd control equipment, security equipment and other accessories.

6. Despite the proposed cuts, the National Police started the FY 2024/2025 with deficits on its contractual obligations on critical items such as insurance which now has a shortfall of KSh. 11,566.5 million, utilities with a shortfall of KSh. 777.8 million. Other shortfalls included security operations - KSh. 2,249 million, food rations-KSh. 1,225 million and National Police Service Level 4 Hospital-KSh. 948 million.

j. State Department for Internal Security & National Administration

1. The State Department had already experienced substantial reduction of their budget in the Annual Appropriation of 2024/2025 from the baseline to the tune of KSh. 3 billion. The Supplimentary was further proposing a further reduction of KSh. 8.5 billion from KSh.35.9 billion to KSh. 27.3 billion.

2. The reduction of the budget is likely going to occasion invoking the provisions of Article 223 in running the affairs of the ministry once the implementation of the budget starts given that the activities of the State Department were now grossly underfunded. Some of the activities likely to require more resources include security operations in Northeastern region to neutralise terror threats in Northern Kenya and banditry in the north Rift.

3. The Committee further observed that the State Department was critical in coordinating service delivery by the national government at the grassroot level. The proposed cuts would therefore not enable the government to run its affairs as was planned.

4. The impact of reduction of development budget by 100 percent, notably in police modernisation and construction of sub-county offices would lead to stalled projects,

if effected. It was observed that the regions where the government services were earmarked for further decentralization through construction and completion of new administrative units would continue experiencing challenges due to delays in project completion. Additionally, the Government faces risks of incurring high costs of construction of the offices due to project overruns.

5. The Proposed cuts also had affected public participation projects of construction of sub-county offices. The projects had been identified and corresponding resources amounting to KSh. 200 million appropriated in fulfilment of Article 221(5).

k. National Police Service Commission

1. The Commission had planned to recruit 25,000 police officers under the BETA but as of year II of the KK administration, this was yet to begin. They had requested for KSh. 376 million to safeguard the integrity issues but no allocation had been provided.
2. Insurance costs was not adequately covered. They had a provision of KSh. 49 million but required 84 million.
3. The Commission had a contractual obligation on partitioning the new CBK Pension Tower offices which had been proposed for a cut by KSh. 74 million. The proposed cut would lead to penalties.

l. Independent Policing Oversight Authority

1. The Authority had no medical cover for the entire workforce despite monitoring the ongoing picketing across the country, something that was risking the lives of their workforce. The Committee observed that there was need to appropriate Additional KSh. 38 million for the same.
2. The proposed cut would affect their contractual obligation to renew their ICT Networking systems. The Authority was highly dependent on leveraging on ICT to carry their statutory mandate of police oversight.
3. The cut will lead to immobility of the Authority despite dealing with 40 deaths, 160 injuries across the country in addition to the previous cases.
4. They Authority had revised their targets downwards in line with the Austerity measures

PART V

5.0 COMMITTEE RECOMMENDATIONS

1. The Committee having reviewed the 2024/2025 Supplementary/Revised Estimates No. I as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations as contained Schedule I & II: -

Schedule I: Proposed Reductions -(KSh. Millions)					
Vote	**Programme**	**Head/Sub-Head**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Reduction**	
1012	Deputy President Support Services	2210807-Hospitality Services	240	(100)	Rationalization of Expenditures
	Total			**(100)**	

Schedule II: Proposed Increases – KSh. Millions					
Vote	**Programme**	**Head/Sub-Head**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
1025	Policing Services	1025004401-Headquarters	437.3	20	Towards Security Operations
		2211312-Headquarters	238	80	Towards enhancing operations of the DCI
	Total			**100**	

SIGNED _____ **DATE** 9/07/2024

HON. GABRIEL TONGOYO, MP

CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

.....

REPORT ON THE CONSIDERATION OF THE SUPLIMENTARY ESTIMATES I FOR FY 24/25 FOR;

1) VOTE 1036: STATE DEPARTMENT FOR ASALS AND REGIONAL DEVELOPMENT; AND

2) VOTE 1032: STATE DEPARTMENT FOR DEVOLUTION

3) VOTE 1024: STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES (REFUGEE AFFAIRS)

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

JULY, 2024

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PART ONE

1. Preface

1.1 Introduction

1. This report details the consideration by the Departmental Committee on Regional Development of Supplementary Estimates No. I for the FY 2024/2025 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Estimates on Wednesday, 17th July 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.2 Mandate of the Committee

2. The Departmental Committee on Regional Development is one of the twenty (20) Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows: -

    (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    (b) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
    (c) On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    (d) Study and review all legislation referred to it;
    (e) Study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
    (f) Vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment)
    (g) Examine treaties, agreements and conventions;
    (h) Consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    (i) Examine any questions raised by Members on a matter within its mandate.

1.3 Subjects under the Committee

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

    (a) Regional development, including regional development authorities;
    (b) Refugee affairs;
    (c) Devolution;
    (d) Inclusive growth;
    (e) Arid and semi-arid areas;
    (f) Disaster risk management;
    (g) Drought, famine and disaster response; and
    (h) Post- disaster recovery and rehabilitation.

4. The Committee, in executing its mandate, oversights the State Department for ASALS and Regional Development, State Department for Devolution and the Department of Refugees Affairs (DRS).

1.4 Committee Membership

5. The Committee was constituted by the House on Thursday 27th October, 2022 and comprises of the following Hon. Members:

Chairperson

Hon Lochakapong Peter, M.P.
Sigor Constituency
United Democratic Alliance (UDA)

Vice Chairperson
Hon Njoroge Mary Wamaua Waithira, M.P
Maragwa Constituency
United Democratic Alliance (UDA)

Members

Hon. Kombe Harrison Garama, M.P.
Magarini Constituency
Orange Democratic Movement (ODM)

Hon. Kalasinga Joseph Majimbo, M.P.
Kabuchai Constituency
FORD-Kenya Party

Hon. Hon. Siyad Amina Udgoon, M.P.
Garissa County
Jubilee Party

Hon. Maina Mwago Amos, M.P.
Starehe Constituency
Jubilee Party

Hon. Tungule Charo Kazungu, M.P.
Ganze Constituency
Pamoja African Alliance (PAA)

Hon. Cherorot Joseph Kimutai, M.P.
Kipkelion East Constituency
United Democratic Alliance (UDA)

Hon. Maj (Rtd) Dekow M. Barrow, M.P.
Garissa Township Constituency
United Democratic Alliance (UDA)

Hon. Mawathe Julius Musili, M.P.
Embakasi South Constituency
Wiper Democratic Movement–Kenya

Hon. Nabulindo Peter Oscar, M.P
Matungu Constituency
Orange Democratic Movement (ODM)

Hon. Letipila Dominic Eli, M.P.
Samburu North Constituency
United Democratic Alliance (UDA)

Hon. Abdi Khamis Chome, M.P.
Voi Constituency
Wiper Democratic Movement–Kenya

Hon. Yakub Farah Salah, M.P
Fafi Constituency
United Democratic Alliance (UDA)

Hon. Paul Abour, M.P
Rongo Constituency
ODM Kenya

1.5 Committee Secretariats

6. The Committee is facilitated by the following staff:

Mr. Nebert Ikai
Clerk Assistant I/Head of Secretariat

Mr. Sisto Macharia **Clerk Assistant III**	Mr. Moses Mwariri **Legal Counsel II**
Ms. Priscilla Wangu **Fiscal Analyst III**	Ms. Rose Tabuke **Research Officer III**
Mr. Manuel Leparachau **Assistant Sergeant-at-Arm 1**	Ms. Deborah Mupusi **Media Relation Officer I**
Mr. Kelvin Lengasi **Audio Officer II**	Mr. Jared Onyancha **Public Communication Officer III**

1.5 Overview of the Examination of the Supplementary Estimates I for the FY 2024/25

7. The Supplementary Estimates 1 for the fiscal year 2024/25 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on Friday 12th July 2024. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

8. The Committee held a total of two (2) consultative meetings. These meetings were preceded by a briefing from the Parliamentary Budget Office. The Committee held meetings with the relevant spending agencies under its purview on **Wednesday 17th, at Committee Room 25, Bunge Tower.**

1.6 Acknowledgment

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the **FY 2024/25 Budget Estimates.**
11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Regional Development to submit its Report on the consideration of the Supplementary Estimates I for the FY 2024/25.

Hon. Lochakapong Peter, MP.
Chairperson, Departmental Committee on Regional Development

PART TWO

2.0 Broad Overview of the Supplementary Estimates I for The FY 2024/25

12. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

13. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

14. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

15. This report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: The State Department for Devolution, The State Department for ASALs & Regional Development and Department of Refugees Affairs.

2.1 Highlight of Supplementary Estimates I for the FY 2024/25

16. The national government ministerial budget has decreased by Kshs 156.4 billion, or 6.6 percent, excluding Consolidate Fund Services (CFS) and County transfer allocation. This decrease is a result of budget rationalization.

17. The total gross change for the ministerial estimates' county sharable allocation and CFS has reduced by Kshs 121.9 billion, or 1.9 percent. This reduction falls within the allowable threshold of 10 percent variation for the supplementary budget compared to the original budget approved by Parliament.

2.1.1 Changes For MDA under Committee Purview

18. The budgets allocated to the votes under the committee's purview have been reduced. For instance, the State Department for Devolution is proposed to have a budget reduction of Kshs 125.5 million, while the State Department for ASAL and Regional Development is proposed to have a budget reduction of Kshs 2,538.2 million. Equally, the Department of Refugee Affairs is expected to have a budget reduction of Kshs 13.8 million.

19. The reduction under the State Department for Devolution and Department of Refugee Affairs is on recurrent expenditure of Ksh 125.5 million and Ksh 13.8 million respectively, mainly on account of budget rationalization of recurrent.

20. Under the State Department for ASAL and Regional Development, there is an increase in recurrent expenditure of Ksh 2,912.2 million and a reduction of development expenditure of Ksh 5,450.4 million.

2.2 Department for Refugee Service

21. The gross Approved Estimates for refugee affairs FY 2024/25 is Ksh 151 million, of which Ksh 123 million is for the refugee affairs department and Ksh 28 million is for refugee affairs field services. The proposed change is a reduction of 13.8 million, targeting communication, domestic travel, foreign travel, training, hospitality, and other operating expenses.

2.3 State Department for Devolution

22. The Approved Estimates have been revised from KSh.4,242.4 million to KSh.4,142.4 million under the Supplementary Estimates No. 1 for the FY 2024/25. The revised estimates consist of KSh.1,589.4 million for Current expenditure and KSh.2,653 million for Capital expenditure. This revision reflects a decrease of KSh.125.5 million due to expenditure rationalization. The overall rationalization is 3% of the total allocation.

23. The State Department will implement the Kenya Devolution Support Programme, a development project that aims to build capacity and provide civic education. It is important to note that this project is not affected by rationalization, as it is externally funded by the World Bank.

Table 1: Summary of Expenditures by-programmes FY 2024/25 Sup1 in Ksh million

S/No	Programme and SP.	FY 2023/24 Approved Budget	Proposed Changes	Proposed supplementary 1	% Deviation
	Sub-Programmes				
1	Management of devolution affairs	60	-2.6	57.4	-4%
2	Intergovernmental Relations	679.4	-9.3	670.1	-1%
3	Capacity building and Civic Education	2,737.90	-18.2	2719.7	-1%
4	Administrative Services	717.1	-83.9	633.2	-12%
5	Finance Management Services	38.5	-6.9	31.6	-18%
6	Information Communication and Technology	9.7	-4.6	5.1	-47%
	Total	**4,242.40**	**-125.5**	4,116.9	-3%

Source: National Treasury

24. The vote head under the recurrent expenditure has been rationalized by Kshs 125.5 million on account of decrease or removal of certain budget lines, such as the purchase of vehicles and furniture, reduce communication and training expenses, as well as other operating expenses by 20%. Additionally, domestic travel and hospitality costs have been reduced by 50%. The total reduction is 8%of the total recurrent expenditures.

Table 2: Summary of recurrent allocation FY 2024/25 Supplementary 1 in Ksh million

S/No.	Vote Head	FY 2023/24 Approved Budget	Proposed Changes	Proposed supplementary 1	% Reduction
1	Management of devolution affairs	60	-2.6	57.4	-4%
2	Capacity building and Civic Education	84.9	-18.2	66.7	-21%
3	Head quarter and Administrative Services	395.4	-56.7	338.7	-14%
4	Intergovernmental Relations	679.4	-9.3	670.1	-1%
5	Central Planning and project monitoring unit	11.9	-2	9.9	-17%
6	Nairobi Rivers Commission	358	-36.7	321.3	-10%
	Total	**1,589.40**	**-125.5**	**1,463.9**	**-8%**

Source: National Treasury

2.4 State Department for ASALs and Regional Development

25. The gross Approved Estimates for the State Department in FY 2024/25 is Ksh 12,540 million. This includes KSh.4,857 million for recurrent expenditure and KSh.7,683 million for development expenditure.

26. The Approved Estimates have been revised to KSh.10,002 million, with KSh.7,769 million for recurrent expenditure and KSh.2,232.5 million for development expenditure. This revision results in a net decrease of KSh.2,538.2 million in the budget translating to a 20% budget reduction.

27. The vote heads under recurrent have been reduced, except for the National Drought Management Authority and RDA vote head. The rationalization is in line with National Treasury's directives for the rationalization of recurrent expenditures.

28. The additional amount of Kshs 3000 million under the vote for the National Drought Management Authority is meant to cater for the school feeding program. The program aims to feed 2 million beneficiaries.

Table 3: summary of recurrent expenditures FY2024/25 sup No.1 in Kshs million

S/No.	Head	Approved FY2024/25	Amendments	Revised Estimate Sup 1	%deviation
1	Arid Resource Management Project	50.7	-4	46.3	-9%
2	Relief and Rehabilitation	342.9	-6.78	336.1	-2%
3	General Administrative Services	335.2	-21.89	313.3	-7%
4	Peace and Conflict Management	17.4	-2.2	15.2	-13%
5	National Drought management Authority	2,354.7	3,000.00	5,354.7	127%
6	Conservation Department Regional Development	92.0	-2.72	89.3	-3%
7	RDA's	1,473.3	0	1,473.3	0%
8	Financial Management Services	78.5	-26.01	52.5	-33%
9	Central Planning &Project Monitoring Unit	64.8	-16.52	48.3	-25%
10	ASALs GIS and Knowledge Management Centre	**47.9**	**-7**	40.7	-15%
	Total	**4,857.5**	**2,912**	**7,769.7**	**60%**

Source National treasury

29. The State Accelerated ASALs Development Program has an approved budget of Ksh 2,024.93 million, which has been revised downward by Ksh 210.62 million

30. The reduction in Accelerated Asals Development Programme has been affected on government financing, specifically impacting the National Drought Emergency Fund project, which has been reduced by 100% contributing to the 87% of the development cut under the programme. Consequently, the target of providing humanitarian emergency response to 1.5 million people in cases of disasters has been revised to zero.

Table 4: Summary of Development Projects under Accelerated Asals Development Programme in Ksh. millions

S/no	Project	FY 24/25	GOK	Foreign	Changes	Total
1	National Drought Emergency Fund (NDEF)	183	183	0	-183	0
2	Kenya Social and Economic Inclusion Project-BETA	151	0	151	0	151
3	Ending Drought Emergencies: Support to Resilient Livelihood II	25	15	10	0	25

4	Resilience and Sustainable Food Systems Programme-BETA	177	11	166	0	177
5	Sustainable Food Systems and Resilience Livelihood Activities-BETA	62	18	44	0	62
6	Ending Drought Emergencies, Ecosystem Based Adapt in ASAL - TWENDE	432	47	378	-7	425
7	Dry Land Climate Action for Community Drought Resilience	872	120	738	-13	859
8	Integrated Resilience for Sustainable Food Systems - BETA	124	20.1	97	-7.9	116.1
	Total	**2025**	**441**	**1584**	**-210.9**	**1815.1**

Source: National Treasury

31. The Integrated Regional Development Program has an approved budget of Ksh 5,657.97 million, which has been revised downward by Ksh 5,239.7 million due to budget rationalization.

32. The integrated regional development has experienced a reduction in its government funding component, resulting in only two development projects that are financially supported by donors. These projects include the Wei Wei Irrigation Scheme and the Malindi Integrated Social & Health Development Programme.

PART THREE

3. SUBMISSION BY THE STATE DEPARTMENTS

3.2 State Department for Devolution

33. Mr. Kennedy Nyambati, the Director Capacity Building & Technical Assistance appeared before the Committee on behalf of Ms. Teresia Malokwe, the Principal Secretary for the State Department of Devolution and submitted as follows in regards to Supplementary Estimates I for the FY 2024/2025:

34. He reported that the State Department's Recurrent vote has been reduced from Kshs. 1,589M to Kshs. 1,464M whereas the Development budget has not been affected.

35. He stated that the budget items for Devolution services, aimed at improving the management and implementation of the devolved system of Government, have been revised by 50%. This revision will have a negative impact on the implementation of the Programs.

36. He provided a comprehensive overview of the projected implications of the budget revision on the program/sub-program, as well as the specific project targets that will be impacted by the revision as illustrated in table 5.

Table 5

VOTE	Targets affected by the revision
Management of devolution affairs	• Development of framework for county performance assessment • Review County Assemblies Services Amendment bill;
Capacity building and technical assistance	• Sensitization of counties on local economic development (LED) framework • Sensitization of counties on Devolution management strategy framework
Headquarters and administrative services	• Digitization of government services • Attainment of ISO certification • Establishment of world scouts' parliamentary caucuses in county Assemblies • Establishment of Baden Powell Eco tourism Lodge
Intergovernmental relations	• Convening intergovernmental sector forums with MCDAs • Development of dispute resolution guidelines; • Holding inter-county learning forums
Central planning and project monitoring unit	• Monitoring of the implementation and performance of Kenya second devolution support programme
Nairobi Rivers commission	• Development of environmental Management bills for Nairobi Rivers Commission

37. He submitted submitted the revised key performance indicators and performance targets of the State Department, as outlined in ANNEX 3 of this report.

3.2 State Department for ASALs & Regional Development

38. Mr. Harsama Kello the Principal Secretary State Department for ASALs and Regional Development appeared before the Committee and submitted as follows in regard to Supplementary Estimates I for the FY 2024/2025;

39. He indicated that the approved budget estimates amount to Kshs.12,540,387,586, comprising a recurrent budget of Kshs.4,857,493,586 and a development budget of Kshs.7,682,894,000. The proposed Supplementary Estimates will result in a reduction of the overall budget to Kshs.10,053,266,855, with the recurrent budget increasing to Kshs.7,820,736,339 (owing to a net increase of Kshs.2,963,242,753), while the development budget will decrease to Kshs.2,232,530,516.

40. He reported that there has been an increase of Kshs.3.0 billion in the recurrent budget in support of the Kenya Hunger Safety Net Program. Nevertheless, there has been a reduction of Kshs.36,757,247 for headquarters' operations, resulting in a net increase of Kshs.2,963,242,753.

41. He stated that the net GoK development funds has been reduced by Kshs.5,450,363,484 from Kshs.5,699,284,000 to Kshs.248,920,516 which is a 95.63% reduction. The reduction has affected both ongoing and new projects. A total of Kshs.1,983,610,000 for externally funded projects has not been affected by the revision of budget estimates.

42. He submitted that there has been a significant reduction of 95.63% in government-funded projects, including ongoing projects, many of which have experienced a complete budget cut. As a result, the implementation of these projects is expected to be halted, leading to the accumulation of pending bills. Furthermore, the State Department did not receive the full development exchequer requisitions, which pose risk of litigation. It's worth noting that some of these projects are aligned with the Bottom-up Economic Transformation Agenda (BETA), which emphasizes value chain priorities in agriculture to enhance productivity, generate income for communities, and create revenue sources for the SAGAs.

43. The Principal Secretary requested the Committee to deliberate on the following aspects within the specified areas:

    i. Reinstatement of Kshs.6,250,000 reduced from the emergency relief recurrent allocation. The State Department implements emergency relief interventions which usually require administrative expenses to facilitate last mile response to the various unpredictable emergency situations.
    ii. Reinstatement of full or part of the development budgetary allocations for the ongoing/stalled projects.
    iii. Reinstatement of the previously allocated additional funds in the FY 2023/24 Supplementary Estimates No.2 is necessary to address outstanding pending bills and procuring additional food and non-food items for emergency relief interventions. Despite requesting payments from the exchequer, they have not been received, resulting in a total of Kshs. 1,309,088,271.55 in pending

bills. Of this amount, Kshs. 1,256,036,011.15 is related to emergency relief expenditures, while Kshs. 53,052,260.40 is allocated for other payments.

iv. Bridging the funding gap, totaling Kshs. 1,440,656,785 for each agency. State agencies are currently facing a shortfall in personnel emoluments (PE) expenditures, as well as other essential expenses.

44. He further stated that the budget for the Integrated Regional Development programme experienced a reduction of Kshs.5,239,739,484 in the development budget.These are projects that mainly saw 100% budget cuts. The projects are implemented by the Regional Development Authorities. Additionally, the National Drought Emergency Fund (NDEF) implemented by the NDMA saw a 100% cut of its entire allocation of Kshs.182,704,000.

45. He reported that the SAGAs have funding gaps in their recurrent budget which is expected to affect payment of salaries to their employees and other key operations necessary for delivery of their mandates.

46. He further indicated that the Kenya Hunger Safety Net Programme requires a total of Kshs.7,203,621,600 to fully meet its expected objective, this is against an allocation of Kshs.4,531,859,000. This leaves a funding gap of Kshs. 2,671,762,600.

47. The Principal Secretary informed the Committee that the current allocation for food and non-food items, amounting to Kshs. 245 million, is insufficient to cover the expenses for emergency interventions. The State Department needs Kshs. 2.0 billion to acquire food and non-food items, thereby ensuring ongoing assistance to the victims of the recent floods and other vulnerable individuals in Kenya. Additionally, there is a need for an allocation of Kshs. 1,256,036,011.15 to settle pending bills incurred as a result of insufficient funds in the exchequer during the FY 2023/24.

48. The Principal Secretary acknowledged that significant reductions in funding for development projects, which are financed by domestic revenues (GoK), are likely to have a negative impact on the performance of implementing agencies. This is because they will not be able to meet the targets established during the budget formulation process.

49. The Principal Secretary submitted the revised key performance indicators and performance targets of the State Department, as outlined in ANNEX 3 of this report.

3.3 State Department for ASALs & Regional Development

50. Mr. Harsama Kello the Principal Secretary State Department for ASALs and Regional Development appeared before the Committee and submitted as follows in regard to Supplementary Estimates I for the FY 2024/2025;

51. He indicated that the approved budget estimates amount to Kshs.12,540,387,586, comprising a recurrent budget of Kshs.4,857,493,586 and a development budget of Kshs.7,682,894,000. The proposed Supplementary Estimates will result in a reduction of the overall budget to Kshs.10,053,266,855, with the recurrent budget increasing to Kshs.7,820,736,339 (owing to a net increase of Kshs.2,963,242,753), while the development budget will decrease to Kshs.2,232,530,516.

52. He reported that there has been an increase of Kshs.3.0 billion in the recurrent budget in

support of the Kenya Hunger Safety Net Program. Nevertheless, there has been a reduction of Kshs.36,757,247 for headquarters' operations, resulting in a net increase of Kshs.2,963,242,753.

53. He stated that the net GoK development funds has been reduced by Kshs.5,450,363,484 from Kshs.5,699,284,000 to Kshs.248,920,516 which is a 95.63% reduction. The reduction has affected both ongoing and new projects. A total of Kshs.1,983,610,000 for externally funded projects has not been affected by the revision of budget estimates.

54. He submitted that there has been a significant reduction of 95.63% in government-funded projects, including ongoing projects, many of which have experienced a complete budget cut. As a result, the implementation of these projects is expected to be halted, leading to the accumulation of pending bills. Furthermore, the State Department did not receive the full development exchequer requisitions, which pose risk of litigation. It's worth noting that some of these projects are aligned with the Bottom-up Economic Transformation Agenda (BETA), which emphasizes value chain priorities in agriculture to enhance productivity, generate income for communities, and create revenue sources for the SAGAs.

55. The Principal Secretary requested the Committee to deliberate on the following aspects within the specified areas:

    v. Reinstatement of Kshs.6,250,000 reduced from the emergency relief recurrent allocation. The State Department implements emergency relief interventions which usually require administrative expenses to facilitate last mile response to the various unpredictable emergency situations.
    vi. Reinstatement of full or part of the development budgetary allocations for the ongoing/stalled projects.
    vii. Reinstatement of the previously allocated additional funds in the FY 2023/24 Supplementary Estimates No.2 is necessary to address outstanding pending bills and procuring additional food and non-food items for emergency relief interventions. Despite requesting payments from the exchequer, they have not been received, resulting in a total of Kshs. 1,309,088,271.55 in pending bills. Of this amount, Kshs. 1,256,036,011.15 is related to emergency relief expenditures, while Kshs. 53,052,260.40 is allocated for other payments.
    viii. Bridging the funding gap, totaling Kshs. 1,440,656,785 for each agency. State agencies are currently facing a shortfall in personnel emoluments (PE) expenditures, as well as other essential expenses.

56. He further stated that the budget for the Integrated Regional Development programme experienced a reduction of Kshs.5,239,739,484 in the development budget.These are projects that mainly saw 100% budget cuts. The projects are implemented by the Regional Development Authorities. Additionally, the National Drought Emergency Fund (NDEF) implemented by the NDMA saw a 100% cut of its entire allocation of Kshs.182,704,000.

57. He reported that the SAGAs have funding gaps in their recurrent budget which is expected to affect payment of salaries to their employees and other key operations necessary for delivery of their mandates.

58. He further indicated that the Kenya Hunger Safety Net Programme requires a total of Kshs.7,203,621,600 to fully meet its expected objective, this is against an allocation of

Kshs.4,531,859,000. This leaves a funding gap of Kshs. 2,671,762,600.

59. The Principal Secretary informed the Committee that the current allocation for food and non-food items, amounting to Kshs. 245 million, is insufficient to cover the expenses for emergency interventions. The State Department needs Kshs. 2.0 billion to acquire food and non-food items, thereby ensuring ongoing assistance to the victims of the recent floods and other vulnerable individuals in Kenya. Additionally, there is a need for an allocation of Kshs. 1,256,036,011.15 to settle pending bills incurred as a result of insufficient funds in the exchequer during the FY 2023/24.

60. The Principal Secretary acknowledged that significant reductions in funding for development projects, which are financed by domestic revenues (GoK), are likely to have a negative impact on the performance of implementing agencies. This is because they will not be able to meet the targets established during the budget formulation process.

61. The Principal Secretary informed the Committee that Lake Basin Development Authority has established a hatchery technology fingering multiplication center to boost aquaculture development in the Lake Victoria catchment area. This is meant to benefit local farmers and increase the authority's revenue. The center requires Ksh 250 million for modern hatchery technology.

62. The Principal Secretary submitted the revised key performance indicators and performance targets of the State Department, as outlined in ANNEX 3 of this report.

PART FOUR

4. COMMITTEE OBSERVATIONS

4.1 State Department for Devolution

Observations

a) The Approved Estimates have been revised from KSh. 4.242 billion to KSh. 4.142 billion under the Supplementary Estimates No. FY 2024/25. The revised estimates consist of KSh. 1.589 billion for Current expenditure and KSh. 2.653 billion for Capital expenditure. This revision reflects a reduction of KSh. 125.5 million in recurrent expenditure due to expenditure rationalization.

b) The State Department expressed that the budget cut in their recurrent budget will hamper the implementation of some of their programs since much of their spending is meant for movement to various counties.

4.2 State Department for ASALs & Regional Development

Observations

a) The gross Approved Estimates for the State Department in FY 2024/25 is Ksh 12.540 billion. This includes KSh.4.857 billion for recurrent expenditure and KSh.7.683 billion for development expenditure.

b) The Approved Estimates for FY2024/25 have been revised to KSh. 10.002 billion, with KSh. 7.769 billion for recurrent expenditure and KSh. 2.233 billion for development expenditure. This revision results in a net decrease of KSh. 2.538 billion in the budget, translating to a 20% budget reduction under the state department.

c) There is an allocation of Kshs 3 billion under National Drought Management Authority meant to cater for the school feeding program. The program aims to feed 2 million beneficiaries.

d) The National Drought Management Authority has a presence in 23 arid and semi-arid counties. Thus, they will liaise with the education sector in the implementation of the school feeding program and the National Council for Nomadic Education in Kenya (NACONEC) in order to access data for the beneficiaries. The presence of regional offices in the ASAL counties will facilitate a seamless implementation of the program as well as monitoring and evaluation of the program.

e) The Hunger and Safety Net Cash Transfer Programme has an allocation of Ksh 1.531 billion against a resource requirement of Ksh 7.2 billion to fully meet its expected

objective of regular monthly transfers to 133,800 households and 70,000 households under the scale up program. This leaves a funding gap of Ksh 5.67 billion..

f) The state department has pending bill amounting to 1.256 billion accruing from purchase of food and non-food items for emergency relief interventions.

g) The department of relief has experienced a reduction of Ksh 6.25 million in operating expenses. This reduction is intended to cover administrative expenses in order to facilitate the delivery of relief aid, particularly in the last mile.

h) There has been a reduction of capital expenditure of Ksh 210 million under the Accelerated ASALs Development Programme. The reduction specifically affects the National Drought Emergency Fund, which has been reduced by Ksh 182.7 million (a 100% reduction). As a result, the target of providing humanitarian emergency response to 1.5 million people in cases of disasters has been revised to zero.

i) There has been a drastic cut in capital expenditure under the Integrated Regional Development Program, which had an approved development budget of Ksh 5.657 billion. This has been revised downward by Ksh 5.239 billion. The reduction was mainly on the government financing component, leaving only two development projects that are donor-funded: the Wei Wei Irrigation Scheme and the Malindi Integrated Social & Health Development Programme, totaling Ksh 418 million.

j) The Lake Basin Development Authority has established a hatchery technology fingering multiplication center to boost aquaculture development in the Lake Victoria catchment area. This is meant to benefit local farmers and increase the authority's revenue. The center requires Ksh 250 million for modern hatchery technology.

k) The agencies under the state department are grappling with a shortfall for their personal emoluments and other critical current expenditures of Ksh 1.44 billion, out of which Ksh 127 million relates to NDMA and Ksh 1.314 billion relates to RDA (ENNDA Ksh 224 million, KVDA Ksh 170 million, CDA Ksh 122 million, ENSDA Ksh 135 million, LBDA Ksh 359 million,TARDA Ksh 302 million,).

PART FIVE

5. 0 COMMITTEE RECOMMENDATIONS

Financial Recommendations

The Committee recommends the approval of Supplementary Estimates No. 1 for FY 2024/25 for the State Department for Devolutionas well as ASALs & Regional development be approved with the following proposed amendments.

Proposed Amendments Supplementary Estimate No.1 FY 2024//25

Schedule No. 1: Proposed Reductions in Ksh millions

Vote	MDA/*Programme*	Proposed Reduction	Rec	Dev	Justification
			Kshs	Kshs	
1032	State Department for Devolution *Devolution services*	2110202 Nairobi Rivers commission(casual labour)	21	0	Reallocation to priority areas.
1036	State Department for ASALs & Regional Development *Accelerated ASALs Development*	(HQ-Relief and rehabilitation) 2640201Emergency relief	245	0	Payment of pending bills accrued from relief purchases made and priority areas.
		Total	266	**0**	

Schedule No. 2: Proposed Increases in Ksh millions

Vote	MDA/*Programme*	Proposed Reduction	Rec	Dev	Justification
			Kshs	Kshs	
1036	State Department for ASALs & Regional Development *Accelerated ASALs Development*	2640201Emergency relief	159.8	0	Payment of pending bills accrued from relief purchases made as per annexed list.
		2211300 other operating expenses	6.2		Administration expenses to facilitate last mile relief aid delivery
	Integrated Regional Development	Modernisation of hatchery technology and fingering s multiplication	100		Boost aquaculture development in the Lake Victoria catchment area (LBDA)
		Total	266	0	

Request for additional Resources.

a) Addition funding of Ksh 4.5 billion recurrent expenditure for Hunger And Safety Net Cash Transfer Program to cushion the beneficiaries against effects of drought.

b) Additional Kshs 500 million development expenditure for NDEF for provition of humanitarian emergency response to 1.5 million people in cases of disasters/drought.

c) Reinstatement of development funding Ksh 5.2 billion for RDA as approved in the main budget FY2024/25.

d) Additional funding of Ksh 150 million recurrent expenditure for modernisation of hatchery technology and fingerings multiplication in Kisumu in order to boost aquaculture development in the Lake Victoria catchment area, benefiting local farmers and improving authorities' revenue.

e) Additional request of Ksh 60 million to state department for devolution(management of devolution affairs,world scout parliamentarian union,and IGRTCI) to enable them implement their mandate which enatails movement and engagement with various counties.

Schedule 3:Proposed additional Request summary in Kshs millions

vote	Programme	Details	Rec	Dev	Justification
			Kshs	Kshs	
1036	Integrated Regional Development	Development project reinstatement and personal emolument	1,464	5239	Ksh 5.2 billion dev,Ksh 1.3billion PE shortfall ,Ksh150 million modernisation of hatchery
	Accelerated ASALs Development	Hunger and safety net programme(NDMA) and NDEF	4500	626	Ksh 4.5billiion for HSNP Ksh 500 NDEF ,and Ksh 126 PE
1032	Devolution support services	Recurrent enhancement	60	0	For domestic travel and hospitallity expenses
		Total	**6,024**	**5,865**	

SIGNED..... **DATE**.....19/7/24.....

HON. LOCHAKAPONG PETER, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

DEPARTMENTAL COMMITTEE ON SPORTS & CULTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

.....

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2024/2025 SUPPLEMENTARY ESTIMATES NO. I FOR THE FOLLOWING AGENCIES:

VOTE 1132: STATE DEPARTMENT FOR SPORTS

VOTE 1134: STATE DEPARTMENT FOR CULTURE AND HERITAGE

VOTE 1135: STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

JULY, 2024

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PART I

1.0 PREFACE

1.1 Introduction

1. The Supplementary Budget is prepared in accordance to Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. The supplementary seeks to address anticipated revenue shortfall and realignment of the budget to cater for the FY 2023/24 carry overs.

1.2 Establishment of the Committee

2. The Departmental Committee on Sports and Culture is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
   - *i.* ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   - *ii.* *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   - *iii.* *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   - *iv.* *To study and review all legislation referred to it;*
   - *v.* *To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   - *vi.* *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   - *vii.* *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   - *viii.* *To examine treaties, agreements and conventions;*
   - *ix.* *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   - *x.* *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   - *xi.* *To examine any questions raised by Members on a matter within its mandate.*

1.3 Subject of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.

4. In executing its mandate, the Committee oversees the following government Ministries, Departments and Agencies (MDAs), namely:
   - i. State Department for Sports under the Ministry of Youth Affairs, Creative Economy and Sports;
   - ii. State Department for Youth Affairs and Creative Economy under the Ministry of Youth Affairs, Creative Economy and Sports; and
   - iii. State Department for Culture and Heritage under the Ministry of Gender, Culture, the Arts and Heritage.

1.4 Committee Membership

5. The Departmental Committee on Sports and Culture was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson
Hon. Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson
Hon. James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon. Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon. Mary Emaase Otucho, MP
Teso South Constituency
UDA Party

Hon. Stephen Mutinda Mule, MP
Matungulu Constituency
WDM-K Party

Hon. Chege Njuguna, MP
Kandara Constituency
UDA Party

Hon. Catherine Nakhabi Omanyo, MP
Busia County
ODM Party

Hon. Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon. BSP. (EM) Dr. Jackson Kipkemoi Kosgei, MP
Nominated
UDA Party

Hon. Samuel Gonzi Rai, MP
Kinango Constituency
PAA Party

Hon. Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM –K Party

Hon. Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon. Richard Kipkemoi Yegon, MP
Bomet East Constituency
UDA Party

Hon. Caroli Omondi
Suba South Constituency
ODM Party

Hon. Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

1.5 Committee Secretariat

6. The Committee is facilitated by the following staff:

Mr. Adan Gindicha
Principal Clerk Assistant II/Head of Secretariat

Ms. Mary Kinyunye
Clerk Assistant III

Mr. Vitus Owino
Research Officer II

Ms. Christine Odhiambo
Senior Legal Counsel

Mr. Wilson Mwangi
Fiscal Analyst III

Mr. Moses Esamai Omoit
Audio Officer III

Ms. Josephine OSaid
Hansard Reporter III

Mr. Peter Atsiaya
Media Relations Officer III

Mr. Said Wako
Assistant Serjeant-At-Arms

1.6 Overview on the Examination of the Supplementary Estimates No. I for FY 2024/25

1. The Supplementary Estimates No. I for FY 2024/25 was submitted to the National Assembly on 12th July 2024 and subsequently referred to Departmental Committees for consideration.

2. Parliament is required to scrutinize the Supplementary Estimates and the programmes that the Ministries, Departments and Agencies are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

3. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministry and its agencies to consider their Supplementary Estimates No. I for FY 2024/25. The Committee held a total of three (3) sittings to consider the Supplementary Estimates No. I for FY 2024/25.

1.7 Acknowledgement

4. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. I for FY 2024/25.

5. The Committee is thankful to the office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded during its Sittings. Further, the Committee is also thankful to the MDAs and the secretariat for availing the necessary information needed in the processing of the First Supplementary Budget FY 2024/25.

6. Therefore, on behalf of the Committee, and pursuant to Standing Order 199(6) it is my pleasant duty and privilege, to submit this Report on the FY 2024/25 Supplementary Estimates II for the State Departments for Sports, Youth Affairs & Creative Economy, and that of Culture and Heritage.

HON. DANIEL SITATI WANYAMA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

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

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES No. I FOR FY 2024/25

7. A broad summary of the FY 2024/25 approved estimates and the changes proposed under the Supplementary I estimates is highlighted in table 2:
    a) The State Department for Sports has a total reduction of Kshs. 188.2 million of which recurrent expenditure has reduction of Kshs. 13.8 million and development has reduction of Kshs. 174.4 million.

    b) The State Department for Culture and Heritage has a total reduction of Kshs. 238.7 million of which recurrent expenditure has reduction of Kshs. 85.9 million and development has reduction of Kshs. 152.8 million.

    c) Allocation in the State Department for Youth Affairs and Creative Economy of which the Committee oversights the Film Development Services, has a total reduction of Kshs. 141.9 million of which recurrent expenditure has reduction of Kshs. 2.2 million and development has reduction of Kshs. 139.7 million.

Table 2: Summary of changes in the supplementary I estimate (Kshs. Millions)

Vote		Approved Estimates	Revised Estimates	Difference
State Department for Sports	Recurrent	1,105.3	1,091.5	(13.8)
	Development	16,638.4	16,464.0	(174.4)
	Total	**17,743.7**	**17,555.5**	**(188.2)**
State Department for Culture and Heritage	Recurrent	2,868.2	2,782.3	(85.9)
	Development	162.8	10.0	(152.8)
	Total	**3,031.0**	**2,792.3**	**(238.7)**
State Department for Youth Affairs and Creative Economy	Recurrent	560.1	557.9	(2.2)
	Development	149.7	10.0	(139.7)
	Total	**709.8**	**567.9**	**(141.9)**

Source: Supplementary Estimates No. I FY 2024/25

1132 - State Department for Sports

Recurrent Expenditure

8. The overall recurrent estimates for the Department have a reduction of Kshs. 13.8 million in the Supplementary I Estimates affecting the expenditure allocation at the headquarters. The allocation for the SAGAs has not been affected in the Supplementary I Estimates.

9. The Kenya Academy of Sports (KAS) does not have any allocation in the supplementary I estimate. The SAGA relies on the exchequer to undertake its core activities, personnel emoluments and other operations and maintenance. Core activities such as talent identification, nurturing and marketing, enrolling athletes in sports academies, training of sports technical and administration personnel and conducting research programmes on sports talent development among others will be affected.

10. The Anti-Doping Agency of Kenya (ADAK) has gross allocation of Kshs. 30 million of which net is Kshs. 20 million and AIA is Kshs. 10 million. Budget Cuts in the SAGA will affect core activities, personnel emoluments and other operations and maintenance. Core activities such as carrying out 1,100 intelligence-based tests and sensitizing 11,400 persons on Anti-doping issues will be affected. In addition, lack of a WADA accredited laboratory in Kenya makes

testing of athletes expensive and technological advancements on doping practices makes it difficult for timely detection of use of prohibited substances and methods.

Table 3: Changes in the recurrent expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	352.8	0.4	352.4	339.0	0.4	338.6	(13.8)	-	(13.8)
ADAK	30.0	10.0	20.0	30.0	10.0	20.0	-	-	-
SASDF	336.0	336.0	-	336.0	336.0	-	-	-	-
SK	386.5	131.4	255.1	386.5	131.4	255.1	-	-	-
KAS	-	-	-	-	-	-	-	-	-
Total	**1,105.3**	**477.8**	**627.5**	**1,091.5**	**477.8**	**613.7**	**(13.8)**	**-**	**(13.8)**

Source: Supplementary Estimates No. I FY 2024/25

11. The reduction in the recurrent expenditure is affecting the departments at the headquarters where there is reduction in Domestic Travel and Subsistence, and Other Transportation Costs, Hospitality Supplies and Services, Purchase of Office Furniture and General Equipment and Other Operating Expenses.

Development Expenditure

12. The overall development estimates for the Department has been reduced by Kshs. 174.2 million in the Supplementary I Estimates. The allocation for the Kenya Academy of Sports meant for the completion of Phase 1B of the complex and Establish an Automation & Digitalization Systems for Sports Registrar has been reduced by 100%. The estimated AIA collection of Sports, Arts and Social Development Fund has not been affected in the supplementary estimated.

Table 5: Changes in the development expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Establish an Automation & Digitalization Systems for Sports Registrar	45.2	-	45.2	-	-	-	(45.2)	-	(45.2)
Sports Arts and Social Development Fund	16,464.0	16,464.0	-	16,464.0	16,464.0	-	-	-	-
Kenya Academy of Sports	129.0	-	129.0	-	-	-	(129.0)	-	(129.0)
Total	**16,638.2**	**16,464.0**	**174.2**	**16,464.0**	**16,464.0**	**-**	**(174.2)**	**-**	**(174.2)**

Source: Supplementary Estimates No. I FY 2024/25

13. The revision of the entire allocation to capital projects implies that these projects are unfunded in this financial year. This means that the timelines relating to the completion of the projects has to be revised to reflect the reality. There is also the danger of the projects stalling as well as attracting pending bills.

1134 - State Department for Culture and Heritage

Recurrent Expenditure

14. The overall recurrent estimates for the Department have a reduction of Kshs. 85.9 million in the Supplementary I Estimates affecting the expenditure allocation at the Headquarters. The allocation for the SAGAs has not been affected in the Supplementary I Estimates.

Table 6: Changes in the recurrent expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	613.5	2.5	611.0	527.6	2.5	525.1	(85.9)	-	(85.9)
NMK	1,154.8	300.0	854.8	1,154.8	300.0	854.8	-	-	-
BoK	333.8	103.0	230.8	333.8	103.0	230.8	-	-	-
NHC	101.4	-	101.4	101.4	-	101.4	-	-	-
KCC	91.5	42.0	49.5	91.5	42.0	49.5	-	-	-
KNLS	430.0	90.0	340.0	430.0	90.0	340.0	-	-	-
KECOBO	143.1	3.0	140.1	143.1	3.0	140.1	-	-	-
Total	**2,868.2**	**540.5**	**2,327.7**	**2,782.3**	**540.5**	**2,241.8**	**(85.9)**	**-**	**(85.9)**

Source: Supplementary Estimates No. I FY 2024/25

15. The reduction in the recurrent expenditure is affecting the departments at the headquarters where there is reduction in Domestic Travel and Subsistence, and Other Transportation Costs, Hospitality Supplies and Services, Purchase of Office Furniture and General Equipment and Other Operating Expenses.

Development Expenditure

16. The overall development estimates for the Department have been reduced by Kshs. 152.8 million in the Supplementary I Estimates and the projects affected are the Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum, Marachi Cultural Centre, Wundanyi Youth Resource (Culture & Talent) Center and Rehabilitation of Basic Facilities at Bomas which have their allocations reduced by 100%. Professional & Scientific Training for D of Culture Tourism with an allocation of Kshs. 10 million has not been affected in the supplementary estimates.

17. Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum was a stalled project in the State Department which was funded in FY 2016/17 with an actual expenditure of Kshs. 10.7 million. The allocation of Kshs. 39.3 million was meant to complete the project. Budget cuts in the supplementary estimate will affect completion of the project. The expenditure for Marachi Cultural Centre was meant to complete Phase 1 of the facility and the budget cut will affect timely completion of the facility.

Table 8: Changes in the development expenditure (Kshs. Millions)

No		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1.	Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum	39.3	-	39.3	-	-	-	(39.3)	-	(39.3)
2.	Marachi Cultural Center	30.0	-	30.0	-	-	-	(30.0)	-	(30.0)
3.	Wundanyi Youth Resource (Culture & Talent) Center	35.0	-	35.0	-	-	-	(35.0)	-	(35.0)
4.	Rehabilitation of Basic Facilities at Bomas	48.5	-	48.5	-	-	-	(48.5)	-	(48.5)
5.	Professional & Scientific	10.0	-	10.0	10.0	-	10.0	-	-	-

No		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
	Training for Devlpmnt of Culture Tourism									
	Total	**162.8**	**-**	**162.8**	**10.0**	**-**	**10.0**	**(152.8)**	**-**	**(152.8)**

Source: Supplementary Estimates No. I FY 2024/25

1135 - State Department for Youth Affairs and Creative Economy

18. The Committee oversights one programmes in the Department, Film Development Services. The overall budget has been reduced by Kshs. 141.9 million in the FY 2024/25 Supplementary I Estimates of which the recurrent expenditure has reduced by Kshs. 2.2 million and development expenditure by Kshs. 139.7 million as highlighted in table 9.

Table 9: Changes in the Film Development Services (Kshs. Millions)

Film Development Services	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Recurrent	560.1	50.0	510.1	557.9	50.0	507.9	(2.2)	-	(2.2)
Development	149.7	-	149.7	10.0	-	10.0	(139.7)	-	(139.7)
Total	**709.8**	**50.0**	**659.8**	**567.9**	**50.0**	**517.9**	**(141.9)**	**-**	**(141.9)**

Source: Supplementary Estimates No. I FY 2024/25

Recurrent Expenditure

19. The overall recurrent estimates for the Department have a reduction of Kshs. 2.2 million in the Supplementary I Estimates affecting the expenditure allocation at the Headquarters. The allocation for the SAGAs has not been affected in the Supplementary I Estimates.

Table 10: Changes in the recurrent expenditure (Kshs. Millions)

SAGAs	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	185.9	4.0	181.9	183.7	4.0	179.7	(2.2)	-	(2.2)
KFCB	270.1	46.0	224.1	270.1	46.0	224.1	-	-	-
KFC	104.1	-	104.1	104.1	-	104.1	-	-	-
Total	**560.1**	**50.0**	**510.1**	**557.9**	**50.0**	**507.9**	**(2.2)**	**-**	**(2.2)**

Source: Supplementary Estimates No. I FY 2024/25

20. The reduction in the recurrent expenditure is affecting the departments at the headquarters where there is reduction in Domestic Travel and Subsistence, Hospitality Supplies and Services, and Other Operating Expenses as highlighted table 11;

Table 11: Changes in the recurrent expenditure at the Headquarters (Kshs. Millions)

HEAD	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Kenya Film School	113.0	4.0	109.0	113.0	4.0	109.0	-	-	-
Film Production Department - HQ	50.3	-	50.3	49.1	-	49.1	(1.2)	-	(1.2)
Film Production Department -Field Services	22.5	-	22.5	21.6	-	21.6	(1.0)	-	(1.0)
Total	**185.9**	**4.0**	**181.9**	**183.7**	**4.0**	**179.7**	**(2.2)**	**-**	**(2.2)**

Source: Supplementary Estimates No. I FY 2024/25

Development Expenditure

21. The overall development estimates for the Department have been reduced by Kshs. 139.7 million in the Supplementary I Estimates and the projects affected are Establishment of Kenya Film School, Film Location Mapping and Refurbishment of Cinema Theatre which have their allocations reduced by 100%. Strengthening the Film Industry in Kenya - BETA with an allocation of Kshs. 10 million has not been affected in the supplementary estimates.

22. Budget cut for the refurbishment of the Cinema Theatre will affect timely completion of the project. The project is meant to create an infrastructure for the creative economy where artists and film makers and stakeholders in the creative economy can exhibit films and content. The completed cinema theatre has potential for the agency to raise its own revenue through appropriation in aid (AIA) as well as establish and sustain an efficient system for regulating the creation, distribution and exhibition of film and broadcasting content in the country.

23. The Establishment of the Kenya Film School has a reduction in allocation by 100% affecting timely completion of the project. The funds were meant to complete the institution by increasing the facilities and equipment in the School. The institution will target youths and recruit students across the country. The completed project has potential for the agency to raise its own revenue through appropriation in aid (AIA) and increased partnerships and collaboration with local and international stakeholders.

Table 12: Changes in the development expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Strengthening the Film Industry in Kenya - BETA	10.0	-	10.0	10.0	-	10.0	-	-	-
Film Location Mapping	14.0	-	14.0	-	-	-	(14.0)	-	(14.0)
Establishment of Kenya Film School	100.0	-	100.0		-	-	(100.0)	-	(100.0)
Refurbishment of Cinema Theatre	25.7	-	25.7	-	-	-	(25.7)	-	(25.7)
Total	**149.7**	**-**	**149.7**	**10.0**	**-**	**10.0**	**(139.7)**	**-**	**(139.7)**

Source: Supplementary Estimates No. I FY 2024/25

2.2 Summary of Key issues

24. Reduction in recurrent expenditures - the reduction in budget in the recurrent expenditures will affect Domestic Travel and Subsistence, and Other Transportation Costs, Foreign Travel and Subsistence, and Other Transportation Costs, Hospitality Supplies, Purchase of Office Furniture and General Equipment and Services and Other Operating Expenses in line with the National Treasury Circular.

25. Significant reduction in allocation to capital projects - The development expenditure across the Departments have been reduced by 100%. This will delay completion of capital projects and increasing the cost of completing the projects. The completed projects such the Cinema Theatre and the Kenya Film School have potential to raise AIA for the implementation agencies. The revision of the entire allocation to capital projects implies that these projects are unfunded in this financial year. In addition, timelines relating to the completion of the projects has to be revised to reflect the reality. There is also the danger of the projects stalling as well as attracting pending bills.

26. Lack of adequate funding to SAGAs - The Kenya Academy of Sports has not been allocated any funding in the Supplementary I estimate. The SAGA does not collect its own appropriation in aid therefore the institution may not be able to undertake its core mandate and payment of salaries. Further, Anti-Doping Agency of Kenya has an allocation of Kshs. 20 million from the exchequer. The agency collects AIA estimated at Kshs. 10 million which is not sufficient to cater for core objectives of testing and sensitization on anti-doping issues. This will lead to non-compliance with the World Anti-Doping Code 2021 that may result to a ban in participating and hosting athletics competitions.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

In the review and consideration of the Supplementary Estimate I for the Financial Year 2024/25, the Departmental Committee on Sports and Culture received submissions from the State Departments on the relevant thematic areas.

3.1.1 State Department for Sports

27. The Principal Secretary Eng. Peter Tum, CBSfrom the State Department for Sports, accompanied Chief Executive Officers and other senior officials from the Ministry, appeared before the Committee on 18th July, 2024 and submitted as follows:

Overall variation to the MDAs approved recurrent and development budget;

28. The State Department Supplementary Estimates No.1 for FY 2024/25 the budget has been reduced to Kshs. 17,555,750,286 resulting in a negative variance of Kshs. 187,936,118.

Highlight the most affected programmes, projects and spending items

29. The approved Recurrent Budget for the FY 2024/25 is Kshs 1,105,286,404. The expenditure is to cater for Personnel Emoluments, Transfers to SAGAS and other recurrent expenditure. The budget has been rationalized downwards in FY 2024/25 Supplementary Estimates No.1 to Kshs 1,091,750,286.

30. The approved Development budget for FY 2024/25 is Kshs 16,638,400,000, comprising of Kshs 16,464,000,000 local AIA and Kshs 174,000,000 GoK exchequer. The total Development budget has been rationalized to Kshs 16,464,000,000 resulting to a budget cut of Kshs 174,000,000.

Information on changes to expenditure allocation to development projects, including changes to priority to Bottom-up Economic Transformative Agenda (BETA) projects;

31. The 100% budget cut on exchequer funded projects will impact negatively on implementation of digitalization programme by the Office of the Registrar of Sports and lead to stalling of phase 1 and 2 of Kenya Academy of Sports Complex.

32. The State Department programmes, projects and spending items has not been allocated any money in FY 2024/25 for expenditure under Article 223 of the Constitution.

Expected impact of the Budget revisions on programme and project targets;

33. The downward rationalization of the budget implies that the targeted programmes and projects will be scaled down in line with the revised budget. Specifically, the State Department will not be able to settle the pending bill for Phase 1A of the Kenya Academy of Sports Complex and ongoing construction of Phase 2A. The digitalization programme at the Sports Registrar's

Office will also stall. Further, routine operations as well as planned revision of sports policy will be negatively affected.

3.1.2 State Department for Culture and Heritage

34. The Principal Secretary Ms Ummi Bashir, CBS of the State Department for Culture, the Arts and Heritage, accompanied by Chief Officers and other senior ministry officials, appeared before the Committee on 18th July, 2024 and submitted as follows:

Overall variation to the MDAs approved 2024/2025 recurrent and development budget:

35. The State Department for Culture, the Arts and Heritage Vote 1134, has a significant deviation from the approved budget estimates, a deviation of Kshs.238,732,037

36. The recurrent budget has been reduced by Kshs. 85.889 million while the development allocation was cut by Kshs. 152.8 million.

37. The cut will certainly have an adverse effect on achievement of State Department's mandate and BETA targets.

38. The development budget has been reduced by Kshs.152.8M which mainly on transfers to SAGAs; Bomas of Kenya, National Museum, and Kenya Cultural Center.

Highlights of the most affected programs, projects and spending items;

39. Table below highlights how the 5 programmes have been affected by the proposed changes in the Supplementary Estimate 1

Vote 1134 State Department for Culture and Heritage FINANCIAL YEAR 2024/2025			
	Approved Estimates (Kshs)	Supplementary Estimates (Kshs)	Change in Estimates (Kshs)
0902000 Culture/ Heritage	1,927,613,312	1,750,641,571	(176,971,741)
0903000 The Arts	350,586,020	323,586,197	(26,999,823)
0904000 Library Services	458,075,884	446,085,173	(11,990,711)
0905000 General Administration, Planning and Support Services	166,222,722	153,717,041	(19,929,338)
0916000 Public Records Management	128,499,383	125,658,959	(2,840,424)
Total Expenditure for Vote 1134 State Department for Culture and Heritage	**3,030,997,321**	**2,803,501,056**	**(238,732,037)**

40. The reduction of the development project allocation to the currently ongoing projects will result to projects stalling and also in pending bills. The following project were affected by the budget cuts:
    i. Rehabilitation and Upgrade of Kapenguria 6 Facility/
    ii. Marachi Cultural Centre
    iii. National Library Project
    iv. Wundanyi Youth Resource (Culture & Talent) Center
    v. Rehabilitation of Basic Facilities at Boma
    vi. Professional & Scientific Training (donor project)

41. The reduction of the development project allocation to the currently ongoing projects will result to projects stalling and also in pending bills.

42. The recurrent expenditure, the most affected spending items are foreign travel, which is now zero, domestic travel and hospitality allocation allocations among others

43. The affected expenditure area will adversely impact on achieving the set BETA targets such asi Ushanga Initiative whose activities involves empowering women in 10 counties.

Expected impact of the Budget revisions on program and projects targets.

44. The proposed budget revisions will have adverse impacts on the ongoing programs and projects. Specific impacts include;

    i. The on-going Wundanyi Cultural Youth Resource Center and Marachi Cultural Centers will stall and their pending bills will not be settled.

    ii. Rehabilitation of Basic facilitations at Bomas of Kenya will also stall and proposed construction of international convection centre may delay.

    iii. Rehabilitation and upgrading of Kapenguria 6 facility will also stop.

Appeal for reinstating the proposed recurrent and development budget cuts.

45. Kshs. 15 million for foreign travel in the State Department. Currently the allocation is Zero. The allocation will be critical in realizing the State Department aspiration of having artifacts in foreign countries repatriated.

46. Kshs. 20 million for hospitality items. In the State Department for Culture, hospitality budget includes allocation for marking the National Celebrations- Madaraka Day, Jamhuri Day and Mashujaa Day. With the proposed budget cut the will not be able to effectively coordinate this National event.

47. Kshs.152 million under development allocation; As mentioned the cut was effected on the on-going projects (Rehabilitation of Bomas of Kenya (48.5M) and Kapenguria 6 Museum (39.3M), Construction of Wundanyi Youth Centre (35M) and Marachi Cultural Centre Center (20M) and Kenya National Library Centre (10M). Reinstatement will ensure ongoing projects do not stall and there are no pending bills and interests.

48. Kshs. 24.48 million for Permanent Presidential Music Commission; The reinstatement of cut amount will enable the commission to reach out to more youth who earn their living in Music and dances.

49. Kshs. 30 million for Ushanga Kenya, this allocation is necessary for transitioning Ushanga Kenya Initiative into a Social Economic Enterprise.

50. Kshs. 68 million for the National Heroes Council. The allocated amount is not sufficient to undertake the core mandates after paying salaries and contractual obligations such as rent. The requested amount will be utilized on Mashujaa celebrations Kshs.30M, Staff medical insurance Kshs.8M and Operations and Maintenance Kshs.30M.

51. Kshs. 200 million for National Museums of Kenya. The institution suffered the most and as a result, they were unable to settle June Salary. The institution net allocation was reduced from Kshs.1,278,210,000 in FY 2023/24 to Kshs. 854,838,528 in FY 2024/25

52. Kshs. 60 million for Kenya Copyright Board. The amount will be utilized in meeting contractual obligations such as rent, and implementation of the approved BETA projects. The items could not be accommodated within the approved allocation.

3.1.3 State Department for Youth Affairs and Creative Economy

53. Mr. Ismail Maalim Madey, CBS, Principal Secretary the State Department for Youth Affairs and Creative Economy appeared before the Committee together with senior oficials from the Ministry on 18th July 2024 and submitted as follows:

Highlights of the most affected programs, projects and spending items
Recurrent.

54. The Approved Estimates FY 2024/25 we had an allocation of Kshs.149.73 million for the execution of these projects; which has now been reduced to Kshs.10 million. This reduction has seen all projects, having their GOK allocations reduced to zero under Supplementary Estimates No. 1

55. The proposed Recurrent Supplementary Estimates No.1 of Kshs. 557,904,908, a higher proportion of this allocation (87%) is earmarked for transfers to SAGAS while personnel emolument costs will take up 10% of this allocation.

56. Rent Arrears Kenya Film School of Kshs 40.00, the bill is as a result of the School being transferred from the State Department of Broadcasting to Sports before being domiciled in the State Department for Youth leading to delays in the payment of rent.

57. Film Department the reduction of allocation from 40.00 to 14.90, the funds are required:

    i. To purchase production equipment and material. Currently most cameras are unserviceable whereas others are too old and obsolete due to change in technology.
    ii. To cater for renovation of DFS offices which are currently leaking during rainy period.
    iii. Field offices require adequate funding to enable them cover projects and other government programmes within their jurisdictions and smooth running of their offices

58. To cater for renovation of DFS offices which are currently leaking during rainy period.

59. The Kenya Film Commission (KFC) has been allocated Kshs. 104,066,338; an amount which is inadequate to settle the personnel emolument costs. The PE costs for KFC is Kshs. 110,500,000 and this allocation leads to a resultant shortfall of Kshs. 6,433,662 if the proposed reduction is upheld.

60. No allocation has been made in respect of non-discretionary expenses and the execution of the core mandate of the Commission. KFC is therefore in dire need of at least Kshs. 127.5 million in the context of FY 2024/25.

61. The Kenya Film Classification Board (KFCB) has been allocated Kshs. 270,148,914 in the proposed Supplementary Estimates No. 1 FY 2024/25. No provision has been factored for some expenses such as utilities, board expenses, contracted guards and cleaning services in addition to the financing of mandatory regulatory expenses as per the mandate of the board

62. The State Department launched the Africa Audio-Visual Cinema Commission (AACC) Secretariat on May 9, 2024. There is therefore a need to operationalize the Secretariat to meet the aspirations of the African Union from Kenya as the host nation. The Secretariat requires funds for meeting staff salaries and allowances, rent, utilities, non-discretionary expenses, among others. The Secretariat needs at least Kshs.100 million in the FY 2024/25 to meet these expenses. No provision has been made towards this initiative.

Development Vote

63. The State Department is implementing various projects aimed at developing the film industry and encouraging the youth to embrace it as a source of livelihood. In the Approved Estimates FY 2024/25 we had an allocation of Kshs.149.73 million for the execution of these projects; which has now been reduced to Kshs.10 million.

64. The following shows how the development projects have been affected.

No.	Project Name	Approved Estimates				Supplementary I. Estimates	Variation
		Financial Year 2024/25 Allocation (Kshs. Millions)					
		GoK	Loans	Grants	Total	(Gross)	
1.	Film Location Mapping	14.00	0	0	14.00	0	(14.00)
2.	Establishment of Kenya Film School	100.00	0	0	100.00	0	(100.00)
3.	Acquisition and Refurbishment of Cinema Theatre	25.73	0	0	25.73	0	(25.73)
4.	Strengthening of the Film Industry in Kenya - BETA	0	0	10.00	10.00	10.00	0.00
	Total	**139.73**	**0**	**10.00**	**149.73**	**10**	**(139.73)**

Expected impact of the budget revisions on program and project targets

65. The following projects will be greatly affected the proposed cuts under the Supplementary Estimates No. 1 framework:

No.	Project Name	Remarks
1.	Film Location Mapping	The project is earmarked for completion in the FY 2024/25 and any cut will lead to accumulation of pending bills
2.	Establishment of Kenya Film School	The project is earmarked for completion in the FY 2024/25 and any cut will lead to accumulation of pending bills.
3.	Acquisition and Refurbishment of Cinema Theatre	Ongoing project. Budget cut will delay the completion of the project

Appeal for reinstating the proposed recurrent and development budget cuts

66. On Recurrent Budget, consideration for an additional Kshs.282 million for the various SAGAs and AACC as detailed in this report;

67. On Development Budget, the Reinstatement of our allocation as contained in the Approved Estimates FY 2024/25 and Reinstate Kshs. 100 million for the renovation of the Kenya Film School

PART IV

4.0 COMMITTEE OBSERVATIONS

General/Cross cutting observation

The Committee observed that despite the critical role played by the sector in creating opportunities for the youth and addressing the challenge of unemployment, the sector largely remains under funded, reflecting a mismatch between resource allocation and the nation's priorities. Sports, creative economy and the arts and film production are areas that, if fully supported have the potential to contribute significantly to alleviating the challenge of unemployment.

a) The State Department for Sports

1. **THAT,** in FY 2024/25 printed Estimates, the State Department for Sports was allocated **Kshs. 1.11 billion** and **Kshs. 16.64 billion** under recurrent and development respectively. The recurrent expenditure has been reduced to **Kshs. 1.09 billion** a reduction of **Kshs. 13.8 million** while the development expenditure has been reduced to **Kshs. 16.46 billion** a reduction of **Kshs. 174.4 million**.

2. **THAT,** the entire allocation of capital projects has been removed implying the projects will be unfunded in this financial year. This will lead to revision of completion dates and risk projects stalling and attracting pending bills.

3. **THAT**, the Kenya Academy of Sports has not been allocated any funding in the Supplementary I estimate. The SAGA does not collect its own appropriation in aid therefore the institution may not be able to cater for personnel emoluments and to undertake its core mandate of talent identification, nurturing and marketing.

4. **THAT**, the Anti-Doping Agency of Kenya has an allocation of Kshs. 20 million from the exchequer and collects AIA estimated at Kshs. 10 million which is not sufficient to cater for core objectives of testing and sensitization on anti-doping issues. Inadequate funding to ADAK, which is among the requirements for compliance, will lead to non-compliance with the World Anti-Doping Agency and may result to a ban in participating and hosting athletics competitions.

5. **THAT**, the Kenya Academy of Sports requires **Kshs. 98 million** to cater for personnel emoluments while the Anti-Doping Agency of Kenya requires **Kshs. 55 million** to cater for personnel emoluments which have not been allocated in the supplementary estimates.

6. **THAT,** the Sports Registrar is underfunded and plays a key role in registration of sports organizations, licensing of sports persons, inspections of sports organizations and sensitization programmes across the country. The Sports Registrar is unable to adequately mitigate on rogue sports federations and unlicensed sports persons such agents, coaches which risk exposing athletes to illegal substances.

b) The State Department for Culture and Heritage

1. **THAT,** in FY 2024/25 printed Estimates, the State Department for Culture and Heritage was allocated **Kshs. 2.87 billion** and **Kshs. 162.8 million** under recurrent and development respectively. The recurrent expenditure has been reduced to **Kshs. 2.78 billion** a reduction of

Kshs. 85.9 million while the development expenditure has been reduced to **Kshs. 10 million** a reduction of **Kshs. 152.8 million.**

2. **THAT,** in the State Department, Hospitality Supplies and Services budget includes allocation for marking the National Celebrations - **Madaraka Day**, **Jamhuri Day** and **Mashujaa Day**. With the proposed budget cut the Department will not be able to effectively coordinate these National events.

3. **THAT,** the entire allocation of capital projects has been revised implying the projects will be unfunded in this financial year leading to revision of completion dates and risk projects stalling and attracting pending bills. The projects affected are the Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum, Marachi Cultural Centre, Wundanyi Youth Resource (Culture & Talent) Centre and Rehabilitation of Basic Facilities at Bomas which have their allocations reduced by 100%. The Professional & Scientific Training for Development of Culture Tourism with an allocation of Kshs. 10 million has not been affected in the supplementary estimates.

4. **THAT**, given the recent development in the country regarding a sense of disaffection among the youth, the State Department should be fully supported to initiate a campaign of reigniting a sense of national pride and belonging among the youth and the general populace through the promotion of national values of patriotism and nationhood, taking into cognizance and nurturing the nation's cultural diversity

c) The State Department for Youth Affairs and Creative Economy

1. **THAT,** in FY 2024/25 printed Estimates, the State Department for Youth Affairs and Creative Economy, where the committee oversights the **Film Development Services,** was allocated **Kshs. 560.1 million** and **Kshs. 149.7 million** under recurrent and development respectively. The recurrent expenditure has been reduced to **Kshs. 557.9 billion** a reduction of **Kshs. 2.2 million** while the development expenditure has been reduced to **Kshs. 10 million** a reduction of **Kshs. 139.7 million.**

2. **THAT,** the entire allocation of capital projects has been revised implying the projects will be unfunded in this financial year, leading to revision of completion dates and risk of projects stalling and attracting pending bills. The projects affected are Establishment of Kenya Film School, Film Location Mapping and Refurbishment of Cinema Theatre which have their allocations reduced by 100%. Strengthening the Film Industry in Kenya - BETA with an allocation of Kshs. 10 million has not been affected in the supplementary estimates.

3. **THAT,** the budget cut for the refurbishment of the Cinema Theatre will affect timely completion of the project. The project is meant to create an infrastructure for the creative economy where artists and film makers and stakeholders in the creative economy can exhibit films and content. The completed cinema theatre has potential for the agency to raise its own revenue through appropriation in aid (AIA) as well as establish and sustain an efficient system for regulating the creation, distribution and exhibition of film and broadcasting content in the country.

4. **THAT,** the Establishment of the Kenya Film School has a reduction in allocation by 100% affecting timely completion of the project. The funds were meant to complete the institution by increasing the facilities and equipment in the School. The institution will target youths and recruit students across the country. The completed project has potential for the agency to raise its own revenue through appropriation in aid (AIA) and increased partnerships and collaboration with local and international stakeholders.

PART V

5.0 COMMITTEE RECOMMENDATIONS

1. The Committee, having scrutinized the Supplementary Estimates No. I for FY 2024/25 recommends as follows;

Financial Recommendation

a) That, the proposed allocations in the FY 2024/25 supplementary No. I expenditure estimates for the State Department for Sports comprising of recurrent expenditure of **Kshs. 1.092 billion** and development expenditure of **Kshs. 16.464 billion be approved with the following additional requests**;

Additional requests

i. Allocating **Kshs. 98 million** to the Kenya Academy of Sports which has no allocation to cater for personnel emoluments.

ii. Allocating **Kshs. 55 million** to the Anti-Doping Agency of Kenya which has an allocation of Kshs. 20 million to cater for personnel emoluments and other operational expenses.

b) That, the proposed allocations in the FY 2024/25 supplementary No. I expenditure estimates for the State Department for Culture and Heritage, comprising of recurrent expenditure of **Kshs. 2.78 billion** and development expenditure of **Kshs. 10 million be approved with the following amendments and additional request;**

decreases

i. Decrease the recurrent expenditure of the Kenya Copyright Board by **Kshs. 25 million**.

Increases

ii. Increase the development expenditure of the Wundanyi Youth Resource (Culture & Talent) Center by **Kshs. 25 million.**

Additional requests

i. Allocating **Kshs. 24 million** to the Permanent Presidential Music Commission for identification, auditioning and preparation of performing groups during National Celebrations - **Madaraka Day**, **Jamhuri Day** and **Mashujaa Day**. These days are set aside for the celebration of the nation's oneness and reflection of our past achievements

c) For the **State Department for Youth Affairs and Creative Economy**, the proposed allocations in the FY 2024/25 supplementary No. I expenditure estimates comprising of recurrent expenditure of **Kshs. 557.9 million** and development expenditure of **Kshs. 10 million be approved without amendments**.

5.3 Requests for Additional Funding

The Committee is requesting the Budget and Appropriations Committee to consider the following additional funding requests in the sector as highlighted:

5.3.1 State Department for Sports

The Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding for the state department for Sports:

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0901000 Sports	Kenya Academy of Sport	1132000200 Kenya Academy of Sports	98 million	Allocating the Kenya Academy of Sports adequate funding for its operations. Kenya Academy of Sport has not been allocated any funding in FY 2024/25. The agency does not collect any appropriation in aid and a zero budget will affect operations of the Academy such payment of salaries and utilities and other activities such as talent identification, nurturing and marketing.
0901000 Sports	Anti-Doping Agency of Kenya	1132000700 Anti-Doping Agency of Kenya	55 million	Allocating the Anti-Doping Agency of Kenya adequate funding for its operations. The Anti-Doping Agency of Kenya has been allocated Kshs. 20 million in FY 2024/25 which is not adequate for personnel emoluments and its core mandate. The agency only collects Kshs. 10 million in appropriation in aid. The reduction in budget at the Anti-Doping Agency of Kenya will affect core activities of anti-doping education and mandatory tests on athletes which will lead to non-compliance to the World Anti-Doping Code resulting to a ban in participating and hosting athletic competitions.
Total Recurrent			**153 million**	

5.3.2 State Department for Culture and Heritage

The Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding for the State Department for Culture and Heritage:

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0903000 The Arts	Permanent Presidential Music Commission	1134002100 Permanent Presidential Music Commission	24 million	Additional allocation to the Permanent Presidential Music Commission for identification, auditioning and preparation of performing groups during National Celebrations - Madaraka Day, Jamhuri Day and Mashujaa Day. These days are set aside for the celebration of the nation's oneness and reflection of our past achievements
Total Recurrent			**24 million**	

1st Schedule: Proposed Committee Increases and Decreases

The committee proposes the following financial recommendations;

Proposed reductions (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	Printed Estimates		Supplementary Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	Kenya Copyright Board	1134002200 Kenya Copyright Board	140.07	-	140.07	-	(25)	-	115.07	-	The state corporation has potential to raise it own appropriation in aid through the blank tape levy
Total				**140.07**	**-**	**140.07**	**-**	**(25)**	**-**	**115.07**	**-**	

Proposed Increases (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	Printed Estimates		Supplementary Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0902000 Culture/ Heritage	0902030 Development and Promotion of Culture	Wundanyi Youth Resource (Culture & Talent) Center	1134103100 Wundanyi Youth Resource (Culture & Talent) Center	-	35	-	-	-	25	-	25	The additional allocation will enable the completion of the institution
Total				**-**	**35**	**-**	**-**	**-**	**25**	**-**	**25**	

HON. DANIEL SITATI WANYAMA, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

Signature: ..... **Date:** 19/7/2024

Annexures

Annex 1: Adoption List
Annex 2: Minutes of the Committee Sittings
Annex 3: PBO Brief on FY 2024/25 Supplementary No. 1 Estimates
Annex 4: MDA's submissions

DEPARTMENTAL COMMITTEE ON ENERGY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION, 2024

THE DEPARTMENTAL COMMITTEE
ON
ENERGY

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/2025 SUPPLEMENTARY ESTIMATES NO. I

Vote 1152 - State Department for Energy
Vote 1193 - State Department for Petroleum

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

JULY 2024

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PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Energy of Supplementary Estimates No. I for the FY 2024/2025 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Supplementary Estimates on 17th July 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.2. The Mandate of the Committee

2. The Departmental Committee on Energy is one of the twenty Departmental Committees of the National Assembly established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, and estimates of the assigned ministries and departments;*
    ii. *To study the program and policy objectives of ministries and departments and the effectiveness of the implementation;*
    iii. *quarterly, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *To study, assess, and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House under the provisions of Article 254 of the Constitution; and*
    xi. *Examine any questions raised by Members on a matter within its mandate.*

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following Subject: Fossil fuel exploration, development, production, maintenance and distribution, nuclear energy, clean energy, and regulation of energy.

4. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3. Committee Membership

5. The Committee comprises the following Members:

Chairperson
Hon. (Eng.) Vincent Musyoka Musau, MP
Mwala Constituency
UDA Party

Vice-Chairperson
Hon. Lemanken Aramat, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Mwafrika Augustine Kamande, MP
Roysambu Constituency
UDA Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Ken Chonga, MP
Kilifi South Constituency
ODM Party

Hon. Victor Koech Kipngetich
Chepalungu Constituency
CCM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

1.4. Committee Secretariat

6. The following Members of Staff service the Committee:

Mr. Fredrick O. Otieno
Clerk Assistant I/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mate
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Mr. Ambrose Nguti
Media Relations Officer II

Ms. Carolyne Musyoka
Hansard Reporter III

Ms. Lillian Aluga
Public Communications Officer

Mr. Anthony Wamae
Serjeant-At-Arms

Mrs. Rehema Koech
Audio Officer III

1.5. Overview of the Examination of the Supplementary Estimates II for FY 2024/2025

7. The Supplementary Estimates I for the fiscal year 2024/2025 were submitted to the National Assembly on Friday, 12th July 2024 in line with Article 221 of the Constitution and section 44 of the Public Finance Management Act 2012. Consequently, the Supplementary Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 243.

8. The Committee held a total of two (2) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 17th July 2024 at Bunge Tower, Parliament Buildings.

1.6. Acknowledgment

9. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. Further, the Committee appreciates the Ministries and State Departments that appeared before it to make their submissions.

10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Energy to present its Report on consideration of Supplementary Estimates No. I for FY 2024/2025 to the Budget and Appropriation Committee under the provisions of section 44 of the Public Finance Management Act (PFM Act) and Standing Order 207 (6).

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES II FOR FY 2022/2023

11. The First Supplementary Estimates for FY 2024/2025 were submitted to the National Assembly on **Friday, 12th July 2024**. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

12. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

13. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

14. The 2024/25 Supplementary I Budget Estimates have been reduced by **Kshs.121.8 billion** from the approved FY 2024/25 Budget Estimates. The reduction has been occasioned by the decision of H.E. the president not to assent to the Finance Bill National Assembly Bill No. 34 of 2024 which had envisaged to raise additional revenues amounting to **Kshs.344.3 billion**, hence necessitating the revision of the expenditures to reflect this reality and address the rationalization of the Budget Estimates to align to the revised fiscal framework as well as realignment of the budget to cater for the FY 2023/24 carryovers.

15. This report focuses on the consideration of Estimates of Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: the Ministry of Energy and Petroleum.

2.1. Detailed Analysis of Supplementary I Estimates Per MDA

16. The Supplementary Estimates I propose to decrease the allocation for the State Department for Energy by **Kshs. 18.55 billion** comprising of a decrease of **Kshs.12.32 million** for recurrent expenditure and a decrease of **Kshs. 18.53 billion** for development expenditure.

17. It also proposes to decrease the allocation for the State Department for Petroleum by **Kshs. 381.20 million** comprising of a decrease of **Kshs. 6.00 million** for recurrent expenditure and a reduction of **Kshs. 375.20 million** for development expenditure.

Table 1: Summary of Changes in the Supplementary Estimates I (in Kshs. Millions)

MDAs	Category	Approved Estimates	Revised Estimates	Difference
State Department for Energy	Recurrent	9,894.43	9,882.11	(12.32)
	Development	59,769.08	41,233.88	(18,535.20)
	Total	**69,663.51**	**51,115.99**	(18,547.52)
State Department for Petroleum	Recurrent	27,325.21	27,319.21	(6.00)
	Development	3,875.20	3,500.00	(375.20)
	Total	**31,200.41**	**30,819.21**	(381.20)

Source: Supplementary Estimates No.1 FY 2024/25

18. The Supplementary Estimates No. 1 for FY 2024/25 proposes to reduce the recurrent expenditure for the State Department for Energy by **Kshs. 12.32 million** which is all comprised of a reduction in GoK Exchequer funding as shown in Table 3. The changes will affect only the Headquarters budget leaving the SAGAs budget unchanged. The changes will affect the O&M expenditures i.e., Communication, Supplies and Services, domestic travel, hospitality supplies, training expenses, routine Maintenance - Other Assets, purchase of Office Furniture and General Equipment, as well as other operating expenses for various directorates under the State Department's Headquarters.

Table 2: Impact on the recurrent expenditure for the State Department for Energy (in Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	**552.43**	133.00	419.43	**540.11**	133.00	407.11	**(12.32)**	-	(12.32)
KETRACO	**5,110.00**	5,110.00	-	**5,110.00**	5,110.00	-	-	-	-
KPLC	-	-	-	-	-	-	-	-	-
REREC	**2,252.00**	2,252.00	-	**2,252.00**	2,252.00	-	-	-	-
GDC	**1,480.00**	1,480.00	-	**1,480.00**	1,480.00	-	-	-	-
NUPEA	**500.00**	-	500.00	**500.00**	-	500.00	-	-	-
KENGEN	-	-	-	-	-	-	-	-	-
Total	**9,894.43**	8,975.00	919.43	**9,882.11**	8,975.00	907.11	**(12.32)**	-	(12.32)

Source: Supplementary Estimates No.1 FY 2024/25

19. The Supplementary Estimates No. 1 for FY 2024/25 further proposes to reduce the development expenditure for the State Department for Energy by **Kshs. 18.53 billion**, with the cuts being all from GoK exchequer.

20. Compared to the FY 2024-25 approved estimates, further analysis of the Development expenditure category indicates that the biggest decrease was witnessed in REREC which got a budget cut of Kshs.14.8 billion (67.8% decrease), KETRACO which got a decrease of Kshs.1.8 billion(14.2% decrease), KPLC which incurred a reduction of Kshs.1.3 billion(13.3% decrease), NuPEA which decreased by Kshs.420 million(100% decline),GDC whose budget

declined by Kshs.105 million(1.6% decrease) and Ministry HQ whose budget declined by Kshs.64 million(2.5% reduction). On the other hand, the development budget for KenGen remained unchanged as indicated in table 3:

Table 3: Summary of Key Development Expenditures for the State Department for Energy

Head	Approved Estimates FY 2024/25	Supp. I Estimates for FY 2024/25	Variance	% Change
	(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
KPLC	9,604.00	8,329.00	(1,275.00)	-13.28%
KETRACO	12,808.00	10,985.00	(1,823.00)	-14.23%
NuPEA	420.00	-	(420.00)	-100.00%
KenGen	5,759.00	5,759.00	-	0.00%
GDC	6,716.00	6,611.00	(105.00)	-1.56%
REREC	21,897.00	7,049.00	(14,848.00)	-67.81%
Ministry HQ	2,565.00	2,501.00	(64.00)	-2.50%
Total	**59,769.00**	**41,234.00**	**(18,535.00)**	**-2.90%**

Source: National Treasury

21. The recurrent expenditure for the State Department for Petroleum is incurred under the following Heads; Headquarters Administration Services, Petroleum Exploration and Distribution, Financial Management and Procurement Services, and the Central Planning & Project Monitoring Unit, with all being affected by the supplementary budget cuts.

22. An analysis shows that the expenditure is largely utilized by the Headquarters Administration Services which accounts for 99 percent of total recurrent expenditure and has no budget cuts in the fuel stabilization programme, however, other expenditure items experienced budget cuts of **Kshs.2.0 million** and affected areas such as **Domestic Travel (Kshs.820,681)** and other operating expenses (Kshs.915,208).

23. A review of the variances in the Financial Management and Procurement Services head indicates that out of the budget cuts of **Kshs.2.4 million**, the cuts majorly **affect domestic travel (Kshs.829,924), Hospitality (Kshs.465,480), and the purchase of office furniture (Kshs.1.068 million).**

24. A further analysis of the changes in the petroleum exploration and distribution head indicates that out of the budget cuts of **Kshs.1.2 million**, the cuts majorly affect **domestic travel (Kshs.720,000), Hospitality (Kshs.319,876), and training expenses (Kshs.80,983),** with the summary as indicated in table 4;

Table 4: Supplementary Changes under Recurrent Expenditure (Kshs. millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters Administration Services	**27,213.51**	**27,000.00**	213.51	**27,211.48**	**27,000.00**	211.48	**(2.03)**	-	**(2.03)**
Petroleum Exploration and Distribution	**56.29**	-	**56.29**	**55.07**	-	55.07	**(1.22)**	-	**(1.22)**
Financial Management and Procurement Services	**44.49**	-	**44.49**	**42.13**	-	42.13	**(2.36)**	-	**(2.36)**
Central Planning & Project Monitoring Unit	**10.92**	-	**10.92**	**10.52**	-	10.52	**(0.40)**	-	**(0.40)**
Total	**27,325.21**	**27,000.00**	**325.21**	**27,319.20**	**27,000.00**	**319.20**	**(6.01)**	-	**(6.01)**

Source: Supplementary Estimates No 1 FY 2024/25

25. The development expenditure for the State Department for Petroleum amounted to Kshs.3.87 billion in the Budget Estimates of FY 2024/25 and compared to the approved estimates, the allocation in the Supplementary Estimates is a reduction of Kshs.375.20 million (9.6% decrease) to amount to Ksh.3.50 billion attributed to a decrease in GoK exchequer and affected 3 out of the 7 projects implemented by the State Dept.

26. The key highlights under development expenditure for the State Department for Petroleum are:

    i. Clean Cooking Gas for Boarding Learning institutions project which had an allocation of Kshs. 954.5 in the annual estimates of the FY 24/25, experienced a reduction of Kshs.258.3 million in the supplementary estimates of FY 24/25, which is from Gok Exchequer to amount to Kshs.696.2 million. The decrease affects the targets which reduced from 74 to 60 public learning institutions provided with Clean Cooking Gas (CCG).

    ii. Petroleum Exploration in Block 14T-The project which is carried out by the NOCK and had a budget of Kshs.385 million consisting of Kshs.280 million in AiA and Kshs.105 million in GoK net, has a budget cut of Kshs.105 million which is from Gok exchequer, to amount to Kshs.280 million. The effect is a downward revision of the targets of 2 Geological and Geophysical Reports by 50%.

    iii. Preparatory activities for the Lokichar -Lamu Crude Oil Pipeline project which had an allocation of Kshs.495.9 million in the annual estimates of the FY 23/24, experienced a reduction of Kshs.11.9 million in the supplementary estimates of FY 23/24, which is from GoK exchequer to amount to Kshs.484 million. The decrease affects the research, Feasibility Studies, Project Preparation, and Design components of the project as well as downward revisions of the targets from 70% to 60% for the land acquisition process and from 60% to 40% for preliminary activities for Crude Oil Pipeline.

27. The summary of the changes in the Development Expenditure in the state Department is indicated in table 5:

Table 5: Summary of Key Development Expenditures for the State Dept. For Petroleum in Kshs. Millions

	Approved Estimates			Revised Estimates			Difference		
	Gross	**Net**	**AiA**	**Gross**	**Net**	**AiA**	**Gross**	**Net**	**AiA**
Petroleum Exploration in Block 14T	385.00	105.00	280.00	280.00	-	280	**(105.00)**	**(105.00)**	-
Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline	495.90	11.90	484.00	484.00	-	484	**(11.90)**	**(11.90)**	-
Early Monetization of the First Oil Project	427.00	-	427.00	427.00	-	427	-	-	-
Oil Exploration and Monitoring	995.78	-	995.78	995.78	-	995.78	-	-	-
Fuel Marking	84.00	-	84.00	84.00	-	84.00	-	-	-
Clean Cooking Gas for Boarding Learning Institutions	954.52	258.30	696.22	696.22	-	696.22	**(258.30)**	**(258.30)**	-
LPG Distribution and Infrastructure **(Beta)**	533.00	-	533.00	533.00	-	533	-	-	-
Total	**3,875.20**	**375.20**	**3,500.00**	**3,500.00**	-	**3,500.00**	**(375.20)**	**(375.20)**	-

Source: Supplementary Estimates No 1 FY 2024/25

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

28. The Departmental Committee on Energy held meetings with the Ministries, Departments, and Agencies under its purview to interrogate Supplementary Estimates I for the FY 2024/25 on Wednesday 17th July 2024. The following are the highlights of the submissions by the Ministries, Departments, and Agencies under the Committee's purview:

3.1 The State Department for Energy – Vote 1152

The Principal Secretary for the State Department of Energy, Mr. Alex Wachira made the following submissions on Supplementary Estimates I for FY 2024/2025: That;

29. The overall variations in the State Department for Energy, Vote 1152 approved Estimates allocations in the 2024/25 Financial Year is a decrease of **Kshs.18.6 Billion** where Recurrent and Development budgets decreased by **Kshs. 12.3 Million** and **Kshs. 18.5 Billion** respectively as summarised in Table 6 below:

Table 6: VOTE 1152: 2024/25 FY Supplementary I Budget Estimates

(AMOUNT Kshs.)			
	APPROVED ESTIMATES 2024/25 FY	**SUPPLEMENTARY I ESTIMATES 2024/25 FY**	**OVERALL CHANGE**
RECURRENT	9,894,434,710	9,882,118,087	-12,316,623
DEVELOPMENT	59,769,080,497	41,233,880,497	-18,535,200,000
VOTE 1152 TOTAL BUDGET	**69,663,515,207**	**51,115,998,584**	**-18,547,516,623**

30. The decrease in the Recurrent budget has only been affected in the operations and maintenance estimates as shown in Table 7 below. which shows the overall change of **Kshs.12 Million** and in particular under other recurrent(O&M):

Table 7: Recurrent Budget Analysis

	Approved Estimates (Kshs. Million) 2024/25	**Supplementary Estimates No.1 (Kshs. Million) 2024/25**	**Overall change (Kshs. Million)**
Gross	**9,894.4**	**9,882**	**-12**
AIA	8,975	8,975	-
NET	**919.4**	**907**	**-12**
Compensation to Employees	341	341	-
Current Transfers	9,342	9,342	-
Other Recurrent (O&M)	211.4	199.4	-12

31. The approved and Supplementary Estimates No. I budget for SAGAs and State Department and variances thereof are as shown in Table 8 Below:

Table 8: Development budget for SAGAs and the State Department

DEVELOPMENT BUDGET FOR FY 2024/25			
AGENCY/DEPT.	**APPROVED ESTIMATES 2024/25 FY**	**SUPPLEMENTARY I EST. FY 2024/25**	**VARIANCE**
KETRACO	12,915,000,000	11,091,800,000	-1,823,200,000
KENGEN	5,758,750,000	5,758,750,000	-
KPLC	9,604,000,000	8,329,000,000	-1,275,000,000
REREC	21,897,330,497	7,049,330,497	-14,848,000,000
GDC	6,716,000,000	6,611,000,000	-105,000,000
NUPEA	420,000,000	0	-420,000,000
STATE DEPT. HQ	2,458,000,000	2,394,000,000	-64,000,000
TOTAL	**59,769,080,497**	**41,233,880,497**	**-18,535,200,000**

32. The Table above shows the changes in the development budget for the State Department and its SAGAs as rationalized by the National Treasury. The additional **Kshs. 100 Million** for EPRA is for South Lokichar Oil field Development plan (FDP) consultative services.

33. The programmes affected by Supplementary II Estimates as shown in tables 9 and 10 below:

Table 9: Recurrent Programmes Affected

RECURRENT BUDGET PROGRAMME				
Programme	**Implementing Agency**	**Approved Estimates 2023/2024 Gross (Kshs.)**	**Supplementary Ii Estimates 2023/2024- Gross (Kshs.)**	**Variance**
General Administration Planning and Support Services	State Department-HQ	382,969,897	381,611,137	-1,358,760
Power Generation	KenGen/GDC/Nupea	2,695,764,635	3,251,764,635	556,000,000
Power Transmission and Distribution	Ketraco/REREC/KPLC	5,991,005,320	5,991,005,320	0
Alternative Energy Technologies	State Department-HQ	73,401,452	73,401,452	0
TOTAL		**9,143,141,304**	**9,697,782,544**	**554,641,240**

Table 10: Programmes Affected

PROGRAMME	APPROVED ESTIMATES 2024/2025 GROSS (Kshs.)	SUPPLEMENTARY I ESTIMATES 2024/2025-GROSS (Kshs.)	Net Change
0211000 General Administration Planning and Support Services	561,790,584	554,340,438	**(7,450,146)**
0212000 Power Generation	15,127,486,011	14,601,539,903	**(525,946,108)**
0213000 Power Transmission and Distribution	51,830,521,893	33,787,901,484	**(18,042,620,409)**
0214000 Alternative Energy Technologies	2,143,716,719	2,118,277,580	**(25,439,139)**
TOTAL FOR VOTE R1152 State Department for Energy	69,663,515,207	51,062,059,405	**(18,601,455,802)**

34. Under the development item, a total of **Kshs 18.5 billion** was cut under different projects as shown in the table above.

35. Table 11 below shows the Project amendments per Agency and State Department:

Table 11. Project amendments per Agency and State Department

	HEADS	APPROVED ESTIMATES 2024/2025 IN KShs.	TOTAL AMENDMENTS	AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.
		GROSS		GROSS
	STATE DEPARTMENT -HQ			
1	1152105400 Hydro dams Water catchment re-afforestation	104,000,000	**-24,000,000**	80,000,000
2	1152105500 Solar PV installation on Institutions and or community boreholes in	50,000,000	-	50,000,000
3	1152105600 Development of Community Small Hydro Power projects	20,000,000	-	20,000,000
	HEADS	**APPROVED ESTIMATES 2024/2025 IN KShs.**	**TOTAL AMENDMENTS**	**AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.**
4	1152105800 Installation of wind masts & data loggers and rehabilitation of pre	30,000,000	-	30,000,000

	HEADS	APPROVED ESTIMATES 2024/2025 IN KShs.	TOTAL AMENDMENTS	AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.
		GROSS		GROSS
5	1152105900 Energy Efficiency Programme (Investment Grade Audits	50,000,000	-	50,000,000
6	1152106000 Construction of institutional biogas plants	120,000,000	-	120,000,000
7	1152106100 Pilot programme on Domestic household biogas digesters (upscalling b	120,000,000	-	120,000,000
9	1152106300 Biofuel value chain development	15,000,000	-	15,000,000
10	1152106400 Energy Efficient Charcoal Kilns Development	11,000,000	-	11,000,000
11	1152106500 Geothermal Projects	110,000,000	-	110,000,000
12	1152107600 Nuclear Fuel Resources Exploration & Development	93,000,000	-	93,000,000
13	1152108400 Monitoring and Evaluation of Energy Projects	140,000,000	-	140,000,000
14	1152108500 Refurbishment of Kawi House	40,000,000	-	40,000,000
15	1152108000 Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP)	1,455,000,000	**-40,000,000**	1,415,000,000
16	1152111100 Kenya Green Hydrogen Development	50,000,000	-	50,000,000
17	1152111900 Green Climate Friendly (GCF) Cooking Stove Project	50,000,000	-	50,000,000
	TOTAL	**2,458,000,000**	**-64,000,000**	**2,394,000,000**
S/NO.	**KETRACO**			
1	1152100200 Nanyuki-Isiolo-Meru-BETA	96,600,000	**-96,600,000**	-
2	1152100300 SonduHomabay Ndhiwa Awendo Electrification Project-BETA	373,800,000	**-373,800,000**	-
3	1152101000 Nairobi 220KV Ring	26,600,000	**-26,600,000**	-
4	1152101300 Olkaria Lessos Kisumu Power Lines Construction Project	451,500,000	**-381,500,000**	70,000,000

	HEADS	APPROVED ESTIMATES 2024/2025 IN KShs.	TOTAL AMENDMENTS	AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.
5	1152101400 Turkwell- Ortum-Kitale	109,200,000	**-109,200,000**	-
6	1152101800 Eastern Electricity Highway Project (Ethiopia- Kenya Interconnector)	706,800,000	**-165,800,000**	541,000,000
7	1152103100 Multi-National Kenya-TZ Power Interconnection Project-BETA	292,900,000	-	292,900,000
8	1152103700 Mariakani Substation-BETA	275,000,000	-	275,000,000
9	1152103900 Power Transmission System Improvement project	450,000,000	**-450,000,000**	-
10	1152104000 Machakos - Konza - Kajiado - Namanga	120,000,000	**-120,000,000**	-
11	1152107900 Kenya Power Transmission Expansion Project	539,200,000	**-9,100,000**	530,100,000
12	1152108100 220KV Kamburu - Embu - Thika Transmission Line	1,934,800,000	**-15,000,000**	1,919,800,000
13	1152108700 Rabai - Kilifi Transmission Line-BETA	376,800,000	-	376,800,000
14	1152109500 Loiyangalani- Marsabit 400 KV Transmission Line	612,700,000	-	612,700,000
15	1152109000 Electrification of Economic Zones	1,564,400,000	-	1,564,400,000
16	1152110300 220kV Marsabit - Isiolo Transmission Line	612,700,000	-	612,700,000
17	1152110400 National System Control Centre & Makindu SS	4,189,400,000	-	4,189,400,000
18	1152112000 Reinforcement of Electricity Transmission Network (RETNET)	107,000,000	-	107,000,000
19	1152112300 Narok - Bomet-BETA	75,600,000	**-75,600,000**	-
	TOTAL	**12,915,000,000**	**-1,823,200,000**	**11,091,800,000**
	KENGEN			
1	1152100800 Olkaria I and IV	27,500,000	-	27,500,000
2	1152109300 East Africa Skills for Transformation & Regional Integration Project	100,000,000	-	100,000,000
3	1152109600 Ol Karia I Units 1,2,3 Geothermal Power Plant Rehabilitation Project	4,000,000,000	-	4,000,000,000

	HEADS	APPROVED ESTIMATES 2024/2025 IN KShs.	TOTAL AMENDMENTS	AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.
4	1152109900 Olkaria 1AU & IV Turbine Uprating	1,631,250,000	-	1,631,250,000
	TOTAL	**5,758,750,000**	**0**	**5,758,750,000**
	KPLC			
1	1152102700 Last Mile Electricity Connectivity-BETA	3,388,000,000	**-300,000,000**	3,088,000,000
2	1152103500 Street-lighting	211,000,000	**-211,000,000**	-
3	1152107200 Retrofitting of Mini Grids	691,000,000	-	691,000,000
4	1152109200 Electrification of Government Housing Schemes	13,300,000	**-13,300,000**	-
5	1152109700 Rural Electrification Schemes	1,200,700,000	**-1,200,700,000**	-
6	1152111700 Sustain Energy Fund for Africa (SEFA) Devpt of Utility Run Super ESCO	50,000,000	-	50,000,000
7	1152113500 Kenya Green Resillient Expansion of Energy	2,000,000,000	-	2,000,000,000
8	1152113900 Connectivity to Leather Industrial Park - Kenanie	-	**450,000,000**	450,000,000
9	1152108000 Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP)	2,050,000,000	-	2,050,000,000
	TOTAL	**9,604,000,000**	**-1,275,000,000**	**8,329,000,000**
	GDC			
1	1152100500 Bogoria Silali Geothermal Project	4,054,000,000	-	4,054,000,000
2	1152102200 Menengai Geothermal Development Project	2,112,000,000	**-55,000,000**	2,057,000,000
3	1152109800 300MW Suswa geothernal project	550,000,000	**-50,000,000**	500,000,000
	TOTAL	**6,716,000,000**	**-105,000,000**	**6,611,000,000**
	REREC			
1	1152106900 Installation of Transformers in Constituencies	1,636,000,000	**-100,000,000**	1,536,000,000
2	1152108000 Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP)	1,250,000,000	-	1,250,000,000
3	1152112900 Electrification of Galana-Kulalu Irrigation Scheme	1,033,000,000	-	1,033,000,000

	HEADS	APPROVED ESTIMATES 2024/2025 IN KShs.	TOTAL AMENDMENTS	AMENDED SUPPLEMENTARY ESTIMATES 2024/2025 in KShs.
4	1152113200 Electrification of Public Facilities - Cont.	14,600,000,000	**-14,600,000,000**	-
5	1152113700 Public Participation Projects	118,000,000	**-118,000,000**	-
6	1152104400 Electrification of Public Facilities	2,832,330,497	**-30,000,000**	2,802,330,497
7	1152104600 Solar Maintenance Programme	100,000,000	-	100,000,000
8	1152106200 Expansion of Energy centres	328,000,000	-	328,000,000
	TOTAL	**21,897,330,497**	**-14,848,000,000**	**7,049,330,497**
	NUPEA			
1	1152108300 Nuclear Policy and Legislation	49,000,000	**-49,000,000**	-
2	1152107500 Resource Development for Nuclear Programme	105,000,000	**-105,000,000**	-
3	1152110200 Publicity and Advocacy	91,000,000	**-91,000,000**	-
4	1152105100 Nuclear Power Plant Siting	140,000,000	**-140,000,000**	-
5	1152105200 Strategic Environmental Assessment	35,000,000	**-35,000,000**	-
	TOTAL	**420,000,000**	**-420,000,000**	**0**
	TOTAL FOR VOTE D1152 State Department for Energy	**59,769,080,497**	**-18,535,200,000**	**41,233,880,497**

36. Under Recurrent budget, the following spending items have been affected by the cuts;

i. Communication, Supplies and Services
ii. Domestic Travel and Subsistence
iii. Foreign travel
iv. Training Expenses
v. Hospitality, Supplies and Services
vi. Membership Fees and Subscriptions
vii. Acquisitions of Non-Financial Assets

37. KenGens budget has not been affected during budget rationalization, however, the corporation requests a budget reallocation within their projects to allow projects that are 95% complete to be finalized. This occurrence was due to the reductions made in Supplementary Estimates II in the FY 2023/24. The proposed reallocation is as shown in Table 12 below:

Table 12

KENGEN			
PROJECT NAME	**APPROVED ESTIMATES 2024/25 Gross Kshs.**	**PROPOSED SUPPLEMENTARY I ESTIMATES 2024/25 Gross Kshs.**	**AMENDED BUDGET REQUEST Gross Kshs.**
Olkaria I and IV (olkaria I unit 6)	27,500,000	+2,200,000,000	2,227,500,000
Olkaria 1AU & IV Turbine Uprating.	1,631,250,000	-1,100,000,000	531,250,000
1 Ol Karia I Units 1,2,3 Geothermal Power Plant Rehabilitation Project	4,000,000,000	-1,100,000,000	2,900,000,000
East Africa Skills for Transformation & Regional Integration Project	100,000,000	+550,000,000	650,000,000
TOTAL	**5,758,750,000**	**+550,000,000**	**6,308,750,000**

38. The Geothermal Development Corporation budget was rationalized by **Kshs. 105 Million**, however, the corporation is requesting a reallocation of their Local AIA to cater for the reductions made under GoK as shown in Table 13 below:

Table 13

GDC			
PROJECT NAME	**APPROVED ESTIMATES 2024/25 Gross Kshs.**	**PROPOSED SUPPLEMENTARY I ESTIMATES 2024/25 Gross Kshs.**	**AMENDED BUDGET REQUEST Gross Kshs.**
300MW Suswa geothermal project	550,000,000	- 200,000,000	350,000,000
Menengai Geothermal Development Project	2,112,000,000	95,000,000	2,207,000,000
Bogoria Silali Geothermal Project	4,054,000,000	-	4,054,000,000
TOTAL	**6,716,000,000**	**-105,000,000**	**6,611,000,000**

39. KETRACO requests for consideration for expansion of an amount of **Kshs. 875.60 Million** for Local AIA to fund the following priority projects which are almost complete for commissioning:

Table 14

Project Name	Amount
Nanyuki-Isiolo-Meru-BETA	96,600,000
Sondu Homabay Ndhiwa Awendo Electrification Project-BETA	373,800,000
Nairobi 220KV Ring	26,600,000

Project Name	Amount
Olkaria Lessos Kisumu Power Lines Construction Project	205,800,000
Power Transmission System Improvement project	97,200,000
Narok Bomet Project	75,600,000
TOTAL FUNDING	**875,600,000**

40. NUPEA budget for development has been reduced to Nill, and therefore all of the planned activities, will stop.

3.1.1 Kenya Power and Lighting Company Ltd

41. KPLC finances its recurrent expenditure budget from the internally generated revenue and therefore it was not affected by the proposed budget review.

42. Under the development, KPLC is the implementing agency of electricity related Government projects including Last Mile Connectivity and Street Lighting. The Government along with other Development Partners avail funding for the various projects.

43. There is a proposed budget reduction of **Kshs.1,275 Million** in the Supplementary I Budget review for the projects implemented by KPLC.

44. The Programmes/Projects for the FY 2024/2025 Approved Budget Estimates and the proposed budget reviews under Supplementary I are as tabulated in Table 15 below:

Table 15: Programmes/Projects for FY 2024/25 Printed Estimates and Proposed Budget Reviews

Programme and Project Code & Project Title	Approved Budget Estimates FY2024/2025	Supplementary I Estimates FY2024/2025	Variation
	Kes 'M'	**Kes 'M'**	**Kes 'M'**
1152102701 Last mile connectivity	3,388.0	3,088.0	-300.0
11521035001 Street lighting.	211.0	0.0	-211.0
1152107201 Retrofitting of Mini-Grids	691.0	691.0	0.0
1152108002 Kenya Off-Grid solar access programme for underserved counties	2,050.0	2,050.0	0.0
1152109200 Electrification of Government Housing Schemes	13.3	0.0	-13.3
1152109701 Rural Electrification Scheme	1,000.0	0.0	- 1,000.0
1152109702 Off-grid Electrification schemes	200.7	0.0	- 200.7
1152111700 Establishment of a Utility Run Super Esco	50.0	50.0	0.0
1152113500 The Green Resilient Expansion of Energy Programme – GREEN	2,000.0	2,000.0	0.0
1152113900 Connectivity to Leather Industrial Park - Kenanie		450	450
Total	**9,604.0**	8,329.00	-1,275.0

3.2 State Department for Petroleum – Vote 1193

The Principal Secretary State Department for Petroleum, Mr. Mohamed Liban submitted as follows on the 2024/2025 Supplementary Estimates I: That;

45. The State Department was allocated **Kshs. 31,200,411,883** in the FY 2024/25 Printed Estimates comprising of **Kshs. 27,325,211,883** for the Recurrent budget and **Kshs. 3,875,200,000** for the Development budget. Arising from The National Treasury Circular No. 8/2024 dated 5th July 2024, on the Guidelines for Revision of the Estimates of Expenditure and Revenue for the Financial Year 2024/25 (FY 2024/25 Supplementary Estimates No. 1), the budget has been revised to **Kshs. 30,820,278,584**, comprising of **Kshs. 27,320,278,584** and **Kshs. 3,500,000,000** for Recurrent and Development Estimates, respectively.

46. The overall budget cut of **Kshs. 380,133,299** was made from GoK source of financing, (Exchequer funded), comprising of **Kshs. 4,933,299** and **Kshs. 375,200,000** for Recurrent and Development Budgets, respectively. The summary of the overall variation is shown in the Table 16 below:

Table 16: Overall Budget Variations for SDP, FY 2024/25

S/No.	Vote	Printed Estimates 2024/25 (Kshs.) A	Revised Estimates No. 1 2024/25 (Kshs.) B	Net Variation (Kshs.) C=B-A
1	Recurrent	27,325,211,883	27,320,278,584	-4,933,299
2	Development	3,875,200,000	3,500,000,000	-375,200,000
Total		**31,200,411,883**	**30,820,278,584**	**-380,133,299**

47. The Recurrent budget has been rationalized by reducing expenditures on the following economic items with the percentages indicated in the Table 17 below:

Table 17: Rationalization of the FY 2024/5 Recurrent Budget

S/NO.	ITEMS	%CUT
1.	2210200 Communication, Supplies and Services	20
2.	2210300 Domestic Travel and Subsistence, and other Transportation Costs	50
3.	2211306 Membership Fees, Dues and Subscription to Professional and Trade Bodies	100
4.	2210400 Foreign Travel and Subsistence, and other transportation costs	20
5.	2210700 Training Expenses	20
6.	2210800 Hospitality Supplies and Services	50
7.	2211320 Temporary Committees Expenses	20
8.	2211335 Monitoring and Evaluation	100
9.	2211399 Other Operating Expenses – Others	100
10.	2220205 Maintenance of Buildings and Stations-Non-Residential	50
11.	2220204 Maintenance of Buildings and Stations-Residential	50
12.	3110300 Refurbishment of Buildings	100
13.	3110700 Purchase of Vehicles and Other Transport Equipment	100
14.	3111000 Purchase of Office Furniture and General Equipment	100
15.	3111400 Research, Feasibility Studies, Project Preparation and Design	100

48. The Foreign Travel and Subsistence and other transportation costs were supposed to be rationalized by 20%. However, the foreign travel budget for the State Department had been earlier rationalized by 100%, leaving no budget for further rationalization.

49. The State Department has only **Kshs. 1.2 million** per month available for use in all its Operations and Maintenance (O&M) (use of goods and services).

50. Development budget has been rationalised by removing **Kshs. 375.2 million** translating to 100% of the GoK funding component as indicated in the table 18 below:

Table 18: Development Projects 2024/25 FY Revised Estimates No. 1

S/No.	Project/Program	Approved Estimates (Kshs. Million)	Revised Estimates (Kshs. Million)	Decrease (Kshs. Million)	Remarks
1.	Petroleum Exploration in Block 14T – NOCK	385	280	105	100% GoK Removed
2.	Fuel Marking	.84	84	-	-
3.	Exploration and Distribution of oil and Gas	495.9	484	11.9	100% GoK Removed
4.	Early Monetization of First Oil Project	427	427	-	-
5.	LPG Distribution and Infrastructure – BETA	533	533	-	-
6.	Oil Exploration and Monitoring	995.7	995.7	-	-
7.	CCG for Learning Institutions	954.5	696.2	258.3	100 GoK Removed
	TOTAL	**3,875.2**	**3,500**	**375.2**	**Exchequer by GoK removed**

51. Notable rationalization is on Clean Cooking Gas (CCG) for Public Learning Institutions of **Kshs. 258.3 million**. This project is a Bottom-Up Economic Transformative Agenda (BETA) Project. It is worthy that the CCG project will be funded through PDL (AIA) in the meantime with a budget of **Kshs. 696.2 million**.

52. The expected impact of this budget revision on programme and projects targets will be as follows:
    i. Block 14T: The **Kshs. 105 million** Exchequer funding reduction may not significantly affect exploration activities undertaken by NOCK;
    ii. The **Kshs. 11.9 million** Exchequer funding budgetary cuts under Exploration and Distribution of Oil and Gas is insignificant; and

iii. During the finalization of budget, the State Department realigned its PDL budget allocation for CCG for Public Learning Institutions by **Kshs. 696.2 million**. The rationalization by **Kshs. 258.3 million** Exchequer funding of the CCG for Public Learning Institutions will therefore remain considerably well-funded. We have, however, revised the targets from 74 to 60 under Programme Based Budget (PBB) to reflect the budgetary reduction.

3.2.1 Kenya Pipeline Company Limited

53. KPC had to rationalize its recurrent expenditure by **Kshs. 2.8 billion (10%)** to **Kshs. 24.8 billion** by rephasing and reprioritizing some of its activities to a later date. This is as per the National Treasury Circular No. 2/2024 dated 27th March 2024.

54. The most affected spending items in the rationalized budget (Kshs 2.8 billion) are summarised in Table 19 below:

Table 19: Affected Spending Items

Particulars	FY2025 Budget	Adjustment /Budget Cut	% Budget Cut	Rationalized Budget FY 2025
	Kshs.000	Kshs.000	%	Kshs.000
Direct Costs (Cost of Sales)	8,099,790	1,258,149	16%	6,841,641
Personnel Emoluments	6,882,829	522,673	8%	6,360,156
Administrative Expenses	3,016,550	820,498	27%	2,196,052
Contracted Services	863,262	130,000	15%	733,262
Repairs & Maintenance	260,538	35,000	13%	225,538
Board Expenses	64,944	34,944	54%	30,000
Depreciation & Amortization	7,308,845	-	-	7,308,845
Insurances & Medical	970,957	-	-	970,957
Finance Costs – Loan Interest)	147,689	-	-	147,689
Total Rationalized Expenditure	**27,615,405**	**2,801,264**	**10%**	**24,814,140**

55. KPC is awaiting The National Treasury budget approval to proceed with implementation of BETA projects. However, if CAPEX budget is reduced/or not approved the key BETA projects to be affected are detailed below:

i. **Fibre Optic Cable (FOC) Infrastructure** – KPC is creating a platform through Fiber Optics Cable (FOC) to support the digitization agenda by working with the existing telcos. KPC has also dedicated resources to maintaining a robust Enterprise resource planning (ERP) and digital connectivity with key stakeholders to ensure ease of operations and conducting business.

ii. **Liquified Petroleum Gas (LPG) Growth Penetration Strategy** – KPC has already established LPG infrastructure at KPRL and plans to add two gantries. This is in an effort to contribute to the BETA initiative of spurring economic growth through micro,

small, and medium-size enterprises (MSMEs) that can venture into the distribution of LPG. This will enhance use of LPG for domestic cooking effectively lowering the cost of living and reduce deforestation resulting from the use of biomass for domestic cooking thus enhancing green culture sustainability.

iii. **Development of key pipeline infrastructure** – To effectively reduce the cost of transportation of oil and gas and in support of the agenda on Agricultural Transformation, KPC in its budget has focused on providing an enabling environment and bringing down the cost of agri-production. This will be achieved through availing product at the right place and time and in a cost-efficient manner.

56. The expected impact of budget revision is reduced activity which might potentially affect Key targets. However, Management will work to mitigate any adverse effects to deliver the revised target of Profit Before Tax (PBT) of **Kshs. 12.7 Billion**.

3.2.2 National Oil Corporation of Kenya Ltd

57. The Corporation's Petroleum Exploration Block 14T project has been affected by reduction of Exchequer Funding by **Kshs. 105Million.**

58. There will be delays in meeting the obligations of the Production Sharing Contract (PSC) during the 1st additional exploration period. This is due to the exclusion of the following activities within the target year:
    i. Designing and developing a Pre-Drill well prognosis to understand the predicted formation placement in a planned well.
    ii. Evaluating the associated risks with the planned trajectory through shallow slim wells at modeled prospects.

3.2.3 Energy and Petroleum Regulatory Authority

59. The Authority's recurrent allocation for the FY 2024/2025 printed estimates has been reduced by **Kshs. 1.471 billion** which will affect its operations.

60. The Authority is decentralizing some of its functions to the regional offices. Budget cuts mean these offices will be underfunded and operations will have to be centralized again.

PART IV

4.0 COMMITTEE OBSERVATIONS

61. Based on the written and oral submissions received from the State Department for Energy and the State Department for Petroleum, the Committee made the following observations:

4.1 State Department for Energy

62. That, the allocation for the State Department for Energy has been reduced by **Kshs. 18.55 billion** comprising of a decrease of **Kshs.12.32 million** for recurrent expenditure and a decrease of **Kshs. 18.53 billion** for development expenditure.

63. That, the State Department has experienced significant budget cuts affecting development expenditures to the tune of Kshs.18.53 billion which is a reduction of 31% compared to the initial FY 2024/25 annual estimates. The projects affected include key ones such as the Last Mile Connectivity for Constituencies and Other Interventions project, the Rural Electrification Schemes project, and the street lighting Project.

64. That, there are critical projects carried out by KETRACO that have suffered budget cuts although they are almost complete for commissioning, which include the Nanyuki-Isiolo-Meru project, Sondu-Homabay Ndhiwa Awendo project, Nairobi 220kv Ring project, Olkaria Lessos project, Power transmission system improvement project, and Narok-Bomet project.

65. That, there is one(1) new project which is the Connectivity to Leather Industrial Park - Kenanie project which is GoK Exchequer financed with an allocation of Kshs.450 million and aims at achieving 100% completion by the end of the financial year.

4.2 State Department for Petroleum

66. That, the allocation for the State Department for Petroleum has been reduced by **Kshs. 381.20 million** comprising of a decrease of **Kshs. 6.00 million** for recurrent expenditure and a decrease of **Kshs. 375.20 million** for development expenditure.

67. That, the reduction in recurrent expenditure of Kshs.6.00 million is due to budget rationalization on O&M expenditure items while the reduction in development expenditure of Kshs.375.20 million is due to budget rationalization on the GoK exchequer component which affected 3 out of the 7 projects implemented by the State Department.

68. That, there is a decrease in the allocation of Kshs.258 million to the Clean Cooking Gas for Boarding Learning institutions project which involves the construction of LPG bullets, cook-stoves, and piping in each of the schools. It is key in helping learning institutions transition from biomass fuel to cleaner fuels like LPG and the effect of the budget cuts also hampers the long-term target of connecting 5,000 public boarding schools and learning institutions to LPG.

PART V

5.0 COMMITTEE RECOMMENDATIONS

69. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. I for the FY 2024/2025, the Committee recommends the following:

5.1 FINANCIAL RECOMMENDATIONS

70. The Committee recommends THAT:

a) For the **State Department for Energy**, the proposed changes in the Supplementary Estimates No. I for the FY 2024/2025 comprising a decrease in recurrent expenditure amounting to **Kshs. 12.32 million,** and a reduction in development expenditure amounting to **Kshs. 18.53 billion be approved with the following amendments;**

Reductions

i. Reduce the allocation for the Bogoria Silali Geothermal Project by Kshs.200 million.
ii. Reduce the allocation for the Suswa Geothermal Project by Kshs.300 million.
iii. Reduce the allocation for the Expansion of Energy centres by Kshs.211 million.
iv. Reduce the allocation for the Connectivity to Leather Industrial Park – Kenanie by Kshs.200 million
v. Reduce the allocation for the Kenya Off-Grid Solar Access Programme For Underserved Counties (KOSAP)-SDE component by Kshs.50 million

Increments

i. Increase the allocation for the electrification of public facilities by Kshs.400 million.
ii. Increase the allocation for the Street Lighting project by Kshs.61 million.
iii. Increase the allocation for the Bogoria Silali Geothermal Project by Kshs.200 million.
iv. Increase the allocation for the installation of transformers in the constituencies project by Kshs.150 million
v. Increase the allocation for the Menengai Geothermal Development project by Kshs.100 million.
vi. Increase the development allocation to the Nuclear Power and Energy Agency(NuPEA) by Kshs.50 million to cover the Nuclear Power Plant Siting project.
vii. Increase the AiA from the sale of electricity ceiling of KETRACO by Kshs.875.60 million to cover the following projects: Nanyuki-Isiolo-Meru project(Kshs.96.6 million), Sondu-Homabay Ndhiwa Awendo project(Kshs.373.80 million), Nairobi 220kv Ring project(Kshs.26.6 million), Olkaria Lessos project(Kshs.205.80

million), Power transmission system improvement project(Kshs.97.20 million) and Narok-Bomet project(Kshs.75.60 million)

b) For the **State Department for Petroleum**, the proposed changes in the Supplementary Estimates No. I for the FY 2024/2025 comprising a decrease in recurrent expenditure amounting to **Kshs. 6.00 million,** and a reduction in development expenditure amounting to **Kshs. 375.20 million be approved with the following amendments;**

Reductions

i. Reduce the allocation for Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline project by Kshs.30 million.
ii. Reduce the allocation for Early monetization of the first oil project by Kshs.75 million.
iii. Reduce the allocation for the Oil Exploration and Monitoring project by Kshs.45 million.

Increments

i. Increase the allocation to the allocation for the Fuel Marking project by Kshs.150 million(transfer to EPRA).

5.2 REQUESTS FOR ADDITIONAL FUNDING

71. Further, the Committee requests that the Budget and Appropriations Committee consider the following budgetary needs for funding key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA):

a) Additional allocation of Kshs.14.6 billion for the Last Mile Connectivity for Constituencies and Other Interventions project.

b) Additional allocation of Kshs.1.2 billion for the Rural Electrification Schemes project.

c) Additional allocation of Kshs.1 billion for the Installation of Transformers in Constituencies project.

d) Additional funding for the street lighting project of Kshs.200 million.

SIGNED .....

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

DATE..... 19/7/2024.....

Schedule 1:Departmental Committee Recommendations on Reallocations within the development expenditure category of the State Department for Energy and State Department for Petroleum Under the Purview of the Committee for FY 2024-25 Supp I

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
Vote 1152 State Department for Energy								
Power Generation	1152100500 Bogoria Silali Geothermal Project	4,054.00	4,054.00	200.00	(200.00)	4,054.00	Gok Exchequer and AiA from the sale of steam	Substitution of the GoK exchequer component of the project with AiA in order to fast-track works on the site.
Power Generation	1152102200 Menengai Geothermal Development Project	2,112.00	2,057.00	100.00	-	2,157.00	AiA from the sale of steam	Financing the strengthening of the steam supply system in readiness for the commissioning of power plants by 2 IPPs
Power Generation	1152109800 300MW Suswa geothermal project	550.00	500.00	-	(300.00)	200.00	AiA from the sale of steam	The decrease in allocation is because the project has been faced with delays due to litigation challenges hence unable to absorb the full allocation.
Power Transmission	1152106200 Expansion of Energy centres	328.00	328.00	-	(211.00)	117.00	AiA from the 5% REP levy	The decrease in allocation is due to under-absorption challenges constraining the project.
Power Transmission	1152103500 Street-lighting	211.00	-	61.00	-	61.00	AiA from the 5% REP levy	Increase in allocation is due to the project's positive ripple effect of improved security, more working hours, and more economic activities leading to

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
								improved standards of living for the citizens.
Power Transmission	1152106900 Installation of Transformers in Constituencies	1,636.00	1,536.00	150.00	-	1,686.00	AiA from the 5% REP levy	Additional allocation to the project is key in enhancing electricity access and connectivity by opening up the rural areas through the supply of essential power for economic activities, facilitation of business opportunities, and enhanced security.
Power Transmission	1152113900 Connectivity to Leather Industrial Park - Kenanie	-	450.00	-	(200.00)	250.00	Gok Exchequer	New project introduced amidst austerity measures and unable to absorb the full budget allocation
Alternative Energy Technologies	1152108001 K-OSAP: State Department of Energy	1,455.00	1,415.00	-	(50.00)	1,365.00	Gok Exchequer	Project affected by land acquisition challenges in the areas of mini-grid construction
Power Transmission	1152104400 Electrification of Public Facilities	2,832.33	2,802.33	400.00	-	3,202.33	Gok Exchequer	Increased allocation is geared towards increasing the scope of households to be connected for the key project which is essential in achieving universal access to electricity by 2030
Power Generation	1152105101 Nuclear	140.00	-	50.00	-	50.00	Gok Exchequer	project is critical in selecting a suitable

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
	Power Plant Siting							location for a facility, including appropriate assessment and definition of the related design bases and covering legal suit costs
Vote 1193: State Department for Petroleum								
Exploration and Distribution of Oil and Gas	1193100401 Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline	495.90	484.00	-	(30.00)	454.00	AiA from the Petroleum Development Levy(PDL)	Reduction in allocation is due to slow pace of works in the project that was at 26% completion as at 31st March 2024
Exploration and Distribution of Oil and Gas	1194100404 Early Monetization of First Oil Project	427.00	427.00	-	(75.00)	352.00	AiA from the Petroleum Development Levy(PDL)	Reduction in allocation is due to slow pace of works in the project that was at 24% completion as at 31st March 2024
Exploration and Distribution of Oil and Gas	1194100407 Oil Exploration and Monitoring	995.78	995.78	-	(45.00)	950.78	AiA from the Petroleum Development Levy(PDL)	Reduction in allocation is due to low absorption of funds in the project that was at 54% completion as at 31st March 2024
Exploration and Distribution of Oil and Gas	1194100301 Fuel Marking	84.00	84.00	150.00	-	234.00	AiA from the Petroleum Development Levy(PDL)	Increase in allocation is geared towards enhancing quality checks aimed at preventing motor fuel adulteration or dumping of export-bound fuels.
Total				**1,111.00**	**(1,111.00)**			

Schedule 2: The Expansion in AiA ceiling for KETRACO

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
Vote 1152 State Department for Energy								
Power Transmission	1152100200 Nanyuki-Isiolo-Meru-BETA	96.60	-	96.60	-	96.60	AiA from the sale of electricity	Fast-track the BETA priority project that is nearing completion.
Power Transmission	1152100300 Sondu Homabay Ndhiwa Awendo Electrification Project-BETA	373.80	-	373.80	-	373.80	AiA from the sale of electricity	Fast-track the BETA priority project that is critical for the western region.
Power Transmission	1152101000 Nairobi 220KV Ring	26.60	-	26.60	-	26.60	AiA from the sale of electricity	critical project that offers an alternative supply path for power into the Nairobi Metropolitan region.
Power Transmission	1152101300 Olkaria Lessos Kisumu Power Lines Construction Project	451.50	70.00	205.80	-	275.80	AiA from the sale of electricity	critical project in stabilizing the power supply to the western region.
Power Transmission	1152103900 Power Transmission System Improvement project	450.00	-	97.20	-	97.20	AiA from the sale of electricity	priority project that is essential in extending power to the rural areas

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
Power Transmission	1152112300 Narok - Bomet-BETA	75.60	-	75.60	-	75.60	AiA from the sale of electricity	Essential BETA project in Connecting parts of South Rift and South Nyanza to reliable and cheaper power
Total				**875.60**				

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

Programme	Description	Amount (Kshs. Millions)	Reason for Additional Funding
0213000 Power Transmission and Distribution	1152113268 Last Mile Connectivity for Constituencies and Other Interventions	14,600	Request for additional funding of Kshs. 14.6 Billion for the project to ensure equal allocation of Kshs.50 million per constituency to the 290 constituencies to enhance electricity connectivity
0213000 Power Transmission and Distribution	1152109700 Rural Electrification Schemes.	1,200	Request for additional allocation of Kshs.1.2 billion towards the project that is critical in providing power to citizens in off-grid areas as well as strengthening the financial position of KPLC since the pending bill now amounts to over Kshs.30 billion.
0213000 Power Transmission and Distribution	1152106900 Installation of transformers in constituencies project	1,000	Request for additional funding of Kshs. 1 billion for the installation of transformers in constituencies project which is key in enhancing electricity access and connectivity by opening up the rural areas through supply of essential power for economic activities, facilitation of business opportunities, and enhanced security.
0213000 Power Transmission and Distribution	1152103500 Street-lighting	200	Request for additional allocation of Kshs.200 million towards the project that is critical in the achievement of a 24-hour economy as well as extending business hours.

DEPARTMENTAL COMMITTEE ON AGRICULTURE &LIVESTOCK



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25 FOR:

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

VOTE 1169: THE STATE DEPARTMENT FOR AGRICULTURE

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PART I

1 PREFACE

1.1 Introduction

1. The supplementary budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval, and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose are insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at a programmes level.

2. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Agriculture and Livestock the mandate to consider matters concerning *agriculture, livestock, food production, and marketing.*

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

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

1.2 Mandate of the Committee

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

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

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

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

5. Under the Second Schedule to the Standing Orders, the Committee is mandated to consider agriculture, livestock, food production, and marketing.

6. In executing its mandate, the Committee oversights the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

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

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

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

Members

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

Hon. Ferdinand Kevin Wanyonyi
Kwanza Constituency
Ford Kenya Party

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

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

Hon. Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

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

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

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

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Pamela Njoki Njeru, MP
Embu County
UDA Party

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

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

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

1.4 Committee Secretariat

8 The Committee is facilitated by the following secretariat.

Ms Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Mr Victor Kilimo
Clerk Assistant III

Mr David Ng'eno
Principal Research Officer II

Ms Brigitta Mati
Legal Counsel I

CPA Robert Ng'etich
Fiscal Analyst II

Mr Gerald Kadede
Legal Counsel II

Ms Zainabu Sora
Serjeant-at-Arms II

Mr Muhumed Shillow
Research Officer III

Mr Erastus Lotuk
Public Relations Officer III

Ms. Edith Chepngeno
Media Relations Officer III

Ms. Diana Chepkemoi
Audio Assistant

1.5 Overview on the Examination of the Supplementary Estimates No. II for FY 2023/24

9. The FY 2024/25 Supplementary Estimates No. I was submitted to the National Assembly on 12th July 2024 and thereby committed to departmental committees for consideration.

10. The Departmental Committee on Agriculture and Livestock is required to scrutinize the Supplementary Estimates and the programmes that the State Department for Agriculture and the State Department for Livestock Development are undertaking with a view of establishing whether the reallocations are necessary and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the State Departments and their agencies to consider Supplementary Estimates No. I for FY 2024/25. The Committee held a total of five sittings to consider the Supplementary Estimates.

1.6 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. I for FY 2024/25.

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

14. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. (Dr.) John Kanyuithia Mutunga, PhD, MP
Chairperson, Departmental Committee on Agriculture and Livestock Development

PART II

2 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25

2.1 Overall Expenditure

15. The FY 2024/25 Supplementary Estimates No. 1 propose to reduce the approved budget by KSh. 121.7 billion, a reduction from KSh. 3,992 billion to KSh. 3,870.2 billion. The National Government budget is set to reduce by KSh. 156 billion representing a reduction of 6.6%, County Government allocation is set to increase by KSh. 10.8 billion, while allocation for Consolidated Fund Services is set to increase by KSh. 23.7 billion.

16. The table below shows the proposed revised allocations and the variations from the FY 2024/25 approved budgetary allocations.

Table 1: Overall Changes in the Supplementary Estimates (in KSh. Millions)

S/NO.			APPROVED BUDGET FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	DEVIATION	% DEVIATION
1.	National Government	Recurrent	1,632,096.60	1,598,049.07	(34,047.53)	-2.1%
		Development	746,335.91	623,984.67	(122,351.24)	-16.4%
		Total	**2,378,432.51**	**2,222,033.75**	**(156,398.76)**	**-6.6%**
	O/W Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*-2.0%*
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*-16.2%*
		Total	***2,309,194.21***	***2,158,070.73***	***(151,123.48)***	***-6.5%***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*-6.3%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*-50%*
		Total	***44,598.00***	***40,865.50***	***(3,732.50)***	***-8.4%***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*-3.2%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*-50%*
		Total	***24,640.30***	***23,097.52***	***(1,542.78)***	***-6.3%***
2.	Consolidated Fund Services		1,213,453.00	1,237,233.80	23,780.80	2%
3.	County Equitable Share		400,117.00	410,951.00	10,834.00	2.7%
Grand Total			**3,992,002.51**	**3,870,218.55**	**(121,783.96)**	**-3.1%**

Source: FY 2024/25 Supplementary Estimates No. I

2.2 Key programmes being implemented by specific MDAs over-sighted by the Committee

State Department for Livestock Development

17. The approved budget for the State Department for FY 2024/25 is KSh. 12.316 billion which consist of a recurrent expenditure of KSh. 5.338 billion and development expenditure of KSh. 6.978 billion. The FY 2024/25 Supplementary Estimates I propose to reduce the budgetary allocation to the State Department by KSh. 848.7 million with a reduction of KSh. 96.2 million in the recurrent expenditure and KSh. 848.7 million in the development expenditure.

Table 2: Changes in the FY 2024/25 Supplementary Estimates I (in KSh.)

ITEM	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	CHANGES	% CHANGE
Current	5,338,504,089.00	5,242,237,448.00	(96,266,641.00)	-2
Capital	6,978,450,000.00	6,226,000,000.00	(752,450,000.00)	-11
Total	**12,316,954,089.00**	**11,468,237,448.00**	**(848,716,641.00)**	**-7**

Source: FY 2024/25 Supplementary Estimates No. I

FY 2024/25 Supplementary Estimates No. I Recurrent Allocation

18. The State Department's recurrent expenditure of KSh. 5.338 billion is proposed to reduce by a net of KSh. 96.2 million representing a 2% reduction. The table below shows a breakdown of the recurrent allocation. The key changes are on account of: reduction on the Use of Good and Services by KSh. 63.88 million; and reduction on Other Recurrent by KSh. 32.39 million.

Table 3: Breakdown of the FY 2024/25 Supplementary I Changes in Recurrent Budget

ITEM	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	CHANGE IN ESTIMATES
Current Expenditure	**5,338,504,089.00**	**5,242,237,448.00**	**-96,266,641.00**
Compensation to Employees	1,616,100,000.00	1,616,100,000.00	0.00
Use of Goods and Services	833,882,575.00	770,006,830.00	-63,875,745.00
Current Transfer to SAGAs	1,833,642,600.00	1,833,642,600.00	0.00
Other Recurrent	1,054,878,914.00	1,022,488,018.00	-32,390,896.00

Source: FY 2024/25 Supplementary Estimates No. I

19. The reduction of KSh. 63.88 million under the Use of Goods and Services is on account of: domestic travel and subsistence; communication supplies and services; hospitality supplies and services; training expenses; and development of the Masterplan.

20. The reduction of KSh. 32.39 million under Other Recurrent is on account of: routine maintenance; and purchase of motor vehicles.

FY 2024/25 Supplementary Estimates No. I Capital Expenditure

21. The FY 2024/25 Supplementary Estimates I propose to reduce the development allocation for the State Department from KSh. 6.98 billion to KSh. 6.23 billion, a reduction of KSh. 752 million which represents a reduction of 11%. The reduction is on GoK funded projects.

22. Out of the thirty-two (32) projects that were to be implemented by the State Department, twenty-six (26) projects have been halted by reducing their allocations to zero. This therefore means that only six (6) projects will be implemented in this Financial Year. Two (2) of the

projects are fully funded by GoK at KSh. 500 million while four (4) projects are donor funded at KSh. 5.73 billion.

23. Some of the key projects affected by the reduction are: establishment of Liquid Nitrogen Plants; and sustainable Tsetse and Trypanosomiasis free areas in Kenya.

24. A new project, Hides, Skins and Leather Fund that will cost KSh. 200 million has been introduced in the State Department. The project is meant to support inspection services of premises and capacity building.

State Department for Agriculture

25. The approved budgetary allocation for the State Department for Agriculture for FY 2024/25 is KSh. 45.73 billion which consists of a recurrent expenditure of KSh. 15.68 billion and development expenditure of KSh. 30.041 billion. The FY 2024/25 Supplementary Estimates I propose to reduce the allocation to KSh. 44.03 billion, a reduction of KSh. 1.7 billion which represents a decrease of 4%. The table below shows the proposed allocation verses the approved budget for the State Department.

Table 4: Changes Proposed in FY 2024/25 Supplementary Estimates I (in KSh.)

ITEM	APPROVED ESTIMATES FOR FY 2024/25	FY 2024/25 SUPPLEMENTARY ESTIMATES I	CHANGES	% CHANGE
Current	15,688,696,299	15,672,807,296	(15,889,003)	0
Capital	30,041,728,896	28,353,074,896	(1,688,654,000)	-6
Total	**45,730,425,195**	**44,025,882,192**	**(1,704,543,003)**	**-4**

Source: FY 2024/25 Supplementary Estimates No. I

FY 2024/25 Supplementary Estimates I Recurrent Allocation

26. The Supplementary Estimates No. I for FY 2024/25 propose to reduce the recurrent expenditure from KSh. 15.69 billion to KSh. 15.67 billion, a reduction of KSh. 15.8 million. The changes are on account of: Reduction of KSh. 11.3 million on Use of Goods and Services; and KSh. 4.5 million on Other Assets.

Table 5: Breakdown of Recurrent Budget

ITEM	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	CHANGE IN ESTIMATES
Current Expenditure	**15,688,696,299**	**15,672,807,296**	**-15,889,003**
Compensation to Employees	875,900,000	875,900,000	0
Use of Goods and Services	167,694,145	156,347,142	-11,347,003
Current Transfers to SAGAs	14,631,237,654	14,631,237,654	0
Other Recurrent	13,864,500	9,322,500	-4,542,000

Source: FY 2024/25 Supplementary Estimates No. I

27. The reduction of KSh. 11.3 million under Use of Goods and Services is on account of: domestic travel and subsistence; communication supplies and services; hospitality supplies and services; and training expenses under various spending units.

28. The reduction of KSh. 4.5 million under Other Assets is on account of purchase of vehicles by agriculture attachés' offices among others.

FY 2024/25 Supplementary Estimates I Development Allocation

29. The State Department has an approved development allocation of KSh. 30.04 billion for FY 2024/25 which is being revised to KSh. 28.35 billion in the Supplementary Estimates, a reduction of KSh. 1.69 billion which represents a 6 percent reduction. As a result of the reduction, twenty-two (22) projects out of the thirty-six projects that were supposed to be implemented in this Financial Year have been left with no funding. Of the fourteen (14) projects to be implemented, only two (2) are GoK funded at KSh. 11 billion while the rest are donor funded at KSh. 17 billion.

30. The key projects affected by the changes are: Sugar reforms Support Project whose funding has been increased from KSh. 961.3 million to KSh. 1 billion; Fertilizer Subsidy Programme whose funding has increased from KSh. 5.5 billion to KSh. 10 billion; a reduction of KSh. 1 billion for the MSMEs Agricultural Credit; a reduction of KSh. 120 million for the Cotton Industry Revitalisation Project; a reduction of KSh. 65 million for the Cashew Nut Revitalization Project, a reduction of KSh. 150 million for the Pyrethrum Industry Revitalisation Project; a reduction of KSh. 90 million for the Coconut Revitalisation Project; and a reduction of KSh. 642 million for Food Security and Crop Diversification Project.

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Department for Agriculture and the State Department for Livestock Development appeared before the Committee on 17th July 2024 and submitted as follows on the FY 2024/25 Supplementary Estimates No. I:

3.1 State Department for Agriculture

31. The Supplementary Estimates No. I for FY 2024/25 propose to reduce the budget for the State Department by KSh. 1.7 billion, from KSh. 45.73 billion to KSh. 44.03 billion. The recurrent expenditure is proposed to reduce from KSh. 15.69 billion to KSh. 15.67 billion while the development expenditure is expected to reduce from KSh. 30.04 billion to KSh. 28.35 billion.

Table 6: Breakdown of Recurrent Estimates in Supplementary Estimates I (in KSh. Millions)

VOTE	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	RESOURCE GAP
Personnel Emoluments	875.90	875.90	0.00
Operations and Maintenance	181.56	166.47	(15.09)
Current Grants	14,085.24	14,085.24	0.00
Sugar Employees Arrears	546	546	0.00
Total Budget	**15,688.70**	**15,673.50**	**(15.09)**

Source: State Department for Agriculture

32. The table below shows the proposed budgetary allocation to the Bottom-up Economic Transformation Agenda (BETA) capital projects (both Gok and donor).

Table 7: Allocation to BETA Capital Projects (in KSh. Millions)

PROJECT	PRINTED ESTIMATES FOR FY 2024/25		SUPPLEMENTARY ESTIMATES I FOR FY 2024/25		VARIANCE
	GoK	DONOR	GoK	DONOR	
Cotton Revitalisation Programme	120	0	0	-	(120)
Fertilizer Subsidy Programme	7,500	0	10,000	-	2,500
Coconut Industry Revitalisation Project	90	0	0	-	(90)
National Agricultural Value Chain Development Project (Donor: IDA)	100	6,006	80	6,006	(20)

PROJECT	PRINTED ESTIMATES FOR FY 2024/25		SUPPLEMENTARY ESTIMATES I FOR FY 2024/25		VARIANCE
	GoK	DONOR	GoK	DONOR	
Soil Health Management	50	0	0	-	(50)
National Edible Oil Promotion Programme	260	0	260	-	0
Construction and Equipping of Tea Research and Development	101	0	101	-	(101)
Quelea Quelea Management	60	0	60	-	(60)
Food security and Crop diversification	517	0	0	-	(517)
Total	**8,798**	**6.006**	**10,340**	**6,006**	**1,542**

Source: State Department for Agriculture

33. The allocations to SAGAs under the State Department are proposed to be revised as shown in the table below.

Table 8: Allocations to SAGAs (in KSh. Millions)

SAGA	APPROVED ESTIMATES FOR FY 2024/25			SUPPLEMENTARY ESTIMATES I FOR FY 2024/25		
	GROSS	A-I-A	NET	GROSS	A-I-A	NET
Pest Control Products Board	405.00	405.00	255.00	255.00	255.00	255.00
Agriculture and Food Authority	150.00	150.00	405.00	405.00	405.00	405.00
Tea Board of Kenya	2,838.40	2,838.40	150.00	150.00	150.00	150.00
Pyrethrum Processing Company of Kenya	2,838.40	2,838.40	255.00	255.00	255.00	255.00
Kenya Plant Health Inspectorate Service	329.76	329.76	0	0	0	0
Commodities Fund	75.00	75.00	2,838.40	2,838.40	2,838.40	2,838.40
Kenya Agricultural and Livestock Research Organization (KALRO)	362.00	362.00	2,838.40	2,838.40	2,838.40	2,838.40
National Bio Safety Authority	362.00	362.00	0	0	0	0
Bukura Agricultural College	1,614.00	1,614.00	254.76	254.76	254.76	254.76
Agricultural Development Corporation	1,614.00	1,614.00	329.76	329.76	329.76	329.76
Biosafety Appeals Board	299.00	299.00	75.00	75.00	75.00	75.00
TOTAL	**14,075.47**	**8,928.40**	**5,147.07**	**14,075.47**	**8,928.40**	**5,147.07**

Source: State Department for Agriculture

34. The table below shows the reallocations proposed to the Supplementary Estimates I for FY 2024/25 by the State Department for Agriculture:

Table 9: Proposed Reallocations (in KSh. Millions)

S/NO.	ITEM	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	PROPOSED REALLOCATIONS FOR FY 2024/25	VARIANCE
1.	Sugar Reforms Support Project	1,000.00	200.00	(800.00)
2.	Fertilizer Subsidy Programme	10,000.00	9,000.00	(1,000.00)
3.	Tea Common User Facility	-	500.00	500.00
4.	Food security and Crop diversification	-	500.00	500.00
5.	Nutrition Sensitive Agriculture Programme	-	200.00	200.00
6.	Construction of Headquarters and Satellite Campuses for KSA	-	200.00	200.00
7.	4K Clubs Youth and Women Empowerment in Modern Agriculture Project	-	200.00	200.00
8.	Cane Seed Development	-	100.00	100.00
9.	Mechanization of Agricultural Development Projects	-	50.00	50.00
10.	Development of Mau Buffer Tea Zone	-	50.00	50.00

Source: State Department for Agriculture

35. The table below shows the projects that will remain unfunded if the Supplementary Estimates are passed as presented.

Table 10: Unfunded Projects

S/NO.	PROJECT	AMOUNT
1.	Sugarcane workers' pensions	5,084,465,033.00
2.	Sugar Research Institute	600,000,000.00
3.	Factory Maintenance	399,237,186.00
4.	Other debts	26,717,029,621.12
5.	PPCK Personnel Emoluments	134,000,000.00

Source: State Department for Agriculture

36. The table below highlights the bills that are pending in the State Department for Agriculture.

Table 11: Pending Bills

S/NO.	ITEM	FINANCIAL YEAR	AMOUNT
1.	Fertilizer Subsidy Programme	2017/2018	3,409,099,005.66
2.	Maize Flour Subsidy Programme	2022/23	2,591,029,817.68
3.	Maize Flour Subsidy Programme	2017/18	1,427,022,383.03
4.	Other Pending Bills		499,509,023.90
TOTAL			**7,926,660,230.27**

Source: State Department for Agriculture

3.2 The State Department for Livestock Development

37. The Supplementary Estimates No. I for FY 2024/25 propose to reduce the recurrent budget for the State Department by KSh. 96.3 million from KSh. 5.34 billion to KSh. 5.24 billion. The reduction under the recurrent vote is on account of operations and maintenance. The table below illustrates the above information.

Table 12: Changes in the Recurrent Budget (in KSh. Millions)

VOTE	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	CHANGE
Gross	5,338.50	5,242.20	96.30
A-i-A	1,563.20	1,563.20	-
Net	3,775.30	3,679.00	96.30
Compensation to Employees	1,616.10	1,616.10	-
Grants and Transfers	1,833.60	1,833.60	-
Operations and Maintenance	1,888.80	1,792.50	96.30

Source: State Department for Livestock Development

38. The overall reduction under the development vote is KSh. 752.5 million. The projects affected by the reduction include the ongoing GoK funded projects as well as counterpart funding for three donor projects i.e. Kenya Livestock Commercialisation Project (KSh. 50 million), Towards Ending Drought Emergencies in Kenya (KSh. 22 million) and Livestock Value Chain Support Project (KSh. 28 million). The table below shows the changes in the development vote.

Table 13: Changes in the Development Vote (in KSh. Millions)

VOTE	APPROVED ESTIMATES FOR FY 2024/25	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	CHANGE
Gross	6,978.50	6,226.00	752.50
GoK	1,947.50	1,195.00	752.50
Loans	4,791.00	4,791.00	-
Grant	240.00	240.00	-

Source: State Department for Livestock Development

Resource Gaps

39. The table below shows the funding needs for projects that are nearing completion in the State Department.

Table 14: Resource Gaps

S/NO.	PROJECT NAME	COMPLETION STATUS	OUTSTANDING AMOUNT TO COMPLETION	SUPPLEMENTARY ESTIMATES I FOR FY 2024/25	RESOURCE GAP
1.	Construction and Equipping of BSL 3 Laboratory in Kabete	95%	60	0	60
2.	Commercialisation of Indigenous Poultry in Marimanti	90%	20	0	20
3.	Livestock Production Interventions (Chemongoch Feedlot)	90%	40	0	40
4.	Livestock Production Interventions (Kibiru Feedlot)	95%	15	0	15
5.	Livestock Production Interventions (Wajir Feedlot)	30%	80	0	80
TOTAL			**215**	**0**	**215**

Source: State Department for Livestock

PART IV

4 COMMITTEE OBSERVATIONS

After considering the Supplementary Estimates No. I for FY 2024/25, the Committee observed that:

4.1 General Observation

1. The resources that had been provided for the funding of prioritized value chains under the BETA agenda have been revised to zero. In addition, the resources meant to revive the collapsed export crops including pyrethrum, cashew nuts and coconut is revised to zero.

4.2 The State Department for Livestock Development

2. The State Department's allocation is set to reduce from KSh. 12.32 billion to KSh. 11.47 billion which is a reduction of KSh. 848 million. This includes a reduction of KSh. 96 million on recurrent allocation and KSh. 752 million on development allocation.

3. The State Department has introduced a new project called Hides, Skins and Leather Fund which is allocated KSh. 200 million and meant to support inspection services and capacity building in the leather sector.

4. The Project, Livestock Production Interventions requires KSh. 80 million for completion of the three (3) model feedlots and livestock feeds development in selected counties (Chemongoch in Baringo, Kibiru in Meru and Hadado in Wajir). The completion will enable the realization of the BETA agenda on meat production for the domestic and export markets.

5. Sustainable Tsetse and Trypanosomiasis free areas in Kenya Project requires Ksh. 90 million for suppression and eradication of Tsetse and Trypanosomiasis in seven tsetse belts across the country. No allocation has been provided in FY 2024/25 which poses the communities to the risk of tsetse re-infestation in the controlled areas leading to loss of pastoral livelihoods (dairy, beef, leather) in the thirty-eight (38) tsetse prone counties of Kenya. There was reported infestation in the affected areas following the heavy rains which makes the multiplication of tsetse flies more favorable.

6. The State Department had pending bills amounting to KSh. 498 million comprising of recurrent budget of KSh. 270 million and development budget of KSh. 228 million as at 30th June 2024. The pending bills were occasioned by lack of exchequer disbursements and budget cuts under Supplementary Estimates 11.

4.3 The State Department for Crop Development

7. KSh. 546 million has been provided for payment of sugarcane workers' salary arrears for three state-owned sugar mills. The State Department however requires KSh. 400 million to pay the arrears after having paid KSh. 150 million using the FY 2023/24 budgetary allocation for maintenance of Cane Testing Units.

8. Construction of Headquarters and Satellite Campuses for the Kenya School of Agriculture which is meant to support various campuses across the country requires KSh. 100 million. The facilities need to be equipped to support the increased enrolment.

9. Food Security and Crop Diversification Project is a critical project supporting the BETA Agenda in the provision of seedlings to the prioritized value chains including rice, sunflower, canola, and cotton seeds. In addition, the recent floods destroyed a number of planted seedlings and therefore requires replanting. The project requires KSh. 500 million in the FY 2024/25.

10. Tea Common User Facility is a Project meant to support tea value addition and the target of achieving 40 percent value addition of Kenyan tea by 2027. The project requires KSh. 500 million in the FY 2024/25.

11. Cane Seed Development is a very important component that has been missing in the effort to reform the sugar industry. The program involves KALRO developing a new sugarcane variety with better yields and multiplication of seedlings for distribution to farmers. The program requires KSh. 100 million.

12. The Development of Agriculture Technology Innovation Centers is a critical program in the enhancement, acceleration, and adoption of innovation, research, and modern farming practices to boost agricultural productivity.

13. The AIA collection for Pesticide Control and Products Board is set to increase by Ksh. 150 million following the implementation of its regulations. The increase in AIA will provide PCPB with the resources for; staffing of border points to prevent entry of unauthorized pesticides as directed by the national Security Council Committee, equipping the laboratory whose construction has been completed to make it operational, and provide the much need funds for operations.

14. The AIA collection for Agriculture and Food Authority (AFA) is set to increase by Ksh. 700 million from Ksh. 2.8 billion to Ksh. 3.5 billion following the implementation its regulations. In the FY 2023/24, AFA collected Ksh. 3.1 billion. The increased AIA will be used in supporting the Sugar Reforms Projects- Cane testing units.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations

After review of the FY 2024/25 Supplementary Estimates No. I, the Departmental Committee on Agriculture and Livestock recommends approval of the Supplementary Estimates for the State Department for Livestock and the State Department for Agriculture in line with the following recommendations.

i. Proposed Reductions

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (KSh. Millions)	Justification
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
1.	General Administration Planning and Support Services	Sugar Reforms Project	**146**	The State Department requires Ksh. 400 million to settle the three-month salary arrears but what is provided is Ksh. 546 million hence the reduction.
SUB-TOTAL			**146**	
DEVELOPMENT EXPENDITURE				
2.	General Administration Planning and Support Services	Sugar Reforms	**1,000**	The Agricultural and Food Authority, which has recorded increased A-i-A will be funding the project to the tune of Ksh. 700 million.
3.	Crop Development and Management	Fertilizer Subsidy Programme	**1,000**	The reduction is to provide funds for; Tea Common User facility (a Presidential directive project); pending bills for driers; and provision for the e-voucher program.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (KSh. Millions)	Justification
SUB-TOTAL			2,000	
GRAND TOTAL			2,146	

ii. **Proposed Increments**

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Production	Livestock Resources and Market Development services	**51**	This is meant to support supplies for production at the livestock breeding farms. In addition to the pending bills, the Department is constrained on resources for operations (food rations, fuels, and specialized supplies) meant to support livestock breeding farms.
DEVELOPMENT EXPENDITURE				
2.	Livestock Resources Management and Production	Establishment of Feedlots, Fodder and Pasture	**80**	This is to provide funds for completion of the construction of Hadado feedlot at Ksh. 35 million, and provision for Supplies of productions in chemongoch, and Kibiru feedlots.
3.		Sustainable Tsetse and Trypanosomiasis free areas in Kenya (KENTTEC)	**60**	To provide funds for eradication of insurgence of tsetse fly infestation.
4.		Establishment of Liquid Nitrogen Plant, KAGRC	**30**	To enable the equipping of the Liquid Nitrogen Plant to

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
				enhance production and distribution of subsidized AI services.
5.		Bee Bulking Project-Apiculture and emerging Livestock Services	**20**	This is to revitalize the sub-sector through the provision of Bee hives, technological packages, auxiliary infrastructure as well as support to the honey value chain.
6.		Commercialization of indigenous poultry - Marimanti	**20**	To support the completion of the project which is meant to support women and youth.
SUB-TOTAL			**261**	
1169: STATE DEPARTMENT FOR CROP DEVELOPMENT				
RECURRENT EXPENDITURE				
7.	General Administration Planning and Support Services	Pyrethrum Processing Company of Kenya (PPCK)	**50**	PPCK is underfunded in the FY 2024/25 and will not be able to provide for personnel emoluments which amounts to Ksh. 132 million. The Company indicated that the A-i-A generated is not enough to cater for compensation to employees.
DEVELOPMENT EXPENDITURE				
8.	General Administration Planning and Support Services	Tea Common User Facility	**500**	The Project is meant to support tea value addition and the target of achieving 40 percent value addition of Kenyan tea by 2027. The project requires Ksh. 500 million in FY 2024/25.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
9.		Sugar Reforms Project	**700 (A-i-A)**	To provide for the implementation of cane testing units by AFA
10.	Crop Development and Management	Construction of Headquarters and Satellite Campuses for KSA	**100**	To support the completion and equipping of the various campuses
11.		Development of Agriculture Technology Innovation Centres	**310**	Development of Agriculture Technology Innovation Centers is a critical program in the enhancement, acceleration, and adoption of innovation, research, and modern farming practices to boost agricultural productivity.
12.		Development of Aggregation Centers	**380**	Allocation to provide resources for the establishment of aggregation centers as well as completion of the ongoing projects.
13.		Crop Post-Harvest Management	**310**	To provide resources for the settlement of pending bills on maize dryers.
14.		Cashew Nut Revitalization Project	**35**	To support revival of the cashew nut industry within the Coastal Region.
15.		National Value Chain Support Programme - BETA	**200**	To support the e-voucher programme which is critical in providing subsidized agricultural inputs
SUB-TOTAL				**1,885**
GRAND TOTAL				**2,146**

iii. Proposed A-i-A Increments

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Ksh. Millions)	Justification
RECURRENT EXPENDITURE				
16.	General Administration Planning and Support Services	Pest Control and Products Board	**150**	A-i-A collection for PCPB is set to increase by Ksh. 150 million following the implementation of its regulations
17.		Agriculture Food Authority (AFA)	**700**	Following the implementation of the new regulations, the Authority is expected to collect Ksh. 3.5 billion from the current Ksh. 2.8 billion.
TOTAL			**850**	

SIGNED: ..... **DATE**... 19-07-2024

HON. (DR.) JOHN KANYUTHIA MUTUNGA, PhD, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK)

DEPARTMENTAL COMMITTEE ON FINANCE &NATIONAL PLANNING



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:
THE SCRUTINY OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR THE 2024/25 FINANCIAL YEAR FOR THE FOLLOWING VOTES

VOTE 1071: STATE DEPARTMENT OF THE TREASURY

VOTE STATE 1072: DEPARTMENT OF ECONOMIC PLANNING

VOTE 2061: COMMISSION OF REVENUE ALLOCATION

VOTE 2121: OFFICE OF CONTROLLER OF BUDGET

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LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controller of Budget
MDAs	-	Ministries, Departments and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

ANNEXURES

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1.0 PREFACE

1.1 INTRODUCTION

1. The Supplementary Estimates I for the financial year 2024/25 were presented to the National Assembly on July 12, 2024, for approval. The supplementary budget aims to rationalize the FY2024/25 budget estimates to align with the Fiscal Framework after KSh. 344.3 billion in additional revenue-raising measures, included in the Finance Bill 2024, became untenable following the President's decision not to assent to the Finance Bill 2024 in accordance with Article 115 as read together with Article 221.

2. Therefore, the report intends to provide an analysis of the FY2024/25 Supplementary Estimates No. I for the MDAs under the Finance and National Planning Committee, which consists of the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of Controller Budget. The analysis intends to inform the Committee about the changes to the approved Budget Estimates for FY2024/25 and their impact on various votes within sectors and targets.

3. In addition, Standing Order No. 243 outlines the procedure for the consideration of Supplementary Estimates culminating in the enactment of the Supplementary Appropriations Act.

1.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

4. The Departmental Committee on Finance and National Planning is one of the fifteen Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:
   - *i) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
   - *ii) To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   - *iii) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   - *iv) To study and review all legislation referred to it;*
   - *v) To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   - *vi) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   - *vii) To examine treaties, agreements and conventions;*
   - *viii) To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
   - *ix) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*
   - *x) To examine any questions raised by Members on a matter within its mandate*

1.3 COMMITTEE MEMBERSHIP

5. The Committee comprises the following Members.

Chairperson
Hon. CPA Kuria Kimani, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. (Amb). Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. (Dr). Adan Keynan, CBS, MP
Eldas Constituency
Jubilee Party

Hon. David Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency
UDA Party

Hon. CPA Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Dr. John Ariko, MP
Turkana South Constituency
ODM Party

Hon. George Sunkuyia, MP
Kajiado West Constituency
UDA Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. CPA.Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Umul Ker Kassim, MP
Mandera County
UDA Party

Hon. (Dr.) Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Joseph Munyoro, MP
Kigumo Constituency
UDA Party

Hon. Mohamed Soud Machele, MP
Mvita Constituency
ODM Party

1.4 COMMITTEE SECRETARIAT

6. The following staff facilitates the Committee.

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Service

Mr. Salem Lorot
Legal Counsel I

Mr. James M. Macharia
Media Relations Officer I

Ms. Peninnah Simiren
Legal Counsel II

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst III

Mr. Benson Kamande
Clerk Assistant III

Ms. Nelly W.N Ondieki
Research Officer III

Mr. Benson Muthuri
Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Officer III

7. Further, the Committee Secretariat was supported by the following technical officers:

Mr. Douglas Katho
First Assistant Clerk

Grace Waku Karanja
Second Clerk Assistant

1.5 ACKNOWLEDGMENTS

8. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for their unwavering support in executing its mandate. Their assistance has enabled the Committee to fulfill its responsibilities efficiently. I also extend my gratitude to all the Members of the Committee for their valuable input and dedication throughout the process.

9. Further, the Committee wishes to express appreciation for the services rendered by the Parliamentary Staff attached to it. Their expertise and hard work have been critical in completing our tasks. Their commitment to providing the necessary support and resources has been commendable and greatly appreciated.

10. Finally, on behalf of the Departmental Committee on Finance and National Planning, it is my pleasant duty to present this Committee Report on the Scrutiny of Supplementary Estimates 2 for FY 2024/25. This presentation is in accordance with the provisions of Section 44 of the Public Finance Management Act, 2012 and Standing Order 199.

Thank You.

SIGNED.....

HON. CPA KURIA KIMANI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

2 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES I

11. The Supplementary Estimates I for the Financial Year 2024/25 were presented to the National Assembly on July 12, 2024. The supplementary budget aims to rationalize the FY2024/25 budget estimates to align it with the Fiscal Framework because the collection of KSh. 344.3 billion through additional revenue-raising measures contained in the Finance Bill 2024 became untenable following the President's decision not to assent to the bill. The President's decision was taken in accordance with Article 115 read together with Article 221.

12. Therefore, the report analyzes the FY2024/25 Supplementary Estimates I for the MDAs under the Finance and National Planning Committee, which consists of the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of Controller Budget. The analysis intends to inform the Committee about the changes to the approved Budget Estimates for FY2024/25 and their impact on various votes within sectors and targets.

2.1 Highlights of Proposed FY2023/24 Estimates

13. The overall budget in the FY2024/25 Supplementary Estimates I is proposed to decrease by KSh.121.78 billion, equivalent to 1.9 percent, due to budget rationalization. The reduction primarily affects the National Government Ministerial Budget, decreasing KSh. 156.398 billion. This includes a reduction of KSh. 34 billion in recurrent expenditure and KSh. 122.4 billion in development expenditure.

14. Additionally, it is worth noting that the Parliament allocation within the national government budget is proposed to be reduced by KSh. 3.733 billion, from KSh. 44.598 billion to KSh. 40.866 billion due to budget rationalization.

Table 1: Overall Change in the FY 2024/25 Budget Estimates Amount in Ksh Billion.

S/No			Appr. 24/25	Suppl. 1-24/25	Deviation	Deviation
			KSh. Billion			%
1	**National Government**	Rec.	1,632	1,598	(34)	-2.1%
		Dev.	746	624	(122)	-16.4%
		Total	**2,378**	**2,222**	**(156)**	**-6.6%**
	o/w Executive	Rec.	1,567	1,536	(31)	-2.0%
		Dev.	742	622	(121)	-16.2%
		Total	**2,309**	**2,158**	**(152)**	**-6.5%**
	Parliament	Rec.	43.5	39.8	(2.7)	-6.3%
		Dev.	2	1	(1)	-50.0%
		Total	**44.5**	**40.8**	**(3.7)**	**-8.4%**
	Judiciary	Rec.	23	22.2	(0.8)	-3.2%
		Dev.	1.6	0.8	(0.8)	-50.0%
		Total	**24.6**	**23**	**(1.6)**	**-6.3%**
2	**Consolidated Fund Services**		**1,213**	**1,236**	**23**	**2.0%**
3	**County Equitable Share**		**400.1**	**410.9**	**10.8**	**2.7%**
Total (1+2+3)			**3,992**	**3,870**	**(122)**	**-3.1%**

15. However, the County's Equitable Share of Revenue is proposed to increase by KSh. 10.834 billion. The Division of Revenue Act 2024 initially increased the County's Equitable Share from KSh. 385.4 billion to KSh. 400.117 billion, and it is now set to rise further to KSh. 410.951 billion in Supplementary Estimates 1.

16. Further, Presidential memoranda on the County Allocation Bill 2024 suggest reducing the County's Equitable Share to KSh. 380 billion, reallocating the KSh. 30.9 billion difference to cover undisbursed arrears of 2023/24 funds owed to counties. This proposed adjustment follows the President's decision not to assent to the Finance Bill 2024, prompting its referral back to the Senate for reconsideration and amendment to address anticipated revenue shortfalls from the Finance Bill 2024.

17. The proposed increase in the allocation for Consolidated Fund Services is KSh. 23.78 billion, elevating the total from KSh. 199.367 billion to KSh. 223.147 billion. This increment results from additional pension allocations from outstanding payments from pension schemes in FY 2023/24.

2.2 Analysis of Proposed Changes for MDAs under Committee's Purview

2.2.1 Vote 1071: The National Treasury

18. Supplementary Estimates I for the 2024/25 budget depict significant changes compared to the approved budget, highlighting notable shifts in recurrent expenditure and development allocations across various programs. Total net expenditure has seen a

substantial reduction of KSh. 8.07 billion on account of budget rationalization. This reduction includes a decrease of KSh. 1.098 billion in recurrent expenditure and KSh. 6.791 billion in development expenditure.

19. The most affected program is General Administration, which faces a reduction of KSh. 9.738 billion, with KSh. 5.348 billion cut from recurrent expenditure and KSh. 4.389 billion from development expenditure.

20. However, it is worth noting that under the Public Financial Management program, Supplementary Estimates 1 proposes an increase in the approved estimates of recurrent expenditure by KSh. 4.279 billion, primarily due to a KSh. 4.88 billion increase in Current Grants to Government Agencies and other levels of government (Budget Reserve).

Table 2. 2024/25 Budget changes in Supplementary Estimates 2 (Kshs Millions) for the National Treasury.

Program		Appr.Est. 24/25	Suppl.no 1- 24/25	Est. Vis-a-Vi Supp 1
Total Expenditure	Rec	75,595	74,497	(1,098)
	Dev	59,526	52,555	(6,971)
	Total	**135,122**	**127,052**	**(8,070)**
General Admin	Rec	65,538	60,189	(5,348)
	Dev	10,941	6,552	(4,389)
	Total	**76,480**	**66,742**	**(9,738)**
Public Financial Management	Rec	8,032	12,311	4,279
	Dev	38,830	36,247	(2,583)
	Total	**46,862**	**48,558**	**1,696**
Economic and Financial Policy Formulation and Management	Rec	1,516	1,488	(28)
	Dev	9,754	9,754	-
	Total	**11,270**	**11,242**	**(28)**
Market Competition	Rec	508	508	-
	Total	**508**	**508**	

Source: The National

2.2.1.1 Changes in Recurrent Budget under the National Treasury

21. The recurrent expenditure is proposed to decrease by KSh. 1.098 billion, primarily due to budget rationalization. However, it is worth noting that the net increase in recurrent expenditure is primarily attributed to reduced allocation for strategic interventions from KSh. 5.283 billion to zero, and the allocation for budget reserves increased from KSh. 200 million to KSh. 5.081 billion.

2.2.1.2 Changes in the Development Budget under the National Treasury

22. Under the Development Expenditure, the allocation is proposed to decrease by KSh. 6.971 billion. The significant reductions are primarily in Strategic Investments in Public Enterprises, with a KSh. 1 billion decrease for Kenya Airways and a KSh. A reduction of 3.436 billion in equity and subscriptions in international financial institutions leaves no allocation for FY2024/25.

2.2.2 Vote 1072: State Department for Planning

23. The overall FY2024/25 budget has seen a net increase of KSh. 4.688 billion, raising the revised allocation to KSh. 71.470 billion from KSh. 66.782 billion. The recurrent budget is proposed to be reduced by KSh. 95 million, while the development budget is proposed to be increased by KSh. 4.783 billion. However, a proposed increase in development expenditure is due to a KSh. 5.208 billion rises in the NG-CDF allocation, increasing it from KSh. 63.025 billion to KSh. 68.233 billion.

Table 3. 2024/25 Budget changes in Supplementary Estimates 1 (Kshs Millions)

Program	Category	Original Approved Estimates 24/25	Suppl. No 1-2024/25	Approved -2024/25 vis-à-vis Suppl.1-2024/25
Total Expenditure	Rec	2,941	2,846	(95)
	Dev	63,840	68,623	4,783
	Total	**66,782**	**71,470**	**4,688**
Public Service Transformation	**Rec**	2	2	-
Economic Policy and National	Rec	1,726	1,673	(53)
	Dev	63,226	68,328	5,102
	Total	**64,952**	**70,001**	**5,048**
National Statistical Information Services	Rec	867	867	-
	Dev	607	289	(316)
	Total	**1,474**	**1,157**	**(316)**
Monitoring and Evaluation	Rec	112	94	(18)
	Dev	7	6	(1)
	Total	**119**	**100**	**(19)**
General Administration Planning Support Services	**Rec**	**233**	**208**	**(24)**

Source: The National Treasury

2.2.2.1 Changes in Recurrent Budget under the National Treasury

24. The proposed recurrent expenditure is proposed to decrease by KSh. 95 million on account of budget rationalization. The most affected areas within various departments

under the State Department include Hospitality Supplies and Services, Other Operating Expenses, Foreign and Domestic Travel Subsistence, and other transportation costs, Refurbishment of Buildings, Purchase of Office Furniture and General Equipment, Communication Supplies and Services, and Training Expenses.

2.2.2.2 Changes to the Development Estimates

25. Under the Development Expenditure, it is proposed that the allocation be increased by a net of KSh. 4.783 billion. This increase is primarily due to the NG-CDF allocation, which is proposed to increase by KSh. 5.208 billion, from KSh. 63.025 billion to KSh. 68.233 billion.

2.2.3 Commission on Revenue Allocation

26. Supplementary Estimates I proposes to reduce by KSh. 49.1 million, equivalent to 12% of the approved budget from KSh.413.4 million to KSh. 364.3 million.

27. The reductions are majorly in the following areas:
    - ✓ Communication, Supplies, and Services
    - ✓ Domestic Travel and Subsistence, and Other Transportation Costs
    - ✓ Training Expenses
    - ✓ Hospitality Supplies and Services
    - ✓ Other Operating Expenses
    - ✓ Refurbishment of Buildings
    - ✓ Purchase of Office Furniture and General Equipment
    - ✓ Purchase of Vehicles and Other Transport Equipment

2.2.4 Office of Controller of Budget

28. Supplementary Estimates I is proposed to increase the FY2024/25 budget from KSh.740.22 million to KSh. 679.25 million.

29. The reductions are majorly in the following areas:
    - ✓ Communication, Supplies, and Services
    - ✓ Domestic Travel and Subsistence, and Other Transportation Costs
    - ✓ Training Expenses
    - ✓ Hospitality Supplies and Services
    - ✓ Other Operating Expenses
    - ✓ Refurbishment of Buildings
    - ✓ Purchase of Office Furniture and General Equipment
    - ✓ Purchase of Vehicles and Other Transport Equipment

3 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 The Commission on Revenue Allocation (CRA)

3.1.1 Proposed Supplementary Budget Estimates FY2024/25

30. During the scrutiny of the budget estimates for FY 23/24, the Commission submitted that:

31. Supplementary Estimates I proposes to reduce by KSh. 49.1 million, equivalent to 12% of the approved budget from KSh.413.4 million to KSh. 364.3 million.

Table 4: Overall variation to the MDAs approved FY2024/2025 recurrent and development budget in KSh. Million

	BPS	Appr. Est.	Suppl. Est.	Changes
General Administration and Support Services	497	350	333	(17)
Equitable Sharing of Revenue	39	31	17	(14)
Public Financial Management	37	24	14	(10)
Transitional Equalization	13	9	5	(4)

32. The Commission's Supplementary Estimates No. FY2024/25 stands at KSh.369.1 million, hence a variation of KShs.49.1 million from the initially approved budget estimates. Out of KShs, 333.8 million allocated to General Administration, KShs 214.2 million is allocated to salaries and allowances, and KShs 115.1 million are allocated to operations and maintenance, most of which are attributed to contractual obligations. Further, based on our initial allocation in BPS, we request additional funding of KShs.105.6 million over and above the resource gap. This will enhance our ceiling to KSh.519 million and allow the Commission some flexibility to manage its expenditure.

Table 5: Revised Budget by Economic Classification.

	BPS	Appr. Est.	Suppl. 1	% change
Salaries and Allowances	264	214	214	**58%**
Operations and Maintenance	201	124	115	**31%**
Capital Expenditure (Other Recurrent)	33	12	5	**1%**
Technical Sub-Programmes	90	63	35	**10%**

3.1.2 Highlights of Unfunded Priorities

Impact Assessment on Devolution

33. The Commission partially conducted an impact assessment on devolution in FY 22/23, covering 24 counties. Field visits to the remaining 23 counties are in progress, with plans to engage relevant stakeholders before publishing and disseminating the report. However, insufficient resources threaten to delay this activity, which is crucial for developing the 4th Basis. The Commission requires KSh 8.4 million to complete this assessment and avoid further delays that could adversely affect the progress of the 4th Basis development.

Fourth Basis for revenue sharing among county governments

34. In keeping with Article 217 of the Constitution of Kenya 2010, the Commission is mandated to prepare the basis for equitable revenue sharing among county governments every five years. This comprehensive process necessitates engagement with county governments, the national government, the National Assembly, the Senate, academia, professional associations, and civil society. Failure to undertake this extensive engagement could result in the Commission's recommendations being challenged in a court of law. Therefore, the Commission requires KSh 14 million to effectively engage with the relevant stakeholders as required by law, ensuring a thorough and legally sound process.

Development of recommendations on county recurrent expenditure budget ceilings.

35. To comply with Article 216(2) of the Constitution and Section 107(2)(A) of the Public Finance Management Act (PFMA) 2012, the Commission on Revenue Allocation is mandated to review county governments' expenditure performance and recommend budgetary ceilings on their recurrent expenditures to the Senate. This process ensures inclusivity and accountability in financial management across counties. Given current budgetary constraints, securing KSh 13.9 million is essential to conduct extensive stakeholder engagements with county executives, CAF & SOCATT stakeholders, and Parliament's relevant committees (PBO, Budget, and Finance Committee of the Senate). These engagements are critical for promoting transparency and meeting legal obligations effectively.

Framework on prudent Financial management for County governments.

36. Section 117 of the Public Finance Management Act, 2012 mandates County Treasuries to seek and consider the Commission on Revenue Allocation's (CRA) views when preparing County Fiscal Strategy Papers (CFSPs). In line with this responsibility, the CRA is tasked with developing and employing a fiscal responsibility evaluation framework. This framework enables the CRA to assess and provide recommendations on county planning documents, CFSP budgets, and financial statements, ensuring adherence to fiscal responsibility principles.

37. Currently, the CRA faces challenges in fulfilling these obligations due to underfunding. To overcome these challenges and effectively carry out its responsibilities, the Commission requires additional resources of KSh 2.6 million. This funding is essential for conducting thorough evaluations and providing crucial recommendations that uphold transparency and accountability in county financial management practices as required by law by the State Department for Economic Planning.

Develop and publish a report on County performance.

38. According to Article 201 of the Constitution of Kenya, the Commission is required to make recommendations that adhere to the principles of public finance. Section 107 of the Public Finance Management Act, 2012, further outlines the principles of fiscal

responsibility. To adhere to the prescribed law and ensure compliance, the Commission requires KSh.2.4 million to publish the report on County performance.

Policy on Financing of Cities and Urban Areas

39. To address the financing gap for cities and urban areas, the Commission on Revenue Allocation is utilizing Sections 172-176 of the Public Finance Management Act (PFMA) to develop policy frameworks. These frameworks will guide the implementation of financing strategies tailored to support urban development. As part of this process, the Commission will integrate these frameworks into its recommendations for vertical revenue sharing between national and county governments, scheduled for submission by December as per Section 190 of the PFMA 2012. To facilitate this critical exercise and ensure compliance with legal mandates, the Commission requires KSh 1 million. This funding will enable the Commission to enhance equity in revenue distribution to cities and urban areas, fostering sustainable development and economic growth across these regions.

Develop and disseminate the Third Policy identifying marginalized areas.

40. The Commission on Revenue Allocation is mandated to develop and regularly review a policy that outlines the criteria for identifying marginalized areas under Article 204(2) of the Constitution. The Second Policy expired in FY 2022/23, and the Commission is currently developing the Third Policy to identify marginalized areas for the Equalisation Fund. The goal is to complete the policy development within the current financial year, FY 2024/25, and disseminate it at both levels of government.

41. However, the Commission faces challenges in fully realizing this objective due to current budget constraints. Therefore, additional funding of KSh 8.7 million is necessary to facilitate the comprehensive development and dissemination of the policy as planned. This funding will enable the Commission to fulfill its constitutional mandate effectively, ensuring equitable allocation of resources to marginalized areas and promoting inclusive development across the country.

Pending Bills KShs.35.8 million

42. The pending bills will be treated as a first charge in the current financial year 2024/25. The Commission's pending bills of KSh.35.8 million, mainly due to lack of exchequer, present a considerable burden on our current year's budget that is already constrained. Therefore, consideration should be made to enhance our budget and bridge the gap that the clearance of the pending bills may arise.

Medical & Group Insurance KShs.14 million

43. The budget allocation for medical insurance for FY2024/2025 is at 50%. This will hamper the provision of medical insurance for the Commissioners and Staff and impede the Commission's health and continuity, hence the need for additional resources of KSh.14 million.

3.1.3 Proposed Budget Estimates for FY 2023/2024

44. The overall FY2024/25 budget has seen a net increase of KSh. 4.688 billion, raising the revised allocation to KSh. 71.470 billion from KSh. 66.782 billion. The recurrent budget is proposed to be reduced by KSh. 95 million, while the development budget is proposed to be increased by KSh. 4.783 billion.

Table 6: Overall Variation to the Approved FY 2024/25 Recurrent and Development Budget

Classification	Appr.Est. 2024-25	Suppl. Est. I 24/25	Difference
	KSh. Million		
Rec.Estimates	2,941.89	2,846.55	(95.34)
Dev.Estimates	63,840.24	68,623.69	4,783.45
Total	**66,782.13**	**71,470.24**	**4,688.11**

45. The net increase in the Development Estimates of KSh 4,783.45M is attributed to several key adjustments. Firstly, there is a significant increase in the NG-CDF allocation by KSh 5,207M, reflecting a strategic prioritization of community development initiatives. However, this increase is offset by decreases in allocations to several important institutions. Specifically, the allocation to KIPPRA has been reduced by KSh 68M, KSh 316 M has cut the KNBS allocation, and the SDEP has seen a reduction of KSh 39.49M.

46. The Personnel Emoluments (PE) requirement for the State Department for Economic Planning (SDEP) is KSh 497.9M. However, the allocated amount is KSh 460.11M, resulting in a shortfall of KSh 37.8M. This discrepancy indicates that the current allocation is insufficient to meet the department's personnel costs, which could impact its operational efficiency and ability to retain essential staff.

47. The ongoing contractual obligation to refurbish the SDEP Boardroom amounts to KSh 12.4M. Initially, an allocation of KSh 18M was set aside for this expenditure. However, this allocation has been rationalized to nil, leaving the refurbishment project unfunded. This decision may delay or halt the completion of necessary upgrades to the boardroom, potentially affecting the department's ability to conduct meetings and other functions efficiently.

48. The budget reduction will significantly impact the core mandate functions of the SDEP, which total KSh 76.4M. These functions include capacity building for economists and statisticians, monitoring and evaluation of Medium-Term Plan IV and BETA priority projects, dissemination of MTP IV, and tracking the implementation of strategic plans. Additionally, it will affect the coordination of the implementation, monitoring, and evaluation of international obligations such as the SDGs, Agenda 2063, and the SAMOA Agreement. Other impacted areas include the coordination of planning between the two levels of government, implementation of the Medium-Term Expenditure (MED) policy, management of information systems (e-NIMES, e-CIMES), development of economic planning policy and bill, macroeconomic modeling and

forecasting, and the development of the post-Kenya Vision 2030 long-term development plan.

3.1.4 Most affected areas under Development Expenditure

49. The allocation to the Eastern Africa Regional Statistics Program for Results, initially set at KSh 300M, has been rationalized to nil. This drastic budget cut means that the program will not be able to achieve its targets as outlined in the financing agreement signed on 27th May 2022. The lack of funding will hinder the program's ability to enhance regional statistical capacities, conduct vital surveys, and generate accurate data for informed decision-making. Consequently, this could negatively impact regional development initiatives, economic planning, and policy formulation that rely on robust statistical data to drive growth and development in Eastern Africa.

3.1.5 Most underfunded areas

50. Underfunded non-discretionary expenditures for the department include several critical areas. Staff insurance is underfunded by KSh 25M, motor vehicle insurance by KSh 8M, and rent by KSh 30M. Additionally, contracted services face a shortfall of KSh 10M, KSh 10 M underfunds board expenses and utilities and other administrative expenses are lacking KSh 20M. These funding gaps could severely impact the department's operational efficiency and ability to meet its obligations. Furthermore, core mandate areas remain unfunded by KSh 55M, affecting essential functions such as population research and advisory services to the government, advocacy and public education on development and population issues, and the coordination of the population policy. Without adequate funding, these key areas may struggle to operate effectively, hindering the department's ability to fulfill its mission and support national development goals.

51. Additional unfunded non-discretionary expenses further strain the department's operations. Rent is underfunded by KSh 26M, medical expenses by KSh 10M, board expenses by KSh 25M, and contracted services and other administrative costs face a shortfall of KSh 9.5M. These critical shortfalls pose a significant risk to the department's ability to maintain essential services and ensure a conducive working environment for its staff.

52. Furthermore, unfunded core mandate areas totaling KSh 106M present a significant challenge. This includes the revision and publication of the VDS Gazette notice and the development of the Vision Bill, support for the delivery of Vision 2030 flagship projects and BETA priorities, development of the successor long-term blueprint, and preparation of the status report on the Kenya Vision 2030 development blueprint. Without proper funding, these strategic initiatives are at risk, potentially compromising the department's capacity to effectively guide and support long-term national development objectives.

3.2 The State Department of National Treasury

3.2.1 Overall Variation Of Vote 1071 Tnt Approved FY 2024/25 Recurrent And Development Budget Estimates.

53. The National Treasury Supplementary Estimates No. I have been centrally prepared as per the issued guidelines. The recurrent expenditure budget is revised downwards by Kshs.1,098.5Million from Kshs.75,596.0Million to Kshs.74,497.4Million while the development expenditure is revised downwards by Kshs.6,971.8Million to Kshs.52,554.4Million from Kshs.59,526.2Million. The total revised expenditure for TNT is, therefore, Kshs. 127,051.8 million from Kshs.135,122.1Million by Kshs.8,070.4Million. The overall percentage decline is 6.0% with a recurrent vote of 1.5% and a development vote of 11.7%. The specific variations by Economic Classification can be seen in Table I below.

Table 7: Summary of Vote 1071 TNT Expenditure by Economic Classification for FY 2024/25 (Figures in Kshs. Million)

No.	Expenditure Classification	Approved Estimates	Supplementary	Variance
1	**Current Expenditure**	**75,595.98**	**74,497.41**	**(1,098.57)**
a	Compensation to Employees	9,163.58	3,880.20	(5,283.38)
b	Use of Goods and Services	11,205.40	10,880.27	(325.13)
c	Current Transfers to Govt. Agencies	55,169.92	59,711.13	4,541.22
d	Other Recurrent	57.08	25.80	(31.28)
2	**Capital Expenditure**	**59,526.16**	**52,554.36**	**(6,971.80)**
a	Acquisition of Non-Financial Assets	1,240.90	1,058.60	(182.30)
b	Capital Grants to Govt Agencies	28,254.44	25,774.14	(2,480.30)
c	Other Development	30,030.82	25,721.62	(4,309.20)
Total (1+2)		**135,122.14**	**127,051.77**	**(8,070.37)**

3.2.2 The General Administration, Planning, and Support Services Programme

54. The General Administration, Planning, and Support Services Programme experienced significant budget reductions across various essential areas. The provision for SRC public service wage adjustments has been reduced by KSh 5,283.38 million, impacting the ability to meet wage obligations and adjustments. General operations and maintenance, affecting all programs, have been cut by KSh 356.41 million, with spending on items like furniture and equipment reduced by 20% to 100%. Refurbishment works have seen a reduction of KSh 73.00 million, while ICT services have been cut by KSh 600.00 million, potentially hindering technological upgrades and maintenance. Additionally, equity subscriptions to international financial institutions have been reduced by KSh 3,436.20 million, which may affect the country's financial commitments and relationships with these institutions. These substantial reductions

could significantly impair the program's effectiveness and efficiency in supporting the department's overall functions.

3.2.3 Public Financial Management Programme

55. The budget adjustments have led to several significant changes in allocations. The provision for the budget reserve has been increased by KSh 4,884.57 million, ensuring a larger buffer for unforeseen expenditures. Conversely, the Horn of Africa Initiative Secretariat has experienced a reduction of KSh 403.17 million, potentially impacting its operations and regional initiatives. The strategic intervention for Kenya Airways (KQ) and the Single Window Support Project (KenTrade) has been reduced by KSh 1,258.30 million, which may affect their strategic development and operational efficiency. Additionally, funding for the IFMIS support/initiative activities and e-procurement has been cut by KSh 594.00 million, potentially hindering efforts to enhance financial management systems and procurement processes. Lastly, the Global Fund and PFMR counterpart funds have been reduced by KSh 600.00 million, which could impact health-related initiatives and public financial management reforms. These adjustments reflect a strategic reallocation of resources but may challenge the effectiveness of these critical programs and initiatives.

3.2.4 Economic and Financial Policy Formulation and Management Programme

56. Reduction is mainly in the recurrent vote and particularly for operations and maintenance by Kshs.28.30Million, which is already observed under General Administration, Planning and Support Services Programme

3.2.5 Market Competition Programme

57. The changes have not affected this Programme, whose allocation remains Kshs. 508.5 million under recurrent vote.

Table 8: Summary of Vote 1071 TNT Expenditure by Programmes and Sub-Programmes for FY 2024/25 (Figures in Kshs. Million)

No.	Programme/Sub-Programmes	Approved	Supplementary Estimates I	Variance	General Remarks
1	**General Administration,**	**76,480.30**	**66,742.15**	**(9,738.15)**	SRC-approved salary review and Equity Subscription to International Financial Institutions are most affected as
	Administration Services	42,499.52	33,545.55	(8,953.97)	
	Human Resource Management	121.44	114.84	(6.60)	
	Financial Services	33,204.56	33,035.46	(169.10)	
	ICT Services	654.77	46.30	(608.47)	
2	**Public Financial Management**	**46,862.87**	**48,558.95**	**1,696.08**	Rationalizatio

No.	Programme/Sub-Programmes	Approved	Supplementary Estimates I	Variance	General Remarks
	Resource Mobilization	24,696.37	23,949.02	(747.35)	n has affected the renewal of ORACLE licenses and associated IFMIS operations. Other key activities affected include e-procurement and counterpart funding for Global Fund
	Budget Formulation,	12,522.19	17,349.57	4,827.38	
	Audit Services	901.36	861.17	(40.18)	
	Accounting	3,058.39	2,492.02	(566.38)	
	Supply Chain Management Services	900.57	697.20	(203.36)	
	Public Financial Management Reforms	826.98	526.41	(300.57)	
	Government Investment and	3,957.01	2,683.56	(1,273.45)	
3	**Economic and Financial Policy Formulation and**	**11,270.46**	**11,242.16**	**(28.30)**	Rationalization has mainly affected the recurrent vote thus some planned activities may not be achieved.
	Fiscal Policy Formulation and Management	9,003.31	8,984.91	(18.40)	
	Debt Management	155.36	148.36	(7.00)	
	Micro Finance Sector Support	2,111.79	2,108.89	(2.90)	
4	**Market Competition**	**508.50**	**508.50**	**-**	Programme not affected by expenditure changes.
	Elimination of Restrictive Trade Practices	508.50	508.50	-	

3.3 The Office of the Controller of Budget

58. During the budget preparation for FY 2024/25, the OCoB tabled before the Public Administration and International Relations (PAIR) sector a budget estimate of Kshs.1.06 billion. The figure was reduced to Kshs.915.1 million and Kshs.756.4 million during the Estimates Working Groups (EWG) meetings and Budget Policy Statement (BPS), respectively. The approved budget was Kshs.740.2 million, which has further been reduced to Kshs. 679.2 million as per the proposed Supplementary Budget Estimate No.1, a reduction of 8% of the approved budget.

Table 9: Summary of Impact of Supplementary Estimates 1-2024/25

Title and Details	Appr.Est.	Supp. Est.	Diff.	% change

Title and Details	Appr.Est.	Supp. Est.	Diff.	% change
Communication, Supplies, and Services	6	5	(1)	20
Domestic Travel Subsistence and Other Transportation Costs	18	9	(9)	50
Training Expenses	5	4	(1)	20
Hospitality Supplies and services	4	2	(2)	50
Other Operating Expenses	44	13	(31)	71
Refurbishment of Buildings	1	-	(1)	100
Purchase of Vehicles and Other Transport Equipment	8	-	(8)	100
Purchase of Office Furniture and General Equipment	9	2	(7)	78

3.3.1 Highlights of the Most Affected Programmes

Communication, Supplies and Services- Kshs.4,639,840

59. To cover Telephone Costs, Internet costs, and Courier services for the Headquarters and 47 County offices, we require an additional Kshs 1.2 million to fulfill contractual courier obligations while sending the Budget Implementation Review Reports and communicating with the County office staff.

Domestic Travel, Subsistence, and Other Transportation Costs. - Kshs.9,046,896

60. The office reports to the National Assembly and Senate on budget implementation by both levels of government. Additionally, the office needs to carry out investigations in counties that have issues with pending bills. In line with the office's constitutional mandate, there is a need to monitor budget implementation activities, especially at the county level, and sensitize the public. The reporting is evidence-based, hence the need for occasional monitoring and field visits. We require additional funding of Kshs. 9.1 million.

Training Expenses- Kshs 4,476,000

61. To cater for staff training and capacity building and training on the office's mandate. The office requires additional funding of Kshs. 1.2 million

Hospitality Supplies and Services -Kshs.2,054,020

62. The Office provides drinking water and tea to staff at headquarters and county levels and visitors during official consultative meetings, especially with the county governments. The economic item also caters to local and international continuous professional education conferences for staff and audit committee activities as per the Audit Charter. The office requires additional funding of Kshs. 2.1 million.

Other Operating Expenses Kshs. 12,580,801

63. To cater to various operational needs such as bank charges, contracted guards and cleaning services, subscriptions to professional bodies, legal fees, contracted professional services, parking charges, and monitoring and evaluation expenses, the office requires KSh 25.0 million in funding. However, this amount was entirely removed in the proposed Supplementary Budget Estimate No. 1 budget cuts. Monitoring and evaluating budget implementation is a core function of the Controller of Budget, as stipulated in Section 5(b) of the COB Act 2016 and Article 252 of the Constitution. These activities are essential for ensuring public funds' prudent and efficient use by providing recommendations to improve budget implementation. Therefore, an additional KSh 4.5 million is needed to support stakeholder engagements and public participation forums.

64. Furthermore, to effectively discharge their duties, the staff must maintain good standing in their respective professional bodies, such as LSK, ICPAK, IHRM, ICSPK, and IAA. The funding for membership fees, dues, and subscriptions to these professional and trade bodies, which was entirely cut in Supplementary Budget Estimate No. 1, is crucial. The office requires KSh 1.6 million to cover these essential expenses.

Refurbishment of Buildings

65. To cater for partitioning office space at the National Bank Building (NBK). The office acquired additional space at the NBK building, which requires partitioning; hence, funding for Kshs. 5.0 million.

Purchase of Vehicles and Other Transport Equipment

66. To cater for the purchase of a motor vehicle. The office is disposing of the old motor vehicle that has been in use for over 11 years. The office requires funding of Kshs 8.1 million to purchase a vehicle for replacement and improve service efficiency and delivery.

Purchase of Office Furniture and General Equipment-Kshs. 2,000,000

67. To cater to purchasing furniture and general office equipment, including computers for new staff, and replace the old and worn-out office equipment. The office requires additional funding of Kshs. 7.1 million.

4 COMMITTEE OBSERVATIONS

68. Having held deliberations with the MDAs under its purview, the Committee observed THAT:

4.2 The State Department of the National Treasury

69. Supplementary Estimates I for the 2024/25 budget depict significant changes compared to the approved budget, highlighting notable shifts in recurrent expenditure and development allocations across various programs. Total net expenditure has seen a substantial reduction of **KSh. 8.07 billion** on account of budget rationalization. This reduction includes a decrease of **KSh. 1.098 billion** in recurrent expenditure and **KSh. 6.791 billion** in development expenditure.

70. The General Administration program is significantly impacted by a reduction of **KSh 9.738 billion**, comprising cuts of **KSh 5.348 billion** in recurrent expenditure and KSh 4.389 billion in development expenditure. This reduction includes the withdrawal of a KSh 5.283 billion provision intended for public service salary adjustments.

71. However, it is worth noting that under the Public Financial Management program, Supplementary Estimates I proposes an increase in the approved estimates of recurrent expenditure **by KSh. 4.279 billion**, on account of **KSh. 4.88 billion** increase in Current Grants to Government Agencies and other levels of government (Budget Reserve).

4.3 The State Department of Economic Planning

72. The overall FY 2024/25 budget has seen a net increase of **KSh 4.688 billion**, raising the revised allocation to **KSh 71.470 billion from KSh 66.782 billion**. This includes a proposed reduction in the recurrent budget by **KSh 95 million**, while the development budget is proposed to be increased by **KSh 4.783 billion**. A significant part of this proposed increase in development expenditure is due to a **KSh 5.208 billion** rise in the NG-CDF allocation, which increased **from KSh 63.025 billion** to **KSh 68.233 billion**.

73. During deliberations with the National Treasury, the Committee observed that the allocation of KSh **68.233 billion** includes arrears of **KSh 13.54 billion** from FY 2023/24 NG-CDF. Therefore, this allocation does not represent a genuine increase but rather includes carryovers from the previous financial years. Thus, while the overall development budget appears to have increased, it is essential to recognize that a substantial portion of this increase is attributed to the inclusion of previous years' arrears.

74. After extensive deliberation with the State Department for Economic Planning, the Committee noted that on 8th February 2024, the Kenya National Bureau of Statistics (KNBS), through the National Treasury and Economic Planning, requested an advance of **EUR 14 million (approximately KSh 2.31 billion)** from the World Bank for the East African Regional Statistics Programme for Results. The

World Bank notified the National Treasury of the approval on 22nd February 2024, with confirmation received on 1st March 2024. Despite the Permanent Secretary of the State Department for Economic Planning informing the National Treasury on 1st March 2024 about the necessity to incorporate this advance in FY2024/25 Budget, neither the amount nor its inclusion has been reflected in the Budget Estimates for FY 2024/25 or Supplementary Estimates 1 2024/25. Consequently, the project, which now had a budget allocation of **KSh 300 million** from the exchequer, has been reduced to zero in FY2024/25.

4.4 Office of the Controller of Budget

75. Supplementary Estimates 1 is proposed to reduce the FY2024/25 budget from KSh.740.22 million to KSh. 679.25 million.

76. The reductions are majorly in the following areas:
    - ✓ Communication, Supplies, and Services
    - ✓ Domestic Travel and Subsistence, and Other Transportation Costs
    - ✓ Training Expenses
    - ✓ Hospitality Supplies and Services
    - ✓ Other Operating Expenses
    - ✓ Refurbishment of Buildings
    - ✓ Purchase of Office Furniture and General Equipment
    - ✓ Purchase of Vehicles and Other Transport Equipment

4.5 Commission on Revenue Allocation (CRA)

77. Supplementary Estimates 1 proposes to reduce by KSh. 49.1 million, equivalent to 12% of the approved budget from KSh.413.4 million to KSh. 364.3 million.

78. The reductions are majorly in the following areas:
    - ✓ Communication, Supplies, and Services
    - ✓ Domestic Travel and Subsistence, and Other Transportation Costs
    - ✓ Training Expenses
    - ✓ Hospitality Supplies and Services
    - ✓ Other Operating Expenses
    - ✓ Refurbishment of Buildings
    - ✓ Purchase of Office Furniture and General Equipment
    - ✓ Purchase of Vehicles and Other Transport Equipment

5 COMMITTEE RECOMMENDATIONS

79. Having held deliberations with the MDAs under its purview, the Committee recommends that -

5.1 Financial Recommendations

80. THAT, the proposed overall allocation of **KSh 127.052** billion under Vote Head 1071 for The National Treasury, KSh. **71.47** billion under Vote 1072 for the State Department of Economic Planning, **KSh 364.3** million for Commission of Revenue Allocation (CRA), and **KSh 679.25 million** for the Office of Controller of Budget **be approved subject to the following amendments:**

5.1.1 Reductions

81. Under **Vote 1071**, the State Department of National Treasury

Recurrent Expenditure

1. Kshs 1,300 million from 1071000111 Strategic Intervention (other operating expenses-leasing of Police vehicles)
2. Kshs 300 million from 1071000204 National Government Budget Process (Budget reserve)
3. KSh. 652 million from the Kenya Revenue Authority

Development Expenditures

4. KSh. 150 million from 1071104001 Renewal of Oracle Licenses, Annual Support for IFMIS Apps, Hardware

5.1.2 Increases

Vote 1071: The National Treasury

1. KSh. 332 million for PPRA for sensitization of the public procurement portal to enhance transparency and accountability in public procurement processes. The funds will be used to educate and inform stakeholders, including suppliers, government entities, and the general public, about the functionalities and benefits of the portal. Increasing awareness and usage, the PPRA aims to streamline procurement activities, reduce corruption, and ensure that public resources are utilized efficiently. This initiative is part of broader efforts to improve governance and foster trust in the public procurement system.

2. KSh. 100 million to the Public Procurement Regulatory Authority (PPRA) for personal emoluments aimed at attracting and retaining skilled personnel essential for the authority's effective operation. This funding will ensure competitive compensation, enabling PPRA to enhance its capacity to oversee and regulate public procurement processes efficiently. investing in human resources, PPRA aims to build a team of highly qualified professionals who can uphold the authority's standards and objectives. This is crucial for maintaining high standards of integrity, transparency,

and accountability in public procurement. Skilled personnel are vital for implementing effective oversight, reducing corruption, and ensuring that public procurement processes are conducted fairly and efficiently. This initiative supports PPRA's broader mandate to promote fair competition and the prudent use of public funds, ultimately contributing to better governance and increased public trust in the procurement system.

3. KSh. 438 million be allocated to the National Treasury Fiscal Unit to conduct an in-depth study of consumer behavior concerning various taxes. This initiative aims to gather detailed insights into how different tax rates impact consumer spending and saving patterns. By understanding these behaviors, the Treasury can design tax policies that are effective, fair, and conducive to economic growth.

   The primary focus of this funding is to identify optimal tax rates that balance revenue generation with minimal disruption to economic activities. The Fiscal Unit will evaluate consumers' responsiveness to different tax rates and structures through comprehensive studies and data analysis. This research will consider various factors, including income levels, spending habits, and the elasticity of demand for different goods and services.

   The findings from these studies will inform the development of medium-term tax strategies that enhance revenue without burdening taxpayers. By aligning tax policies with consumer behaviour, the National Treasury aims to create a more efficient tax system that supports sustainable economic development. This approach will help ensure that tax rates are set at levels that maximize compliance and minimize evasion, ultimately leading to a more robust and equitable fiscal framework for Kenya.

4. KSh. 337 million be allocated to the National Treasury under General Administration and Support Services to support the implementation of a Single Treasury Account. This initiative is designed to enhance accountability and transparency by ensuring that all Ministries, Departments, and Agencies (MDAs), along with the National Treasury, accurately account for all Appropriations in Aid (AIA) collected. Consolidating these funds into a single account, the government will improve financial management, reduce discrepancies, and ensure that public funds are used efficiently and effectively in line with national priorities.

5. KSh 370 million has been allocated to support the finalization of the County Integrated Revenue Management system, aimed at enhancing accountability for own-source revenues across all counties and their agencies in Kenya. This funding is crucial for completing the implementation and integration of robust revenue management systems that will streamline collection processes, improve transparency, and minimize revenue leakages at the county level. This ensures that all counties effectively manage and account for their own-source revenues, the system will contribute to fiscal discipline, sustainable development, and effective service delivery at the grassroots level. The initiative aligns with broader efforts to

strengthen local governance and financial management practices, thereby promoting economic growth and enhancing the overall governance framework across Kenya's counties.

Vote 1072: State Department for Economic Planning

1. KSh. 400 million be allocated for the Super Digitalization of the Economic Plan, marking a significant investment in modernizing Kenya's economic infrastructure. This initiative will leverage advanced digital technologies to enhance data collection, analysis, and dissemination processes, thereby improving the efficiency and accuracy of economic planning and policy-making. Digitizing is a key economic function that streamlines operations, reduce bureaucratic delays, and foster a more responsive and agile economic management system.

   The Super Digitalization of the Economic Plan is expected to have far-reaching impacts, including improved transparency and accountability in economic governance. Enhanced digital tools will enable better monitoring and evaluation of economic activities, facilitating evidence-based decision-making and more effective allocation of resources. This initiative supports Kenya's broader vision of becoming a digitally empowered economy, capable of adapting to global technological trends and driving sustainable economic growth. By investing in digital infrastructure, the government aims to create a more inclusive and efficient economic environment, ultimately benefiting businesses, investors, and the general public.

2. KSh. 400 million be allocated to the State Department of Economic Planning under Monitoring and Evaluation Services. This funding is earmarked to support the operationalization of county planning offices, ensuring they have the resources and capabilities needed to coordinate and implement regional development initiatives effectively. Strengthening these local planning offices, the department aims to enhance the efficiency and effectiveness of county-level planning and development efforts.
   A significant portion of the funding will be dedicated to tracking the implementation of key priorities outlined in the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). This involves developing robust monitoring and evaluation frameworks to assess progress, identify challenges, and ensure that objectives are being met. By closely tracking these initiatives, the State Department of Economic Planning can make data-driven decisions and adjustments to improve outcomes and achieve strategic goals.

   Additionally, the funds will support the re-engineering of planning systems, as well as various sensitization, surveys, and research activities. These efforts are crucial for modernizing planning processes, enhancing stakeholder awareness, and gathering critical data to inform policy-making. Through these comprehensive measures, the department aims to foster a more responsive and dynamic planning environment that can adapt to emerging needs and drive sustainable development across Kenya.

Office of the Controller of Budget

1. KSh. 25 million be allocated to the Office of the Controller of Budget for monitoring and evaluation purposes to enhance the office's ability to oversee and assess the implementation and performance of budgetary allocations and expenditures across various government entities. In addition, in strengthening monitoring and evaluation capabilities, the Office of the Controller of Budget will be better equipped to ensure that public funds are utilized efficiently and effectively, identify areas of improvement, and promote accountability and transparency in the management of public resources. This initiative supports the broader objective of improving governance and fostering public trust in the government's fiscal management practices.

SIGNED.....

HON. CPA KURIA KIMANI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

DEPARTMENTAL COMMITTEE ON DEFENSE, INTELLIGENCE &FOREIGN RELATIONS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

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REPORT ON THE SUPPLEMENTARY BUDGET ESTIMATES NO. I FOR THE 2024/2025 FINANCIAL YEAR FOR:

VOTE 1041: MINISTRY OF DEFENCE (MOD)
VOTE 1052: MINISTRY OF FOREIGN AND DIASPORA AFFAIRS (MFDA)
(i) **VOTE 1053: STATE DEPARTMENT FOR FOREIGN AFFAIRS (SDFA)**
(ii) **VOTE 1054: STATE DEPARTMENT FOR DIASPORA AFFAIRS (SDDA)**
VOTE 1221: STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY (SDEAC)
VOTE 1281: NATIONAL INTELLIGENCE SERVICE (NIS)

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

JULY, 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

AIA	Appropriation in Aid
ANC	Amani National Congress
BETA	Bottom-up Economic Transformation Agenda
CGs	County Governments
CFS	Consolidated Fund Services
DRC	Democratic Republic of Congo
EAC	East African Community
FY	Financial Year
KDF	Kenya Defence Forces
KES	Kenya Shilling
KMA	Kenya Military Academy
KMC	Kenya Meat Commission
KSA	Kenya Space Agency
KSL	Kenya Shipyards Limited
MDAs	Ministries, Departments and Agencies
MFDA	Ministry of Foreign and Diaspora Affairs
MoD	Ministry of Defence
NDU-K	National Defence University Kenya
NG	National Government
NIS	National Intelligence Service
MP	Member of Parliament
ODM	Orange Democratic Movement
O&M	Operations and Maintenance
PFM	Public Finance Management Act
BAC	Budget and Appropriations Committee
SAGAs	Semi-Autonomous Government Agencies
SDDA	State Department for Diaspora Affairs
SDEAC	State Department for East African Community
SDFA	State Department for Foreign Affairs
UDA	United Democratic Alliance
UDM	United Democratic Movement

PART I

1.0 PREFACE

1.1 Introduction

1. This report details the consideration by the Departmental Committee on Departmental Committee on Defence, Intelligence and Foreign Relations of the Supplementary Budget Estimates No. I for the FY 2024/2025 that were submitted to the National Assembly on 12th July, 2024 and committed to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee. The preparation and approval of the supplementary budget is provided for in Section 44(1) of the Public Finance Management Act Cap 412A as read together with Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Order 243(3B).

2. In considering the Supplementary Estimates, the Committee held meetings with the Ministries, Departments and Agencies (MDAs) under its purview to interrogate the said Estimates on **Wednesday 17th and Thursday 18th July, 2024**. The Committee then consolidated its recommendations and submitted them to the Budget and Appropriations Committee (BAC), pursuant to National Assembly Standing Order 207(6).

1.2 Mandate of the Committee

3. Departmental Committee on Defence, Intelligence and Foreign Relations is established under the National Assembly Standing Order No. 216. The functions and mandate of the Committee include, among others, **to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments.**

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

1.3 Oversight

5. In executing its mandate, the Committee oversees the following MDAs: 1041-Ministry of Defence (MoD); 1053-State Department for Foreign Affairs (SDFA); 1054-State Department for Diaspora Affairs (SDDA); 1221-State Department for East African Community (SDEAC); and 1281-National Intelligence Service (NIS).

1.4 Committee Membership

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

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

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

Members

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

Hon. Joshua Kandie, MP
Baringo Central Constituency
UDA Party

Hon. Hassan Abdi Yusuf, MP
Kamkunji Constituency
Jubilee Party

Hon. Luyai Caleb Amisi, MP
Saboti Constituency
ODM Party

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

Hon.Teresia Wanjiru Mwangi, MP
Nominated Member
UDA Party

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

Hon. Logova Sloya Clement, MP
Sabatia Constituency
UDA Party

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

Hon. Ikana Fredrick Lusuli, MP
Shinyalu Constituency
ANC Party

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

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

Hon. Kwenya Thuku Zachary, MP
Kinangop Constituency
Jubilee Party

1.5 Committee Secretariat

7. The Committee is facilitated by the following staff:

Mr. Dennis M. Ogechi
Lead Clerk/Head of Secretariat

Mr. Lenny Muchangi **Legal Counsel II**	Mr. Bernard Njeru **Clerk Assistant III**
Mr. Salat Ali **Principal Serjeant-at-Arms**	Mr. Machuki E. Mwebi **Fiscal Analyst III**
Ms. Noelle Chelagat **Media Relations Officer I**	Mr. John Ng'ang'a **Audio Recording Officer**
Mr. Daniel Ominde **Research Officer III**	Ms. Faith Malala **Public Communications Officer III**

1.6 Overview on the Examination of the Supplementary Estimates No. I for FY 2024/2025

8. The Departmental Committee on Defence, Intelligence and Foreign Relations held sittings on **17th July 2024** for a briefing on Supplementary Estimates No. I for FY 2024/2025 by the Parliamentary Budget Office. Thereafter, the Committee held Sittings to scrutinize and deliberate on the Estimates with the Ministries, Departments and Agencies under its purview on **Wednesday 17th and Thursday 18th July, 2024**. Finally, it prepared this report and submitted it to the Budget and Appropriations Committee, pursuant to Standing Order 207(6), on **Friday 19th July, 2024**.

1.7 Acknowledgement

9. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. Further, the Committee appreciates the Ministries, Departments and Agencies under its purview that appeared before it to make their submissions and thereby aid effective scrutiny of the Estimates.

10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Defence, Intelligence and Foreign Relations to present the Report to the Budget and Appropriation Committee pursuant to Standing Order 207 (6).

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES

11. The Supplementary Budget Estimates No. I for the FY 2024/2025 were submitted to the National Assembly on 12th July, 2024 and committed to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee.

12. The revision of the budget has been necessitated by the following:

    a) Anticipated revenue shortfall of **KES.344.3 billion**; and
    b) Realignment of the Budget to cater for the FY 2023/24 Carry Overs.

13. This report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: *(i)1041 Ministry of Defence (MoD); (ii) 1053 State Department for Foreign Affairs (SDFA); (iii)1054 State Department for Diaspora Affairs (SDDA); (iv)1221 State Department for East African Community (SDEAC); and (v) 1281 National Intelligence Service (NIS).*

14. The overall Ministerial Expenditure in FY 2024/25 Revised Budget Estimates has decreased by 6.6% from the original approved Ministerial Budget Estimates. Recurrent Expenditure decreased by 2.1%, while Development Expenditure has decreased by 16.4%. Details of the overall changes are summarized in **Table 1**.

Table 1: Overall Changes in FY 2024/25 Revised Budget Estimates (KES Billion)

S/No.	Details	FY 2024/25 Approved Budget Estimates	FY 2024/25 Revised Budget Estimates	Change	% Change
1.	**NG**	**2,378.43**	**2,222.03**	**(156.40)**	**-6.58%**
	o/w Recurrent	*1,632.10*	*1,598.05*	*(34.05)*	*-2.09%*
	Development	*746.34*	*623.98*	*(122.35)*	*-16.39%*
2.	**CFS**	**1,213.45**	**1,237.23**	**23.78**	**1.96%**
3.	**CGs**	**400.12**	**410.95**	**10.83**	**2.71%**
	Total (1+2+3)	**3,992.00**	**3,870.22**	**(121.78)**	**-3.05%**

***Source**: The National Treasury, Supplementary Budget Estimates No. 1 FY 2024/25*

15. All the MDAs under the purview of this Committee have their budgets adjusted downwards, except for the NIS, as shown in **Table 2**.

Table 2: FY 2024/25 Approved Vs Revised Budget Estimates (KES Million)

Details	**Approved Budget**	**Revised Estimates No. I**	**Change**	**% Change**
1041 MoD	**173,086.82**	**172,952.06**	**(134.76)**	**(0.08)**
Defence	169,815.80	169,815.80	-	0.00
Civil Aid	350.00	350.00	-	0.00
GAPSS	2,608.52	2,473.76	(134.76)	(5.17)
National Space Management	312.50	312.50	-	0.00
1053 SDFA	**23,097.45**	**20,013.15**	**(3,084.30)**	**(13.35)**
GAPSS	3,085.41	2,557.33	(528.08)	(17.12)
Foreign Relation and Diplomacy	19,712.94	17,263.99	(2,448.96)	(12.42)
Economic and Commercial Diplomacy	49.86	47.93	(1.93)	(3.87)
Foreign Policy Research, Capacity Dev. and Technical Cooperation	249.24	143.90	(105.34)	(42.26)
1054 SDDA	**828.14**	**637.83**	**(190.32)**	**(22.98)**
Management of Diaspora Affairs	828.14	637.83	(190.32)	(22.98)
1221 SDEAC	**647.49**	**572.74**	**(74.74)**	**(11.54)**
East African Affairs and Regional Integration	647.49	572.74	(74.74)	(11.54)
1281 NIS	**46,351.00**	**46,351.00**	**-**	**0.00**
National Security Intelligence	46,351.00	46,351.00	-	0.00

***Source**: The National Treasury, Supplementary Budget Estimates No. 1 FY 2024/25*

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

16. The Departmental Committee on Defence, Intelligence and Foreign Relations held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Supplementary Budget No. I for the FY 2024/2025 on **Wednesday 17th July, 2024** and **Thursday 18th July, 2024**. The highlights of the submissions by the MDAs are recorded hereunder:

3.1 State Department for East African Community (SDEAC)

17. The Principal Secretary, State Department of East African Community, Mr. Abdi Dubat, CBS appeared before the Committee on **Wednesday 17th July, 2024** and submitted as follows: -

18. The State Department proposed Recurrent budget is **KES 573,21 million** comprising of **KES 336.18 million** in compensation of employees while the balance of **KES 237.03 million** as Operations and Maintenance. This reflects a reduction of **KES.38.88 million** from an approved Budget of **KES.612.09 million.** This is as shown in **Table 3**.

Table 3: Recurrent Budget (KES. Millions)

	FY 2023/24 Supp. II Est.	**F/Y 2024/25 Approved Est.**	**F/Y 2024/25 Supp. Est. I**	**Variance**
		a	**b**	**a-b**
Personal Emoluments (PE)	322.4	336.18	226.18	-
Other Recurrent (O & M)	660.3	275.91	237.03	(38.88)
Total	**982.7**	**612.09**	**573.21**	**(38.88)**

***Source**: State Department for East African Community Submissions, 17th July, 2024*

19. The State Department informed the Committee that, in comparison to the Approved Budget for FY 2023/24 of **KES.982.7 million**, the rationalized Budget for FY 2024/25 of **KES.573.2 million** represents an effective budget reduction of **KES.409.5 million**.

20. The State Department further submitted that the Approved Development Budget for FY 2024/25 has been revised from **KES.35.4 million** to **zero**, as shown in **Table 4**. It was noted that the entire budget was allocated to a single project, namely the preliminary activities for the Busia Cross Boarder Market.

Table 4: Development Budget (KES. Millions)

	Approved Estimates FY 2024/25	**Financial Year 2024/25 Supp. Est. I**	**Variance**
	a	**b**	**a-b**
Busia Cross Boarder Market	35.4	-	(35.4)
Total	**35.4**	**-**	**(35.4)**

***Source**: State Department for East African Community Submissions, 17th July, 2024*

21. Furthermore, the State Department's request to the Committee highlighted the affected budget items and the corresponding allocations, including the budget cuts for both the recurrent and development budgets, as detailed in **Table 5**.

Table 5: Highlights of the Programmes, Projects and Spending Items

Programme: 030501000 East African Affairs and Regional Integration				
Budget code	**Title**	**Approved**	**Revised**	**Difference**
Recurrent Budget				
2210200	Communication supplies & services	3,750,518	3,00,415	(750,103)
2210300	Domestic travel	29,670,947	14,835,460	(14,835,487)
2210400	Foreign travel	63,738,987	50,998,476	(12,740,511)
2210700	Training expenses	1,150,005	920,001	(230,004)
2210800	Hospitality supplies expenses & services	19,459,878	9,729,931	(9,729,947)
2211200	Other operating expenses (cleaning services)	7,556,337	6,959,781	(596,556)
Recurrent Budget Cut				**(38,882,608)**
Development Budget Cut (Busia Market)		**35,400,00**	**-**	**(35,400,000)**
Total Budget Cut				**(74,282,608)**

***Source**: State Department for East African Community Submissions, 17th July, 2024*

22. The State Department submitted that the proposed reductions of **KES.38.88 million** in the Approved Recurrent Estimates I and **KES.35.4 million** in the Approved Development Estimates will impede the achievement of targets with respect to the following:
    (i) Execution of EAC Mandate aimed at achieving appropriate reforms including Regional Policy Negotiations which will benefit Kenyans, MSMEs, Public and Private Sectors;
    (ii) Enhancement of access of Kenya's goods and services to the EAC Market;
    (iii) Strengthening coordination, implementation and monitoring of trade facilitation along the Northern Corridor;
    (iv) Enhancement of market access of MSMEs goods and services;
    (v) Institutional capacity development especially expansion of office accommodation and other administrative functions;
    (vi) Advancement of cross-cutting government policies on Regional Integration, public policy engagements, job creation, youth empowerment, social economic and livelihood interventions.
23. The State Department thus implored the Committee to consider enhancing the State Department's revised recurrent allocation of **KES.573.2 million** by **KES.409.5 million**, restoring it to the level of the Approved Budget for FY 2023/24 of **KES.982.7 million**. It further appealed to the Committee to recommend the reinstatement of the allocations to match the Approved Budget for FY 2023/24 in both the Recurrent and Development Budgets as follows:

    (i) By matching the FY 2024/25 Recurrent Supplementary Budget with the FY 2023/24 Approved Budget level of **KES.982.7 million**, by recommending an additional allocation of **KES.409.5 million**; and
    (ii) Reinstating the **KES.35.4 million** that has been cut from the Development Budget.

3.2 State Department for Foreign Affairs (SDFA)

24. The Principal Secretary, State Department for Foreign Affairs, Dr. Korir Singoei appeared before the Committee on **Wednesday 17th July, 2024** and submitted as follows: -

25. The variance of **KES.3,084.3 million** between the FY 2024/25 Approved Estimates and the Supplementary Estimates No. I 2024/24 FY comprises reductions of **KES.694.2 million** in the recurrent and **KES.2,390.1 million** in the development budgets as outlined in **Table 6**.

Table 6: Variation between Approved FY 2024/25 Budget Estimates and Supplementary Estimates No. I 2024/25 FY (KES. Millions)

Description	Printed Estimates FY 2024/25	2024/25 Supplementary Estimates No. I	Variance
Recurrent gross	**20,707.4**	**20,013.2**	**(694.2)**
Recurrent AIA	150.00	150.00	0.00
Recurrent Net	**20,557.4**	**19,863.2**	**(694.2)**
Compensation to employees	11,118.2	11,118.2	0.0
Transfers	738.0	738.0	0.0
Other recurrent	8,851.1	8.157.0	(694.2)
Total Vote	**20,707.4**	**20,013.2**	**(694.2)**
Development Vote	**2,390.1**	**0**	**(2,390.1)**
Grand Total	**23,097.5**	**20,013.2**	**(3,084.3)**

***Source**: State Department for Foreign Affairs, 17th July, 2024*

26. The State Department plays an enabler role in the achievement of the Bottom-Up Economic Transformation Agenda (BETA). It is the interface between Kenya and the rest of the world on all BETA Projects especially the priority areas highlighted in **Table 7**. It noted that, with regard to the BETA agenda, all participants have received facilitation or funding, with the exception of the State Department for Foreign Affairs.

Table 7: BETA Priority Areas (KES. Millions)

	Priority areas	2024/25 Requirements	Supp. Est. No. I FY 2024/24	Variance
1.	Transform missions into economic and commercial diplomacy promotion hubs	200.00	-	(200.00)
2.	Elevate Kenya's Anchor State status	300.00	-	(300.00)
3.	Improve and modernize diplomatic infrastructure	1,500.00	-	(1,500.00)
	Total	**2,000.00**	**-**	**(2,000.00)**

***Source**: State Department for Foreign Affairs, 17th July, 2024*

27. The State Department submitted that the budget reduction for State Visits in Supplementary Estimates No. I FY 2024/25 will lead to the accumulation of pending bills. It also cited its obligation to facilitate outbound movements for the President, Deputy President, Prime Cabinet Secretary, and First Lady as instructed, noting that it currently has a pending bill of **KES.2.4 billion** and requires an additional **KES.1.5 billion** this Financial Year for planned state and official visits.

28. Furthermore, the State Department noted that the reduction in Operations and Maintenance will impair its technical functions, affecting essential services such as communication and furniture procurement. It further submitted that the removal of the confidential budget will also hinder the facilitation of special envoys, regional peace and security negotiations, JCC security and advocacy, hostage situation advocacy, and campaign advocacy during state visits.

29. Therefore, the State Department submitted that its budget should be protected from austerity cuts.

30. Regarding the development vote, the State Department submitted that the Ministry's ongoing projects have binding international contractual obligations. Thus, the proposed 100% austerity cuts will lead to interest on delayed payments, stoppage of ongoing works, claims for idle capacity, legal suits, and penalties due to breach of contracts, thereby risking Kenya's reputation. Consequently, the State Department appealed for the Committee's intervention to reinstate the development vote to the approved 2024/25 budget of **KES.2,390.1 million**.

3.3 State Department for Diaspora Affairs (SDDA)

31. The Prime Cabinet Secretary and Cabinet Secretary, Ministry of Foreign and Diaspora Affairs, together with the Principal Secretary, State Department for Diaspora Affairs, Ms Roseline Njogu appeared before the Committee on **Wednesday 17th July, 2024** and submitted as follows: -

32. The Supplementary Estimates No. I for FY 2024/25 has an overall variation of KES 159,650,316 to the Approved 2024/25 Recurrent Budget of the Department as outlined in **Table 8.**

Table 8: Overall Variation to the Approved 2024/25 Recurrent Budget

Description	**Budget Estimates (KES)**
Budget Policy Statement 2024/25 Allocation	**1,258,100,000**
Financial Year 2024/25 Approved	**828,143,693**
2024/25 Supplementary Estimates No. I	**637,826,702**
Overall Supplementary I 2024/25 Reduction	**190,316,991**

Source: *State Department for Diaspora Affairs (SDDA) Submissions, 17th July 2024*

33. The Department submitted that the reduction amounting to **KES.190,316,991** will significantly impact the operations of the State Department in FY 2024/25 and may hinder the attainment of its expanded mandate as outlined in Executive Order No. 2 of 2023 and the Diaspora Policy 2014.

34. The Department highlighted the affected programmes and sub-programmes as indicated in in **Table 9**.

Table 9: Highlights of the Affected Spending Items (KES)

	Description	**Cut**	**% Cut**	**Remarks**
1.	Refurbishment of buildings – non-residential (offices)	20,000,000	100%	Might lead to civil litigation arising from the ongoing contract of refurbishment of recently rented offices at UAP Old Mutual Towers, Upper Hill.
2.	Repatriation of distressed Kenyans	10,910,000	20%	Will affect welfare initiatives including repatriation of distressed Kenyans including mortal remains.

	Description	Cut	% Cut	Remarks
3.	Training and capacity building	1,719,127	20%	Affect the induction of newly appointed officers as well as promotional courses for the officers under the establishment.
4.	Confidential expenses	40,000,000	100%	Affect initiatives aimed at combating human trafficking in Thailand, Laos PDR, Myanmar as well as the evacuation of Kenyans from Lebanon.
5.	Domestic travel and transportation costs	10,624,000	50%	Affect the county engagements (jobs and investment fairs) geared towards identifying opportunities for the diaspora.
6.	Foreign travel and transportation costs	32,935,000	20%	Affect delivery of the SDDA core mandate that includes strategic engagement with the Diaspora and routine consular visitations.
7.	Purchase of motor vehicles	20,000,000	100%	Affect the operations of the SDDA, which is relatively new and needs additional vehicles.
8.	Communications supplies and services	1,361,065	20%	Delay the installation of office lines and internet connection at the SDDA HQ
9.	Hospitality supplies and services	16,803,832	50%	Affect Diaspora conferences & events aimed at incentivizing increased remittances.

Source: *State Department for Diaspora Affairs (SDDA) Submissions, 17th July 2024*

35. The State Department does not have Development Expenditure/Projects in FY 2024/25 Budget.

36. The Department appealed to the Committee to consider reinstating **KES.92,629,127** to the State Department for operations and maintenance in FY 2024/25 to facilitate and enable optimal service delivery in pursuit of the Department's mandates.

3.4 Ministry of Defence (MoD)

37. The Principal Secretary MoD, Mr. Patrick Mariru, appeared before the Committee on Thursday 18th July, 2024 and submitted as follows: -

38. The Ministry's total approved Gross Estimates for the FY 2024/25 is **KES.173.08 billion** comprising of **KES.171.4 billion** Recurrent Expenditure and **KES.1.5 billion** Development Expenditure estimates.

39. Under the FY 2024/25 Supplementary Estimates No. I, the Approved Recurrent Gross Estimates have been reduced by **KES.134.8 million** as summarized in **Table 10**.

Table 10: Reduction in the Recurrent Gross Estimates (KES. Millions)

S/No.	Vote	Approved	Supp. Est.	Gross Change
1.	Recurrent	171,552.8	171,418.4	(134.8)
2.	Development			
	AIA	534.0	534.0	-
	ECA	1,000.0	1,000.0	-
	Totals	**173,086.8**	**172,952.4**	**(134.8)**

Source: *MoD Submissions, 18th July 2024*

40. The change in the Ministry's FY 2024/25 Estimates of KES.134.76 million has affected the General Administration Programme as summarized in **Table 12**.

Table 11: Affected Programmes (KES. Millions)

Programme	**Approved Estimates**	**Supplementary Estimates**	**Gross Change**
	KES (millions)		
National Defence	169,815.8	169,815.8	
Civil Aid	350.0	350.0	
General Admin	2,608.5	2,473.76	(134.76)
National Space Management	312.5	312.5	
Totals	**173,086.8**	**172,952.4**	**(134.76)**

***Source:** MoD Submissions, 18th July 2024*

41. General Administration Operations and Maintenance has reduced by more than half compared to the last FY thus negatively impacting the support to KDF as shown in **Table 12**.

Table 12: Impact of the Budget Revision (KES. Millions)

Item	**Approved Budget FY 2023/24**	**Approved Budget FY 2024/25**	**Supp. Est. No. I FY 2024/25**	**Variance**
	KES (millions)			
O & M	543.92	337.71	202.95	134.76

***Source:** MoD Submissions, 18th July 2024*

42. The proposed budget revisions will significantly impact civilian support to the KDF in the following ways:

    (i) Specialised technical civilian officers, who are usually deployed with the KDF during missions and exercises domestically and internationally, will face reduced support due to budget cuts.
    (ii) Training for newly recruited staff and continuous training for existing staff, necessary to keep pace with technological advancements in security matters, will be hindered.
    (iii) Kenya, through the Ministry of Defence, is a member of various regional and international organisations, requiring attendance and representation to strengthen diplomacy. Budget cuts will adversely affect this function.
    (iv) Proper certification and equipping of specialised technical staff, necessary for them to provide legitimate professional support, will be compromised.

43. The Ministry of Defence has pending bills carried over from the Financial Year 2023/24 of **KES.22.4 billion** due to lack of exchequer. The pending bills have been treated as a first charge in the FY 2024/25 allocation in line with the National Treasury Guideline on settlement of pending bills.

44. The Ministry requested further consideration of the following items:

    (i) Funding to settle pending bills from FY 23/24 to prevent recurrence in FY 24/25.
    (ii) Reinstatement of funding for General Administrative Services.
    (iii) Allocation of **KES.500 million** for KSL contractual obligations.

(iv) The Government of Kenya signed a credit facility agreement for the procurement of a reinforced Battery of Missile System (Spider Air Defence). One condition for utilizing the credit facility is proof of adequate budgetary allocation in FY 2024/25 for a 20% down payment (**KES.3 billion**) of the contract price. The MoD has been allocated **KES.1 billion** in the FY 2024/25 Budget, thus necessitating an additional **KES.2 billion**.

3.4 National Intelligence Service (NIS)

45. On behalf of the Director-General for the National Intelligence Service (NIS), the Deputy Director-General, NIS, Ms. Agnes Shikuku appeared before the Committee on Thursday 18th July, 2024 and submitted that the Service's Printed Allocation for FY 2024/25 has not been affected by Supplementary Estimates No. I for FY 2024/25; however, additional funding is still required.

PART IV

4.0 COMMITTEE OBSERVATIONS

46. The Committee, after receiving, scrutinizing, and deliberating on both the contents of FY 2024/25 Supplementary Estimates No. I and the submissions from the various MDAs under its purview, made the following observations:

4.1 State Department for East African Community (SDEAC)

47. SDEAC total budget has been reduced by **KES.74.74 million** i.e., from an approved amount of **KES.647.49 million** to a revised amount of **KES.572.74 million**.

48. The approved recurrent budget has been reduced by **KES.39.54 million** (from **KES 612.09 million** to **KES.572.74 million**) while the approved development budget has been revised from **KES.35.40 million** to **Zero** allocation.

49. 70% of the **KES.39.54 million** i.e., **KES.27.58 budget** cut in recurrent spending relates to domestic travel (**KES.14.84 million**) and foreign travel (**KES.12.75 million**) will greatly impact the Department's participation in EAC key activities that require physical attendance in the execution EAC mandate.

50. *The 100% budget cut of the Busia Cross Border Market project will cripple the progress made in actualizing the "Trademark East Africa (TMEA) Grant" of **Four Million, Eight hundred fifty thousand US Dollars (US$ 4,850,000)**. The Cross Border Market when actualized will be critical in expanding the Kenyan Market and promoting Regional Integration. In addition, it will transform the lives of Busia County and its hinterland communities by providing a conducive environment to participate in cross border trade under the EAC Common Market Protocol.*

4.2 State Department for Foreign Affairs (SDFA)

51. SDFA total budget has been reduced by **KES.3,084.30 million** i.e., from an approved budget of **KES. 23,097.45 million** to a revised budget of **KES.20,013.15 million**.

52. The approved recurrent budget has been reduced by **KES.694.20 million** (from **KES.20,707.35 million** to **KES.20,013.15 million**) while the approved development budget has been revised from **KES.2,390.10 million** to **Zero** allocation.

53. The 100% austerity cuts of the development vote for SDFA projects that are ongoing and with international contractual obligations that are binding will result in interest on delayed payments, and legal suits & penalties because of breach of contracts. This would negatively impact on Kenya's reputation in foreign countries.

54. *One of the critical projects that is at great risk due to the 100% austerity cuts in development spending is the Purchase of Chancery London, which had been allocated **KES.900 million** in FY 2024/25 approved estimates. This is because a suitable property has already been identified, procurement has been finalized, and the successful bidder notified. The process is awaiting approval of the AG's on conveyancing solicitor to have the sale agreement signed. Reversing the transaction at this stage will have serious legal, reputational, and financial implications. The State Department has already*

*committed **KES.2.0 billion** and is seeking the balance of **KES.900 million** in FY2024/2025 to complete the purchase.*

55. *The SDFA has a perennial foreign exchange loss of approximately **KES 950 million** annually which reduces the State Department disposable budget by a similar amount.*

56. The SDFA has a pending bill of **KES.2.4 billion** arising from exchequer underfinancing in FY 2023/24.

4.3 State Department for Diaspora Affairs (SDDA)

57. SDDA total budget comprising of only recurrent spending reduced by **KES.190.32 million** i.e., from approved budget of **KES. 828.14 million** to revised budget of **KES.637.83 million**.

58. *Most of the activities of SDDA involve foreign travel and operations support (for example repatriation of distressed Kenyans) and this constitutes approximately 50% of the budget cut. Consequently, the austerity cuts will hinder the attainment of the Department's mandate i.e., strategic engagement with the diaspora and routine consular visitation to and repatriation of distressed Kenyans abroad.*

4.4 Ministry of Defence (MoD)

59. The MoD total budget has been reduced by **KES.134.76 million** i.e., from an approved budget of **KES.173,086.82 million** to a revised budget of **KES.172,952.06 million.**

60. The approved recurrent budget has been reduced by **KES.134.76 million** (from **KES.171,552.82 million** to **KES.168,281.80 million**) while the development budget has been maintained at **KES.1,534.00 million** as approved in the estimates.

61. *As at the start of FY 2024/25, the MoD had pending bills carried over from FY 2023/24 of **KES 22.4 billion** arising from exchequer underfinancing. The pending bills were treated as a first charge in the FY 2024/25 allocation in line with the National Treasury guideline on settlement of pending bills. This has resulted in the reduction of the Ministry's disposable budget by a similar amount risking the recurrence of the same in FY 2024/25.*

4.5 National Intelligence Service (NIS)

62. The NIS total budget comprising of only recurrent spending has been maintained at **KES.46,351.00 million** as approved in the estimates.

63. *It is necessary for the capabilities of the National Intelligence Service (NIS) to be improved through intelligence modernization, particularly through the procurement of unmanned aerial vehicles (UAVs) at a cost of **KES.5 billion**, on account of the improvements in technology. As a surveillance tool, UAVs offer capabilities that are unmatched by any other tool because of their capacity to monitor enormous land areas with relatively little manpower.*

PART V

5.0 COMMITTEE RECOMMENDATIONS

64. The Committee, having received, scrutinized, and deliberated on both the contents of the FY 2024/25 Supplementary Budget Estimates No. I and the submissions from the various MDAs under its purview, recommends the following:

5.1 Financial Recommendations

65. The Committee recommends the approval of FY 2024/25 Supplementary Budget Estimates No. I as tabled for the following MDAs:

(i) Reduction of recurrent budget for the **Ministry of Defence** by **KES.134.76 million**;
(ii) Reduction of recurrent budget and development budget for the **State Department for Foreign Affairs** by **KES.694.20 million** and **KES.2,390.10 million** respectively;
(iii) Reduction of recurrent budget for the **State Department for Diaspora Affairs** by **KES.190.32 million**; and
(iv) Reduction of recurrent budget and development budget for the **State Department for East African Community** by **KES.39.34 million** and **KES.35.40 million** respectively.

SIGNED: ..... **DATE:** 19/07/24.

THE HON. NELSON KOECH, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATION

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25:

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1135: The State Department for Youth Affairs

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

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PART I

1 PREFACE

1.1 Introduction

1. The Supplementary Budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval and granting of authority to spend under the given circumstances.

2. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Social Protection the mandate to consider matters in relation to *Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*

3. In that regard, the Committee is mandated to analyze, scrutinize and approve the supplementary estimates for the following government agencies under its purview:
   i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
   ii. Vote 1212: The State Department for Gender and Affirmative Action
   iii. Vote 1135: The State Department for Youth Affairs and Creative Economy
   iv. Vote 1213: The State Department for Public Service (NYS)
   v. Vote 1241: The National Gender and Equality Commission (NGEC)

1.2 Mandate of the Committee

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

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*

vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*

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

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

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

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

5. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.

6. In executing its mandate, the Committee oversees the following State Departments under different Ministries and one Commission;
    i. State Department for Social Protection and Senior Citizen Affairs;
    ii. State Department for Gender and Affirmative Action;
    iii. State Department for Youth Affairs and Creative Economy;
    iv. State Department for Public Service (National Youth Service); and
    v. National Gender and Equality Commission (NGEC).

1.3 Committee Membership

7. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Alice Wambui Ngángá, CBS, MP
Thika Town Constituency
UDA Party

Vice-Chairperson
Hon. Hillary Kiplang'at Koskei, MP
Kipkelion West Constituency
UDA Party

Members

Hon. (Dr.) James Wambura Nyikal, M.P.
Seme Constituency
ODM PARTY

Hon. Timothy Wanyonyi Wetangula, M.P.
Westlands Constituency
ODM PARTY

Hon. (Dr.) Lilian Achieng Gogo, M.P.
Rangwe Constituency
ODM PARTY

Hon. Mark Ogolla Nyamita, M.P.
Uriri Constituency
ODM PARTY

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency
WDM-K PARTY

Hon. Betty Njeri Maina, M.P.
Murang'a County
UDA PARTY

Hon. Michael Wambugu Wainaina, M.P.
Othaya Constituency
UDA PARTY

Hon. Sulekha Hulbale Harun, M.P
Nominated Member
UDM PARTY

Hon. Amina Abdullahi Dika, M.P
Tana River County
KANU PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency
UDA PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County
TSP PARTY

Hon. Agnes Mantaine Pareiyo, M.P
Narok North Constituency
JUBILEE PARTY

Hon. Linet Chepkorir, M.P
Bomet County
UDA PARTY

1.4 Committee Secretariat

8. The Committee is facilitated by the following Secretariat:

Mr. Finlay Muriuki
Lead Clerk/ Head of Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Mr. Adan Ahmed Abdi
Fiscal Analyst II

Ms. Grace Maneno
Research Officer III

Mr. Benjamin Ochutsi
Hansard Officer III

Ms. Naomi Onsomu
Public Communications Officer

Mr. Derrick Kathurima
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Supplementary Estimates No. I for FY 2024/25

9. The Supplementary Estimates No. I for FY 2024/25 were submitted to the National Assembly on Thursday 12th July 2024 and subsequently referred to the Budget and Appropriations Committee as well as the respective Departmental Committees for review and approval.

10. Parliament is required to scrutinize the Supplementary Estimates and the programmes that the State Departments under the purview of the Committee are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

11. This is the first time a Supplementary budget has been submitted early into the financial year. According to the National Treasury, the reason for this Supplementary is mainly to rationalize the 2024/25 budget to align it to the revised fiscal (revenue and expenditure) framework occasioned by the withdrawal of the additional revenue measures which had been proposed in the Finance Bill, 2024.

12. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and their agencies to consider their Supplementary Estimates No. I for FY 2024/25.

13. The Committee held a total of six **(6)** sittings to consider the Supplementary Estimates No. I for FY 2024/25.

1.6 Acknowledgement

14. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. I for FY 2024/25.

15. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the State Department for Gender and Affirmative action; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service; the National Gender and Equality Commission as well as their agencies for the useful contributions they made towards the preparation and production of this report.

16. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

HON. ALICE WAMBUI NGÁNGÁ, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2 OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25

17. The overall change in the National Government (Executive, Parliament and Judiciary) budget is a **decrease of Kshs. 156.4 billion**. The development expenditure is proposed to reduce by Kshs. 122.4 billion whereas the recurrent expenditure increases by Kshs. 34.1 billion.

18. The Consolidated fund services is proposed to **increase by Kshs. 23.7 billion** to cater for pensions whereas the Equitable share to county governments is proposed to **increase by Kshs 10.8 Billion** on account of carryovers from the previous financial year. Given the observed changes, the overall 2024/25 is proposed to **reduce by Kshs 121.8 Billion**

19. In summary, the overall effect of the proposed changes to the 2024/25 budget estimates for the various votes under the Social Protection sector is a reduction of **Kshs 1.474 Billion**.

20. A summary of how the three State Departments, The NYS and the National Gender and Equality Commission are affected in the changes is as indicated below:
    i.) State Department for Social Protection– a reduction of **Kshs 353 million;**
    ii.) State Department for Gender – a reduction of **Kshs 549 million;**
    iii.) State Department for Youth Affairs- a reduction of **Kshs 496 million**
    iv.) National Gender and Equality Commission- a reduction of **Kshs 18 million.**
    v.) The National Youth Service- a reduction of **Kshs 58 million**

21. The projects unfunded through the Supplementary Estimates I for FY 2024/25 will affect the completion timelines. Therefore, the timelines will have to be revised to reflect this reality.

22. A summary of Supplementary I FY 2024/25 (Kshs Millions) is as shown below;

23. **Details**		**Approved Estimates**	**Supplementary Estimates I**	**Revised Estimates**
Executive	Recurrent	1,566,523	(30,605)	1,535,919
	Development	742,671	(120,519)	622,152
	Total	**2,309,194**	**(151,123)**	**2,158,071**
Parliament	Recurrent	42,533	(2,700)	39,833
	Development	2,065	(1,033)	1,033
	Total	**44,598**	**(3,733)**	**40,866**
Judiciary	Recurrent	23,040	(743)	22,298
	Development	1,600	(800)	800
	Total	**24,640**	**(1,543)**	**23,098**
Consolidated Fund Services		**1,213,453**	**23,781**	**1,237,234**
County Equitable Share		**400,117**	**10,834**	**410,951**
Grand Total		**3,992,003**	**(121,784)**	**3,870,219**

Source: National Treasury

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Departments appeared before the Committee on 17th July, 2024 and submitted as follows:

3.1 The State Department for Social Protection and Senior Citizen Affairs

The State Department for Social Protection and Senior Citizen Affairs is one of the Six Sub-Sectors of the Social Protection, Culture and Recreation Sector Working Group (SWG). It is responsible for implementation of the Constitution, Chapter 4 on Bill of Rights, Articles 43(3), 45, 53, 54 and 57 of, which are on the; social security to persons who are unable to support themselves and their dependants, children, persons with disabilities and older members of the society respectively. Special focus is given to the improvement of livelihood of Vulnerable groups, specifically orphans and vulnerable children; the elderly; street families; and persons with disabilities

The State Department for Social Protection therefore plays a pivotal role towards the realization of the country's transformative agenda as enshrined in the Kenyan Constitution, Kenya Vision 2030, Medium Term Plan (MTP) IV (2023-2027), the Sustainable Development Goals (SDGs) and the "Bottom-up Economic Transformative Agenda" *(BETA)*.

The State Department comprises of Four (4) Directorates, Three (3) Semi-Autonomous Government Agencies (SAGAs), Two (2) National Trust Funds and Two (2) Departments (General Administrative Services and Central Planning and Monitoring Department).

Table 1(a): Directorates, Semi-Autonomous Government Agencies (SAGAS) and Trust Funds

DIRECTORATES	SAGAS	TRUST FUNDS
(i). Directorate of Social Development (ii). Directorate of Children Services (iii). Directorate of Social Assistance (iv). National Social Protection Secretariat	(i). National Council for Persons with Disabilities (NCPWDs) (ii). National Council for Children Services (NCCS) (iii). Child Welfare Society of Kenya (CWSK)	(i). Street Families Rehabilitation Trust Fund (SFRTF) (ii). National Assistance Trust Fund for Victims of Counter Trafficking.

The State Department has offices in 8 Regions, 47 Counties and all Sub-Counties. These offices are for both Children and Social Development Directorates. The National Council for Persons with Disabilities has offices in all 47 Counties.

In addition, the State Department has;

i) 14 Children Remand Homes;
ii) 5 Children Rescue Centers;
iii) 11 Children Rehabilitation Schools;
iv) 6 Child Protection Centres;
v) 12 Vocational Rehabilitation Centers, and
vi) 1 Institution for Older Persons.

A. OVERALL VARIATION BETWEEN THE APPROVED 2024/2025, AND REVISED BUDGET ESTIMATES NO.1.,2024/2025 FY.

In the Approved Budget Estimates 2024/2025 FY, the State Department was allocated a Total of **Kshs. 35,200,705,645.00,** to Finance Projects, Programs and activities under its purview. Out of this amount **Kshs. 33,010,825,645.00,** was in respect to the Recurrent Vote, while **Kshs. 2,189,880,000.00,** was to cater for Development Expenditure. However, due to the Government Rationalization of the Budget, in the Revised Supplementary Budget NO.1, the State Department has been Allocated a Grand Total of **Kshs. 34,849,037,733.00,** in the Revised Budget Estimates NO.1, 2024/2025 FY.

There is, therefore, an overall Budget Cuts amounting to (**Kshs. 351,667,912.00**), as shown below:

Table 1: Summary overall Budget Cuts.

S.NO	VOTE. 1185	Approved Budget Estimates 2024/2025 FY (Kshs.)	Revised Budget Estimates 2024/2025 FY (Kshs.)	Budget Cuts (+,-) 2024/2025 FY (Kshs.)
1	Recurrent Vote	33,010,825,645	32,941,416,733	(69,408,912.00)
2.	Development Vote	2,189,880,000	1,907,621,000	(282,259,000)
TOTAL (KSHS)		**35,200,705,645.00**	**34,849,037,733**	**(351,667,912.00)**

The overall reductions in the Budget amount to **Kshs. 351,667,912.00**. Out of this Recurrent Budget amount to **Kshs. 69,408,912.00,** while Development Budget amount **to Kshs. 282,259,000.00.** This will negatively impact on Service Delivery of the State Department, not to mention that the State Department has historically been under funded. The State Department Plays a Pivotal role towards the realization of the Country's main Development Agenda "***The Bottom Up Economic Transformation Agenda [BETA]***. These are areas related to taking care of Persons with Disabilities, Older Persons (provision of Cash Transfers) abused and

neglected Children, Community Empowerment, Albinism, Autism, Older Persons, Rescue, Rehabilitation, and Resocialization & Re-Integration of Street Families.

B. HIGHLIGHTS OF THE MOST AFFECTED PROGRAMMES, PROJECTS AND SPENDING ITEMS.

AS shown above, there was a Total Overall Budget reduction of **(Kshs. 351,667,912.00)**, out of which **Kshs. 69,408,912.00**, relate to the Recurrent Budget and **Kshs. 282,259,000.00**, in respect to the Development Budget. The Cuts have the following effects on Programmes, Projects and activities as follows:

(i) Recurrent Budget Estimates

The Most Critical areas that were affected in the reductions were in regard to Field Services Stations and Headquarters, which include Communication, Domestic Travels Hospitality Supplies and Services, etc, as follows:

Table 2: Summary of the Recurrent Budget Reductions.

S.NO	SUB ITEM	**APPROVED BUDGET 2024/2025 FY**	**REVISED BUDGET ESTIMATES 2024/2025 FY**	**DEVIATION (+, -) Millions (Kshs)**
1.	2210200 Communication, supplies, and services	17.10	14.80	(2.30)
2.	2210300 Domestic travels	94.40	50.80	(40.52)
3.	2210400 Foreign Travels	0.50	0.50	00
4.	2210500 Printing, Advertising and information supplies and services	44.80	53.00	00
5.	2210700Training Expenditure	11.50	9.60	(1.89)
6.	2210800 Hospitality Supplies and Services	39.50	27.30	(12.13)
7.	2211100 Office and General Supplies and Services	22.40	22.40	00
8.	2211200 Fuel, oil and Lubricants	50.30	50.30	00
9.	2211300 other operating expenses	341.20	335.00	(6.18)
10.	2220100Routine Maintenance-vehicles and other transport equipment	20.90	20.90	00
11.	2220200Routine Maintenance-Other Assets	10.20	7.08	(3.14)
12.	2630000 Gants and other Transfers to other Government units	27,773	27,773	00
13.	3110900 Purchases of Household Furniture	2.80	-	2.80
14.	3110900 Purchases of Office Furniture and General Equipment	4.04	4.04	00

13.	3100000 acquisitions of Non - Financial Assets	7.30	15.90	(8.60)
	TOTAL-Kshs	33.010.20	32,941.40	(69.40)

(ii) Development Budget Estimates

The Gross Development Expenditure in the Printed Budget Estimates 2024/22025 FY, was **Kshs. 2,189,880,000.00,** which was reduced to **Kshs. 1,907,621,000.00,** in the Revised Supplementary Estimates NO.1.The National Treasury removed **all Development G.O.K Projects entirely.** Most of these Projects are on-going, and are at the last stages of completion.

Table 3: Summary the Development Budget Reductions

PROJECTS/PROGRAMME	APPROVED BUDGET 2024/2025 FY	REVISED BUDGET ESTIMATES 2024/2025 FY	CHANGE {-+} (KSHS)
Renovation of Vocation Rehabilitation Centres (VRCs)	4,500,000	-	(4,500,000)
Educational Equipment for Vocational Rehabilitation Centres	4,500,000	-	(4,500,000)
Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	2,630,000	-	(2,630,000)
Rehabilitation of Machakos Children Rescue Centre	3,000,000	-	(3,000,0000
Fencing of Kiambu Children Remand Home	14,889,000		(14,889,000)
Renovation of Likoni Children Rehabilitation School	2,740,000	-	(2,740,000)
Construction of Foster Care Centre in Joska	125,000,000	-	(125,000,000)
Construction of Foster Care Centre in Muranga	125,000,000	-	(125,000,000)
Kenya Social and Economic Inclusion Project[G.O.K Counterpart]	183,620,000	183,620,000	00
GROSS EXPENDITURE	**465,879,000.00**	**183,620,000.00**	**(282,259,000.00)**

C. PROJECT INFORMATION ON CHANGES OF EXPENDITURE ALLOCATION TO DEVELOPMENT PROJECTS, INCLUDING CHANGES TO PRIORITY BOTTOM-UP ECONOMIC TRANS FORMATION AGENDA [BETA]PROJECTS.

The State Department has a Total of (Nine (9), Projects and Programs in the FY2024/25. Most of this Plays a Pivotal role towards the realization of the Country's main Development Agenda "***The Bottom Up Economic Transformation Agenda (BETA)***, whose information is as detailed below:

Table 4: Summary of Budget Priority Bottom-Up Economic Transformation Agenda (BETA) Projects.

S/N	Project Name	Start Date	Total Project Cost	Cumulative Expenditure as of 30th June,2024 Kshs '(000)	Physical Completion status of 30th june march 2024	Allocation FY 2024/25 Kshs '(000)	Geographical location (County and Sub county)
1	Renovation of Vocational Rehabilitation Centres	2024/25	Component specific	-	New component	4,500	➢ Nyandarua ➢ Machakos
2	Educational Equipment for Vocational Rehabilitation Centres	Continuous	N/A	@ 4.5 annually	Continuous	4,500	Across 12 counties
3	Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	2020/21	98.93	20,000	➢ Kirinyaga Complete ➢ Kilifi Exchequer awaited	2,630	Kilifi
4	Renovation of Machakos Children Rescue Centre	2024/25	Component specific	-	New component	3,000	Mackakos
5	Fencing (Kiambu Children Remand Home)	2024/25	Component	-	New component	14,889	Kiambu
6	Renovation of Likoni Children Rehabilitation School	2024/25	Specific	-	New component	2,740	Kwale
7.	Construction of Foster Care Centre in Joska	Continuous	N/A	@ 4.5 annually	Continuous	125,000,000	Across 2 counties
8.	Construction of Foster Care Centre in Muranga	Continuous	N/A	@ 4.5 annually	Continuous	125,000,000	Across 2 counties
9.	Kenya Social & Economic Inclusion Project	2019/20	10,359.59 (Million)	Confirm	On extension upto December, 2025	➢ Gok- 215.880 ➢ Grant Revenue – 38,000 ➢ Loan Revenue – 1,686,000	KSEIP 10 pilot counties**

** EIP pilot counties – Makueni, Murang'a, Kisumu, Taita Taveta & Marsabit
**NICHE pilot counties - Kitui, Kilifi, Marsabit, Turkana & West Pokot

D. EXPECTED IMPACT OF THE BUDGET REVISION ON PROGRAMME AND PROJECT TARGETS.

Table 5: Impact of the Budget Cuts on Programmes and Projects.

PROGRAMME DETAILS	Approved Budget for F/Y 2024/25 FY Millions [Kshs]	Revised Budget Estimates 2024/25 FY Millions [Kshs]	Remarks/ Budget Cuttings (%)
Programme 1: Social Development and Children Services			
Sub Programme1:1 Community Mobilization & Development	765.04	712.26	**30 %**
Sub Programme1: 2 Social Welfare and Vocational Rehabilitation	821.50	630.44	**26.74%**
Sub Programme1: 3Child Community Support Services	2,884.44	2,438.90	**34.55%**
Sub Programme 1: 4 Child Rehabilitation & Custody	465.03	404.71	**21.03%**

TOTAL PROGRAMME1:0	4,936.01	4,186.32	**21%**
Programme 2:0 National Safety Net Program			
Sub Programme 2.1: National Safety Net Program	28,130.32	28,130.32	**NIL %**
TOTAL PROGRAMME 2:0	28,130.32	28,130.32	
Programme 3: General Administration, Planning and Support Services			
Sub Programme 3.1: General Administration, Planning and Support Services	294.98	254.30	**13.21%**
TOTAL PROGRAMME3:0	**294.98**	**254.30**	
TOTAL EXPENDITURE	**35,200.70**	**34,849.00**	**35 %**

The Total Budget Allocation for the State Department in the Approved Budget Estimates, 2024/2025 was **Kshs.35, 200.70 Million.** This was reduced to a figure of **Kshs. 34,848.00 Million,** in the Revised Budget Estimates NO.1, 2024/2025 FY. The above Tabulation shows, that the overall Budget was Cut by 35%. This will have a negative impact on Programme and Project targets.

E. REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE TARGETS.

Table 6: Performance indicators and Performance Targets.

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
Community Mobilization and Development	Directorate of Social Development	Community Groups Registered, trained & linked to Monetary Financial Institutions (MFIS)	No. of community groups registered	60,000	54,000
			No. of groups linked to various MFIs	40,000	35,000
			No. of community groups trained	20,000	18,000
		Community Group Registration Act (CGR),2022 Operationalized	No of regulations developed	7	4
			No of community groups sensitized on CGR Act of 2022	300	200
			No. of Lay Volunteer Counselors trained	450	250
		Vulnerable Households supported through Economic Inclusion Programme (EIP)	No of vulnerable households supported	7,500	7,500
			No. of businesses established	2,700	2,700
			No of Village Savings and Loans (VSLAs) Groups operationalized	550	550
		Local Communities protected from negative effects of Social Risks in Development Projects	No. of projects screened for Social Risks & Impacts	50	20
S.P. 10.2 Social Welfare and Vocational Rehabilitation		Older Persons and Aging supported	No. of older persons rescued and placed at Kirinyaga Rescue Centre	15	11
			No. of older persons sensitized on their rights and healthy aging	5,000	4,000

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
		Family care support systems strengthened	No. of caregivers trained on positive parenting	500	300
			No of households provided with psychosocial support and referral services	1500	1100
		Disability inclusion services provided	No. of PWDs trained in VRCs	820	750
			No. of VRC graduates provided with start–uptool kits	30	20
	National Council for Persons with Disabilities	Disability rights mainstreamed in socio- economic development	No. of SHGs for PWDs linked to funding opportunities	290	290
			No. of PWDs provided with assistive & supportive devices	4,500	4,700
			No. of persons with disabilities registered and issued with disability cards	120,000	120,000
			No. of PWDs provided with scholarships	2,300	4,000
			No of families caring for children with disabilities supported under the Care Reform Strategy	10,000	-
		Persons with Albinism supported for eye and skin care	No. supported with sunscreen lotion	5000	5,000
			No. supported for eye care	500	500
			No. of persons provided with skin cancer screening and Treatment	1,500	2,000
		Persons with Autism supported	No. of persons provided with therapy services and essential Dugs	10,000	15,000
			No. of MDAs implementing disability mainstreaming	533	533
SP 10.3: Child Community Support Services	Directorate of Children Services	Family and Community-Based care of Children promoted	No. of children placed in alternative care	820	820
			No. of OVCs supported with basic needs and counseling	17,800	17,800
			No. of OVCs supported with Presidential Bursary	22,300	22,300
		Child Welfare Fund Established and Operationalized	Child Welfare Fund	1	1
		Children Participation promoted	No. of children assemblies forums	48	48
			No of children supported to participate in annual events	1000	1000
		Child Care Support and Protection enhanced	No. of children experiencing violence, child and neglectreached with protective Services	200,000	200,000
			No. of children supported through the child-helpline toll free line- 116	38,400	38,400
			No. of child protection	1520	1520

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
			volunteers appointed and trained to provide protective services		
			No. of children trained on safe internet use	175	175
			No. of stakeholders trained on safe internet use	100	100
SP 10.4 Child rehabilitation and custody		Children Act 2022 implemented	No. of Children Officers sensitized on the Children Act	500	500
		Nutrition improvement through Cashand Health Education	No. of households reached under NICHE	28,000	28,000
			No. of beneficiaries reached under Universal Child Benefit	8,300	8,300
		Children rescued and provided with safe shelter, Rehabilitated and Reintegrated back to the Community	No. of children rescued & reintegrated to the family based care	60,000	60,000
			No of children with disabilities provided with disability inclusive and specialized services	1500	1500
	Counter Trafficking inPersons	CTIP Act 2010, reviewed	Revised CTIP Act	1	1
		Awareness of Counter Trafficking in Person Created	No. of people reached through public awareness campaigns to prevent human trafficking	18000	18000
		Government run shelters for Victims of Trafficking in persons refurbished	% completion of construction of Government run shelter for victims of trafficking security wall in Nairobi	25	25
			% of government run shelters house operationalization	25%	25%
		Protection Services to Victims of Trafficking in Persons provided	% of Victims of trafficking in Persons rescued	100	100
			% of victims of human trafficking rehabilitated	100	100
			% of victims reintegrated back to their families	100	100
			% of Victims repatriated from Kenya	100	100
			% victims repatriated into Kenya	100	100
	National Council for Children's Services (NCCS)	Policy, legal and administrative framework on children's rights and welfare developed	No. of Regulations developed to implement Children Act 2022	8	2
			No. of stakeholders sensitized on National Children policy	100	200
			An Integrated Early Childhood Development Policy	1	1
			No. of CACs established in regions, counties and sub- counties	47	47
			Child Participation Guidelines	1	1
		CCIs Regulation Enforced	No. of CCIs inspected by CACs	365	345
			% of registration certificates renewed to compliant CCIs	100	100

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
		Family and Community-Based care for Children promoted	Transition Guideline for Care System in Kenya	1	1
			No. stakeholders sensitized on National Care Reform Strategy	200	200
			Annual NCCS Stakeholders conference	1	1
		Compliance with Regional and International Obligations	Commemorate the Day of the African Child 2023	1	1
			Universal Children's Day	1	1
		NCCS programmes and activities coordinated	An Integrated National Children Database	1	1
		Adoption Services promoted	Annual adoption month celebrated	1	1
			No. of adoption societies registered	1	1
	Child Welfare Society of Kenya	Alternative family care for children enhanced through foster care and Adoption	No. of foster parents assessed	1,000	5,000
			No. of adoptive parents assessed	480	480
			No. of parents trained on alternative family care	5,000	5,000
		Mechanisms for combating child labour established/ strengthened	No of children sensitized on negative effect of child labour	6,455	9,683
			No. of ROC Clubs formed	34	34
			No. of children withdrawn from child labour	60,000	60,000
		Enrolment, retention and completion of OVCs and vulnerable young persons in education Supported	No. of children facilitated with complementary educationmaterials	184,980	184,980
		Children in emergencies provided with psychosocial support	No. of children in emergencies provided with psychosocial support	187,920	187,920
		Family tracingand reunification promoted	No. of separated children provided with Identification, Documentation, Tracing and Reunification (IDTR)	187,920	7,446
		Children in distress rescued	No. of children rescued	15,102	15,200
		Integrated Child and Family Centers Upgraded	No. of Integrated Child and Family Centers upgraded	5	5
SP 11.1: Social Assistance to Vulnerable Groups	Directorate of Social Assistance (DSA)	Households with vulnerable persons supported	No. of older persons supported with cash transfers	1,185,455	1,185,455
			No. of households with OVCs supported with cash transfers	482,393	611,786
			No. of households with PWSDs supported with Cash	65,281	83,562
		Inua Jamii beneficiaries' data	No. of Inua Jamii beneficiaries verified for	1,072,791	1,072,791

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
		updated	eligibility (Payroll cleaning)		
			% of exited beneficiaries replaced	70	70
		Consolidated Cash Transfer Programme Management Information System (CCTP MIS) enhanced	No. of GoK MIS integrated with CCTPMIS	2	3
		Grievance andcase management system strengthened	% of case addressed	100	100
			No. of sub counties where Beneficiary Outreach Strategy has been rolled Out	350	350
		Administrative frameworks strengthened to enhance delivery of CCTP	No. of Constituency Social Assistance Committee (CSACs) strengthened	290	290
			No. of BWCs strengthene d	2,738	2,738
			No. of Payment Service Providers (PSPs) procured	6	6
			Social Assistance Fund operationalized	1	1
			No of sub county Capacity built on the M and E strategy	350	350
	National Social Protection Secretariat (NSPS)	Social protection network for sustainability and Coordination Strengthened	No. of counties with functional Social Protection Coordination structures	3	2
			No of counties with operational COP county chapters	2	2
			No of Social Protection conferences held	-	1
		Functional Registry for harmonized identification and enrollment of vulnerable households in Social Protection	No. of stakeholder's linked to the ESR MIS	3	3
			No. of Counties adopting Generic County Government Social Protection (CG-SP) MIS	2	2
			No. of Vulnerable households per County in the Social registry in 23 counties	75	75
			No. of counties implementing the On-Demand Registration under the ESR	1	24
			No. of vulnerable households registered under the ESR through i the On-Demand Registration	53	75
			No of stakeholders sensitized on the ESR	23,000	23,2000
			% of NSNP beneficiaries enrolled into NHIF	55	75
		Awareness and Capacity for increased uptake of	No. of stakeholders trained on social protection	20	20

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target Approved 2024/25	Target Revised Target 2024/25
		SP Services Enhanced			
		Sustainable Financing Options for Social Protection Promoted	No. of Public Private Partnership forums forCo-financing social protection held	2	2
		Policy documents on Social protection Developed	Kenya Social Protection Policy 2023	1	1
			Kenya Social Protection Communication Strategy	1	
		Social Assistance Act 2013 repealed and replaced	Social Assistance Act 2023	0	1
			Social Assistance Fund (SAF)	1	1
			PFM (SAF) Regulations 2023	1	1
	Street Families Rehabilitation Trust Funds (SFRTF)	Street families rehabilitated	No. of street persons rescued	3,000	5,500
			No. of street persons talents identified andnurtured	240	240
			No. of street persons provided with psychosocial support services	5,500	5,500
			No. of street persons supported for education and vocational skills Training	5000	5,000
		Street families reintegrated	No. of street persons reintegrated to families and the community	3,000	3,000
			No. of families supported to ensure retention of reintegrated persons	400	400
		Capacity of caregivers strengthened	No. of caregivers trained	150	150
		Communication Strategy developed	Communication strategy	1	1
		County Chapters to co- ordinate street families' rehabilitation established	No. of county chapters	12	12

3.2 The State Department for Gender and Affirmative Action

The State Department for Gender's functions are derived from the Executive Order No. 1 of 2023 as outlined below:

a) Gender Policy Management;

b) Special Programmes for Women Empowerment;

c) Gender Mainstreaming in Ministries/Departments/Agencies;

d) Community Mobilization in Gender issues;

e) Domestication of International Treaties/Conventions on Gender;
f) Policy and Programmes on Gender Violence;
g) Affirmative Action Policy;
h) Promote Equity;
i) Undertake national Survey on special needs;
j) Promotion of use dignitary towel in basic education institutions;
k) Mainstreaming affirmative action in Ministries/Departments/Agencies; and
l) Ensure compliance with affirmative action principles as envisaged in the constitution

Strategic Objectives

The Objectives of the Department are to:

i. Promote formulation, implementation, review and management of Gender Policies;
ii. Promote development and implementation of special programmes for Women empowerment;
iii. Spearhead Gender Mainstreaming in Ministries, Departments and Agencies;
iv. Co-ordinate negotiation, domestication and reporting on gender related international and regional treaties and conventions; and

Co-ordinate development and implementation of Policies and programmes on Gender Based Violence (GBV).

SAGAs in the State Department for Gender

i. Women Enterprise Fund (WEF)
ii. Anti-Female Genital Mutilation (FGM) Board
iii. National Government Affirmative Action Fund (NGAAF)
iv. Gender Violence Protection Centers

The Department presented the specific issues on Supplementary 1 as per your invitation letter as follows;

A. OVERALL VARIATION TO STATE DEPARTMENT'S APPROVED FY 2024/25 RECURRENT AND DEVELOPMENT BUDGET

The State Department had an allocation of **Kshs. 6,114,541,404** which is made up of **Kshs. 2,075,841,404** and **Kshs. 4,038,700,000** in approved Estimates for Recurrent and Development budget respectively. However; this has been reduced to **Kshs. 5,574,794,290** where Recurrent Allocation is **Kshs. 2,009,944,290** while Development allocation is **Kshs. 3,564,850,000**. Showing total reduction on the Vote by **Kshs. 539,747,114 (kshs. 65,897,114 -Recurrent and Kshs. 473,850,000 -Development)**.

(i) ***Recurrent expenditure*** Table 1 below shows variation of summary according to class of expenditure; where the State Department Recurrent Allocation has been reduced by **Kshs. 65,897,114** in areas of use of goods and services and acquisition of non-financial assets(vehicle)

Table 1- Recurrent Summary

Economic Classification	**Approved Estimates FY 2024/2025-Kshs**	**Supplementary 1 Estimates FY2024/25 Kshs**	**Variation-Reduction Kshs.**	**Remarks**
Gross(total)	**2,075,841,404**	**2,009,944,290**	**(65,897,114)**	This is in compliance Rationalization percentage given by the National Treasury.
A.I. A	135,000,000	135,000,000	0	
NET	**1,940,841,404**	**1,874,944,290**	**(65,897,114)**	
Compensation to employees	314,100,000	314,100,000	**0**	
Current Transfers	**1,495,524,545**	**1,495,524,545**	**0**	
NGAAF	43,400,000	43,400,000		
Sanitary Towel(NGAAF)	940,000,000	940,000,000	0	
WEF	351,100,000	351,100,000	0	
AFGM Board	161,024,545	161,024,545	0	
Acquisition of non-financial assets	23,024,616	12,524,616	**(10,500,000)**	
Use of goods and services	243,192,243	187,795,129	**(55,397,114)**	

(ii) Development expenditure

Table 2 below shows a breakdown of the variation from approved budget estimates for Financial Year 2024/25. This shows that the State Department has suffered budget reduction of **Kshs. 473,850,000** in the Development Budget allocation.

Table 2: ***Development Summary***

Project	**Source of funds**	**Approved Estimates FY 2024/25**	**Supplementary Estimates 1 FY 2024/25**	**Variation-Reduction Kshs.**
NGAAF	GoK Exchequer	3,500,000,000	3,208,980,000	(291,020,000)
WEF	GoK Exchequer	182,830,000	0	(182,830,000)

Strengthening Prevention and Response to Gender Based Violence (GBV) in Kenya (Government of Finland)	Kenya Finland Bilateral Program (Donor) GoK Counterpart funding **Total**	200,000,000 91,020,000 **291,020,000**	200,000,000 91,020,000 **291,020,000**	0 0 0
Gender and Women Empowerment	UN Women (Donor)	37,650,000	37,650,000	0
UNFPA 10th Country programme	UNFPA (Donor)	27,200,000	27,200,000	0
Total		**4,038,700,000**	**3,564,850,000**	**473,850,000**

B. HIGHLIGHTS OF THE MOST AFFECTED PROGRAMMES, PROJECTS AND SPENDING ITEMS, AFFECTED BY SUPPLEMENTARY NO.1 FY 2024/25.

Table 3 shows programme/projects and spending items most affected by the budget revision which include Community Development, Gender Empowerment and; General Administration and Support Services.

Table 3 – Programme, projects and spending areas summary

Name of the Programme	Project name	Expenditure Item	FY 2024/25		
			Approved Estimates Kshs	Supplementary Estimates Kshs	Change in Estimates Kshs
Community Development	NGAAF	Capital Transfer	3,500,000,000	3,208,980,000	(291,020,000)
Gender Empowerment **Gender Empowerment**	Women Enterprise Fund	Capital Transfer	182,830,000	0	(182,830,000)
	Recurrent Expenditure	Communication, Supplies and Services Domestic Travel Foreign Travel, Publishing and Printing Training Expenses Conference Facilities Other operating expenses	121,784,083	91,592,245	(30,191,838)
		Purchase of Motor Vehicle	5,250,000	0	(5,250,000)
General Administration and Support Services	Recurrent Expenditure	Communication, Supplies and Services Domestic Travel and other travel cost Foreign Travel, subsistence and other travel cost Publishing and Printing Training Expenses Hospitality Supplies and Services Other operating expenses	133,932,776	108,727,500	(25,205,276)
		Purchase of Motor Vehicle	5,250,000	0	(5,250,000)

Total Expenditure				**539,747,114**

C. INFORMATION ON CHANGES TO EXPENDITURE ALLOCATION TO DEVELOPMENT PROJECTS INCLUDING CHANGES TO PRIORITIES BOTTOM-UP TRANSFORMATIVE AGENDA (BETA) PROJECTS

The State Department has suffered budget reduction of **Kshs. 473,850,000** under Development budget which affected allocation to Affirmative Action Fund- (National Government Affirmative Action Fund-NGAAF) and Women Enterprise Fund (WEF) as shown in the summary below;

Table 4: Summary of Development Projects Affected by Budget Reduction

Project	Source of funds	Approved Estimates FY 2024/25	Supplementary Estimates 1 FY 2024/25	Variation-Reduction Kshs.
NGAAF	GoK Exchequer	3,500,000,000	3,208,980,000	(291,020,000)
WEF	GoK Exchequer	182,830,000	0	(182,830,000)
Total		**3,682,830,000**	**3,208,980,000**	**(473,850,000)**

As shown on table 4 above, the allocation for Women Enterprise Fund has been reduced to zero and this will affect the number of women entrepreneurs to be trained on value addition and linked to large enterprises. It will also affect the number of women entrepreneurs trained on digital literacy proramme.

D. EXPECTED IMPACT OF THE BUDGET REVISIONS ON PROGRAMME AND PROJECTS TARGETS

Due to budget reduction, the State Department will face challenges in undertaking the following;

i. **Compliance to gender related international and regional conventions and treaties.** The commemoration of the 30th anniversary of the Beijing Declaration and Platform for Action and 69th Session of the United Nations Commission on the Status of Women (CSW69), United Nations General Assembly Special Session (UNGASS), preparation of reports on CEDAW, Maputo Protocol, AU SDGEA, EAC and other international activities.

ii. **Gender Responsive Policies**: The National Policies on Gender and Development and elimination of Female Genital Mutilation, 2019 that are due for review to align with

BETA agenda and capture emerging issues in the gender agenda. The Draft National Affirmative Action Policy, 2024 that is under development in line with Executive Order No.2 of 2023, to enhance diversity, fairness in selection procedures, compensation for past discrimination and remedial purpose to enhance social justice.

iii. **Enhanced Gender knowledge:** The need to produce relevant and quality gender data to monitor gender equality and women empowerment.

iv. Capacity building on Gender Mainstreaming and subsequent reporting to give an account of mainstreaming across Government.

v. The scheduled consultative forums and stake holders' engagement on the development of legal framework for operationalization of gender protection centers which is a presidential directive as guided by the executive order NO 2 of 2023.

vi. The development of the Kenya National Action Plan (KNAP) III which is a global commitment on implementation of United Nations Security Council Resolution (UNSCR) 1325.

vii. Traveling to the communities to engage the duty bearers, elders and opinion leaders, women and girls, men and boys, Anti GBV champions, NGAOs and also GBV survivors in the campaign against GBV and Distribution of dignity kits.

viii. Sensitization of matatu transport operators and boda riders on GBV issues in 10 counties, hold community dialogues with women and girls, Moran and boys in the campaign against GBV, Teenage pregnancies and child marriages, sensitization. Sensitization on reviewed GBV policy, teenage pregnancies and child marriages that are currently at alarming levels and sensitization of stakeholders and gender focal persons on the treaties and conventions that Kenya is signatory to.

ix. Number of women entrepreneurs trained on value addition, linked to large entrepreneurs and trained on digital literacy proramme.

x. **Pending bills/Carry Overs from FY 2023/24FY**

The State Department has pending bills of **Kshs369,334,828.00** due to lack of exchequer and **Kshs.69,536,420.00** carry overs due to late delivery for procurement of sanitary towels for pupils and **Kshs.24,723,398** for other operations and maintenance making a total pending bill of **Kshs 463,594,637.**This amount cannot be paid for within the budgetary provision of the current Financial Year as the allocation for sanitary towels has been transferred to National Government Affirmative Action Fund(NGAAF) and the amount left for operations and maintenance after the reduction is **Kshs151,811,767.**

E. REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE SCHEDULE

The State Departments revised Key Performance indicators due to the revision of the budget, is marked in the table below;

Programme	Delivery Unit	Key Output	Key Performance Indicators	Target 2024/25	Revised Target 2024/24
S.P. 12.1 Community Development	NGAAF	Financial Support to vulnerable members of society	No. of students benefiting from Bursary and Scholarships	36,300	25,000
			No. of groups supported through grants for socio-economic development	2,050	1,500
			No. of groups funded for value addition initiatives	1,290	1,000
		Capacity building on gender	No. of participants reached in creating awareness on Gender issues during commemoration of International Women's Day	8,000	7,000
			No. of participants reached in creating awareness on Gender issues during celebration of International Men's Day	10,000	8,000
		Field services	No. of County Thematic Groups (WIL &DM, SEE, GBV, Peace and Security, Male Engagement and Inclusion) supported through funding	235	135
S.P. 13.2 Gender and Socio-Economic Empowerment	Socio-Economic Empowerment Directorate	Capacity building of Women Entrepreneurs	No. of Women entrepreneurs trained on economic opportunities in Blue Economy	550	350
			No. of Women entrepreneurs trained on Affirmative funds, Financial Literacy and inclusion, AGPO, digital trade and marketing	550	300
			No. of women trained on how to access and use '50 million African Women speak digital platform', information on Bead-based products and other platforms,	550	150
	Women Enterprise Fund	Business support services	No. of women entrepreneurs trained on financial literacy	150,000	120,000
			No. of women entrepreneurs linked to large enterprises	2,000	1,500
			No. of women entrepreneurs trained on value addition	1,300	1,000
		Financial Services	Amount (in Kshs. Million) disbursed to women groups.	5,700	3,000
			Amount (in millions) disbursed to women entrepreneurs through LPO financing	30	0

Programme	Delivery Unit	Key Output	Key Performance Indicators	Target 2024/25	Revised Target 2024/24
			Amount (in millions) disbursed to widows (Thamini loan product)	30	0

3.3 The State Department for Youth Affairs and Creative Economy

The State Department for Youth Affairs and Creative Economy (SDYACE) comprises of five (5) technical directorates: Entrepreneurship and Skills Development, Youth Social Development, Innovation and Talent Development, Policy, Research and Mainstreaming and Department of Film Services.

In addition, the State Department has six (6) Semi-Autonomous Government Agencies (SAGAs) and four (4) non-SAGAs entities namely the Kenya Association of Youth Centers (KAYC), International Conference for Great Lakes Region (ICGLR), Kenya Film School (KFS) and African Audio -Visual Cinema Commission (AACC).

The Youth Affairs and Creative Economy Sub-Sector is a catalytic pillar of the Kenya's economy on youth empowerment and employment creation and spearheads the management of youth policy and legislations and promotion of the creative industry. Further, the State Department coordinates youth mainstreaming, research, volunteerism, harnessing and development of youth innovations and talents. The State Department has realigned and leveraged on the Bottom-Up Economic Transformation Agenda (BETA) under the Kenya Kwanza Plan (2022-2027) aimed at stimulating the economy by targeting the bottom pyramid through increased investment in youth employability, entrepreneurship and job creation. This will result in improved livelihoods among youth and increased engagement in national development as outlined under the Executive Order No. 2 of November, 2023.

Semi- Autonomous Government Agencies (SAGAs)

The SAGAs under Social Protection Sector include;

1) Youth Enterprise Development Fund (YEDF)
2) National Youth Council (NYC)
3) The President's Award-Kenya (PA-K)
4) Kenya National Innovation Agency (KeNIA)

The State Department is implementing Three (3) programmes comprising of Six (6) Sub-Programmes in the FY2023/24 as listed below:

Programme 1: Youth Empowerment Services

Sub-Programme 1.1: Youth Social and Sustainable Community Development

Sub-Programme 1.2: Youth Mentorship, Leadership and Governance

Sub-Programme 1.3: Youth Employment and Employability Scheme

Programme 2: Youth Development Services

Sub-Programme 2.1: Youth Development Research and Quality Management

Sub-Programme 2.2: Youth Entrepreneurship, Innovation and Talent Development

Sub-Programme 2.3: Youth Development Field Extension Services

Programme 3: General Administration, Planning and Support Services

Sub-Programme 3.1: Administration and Support Services.

A. OVERALL VARIATION TO THE APPROVED RECURRENT AND DEVELOPMENT BUDGET

Approved gross budget for the FY 2024/25 was **Kshs. 4,048,471,229** comprising of **Kshs. 1,903,510,229** under the Recurrent Vote and **Kshs. 2,144,961,000** under the Development Vote.

In the proposed Supplementary Estimates No. 1, the gross allocation had been reduced by 16% to **Kshs. 3,412,965,438**; with the Recurrent Vote having been allocated **Kshs. 1,877,895,948** whilst the Development Vote had been earmarked for an allocation of **Kshs. 1,535,069,490.**

Our Other Recurrent Budget (Operations and Maintenance) has been reduced by **Kshs. 25,614,281** (12.3%) whilst the Development Budget has been slashed by **Kshs. 609,891,510** (28%) as summarized in table 1 below:

Table 1: Comparison between Approved Estimates and Proposed Supplementary Estimates No. 1 FY 2024/25 (Overall)

No.	Description	Approved Estimates	Revised Estimates	Variation	% Change
		Financial Year 2024/25			
A.	**Recurrent**				
1	**Gross**	**1,903,510,229**	**1,877,895,948**	**(25,614,281)**	**(1.35)**
2	AIA	197,500,000	197,500,000	-	0%
3	**NET**	**1,706,010,229**	**1,680,395,948**	**(25,614,281)**	**(1.50%)**
4	Compensation to employees	729,670,000	729,670,000	-	0%
5	Transfers	965,637,676	965,637,676	-	0%

No.	Description	Approved Estimates	Revised Estimates	Variation	% Change
		Financial Year 2024/25			
6	**Other Recurrent**	**208,202,553**	**182,588,272**	**(25,614,281)**	**(12.3%)**
	Of which:				
7	Utilities Supplies and Services	11,077,071	11,077,071	-	0%
8	Rentals of Produced Assets	90,219,906	90,219,906	-	0%
9	Office and Gen Supplies & Services	10,712,608	10,712,608	-	0%
10	Routine Maintenance - Vehicles and Other Transport Equipment	3,457,262	3,457,262	-	0%
11	(Execution of core mandate)	92,735,706	67,121,425	(25,614,281)	(28%)
B.	**Development**				
12	**Gross**	**2,144,961,000**	**1,535,069,490**	**(609,891,510)**	**(28%)**
13	Youth Empowerment Centres - BETA	230,000,000	-	(230,000,000)	(100%)
14	VIVA Youth Programme - BETA	40,160,510	-	(40,160,510)	100%
15	Strengthening of the Film Industry in Kenya - BETA	10,000,000	10,000,000	-	0%
16	GoK/ENFPA 10th Country Programme	11,710,000	11,710,000	-	0%
17	Refurbishment of Cinema Theatre	25,731,000	-	(25,731,000)	100%
18	Film Location Mapping	14,000,000	-	(14,000,000)	100%
19	Establishment of Kenya Film School	100,000,000	-	(100,000,000)	100%
20	National Youth Opportunity Towards Advancement (NYOTA)	1,513,359,490	1,513,359,490	-	0%
21	Youth Enterprise Development Fund	200,000,000	(200,000,000)	-	100%
	Grand Total	**4,048,471,229**	**3,412,965,438**	**(635,505,791)**	**(16%)**

The specific allocation as it relates to this Committee (Social Protection) is as shown in table 2:

Table 2: Comparison between the Approved Estimates and the Revised Estimates FY 2024/25 in Figures and Percentage

No.	Description	Approved Estimates	Revised Estimates	Variation	% Change
		Financial Year 2024/25			
A.	**Recurrent**				
1	**Gross**	**1,343,422,509**	**1,319,991,040**	**(23,431,469)**	**(1.7%)**
2	AIA	147,500,000	147,500,000	-	0%
3	**NET**	**1,195,922,509**	**1,172,491,040**	**(23,431,469)**	**(1.9%)**
4	Compensation to employees	671,693,930	671,693,930	-	0%

5	Transfers	478,422,424	478,422,424	-	0%
6	**Other Recurrent**	**193,306,155**	**169,874,686**	**(23,431,469)**	**(12.1%)**
	Of which:				
7	Utilities Supplies and Services	8,101,881	8,101,881	-	0%
8	Rentals of Produced Assets	90,219,906	90,219,906	-	0%
9	Office and General Supplies & Services	10,173,387	10,173,387	-	0%
10	Routine Maintenance - Vehicles and Other Transport Equipment	2,855,815	2,855,815	-	0%
11	Execution of core mandate	81,955,166	57,546,679	(24,408,487)	**(29.78%)**
B.	**Development**				
12	**Gross**	**1,995,230,000**	**1,525,069,490**	**(470,160,510)**	**(23.6%)**
13	GoK	493,520,000	23,359,490	**(470,160,510)**	**(95.3%)**
14	Loans	1,490,000,000	1,490,000,000	-	0%
15	Grants	11,710,000	11,710,000	-	0%
	Grand Total	**3,338,652,509**	**2,845,060,530**	**(493,591,979)**	**(14.8%)**

B. HIGHLIGHTS OF THE MOST AFFECTED PROGRAMS, PROJECTS AND SPENDING ITEMS

Recurrent Vote - Headquarters

The proposed Recurrent Supplementary Estimates No.1 of FY2024/25 is **Kshs. 1,877,895,948, of which** a higher proportion of this allocation (51%) is earmarked for salaries while transfers to SAGAS will take up 35% of this allocation. The execution of the core mandate has been allocated 4% of the Recurrent Budget as summarized in table 3 below:

1. ***Table 3: Proposed Supplementary Estimates No. 1 Allocation by Economic Classification***

No.	Description	Revised Estimates	% Allocation
		Financial Year 2024/25	
A.	**Recurrent**		
1	**Gross**	**1,319,991,040**	
2	AIA	147,500,000	
3	**NET**	**1,172,491,040**	
4	Compensation to employees	671,693,930	51%
5	**Transfers**	**469,422,424**	**36%**
	Of Which:		
6	*President Award Scheme Secretariat*	53,799,102	

No.	Description	Revised Estimates	% Allocation
		Financial Year 2024/25	
7	*National Youth Council*	68,004,923	
8	*Kenya National Innovation Agency (KENIA)*	104,748,399	
9	*Youth Enterprise Development Fund (YEDF)*	187,520,000	
10	***Kenya Association of Youth Centres***	-	
11	*Intl. Conference for Great Lakes Region Secretariat (ICGLR) - BETA*	55,350,000	
13	**Other Recurrent**	**169,874,686**	**13%**
	Of which:		
14	*Utilities Supplies and Services and others*	11,934,714	*1%*
15	*Rentals of Produced Assets*	*90,219,906*	*7%*
16	*Office and General Supplies and Services*	10,173,387	*1%*
17	*Execution of core mandate*	57,546,679	*4%*

The reduced allocation for the State Department will negatively affect the execution of **Presidential Directives on Youth Development Activities.** The cost of implementing these directives is **Kshs.2.941Billion** in the medium-term. However, in the Supplementary Estimates No. 1 FY 2024/25, there is a need of **Kshs.1.51billion** out of which only **Kshs. 36 Million** has been provided leading to a shortfall of **Kshs.1.47Billion**.

Youth Field Offices: The State Department requires functional and well-equipped youth offices if we are to execute our mandate effectively as stipulated in Executive Order No. 2 of 2023. Currently, there are nine (9) regional offices, forty-seven (47) county offices and three hundred thirty (330) sub-county offices. Due to lack of adequate budgetary provision, the State Department has been compelled to spread thinly the available resources to facilitate the operations of these offices and this greatly hampers our capacity to realize its mandate.

In the FY 2023/24, the sub-county offices received an annual allocation of **Kshs. 13,000** to finance their operations; an amount which is grossly inadequate. This is projected to reduce to only **Kshs. 10,000** in the context of the FY 2024/25 Supplementary Estimates No. 1; an allocation which will render these offices unable to respond to the needs and aspirations of the youth.

There is a need to enhance the allocation of our field offices to at least **Kshs. 200,000** per office per annum to enable them effectively respond to the needs of our youth across the country.

i. Recurrent Vote – Transfers to SAGAs

The allocation in respect of SAGAs as contained in table 3 will affect the various SAGAs as follows:

Youth Enterprise Development Fund

The proposed allocation to YEDF is **Kshs.187.52 million** under Supplementary Estimates No.1; including AIA of **Kshs.62.5 million**. This amount is insufficient to cover essential expenses including personnel emoluments (including gratuity), rent, medical insurance expenses for staff, contracted services, board expenses and executing the core mandate of the agency as summarized in table 4:

2. Table 4: FY 2024/25 Supplementary No.1 Budget Estimates for Youth Enterprise Development Fund

Item	Supp No. 1 Estimates	Shortfall	Impact on the Proposed Reduction
	Financial Year 2024/25		
Gross	**187,520,000**	**156,000,000**	
AIA	62,500,000	-	Reduced AIA will result to less funds for operations
NET	**125,020,000**	**156,000,000**	
Compensation to Employees	187,520,000	16,000,000	Inadequate allocation to cater for salaries and other personnel emoluments which has a deficit of ***Kshs.16 million***
Other Recurrent	-	***140,000,000***	
Of which:			
Insurance	-	35,000,000	**No allocation** to cater for medical services, Group life and General insurance
Utilities	-	7,000,000	**No allocation** to meet the cost of utilities at the headquarters and in county offices
Rent	-	25,000,000	**No Allocation** for rent for leased premises
Contracted guards & cleaning services	-	3,000,000	**No Allocation** to cater for guards and cleaning services
Gratuity	-	16,000,000	**No allocation** has been factored for compensation of contract staff at the end of their contract term
Board Expenses	-	20,000,000	**No provision** made for board of directors' expenses.
Core mandate	-	34,000,000	**No Allocation** for programs and administrative expenses required for the operations of the Fund.
Total	**187,520,000**	**156,000,000**	

National Youth Council

The proposed allocation to NYC is **Kshs. 68,004,924** in the Supplementary Estimates No.1. This allocation is inadequate for the agency to implement its mandate as summarized in table 5:

Table 5: FY 2024/25 Supplementary No.1 Budget Estimates for National Youth Council

Item	Suppl No. 1 Estimates	Shortfall	Impact on the Proposed Reduction
Gross	**68,004,923**	**153,000,000**	
AIA	-	-	
NET	**68,004,923**	**153,000,000**	
Compensation to Employees	43,200,000	-	
Other Recurrent	***24,804,923***	***153,000,000***	
Of which:			
Insurance	6,100,000	-	Adequate provision
Utilities	2,600,000	-	
Rent	6,682,788	-	
Youth Advisory Board	**1,672,135**	**30,000,000**	The Youth Advisory Board will be dysfunctional
Contracted guards and cleaning services	-	3,000,000	The contractual obligations will not be met.
Legal case	-	10,000,000	The courts compensation will continue accumulating interest and penalties
Gratuity	17,750,000	10,000,000	Gratuity requires an additional Kshs.10 million as per the expected payout
Core mandate	-	100,000,000	The Council will be unable to implement its core mandate
Total	**68,004,923**	**153,000,000**	

Kenya National Innovation Agency

The proposed allocation of **Kshs. 103,748,399** for KeNIA will negatively impact the financing of activities precedent to the establishment of technology transfer offices across the country, among others, as indicated in table 6:

Table 6: Proposed Supplementary Estimates No.1 for FY 2024/25 for KeNIA

Item	Suppl No. 1 Estimates	Shortfall	Impact on the Proposed Reduction
Gross	**103,748,399**	**27,445,971**	
AIA	70,000,000		
NET	**33,748,399**	**27,445,971**	
Compensation to Employees	42,896,411		
Other Recurrent	***60,851,988***	***27,445,971***	
Of which:			
Insurance	13,523,690	3,446,310	Medical Insurance will not be fully catered for.
Utilities	-	5,013,827	No Allocation to cater for utilities

Board Expenses	4,667,000	-	Adequate allocation
Rent	7,704,720	-	Adequate allocation
Contracted guards & cleaning services	120,000	-	Adequate provision
Gratuity	2,431,090	-	Adequate provision
Other Recurrent	-	6,805,218	
Core mandate	32,405,488	12,180,616	Establishment of technology transfer offices will not be fully realized
Kenya Innovation Week - BETA	10,000,000	50,000,000	It will be challenging to hold the KIW 2024 hence a major setback to the outcomes already realized with previous KIW editions towards innovations.
Total	**103,748,399**	**77,445,971**	

President's Award - Kenya

The impact of the under-funding for PA – K is as indicated in table 7:

Table 7: FY 2024/25 Supplementary No.1 Budget Estimates for PA-K

Item	**Suppl No. 1 Estimates**	**Shortfall**	**Impact on the Proposed Reduction**
Gross	**53,799,102**	**81,390,305**	
AIA	15,000,000	-	
NET	**38,799,102**	**81,390,305**	
Compensation to Employees	36,925,541	-	Provision for Compensation to employees is adequate. **BPS had a provision for recruitment of staff which has been advised that it be put on hold**
Other Recurrent	**16,873,561**	**81,390,305**	
Of Which			
Rent	10,000,000	1,139,639	**Inadequate allocation for Rent**. PA-K was occupying government office space. Notice of vacation has been given with immediate effect.
Gratuity	3,383,140	-	Adequate provision
Insurance	3,490,433	6,205,156	Only 52% allocation to cater for insurance like medical cover, property and WIBA
Utilities	-	3,190,288	**No Allocation** to cater for utilities
Contracted Guards and Cleaning services	-	1,487,220	**No Allocation** for contracted guards and cleaning Services
Board Expenses	-	5,398,500	**No allocation** to cater for Board expenses
Core mandate	-	63,969,502	**No allocation** to cater for expenses relating to core mandate
Total	**53,799,102**	**81,390,305**	

Non -SAGAs

Kenya Association of Youth Centres

In the BPS 2024, the KAYC had been allocated **Kshs.20 million** which has been reviewed downwards to **zero** in the FY 2024/25 draft budget estimates and the proposed Supplementary Estimates No.1.

The establishment of KAYC is among the institutional reforms highlighted in the MTP IV, 2023- 2027 and the Executive Order No. 2 of 2023. This association will be an umbrella body for all Youth Centers owned by the National Government, County Governments and other non-state actors. Operationalization of KAYC will enhance youth mainstreaming in the country and provide more avenues towards youth empowerment.

The aim of the KAYC is to create a network of youth centers in Kenya, to support the activities on the local level and partnership activities between members on the national level. This will involve state and counties, youth organizations in Kenya and abroad, and other institutions involved in youth work. **The Medium-Term Plan IV (2023- 2027) stresses on the need for establishment of the centres during the Plan period.**

i. Development Vote

The State Department is implementing various projects aimed at empowering the youth to be resourceful in the community. In the Approved Estimates FY 2024/25 we had an allocation of **Kshs.1,995.27 million** for the execution of these projects; an allocation which has been reduced by **Kshs.470.16 million**. This reduction has seen all projects, other than the National Youth Opportunity Towards Advancement (NYOTA) and GoK/ENFPA 10th Country Programme, having their GoK allocations reduced to **zero** under Supplementary Estimates No. 1 as shown in table 8:

No.	Project Name	Approved Estimates				Suppl I Estimates	Variation
		Financial Year 2024/25 Allocation (Kshs. Millions)					
		GoK	Loans	Grants	Total	(Gross)	
1.	Youth Empowerment Centers - BETA	230.00	0	0	230.00	0	(230.00)
2.	Youth Empowerment Centers - BETA	40.16	0	0	40.16	0	(40.16)
3.	National Youth Opportunity Towards Advancement (NYOTA) - BETA	23.36	1,490.00	0	1,513.40	1,513.40	0

4.	GoK/ENFPA 10th Country Programme	0	0	11.71	11.71	11.71	0
5.	Youth Enterprise Development Fund	200.00	0	0	200.00	0	(200.00)
	Total	**493.52**	**1,490**	**11.71**	**1,995.27**	**1,525.11**	**(470.16)**

Table 8: Comparison between Project Allocations (Draft vs Supplementary Estimates No.1) FY 2024/25

These cuts will greatly affect the attainment of the State Departments' mandate, more so the establishment of the **Youth Empowerment Centres (BETA).** The Youth Empowerment Centres (YECs) are a Kenya Vision 2030 Flagship Project under the Gender, Youth and Vulnerable Groups sector of the Social Pillar. The project was allocated an indicative budget of **two hundred and thirty million shillings** (**KSh.230million**) for the Financial Year 2024/2025 that has since been cut 100% after the Finance Bill, 2024 was not assented to.

The implication of this cut is that the State Department for Youth Affairs and Creative Economy will not be able to renovate and equip the intended twenty-two (22) existing Youth Empowerment Centres (YECs) hence transforming them into Digital Innovation Hubs (DIHs) as outlined under the **Bottom Up Economic Transformation Agenda** (**BETA**) of the **Kenya Kwanza Plan** (**2022-2027**). Further the State Department will not be able to construct seven (7) new YECs to provide a '*One Stop Shop*' providing youth-friendly services to the young people of Kenya in order to address their diverse and dynamic needs as outlined under the **Kenya Vision 2030 Blueprint**.

This will ultimately affect the delivery of two hundred and ninety (290) fully completed, equipped and operational YECs as required by the **Kenya Vision 2030 Blueprint** by the year 2030.

In addition, the State Department procured office equipment amounting to **Kshs.31 million** for various YECs across the country in the FY 2023/24, the installation and inspection of which is still ongoing. Consequently, there will be carryover bills of the same amount into the FY 2024/25 that will not be settled if the cut is not rescinded.

C. INFORMATION ON CHANGES TO EXPENDITURE ALLOCATION TO DEVELOPMENT PROJECTS INCLUDING BETA PROJECTS

The State Department is implementing the following projects that are linked to the Bottom-Up Economic Transformation Agenda:

i) Youth Empowerment Centers – BETA

ii) Vijana Vuka na Afya – BETA

iii) National Youth Opportunity Towards Advancement (NYOTA) - BETA

The above projects, except NYOTA, have had their allocations reduced to **zero** in the context of the Supplementary Estimates as detailed table 8.

The Government of Kenya and Federal Republic of German entered into a financial agreement to support a three-year Youth Empowerment programme known as Vijana Vuka na Afya (VIVA). The project targets youth of ages 15 to 24 years in the informal settlement of Kisumu, Mombasa and Nairobi Counties. The programme is being implemented through the partnership with the County Government to facilitate provision of Sexual Reproductive Health Services (SRH).

During the preparation of the Draft Budget, the allocation meant for this project was inadvertently captured under a different vote code due to systemic challenges. The National Treasury did not address this anomaly and the project is therefore missing in our budget books. The project had been allocated **Kshs. 363,550,410** broken down as follows:

GoK counterpart funds	Kshs. 40,160,510
KfW grant	Kshs. 108,335,650
KfW – AIA	Kshs. 215,054,250

There is a need to have this project captured under the right State Department code (Vote - 1135) for it to reflect as part of our budgetary allocation.

D. EXPECTED IMPACT OF THE BUDGET REVISIONS ON PROGRAM AND PROJECT TARGETS

Table 9 provides a summary of the projects that will be greatly affected the proposed cuts under the Supplementary Estimates No. 1 framework:

Table 9: Impact of Supplementary Estimates No.1 of FY 2024/25 on BETA projects.

No.	Project Name	Impact of the Cut
1	Youth Empowerment Centers - BETA	BETA project. Any cut will negatively affect the establishment of Digital Superhighway. Vulnerable youth will also be denied youth friendly services.
2	National Youth Opportunity Towards Advancement (NYOTA) - BETA	BETA project. The donor commitment is Kshs.1.5 billion. The GoK counterpart funding ought to be Kshs.150 million being 10% of the donor commitment.
3	Vijana Vuka na Afya Youth Programme - BETA	BETA project. Non-allocation of both GoK and the Donor Funds will lead to stalling of the project which is now at par after a very slow take off. Project is in its final year of implementation.

E. REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

The revised schedule of key performance indicators is provided as **Annex V**.

CONCLUSION

The State Department has the following specific requests for the Committee on Social Protection to intervention in order to enable the department to execute its mandate and ensure that it plays a pivotal role in involving the youth in national development agenda:

Recurrent Budget

a) Additional provision of **Kshs.1.47 billion** for the execution of Presidential Directives on youth development activities as detailed in **Annex III; and**
b) Consideration for an additional **Kshs.467.84 million** for the various SAGAs as detailed in this report;

Development Budget

a) Reinstatement of our allocation as contained in the Approved Estimates FY 2024/25;
b) Provision of an additional **Kshs.126 million** in respect of NYOTA being 10% of GoK counterpart funds; and
c) The rectification of systemic challenges to enable the allocation of funds meant for VIVA to be captured under vote code 1135.

3.4 The State Department for Public Service (National Youth Service)

National Youth Service (NYS) is a State Corporation established by the NYS Act, 2018 and domiciled in the Ministry of Public Service, Delivery and Performance Management, State Department for Public Service through Executive Order No. 2 of 2023 on Organization of the Government of the Republic of Kenya, November 2023.

The mandate of NYS as stipulated in section 7 of the Act, is to train its members, undertake commercial and enterprise activities and collaborate with stakeholders for furtherance of its functions. In the furtherance of its training mandate, NYS also undertakes research, and innovation for evidence-based policy and decision making, improved service delivery, and promotion of youth innovative entrepreneurship. Commercial and Enterprise activities aim at enhancing sustainability of the programmes of the Service to increase youth intake, skills development and employment opportunities for the youth.

The Department presented a detailed report on the revised Estimates of Expenditure and Revenues for FY2024/25 (Supplementary Estimates No. I) for the National Youth Service as guided by your letter.

A. OVERALL VARIATION TO THE NYS APPROVED 2024/2025 RECURRENT AND DEVELOPMENT BUDGET

The Service during the budget making process for FY2024/25 had requested for **Kshs 25.76 billion** in resource requirement in order to implement the Presidential Directive and NYS Strategic Plan 2023/2024 – 2027/2028 targets of increasing youth intake from 10,000 in 2022/2023, 15,000 in 2023/2024 and 40,000 in 2024/2025. In the Budget Policy Statement I, the Service had been allocated **Kshs. 13.07** billion comprising of **Kshs. 12.3 billion** in recurrent grant, **Kshs. 723.6 million** in A.I.A and **84 million** in development which presented a shortfall of **Kshs. 12.69 billion**.

Arising from the National Treasury Circular on Policy Measures to Enhance State Corporations Revenue Generation and Expenditure Rationalization, the Service budget was reduced further to **Kshs. 10.4 billion** in BPS 2 comprising of **Kshs. 9.38 billion** in recurrent grant, **Kshs. 956.2 million** for A.I.A and **Kshs. 58.8 million** in development. This presented a reduction in the Service budget by **Kshs. 2.9 billion** in recurrent grant, an increase in A.I.A target by **Kshs. 232.6 million** and a reduction in development by **Kshs. 25.2 million** respectively as shown in table 1 below

Table 1

Programme	Expenditure type	Budget Allocation as per BPS 1 2024/25	Budget allocation as BPS 2 of F/Y 2024/25	Resource Gap
National Youth Service	Recurrent	12,267,230,000	9,384,251,437	(2,882,978,563)
	Appropriation in Aid	723,570,000	956,237,593	+232,667,593
	Development	84,000,000	58,800,000	(25,200,000)
TOTALS		**13,074,800,000**	**10,399,289,030**	**2,675,510,970**

The Supplementary Estimate No.1 for FY2024/25 has further reduced the Service budget to **Kshs. 10.34 billion** comprising of **Kshs. 9.38 billion** in recurrent grant, **Kshs. 956.2 million** in A.I.A and **Kshs. 0** in development. This presents a further gap of **Kshs. 58.8 million** as presented in table 2 below.

Table 2

Programme	Expenditure Type	Budget Allocation as per BPS 2 2024/25	Approved Budget Allocation after Supplementary 1 2024/25	Variation
National Youth Service	Recurrent Grants	9,384,251,437	9,384,251,437	Nil
	A.I.A	956,237,593	956,237,593	Nil
	Total Recurrent	**10,340,489,030**	**10,340,489,030**	**Nil**
	Development	58,800,000	0	58,800,000
TOTAL		**10,399,289,030**	**10,340,489,030**	**58,800,000**

B. HIGHLIGHTS OF THE MOST AFFECTED PROGRAMMES, PROJECTS AND SPENDING ITFFEMS

The budget cuts to NYS will critically impact several key programs, projects, and spending items. The implication of this is that the Service will significantly reduce youth intake from the projected 40,000 to only 7,000, thereby limiting opportunities for many young Kenyans to benefit from the training programmes offered in the Service. This not only affects individual prospects for skill acquisition and employment but also undermines national efforts to reduce youth unemployment and promote youth economic empowerment.

The development expenditure has been cut to zero. This curtailed funding will result in stalled capital projects in the Service especially rehabilitation and upgrading of sewer line at NYS Paramilitary Academy Gilgil, payment for completed classrooms at NYS Institute of Business Studies and double-span barrack, kitchen, dining at NYS Engineering Institute, and the ongoing construction of classrooms and workshop at NYS Engineering Institute.

It is worth noting that general infrastructure and facilities at NYS require urgent intervention since the current ones are overstretched, dilapidated and generally pose a health risk both to the servicemen/women (SM/W) and the general public.

The budget cuts will also impact other critical spending items, such as training materials, uniforms, and equipment necessary for the training NYS programs. Insufficient funding for these essential items compromises the quality of training and preparedness of the recruits for the job market.

The NYS Reengineering agenda, which aims to modernize and enhance the sustainability of NYS programmes will be derailed. Consequently, the overall effectiveness of NYS in fulfilling its mandate of empowering Kenyan youth and subsequently contributing to national development will be severely hampered.

C. INFORMATION ON CHANGES TO THE EXPENDITURE ALLOCATION TO DEVELOPMENT PROJECTS, INCLUDING CHANGES TO PRIORITY BOTTOM-UP ECONOMIC TRANSFORMATION AGENDA (BETA) PROJECTS

Recent changes to the expenditure allocation within the Service will have profound implications, particularly in relation to the priority projects under the Bottom-Up Economic Transformation Agenda (BETA). With limited resources, the focus will shift towards maintaining core activities at the expense of expanding and modernizing operations to achieve self-sufficiency. Youth recruitment, which is a core business in NYS, will be greatly affected with a significant reduction from 40,000 to 7,000. Further, other key BETA projects, that include skills and talent development, employment, agriculture, increased national tree cover that were intended to drive economic transformation by equipping the youth with market-relevant skills and fostering entrepreneurship face funding shortfalls. This will lead to a reduction in the scale and scope of these projects, limiting their potential impact in addressing youth unemployment and promoting inclusive growth as envisaged in the BETA.

It is worth noting that projects aimed at upgrading training facilities and improving essential amenities will be delayed or downscaled. This will directly impact the ability of the NYS to provide a conducive environment for training and development, thereby affecting the overall quality and reach of its programs. This setback also hampers the implementation of the NYS Re-Engineering Agenda, which is integral to aligning NYS operations with the broader goals of the BETA. The constrained financial environment underscores the need for serious resource mobilization to ensure that NYS continues to play a pivotal role in driving the Bottom-Up Economic Transformation Agenda forward.

D. EXPECTED IMPACT OF THE BUDGET REVISIONS ON PROGRAMME AND PROJECT TARGETS

NYS in FY 2024/2025 is expected to recruit 40,000 youth. This however will not be realized with the current budget cuts thereby denying many young Kenyans the opportunity to gain valuable skills and experience. Furthermore, the reengineering agenda, which aims to modernize and streamline NYS operations for greater efficiency and establishing NYS as a self-sustaining entity, will face significant setbacks.

National Youth Service has long budgeted its food cost requirements based on a food price index estimated several years ago. With the significant upward escalation of food prices, this outdated estimation has led to continuing under funding in the food allocation for the Service.

The additional intake of 15,000 youths in FY 2023/24 has further overstretched our infrastructure. Efforts to upgrade and develop infrastructure and facilities will stall, especially rehabilitation and upgrading of sewer line at NYS Paramilitary Academy Gilgil, completion of classrooms at NYS Institute of Business Studies and Construction of double-span kitchen, dining and construction of classrooms and workshop at NYS Engineering Institute thereby undermining the organization's Service's ability to fulfill its mandate and contribute to national development goals.

In essence, budget cuts threaten to derail the progress made in transforming NYS into a vibrant and effective institution for youth development in Kenya.

E. REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

The table below provides the revised schedule of Key Performance Indicators and Performance Targets for FY 2024/2025.

S.No.	Programme	Key Output	Performance Indicator	Target FY 2024/25	Revised Target FY 2024/25
1.	Paramilitary Training and National Service	Youth trained in paramilitary skills	No. of youth trained in paramilitary skills	40,000	7,000
		Servicemen/women (SM/W) engaged in National Service	No. of SM/W deployed to National Service	42,905	22,000
		Food produced	Food produced (Tonnes)	3,500	3,500
		SM/W talent and creativity identified and developed	No. of youth whose talents are identified and developed	6,000	6,000
		Increased National Tree Cover	No. of tree seedlings propagated (Million)	140	98
			No. of tree grown (Million)	100	70

2.	Technical and Vocational Training	Technical and Vocational skills to youth imparted	No. of SM/W trained in TVET skills	37,309	37,309
		Youth employment services provided	No. of youth accessing employment services	12,000	12,000
3.	Commercial and Enterprise Development	Commercial and Enterprise Activities undertaken	Number of youth engaged in commercial and enterprise activities	12,000	12,000
			Revenue generated from Commercial and Enterprise (Kshs. M)	540	540
4.	Corporate Services, Strategy and Planning	Collaborations and Partnerships established	No. of Collaborations and Partnerships established	5	5
			No. of SM/W engaged in collaborative and partnership engagements	5,000	5,000
		Research and Innovation supported	No. of research and innovations supported	1	1

CONCLUSION

NYS is cognizant of the fiscal constraints facing the Government due to the poor economic outlook, and the prevailing circumstances facing the country at large. There is however urgent need for infrastructure and facilities development and expansion to accommodate the servicemen/women.

3.5 The National Gender and Equality Commission (NGEC)

The Commission is cognizant of the fact that the current Supplementary Estimates I for FY 2024/25 comes at a challenging time for our nation. The rejection of the Finance Bill,2024 and a prevailing poor economic situation have necessitated stringent budget reductions across various sectors. The reductions in the budget pose a significant challenge to the Commissions' ability to discharge its mandate.

The Commission has four (4) critical line items: **Insurance, computers, Fuel and Lubricants, and the Internet** which will be critical and requests the committee on Social Protection to consider reinstating the vote line to the initial budget.

The Departments submissions are detailed as below;

A. OVERALL VARIATION TO THE MDAS APPROVED 2024/2025 RECURRENT AND DEVELOPMENT BUDGET

The Commission's published budget in the 2024/2025 BPS was **KES 498M**. The budget was rationalized to **KES 425.8M**, under initial supplementary I and now further to **KES 407M.** This reduction has affected several critical budget lines, including essential services such as internet, insurance, fuel, field work largely under training, travel. Our international travel is basically reporting to the international and regional treaty bodies on the progress Kenya is making on gender equality and nondiscrimination while local travel is to reach the hard to reach populations, and solve complaints related to discrimination and exclusions.

Under development vote, the Commission is allocated KES 10 provided by development partner for prevention and response to GBV. This amounts have been retained as such in BPS and in supplementary 1 estimates. The Commission has unpaid bills due to budget cuts carried forward from the last Financial Year 2023/2024 and that shall be a first charge where we have the budget.

The variations of the Commissions' budget by amounts and percentage as shown in column v and vi of Doc A3 below.

DOC A3; BUDGET VARIATIONS

No. (i)	Description(ii)	Ministerial Changes Estimates for FY 24/25(iii)	Supplementary I revised estimates(iv)	Overall Variation (v)	Overall Variation % (vi)
1	Salaries	298,700,000.00	298,700,000.00	-	
2	Electricity	2,400,000.00	2,400,000.00	-	
3	Telephone	500,000.00	400,000.00	100,000.00	20
4	Internet Connection	2,400,000.00	1,920,000.00	480,000.00	20
5	Courier &postal services	100,000.00	80,000.00	20,000.00	20
6	Licencing fees for Communication communication	375,000.00	300,000.00	75,000.00	20
7	Domestic travel	13,125,000.00	6,562,500.00	6,562,500.00	50
8	Foreign travel	-	-	-	
9	Publishing & printing services	500,000.00	500,000.00	-	
10	Subscription to Newspaper	125,000.00	125,000.00	-	
11	Advertising,awareness and publicity campaigns	500,000.00	500,000.00	-	
12	Trade Shows and Exhibitions exhibitions	350,000.00	350,000.00	-	
13	Rents and rates	45,000,000.00	45,000,000.00	-	
14	Hire of Transport, Equipment equipment	1,000,000.00	1,000,000.00	-	
15	Training	6,700,000.00	5,360,000.00	1,340,000.00	20
16	Catering	1,250,000.00	625,000.00	625,000.00	50
17	Boards,committee,conferenece and seminars	1,250,000.00	625,000.00	625,000.00	50
18	National celebrations	350,000.00	175,000.00	175,000.00	50
19	Insurance	20,250,000.00	20,250,000.00	-	
20	Purchase of uniforms and clothing	250,000.00	250,000.00	-	
21	General office supplies	1,250,000.00	1,250,000.00	-	
22	Supplies and accessories for computers	1,000,000.00	1,000,000.00	-	
23	Sanitary and cleaning materials	150,000.00	150,000.00	-	
24	Refined fuels and lubricants	3,750,000.00	3,750,000.00	-	
25	Contracted guards and cleaning	1,800,000.00	1,800,000.00	-	
26	Membership fees,Dues and subscription	1,000,000.00	-	1,000,000.00	100
27	legal dues/fees, arbitration and compensation	4,000,000.00	4,000,000.00	-	
28	Contracted professional services	500,000.00	400,000.00	100,000.00	20
29	Contracted technical services	500,000.00	400,000.00	100,000.00	20
30	Maintenance Expenses - Motor Vehicles vehicles	3,250,000.00	3,250,000.00	-	
31	Maintenance of office furniture	250,000.00	250,000.00	-	
32	Maintenance of computers, software	1,125,000.00	1,125,000.00	-	
33	Gratuity	4,000,000.00	4,000,000.00	-	
34	Refurbishment of non-residential buildings	750,000.00	-	750,000.00	100
35	Purchase of Motor Vehicles	3,250,000.00	-	3,250,000.00	100
36	Purchase of office furniture and fittings	750,000.00	-	750,000.00	100
37	Purchase of computers, printers	1,010,000.00	-	1,010,000.00	100
38	Purchase of other office equipment	500,000.00	-	500,000.00	100
39	Green energy	1,850,000.00	1,205,000.00	645,000.00	39
	TOTAL	**425,810,000.00**	**407,702,500.00**	**18,107,500.00**	**4.3**

B. HIGHLIGHT THE MOST AFFECTED PROGRAMMES, PROJECTS, AND SPENDING ITEMS

The Commission outlined the most affected programmes, projects, and spending items (**Doc B1**).

DOC. B.1: HIGHLIGHTS OF THE MOST AFFECTED PROGRAMMES, PROJECTS, AND SPENDING ITEMS				
Description	**Ministerial Changes Estimates for FY 2024/2025**	**Supplementary I Estimates for FY 2024/2025**	**Variance: Amount**	**Justification for our request to reinstate the budget**
Salaries	298,700,000.00	298,700,000.00	-	
Electricity	2,400,000.00	2,400,000.00	-	
Telephone	500,000.00	400,000.00	100,000.00	The voteline supports communication between the Commission and the SIGS. Where ICT platforms are used, we support SIGs with bundles. The Commission makes call back and follow up with individuals who register complaints with us to ensure that their issues are addressed. Rationalization of this line will greatly affect the Commission activities.
Internet Connection	2,400,000.00	1,920,000.00	480,000.00	There is a running contract of 4.37M that supports the HQ and six (6) regional offices. The additional 500,000 is to connect the Isiolo Regional Office which is not catered by the current contract. We also seek to establish one rudimentary office in Central and North Rift which shall require this facility. Further, the reduction exposes the Commission to litigation
Courier & postal services	100,000.00	80,000.00	20,000.00	This is reserved largely for our regional offices for only critical postages of documents that must be presented in original formats/copies.
Licensing fees for Communication	375,000.00	300,000.00	75,000.00	This line items goes hand in hand with internet, purchase of laptops and licensing of ICT platforms
Domestic travel	13,125,000.00	6,562,500.00	6,562,500.00	This voteline drives the Commission's strategic program activities which include investigations, public education, research, audits, and coordination which require frequent travel and interactions with Special Interest Groups(SIGs) and stakeholders at the County level. Reduction in this vote will compromise the Commission's ability to perform its constitutionally mandated functions. We request that the funds be reinstated and if possible, we request additional funding on this voteline.

Foreign travel	0	0	0	The Commission is the principal organ of the state in ensuring compliance with treaties and conventions ratified by Kenya in relation to Special Interest Groups. The Commission ensures compliance through participation in treaty body sessions and monitoring. Some of the sessions scheduled for the financial year 2024/2025 include the Commission on Status of Women (CSW 69), Open-ended working group on Aging, May 2024/5, Conference of State Parties for the Conventions on the Rights of Persons with Disabilities, June 2024/25, and Conference of State Parties on Climate Change (COP 29), Nov- Dec,2024), Sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the United Nations Framework Convention on Climate Change (UNFCCC) (June-July 2025); and the African Commission on Human and Peoples' Rights; Ordinary Sessions of the African Commission on Human and Peoples' Rights (ACHPR). The budget will allow the participation of one person in each treaty session where the state had advanced as such. We therefore request that the funds be reinstated.
Publishing & printing services	500,000.00	500,000.00	-	The voteline supports production of diversified communication including brailing and translation of materials into Swahili and local languages, a reduction in this vote line will affect the ability of PWDS and other SIGs to get services/ reasonable accommodation.
Subscription to Newspaper	125,000.00	125,000.00	-	
Advertising, awareness, and publicity campaigns	500,000.00	500,000.00	-	To enhance its visibility, the Commission will be required to produce and print relevant IEC materials for Special Interest Groups, and undertake public education and advertisement. The vote also supports communication translation services.
Trade Shows and Exhibitions	350,000.00	350,000.00		The Voteline will facilitate public awareness among SIGS at the County level

Training	6,700,000.00	5,360,000.00	1,340,000.00	This voteline supports the Commission's strategic program activities on public education and discussion on emerging issues, research, audits, and coordination that requires interactions with Special Interest Groups and stakeholders at the County levels. The voteline also caters for staff development. Reduction in this voteline will compromise the Commission's ability to perform its duties thus not meeting our constitutionally mandated objectives.
Catering	1,250,000.00	1,250,000.00	1,250,000.00	The budget line facilitates complaints processing and screening, and stakeholder coordination meetings at the county level
Boards, committees, conferences and seminars	1,250,000.00	625,000.00	625,000.00	To facilitate meetings with stakeholders and statutory board meetings. The board/Commission has in the last two years established a system of meeting SIGS of each category preferably in the defuct location of SIGs
National celebrations	350,000.00	175,000.00	175,000.00	To facilitate the Commission's participation at the County level as a matter of patriotism and influence statements made in such national events to speak and address issues of SIGs
Insurance	20,250,000.00	20,250,000.00	-	A reduction in this vote line means that the Commission will not be able to sufficiently cater for State Officers as per the SRC circular and benefits of appointment, and its staff in the financial year 2024/2025 on insurance costs. The Commission has a running contract on medical and other critical forms of insurance such as Group Life Assurance and Group Personal Accident/WIBA. The cut presents the Commission to litigation
General office supplies	1,250,000.00	1,250,000.00	-	Further this vote line shall help with matching agreements with development partners.
Supplies and accessories for computers	1,000,000.00	1,000,000.00	-	The Voteline is utilized to purchase toners, cartridges and other computer accessories for use in the office.
Sanitary and cleaning materials	150,000.00	150,000.00	-	This is a dignity vote for HQ and regional offices.

Refined fuels and lubricants	3,750,000.00	3,750,000.00	-	This voteline facilitates field work related to Special Interest Groups, a reduction in this voteline will affect the ability of the Commission to achieve its mandate. Further this vote line shall help with matching agreements with development partners.
Contracted professional services	500,000.00	400,000.00	100,000.00	As part of the Commission's work we ensure reasonable accommodation for all our SIGs through diversified communication: Sign language interpreters, specialized materials, and translators, most of which we source technical support from communities and minimally from technical support from government agencies (at minimal costs) e.g. from Kenya School of Government
Contracted technical services	500,000.00	400,000.00	100,000.00	
Maintenance Expenses - Motor Vehicles	3,250,000.00	3,250,000.00	-	All Field Services Vehicles require maintenance and repairs, with the reduction, the Commission will not be able to service its vehicles and conduct key functions. These vehicles are all stalled waiting repairs.
Maintenance of office furniture	250,000.00	250,000.00	-	Most of the Commissions' furniture was acquired in 2013/2014 and requires maintenance to keep it in suitable condition.
Maintenance of computers, software	1,125,000.00	1,125,000.00	-	Most of our computers are obsolete (purchased in 2013-2014), we request the reinstatement of this voteline to ensure the maintenance of Commission computers and software of those purchased much recently.
Refurbishment of non-residential buildings	750,000.00	-	750,000.00	A reduction will affect the refurbishment of existing regional offices. Our 4 regional offices require partitioning to provide conducive environment for complaints screening and processing.
Purchase of Motor Vehicles	3,250,000.00	-	3,250,000.00	The vote line was meant to support the procurement of a field vehicle to support Commission activities at the regional and county levels.
Purchase of office furniture and fittings	750,000.00	-	750,000.00	The regional offices: Isiolo, Kilifi and Kitui lack - are yet to be equipped. The amount was to support the purchase of furniture for the regional offices to operate effectively.

Purchase of computers, printers	1,010,000.00	-	1,010,000.00	Most of our computers are obsolete (purchased in 2013-2014), the funds were meant to replace obsolete computers. Today, 35 staff do not have computers.
Purchase of other office equipment	500,000.00	-	500,000.00	The regional offices: Isiolo, Kilifi and Kitui lack - are yet to be equipped. The amount was to support the purchase of furniture for the regional offices to operate effectively.
Green energy	1,850,000.00	1,205,000.00	645,000.00	This vote is for publication, launch and limited dissemination. The cut budget was reserved for formulation of action plan and follow-up on the implementation of recommendations at the county level.
TOTAL	**425,810,000.00**	**407,702,500.00**	**18,107,500.00**	

The Commission further proposed a **reorganized** budget which has to be approved by National Treasury as captured below **(DOC B2)**.

DOC B2; PROPOSED RE-ARRANGED BUDGET

No. (i)	Description (ii)	Changes Estimates for FY 2024/25 (iii)	Supplementary I revised estimates (iv)	Proposed re-arranged budget (v)
1	Salaries	298,700,000.00	298,700,000.00	298,700,000.00
2	Electricity	2,400,000.00	2,400,000.00	1,800,000.00
3	Telephone	500,000.00	400,000.00	200,000.00
4	Internet Connection	2,400,000.00	1,920,000.00	4,370,000.00
5	Courier &postal services	100,000.00	80,000.00	80,000.00
6	Licencing fees for Communication communication	375,000.00	300,000.00	200,000.00
7	Domestic travel	13,125,000.00	6,562,500.00	6,562,500.00
8	Foreign travel	-	-	2,300,000.00
9	Publishing & printing services	500,000.00	500,000.00	400,000.00
10	Subscription to Newspaper	125,000.00	125,000.00	100,000.00
11	Advertising,awareness and publicity campaigns	500,000.00	500,000.00	300,000.00
12	Trade Shows and Exhibitions exhibitions	350,000.00	350,000.00	250,000.00
13	Rents and rates	45,000,000.00	45,000,000.00	42,000,000.00
14	Hire of Transport, Equipment equipment	1,000,000.00	1,000,000.00	1,000,000.00
15	Training	6,700,000.00	5,360,000.00	5,360,000.00
16	Catering	1,250,000.00	625,000.00	625,000.00
17	Boards,committee,conferenece and seminars	1,250,000.00	625,000.00	625,000.00
18	National celebrations	350,000.00	175,000.00	175,000.00
19	Insurance	20,250,000.00	20,250,000.00	20,250,000.00
20	Purchase of uniforms and clothing	250,000.00	250,000.00	50,000.00
21	General office supplies	1,250,000.00	1,250,000.00	1,250,000.00
22	Supplies and accessories for computers	1,000,000.00	1,000,000.00	1,000,000.00
23	Sanitary and cleaning materials	150,000.00	150,000.00	150,000.00
24	Refined fuels and lubricants	3,750,000.00	3,750,000.00	3,750,000.00
25	Contracted guards and cleaning	1,800,000.00	1,800,000.00	1,650,000.00
26	Membership fees,Dues and subscription	1,000,000.00	-	-
27	legal dues/fees, arbitration and compensation	4,000,000.00	4,000,000.00	4,345,000.00
28	Contracted professional services	500,000.00	400,000.00	400,000.00
29	Contracted technical services	500,000.00	400,000.00	400,000.00
30	Maintenance Expenses - Motor Vehicles vehicles	3,250,000.00	3,250,000.00	3,250,000.00
31	Maintenance of office furniture	250,000.00	250,000.00	250,000.00
32	Maintenance of computers, software	1,125,000.00	1,125,000.00	800,000.00
33	Gratuity	4,000,000.00	4,000,000.00	3,905,000.00
34	Refurbishment of non-residential buildings	750,000.00	-	-
35	Purchase of Motor Vehicles	3,250,000.00	-	-
36	Purchase of office furniture and fittings	750,000.00	-	-
37	Purchase of computers, printers	1,010,000.00	-	-
38	Purchase of other office equipment	500,000.00	-	-
39	Green energy	1,850,000.00	1,205,000.00	1,205,000.00
	TOTAL	**425,810,000.00**	**407,702,500.00**	**407,702,500.00**

C. INFORMATION ON CHANGES TO EXPENDITURE ALLOCATION TO DEVELOPMENT PROJECTS, INCLUDING CHANGES TO PRIORITY BOTTOM-UP ECONOMIC TRANSFORMATIVE AGENDA (BETA) PROJECTS

N/A. However, some of our proposed BETA related intervention shall be affected by the reduced recurrent vote. E.g assessment of *inua jamii* program; status of AGPO in sampled ministries and counties

D. EXPECTED IMPACT OF THE BUDGET REVISIONS ON PROGRAMME AND PROJECT TARGETS

The budget reduction will significantly impact the National Gender Equality Commission's ability to fulfill its mandate. Key activities such as treaty compliance monitoring, scheduled audits on gender equality and inclusion, public interest litigation, rapid assessments and rapid responses to notorious violations of equality and inclusion, and public awareness particularly among SIGs on critical changes in law affecting them, and government initiatives on critical interventions aimed at closing gender gaps or improve welfare such as social protection and social safety measures are significantly affected. The Commission has adjusted its targets to accommodate the reduced funding by scaling down activities and targets and identifying a host of many activities that we can implement with minimal budgets.

To mitigate against the negative impacts of budget rationalization, the Commission will leverage ICT, partnerships, and collaborations, and prioritize high-impact activities. The NGEC's regional presence in six counties will continue to ensure that special interest groups (SIGs) can easily access services and support. The regional offices will facilitate timely and tailored responses to local issues, reduce travel costs, and leverage on local resources for cost-effective operations.

E. REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

The Commission has revised the key performance indicators (KPIs) and performance targets to align with the available budget. **DOC D** gives the revised KPIs and performance targets.

DOC D: REVISED SCHEDULE OF KEY PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

VOTE 2141 NATIONAL GENDER EQUALITY COMMISSION

Programme 1: Promotion of Gender Equality and Freedom from Discrimination

Outcome: To promote gender equality and freedom from discrimination in accordance with article 27 of the Constitution of Kenya 2010 and Vision 2030

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Target 2022/2023	Actual 2022/2023	Target (Baseline) 2023/24	Target 2024/25	Revised Target 2024/2024	REMARKS/IMPACT OF BUDGET REDUCTION
Equality and freedom from discrimination in accordance with Article 27 of the Constitution of Kenya 2010 and Vision 2030									
SP1. Legal Compliance and Redress	214000200 Field Services	Technical Support Services on gender and inclusion to both levels of government	No. of treaties/conventions monitored for compliance	-	-	3	3	1	The Commission is act as the principal organ of the State in ensuring compliance with all treaties and conventions ratified by Kenya relating to issues of equality and freedom from discrimination and relating to special interest groups. This role is carried out through participation in treaty sessions and facilitating the State's reporting obligations. In this case without funding, the Commission will not be able to attend treaty sessions where Kenya's compliance with equality and anti-discrimination treaties is monitored.
			No. of legal, policy, and administrative instruments reviewed for inclusion for National and County Government	40	56	50	50	40	The Commission will leverage on ICT to ensure all bills, policies, and administrative instruments are reviewed.
			No. Consultations held on equality and Inclusion	10	21	-	-	-	

			% complaints processed	100	100	100	100	90%	Travel limitations due to budget cuts will significantly reduce the Commission's ability to fully process all complaints: Some complaints require travel to undertake investigations. Legal aid clinics on equality and inclusion will also be limited, affecting community sensitization and complaint intake.
		Equality Audit	No. of counties and institutions audited for compliance with requirements for participation of SIGs in the development agenda (Including the two-thirds)	10	3	15	15	6	Audits require travel to counties; however, the Commission will leverage ICT and collaboration with COG to audit at least six counties where the Commission has physical presence. The number of counties and institutions audited for compliance will drastically reduce, limiting oversight and enforcement of SIG participation in the development agenda.
			No. of status reports on gender and inclusion	1	1	1	1	1	
			No. of political parties audited on equality and inclusion	-	-	-	-	-	
		Litigation services	No. of public interest litigation court cases	2	1	2	2	1	Litigation is resource intensive, however the Commission will

									leverage on collaboration for one (1) public litigation case
SP2. Mainstreaming and Coordination	214000200 Field Services	Gender Equality and Inclusion promotion services	No. of Coordination and consultation forums on equality & inclusion	40	63	40	40	20	The Commission will leverage on the power of partnerships and collaborations. The reduction in forums will limit engagement and coordination efforts for promoting equality and inclusion.
			% of government agencies complying with not more than two thirds requirements	100	92	100	100	80%	With the reduced budget, the MDAs may not set aside funds for gender mainstreaming thus hindering the achievement of the target
			% of government agencies complying with 5% requirements for PWD	100	6	100	100	100	With the reduced budget, the MDAs may not set aside funds for gender mainstreaming thus hindering the achievement of the target
SP3. Public education, advocacy, and research	214000200 Field Services	Research and advocacy services	No. of research conducted	2	2	2	2	-	Research is Resource Intensive and therefore the Commission will only undertake desk studies
			No. of fora on public awareness on equality and inclusion held	10	21	10	10	5	The Commission will be limited to few counties of operations, this will also impact on the reach since most vulnerable SIGs are found in remote and hard to reach areas
			No. of advisories issued on the uptake of green energy	-	-	1	1	1	
SP4. General Administration Planning and Support Services	2141000100	Administrative Services	No. of diversified Communication systems	2	-	2	2	-	This is resource-intensive. This will be halted, affecting reach, especially to PWDS and information dissemination.

			No. IEC materials developed and distributed	6	6	5	5	2	Leverage on ICT to produce and disseminated at least two (2) IEC materials(
		Administrative Services	No. of new offices operationalized	2	-	2	2	-	Resource Intensive. This will affect the effectiveness and accessibility of the Offices
			No. of new Regional offices established	1	-	2	2	-	Resource Intensive. Plans to establish new regional offices will be put on hold, limiting the Commission's reach and impact.

CONCLUSION

While we recognize the current economic situation of our Country, the Commission requests the committee on Social Protection for reinstatement of the recurrent budget on the following vote lines:

i. **Insurance-** to **40M to** safeguard our staff and operations, ensuring that we can continue to deliver services without interruption.

ii. **Fuel to 6M** - to enable field operations, allowing us to reach and serve communities across Kenya effectively.

iii. **Internet to 4.8-** The Commission has a running contract for internet services and the implementation of ICT solutions are critical to mitigate budget constraints.

iv. **Purchase of computers: 1 M**. one third of our staff do not have laptops

v. **Pending bills: 4.8M** under foreign and local travel.

PART IV

4 COMMITTEE OBSERVATIONS

During the engagements and deliberations between the Committee and the various Ministries, Departments and Agencies on the Supplementary I FY 2024/25, the following observations were made:

i. The full implementation of the Children's Act 2022 cannot be realized without a budgetary allocation. The National Council for Children Services (NCCS) despite all the roles given has only a budgetary allocation of Kshs. 40 million for the financial year 2024/25. This allocation is despite the upcoming World Children's Day which is a day marked worldwide to create awareness and mostly facilitated by the Council in Kenya.

ii. There is need to scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in alternative family care and provision of psycho-social support by the Child Welfare Society of Kenya. The agency does not have any allocation for this critical mandate which involves provision of food, clothing and school fees for children under foster care.

iii. Youth development and innovation have not been given prominence despite the enormous display of talent during the Annual Incubation Week. Given sufficient attention and resources this can be a high employment-potential area for the youth. The budget for hosting this year's innovation week has been drastically reduced from Kshs 60 million to Kshs 10 million.

iv. The overall reduction of the approved Development Budget for the Youth Enterprise Development Fund and Women Enterprise Fund will mean that the two funds may only rely on the projected revolving fund which is largely dependent on recoveries over a short time.

v. The National Youth Service (NYS) will also scale down its ambitious target of recruiting 20, 000 youths in the current financial year due to the reduction of its budget by 30% compared to the financial year 2023/24.

vi. Youth Empowerment Centers have been subject to budget cuts for the past three financial years. This Supplementary Estimate have further reduced the approved development allocation for the Centers to nil, indicating that the targeted construction of Youth Centers at the constituencies may not be achieved. In addition, approximately Kshs 30 million was meant to settle pending bills carried over from the previous financial year.

vii. The completion of the Muranga Foster Care and Joska Centers have been due for completion over a long period. The allocation of Kshs 250 million in The Approved Budget Estimates have been reduced to nil, thereby placing further vulnerabilities to the growing number of children seeking refuge in these Centers. This may lead to cost overrun considering that the two projects are at 80% completion rate.

viii. Reduction in non-core areas of spending - such as domestic and foreign travel, hospitality supplies, other operating expenses, training among others -have been reduced in line with the National Treasury circular. The proposed austerity measures on use of goods and services will likely have negative consequences on the operations and mandate of State Departments affected. This will be particularly felt as regards youth activities at the grassroot.

ix. The State Department for Gender and Affirmative Action has pending bills amounting to Kshs. 463,594,637 with respect to the supply of sanitary towels due to lack of Exchequer releases in the 2023/2024 financial year as well as late procurement of sanitary towels in the same fiscal year. The allocation for sanitary towels for the current Financial Year has been transferred to the National Government Affirmative Action Fund (NGAAF). There is need to settle the pending bills domiciled in the State Department for Gender and Affirmative Action before the supply of sanitary towels in the current financial year. The Committee therefore notes that the pending bills amounting to Ksh 463 million, which constitute 49% of NGAAF's allocation of Ksh 940 million, will greatly affect and reduce NGAAFs' ability to procure and distribute sufficient sanitary towels in the current financial year.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations/Proposed Reallocations

i. Proposed Committee reductions of the Supplementary Estimates I

S/No.	Vote/State departments	Programme/Area/ item	Proposed Reduction (Kshs)	Justification
1.	State Department for Public Service	National Youth Service	50,000,000	This is a reduction on the National Youth Service (NYS) Recurrent Budget to supplement emerging events within the sector that have no budgetary allocation. The Committee notes that any significant shortfall that will be beyond the internally-generated revenues of NYS will be considered in future supplementary.
	Total Reductions	**Recurrent Kshs 50,000,000**		

ii. Proposed increments on the Supplementary Estimates I

S/No.	Vote/State departments	Programme/Area / item	Proposed Increases (Kshs)	Justification
1.	State Department for Youth Affairs	Youth Development Services	30,000,000	The amount will be for the Kenya National Innovation Agency to meet its operational shortfalls for hosting this year's National Innovation Week.
2.	Social Protection, Senior Citizens Affairs and Special Programmes	Social Development and Children Services	20,000,000	The amount will be for the National Council for Children Services in supplementing its operational shortfalls and undertaking this year's World Children's Day.
	Total Increment		**Recurrent Kshs 50,000,000**	

SIGNED.....**DATE** 17th July 2024

HON. ALICE WAMBUI NGÁNGÁ, CBS, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

ANNEXURES

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Annex 2A: Adoption Minutes of the 35th Sitting

Annex 3: PBO Brief on Supplementary Estimates No. 1 for FY 2024/25

Annex 4: MDA's submissions
Annex 4A: State Department for Social Protection and Senior Citizen Affairs
Annex 4B: State Department for Gender and Affirmative Action
Annex 4C: State Department for Youth Affairs
Annex 4C: State Department for Public Service (NYS)
Annex 4D: National Gender and Equality Commission

DEPARTMENTAL COMMITTEE ON TOURISM & WILDLIFE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

REPORT ON THE CONSIDERATION OF SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2024/25:

State Department for Tourism

State Department for Wildlife

Published by:

The Directorate of Departmental Committees
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July, 2024

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ACRONYMS

A-I-A	-	Appropriations in Aid
FY	-	Financial or Fiscal Year
HQ	-	Headquarters
ICT	-	Information, Communication and Technology
KSh.	-	Kenya Shilling
KICC	-	Kenyatta International Convention Centre
KSLH	-	Kenya Safari Lodges and Hotels
KTB	-	Kenya Tourism Board
KUC	-	Kenya Utalii College
KWS	-	Kenya Wildlife Service
MDAs	-	Ministries, Departments and Agencies
MICE	-	Meetings Incentives Conferences and Exhibitions
SAGAs	-	Semi-Autonomous Government Agencies
SGR	-	Standard Gauge Railway
SO	-	Standing Orders
TF	-	Tourism Fund
TPF	-	Tourism Promotion Fund
TRA	-	Tourism Regulatory Authority
WRTI	-	Wildlife Research and Training Institute

PART I

1.0 PREFACE

1.1 Introduction

1. The first Supplementary Estimates for the financial year 2024/25 were presented to the National Assembly on 12th July, 2024. The budget for the Financial Year 2024/25 was planned to be funded by additional revenue measures amounting to **KSh. 344.3 billion**, as proposed in the Finance Bill, 2024. These revenue measures were intended to generate the necessary funds to support various government expenditures and initiatives outlined in the budget. However, the President declined to assent to this bill, creating a significant financing gap of KSh. 344.3 billion.

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

    i. Vote 1202: State Department for Tourism
    ii. Vote 1203: State Department for Wildlife

1.2 Mandate of the Committee

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

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

4. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, tourism, &tourism promotion and management, tourism research and wildlife management.
5. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
    i. State Department for Tourism
    ii. State Department for Wildlife

1.3 Committee Membership

6. The Departmental Committee on Tourism and Wildlife was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Mbiuki Japhet Miriti Kareke, CBS MP
Maara Constituency
UDA Party

Vice-Chairperson
Hon. Wanjiku John Njuguna, MP
Kiambaa Constituency
UDA Party

Members

Hon. Obo, Ruweida Mohamed, MP
Lamu East Constituency
Jubilee Party

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

Hon. Kiprono, Mutai Alfred, MP
Kuresoi North Constituency
UDA Party

Hon. Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

Hon. Gichuki, Edwin Mugo, MP
Mathioya Constituency
UDA Party

Hon. Karambu Elizabeth, MP
Meru (CWR) Constituency
UDA Party

Hon. Chebor Paul Kibet, MP
Rongai Constituency
UDA Party

Hon. Kilel Richard Cheruiyot, MP
Bomet Central Constituency
UDA Party

Hon. Bedzimba Rashid Juma, MP
Kisauni Constituency
ODM Party

Hon. Abdi Ali, MP
Ijara Constituency
NAP-K Party

Hon. Ruku, Geoffrey Kariuki Kiringa, MP
Mbeere North Constituency
DP Party

Hon. Shake, Peter Mbogho, MP
Mwatate Constituency
JP Party

Hon. Abdi, Khamis Chome, MP
Voi Constituency
WDM-K Party

1.4 Committee Secretariat

7. The Committee is facilitated by the following secretariat:

Ms. Mary Lemerelle
Head of Secretariat/ Clerk Assistant I

Ms. Violet Ouma
Clerk Assistant III

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Peter Mwaore
Principal Legal Counsel

Mr. Oscar Onsongo
Research Officer III

Ms. Felistas Muiya
Public Communication Officer

Mr. Yakub Ahmed
Media Relations Officer

Mr. Bonface Mushila
Serjeant-at-Arms

Mr. Rodgers Kilungya
Audio Officer III

Mr. Amos Tindi
Hansard Reporter

1.5 Overview on the Examination of the Supplementary Budget Estimates I for FY 2024/25

8. The Supplementary Budget Estimates I for the FY 2024/25 were submitted in the House on **Friday, 12th July 2024** and thereafter referred to Departmental Committees for consideration.

9. The Committee held meetings with the State Department for Tourism and State Department for Wildlife on 17th July, 2024.

1.6 Acknowledgement

10. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Budget Estimates I for the FY 2024/25.

11. I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Tourism and State Department for Wildlife for the useful information that they provided to the Committee on the Supplementary Budget Estimates I for the FY 2024/25.

12. On behalf of the Committee, it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Japhet Kareke Mbiuki, CBS, M.P
Chairperson, Departmental Committee on Tourism and Wildlife

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2024/25

13. The Supplementary Budget Estimates I for the FY 2024/25 were tabled in the National Assembly on 12th July, 2024. This Supplementary Budget aims to streamline the budget to align with anticipated revenue shortfalls of KSh. 344.3 billion and adjust the budget to account for carryovers.

2.1 Overall Fiscal Framework for Supplementary Budget Estimates I FY 2024/25

14. The overall change in the National Government Ministerial budget (excluding the Consolidated Fund Services (CFS) and County Transfer Allocation) from the originally approved Ministerial budget is a **decrease** of **KSh. 156.4 billion**. This reduction translates to a **6.6% decrease**, which complies with the 10% allowable adjustment threshold stipulated in Article 223 of the Constitution. The primary reason for this budget cut is the implementation of budget rationalization measures. These measures involve reassessing and adjusting budget allocations to ensure fiscal responsibility, efficiency, and alignment with current economic conditions and priorities. The reduction aims to optimize resource allocation, eliminate non-essential expenditures, and ensure that the government can meet its financial obligations without compromising critical services and projects.
15. The allocation for Consolidated Fund Services is proposed to increase from KSh. 1,213.45 billion to KSh. 1,237.23 billion, reflecting an increment of KSh. 23.78 billion. The adjustments in the Consolidated Fund Services (CFS) were primarily due to an increase of KSh. 5.66 billion for the monthly pensions of civil servants and military personnel, along with an additional KSh. 15.55 billion allocated for their gratuities.

16. Additionally, the County Equitable Share is proposed to increase due to carryovers from previous financial years.

17. The total gross change in the budget, encompassing the Ministerial Estimates, County Sharable Transfer Allocation, and Consolidated Fund Services (which includes interest payments, pensions, salaries for State Officers, and Net Lending) results in a reduction of **KSh. 121.9 billion**. This translates to a **1.9% decrease** from the original approved Budget Estimates. This decrease adheres to the provisions outlined in Article 223 of the Constitution, which allows for budgetary adjustments within specified limits to ensure fiscal prudence and adaptability.

Table 1: Overall Outlook of Supplementary Estimates I for FY 2024/25 (KSh. Millions)

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Supplementary Budget I (Submitted)	Deviation	Percentage Deviation
1	**National Government**	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*(34,047.53)*	*(2.1)%*
		Development	*746,335.91*	*623,984.67*	*(122,351.24)*	*(16.4)%*
		Total	***2,378,432.51***	***2,222,033.75***	***(156,398.76)***	***(6.6)%***
	o/w Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*(2.0)%*
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*(16.2)%*
		Total	***2,309,194.21***	***2,158,070.73***	***(151,123.48)***	***(6.5)%***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*(6.3)%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*(50)%*
		Total	***44,598.00***	***40,865.50***	***(3,732.50)***	***(8.4)%***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*(3.2)%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*(50)%*
		Total	***24,640.30***	***23,097.52***	***(1,542.78)***	***(6.3)%***
2	**Consolidated Fund Services**		**1,213,453.00**	**1,237,233.80**	**23,780.80**	**2%**
3	**County Equitable Share**		**400,117.00**	**410,951.00**	**10,834.00**	**2.7%**
Total (1+2+3)			**3,992,002.51**	**3,870,218.55**	**(121,783.96)**	**(3.1)%**

Source: The National Treasury

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

In its correspondence vide letter **Ref. NA/DDC/T&W/ 2024/036 dated 18th July, 2024,** the Committee invited the **State Department for Tourism** and the **State Department for Wildlife** to its sitting of **17th July, 2024** on consideration of the FY 2024/25 Supplementary Budget Estimates I.

The discussions covered an overview of the proposed Budgetary Estimates, progress in budget implementation, new projects, and pending bills. Detailed information is available in the annexed submissions from both State Departments. The summary includes variations to the MDAs' approved 2024/2025 recurrent and development budget, significant changes to programs, projects, and spending items, adjustments to expenditure allocations for development projects, particularly BETA projects, the anticipated impacts of budget revisions on targets, and an updated schedule of key performance indicators and targets.

3.1 Vote 1202: State Department for Tourism

The Principal Secretary for State Department for Tourism Mr. John Ololtuaa, and the Chief Executive Officers of the SAGAs appeared before the Committee to present their Supplementary Budget Estimates I for FY 2024/25 on Wednesday, 17th July 2024. They submitted THAT:

18. The total proposed Supplementary I Estimates for the State Department is **KSh. 10,316 million** comprising of **KSh. 9,846 million** for recurrent budget and **KSh. 470 million** for development budget. Furthermore, the recurrent budget of KSh. 9,846 million was distributed as follows:
    a. Compensation to employees – **KSh. 233.3 million;**
    b. Grants and other transfers – **KSh. 9,332 million;** and
    c. Operations and Maintenance – **KSh. 281 million.**

19. The transfer to SAGAs is further broken down as indicated in table 2 below.

Table 2: Transfer to SAGAs (KSh. Millions)

S/No.	Name of the SAGA	Net Allocation	AIA	Gross
1	Tourism Regulatory Authority	0	225	225
2	Tourism Research Institute	18.46	-	18.46
3	Kenya Tourism Board	114.06	178	292.06
4	Kenya Utalii College	51.27	401	452.27
5	Tourism Fund (TF)	-	5,081.9	5,081.9
6	Tourism Promotion Fund (TPF)	-	2,267	2,267
7	KICC	-	1,145	1,145
TOTAL		**183.79**	**9,297.9**	**9,481.69**

Source: State Department for Tourism

20. The change in the Recurrent budget is majorly due to reductions on:
    a. Foreign travel – KSh. 2.74 million
    b. Domestic travel – KSh. 4.91 million
    c. Hospitality supplies and services – KSh. 1.33 million
    d. Purchase of office furniture and general equipment – KSh. 1.47 million
    e. Membership fees and subscription to professional bodies – KSh. 1.89 million

Table 3 below shows the programmes affected by the Supplementary Estimates I FY 2024/25

Table 3: The Programmes affected by the Supplementary I Estimates 2024/25 (KSh. Millions)

PROGRAMME	APPROVED ESTIMATES FY 2024/25 (KSH. MILLION)	PROPOSED SUPPLEMENTARY I ESTIMATES FY 2024/25 (KSH. MILLION)	VARIANCE KSH. MILLION)	REMARKS
Tourism Promotion and Marketing	566.26	566.26	0	
Tourism Product Development and Diversification	9,493.71	9,491.12	(2.597)	Effect of rationalization of the FY2024/25 Recurrent budget on various items
General Administration, Planning and Support Services	268.85	258.24	(10.61)	
	10,328.82	**10,315.62**	**(13.207)**	

Source: State Department for Tourism

21. The development vote was maintained at **KSh. 470 million** in the Supplementary I Estimates FY 2024/25.

3.2 Vote 1203: State Department for Wildlife

Ms. Silvia Museiya CBS, the **Principal Secretary**, **State Department for Wildlife**, accompanied by Chief Executive Officers of the State Corporations under the Ministry's purview and other Ministry officials **appeared before the Committee** on **18th July, 2024** at **2.00pm** and made the following submissions:-

22. The overall variation to the MDAs' approved 2024/25 recurrent and development budget was allocated a gross printed budget estimate of **KSh. 14,343 million**, which included **KSh. 12,090 million** for recurrent expenditure and **KSh. 2,253 million** for development expenditure. However, these allocations have been reduced to KSh. 12,392 million, with KSh. 12,056 million allocated for recurrent expenditure and KSh. 335 million for development expenditure.

23. A total of **KSh. 1,918 million** has been cut from the development budget, resulting in the State Department being unable to meet all its planned development targets. Additionally, a reduction of **KSh. 36 million** in operation and maintenance funding will hinder essential operations crucial to the fulfilment of the core mandate of wildlife conservation and management.

24. The major expected repercussions on budget revisions include:
    i. Increase in Human Wildlife Conflict and an equivalent reduction in Human Wildlife coexistence due to reduced provision of water for wildlife resulting from a slowdown in construction and rehabilitation of water pans and boreholes, reduction in construction of fences in hotspot areas as well as lack of maintenance of existing fences.
    ii. Increased poaching due to decrease in modernization of ranger force, equipment and other law enforcement areas.
    iii. Reduced revenues due to dilapidated park access roads resulting from unfavourable parks visitor experience leading to a slump in number of park visitors
    iv. Hazardous living conditions due to inability to rehabilitate all houses roofed with asbestos in WRTI Naivasha HQ
    v. Lack of sufficient office space for staff of WRTI.
    vi. Stalled projects due to lack of funds to complete construction of ranger houses located in different parks and a research and training facility in Malindi.

25. The PS State Department for Wildlife made the following requests:-
    i. The Wildlife Conservation Trust Fund (WCTF) received KSh. 200 million in 2020/2021 for initial setup and operational needs. An additional KSh. 150 million is now needed for capacity building, resource mobilization, staff recruitment, and ongoing operational activities.
    ii. There is a budget allocation of KSh. 20 million for purchasing tree seedlings for nationwide planting efforts. To address the shortage of manpower for planting, a reallocation of KSh. 15 million from personnel emoluments is requested to hire casual workers.
    iii. KSh. 217 million is requested for reinstatement towards the construction and equipping of the Wildlife Research and Training Center in Malindi. This project is critical, and withholding funds could lead to delays and increased costs.

26. Details of the most affected items are in table 4 below.

Table 4: Items Affected by the Supplementary Estimates I in the FY 2024/25 (KSh. Millions)

Project	Approved Estimates FY 2024/25	Revised Budget FY 24/25(Sup 1)	Change	Remarks
Recurrent Budget				
Temporary committee expenses	250	225	-25	The Item is under Strategic Intervention meant to compensate HWC victims. The reduction is going to affect the compensation target for FY 2024/25
Totals Recurrent	**250**	**225**	**-25**	
Development Budget				
Project	**Approved Estimates FY 2024/25**	**Revised Budget FY 24/25(Sup 1)**	**Change**	
Modernization of Antipoaching Technology	30	0	-30	Budget reduction has affected maintenance of digital radio communication equipment's and acquisition of security equipment to enhance wildlife crime investigation in combating poaching and enhancing security of wildlife.
Human Wildlife Conflict Mitigation Programme - BETA	302	0	-302	The reduction in funding will negatively impact planned construction of 50 km fences, rehabilitation of 20km and water provision interventions aimed at reducing the human wildlife conflict, and maintenance of 2,072 km of existing fences in all parks.
Ranger housing programme	151	0	-151	Reduction of the budget will impact on the planned housing interventions for rangers, including rehabilitation of 136 houses affected by heavy rains
Wildlife Resource Centres	19	0	-19	The reduction in budget will stall the construction and rehabilitation of resource centers
Maintenance of Access Roads and Airstrips in National Parks and Conservancies	717	0	-717	Rehabilitation of park roads is critical in facilitating movement within parks. A number of park roads have been washed away by the torrential rains and with limited funding the restoration of approximately 2000 km of unclassified road network in parks will be impaired thus impacting negatively on tourist experience. Also affected is the opening up of new circuits for conservation and tourism activities.
Combating Wildlife Crime in Kenya Program (CWCKP) Project - USAID	155	135	-20	The lack of counterpart funding will impact on project implementation especially payment of taxes not catered for by the donor
Combating Poaching & Illegal Wildlife Trafficking Int. Approach (IWT)	200	200	0	Project activities to proceed as planned as it nears its completion period
Implementation of Plastic Ban in Protected Areas-BETA	12	0	-12	Provision of alternatives to single use plastic not feasible due to the cuts

Project	Approved Estimates FY 2024/25	Revised Budget FY 24/25(Sup 1)	Change	Remarks
Rehabilitation of Research and Training facilities at Naivasha HQ	88	0	-88	The process of removing asbestos had commenced and 45 residential houses had been planned for in FY 2024/25. There is need to consider this allocation so that all asbestos roofs are removed
Construction & Equipping of Four Research and Training Centres-BETA	217	0	-217	Works are ongoing in Malindi and Ksh217 million was allocated to clear phase one. KSh 100 million was also allocated to open up the Naivasha Wildlife Sanctuary so as to enhance security of wildlife and promote tourism for financial sustainability.
National Integrated Wildlife Data Portal	62	0	-62	The project aims at consolidation of data for easy access and retrieval, The project is ongoing, and the allocation was to cater for completion so that the database is operational.
Provision of Water for Wildlife in Protected Areas -Drilling Boreholes	300	0	-300	Provision of water for wildlife and Humans coexisting with wildlife will be curtailed and efforts towards the reduction of HWC is going to be frustrated.
Totals Gok	**2,253**	**335**	**-1,918**	
Total Vote	**2,503**	**560**	**-1,943**	

PART IV

4.0 COMMITTEE OBSERVATIONS

After considering the submissions by the State Department for Tourism and State Department for Wildlife on the Supplementary Estimates I for FY 2024/25, the Committee observed THAT:

Vote 1202: State Department for Tourism

1. The State Department for Tourism has a proposed Supplementary Estimates I of **KSh. 10,315.61 million** for the FY 2024/25. This includes **KSh. 9,845.61 million** for recurrent expenditure and **KSh. 470 million** for development expenditure.

2. The development expenditure of **KSh. 470 million** for Supplementary Estimates I for FY 2024/25 that is to be financed by the Tourism Promotion Fund has been maintained.

3. The net recurrent estimates has been proposed to reduce from KSh. 555.11 million to KSh. 541.9 million, a reduction of **KSh. 13.21 million** with the key expenditure items affected being domestic travel (KSh. 4.9 million), foreign travel (2.74 million), hospitality supplies (KSh. 1.33 million) and purchase of office furniture (KSh. 1.47 million).

4. The Tourism Promotion Fund (TPF) exceeded its AIA collection target of KSh. 4,695.4 million for the financial year 2023/24 by **KSh. 390.3 million,** achieving a total collection of KSh. 5,085.7 million as at 30th June, 2024.

5. The Tourism Promotion Fund (TPF) has proposed an increase in its local Appropriations-in-Aid (AIA) target collection from KSh. 2,737 million to KSh. 5,700 million, marking an upward adjustment of **KSh. 2,963 million**.

6. The Tourism Fund (TF) has proposed to increase its local AIA target collection from KSh. 5,081.9 million to KSh. 6,583.6 million, indicating an increase by **KSh. 1,501.7 million.**

7. The Kenyatta International Convention Centre (KICC) has proposed to raise its local Appropriations-in-Aid (AIA) target collection from KSh. 1,145 million to KSh. 1,284.18 million, reflecting an increase of **KSh. 139.18 million.**

Vote 1203: State Department for Wildlife

8. The State Department for Wildlife has a proposed Supplementary Estimates I of **KSh. 12,389.08 million** for the FY 2024/25. This includes **KSh. 12,054.08 million** for recurrent expenditure and **KSh. 335 million** for development expenditure.

9. The net development estimates has been proposed to reduce from KSh. 2,018 million to KSh. 100 million, a reduction of **KSh. 1,918 million** (indicating an 85% reduction) while the net recurrent estimates has been proposed to reduce from KSh. 3,934.2 million to KSh. 3,898.1 million a decrease of **KSh. 36.1 million.**

10. Pursuant to the Grant of Lease agreement signed between Kenya Wildlife Service (KWS) and Kenya National Highway Authority (KeNHA) on 23rd September 2015, KeNHA was required to compensate KWS **KSh. 3,740.71 million** for parkland affected by the construction of the Southern Bypass Road. However, as of July 2024, KeNHA has remitted only **KSh. 1,266 million**, leaving an outstanding balance of **KSh. 2,474.7 million** owed to KWS.

11. Kenya Wildlife Service (KWS) incurs approximately KSh. 400 million annually on legal fees and court awards related to Human Wildlife Conflict cases arbitrated by the courts. Delays in compensating victims through the process outlined in the Wildlife Conservation and Management Act (WCMA) 2013 have resulted in additional costs to KWS and, in some instances, the attachment of assets, including bank balances. Amending Section 25(1) of the WCMA 2013 by replacing the word "may" with "shall" would mandate the victims to follow the outlined compensation process and potentially lead to significant savings in legal and compensation costs for KWS.

PART V

5.0 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations

Based on the review of the proposed Supplementary Estimates I for FY 2024/25 for the State Department for Tourism and State Department for Wildlife, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

2. For the **State Department for Tourism**, the proposed changes in the Supplementary Estimates I for FY 2024/25 comprising a decrease in recurrent expenditure amounting to **KSh. 13.21 million** and a **zero change** for development expenditure **be approved without amendments.**

3. For the **State Department for Wildlife**, the proposed changes in the Supplementary Estimates I for FY 2024/25 comprising of a decrease in recurrent expenditure amounting to **KSh. 36.12 million** and a decrease in development expenditure amounting to **KSh. 1,918 million be approved without amendments.**

5.2 Request for Additional Funding

In light of the fiscal consolidation measures undertaken by the Government, the Committee requests that the Budget and Appropriations Committee take into consideration the following critical budgetary needs for financing for the State Department of Tourism and State Department of Wildlife as outlined in **Schedule 1** of this Report.

1. First Schedule: Committee Additional Requests on the proposed Supplementary Estimates I FY 2024/25 (KSh. Million)

Programme	Sub-programme	Head/Title/ Delivery Unit	Proposed Suppl I FY 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for Suppl I FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE										
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100300 Ranger Housing Programme		0		**151**	**151**	151		The constructed housing units will be particularly beneficial for the recently recruited rangers, providing them with much-needed accommodation. These facilities will support the rangers' ability to effectively carry out their duties, as stable and proximate housing ensures they can be readily available for deployment and response to wildlife conservation activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100800 Maintenance of Access Roads and Airstrips in Parks & Conservancies		0		**217**	**217**	217		The funds are crucial for ensuring that the roads and airstrips in parks and conservancies are passable. In addition, it will also aid in the opening up of new circuits for conservation and tourism activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203102400 Provision of Water for Wildlife in Protected Areas-Drilling Bor-BETA	-	0		**300**	**300**	300		The additional allocation would ensure adequate water supply, thereby ensuring the animals are within the parks and subsequently reduced encroachment on human settlements and agricultural lands.
1019000 Wildlife Conservation and Management	1019020 Wildlife Research and Development	1203102700 Construction & Equipping of Four Research and Training Centres - BETA		0	-	**217**	**217**	-	217	The construction is at 60% and has not accumulated any pending bills. The funding will be critical to avoid pending bills and additionally open up a research centre for Wildlife sanctuary in Naivasha **which will enhance growth of AIA**

Programme	Sub-programme	Head/Title/ Delivery Unit	Proposed Suppl I FY 2024/25 Estimates		Additional Request by Committee			Total Committee Requests for Suppl I FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Total	Rec	Dev	
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203000503 National Integrated Wildlife Data Portal	-	0	-	62	62	-	62	The data portal will be crucial in mapping out the geographical locations of the animals and enable the institute to keep track of the wildlife.
Sub-total for State Department for Wildlife						**947**	**947**			
TOTAL REQUESTS						**947**	**947**			

SIGNED: ..... DATE..19TH July 2024.

HON. JAPHET KAREKE MBIUKI, CBS, M.P

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE)

DEPARTMENTAL COMMITTEE ON EDUCATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

COMMITTEE ON EDUCATION

REPORT ON

THE CONSIDERATION OF THE FY 2024/2025 SUPPLEMENTARY BUDGET ESTIMATES NO. 1 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

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Clerk's Chambers

Parliament Buildings

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July, 2024

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CHAIRPERSON'S FOREWORD

The Supplementary Estimates I for the Financial Year 2024/25 were submitted to the National Assembly on Friday 12th July, 2024 in line with Section 44 (1) of the Public Finance Management Act 2012. The Supplementary estimates were thereafter referred to the Budget and Appropriations Committee and the respective Departmental Committees for review and approval.

This is the first time a Supplementary budget has been submitted this early in the financial year. The Supplementary budget is mainly to rationalize the 2024/25 budget to align it to the revised fiscal framework occasioned by the shelving of the additional revenue measures which had been proposed in the Finance Bill, 2024.

The Committees are required to consider the Supplementary Estimates I for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Budget and Appropriations Committee.

Following the tabling of the Supplementary Estimates I, the Departmental Committee on Education was briefed on the contents and thereafter proceeded to hold deliberations and receive submissions from the State Departments and their SAGAs under the Ministry of Education and the Teachers Service Commission.

The Committee deliberated on the impact of the proposed reductions to the Ministry of Education and Teachers Service Commission on achieving their targets. Details of the presentations from the Parliamentary Budget Office and submissions from the Ministry of Education and Teachers Service Commission are annexed in the Report.

The Committee appreciates the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Supplementary Estimates I FY 2024/25.

On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the Supplementary Estimates I FY 2024/25 for the Ministry of Education and the Teachers Service Commission.

HON. JULIUS MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART ONE

1.0 PREFACE

1.1 Introduction

1. The report of the Departmental Committee on Education on the scrutiny of the Supplementary Budget Estimates No. 1 for financial year 2024/2025 for the Ministry of Education and the Teachers Service Commission is as a result of deliberations between the Committee, the State Departments domiciled within the Ministry of Education and the Teachers Service Commission.

2. Importantly, the report contains the observations and the recommendations of the Committee in regards to the proposed Supplementary Budget Estimates for the education sector.

1.2 Mandate of the Committee

3. The Departmental Committee on Education is constituted pursuant to the provisions of Standing Order No. 216(1) of the National Assembly Standing Orders. The functions of the Committee are to: -

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

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

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

   d. study and review all legislation referred to it;

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

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

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

   h. examine treaties, agreements and conventions;

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

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

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

1.3 **Oversight**

4. The Departmental Committee on Education is established under Standing Order 216 and is mandated to consider all matters relating to the education Sector. Thus, in terms of budget oversight, the Committee has its oversight role covering the following votes within the education sector: -

   i. The State Department for Basic Education;

   ii. The State Department for Technical &Vocational Education and Training (TVET);

   iii. The State Department for Higher Education and Research;

   iv. The Teachers Service Commission.

1.4 **Committee Membership**

5. The Departmental Committee on Education was constituted by the House on 27th October 2022 and comprises of the following Members

Hon. Julius Kibiwott Melly, MP
Chairperson
MP for Tinderet Constituency
UDA

Hon. Moses Malulu Injendi, MP
Vice Chairperson
MP for Malava Constituency

ANC

Hon. Dr. Christine Oduor Ombaka, MP
MP for Siaya County
ODM

Hon Julius Taitumu M'Anaiba, MP
MP for Igembe North Constituency
UDA

Hon. Eve Akinyi Obara, MP
MP for Kabondo Kasipul Constituency
ODM

Hon. Nabii Nabwera Daraja, MP
MP for Lugari Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
MP for Nyamira County
JP

Hon. Peter Ochieng Orero, MP
MP for Kibra Constituency
ODM

Hon. Abdul Ebrahim Haro, MP
MP for Mandera South Constituency
UDM

Hon. (Prof.) Phylis Jepkemoi Bartoo
MP for Moiben Constituency
UDA

Hon. Anne Muratha, MP
MP for Kiambu County
UDA

Hon. Rebecca Noonaishi Tonkei, MP
MP for Narok County
UDA

Hon. Clive Gisairo, MP

MP for Kitutu Masaba, Constituency

ODM

Hon. Timothy Toroitich, MP

MP for Marakwet West Constituency

IND

Hon. Dick Oyugi Maungu, MP

MP for Luanda Constituency

DAP-K

1.5 Committee Secretariat

6. The Committee secretariat comprise of: -

Ms. Rose M. Wanjohi

Senior Clerk Assistant

Mr. Mohamed Boru

Clerk Assistant I

Mr. Clive Onyancha

Clerk Assistant III

Ms. Fiona Githunguri

Legal Counsel II

Ms. Winnie Kulei

Research Officer II

Mr. Eric Kanyi

Fiscal Analyst II

Dr. Maina Mburu

Research Officer III

Mr. Nimrod Ochieng

Audio Officer

Ms. Pauline Njuguna

Hansard Officer

Mr. Jared Onyancha

Public Communications Officer III

Mr. Richard Sang

Serjeant at Arms

1.6 Overview on the Examination of the proposed 2024/2025 Supplementary Budget Estimates No. 1

7. The 2024/25 Supplementary Budget Estimates were submitted to the National Assembly pursuant to Article 223 of the Constitution to the National Assembly for approval. The Constitution and the Public Finance Management Act, 2012, gives the National Assembly the mandate to review the Supplementary Budget Estimates and make recommendations to the Budget and Appropriations Committee.

8. Following the tabling of the Supplementary Budget Estimate, the Departmental Committee on Education was apprised on the contents of the Estimates as proposed and thereafter proceeded to hold consultative meetings with the three Departments within the Ministry of Education and the Teachers Service Commission.

1.7 Acknowledgement

9. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the FY 2024/25 Supplementary Budget Estimates No. II.

10. On behalf of the Departmental Committee on Education, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the proposed 2024/25 Supplementary Budget Estimates No. I for the Ministry of Education and the Teachers Service Commission.

HON. JULIUS MELLY, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART TWO

2.0 OVERVIEW OF THE 2024/2025 SUPPLEMENTARY ESTIMATES NO. 1 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

11. The overall effect of the proposed changes to the 2024/25 budget estimates for the various votes under the **Education sector** is a reduction of **Kshs 33.3 Billion**. A summary of how the three State Departments and the TSC are affected in the changes is as indicated below:

    a. State Department for TVET – a reduction of **Kshs 3.2 billion;**
    b. State Department for Higher Education and Research – a reduction of **Kshs 5.0 Billion;**
    c. State Department for Basic Education- a reduction of **Kshs 14.9 Billion**
    d. Teachers Service Commission- a reduction of **Kshs 10.3 Billion.**

12. According to National Treasury, the budget revisions are mainly on account of the need to rationalize the 2024/25 budget to align it to the revised fiscal framework occasioned by the shelving of the additional revenue measures which had been proposed in the Finance Bill, 2024.

13. The overall 2024/25 budget for the State Department of Basic Education has been reduced by **Kshs 15 billion**. This brings the revised allocation to **Kshs 123 Billion** from an initial allocation of **Kshs 138 Billion**. The recurrent budget has been **reduced by Kshs 8.1 billion** whereas the development budget has a reduction of **Kshs 6.8 Billion**.

14. The decrease in the recurrent expenditure on Free Primary Education to reflect the actual requirement whereas the decrease in capital expenditure is due to rationalized donor commitments.

15. The overall recurrent estimates for this Department has reduced by Kshs 8.1 Billion. This is on account of the reduction in the non-core areas of spending in various sub heads in line with the National Treasury circular.

16. However, there are significant changes in some two critical areas which maybe suggesting a shift in government policy. There is a transfer of the school feeding programme to the State Department of ASAL and a revision of the entire allocation meant for national examinations waivers.

17. The following are the major changes in the recurrent budget:

    a. **Directorate of Basic Education** – a reduction of Kshs 1.9 Billion under "other operating expenses'. This allocation is meant for the examination waiver for KPSEA and is usually transferred to KNEC.

    b. **Secondary and Tertiary Education HQ Administrative Services** - a reduction of Kshs 3.1 Billion under 'other operating expenses'. This allocation is meant for examination waiver for KCSE.

c. **National Council for Nomadic Education in Kenya (NACONEK) –** a reduction of Kshs 3 Billion for the school feeding programme. This allocation has been transferred to State Department for ASAL;

18. The overall development estimates have been reduced by **Kshs 6.8 Billion**. This rationalization has affected critical infrastructure projects which the Department is implementing in public schools. The allocations have entirely been revised and this means this projects are unfunded n this financial year. The key projects affected are:

    a. **Primary school infrastructure** - a reduction of the entire allocation of Kshs 532 Million;

    b. **Construction and rehabilitation of TTC's–** a reduction of the entire allocation of Kshs 230 Million;

    c. **Secondary School infrastructure improvement-** a reduction of the entire allocation of Kshs 1.7 Billion;

    d. **ICT integration in schools-** a reduction of the entire allocation of Kshs 150 Million;

    e. **Public Participation projects-** reduction of the entire allocation Kshs 452 Million;

    f. **JSS infrastructure (BETA) –** a reduction of the entire allocation of Kshs 2.8 Billion;

    g. **Assembly of Assistive Devices-** a reduction of entire allocation of Kshs 250 Million;

    h. **Smart Access programme for primary schools (was a new project)** - a reduction of the entire allocation of Kshs 450 Million;

19. The overall 2024/25 approved budget for the State Department of Higher Education is proposed to be reduced by **Kshs 5.0 Billion**. The recurrent budget has been reduced by **Kshs 1.8 billion** whereas the development budget has been reduced by **Kshs 3.2 billion**.

20. The recurrent estimates have been reduced by **Kshs 1.8 Billion**. This brings the revised allocation to **Kshs 119.2 Billion** from the initial allocation of **Kshs 121 Billion.** The reduction is mainly reduction in non-core areas of spending in various sub heads as well as a significant reduction in allocation for GOK sponsored students in private universities.

21. The key changes (major items affected) are in the following areas:

    a. **Central Planning and Project Monitoring unit** - a reduction of Kshs 23 Million on non-core areas of spending;

    b. **Headquarters Administrative Services-** a reduction of Kshs 43 Million on non-core areas of spending;

    c. **GOK sponsored students in private universities–** a reduction of Kshs 1.7 Billion from an initial allocation of Kshs 2.2 Billion;

22. The development estimates have been reduced by **Kshs 3.2 Billion,** from the initial allocation of **Kshs 4.4 Billion** to a revised figure of **Kshs 1.15 Billion**. The reduction is on various capital projects which are implemented by the Department as well as various public universities and University Colleges as well as other SAGA's within the sub-sector.

23. The allocation to the various GOK funded capital projects have entirely been revised hence the various ongoing projects are not funded. The entire allocation of **Kshs 3.2 Billion** has been reduced. This means that all the ongoing capital projects are not funded.

24. The 2024/25 budget for the State Department of TVET is proposed to be reduced by **Kshs 3.2 Billion.** The recurrent expenditure has reduced by **Kshs 31** Million whereas the development expenditure has reduced by **Kshs 3.1 Billion**. This brings the revised allocation for this Department to **Kshs 27.5 Billion** from the initial allocation of **Kshs 30.7 Billion**.

25. The overall recurrent estimates for the Department has reduced by Kshs 31 million. This is on account of the reduction in the non-core areas of spending such as hospitality, communication and supplies, purchase of office furniture, domestic and foreign travel among others in line with the National Treasury circular. The following are the key changes (major items affected) by the recurrent budget changes:

    a. **Headquarters Administrative services –** a reduction of Kshs 21 Million on account of reduction in non-core areas such as Domestic travel and other operating expenses.

    b. **Directorate of Technical Education –** a reduction of Kshs 5 Million in the non-core areas such as domestic travel and other operating expenses;

26. The development estimates has been reduced by Kshs 3.1 Billion and this is on account of budget rationalization. The reduction has affected the ongoing/scheduled capital projects which are being implemented by the Department at the headquarters level including the BETA capital projects as well as projects which are being undertaken by TVET institutions.

27. The affected projects are funded through the exchequer and their entire allocation revised to zero. This means the projects are unfunded in 2024/25. The development changes per programme is an indicated below:

    a. **GOK 60 TTI's equipping -** A reduction of entire allocation of Kshs 177 Million;
    b. **Construction and equipping of TTI's -** A reduction of entire allocation of Kshs 52 Million;
    c. **Construction of 30 TTI's-** A reduction of the entire allocation of Kshs 252 Million;
    d. **Public participation projects-** A reduction of the entire allocation of Kshs 102 Million;
    e. **Construction of 52 TTI's (BETA)-** a reduction of entire allocation of Kshs 1.6 Billion

28. The revision of the entire allocation to this capital projects implies that these projects are unfunded in this financial year. This means that the timelines relating to the completion of the projects has to be revised to reflect this reality. There is also the danger of the projects stalling as well as attracting pending bills. All this will delay the public benefit expected of the projects.

29. The 2024/25 budget for the Teachers Service Commission has been decreased by **Kshs 10.3 Billion.** This reduction is majorly on the recurrent budget and this brings the revised allocation to TSC at **Kshs 347.8 Billion** from the initial allocation of **Kshs 358.2 Billion**. This reduction is mainly on personnel emoluments as well as non-core items such as training, hospitality, domestic and foreign travel among others.

30. The overall recurrent estimates have been reduced by **Kshs 10.3 Billion.** The major recurrent estimates change is on:

    a. **Teacher Resource Management** – a reduction of **Kshs 10 Billion** on personnel emoluments;

    b. **Governance and Teaching Standards** - a reduction of **Kshs 262 Million** where a reduction of **Kshs 202 Million** is on training expenses under teacher capacity development.

31. The development budget for the Commission has been reduced by Kshs 47 Million. This has affected the ongoing capital projects which are implemented by the Commission. The capital projects affected are:

    a. **Construction of County Offices**- a reduction of the entire allocation of Kshs 38 Million;

    b. **Kenya Primary Education Equity in Learning Programme (Donor Support)**- a reduction of Kshs 9 Million from the initial allocation of Kshs 200 Million

PART THREE

3.0 SUBMISSIONS BY THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

3.1 STATE DEPARTMENT FOR BASIC EDUCATION

Dr. Belio Kipsang, the Principal Secretary, the State Department for Basic Education appeared before the Committee on Friday 19th July, 2024 and submitted as follows:

32. The state department was allocated a budget of **Kshs.142.26 billion** in the FY 2024/25 Printed Estimate, comprising **Kshs.121.9 billion** under recurrent budget and **Kshs.20.33 billion** under development budget. These allocations have been reduced to **Kshs.113.85 billion** and **Kshs.13.48 billion** under recurrent and development budgets respectively under the Supplementary Estimates No. I of the FY 2024/25 budget. Table 1 shows the Comparison between Printed Estimates and Supplementary Estimates No. I of the FY 2024/25 budget

Table 1: Analysis of Recurrent and Development Budget:

Budget	FY 2024/25 Printed Estimates (Kshs.)	Supplementary Estimates No. I of the FY 2024/25 (Kshs.)	Variance
Recurrent	121,927,562,192	113,848,202,828	(8,079,359,364)
Development	20,335,560,000	13,479,000,000	(6,856,560,000)
Total	**142,263,122,192**	**127,327,202,828**	**(14,935,919,364)**

33. The overall reduction in allocation is **Kshs.14.93 billion** comprising **Kshs.8 billion** in recurrent expenditure and **Kshs.6.9 billion** in development expenditure. The Printed Estimates has therefore reduced from **Kshs.142.26 billion** to **Kshs.127.33 billion** if the Supplementary Estimates No. I of the FY 2024/25 budget is implement as it is.

3.1.1 Analysis of Recurrent Budget

34. Under the Recurrent Budget, the overall reduction of **Kshs. 8.079 billion** comprises **Kshs.5.023 billion** meant for School Examinations and Invigilation; **Kshs.3.00 billion** meant for School Feeding Programme which has been captured in another vote; and **Kshs.55.90 million** under Operations and Maintenance across the vote.

3.1.2 Analysis of Development Budget

35. Under Development budget, the overall reduction of **Kshs 6.856 billion** is under development projects without partner support. This amount is entirely under the GOK

component of the development budget which has reduced from **Kshs.7.2 billion** to **Kshs.350 million.**

Priority Programmes under Recurrent Budget

3.1.3 School Feeding Programme

36. The School Feeding Programme supports learners in ASALs and pockets of poverty in specific counties including learners in the informal urban settlements by providing school meals in order to encourage retention and curb school dropouts. In the FY 2024/25 Printed Estimates, School Feeding Programme has a budget allocation of **Kshs.3.00 billion** which has been moved to another vote in the Supplementary Estimates No.1.

37. It's imperative to note that the Programme has a pending bill of **Kshs.2.40 billion** from last financial year arising from lack of exchequer. Consequently, this will form the first charge in the FY 2024/25 budgetary allocation in line with the PFM Act, 2012. In order to achieve high efficiency and effectiveness in the implementation of this Programme, there's need for a stronger alignment with other education programmes.

38. This being a key priority intervention in the Education Sector, we request for reinstatement of Kshs.3.00 billion to be able to cater for the targeted school going children within the school calendar year

3.1.4 School Invigilation and Supervision

39. In the FY 2024/25, the printed estimate for School Invigilation and Supervision is **Kshs.5.023 billion**. This allocation has been reduced by 100% under the Supplementary Estimate No. I of the FY 2024/25 budget. However, 3,544,256 learners for 2024 national examinations and assessments have already registered comprising 1,264,842 for Grade 3 learners, 1,313,913 learners for Kenya Primary School Education Assessment (KPSEA) and 965,501 for Kenya Certificate of Secondary Education (KCSE). The funds are utilized to cater for supervision and invigilation as well as examiners costs. We therefore request for the reinstatement of **Kshs.5.023 billion** to ensure that the 2024 school examinations and assessments are undertaken in line with Government policy on free and compulsory basic education.

3.1.5 Free Primary Education for SNE Learners

40. In the FY 2024/25, the SNE enrollment in public primary schools is expected to be 56,553 translating to a requirement of **Kshs.622 million** at a rate of **Kshs.11,000.** In the FY 2024/25 budget, the allocation for primary SNE learners has been omitted. Thus, out of the **Kshs.660 million** budget deficit in the FY 2024/25 budget under Free Primary Education, **Kshs.622 million** is required for top up capitation for SNE learners.

3.1.6 Free Day Junior School Education

41. In the FY 2024/25 Printed Estimates, the allocation for Junior School capitation is **Kshs. 30.66 billion.** The requirement under Junior School is **Kshs.46.553 billion** (including SNE

requirement of **Kshs.453 million**) to cater for an increased enrollment of 3,289,450 from January to June, 2025 from 2,170,429 learners between July to December, 2024. The additional allocation will facilitate more leaners at the rate of **Kshs.15,042**. However, there is still a budget deficit of **Kshs.15.893 billion** to cover all learners.

3.1.7 Free Day Senior Secondary Education

42. The enrolment is expected to be 4,253,155 between July to December, 2024 then decline to 3,244,325 learners between January to June, 2025. The reduction in the number of learners is as a result of having form 2,3 and 4 only since there will be no learners joining Form 1 in January, 2025. The cost per learner is **Kshs.22,244** which translates to a total requirement of **Kshs.76.654 billion.**

43. If all learners are facilitated with capitation against the Printed Estimates of **Kshs.63.886 billion** in the FY 2024/25 budget, then every learner will receive about **Kshs.18,757** only. On the other hand, if learners are to receive full capitation of **Kshs.22,244** as per the current policy, then 1.381,100 learners will not be funded in Term III of 2024 academic year and 372,270 learners will not be funded in Terms I and II in 2025 academic year. We therefore request for additional **Kshs.12.768 billion** to fully cater for FDSE programme.

3.1.8 Kenya National Examinations Council (KNEC)

44. In the FY 2024/25 printed estimate, the grant of **Kshs.742 million** to KNEC was erroneously omitted and therefore has a zero allocation. The Council had mistakenly been categorized among SAGAs that are required to meet their expenditures through their respective AIA funds. This error was to be corrected in the supplementary estimates No. I of the FY 2024/25. The funds are utilized in supporting the Council's non-discretionary expenses, board expenses and to meet the deficit under Personnel Emoluments. We therefore request for a reinstatement of **Kshs.742 million** in the Supplementary Estimate No. I of the FY 2024/25 budget.

3.1.9 Purchase of Motor Vehicles

45. In the FY 2023/24, the State Department had a budget allocation of **Kshs.1.4 billion** to purchase 203 motor vehicles in order to support headquarters and field officers to monitor and maintain quality assurance and standards in schools. Only 100 motor vehicles from Isuzu Kenya were delivered and paid for. However, 62 vehicles comprising 35 vehicles from Isuzu Kenya and 27 from CFAO were delivered but not paid for creating a pending bill of **Kshs.535,935,550.** This was due to lack of exchequer. In this regard, we request for provision of **Kshs.535,935,550** under purchase of motor vehicles in the Supplementary Estimates No. I of the FY 2024/25 budget to cater for the pending bill.

3.1.10 Fuel & Lubricant and Maintenance of Motor Vehicles

46. In the FY 2024/25 Printed Estimate, the State Department budget allocation under operations & maintenance was reduced by **Kshs.230 million** as compared to the FY 2023/24 Approved budget; out of this **Kshs.43 million** is under fuel and lubricants at the

headquarters and field offices. Reductions under these budget lines will negatively impact on delivery of critical programmes in the State Department. Monitoring and inspection to ensure efficient delivery of the following key programmes will be compromised:

- the administration of the national examinations and assessments;
- the targeted construction of 16,000 classrooms and;
- delivery of Quality Assurance and Standards

47. The State Department has experienced an increased cost of implementing and administering the above Programmes. It is in this regard that we request for reinstatement of **Kshs.43 million** under fuel and lubricant in the FY 2024/25 Supplementary Estimate No.I.

a. Priority Programmes under Development Budget

3.1.11 Primary Schools infrastructure improvement

48. In the FY 2024/25 Printed Estimate, the allocation under Primary Schools Infrastructure Improvement was **Kshs.770 million** out of which **Kshs.238 million** is appropriated under Public Participation. **This has been reduced to Zero** in the Supplementary Estimates No. I of FY 2024/25 budget. We request for the reinstatement of **Kshs.770 million** to enable the State Department undertake infrastructure development in public primary schools meant to reduce congestion in overstretched existing facilities and improve access to education.

3.1.12 Junior Secondary Infrastructure Improvement program

49. The FY 2024/25 Printed Estimate has a budget allocation of **Kshs.2.78 billion** under Junior Secondary School Infrastructure Improvement out of which **Kshs.24 million** is appropriated under Public Participation. In the FY 2024/25, 2,782 classrooms were earmarked for construction to support Junior Secondary Education. We therefore request for reinstatement of **Kshs.2.78 billion** in the Supplementary Estimate No.I of the FY 2024/25 budget.

3.1.13 Secondary Schools Infrastructure Improvement

50. The FY 2024/25 Printed Estimate has a budget allocation of **Kshs.1.92 billion** under Secondary Schools Infrastructure Improvement, out of which **Kshs.190 million** is appropriated under Public Participation. This allocation is proposed to be reduced to zero in the Supplementary Estimates No. I. We request for reinstatement of **Kshs.1.92 billion** in the Supplementary Estimate No.I of the FY 2024/25 budget. This will ensure smooth transition to CBC curriculum by providing the necessary infrastructural facilities in public secondary schools.

3.1.14 ICT Integration in Secondary schools

51. In the FY 2023/24, ICT integration had a budget allocation of **Kshs.300 million**, which was utilized to procure 2,859 computers for distribution to schools. The computers were

delivered but payment was not made due to lack of exchequer. It is in this regard that we request to reinstate **Kshs.150 million** and an additional **Kshs. 149.3 million** to cater for the pending bill of **Kshs.299.3 million.**

3.1.15 Assembly of Assistive Devices - KISE

52. The Government prioritized local production of assistive devices to enhance access for learners with special needs and disabilities. In the FY 2024/25 Printed Estimate, the project was allocated **Kshs.250 million**. However, this has been proposed for 100% reduction in the Supplementary Estimate No. I. We request for retention of **Kshs.250 million** under the Assembly of Assistive Devices to be able to meet the needs of targeted special learners.

3.1.16 Kenya Primary Education Equity in Learning (KPEEL)

53. In the proposed Supplementary Estimate No.I, KPEEL project has a proposed budget allocation of **Kshs.10.9 billion,** out of this **Kshs.276 million** is a GOK counterpart. However, the financial agreement requires provision of **Kshs.350 million** as GOK counterpart. The project plans to undertake infrastructure development in junior schools in preparation for Grade 9 learners in January, 2025.

54. The project targets to construct 7,500 classrooms and facilitate 34,000 scholarship beneficiaries in Forms 1, 2, 3 and 4. In this regard, the project requires **Kshs.16.27 billion** to achieve the intended purpose. We therefore request for reinstatement of **Kshs. 74 million** under GOK counterpart funding and an additional **Kshs.4.58 billion** out of which **Kshs.3.58 billion** is under grant and **Kshs.1 billion** under loan in the Supplementary Estimate No. I of the FY 2024/25 budget.

3.1.17 School Infrastructure in North Nyamira/ Borabu

55. The FY 2024/25 budget allocation under school infrastructure in North Nyamira/ Borabu is **Kshs.753 million** out of which **Kshs.74 million** is GOK counterpart and **Kshs.679 million** Loan AIA. The total project cost as per the Financial Agreement is **Kshs.2.1 billion** Loan AIA and **Kshs.174 million** as GOK counterpart. The project has already awarded contracts for construction of classrooms, laboratories, ICT laboratories and integrated learning resource centres in 68 schools comprising 44 secondary and 24 primary schools.

56. All the targeted primary schools also host junior schools and will benefit from integrated learning resource centres. The project sites have already been handed over to contractors. It suffices to note that the project is scheduled to end in December, 2024. We therefore request for additional **Kshs.100 million** as GOK counterpart funding and **Kshs.1.4 billion** under Loan AIA to enable successful completion of infrastructure development in the targeted schools.

3.1.18 Kenya Secondary Education Quality Improvement Project (SEQUIP)

57. In the FY 2024/25 printed estimate, the budget allocation under SEQUIP is **Kshs.1.5 billion.** The project is scheduled to end in December 2024 and the outstanding project cost

is **Kshs.2.978 billion**. The project intends to complete infrastructure development for 458 classrooms, 486 laboratories and 1,131 sanitation facilities and support 8,900 Form Four (4) learners under Elimu Scholarship in term III, 2024. We therefore request for provision of additional **Kshs.1.5 billion** in the Supplementary Estimate No.I for the FY 2024/25 budget.

3.1.19 VVOB Education for Development

58. The above project is funded by the Government of Belgium under a Grant AIA. Implementation period for the project is December, 2022 and December, 2025. The project supports training of heads of junior schools across the country on *'Effective School Leadership'*. In the FY 2023/24, the project trained 644 heads of junior schools and targets to train 920 in the FY 2024/25. However, in the FY 2024/25 Printed Estimates, the project has zero allocation. The State Department therefore request for **Kshs.150 million** in the Supplementary Estimate No.I of the FY 2024/25 budget for this project.

3.2 STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING

Dr. Esther Muoria, Principal Secretary, the State Department for Technical, Vocational Education and Training appeared before the Committee on 18th July, 2024 and presented as follows:

59. The State Department's Recurrent Budget as per the Approved Estimates for the FY 2024/25 is **KSh.23.129 Billion** which has been revised to **KSh.23.098 Billion** as illustrated below:

Table 1: Approved Recurrent Estimates Vs Revised Recurrent Estimates for the Period 2024/25

Economic Classification	Approved Estimates 2024/25	Revised Estimates 2024/25	Difference 2024/25	Remarks
	(KSh. Million)			
Gross	**23,129**	**23,098**	**(31)**	
AIA	4,794	4,794	-	
NET	**18,335**	**18,304**	**(31)**	
Compensation to Employees	9,253	9,253	-	

Transfers	11,186	11,186	-	(Annex II)
Capitation	5,200	5,200	-	
Scholarship	2,500	2,500	-	
Other Recurrent	190	159	(31)	Rationalized budget for operations and maintenance at the Headquarters. (Annex III)

Development Vote

The State Department's Development Budget as per the Approved Estimates for the FY 2024/25 is **KSh.7.560 Billion** which has been revised to **KSh.4.419 Billion** as illustrated in Table 2:

Table 2: Approved Development Estimates Vs Revised Development Estimates for the Period 2024/25

Economic Classification	Approved Estimates 2024/25	Revised Estimates 2024/25	Difference 2024/25	Remarks
	(KSh. Million)			
Gross	**7,560**	**4,419**	**3,141**	
GoK	3,503	362	3,141	These were funds meant for improvement of infrastructure, equipping of

				existing TVET institutions, construction of 52 new TVCs in constituencies that do not have and completion of ongoing projects at various levels (Annex V)
Loans	3,400	3,400	-	
Grants	657	657	-	

2.1 Highlights of the most affected programmes, projects and spending items

60. The State Department runs three programmes namely Technical, Vocational Education and Training, Youth Training and Development; and General Administration, Planning and Support Services. The reduction of State Departments Development Budget by KSh. **3,141 Million** will affect the following projects as illustrated in Table 3: -

Table 3: The most affected projects

S/No.	Project	Source of Funding	Approved Estimates (KSh. Million)	Revised Estimates (KSh. Million)	Amount (KSh. Million)	Remarks
1	Construction of 52 TVCs in Constituencies	GoK	920	-	(920)	This will affect construction of TVCs in Constituencies that do not have

S/No.	Project	Source of Funding	Approved Estimates (KSh. Million)	Revised Estimates (KSh. Million)	Amount (KSh. Million)	Remarks
	that do not have					
2	Construction of the 36 TVCs	GoK	357	-	(357)	This will affect completion of TVET institutions that are in various completion stages
3	Kenya – China Project	Gok	90	35	(55)	These are GoK funds supporting institutions in installing Low Voltage boards to enable connection by the KPLC of 3 Phase transformers to enable institutions connect heavy equipment supplied by the Kenya-China Project
4	Improvement of	GoK	1,809	-	(1,809)	This is a project that targets improvement of

S/No.	Project	Source of Funding	Approved Estimates (KSh. Million)	Revised Estimates (KSh. Million)	Amount (KSh. Million)	Remarks
	infrastructure and equipping in existing TVET institutions					infrastructure, equipping in existing TVET institutions some of which are Presidential Directives and construction of ongoing TVET institutions in the Phase of 9, 60 and 70.
Total			**3,176**	**35**	**(3,141)**	

Expected Impact of the Budget Revisions on Programmes and Project Targets;

61. Rationalization of budget will affect the state department's recurrent and development budget as illustrated in Table 4.

Table 4: Expected Impact of the Budget Revisions on Programmes and Project Targets

	Budget Reduction (Ksh. Million)	Impact
Recurrent		
Operations and Maintenance	31	• Rationalization of operations and maintenance shall hinder proper administration and coordination of TVET's mandate;

	Budget Reduction (Ksh. Million)	Impact
		• The Annual Work Plans of the State Department will be adversely affected by the reductions of the operations budgets in the Headquarters and field offices; and • The Department will also be impaired in undertaking proper monitoring and evaluation of its programmes and projects.
Development		
GoK	2,166	• This reduction affects completion of ongoing projects in 36 TVET Institutions at various stages of completion; and improvement of infrastructure and equipping in 57 existing TVET institutions. • The Government has already invested considerable amounts in these projects thus the need to complete them to get value for money, ease congestion in TVET Institutions and increase quality of education. • The institutions will not be able to accommodate the increasing enrolment therefore denying some youth the opportunity to acquire skills for employment and job creation.
	920	• The State department will not be able to construct 52 TVET institutions in the constituencies without any which is a priority of Bottom-Up Economic Transformation Agenda (BETA) project.
Kenya – China Project	55	• The GoK-China phase 2 project will not be able to acquire Low Voltage Boards intended to ensure adequate and stable 3-phase power supply

	Budget Reduction (Ksh. Million)	Impact
		to the training equipment in the TVET institutions. The equipment that were procured through a loan from The Republic of China will be underutilized.

Underfunded Areas FY 2024/25

62. The State Department has following underfunded areas as illustrated in table 6 below:-

Table 6: Underfunded Areas FY 2024/25

Recurrent	Required (Kshs. Million)	Revised Estimates (KSh.Million	Difference	Remark
Capitation	9,285	5,200	4,085	Allocation of **KSh.5.2 Billion** is w below the requirement of **KSh. 9,2 Million** targeting 309,484 trainees, creati a shortfall of **KSh.4085 Million.**
Scholarship	12,450	2,500	9,950	Allocation of **KSh.2.5 Billion** is w below the requirement of **KSh. 12.4 Billion** targeting projected enrolm 211,510 trainees (2023 Cohort) a 128,000 trainees (2022 cohort), creating shortfall of **KSh.9.950 Billion.**
Kenya School of TVET	110	0	110	There is no allocation to the Kenya Scho of TVET (formerly KTTC) which is t premier institution in TVET Training. T institution charges highly subsidized fe thus requires government support.
National	348	0	348	There is no allocation to fund the

Polytechnics				National Polytechnics
KNQA	285	195	90	Significant reductions for the SAGA w constrain realization of core regulato mandates on qualificati frameworks/standards
TVET-CDACC	268	126	142	The allocations will impact adversely facilitating key requirements that inclu emoluments, rentals, assessments a certifications
TVETA	314	**236**	**78**	Significant reductions for the SAGA w constrain realization of core regulato mandates on licensing of public a private TVET institutions
	23,060	**8,257**	**14,803**	

Unfunded Exchequer Requests FY 2023/24

63. The State Department did not receive exchequer in the FY 2023/24 in the following areas as illustrated in Table 7 below: -

Table 7: Unfunded Exchequer Requests FY 2023/24

Recurrent	**Amount (Ksh. Million)**	**Remark**
Scholarships	2,650	Out of 128,000 trainees eligible for scholarships only 52,000 were paid while 76,000 are in session but their scholarships have not been disbursed. The 76,000 have since been awarded HELB loans.
Capitation	766	School fees for continuing trainees under the old funding model.
Total Recurrent	**3,416**	
Development		

Construction of the 52 TVCs in constituencies that do not have	890	Contracts for 14 TVET institutions were awarded during the FY23/24. However, the State Department did not receive the exchequer for the same. This will lead to litigation.
Capital Grants to TVET Institutions	1452	The exchequer for completion of ongoing projects in 36 TVET Institutions at various stages of completion; and improvement of infrastructure and equipping in 57 existing TVET institutions was not received. This will lead to pending bills, additional costs due to variation of contracts and delayed projects benefits.
Total Development	**2,342**	
Grand Total	**5,758**	

64. In conclusion the State Department seeks the support of the Departmental Committee to facilitate the reinstatement of Ksh.18.25 Billion for recurrent budget to fund programmes and KSh. 5.483 Billion for development budget to complete the ongoing projects as summarized below.

	FY2023/2024 **KShs Million**	**2024/2025** **KShs Million**	**TOTALS** **KShs Million**
Scholarships	2,650	9,950	12,600
Capitation	766	4,085	4,851
Transfers	-	768	768
Recurrent		31	31

	-		
Recurrent Sub Total	**3,416**	**14,834**	**18,250**
Development Sub Total	**2,342**	**3,141**	**5,483**
Totals	**5,758**	**17,975**	**23,733**

65. The shortfall on scholarship and capitation of Ksh. 12.6 Billion and 4.851 Billion respectively affects the implementation of CBET programmes. Training and examination materials for CBET courses and payment of staff emoluments are costly to the institutions.

3.3 STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH

Dr. Beatrice Inyangala, Principal Secretary, the State Department for Higher Education and Research appeared before the committee on 18th July, 2024 and presented as follows:

66. The State Department gross approved budget for FY 2024/25 is **Ksh. 125,386,190,000** of which **Ksh. 121,011,550,000** is gross recurrent budget and **Ksh. 4,374,640,000** is gross development budget. The gross recurrent budget of **Ksh. 121,011,550,000** comprises **Ksh. 75,856,550,000** net GoK budget and **Ksh. 45,155,000,000 on** AIA. The total development budget of **Ksh. 4,374,640,000** comprises **Ksh. 3,224,640,000** GoK allocation and **Ksh. 1,150,000,000** from development partners.

67. The Supplementary No. 1 revised budget has reduced the budget for the State Department to a gross recurrent of **Ksh. 119,246,970,000.** The GoK budget for Development has been reduced to zero while development partner budget is **Kshs 1,150,000,000.**

Table 1.1: Economic Classification Budget Analysis

Item		Baseline Estimates FY 2023/24	Approved FY 2024/25 Ksh. (A)	Proposed Supplementary No. I budget Ksh. (B)	Difference (Ksh.) (B-A)
Recurrent	PE	253,000,000	259,000,000	259,000,000	
	O & M	299,097,596	186,922,788	122,607,387	(64,315,4
Current Transfers to Universities (DUC)*		34,130,201,225	23,001,994,350	23,001,994,350	
Current Transfers to SAGAs		905,353,539	899,951,678	899,951,678	
HELB Operation		142,881,758	163,018,176	163,018,176	
HELB Scholarship		237,000,000	237,000,000	237,000,000	
HELB Loan*		31,895,000,000	31,185,000,000	31,185,000,000	
UF Operations		331,555,347	242,351,909	242,351,909	
UF Scholarship*		19,222,198,427	16,921,226,971	16,921,226,971	

Item	Baseline Estimates FY 2023/24	Approved FY 2024/25 Ksh. (A)	Proposed Supplementary No. I budget Ksh. (B)	Difference (Ksl (B-A)
Private Universities*	1,774,791,604	2,274,791,604	574,820,722	(1,699,970,8
Open University (Recurrent)*	670,296,968	470,296,968	470,296,968	
A-I-A	60,730,334,652	45,155,000,000	45,155,000,000	
Development-GoK	2,490,000,000	3,024,640,000	0	(3,024,640,
Development - Open University	0	200,000,000	0	(200,000,0
Total	**153,463,718,803**	**124,878,564,529**	**119,889,638,246**	**(4,988,926,2**

Differentiated Unit Cost (DUC) funding for continuing students

68. In the revised budget for Supplementary No. I Estimates for FY 2024/25, the Differentiated Unit Cost (DUC) funding for continuing students is **Ksh. 23,001,994,350** which is at **38.75%** of the DUC whereas the ideal funding level is 80%. The State Department requests 50% funding DUC which is **Ksh. 29,024,632,379** to enable the Universities operate optimally.

Funding of Loans and Scholarships Under Higher Education Loans Board and Universities Fund

69. Higher Education Loans Board (HELB) and Universities Fund (UF) were allocated **Ksh. 31,895 million** and **Ksh. 19,553 million** respectively in FY 2023/24 for funding Year 1-6 student loans and scholarships under the Students Centered Model. However, in FY 2024/25 this has been reduced to **Ksh. 31,185 million** and **Ksh. 16,921 million** for Year 2-6 students.

70. This leaves a total of 153,292 Year 1 students (KCSE 2023 candidates) who were placed by Kenya Universities and Colleges Central Placement Service (KUCCPS) in Universities inadequately funded. The students are due to report in their respective Universities in September 2024.

71. The resultant deficit for the FY 2024/2025 printed estimates is **Ksh. 22,897,000,000** as indicated below:

- HELB loans **Ksh. 13,768,000,000**
- Scholarships **Ksh. 9,129,000,000**

Government Sponsored Students in Private Universities

72. The State Department was allocated **Ksh. 2,274 million** in FY 2024/25 approved budget for Government Sponsored Students in Private Universities. The allocation has been reduced to **Ksh.575 million** in FY 2024/25 Supplementary Estimates No.1. The allocated budget represents only 4.3 per cent of the DUC translating to an average funding of **Ksh. 8,503.27** per student. We propose a minimum resource funding for FY 2024/25 at 20 per cent DUC, amounting to **Ksh. 3,331,488,000** leading to a deficit of **Ksh. 2,756,667,278.**

The Open University of Kenya

73. The Open University of Kenya was established to enhance access to higher education in Kenya drawing on digital technology. The University has been operational since receiving its charter on 3rd August, 2023. In FY 2024/25 budget, the University was allocated **Ksh. 670 million** of which reccurent was **Ksh. 470 million** and development budget of **Ksh 200 million**. The budget was rationalized in supplementary No. I with development budget reduced to zero.

74. The development budget was to facilitate the enhancement of the Open - University's digital infrastructure so as to host an increased number of academic programmes. Without additional support for diversification of its programmes, the growth of the University and its capacity to expand access to university education will be seriously constrained.

Operations and Maintenance

75. The State Department was allocated **Ksh.187 million** in FY 2024/25 approved budget which has been rationalized to **Ksh.123 million** in the proposed FY 2024/25 Supplementary Estimates No.1. The rationalization of the budget will hinder the State Department from implementing key programs at the Headquarters.

Development Budget

76. The State Department for Higher Education and Research is implementing a total of 77 capital projects which include 75 projects financed by the Government of Kenya and 2 externally financed projects. The projects financed by the Government of Kenya as per Approved budget estimates had allocation of **Ksh. 3,224.6 million** which has been reduced to Zero in the proposed Supplementary No. I budget estimates.

77. The State Department had prioritized completing projects with a completion rate above 60% based on the criteria which was developed during the Sector Working Groups. The breakdown of proposed budget allocation of projects is as shown in Table 1.5.

Table 1.3 Status of Completion of capital Projects

S/No	Completion Rate (%)	No. of Projects	Amount Required to Completion (Ksh.)	Approved Budget for FY 2024/25	Proposed Supplementary No. I 2024/25	Deficit A-B
1	60-99	22	1,097	496	0	(496)
2	30-59	29	5,352	949	0	(949)
3	1-29	26	5,008	729	0	(729)
Total		**77**	**11,457**	**2,174**	**0**	**(2,174)**

Information on changes to expenditure allocation to development projects, including changes to priority Bottom-up Economic Transformative Agenda (BETA) Projects

78. In Financial Year 2024/25 approved estimates, the State Department was allocated **Ksh. 3,224 million** for 77 ongoing projects which are at various levels of completion. The FY 2024/25 Supplementary No. 1 development budget has been reduced to **zero.**

79. The removal of the development budget will cripple the completion of infrastructure projects denying the students the benefits that accrue from an enriched teaching and learning environment. Further, it will lead to additional risk of incurring costs associated with pending bill, penalties and litigation.

80. The State Department has only one BETA Project the Open University of Kenya whose Development budget of **Ksh. 200 million** has been reduced to zero.

Expected impact of the Budget revisions on programme and project targets

1. **GoK Sponsorship Students in Private Universities**

81. The State Department was allocated **Ksh. 2,274 million** in FY 2024/25 budget for Government Sponsored Students in Private Universities. The allocation has been reduced to **Ksh.575 million** in FY 2024/25 Supplementary Estimates No.1. It is important to note that the students are currently funded at 10 per cent DUC level. Reductions in funds for continuing students in private universities will have a devastating impact on their ability to continue their studies, potentially leading to a significant increase in student dropout rates.

82. With reduced funds, students may struggle to cover the increased costs of tuition fees, living expenses, and other essential student services, making it impossible for them to sustain their academic pursuits. This can be especially challenging for students from low-income backgrounds or those with financial constraints, who may not have alternative sources of funding to fall back on. The consequences of dropping out can be far-reaching, including not only financial burdens but also lost opportunities for career advancement, social mobility, and personal growth. Therefore, it is crucial that government prioritize providing sufficient financial support to their continuing students to ensure that they can complete their studies and achieve their academic goals.

2. **Operations and Maintenance at the Headquarter**

83. The State Department Supplementary No. I budget estimates for FY 2024/25 for Operations and Maintenance at the Headquarters have been severely impacted, with a 50% reduction in funding allocated for these essential activities. In addition, there is no allocations for foreign travel, monitoring and evaluation, and feasibility studies which are critical components of the State Department's achievement of core mandate.

84. Specifically, this will limit the department's capacity to engage with international partners and stakeholders in higher education and research, hindering collaboration and knowledge sharing, prevent the department from undertaking feasibility studies for new initiatives, projects, or partnerships, thereby limiting its ability to innovate and adapt to changing needs and compromise the department's ability to provide effective support to its staff, including those working on international collaborations, fieldwork, and research projects.

3. **University development projects**

85. The State Department's supplementary No. I budget estimates for FY 2024/25 have been significantly reduced, which has resulted in a reduction of the total budget planned for development projects. Unfortunately, this reduction will make it impossible to achieve the following objectives:

    a) Completion of 22 projects that have already reached more than 60% completion rate, which would have enabled respective universities to provide a more conducive learning environment for students. This includes upgrades to facilities, renovations, and continued constructions that are crucial for enhancing the overall student experience.

b) Provision of infrastructure to Universities and Constituent Colleges with inadequate critical infrastructure for teaching, learning, and research. This includes essential facilities such as libraries, laboratories, classrooms, and recreational spaces that are necessary for the academic growth and development of students.

c) Implementation of Presidential Commitments that were prioritized for execution during this fiscal year. These projects were deemed critical to addressing specific needs and challenges facing the higher education sector, and their postponement will likely have negative consequences on the overall performance of universities.

d) Settlement of Legal Liabilities that Universities are facing, which aggregate to a significant amount of pending bills. The absence of funding will prevent universities from settling these liabilities, which may lead to further financial difficulties and potential legal consequences.

4. **Monitoring and Evaluation of programs and projects in the Universities**

86. The State Department has disbursed significant funding to universities for the implementation of various programs, activities, and projects aimed at enhancing academic excellence, research, and community engagement. To ensure effective utilization of these resources, it is crucial that the State Department closely monitors. Moreover, here is a need to evaluate the operational efficiency of funding students under the New Funding Model, as well as the effectiveness of universities in delivering their mandated responsibilities through diverse academic and research programs.

87. In addition to this, there is a pressing need to track and report on the progress of implementation of 62 ongoing projects being undertaken in universities across the country. This involves assessing the projects' targets, and the extent to which they have achieved and their intended objectives. The evaluation process should also identify areas where projects are facing challenges or require adjustments to ensure successful completion. The exercise will ensure that the State Department makes informed decisions about future funding allocations, identify areas for capacity building, and promote accountability and transparency in the use of public resources. Ultimately, this will contribute to the overall goal of improving the quality of education and research in universities, thus benefiting students, society, and the country as a whole.

5. **Training and Development**

88. The State Department for Higher Education and Research has been grappling with the challenge of providing adequate training opportunities for its staff, in compliance with the Public Service Commission guidelines. Despite the importance of continuous professional development, the department has been unable to implement mandatory promotional courses for its staff, resulting in a stagnation of career growth and motivation among its employees. This has led to a sense of stagnation and demotivation among staff, who are eager to enhance their skills and knowledge to meet the evolving demands of their roles. The proposed funding will fully enable the State Department to address the needs of its staff, promote employee engagement, and enhance overall organizational performance.

3.4 TEACHERS SERVICE COMMISSION

Dr. Nancy Macharia, Chief Executive Officer, Teachers Service Commission appeared before the Committee on 17th July 2024 respectively and submitted as follows:

Overall variation to the TSC approved 2024/25 recurrent and development budget

89. The overall recurrent budget of the Commission has been reduced by ten billion two hundred and eighty-one million one hundred and forty-seven thousand eight hundred and fifty eight Kenyan Shillings **(Kshs.10,281,147,858).** The new gross recurrent budget is **Kshs.347,492,589,260** down from the initial allocation of **Kshs.357,773,737,118.**

90. The reduction in development budget is thirty-eight million Kenyan shillings **(Kshs.38,000,000)** wholly on Government of Kenya funded projects.

91. The new development budget is **Kshs.404,329,000** down from the initial **Kshs.442,329,000.**

Table 1 below summarises the Key areas affected by the Budget reduction.

S/No.	Item Description	Amount Reduced (Kshs.)	Remarks
1.	Compensation to Employees	10,000,000,000	Delay in implementing the second phase of the 2021-2025 CBA between the Commission and teacher unions.
2.	Training expenses	262,452,501	This is mainly due to the allocation of training teachers on CBC. The Commission to review the number of teachers to be trained.
3.	Other operations and Maintenance	18,695,357	There has been a reduction in allocations to various expenditure

	Expenditure		items such as membership subscriptions to professional bodies, routine asset maintenance, and the purchase of motor vehicles.

Information on changes in expenditure allocation to development projects, including priority Bottom-Up Economic Transformative Agenda (BETA projects)

Table 2 below summarizes the reductions in Development expenditure.

S/No.	Item Description	Amount Reduced (Kshs.)	Remarks
1.	Construction of County office accommodation in Kilifi	20,000,000	This may result in pending bill
2.	Construction of County office Accommodation in Machakos	18,000,000	This may result in pending bill

Expected impact of the budget revisions on the programme and project targets

92. Kshs 10,281,147,858 has reduced the recurrent budget. This reduction will impact the compensation of teaching service employees. As a result, the Commission will not be able to implement the second phase of the 2021-2025 Amended CBA between the Commission and the Teacher Unions.

93. Similarly, the budget for development expenditure is reduced by Kshs.38,000,000. This reduction will affect the completion of the Commission's County Offices, specifically in Machakos and Kilifi Counties. Note that, the two development projects are at an advanced completion stage and were to be handed over to the Commission in September 2024. The budget cuts will inevitably delay payments to the Contractors upon raising the completion certificate.

94. In addition, the 2024/25 Financial year draft estimates reduced the provision for medical cover, group life, group personal accident and WIBA for teachers and secretariat staff by 50%, resulting in a shortfall of Kshs.11,899,413,833. You will note that the teachers' medical contract is a three-year framework now in the second year of implementation. The third year is expected to begin from 1st December 2024 at a cost of Kshs. 20.668 billion. Therefore, the current allocation is inadequate to enable the Commission to meet its financial commitment for Year 3 of the Contract. Further, there will be no group life, group personal accident and WIBA covers for teachers owing to lack of provision.

95. During the 2023/24 financial year budget implementation, the exchequer amounting to Kshs.4,325,546,408.90 was not received. A further Kshs.3,068,746,452.85 was under-

provided in the budget. The two items shall, therefore, constitute the first charge on the 2024/25 financial year budget, thereby creating a similar deficit in the current budget.

96. The recruitment of 20,000 teachers and conversion of 46,000 intern teachers to permanent and pensionable is proposed for the months of October, 2024 and January, 2025 respectively.

PART FOUR

4.0 COMMITTEE OBSERVATIONS

97. The Committee having scrutinized the 2024/25 Supplementary Budget Estimates 1 for the Education sector and also having considered the various submissions during the scrutiny, made the following observations:

i) **Overall Change in Budgetary Allocation** - That, the overall effect of the proposed changes to the 2024/25 budget estimates for the various votes under the Education sector is a reduction of Kshs 33.3 Billion. The three State Departments and the TSC are affected in the changes is as indicated below:

- State Department for TVET – a reduction of **Kshs 3.2 billion;**
- State Department for Higher Education and Research – a reduction of **Kshs 5.0 Billion;**
- State Department for Basic Education- a reduction of **Kshs 14.9 Billion**
- Teachers Service Commission- a reduction of **Kshs 10.3 Billion.**

ii) **Lack of Funding for Capital Projects and Infrastructure** - There is an entire reduction in allocation to critical capital projects which are GOK funded across the entire sector including the BETA projects. This means that these projects are unfunded in 2024/25. The entire scrapping sends a mixed signal in terms of government commitment to the ongoing education reforms including the implementation of the CBC. Some of the key projects where the entire allocation has been scrapped are the allocation towards infrastructure improvement in the Basic institutions of learning including JSS infrastructure improvement. Further the entire allocation for capital projects being implemented at TVET institutions as well as in public universities have been entirely scrapped;

iii) **Proposed Shifting of School Feeding Programme from Education Sector** - That there is a proposal to shift the school feeding programme function from the Education sector through a supplementary budget. This Supplementary budget was purely meant to address the challenges of revenue shortfalls through expenditure rationalization and not to shift functions. The movement of this function is a key policy shift which could have been brought at the Budget Policy Statement level where policy issues are canvassed to ascertain the merits and the demerits. The school feeding programme plays a critical role in assessing education outcomes/indicators especially relating to retention rates, completion rates as well as school attendance for support prompt decision making in the sector and this may not be achieved if the programme is implemented outside the sector. In addition, the education sector has established a robust infrastructure for the implementation of this programme including having partnerships with development partners and shifting it midway may affect its smooth implementation;

iv) **Funding for Examination Waivers** - There is a proposed reduction of the entire allocation of Kshs 5.1 Billion meant for implement the National government policy on examination waivers. This reduction of the entire allocation will significantly affect the administration of the National examinations scheduled to begin October. This allocation supports all the logistics relating to examinations including costs relating to invigilation, marking, and security among other attendant costs. The scrapping of this entire allocation throws the administration of national examinations, which is a National security issue, into jeopardy. A total of 2.3 Million learners have been registered to undertake this year national examinations and assessments;

v) **Reduction of TSC Recurrent Funding for Implementation of CBA** - There is a proposal to reduce Kshs 10 Billion at the TSC. This allocation is implement for the implementation of the CBA between the Commission and the Teachers Unions. The implication of this is that Teachers will not receive the salary increments envisaged in the CBA. This may lead to industrial unrest and disruption of teaching and learning in public schools as well as litigations in courts. Industrial unrest is something which this government may not which to deal with at this time given the current unease situation in the country hence the need to ensure that this allocation is provided;

vi) **Funding for Students in Private University** - There is also a proposal to reduce **Kshs 1.7 Billion** allocation to support GOK sponsored students in private universities. According to the State Department Data, the total number of continuing GOK sponsored students in private universities stands at 67,500 and given the remaining allocation of Kshs 500 Million, it implies that on average, each student is being supported through a paltry allocation Kshs 7,400. This may strain this Universities to the detriment of the students. It is important for the Committee to note that these students are part of the young people in this country and if there welfare and concerns are not addressed may breed resentment against the government;

vii) **Underfunding for Higher Education** - The Committee is also concerned that there are certain critical areas within the sector which even though have not been affected by the supplementary budget cuts, they are grossly underfunded in 2024/25 financial year. These areas directly affect the country's youth population negatively and can cripple higher learning in the country. The areas relate to the underfunding for loans, scholarships and capitation for students in TVET institutions as well as public universities. The underfunding for loans for both TVET and University students stand at **Kshs 21.1 Billion**, the scholarships for both TVET and university students stand at **Kshs 21.7 Billion**, capitation for continuing TVET students and university students a deficit of **Kshs 10.8 Billion.**

PART FIVE

5.0 COMMITTEE RECOMMENDATIONS

98. The Committee having received submissions from the Ministry of Education and the Teachers Service Commission as well as having held consultations with the sector MDA's, makes the following recommendations regarding the 2024/25 Supplementary Budget Estimates 1.

5.1 State Department for Basic Education

99. The Committee approves the proposed Supplementary Budget Estimates 1 for 2024/25 for the State Department for Basic Education with the following amendments.

- That, **Kshs 3.0 Billion** meant for the School feeding programme be transferred back to the State Department for Basic Education for continued implementation of this critical programme through the implementing Agency, the National Council for Nomadic Education in Kenya (NACONEK);

- That, **Kshs 5.1 Billion** meant for national examinations invigilation and management be reinstated to ensure that National examinations scheduled for this year are administered smoothly;

- That, **Kshs 2.8 Billion** meant for junior school infrastructure improvement be reinstated given the need to continue supporting the implementation of the new curriculum through infrastructure support. This allocation is expected to be channelled to the NGCDF.

5.2 State Department for Technical, Vocational Education and Training

100. The Committee approves the proposed 2024/25 Supplementary Budget Estimates 1 for the State Department for Technical, Vocational Education and Training with the following amendment.

- That, **Kshs 3.1 Billion** meant for infrastructure support to various TVET institutions be reinstated.

5.3 State Department for Higher Education and Research

101. The Committee approves the proposed 2024/25 Supplementary Budget Estimates 1 for the State Department for Higher Education and Research with the following amendment:

- That, **Kshs 1.5 Billion** meant for support for the government sponsored students in private Universities be reinstated

5.4 Teachers Service Commission

102. The Committee approves the proposed 2024/25 Supplementary Budget Estimates 1 for the Teachers Service Commission with the following recommendation;

- That, **Kshs 10 Billion** meant for the implementation of the Collective Bargaining Agreement (CBA) to ensure that the Commission is able to implement the second phase of the 2021-2025 of the CBA signed by the Commission and the Teachers Unions.

5.5 Other priorities in the Education sector that are underfunded in the FY 2024/25

103. The Committee recommends that the following key priority areas, even though not affected by the current budget rationalization, are grossly underfunded, hence need to be fully funded in 2024/25 financial year to avert a crisis in the Education sector. This priorities touch on the well-being of our young people who are pursuing their education.

104. State Department for TVET- an underfunding of **Kshs 24.7 Billion** to cater for the following areas;

- Kshs 12.6 Billion for scholarships for TVET students funded under the new funding model;
- Kshs 7.3 Billion for loans for TVET students funded under the new funding model;
- Kshs 4.8 Billion for capitation for continuing TVET students funded under the old model;

105. State Department for Higher Education – an underfunding of **Kshs 28.8 Billion** to cater for the following areas;

- Kshs 9.1 Billion for scholarships for University Students funded under the new funding model;
- Kshs 13.7 Billion for loans for University students funded both under the new funding model and the old funding model (DUC);
- Kshs 6.0 Billion for capitation for continuing University students funded under the old model (DUC);

106. Teachers Service Commission- an underfunding of **Kshs 29.5 Billion** to cater for the following areas.

- Kshs 17.6 Billion to ensure that all the 46,000 intern teachers are converted into permanent and pensionable terms in this financial year. The total resource requirement for this conversion to be fully undertaken is Kshs 31 Billion whereas the allocation provided is Kshs 13.4 Billion;
- Kshs 11.9 Billion for Teachers Medical Cover which was reduced by 50% during the consideration of the 2024/25 estimates;

SIGNED _____ **DATE** 19th July 2024

HON. JULIUS MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

19. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Supplementary Budget I for the FY 2024/25 on 17th and 18th July, 2024 in Parliament. The MDAs included State Departments for Water and Sanitation, Irrigation and that for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 State Department for Blue Economy and Fisheries

20. The Principal Secretary, State Department for Blue Economy and Fisheries, Ms. Betsy Njagi, CBS appeared before the Committee on Wednesday 17th July, 2024 and presented on the Departments 2024/25 Supplementary Estimates I as follow:

i. The State Department's approved Estimates for the FY 2024/25 is Kshs. 11.996.72 million comprising of Kshs. 2,358.79 million for recurrent expenditures and 9, 637.93 Million for Development. The proposed 2024//25 Supplementary estimates 1 reduces this allocation by Kshs. 2,655.64 million to 9,341.08 million comprising of Kshs. 2,328.18 million for recurrent expenditures and Kshs. 7,012.90 million for Development.

ii. The approved recurrent Budget of 2,358.79 million has been reduced by Kshs. 30.61million to Kshs. 2,328.18 million. The reduction mainly affected allocations for operations and maintenance which include purchase of office furniture and general equipment, maintenance of buildings, travel costs and hospitality services.

iii. The approved Development budget of Kshs. 9,637.93 million has been reduced by Kshs. 2,625,03 million to Kshs. 7,012.90 million. All allocations for GOK have been reduced to zero. The projects affected include; Liwatoni Ultra-Modern Fish Hub, Fish quality laboratories, aquaculture technology development and innovation transfers, fisheries monitoring, control and surveillance centre, Fish markets, Fish Landing sites and fish stock assessment.

iv. The State Department has three donor projects namely; Aquaculture Business Development Project (ABDP), Kenya Maritime Fisheries Social – Economic Development Project (KMFSED) and Kabonyo Fisheries and Aquaculture Training Centre. The projects have not been affected by the proposed FY/2024/25 Supplementary Estimates 1.

v. Most projects which were due for completion in this financial year and as such will deny the beneficiaries the expected benefits. The contractors of the projects may institute legal proceedings against the state Department for breach of contract.

vi. The State Department will not achieve most of its targets with proposed Fy 2024/25 Supplementary Estimates 1.

3.2 State Department for Irrigation

21. The Principal Secretary, State Department for Irrigation, Mr. Ephantus Kimotho, EBS appeared before the Committee on Wednesday 17th July, 2024 and briefed on the 2024/25 Supplementary Estimates 1 as follows:

22. The FY 2024/25 Supplementary Estimates I Recurrent Gross allocation is **Kshs.1, 178,321,500** representing a reduction of **Kshs.33, 061,000** from the FY 2024/25 Printed Estimates allocation of **Ksh.1, 211,382,500.**

23. The Development Estimates Gross allocation for the FY 2024/25 has dropped by **Kshs 2.792 Billion** from the Printed Estimates allocation of **Ksh.21.921 Billion** to Supplementary Estimates No. I allocation of **Kshs. 19.129 Billion.** The decrease of **Kshs.2.792 Billion** is on the GoK funded allocation.

24. The austerity measures applied on operations and maintenance expenditure affects the following recurrent budget items; Communication, Supplies and services, domestic Travel, Training Expenses, Hospitality Supplies and Services, Purchase of furniture and other operating expenses.

25. The National Irrigation Authority's recurrent budget allocation of Kshs. 515million comprises of Kshs. 308million AIA and a net allocation of Kshs.207 million. The AIA is unavailable for budget support since it belongs to the farmers and is utilized at the scheme level to support day to day O& M activities. Considering the PE requirement is of Kshs 409 million then this implies a budget shortfall for Kshs 201 million on NIA'S PE.

26. The budget revision under the FY 2024/25 Supplementary Estimates 1 will impact negatively on the following programmes:
    i. 16 projects under Community based irrigation – ESP are at various stages of implementation at a total cost of Kshs 2.8billion that had been awarded in the FY 2023/24. The printed estimates allocation of Kshs. 1.154 billion was to facilitate increase of area under irrigation for community managed projects by 6,000 acres in the FY 2024/25 to generate annual income of Kshs 550 million. The reduction of Kshs 151 million will affect competition of ongoing projects.
    ii. Siyoi Muruny dam water supply project has been ongoing since 2014 and was set for competition in FY 2018/19. Inadequate budget allocation over the years has delayed its competition. The project is fully funded by GoK but delays has resulted to cost overruns amounting to Kshs. 1,217,942, 516 including interest on delayed payments.
    iii. House hold Irrigation Water Harvesting Project aims to increase access to water at household level for agricultural production in communities without traditional water sources through excavation and rehabilitation of water pans with 4.12 MCM storage capacity in the FY 2024/25 for food and nutrition security. The cut of Kshs.700 million will not allow for any projects in the FY2024/25 since the allocation of Kshs 540 million will be for competition of the ongoing projects and payment of pending bills.
    iv. The National expanded irrigation programme which seeks to accelerate irrigation expansion in the country through development of community irrigation projects to realize Kshs.531, 000 acres by 2030. It entails construction of hydraulic civil works to put an additional 17,143 acres under irrigation to generate over Kshs. 6.43billion annual income. The project has a budgetary requirement of Kshs 4billion against allocation of 1.9 billion to complete the ongoing projects.
    v. The Department is spearheading Land Reclamation for Climate Resilience programme with the objective of establishing 450 pastoral feedlots systems in the ASAL areas as a strategy to cope with the severe drought conditions. The objective is to ensure sufficient availability of water and pasture by harnessing service runs off and floods from laggahs. This programme has a potential of

unlocking green climate funds from development partners to provide support to these interventions. The decrease of Kshs 20million will result in significant reduction of storage and are put under irrigated pasture.

vi. The department is implementing enhanced water productivity and sustainable schemes and total of 711,000 acres is currently developed with irrigation infrastructure. The current potential mainly comprises community-based irrigation schemes. This potential needs to be fully utilized and optimized for food and nutrition security and household incomes. However, the potential has not resulted to expected impacts partly due to systematic challenges that are not well addressed once the irrigation schemes are set up. The reduction of Kshs 20million in the supplementary budget will significantly affect the impact on irrigation production of BETA agriculture priority value chains by 20% of the planned target.

vii. Galana Kulalu Irrigation Project seeks to address the food security deficit in the country by production of maize through the engagement of the private sector. The project has a budget requirement of Kshs. 1.5 billion against an allocation of Kshs. 1 Billion in FY 2024/25. To transit to production, Kshs. 100 million will be required to release the current contractor and Kshs. 300 Million for competition of the water reservoir to guarantee water availability. Kshs. 1 Billion allocation will be used to address the viability funding gap of Galana Dam. Therefore, request Kshs 500 million deficit.

viii. Water Security and Climate Resilience Project – Mwache Dam Phase I- This is a project funded by the World Bank while GoK Counterpart funding is to fund land acquisition. The dam construction is at 12.6 % completion with an estimated competition of June, 2025 for lower check dam and June 2026 for the main dam. The land required is 2,172hactres of land mapped in the areas with 4,351 project Affected Households. Partial availability of funds has caused much discontent among the PAPs. The PAPs have obstructed the contractor from accessing the construction sites and hence stopped construction of the Main and Lower Check Dams which may translate to penalties estimated at Kshs. 8.2million per day.

27. The State Department requested the Committee to consider allocating unfunded Personnel emolument of Kshs 201 Million to National Irrigation Authority under recurrent.

28. Underfunded development budget on Resettlement Action Plans (RAP) Kshs. 5.9 Billion. This includes; Soin- Koru Dam- Kshs 3 Billion, Mwache Dam- Kshs. 2 Billion, Rwabura Dam – Kshs 900 Million. The Department further, requested for allocation to finalize the RAP.

29. The Budget cuts on the ongoing works on flagship projects should be reinstated which include; Kshs 100 million for competition of Galana Kulalu model farm water reservoir and settlement of pending bills, Kshs 700 million under Household Irrigation Water Harvesting Project, Kshs 150 million under Community based Irrigation Project, Kshs. 201 million under National Expanded Irrigation Programme and Kshs 1,500 million under National Irrigation Authority Programmes.

3.3 State Department for Water and Sanitation

30. The Principal Secretary, State Department for Water and Sanitation, Mr. Julius Korir, CBS appeared before the Committee on Thursday 18th July, 2024 and briefed on the 2024/25 Supplementary Estimates I as follow:

31. The State Departments' total approved allocation for the FY 2024/2025 was **Kshs. 52.41 billion** of which **Kshs. 5.753 billion** was Recurrent and **Kshs. 46.656 billion** was Development Expenditure. However, the allocation has been reduced to **Kshs. 48.689 billion** in Supplementary I, Recurrent Budget being reduced to **Kshs. 5.74 billion** and Development Expenditure to **Kshs. 42.949 billion.** Overall, the budget has been reduced by **Kshs. 3.72 billion**.

32. The Total Recurrent allocation for the FY 2024/25 is Kshs. 5.753 billion. However, in Supplementary I this has been reduced to Kshs. 5.740 billion, a change of Kshs. 13 million in O & M items. The allocation for Recurrent Grants and Transfers to SAGAs is Kshs. 5.121 billion whereas the allocation to the State Department Headquarters is Kshs. 530 million for Personnel Emoluments and Kshs. 88.6 million for other recurrent (Operation and Maintenance).

33. The Total Gross approved development allocation for the FY 2024/25 was Kshs. 46.656 billion. Supplementary I FY 2024/25 has reduced this allocation to Kshs. 42.949 billion. Only the GoK component was affected by this reduction in line with the National Treasury Guidelines. Total approved GoK allocation has been reduced by Kshs. 3.708 billion from Kshs. 11.147 billion to Kshs. 7.44 billion. Loans and Grants remain unchanged at Kshs. 33.993 billion and Kshs. 1.516 billion respectively.

34. The table below shows the projects most affected by the revision of the budget

S/ No	Project	Approved Estimates (Kshs.)	Supplementary Estimates (Kshs.)	Rationalized Budget (Kshs.)
1	1109105300 Vihiga Cluster Project-Belgium funding.	80,000,000	-	80,000,000
2	1109113100 Mathira Water Supply Project.	130,000,000	50,000,000	80,000,000
3	1109114700 Water Harvesting Projects - NWSB.	80,000,000	-	80,000,000
4	1109121300 Expansion Works for Dandora Estate Sewerage Treatment.	266,000,000	172,190,000	93,810,000
5	1109114800 Rehabilitation of Water Supplies - Tana Water Services Board (WSB).	180,000,000	-	180,000,000
6	**1109127400 Tana Water Works Development Agency.**	**190,000,000**	**-**	**190,000,000**
	1109127401 Headquarters	180,000,000		180,000,000
	1109127420 Buathunaro Water Reservoir	10,000,000		10,000,000
7	**1109124500 Northern Water Works Development Agency -**	**285,000,000**	**85,000,000**	**200,000,000**

S/ No	Project	Approved Estimates (Kshs.)	Supplementary Estimates (Kshs.)	Rationalized Budget (Kshs.)
	NWWA.			
	1109124501 Nahgaan Borehole (Korr)	200,000,000	-	200,000,000
	1109124504 Construction of Diff Water pan	40,000,000	40,000,000	-
	1109124505 Construction of Kambinye Mega Pan, Water supply	45,000,000	45,000,000	-
8	1109127300 Water Harvesting Projects - North Rift Valley WWDA.	200,000,000	-	200,000,000
9	1109127100 Water Harvesting Projects -Tanathi WWDA.- 1109127101 Headquarters	220,000,000	-	220,000,000
10	**1109127700 Lake Victoria South WWDA Projects.**	**321,000,000**	**100,000,000**	**221,000,000**
	1109127701 Headquarters	200,000,000	-	200,000,000
	1109127709 Kegonga Cluster Water Supply	50,000,000	100,000,000	(50,000,000)
	1109127710 Construction of Simbauti and Tindereti Dams	20,000,000	-	20,000,000
	1109127711 Construction of Macheo Secondary School Borehole	5,000,000	-	5,000,000
	1109127712 Construction of two Boreholes at Bukna and Got Ongo	10,000,000	-	10,000,000
	1109127713 Kamanga Water Project	10,000,000	-	10,000,000
	1109127714 Construction of a water pan in Angoro within Awasi/Onjiko ward	10,000,000	-	10,000,000
	1109127715 Borehole, Water Storage Tank and Water Supply at Ogande girls	16,000,000	-	16,000,000
11	**1109127600 Lake Victoria North WWDA Projects.**	**265,000,000**	**15,000,000**	**250,000,000**
	1109127601 Headquarters	250,000,000	-	250,000,000
	1109127622 Central Bunyore Last Mile Water Connectivity	15,000,000	15,000,000	-
12	1109127000 Water Harvesting Projects - Central Rift Valley WWDA.-1109127001 Headquarters	270,000,000	-	270,000,000
13	**1109126900 Water Harvesting Projects - LVNWWDA.**	**350,000,000**	**-**	**350,000,000**
	1109126902 Mosongo Water Project - LVNWWDA	350,000,000	-	350,000,000
14	**1109128100 North Rift Valley WWDA Projects.**	**597,000,000**	**50,000,000**	**547,000,000**
	1109128101 Headquarters	200,000,000	-	**200,000,000**

S/ No	Project	Approved Estimates (Kshs.)	Supplementary Estimates (Kshs.)	Rationalized Budget (Kshs.)
	1109128109 Kapyego community water supply	180,000,000	-	**180,000,000**
	1109128113 Suwerwa dam	200,000,000	50,000,000	**150,000,000**
	1109128120 Kerio Water Supply Project	17,000,000		**17,000,000**
15	**1109101600 Water & Sanitation Services & Improvement Project (Athi WSB).**	**550,000,000**	-	**550,000,000**
	1109101601 Athi Water Works Development Agency	200,000,000	-	200,000,000
	1109101603 Coastal Water Works Development Agency	350,000,000	-	350,000,000

35. During FY 2024/25 Supplementary I Budget, the GoK development allocation for the State Department has decreased by **Ksh.3.707 Billion** from **Kshs. 11.147 Billion** to **Kshs.7.44 billion** translating to a decrease of **33%.** The decrease in the budget allocation will adversely affect the projects' implementation as follows;

i. Removal of all new projects will lead to delayed investments, hence denying Kenyans in water scarce areas access to clean and safe water in adequate quantities and reasonable standards of sanitation which is a basic human right. it will also have an impact on the overall effect on service delivery leading to delays in achieving universal access by 2030.

ii. Rationalization of projects with implementation challenges will affect the achievement of the development objectives.

iii. Reviewal of counterpart funds will lead to delays in the acquisition of wayleaves/land, delayed completion of projects that will lead to contractual claims and delayed achievement of improved living and economic standards of the project beneficiaries.

iv. Rationalization of FY 2024/25 Recurrent budget will lead to delays in the preparation of new pipeline projects, including prefeasibility, feasibility, and detailed designs which will lead to the sub-sector lacking pipeline projects. In addition, lack of adequate recurrent budget will affect project support, monitoring and evaluation activities leading to delayed completion of projects and unlocking of implementation challenge.

PART IV

4.0 COMMITTEE OBSERVATIONS

36. The Committee, having scrutinized the Supplementary Estimates No. 1 for FY 2024/25 for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations:

A. State Department for Blue Economy and Fisheries

i. The Committee noted that the State Department has a reduction in its Gross Estimates by Kshs. 2.656 billion comprising of a reduction of Kshs. 30.61 million for recurrent estimates and Kshs. 2.625 billion for development estimates.

ii. The Committee noted that the reduction in recurrent estimates only affected the State Department Headquarters operations and maintenance expenditure, and it was a 7.2% decrease in their allocation for FY 2024/25. Therefore, it may not have an adverse impact on the operations of the State Department.

iii. The Committee noted that the reduction in development expenditure affected 19 of the 22 projects being implemented by the State Department. These 19 projects were 100% GoK funded and thus the reduction of their allocations to zero means none of them is being proposed for implementation in the current financial year. This will deny the regions where the projects were being implemented their expected benefits and make State Department unable to achieve most of its targets for FY 2024/25. Further, the contractors for the ongoing projects that have been affected may institute legal proceedings against the State Department for breach of contract.

iv. The Committee noted that the Kenya Fisheries Service (KeFS) has not automated most of its operations and this has been a recurring audit query in successive reports of the Auditor General. The KeFS informed the Committee that it requires Kshs. 100 million to establish an Enterprise Resource Planning (ERP) System that will integrate its Human Resource and Payroll system that are currently being managed manually.

B. State Department for Irrigation

i. The Committee noted that the State Department has a reduction in its Gross Estimates by Kshs. 2.825 billion comprising of a reduction of Kshs. 33.1 million for recurrent estimates and Kshs. 2.792 billion for development estimates.

ii. The Committee noted that the reduction in recurrent estimates only affected the State Department Headquarters operations and maintenance expenditure, and it was a 9.9% decrease in their allocation for FY 2024/25. Therefore, it may not have an adverse impact on the operations of the State Department.

iii. The Committee noted that the reduction in development expenditure affected 10 of the 28 projects being implemented by the State Department. These 10 projects were 100% GoK funded and this may make State Department unable to achieve most of its targets for FY 2024/25. The projects that were most affected by the reductions include the Galana Kulalu Project, National Expanded Irrigation Project, Siyoi Muruny Dam Water Supply Project, Community Based Irrigation Project and Household Irrigation Water Harvesting Project.

iv. The Committee noted that the National Irrigation Authority (NIA) budget allocation of Kshs. 515 million comprised of GoK allocation of Kshs. 207 million and Appropriations-in-Aid (AIA) allocation of Kshs. 308 million. However, the AIA is unavailable for budget support since it is collected from the farmers in the irrigation schemes and utilized by them for the day-to-day operations and maintenance activities in the schemes. Considering the personnel emolument requirement of NIA is Kshs. 409 million, it implies that the budget shortfall is Kshs. 201 million.

v. The Committee noted that Mwache Dam is facing implementation challenges due to lack of adequate funds for the Resettlement Action Plan (RAP). The State Department has been allocated Kshs. 400 million for RAP in the FY 2024/25 against a requirement of Kshs. 1 billion. The Project Affected Persons (PAPs) who are yet to be paid for lands they have surrendered to the government for the project, have obstructed the contractor from accessing the construction site and hence stopped construction. This may lead to the contractor demanding penalties on the government for breach of contract estimated at Kshs. 8.2 million per day.

C. State Department for Water and Sanitation

i. The Committee noted that the State Department has a reduction in its Gross Estimates by Kshs. 3.722 billion comprising of a reduction of Kshs. 13.6 million for recurrent estimates and Kshs. 3.708 billion for development estimates.

ii. The Committee noted that the reduction in recurrent estimates only affected the State Department Headquarters operations and maintenance expenditure, and it was a 2.2% decrease in their allocation for FY 2024/25. Therefore, it may not have an adverse impact on the operations of the State Department.

iii. The Committee noted that the reduction in development expenditure affected 76 of the 129 projects being implemented by the State Department. These 76 projects were 100% GoK funded and this may make State Department unable to achieve most of its targets for FY 2024/25. All new projects have been removed thus this will impact on the fair distribution of projects across the country since most new projects were targeted on regions that are most needy of clean and safe water in adequate quantities and reasonable standard of sanitation. The projects

that were most affected by the reductions include Water Harvesting Projects in all Water Works Agencies, Mosongo Water Project, Naghaan Water Project, Kiambere-Mwingi Water Supply Project, Kapyego Water Project, and all Water Projects identified during the Public Participation exercise for FY 2024/25.

iv. The Committee noted that implementation of the budget rationalization policy for SAGAs at the start of the FY 2024/25 adversely impacted on the operations of most Agencies under the State Department. The most affected was the Kenya Water Institute (KEWI) whose GoK allocation for recurrent estimates was reduced from Kshs. 183 million to Kshs. 50.4 million. With a Personnel Emolument requirement of Kshs. 248 million, it implies that KEWI has a budget shortfall of Kshs. 197.6 million.

PART V

5.0 COMMITTEE RECOMMENDATIONS

Financial Recommendations

37. **The Committee recommends that for the State Department for Irrigation**, the proposed reduction in the Gross Estimates for FY 2024/25 of Kshs. 2.825 billion comprising of Kshs. 33.1 million recurrent estimates and Kshs. 2.792 billion for development estimates be approved with the following amendments as shown in Table 1.

Table 1: Proposed Committee Reallocations for the State Department of Irrigation (Kshs)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1022000 Water Harvesting and Storage for Irrigation	1104103000 Development of Large-Scale Multi-Purpose Dams **(Development)**	270,000,000	(100,000,000)	Reduction of Kshs. 100 million since about 50% of the surveys of these Large-Scale dams under the State Department have been completed and ready for PPP. The funding will be used for payment of pending bills in NWHSA as the Agency is being prepared to be wound up.
1015000 Water Storage and Flood Control	1104101100 National Water Harvesting and Ground Water Exploitation – NWHSA **(Development)**	-	100,000,000	Increment for payment of pending bills for the following projects: Kwa Kineene Dam (Kshs. 25 million), Masii Dam (Kshs. 25 million), Ekilo Mashuru Water Pan (Kshs. 25 million), and Loitokitok Water Pan (Kshs. 25 million)
	1104000700 National Water Harvesting and Storage Authority **(Recurrent)**	362,900,000	44,962,000	Increment of current grant to NWHSA for payment of pending bills as the Agency is being prepared to be wound up.
1014000 Irrigation and Land Reclamation	1104000200 Irrigation and Drainage Services **(Recurrent)**	80,057,640	(44,962,000)	Reduction from Other Operating Expenses so the funds can be used to pay pending bills for NWHSA.

38. **The Committee recommends that for the State Department for Blue Economy and Fisheries**, the proposed reduction in the Gross Estimates for FY 2024/25 of Kshs. 2.656 billion comprising of Kshs. 30.6 million recurrent estimates and Kshs. 2.626 billion for development estimates be approved with the following amendments as shown in Table 2.

Table 2: Proposed Committee Reallocations for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
0111000 Fisheries Development and Management	1166001600 Kenya Fisheries Service **(Recurrent)**	624,830,000	120,000,000	Increment of current grant to KeFS for establishing an Enterprise Resource Planning (ERP) and hardware system to digitalize their accounting and financial processes, payroll, Human Resource and Procurement management that are currently being done manually. This has been a recurring audit query from successive auditor general reports.
	1166101300 Aquaculture Business Development Project **(Development)**	3,726,200,000	(120,000,000)	Reduction from GoK Counterpart Funding to be reallocated to recurrent expenditure for KeFS.

39. The Committee recommends that for the **State Department for Water and Sanitation**, the proposed reduction in the Gross Estimates for FY 2024/25 of Kshs. 3.722 billion comprising of Kshs. 13.6 million recurrent estimates and Kshs. 3.708 billion for development estimates be approved with the following amendments as shown in Table 3.

Table 3: Proposed Committee Reallocations for the State Department of Water and Sanitation (Kshs)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1017000 Water and Sewerage Infrastructure Development	1109105600 Malava Gravity Scheme Water Project-LVNWWDA **(Development)**	434,000,000	(100,000,000)	Reduction of part of the funds for the project to fund Mosongo Water Project under the same Agency that has pending bills but its allocation was reduced in the Supplementary Estimates

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109126902 Mosongo Water Project – LVNWWDA **(Development)**	-	100,000,000	Reallocation of funds reduced for the project in Supplementary Estimates that was meant to clear a pending bill.
	1109109500 Soy-Kosachei Water Project – NRVWWDA **(Development)**	110,000,000	(60,000,000)	The project has been considered to be partly funded by the African Development Bank so it only needs Kshs. 50 million GoK Counterpart funding for Resettlement Action Plan (RAP). The money will be used to fund Kapyego Community Water Supply under the same agency.
	1109105500 Moi's Bridge-Matunda Water and Sewerage Project-Lot 1 – NRVWWDA **(Development)**	334,000,000	(40,000,000)	Reductions of part of the funding for the project so as to provide funds for Kapyego Community Water Supply under the same Agency that has pending bills but its allocation was reduced in the Supplementary Estimates.
	1109128109 Kapyego community water supply – NRVWWDA **(Development)**	-	100,000,000	Reinstatement of allocations reduced in Supplementary Estimates so as to pay for pending bills.
	1109119002 Dadantallai-Eldas-Jukala-Waradey **(Development)**	101,000,000	60,000,000	Increment of Kshs. 60 million reduced in Supplementary Estimates so as to ensure the project is completed.
	Matunga & Oinga Water Pan (Homa Bay) – LVSWWDA **(Development)**	-	15,000,000	Increment for payment of pending bill for the ongoing project.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	Cheptebe Water Pan (Bomet) – LVSWWDA **(Development)**	-	13,000,000	The project was completed in FY 2023/24 but was not provided sufficient allocation.
	Kobengo Water Pan (Kisumu) – LVSWWDA **(Development)**	-	12,000,000	This is an ongoing project that was started in FY 2023/24 but was not provided sufficient funding so it is likely to stall.
	1109125301 Development of Large Scale Multi-Purpose Dams – BETA **(Development)**	100,000,000	(100,000,000)	Reduction of Kshs. 100 million since the surveys of all the Large-Scale dams under the State Department have been completed and ready for PPP. The funding will be used for payment of pending bills and completion of critical project affected by the Supplementary Estimates.
	1109114900 Rehabilitation of water supply projects - CRVWWDA **(Development)**	50,000,000	(10,000,000)	Reduction of Kshs. 10 million to fund a project identified through Public Participation in the same Agency (CRVWWDA).
	1109129406 Desilting of Kang'oria Pan Dam in Silale Ward – CRVWWDA **(Development)**	-	10,000,000	Reinstatement of funding reduced in Supplementary Estimates for a Public Participation Project.
	1109119001 National Water Harvesting and ground water Exploitation **(Development)**	750,000,000	(100,000,000)	Reduction of part of the additional funding so as to clear pending bills in projects under CWWDA.
	1109111300 Mwache water pipeline extension – CWWDA **(Development)**	200,000,000	(100,000,000)	Reduction the additional funding to the project to provide funds to clear pending bills in other projects under the same Agency (CWWDA)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109101602 Water & Sanitation Services & Improvement Project - CWWDA **(Development)**	-	200,000,000	Increment to cater for part of the Kshs. 350 million pending bill which was incurred in the last financial year.
	1109003700 Northern Water Works Development Agency **(Recurrent)**	106,600,000	(14,600,000)	Reduction of part of the additional funding to the Agency so as to support KEWI that does not have funding for Personnel Emolument.
	1109003300 Lake Victoria North Water Works Development Agency **(Recurrent)**	207,285,800	(58,300,000)	Reduction of part of the additional funding to the Agency so as to support KEWI that does not have funding for Personnel Emolument.
1001000 General Administration, Planning and Support Services	1109000700 Kenya Water Institute **(Recurrent)**	255,400,000	72,900,000	Increment to support the Personnel Emolument for KEWI which was adversely affected by the budget rationalization.

SIGNED .....

HON. BOWEN KANGOGO, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON BLUE ECONOMY AND IRRIGATION)

DATE 20/7/2024.....

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY & COOPERATIVES

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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REPORT ON THE CONSIDERATION OF THE FY 2024/25 SUPPLEMENTARY I BUDGET ESTIMATES FOR:

1. VOTE 1173: The State Department for Cooperatives
2. VOTE 1174: The State Department for Trade
3. VOTE 1175: The State Department for Industry
4. VOTE 1176: The State Department for Micro Small and Medium Enterprises Development
5. VOTE 1177: The State Department for Investment Promotion

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CHAPTER ONE

1.0 PREFACE

1.1 Introduction

1. This report details the consideration of the FY 2024/25 Supplementary I Budget Estimates for the Ministries, Departments and Agencies (MDAs) within the mandate of the Departmental Committee on Trade, Industry and Cooperatives.
2. The preparation and processing of the Supplementary Estimates is anchored on various legal provisions, including Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Orders No. 243 of the National Assembly.
3. Article 223 of the Constitution provides that the National Government can incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.
4. Additionally, Section 44 of the PFM Act, 2012, provides that the National Government is required to submit a Supplementary Budget to parliament for approval, further, Standing Orders No. 243 indicates that the National Government shall submit to the National Assembly for approval a supplementary budget in support of money spent under Article 223 of the Constitution.
5. The PFM (National Government) Regulations 2015 outlines the main purpose as to why approval is sought. It can either be an unforeseen or unavoidable circumstance and where no budget provision was made or was inadequate but further clarifies that it should not include expenditures although known when finalizing the estimates of the original budget, it could not be accommodated within the allocations. It further clarifies that tariff adjustments and price increases shall not be considered as unforeseen and unavoidable circumstances.
6. Approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. Notably, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage.
7. In this regard, The FY 2024/25 Supplementary I Budget Estimates were submitted to the National Assembly on 12th July, 2024 and subsequently tabled on the floor of the house.
8. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2024/25 Supplementary 1 Budget Estimates.

The Committee considered the proposed Supplementary Budget Estimates for the State Departments that fall within its mandate. The State Departments include:

I. Vote 1173 State Department for Cooperatives;
II. Vote 1174 State Department for Trade;
III. Vote 1175 State Department for Industry;
IV. Vote 1176 State Department for MSMEs Development;
V. Vote 1177 State Department for Investment Promotion.

9. On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of the Standing Orders, it is my pleasure and privilege to present to the Budget and Appropriations Committee, the report on the consideration of the FY 2024/25 Supplementary I Budget Estimates for the Ministries, Departments and Agencies (MDAs) that fall within the mandate of the Committee.

1.2 Establishment and Mandate of the Committee

11. The Departmental Committee on Trade, Industry and Cooperatives is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows:

    i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***

    ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*

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

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

    v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

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

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

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

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

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

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

12. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, Trade, including securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development, Micro, small & and; medium enterprise (MSMEs), and small and medium enterprise (SMEs), intellectual property, industry standards, anti-counterfeit and cooperative development.

13. In executing its mandate, the Committee oversees the Ministry of Investments, Trade and Industry and the Ministry of Cooperatives and Micro, Medium and Small Enterprises (MSMEs) Development.

1.3 Committee Membership

2 The Departmental Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday, 27th October, 2022 and comprises of the following Members of Parliament;

Chairperson
Hon. James Mwangi Gakuya, MP
Embakasi North Constituency
UDA Party

Vice-Chairperson
Hon Kitany Jebet Marianne, MP
Aldai Constituency
UDA Party

Members

Hon. Dr. Oundo Wilberforce Ojiambo, MP
Funyula Constutiency
ODM Party

Hon. Adagala Beatrice Kahai, MP
Vihiga Constituency
ANC Party

Hon. Githinji Robert Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Kamene Joyce, MP
Machakos Constituency
WDM Party

Hon. Mwalyo Joshua Mbithi, MP
Masinga Constituency
Independent Member

Hon. Oluoch Anthony, MP
Mathare Constituency
ODM Party

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU Party

Hon. Korir Adams Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Maina Mwago Amos, MP
Starehe
JP Party

Hon. Sakimba Parashina Samwel, MP
Kajiado South Constituency
ODM Party

Hon. Wanaina Antony Njoroge, MP
Kieni Constituency
UDA Party

Hon. Waithaka John Machua
Kiambu Constituency
UDA Party

1.4 Committee Secretariat

14. The Committee is facilitated by the following members of staff;

Ms. Rose Mudibo, OGW
Senior Clerk Assistant /Head of Secretariat

Mr. Ellam Omuhinda
Clerk Assistant III

Ms. Everlyne Orina
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Loice Olesia
Fiscal Analyst III

Mr. Arkan Ali Mumin
Research Officer III

Ms. Priscilla Saidi
Research Officer III

Mr, Daniel Psirmoi
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Peris Kaburi
Senior Sergeant-At-Arms

Ms. Pauline Sifuma
Hansard Reporter

Ms. Wanja Mbuthi
Protocol Officer

1.5 Overview of the examination of the FY 2024/25 Supplementary I Budget Estimates

15. The Supplementary Estimates I for FY 2024/25 were submitted to the House on 12th July 2024 pursuant to Standing Order No. 243(2), and thereafter committed to relevant Departmental Committees for deliberation according to their respective mandates.
16. Following the tabling of the Supplementary Estimates I FY 2024/25, the Departmental Committee on Trade, Industry and Cooperatives held a briefing session with the Parliamentary Budget Office and subsequently held consultative meetings with the Ministries Departments and the Agencies within its mandate and on which it exercises oversight.

1.6 Acknowledgement

17. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Trade, State Department for Investment Promotion, State Department Industry, State Department for Micro Small and Medium Enterprises Development and the State Department for Cooperatives for the fruitful deliberations held with the Committee.
18. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation and commitment in the preparation of this report. It is therefore, my pleasant duty and privilege, to present this report before this Committee.

HON. JAMES GAKUYA, MP
CHAIRPERSON

(DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES)

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE FY 2024/25 SUPPLEMENTARY I BUDGET ESTIMATES

19. The FY 2024/25 Supplementary Estimates I proposes to decrease the approved budget by Kshs. 121.78 billion a 3.1 percent decrease on account of a net decrease in national government ministerial expenditure, the Consolidated Fund Services is however proposed to increase as shown in table 1.
20. The national government's gross ministerial expenditure (excluding Consolidated Fund Services and county allocation) is cumulatively proposed to decrease by Kshs. 156.39 billion (-6.6%) in comparison with the FY 2024/25 approved ministerial budget estimates.
21. The proposed decline in expenditure is majorly on account of development expenditure which is proposed to decline by Kshs. 122.35 billion (-16.4%) on the net funding from the exchequer. On the other hand, recurrent expenditure is proposed to decline by Kshs. 34.04 billion (-2.1%), similarly, the decline is a downward adjustment on the net exchequer funding.
22. Consolidated Fund Services whose allocation caters for interest payments, pensions and salaries for Independent Offices and Commissions has a proposed increase of Kshs. 23.78 billion (2%) on account of previous carryovers for pensions. The county equitable share is also proposed to increase on account of carryovers as shown in table 1.

Table 1: Overall supplementary changes in the FY 2024/25 Budget Estimates

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation	Percentage Deviation
			Ksh. Million	Ksh. Million	Ksh. Million	%
1	National Government	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*(34,047.53)*	*-2.1%*
		Development	*746,335.91*	*623,984.67*	*(122,351.24)*	*-16.4%*
		Total	*2,378,432.51*	*2,222,033.75*	*(156,398.76)*	*-6.6%*
	o/w Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*-2.0%*
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*-16.2%*
		Total	*2,309,194.21*	*2,158,070.73*	*(151,123.48)*	*-6.5%*
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*-6.3%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*-50.0%*
		Total	*44,598.00*	*40,865.50*	*(3,732.50)*	*-8.4%*
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*-3.2%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*-50.0%*
		Total	*24,640.30*	*23,097.52*	*(1,542.78)*	*-6.3%*
2	Consolidated Fund Services		1,213,453.00	1,237,233.80	23,780.80	2.0%
3	County Equitable Share		400,117.00	410,951.00	10,834.00	2.7%
Total (1+2+3)			3,992,002.51	3,870,218.55	(121,783.96)	-3.1%

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

23. In considering the FY 2024/25 Supplementary I Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held consultative meetings with the Ministries, State Departments and Agencies under its purview and on which it exercises oversight.

3.1 Vote 1173: State Department for Cooperatives

24. The approved recurrent budget for the State Department for Cooperatives in FY 2024/25, is Kshs. 5,734.18 million. The total allocation under Supplementary I is Kshs. 7,709.70 which translates to an additional amount of Kshs. 1,975.52 million. The total approved development budget for the State Department for the FY 2024/25 is Kshs. 2,346.77 million. The total allocation under Supplementary I is Kshs. 2,000 million, translating to a budgetary cut of Kshs. 346.77 million.
25. The State Department submitted the impact of the supplementary budget on recurrent expenditure as shown in table 2.

Table 2: Impact of the Supplementary Budget on recurrent expenditure for the State Department for Cooperatives

S/NO	Budget item	% reduction	Amount in Kshs.	Remarks
1.	Communication, Supplies and Services	20%	640,189	It will affect the provision of airtime to officers and internet.
2.	Domestic Travel and Subsistence, and Other Transportation Costs	50%	11,044,958	The officers will not be able to travel outside Nairobi to carry out capacity building activities planned under **BETA**
3.	Training Expenses	20%	2,419,038	Officers will not be able to undertake promotional courses.
4.	Hospitality Supplies and Services	50%	9,214,350	This will affect provision of conference facilities for workshops and trainings
5.	Other Operating Expenses	50%	642,115	
6.	Routine Maintenance - Other Assets	50%	58,125	
7.	Purchase of Office Furniture and General Equipment	50%	456,043	This will affect acquisition of office furniture to replace the broken ones
Total			**24,474,818**	

26. The State Department further submitted the impact of the supplementary budget on development expenditure as shown in table 3.

Table 3: Impact of the Supplementary Budget on development expenditure for the State Department for Cooperatives

Project Title	Approved Budget 2024/25 (Kshs.)	Supplementary Estimates No.I (Kshs.)	Budget Cuts (Kshs.)	Remarks
PAVI Cotton Farmers Cooperative Society	81,920,000	-	(81,920,000)	Due to the 100% budget cuts of **Kshs 81.92 million**, the project will stall and the existing pending certificate of **KSH.65Million** incurred in the FY 2023/24 will attract litigation issues with the contractor. In order to avoid this scenario, we appeal to this committee to allocate **Kshs. 300** million to complete the project and to clear the pending certificates.
Luanda Cotton Cooperative Society	14,850,000	-	(14,850,000)	Project completion status is at **90%**. We require **Kshs. 14.85** million to install the balling press and the conveyor belt for the ginnery. This however will not be implemented due to 100% budget cuts.
Construction of Milk Factory-Narok	250,000,000		(250,000,000)	Project cannot be implemented due to 100% budget cuts. This is part of the presidential directive initiatives and implementation was scheduled to commence as soon as possible.
Cooperative Management Information System (CMIS)	NIL	-	-	Non-provision of funds will affect the ongoing automation of CMIS hence cripple online access of cooperative services making the cost of doing business much higher.
Total Change			**(346,770,000)**	

3.2 Vote 1174: State Department for Trade

27. In The total gross approved budget estimates for the State Department for Trade is proposed to decrease by Kshs. 526.6 million (-14.6%) from Kshs. 3.59 billion to Kshs. 3.07 billion. The decrease is on account of a decrease by Kshs. 500 million in development expenditure, which is the entire development expenditure allocation for FY 2024/25. The recurrent expenditure is proposed to decline by Kshs. 26.6 million from Kshs. 3.09 billion to Kshs. 3.07 billion.
28. The State Department submitted the impact of the supplementary budget on recurrent expenditure as shown in table 4.

Table 4: Impact of the Supplementary Budget on recurrent expenditure for the State Department for Trade

Item	Printed Estimates FY 2024/25(Kshs Million)	FY 2024/25 Supplementary 1 (Kshs Million)	Budget Change (Kshs Million)	Remarks
Total Recurrent Budget	3,098.36	3,071.74	(26.62)	
AIA	1,621.59	1,621.59	0	Weights & Measures ; 30 million, KEPROBA – 15 million, KNTC – 1,576.59 million.
NET	**1,476.77**	**1,450.15**	**(26.62)**	
Less				
Transfer to SAGAS (funded through exchequer)	414.43	414.43	0	

Item	Printed Estimates FY 2024/25(Kshs Million)	FY 2024/25 Supplementary 1 (Kshs Million)	Budget Change (Kshs Million)	Remarks
Compensation to employees (Including FSA Allocation)	613.38	613.38	0	
Rent	126.98	126.98	0	
BETA Value Addition	135.68	119.98	(15.7)	Budget cuts
AIEs to Foreign Service Mission	301.12(other O&M 114.51)	301.12(other O&M 114.51)		FSA – 186.61 million, Other O&M – 114.51 million.
Contracted Guards and cleaning Services	8.0	8.0		
Utilities (Hqs)	5.11	5.11		
Balance for Operations and Maintenance budget (Headquarter)	58.68(Exchequer) 30 (AIA)	47.76	(10.92)	Budget cuts

29. The State Department submitted the impact of the supplementary budget on development expenditure as shown in table 5. It was submitted that KOMEX requires Kshs. 500 million as a conditional requirement to unlock funding from the private sector amounting to Kshs. 1.5 billion for the establishment of a commodities exchange platform. The budgetary cut will delay the implementation of this project.

Table 5: Impact of the Supplementary Budget on development expenditure for the State Department for Trade

Project Name	FY 2024/25 Printed Estimates (Kshs Million)	FY 2024/25 Supplementary 1 (Kshs Million)
Establishment of Commodities Exchange Platform.	500	0
Net	**500**	**0**

3.3 Vote 1175: State Department for Industry

30. The total gross approved budget for the State Department for Industry is proposed to decrease by Kshs. 2.03 billion (-24.2%) from Kshs. 8.43 billion to Kshs. 6.40 billion. The decrease is on account of a Kshs. 2.02 billion decrease in development expenditure from Kshs. 6.36 billion to Kshs. 4.34 billion. Recurrent expenditure is proposed to decrease by Kshs. 15.4 million from Kshs. 2.07 billion to Kshs. 2.05 billion.
31. The State Department submitted the impact of the supplementary budget on recurrent expenditure as shown in table 6. The budgetary cut of Kshs. 15.6 million is on communication supplies and services, domestic travel, foreign travel and hospitality supplies.

Table 6: Impact of the Supplementary Budget on recurrent expenditure for the State Department for Industry

Economic Classification	2024/25 Approved Estimates	2024/25 Revised Estimates Supp 1	Variance 2024/25
Gross	2,072.9	2,057.3	15.6
AIA	439	439	0
NET	**1,633.9**	**1,618.3**	**15.6**
Compensation to employees	413	413	0
Transfers, Grants and subscriptions	1,272.5	1,272.5	0
Other recurrent	**387.4**	**371.8**	**15.6**

32. The State Department submitted the impact of the supplementary budget on development expenditure as shown in table 7. The State Department submitted that the budgetary cuts will delay project implementation. Notably, the State Department implements BETA projects which are a priority of the government.

Table 7: Impact of the Supplementary Budget on development expenditure for the State Department for Industry

Project name	FY 2024/25 Gross Approved Estimates	FY 2024/25 Supplementary 1 Changes	FY 2024/25 Revised Estimates
Construction of Industrial Research Laboratories - KIRDI South B-BETA	119,940,000	-119,940,000	-
Modernisation of RIVATEX-BETA	47,160,000	-47,160,000	-
Infrastructure and civil works Development - KITI-BETA	80,800,000	-80,800,000	-
Cotton Development (RIVATEX) - Subsidy and Extension Support-BETA	55,000,000	-55,000,000	-
Kenya Industry and Entreprenuership Project-BETA	1,343,870,000		1,343,870,000
One Village One Product (OVOP)	40,000,000	-40,000,000	-
Enhancement of the Accreditation Programme in Kenya - KENAS-BETA	80,000,000	-80,000,000	-
Establishment of County Integrated Agro-Industrial Parks-BETA	4,600,000,000	-1,600,000,000	3,000,000,000
Total	**6,366,770,000**	**-2,022,900,000**	**4,343,870,000**

3.4 Vote 1176: State Department for MSMEs Development

33. The total gross approved budget for the State Department for MSMEs Development is proposed to decrease by Kshs. 2.47 billion (-26.5%) from Kshs. 9.36 billion to Kshs. 6.88 billion. Development expenditure is proposed to decline by Kshs. 2.4 billion from Kshs. 7.8 billion to Kshs. 5.4 billion, while recurrent expenditure is proposed to decrease by Kshs. 79.1 million from Kshs. 1.56 billion to Kshs. 1.48 billion.

34. The State Department submitted the impact of the supplementary budget on recurrent expenditure as shown in table 8. The State Department submitted that cumulatively the budgetary cuts in recurrent expenditure will effectively cripple the operations of the State Department and adversely affect the State Department's ability to achieve its mandate.

Table 8: Impact of the Supplementary Budget on recurrent expenditure for the State Department for MSMEs Development

S.NO	Item	Approved Estimates in Kshs.	Revised Estimates Kshs.	Difference
1	Communication, Supplies and Services	10,010,000	8,008,000	-2,002,000
2	Domestic Travel and Subsistence, and Other Transportation Costs	70,687,500	35,343,750	35,343,750
3	Training Expenses	34,830,000	27,864,000	-6,966,000
4	Hospitality Supplies and Services	29,150,000	14,575,000	-14,575,000
5	Other Operating Expense	21,940,000	19,880,000	-2,060,000
6	Purchase of Office Furniture and General Equipment	18,225,000		18,225,000
	Total			**79,171,750**

35. The State Department submitted the impact of the supplementary budget on development expenditure as shown in table 9.

Table 9: Impact of the Supplementary Budget on development expenditure for the State Department for MSMEs Development

Project name	Approved Estimates for FY 2024/2025 in Kshs.	Supp 1 for FY 2024/2025 in Kshs.	Change in Estimates	Remarks
Construction of Constituency Industrial Dev. Centres (CIDCs)-BETA	120,340,000	0	(120,340,000)	The budgetary cut will delay the operationalization of CIDCs and realization of the intended goals.
Provision of Finances to SMEs in the Manufacturing Sector - KIE-BETA	80,000,000	0	(80,000,000)	The budget cut will greatly reduce the number of jobs created in the value chains.
Financial Inclusion Fund (Hustler Fund)-BETA	5,000,000,000	3,000,000,000	(2,000,000,000)	This will significantly reduce accessibility of affordable credit to the unserved and under-served persons in the society.
Youth Employment and Enterprise Initiative-BETA	200,000,000	0	(200,000,000)	This will affect the facilitation of Constituency Uwezo Fund Management Committees and Disbursement of loans to Women, Youth and Persons with Disabilities
TOTAL	**7,802,840,000**	**5,402,500,000**	**(2,400,340,000)**	

3.5 Vote 1177: State Department for Investment Promotion

36. The total gross approved expenditure for the State Department for Investment Promotion has a proposed decrease of Kshs. 1.79 billion (-38%) from Kshs. 4.71 billion to Kshs. 2.92 billion. The decrease is on account of a Kshs. 1.74 billion proposed decrease in development expenditure from Kshs. 3.60 billion to Kshs. 1.86 billion while recurrent expenditure has a proposed decrease of Kshs. 44.9 million from Kshs. 1.11 billion to Kshs. 1.06 billion.
37. The State Department submitted the impact of the supplementary budget on recurrent expenditure as shown in table 10. The budgetary cuts are majorly on domestic and foreign travel as well as in acquisition of nonfinancial assets.

Table 10: Impact of the Supplementary Budget on recurrent expenditure for the State Department for Investment Promotion

Budget Item	Printed Estimates 2024/2025	Supplementary I Estimates 2024/2025	Effect of Supplementary I
Compensation of Employees	153,590,000	153,590,000	-
Communication, Supplies and Services	2,632,508	2,106,007	-526,501
Domestic Travel and Subsistence, and Other Transportation Costs	38,034,310	19,017,157	-19,017,153
Foreign Travel and Subsistence, and other transportation costs	26,773,423	21,418,738	-5,354,685
Printing, Advertising and Information Supplies and Services	5,536,857	5,536,857	-
Rentals of Produced Assets	40,000,000	40,000,000	-
Training Expenses	12,614,735	10,091,789	-2,522,946
Hospitality Supplies and Services	9,441,530	4,720,762	-4,720,768

Budget Item	Printed Estimates 2024/2025	Supplementary I Estimates 2024/2025	Effect of Supplementary I
Specialized Materials and Supplies	2,237,677	2,237,677	-
Office and General Supplies and Services	4,539,785	4,539,785	-
Fuel Oil and Lubricants	3,978,341	3,978,341	-
Other Operating Expenses	12,748,831	10,381,975	-2,366,856
Routine Maintenance - Vehicles and Other Transport Equipment	2,193,459	2,193,459	-
Routine Maintenance	1,798,849	1,288,584	-510,265
Grants and Other Transfers	275,880,000	275,880,000	-
Acquisition of Non-Financial Assets	11,613,609	1,705,290	-9,908,319
Total	**603,613,914**	**558,686,421**	**-44,927,493**

38. The State Department submitted the impact of the supplementary budget on development expenditure as shown in table 11. The budgetary cuts will delay the implementation of projects at Special Economic Zones in Naivasha, Development of Athi River Textile Hub and the establishment of a one stop center by Keninvest.

Table 11: Impact of the Supplementary Budget on development expenditure for the State Department for Investment Promotion

Project head	Approved Estimates 2024/2025	Supplementary I Estimates 2024/2025	Effect of Supplementary I
Development of Special Economic Zones- BETA.	440,000,000	-	-440,000,000
Development of Athi River Textile Hub - EPZA	60,000,000	-	-60,000,000
Construction of Investor Sheds - EPZA	1,140,000,000	-	-1,140,000,000
Flagship Export Processing Zone Hubs - EPZ			
Sagana EPZ Hub	310,000,000	310,000,000	-
Del Monte EPZ Hub	310,000,000	310,000,000	-
Egerton Industrial Park EPZ Hub	310,000,000	310,000,000	-
Nasewa EPZ Hub	310,000,000	310,000,000	-
Eldoret ICDC Industrial Park EPZ Hub	310,000,000	310,000,000	-
Samburu (Kwale) Industrial Park EPZ Hub	310,000,000	310,000,000	-
Total- EPZA	**3,060,000,000**	**1,860,000,000**	**-1,200,000,000**
1177100301 Establishment of One Stop Centre (OSC) for Investment and Office part – Keninvest	80,000,000	-	-80,000,000
1177100302 Central Repository & Complaint Handling Single Window – Keninvest	25,430,000	-	-25,430,000
Total	**3,605,430,000**	**1,860,000,000**	**-1,745,430,000**

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 General observations

39. The Committee observed that the budgetary cuts across the State Departments within the mandate of the Committee, will delay project implementation and this is likely to affect the achievement of the desired outcomes.
40. The Committee further observed that delays in exchequer disbursements delay budget implementation. The Committee noted that, it is highly likely that National Treasury over-projects its revenues which is evidenced by its missed targets.

4.2 State Department for Cooperatives

41. The Committee observed that the State Department has an allocation of Kshs. 2 billion for waivers of debt owed by coffee farmers to financial institutions. The debt waiver was approved by Cabinet and the debt owed at the time of Cabinet approval, was assessed to be Kshs. 6.8 billion.
42. The Committee observed that due to lack of exchequer releases, New KPCU was unable to modernize its warehouses as planned despite an allocation of Kshs. 350 million to modernize its warehouses in FY 2023/24. New KPCU is a key agency in the coffee reforms, which place it as a link between coffee farmers and international markets. The agency urgently requires to be modernized to be able to meet international standards requirements. For instance, some of its warehouses still have asbestos roofing which is hazardous to human health.
43. The Committee further observed that, New KPCU had a budgetary allocation of Kshs. 4 billion in FY 2023/24, for the Coffee Cherry Fund which sought to cater for the upscaling of payments to coffee farmers from Kshs. 40 to Kshs. 80 per kg of cherry. The Committee observed that, the agency only received Kshs. 500 million from the exchequer and this hindered the agency from meeting the Kshs. 80 as payment to most of the coffee farmers.

44. The Committee observed that there is public outcry from farmers who have not received payment for the milk supplied to New KCC. The agency received an allocation of Kshs. 500 million in FY 2022/23, Kshs. 1.5 billion in FY 2023/24 and it is proposed to receive Kshs. 1.5 billion in FY 2024/25 for the mop up of excess milk. The State Department submitted that during glut, there is an increase in milk supply by 30% which is converted into milk powder. The powder is however stored as inventory awaiting sales. It was also submitted that the processing expenses incurred in mopping up excess milk in the market and drying it are significant, raising its production overheads. The State Department submitted that, there is an ongoing audit on the issue of payment to coffee farmers which will be complete by the end of July 2024.

4.3 State Department for Trade

45. The State Department submitted that it intends to recall trade attaches to allow the Ministry to restructure the implementation of the progamme. It was submitted that as it is, the programme is not achieving value for money and it is unlikely to achieve its desires impact. The State Department submitted that it intends to undertake this within six months.
46. The Committee noted that the Weights and Measures department requires Kshs. 900 million cumulatively to modernize its laboratories. The modernized laboratories will enable the agency to verify utility and water meters across the country. These meters are imported into the country and currently, there is no mode for verification. It was also noted that given Kshs. 300 million in FY 2024/25, the department will be able to begin the modernization process.
47. It was noted that, KOMEX has a proposed capital injection from the private sector amounting to Kshs. 1.5 billion as conditional funding for setting up a multicommodity exchange platform for trading of commodities. The agreement between the private sector and KOMEX is that KOMEX should raise Kshs. 500 million as funding from the government.

4.4 State Department for Industry

48. The Committee noted that the State Department for Industry is currently involved in distributing cotton seeds to farmers. However, it was observed that the partnership between the State Department and County Governments to conduct this distribution has not been effective. The Committee emphasized that the Principal Secretary should review the distribution process, since delays in distribution negatively affect the timely production of cotton which is a raw material for the textile industry in Kenya.
49. The Committee noted that there are semiautonomous government agencies which are likely to have shortfalls in personnel emoluments in FY 2024/25 on account of budget rationalization. These agencies include: Numerical Machine Complex by Kshs. 148 million, Kenya Accreditation Services by Kshs. 122 million, Anti Counterfeit Authority by Kshs. 56.7 million and RIVATEX by Kshs. 47 million.
50. The Committee observed that, RIVATEX has been operating on losses and this is attributable to lack of raw materials which makes the entity import cotton at higher prices as well as high cost of power contributing to high production costs. It was further noted that its machinery and equipment which amount to Kshs. 6 billion are operating at 50 percent capacity.
51. It was noted that County Aggregation Industrial Parks (CAIPs), had an allocation of Kshs. 4.5 billion in FY 2023/24 however the project only received Kshs. 1.125 billion from the national government. As a result, each of the 18 CAIPs only received Kshs. 62.5 million. The State Department submitted that it intends to amend the conditional grants framework such that it will focus on the completion of the first 18 CAIPs. Notably, the FY 2024/25 Supplementary Budget proposes to reduce the allocation from Kshs. 4.5 billion to Kshs. 3 billion with a target of constructing 12 CAIPs.

4.5 State Department for MSMEs Development

52. The State Department submitted the progress on the Hustlers Fund as follows: it was submitted that the cumulative amount disbursed is Kshs. 54.7 billion as at 16th July 2024

and the total repayment amounted to Kshs. 42.7 billion. The short-term savings were reported to be Kshs. 707.7 million while the long-term savings are Kshs. 2.39 billion.

53. It was further submitted that Kenya Industrial Estate is revolving at Kshs. 1.1 billion in issuing loans to MSMEs in the manufacturing sector at an interest rate of 10 percent and the repayment rate is 93 percent. KIE had an allocation of Kshs. 80 million in FY 2024/25, however the allocation was rationalized downwards entirely such that the entity will rely on its AiA for loans disbursements.
54. The Committee noted that the Kenya Jobs Economic Transformation (KJET) with an allocation of Kshs. 1 billion, is a donor funded project which seeks to conduct capacity building for MSMEs with the aim of expansion of MSMEs. It was observed that capacity building of MSMEs is not sufficient to enable their growth and expansion. There are other factors that influence the success of MSMEs and there is need for linkages in solutions towards MSMEs expansion, across their life cycle.

4.6 State Department for Investment Promotion

55. The Committee observed that EPZ had an allocation of Kshs. 2.4 billion in FY 2023/24 for the six flagship projects however, only Kshs. 300 million was disbursed from the exchequer. It was noted that, initially, the six flagship projects were costed at Kshs. 1 billion each, however, the drawing plans were revised to Kshs. 500 million each. Delays in exchequer have slowed down the implementation of four flagship projects which had already commenced. The four are in Murang'a, Kirinyaga, Eldoret and Busia counties. Additionally, the project has an allocation of Kshs. 1.86 billion in FY 2024/25.
56. The Committee noted that, Kenya Development Corporation (KDC) accumulated loans amounting to Kshs. 1.8 billion with accumulated interest of Kshs. 31 billion from 1960 to 2008 that resulted from the merger with ICDC. The current loan book however, is of Kshs. 7 billion with loans issued in the past two years amounting to Kshs. 2.9 billion.
57. The Committee noted that the construction of investor sheds at EPZ Athi River had an allocation of Kshs. 1.1 billion in FY 2024/25 which was rationalized downwards entirely

in the Supplementary Budget. The Committee advised that the agency should consider leasing the available land for investors to construct the sheds.

58. It was noted that the Kenya Jobs Economic Transformation is a donor funded project by the World Bank with three components implemented by the State Department for MSMEs Development and the State Department for Investment Promotion. The Committee observed that component 3 which seeks to facilitate the issue of green financing to MSMEs amounting to Kshs. 1.5 billion under Kenya Development Corporation and Kshs. 140 million for facilitation of an enabling business environment by Keninvest under component 1, have not been included in the budget estimates.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations

5.1.1 Committee reallocations

5.1.1.1 Proposed Committee reductions in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	Dairy Processing (Powdered Milk)		1,500		**(500)**		1,000	A decrease of Kshs. 500 million from the mop up of excess milk from farmers by New KCC. The project has an allocation of Kshs. 1.5 billion, it will therefore have a revised allocation of Kshs. 1 billion. The funds have been reallocation to fund critical development expenditure.
	Modernization of New KCC Milk Factories		500		**(500)**		-	A decrease of Kshs. 500 million from the modernization of New KCC. Kshs. 250 million has been reallocated for the construction of Narok New KCC. In FY 2022/23, the agency submitted that the allocation it received for modernization amounting to Kshs. 200 million, was sufficient. The Committee therefore reallocated the funds to fund other key priority development projects.
Vote 1176: State Department for MSMEs Development								
Digitization and Financial Inclusion for MSMEs	Financial Inclusion Fund		3,000		**(1,000)**		2,000	A decrease of Kshs. 1 billion from the Financial Inclusion Fund. The funds have been reallocation to fund critical development expenditure. The fund is a revolving fund and it has issued loans

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
	(Hustlers Fund)							of up to Kshs. 54.7 billion as at 16th July 2024 against a cumulatively allocation of Kshs. 12.5 billion from the exchequer.
Vote 1177: State Department for Investment Promotion								
Investment Development and Promotion	Keninvest	237.8		**(25.4)**		212.4		A decrease of Kshs. 25.4 million from the recurrent allocation to Keninvest.
Total Committee Reductions					**(2,025.4)**			

5.1.1.2 Proposed Committee increases in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	Modernization of Cooperative Cotton Gineries		-		**120**		120	An increase of Kshs. 100 million for the completion of Pavi Cotton Ginnery and Kshs. 20 million for the completion of Luanda Cotton Ginnery.
	Construction of Milk Factory - Narok		-		**250**		250	An increase of Kshs. 250 million for the construction of a milk factory in Narok.
	New KPCU warehouses		-		**350**		350	An increase of Kshs. 350 million for the modernization of New KPCU warehouses to upgrade them to international standards following coffee reforms.
Vote 1174: State Department for Trade								
International Trade Development and Promotion	Establishment of commodities exchange platform – KOMEX		-		**300**		300	An increase of Kshs. 300 million as part of a Kshs. 500 million conditional funding requirement. This will unlock funding from the private sector amounting to Kshs. 1.5 billion for the establishment of a commodities exchange platform.
Vote 1175: State Department for Industry								
Industrial Promotion and Development	Kenya Industrial Training Institute (KITI)	238.3	-	**15**	-	253.3	-	An increase of Kshs. 15 million for KITI, for the enhancement of funding for the accommodation of students at the institute. The institute offers industrial training skills to the enrolled students.

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
	One Village One Product (OVOP)		-		70		70	An increase of Kshs. 70 million for OVOP to cater for machinery and equipment as grants for the youth with the aim of promoting small scale industries.
	Modernization of RIVATEX		-		46		46	An increase of Kshs. 46 million comprising of Kshs. 11 million for Lusigetti Apparels and Value Addition Center, Kshs. 10 millon for Kieni Value Addition Center and Kshs. 25 million for Nyando Value Addition Center, with the aim of job creation once the value addition centers are complete.
	Cotton Development (RIVATEX) - Subsidy and Extension Support		-		10		10	An increase of Kshs. 10 million for the cotton subsidy program, to cater for the support to farmers, for cotton production which is a raw material for RIVATEX. RIVATEX is experiencing shortages in raw materials resulting to its importation.
	Numerical Machine Complex (NMC)		-		50		50	An increase of Kshs. 50 million in development expenditure to cater for machinery at NMC.
Standards & Quality Infrastructure & Research	Kenya Accreditation Services (KENAS)	224.8	-	40	40	264.8	40	An increase of Kshs. 40 million in recurrent expenditure for KENAS to cater for personnel emolument shortfalls and an increase of Kshs. 40 million in the development expenditure, for the enhancement of the accreditation programe.
	Kenya Industry and Entreprenuership Project (KIEP)		1,343.8		70		1,413.8	An increase of Kshs. 70 million as counterpart funding for KIEP project which is a donor funded project.

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1176: State Department for MSMEs Development								
Promotion and Development of MSMEs	Construction of Constituency Industrial Dev. Centres (CIDCs)		-		**114.4**		114.4	An increase of Kshs. 114.4 million for the completion and equipping of CIDCs.
Digitization and Financial Inclusion for MSMEs	Youth Employment and Enterprise Initiative (Uwezo Fund)		-		**300**		300	An increase of Kshs. 300 million for Uwezo Fund to enhance funding for the 290 constituencies.
Vote 1177: State Department for Investment Promotion								
Investment Development and Promotion	EPZ flagship projects		1,860		**200**		2,060	An Increase of Kshs. 200 million as an enhancement, for the completion of four ongoing flagship EPZ projects in Murang'a, Kirinyaga, Eldoret and Busia.
	Export Processing Zones Authority	475		**50**		525		An increase of Kshs. 50 million in the recurrent expenditure for EPZA.
Total Committee Increases				**105**	**1,920.4**			

5.1.2 Request for inclusion of donor funding in the FY 2024/25 Supplementary Budget Estimates

Programme	Head/ Delivery Unit	FY 2024/25 Printed Estimates		Proposed Committee Changes		Committee Revised FY 2024/25 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1177: State Department for Investment Promotion								
Investment Development and Promotion and Management	Kenya Development Corporation – KJET component 3		-		**1,500**		1,500	An increase of Kshs. 1.5 billion for the implementation of KJET component 3 by KDC. The allocation was not included in the FY 2024/25 Budget Estimates.
	Keninvest – KJET component 1		-		**140**		140	An increase of Kshs. 140 million for the implementation of the KJET component 1 by Keninvest. The allocation was not included in the FY 2024/25 Budget Estimates.
Vote 1176: State Department for MSMEs Development								
Promotion and Development of MSMEs	National Youth Towards Advancement (NYOTA)		1,240		**300**		1,540	An increase of Kshs. 300 million for the NYOTA donor funding from World Bank. The State Department for MSMEs Development is one of the implementing departments for the project. The project targets to issue grants to the youth to start businesses. The Kshs. 300 million is its M & E component to assess the impact of the catalytic funds.
					1,940			

HON. JAMES GAKUYA, MP
CHAIRPERSON

(DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES)

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/2025 SUPPLEMENTARY I FOR:

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

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

JULY, 2024

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CHAIRPERSON'S FOREWORD

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

The Financial Year 2024/25 Supplementary Estimates I were submitted to the National Assembly for approval on 12th July, 2024 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders and pursuant to Article 223 of the Constitution and section 21 of the Public Finance Management Act, 2012.

The Departmental Committee on Transport and Infrastructure held two (2) meetings to consider the Supplementary Estimates. The meetings with the spending agencies were held on 17th July, 2024 after which the Committee compiled its report for submission to the Budget and Appropriations Committee.

The report contains the discussions, observations and recommendations of the Committee as regards to the Financial Year 2024/25 Supplementary Estimates I for all the votes as well as SAGAs under its oversight. The Budget and Appropriations Committee is expected to consider the Committee's observations and recommendations and make part of its final consolidated report to be tabled in the House.

During consideration of the Supplementary Estimates the Committee observed that the reduction of **Kshs.14.105 billion** to the State Department for Roads from the Net GoK component of the development budget will impact negatively on project implementation by, among others; Continued Accumulation of pending bills as well as delayed Project Implementation leading to escalation of projects cost than originally conceived owing to passage of time. The Committee also observed that an allocation of Kshs 178 million for salaries for Bandari Maritime Academy staff was reduced to zero by The National Treasury during the formulation of the annual Estimates for the Financial year 2024/25. This will negatively affect the operations of the Academy given that government has also effected fee reduction for courses offered leading to further under collection of AIA necessary for provision of quality maritime education and training as well as payment of salaries.

The Committee therefore approves the revised Estimates for the State Department for Transport of **Kshs. 48,363 million;** the Committee also approves the revised Estimates for the State Department for Shipping and Maritime Affairs of **Kshs. 2,973 million.**

The Committee further approves the revised Estimates for the State Department for Roads of **Kshs. 184,841,950,736;** subject to a reduction of **Kshs. 2.5 billion** from the projects listed in **Annex I** for rationalization of the development budget and increase the same (Kshs. 2.5 billion) for critical roads interventions and low volume seal roads in urban areas.

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

PART I

1 PREFACE

1.1 Introduction

1. Supplementary Estimates are prepared pursuant to Article 223 and section 44 of the PFM Act, 2012 read together with regulations 40 of the PFM Act. The FY 2024/25 Supplementary Estimates I were submitted to the National Assembly for approval on 12th July, 20242 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders.

2. The revised estimates 1 for the financial year 2024/25 was necessitated by the withdrawal of the finance bill 2024 that created a financing gap of Kshs.344.3 billion and therefore the need for rationalization of the approved budget to cater for the resultant revenue shortfall.

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

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

   i. Vote 1091: State Department for Roads
   ii. Vote 1092: State Department for Transport
   iii. Vote 1093: State Department for Shipping and Maritime Affairs

1.2 Mandate of the Committee

5. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -

   i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
   ii. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
   iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
   iv. study and review all legislation referred to it;
   v. study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

viii. examine treaties, agreements and conventions;

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

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

xi. Examine any questions raised by Members on a matter within its mandate.

1.3 Committee Membership

6. The Committee membership comprises: -

The Hon. G.K George Kariuki, M.P – **Chairperson**
M.P for Ndia Constituency
United Democratic Alliance Party

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

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

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

The Hon. Francis, Kajwang' Tom Joseph, M.P.
M.P for RuarakaConstituency
Orange Democratic Movement Party

The Hon. Kiaraho, David Njuguna, M.P.
M.P for OlKalao Constituency
Jubilee Party

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

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

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

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

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

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

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

The Hon Saney Ibrahim Abdi, M P
M.P for Wajir North Constituency
United Democratic Alliance Party

The Hon. JhandaZaheer, M.P
M.P for Nyaribari Chache Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

7. The Committee secretariat comprises: -

Ms Tracy Chebet Koskei
Senior Clerk Assistant
Lead Clerk

Mr. Mohamednur M. Abdullahi
Clerk Assistant III

Mr. Eric Kariuki
Research Officer II

Mr Mabuti Mutua
Legal Counsel

Ms Faith Nkonge
Serjeant -at Arms II

Ms Clare Choper Doye
Clerk Assistant III

Mr. Yusuf Moge
Fiscal Analyst II

Ms. Rinha Saineye
Media Relations Officer

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY (NO. I) FOR THE FINANCIAL YEAR 2023/24

8. The overall change in the National Government ministerial budget from the approved estimates is a decrease of **Kshs. 156.38 billion** reflecting -6.6% decrease. The development expenditure reduces by **Kshs. 122.35 billion** whereas the recurrent expenditure decreases by Kshs. 34.04 billion.

9. The approved budget for Parliament reduces by **Kshs. 3.73 billion** comprising of **Kshs. 2.70 billion (-6.3%reduction)** from the recurrent budget and **Kshs. 1.03 billion** (-50% reduction) from the development budget.

10. The budget for the judiciary reduces by **Kshs. 1.54 billion** comprising of **Kshs.742 million** (-3.2% reduction) from the recurrent budget **and Kshs. 800 million** (-50% reduction) from development budget.

11. The Consolidated fund services increases by Kshs. 23.78 billion from the approved estimates for FY 2024/25 mainly on account of additional provisions for commuted pensions like gratuity for civil servants and the military.

2.1 Review of Supplementary Estimates 1 for 2024/25 by Vote

2.1.1 State Department for Roads

12. The Approved estimates for the State Department for Roads for the financial year 2024/25 have been revised downwards to Ksh.184.84billionfrom the gross approved estimates of Kshs198.962 billion reflecting an overall decrease of Kshs. 14.12 billion. The revised estimates comprise of Kshs. 72.72 billion for recurrent expenditure and Kshs. 112.77 billion for Development expenditure.

13. The State Department for Roads implements its projects and activities through one programme, Roads Transport. The approved allocations for programme have changed by -7%.

14. The recurrent expenditure decreases by Kshs. 15 million from the approved allocation of **Kshs. 72,087 million** to **Kshs. 72,072million** proposed through Supplementary Estimates I. The reductions are on account of budget rationalization touching on operations and maintenance mainly on travel, training and Hospitality, supplies and services among others.

15. Development: the development budget is proposed to reduce by Kshs.14.10 billion mainly on account of a reduction amounting to Kshs. 13.76 billion from a project called Critical Emergency Intervention Roads. As a result the expected rehabilitation of 800 KMs under this project has been reduced to zero.

2.1.2 State Department for Transport

16. The approved estimates for the State Department for Transport for the financial year 2024/25 is proposed to decline by **Kshs. 3.28 billion** from the **Kshs. 51.63 billion** in the approved estimates to **Kshs. 48.34 billion** in the proposed supplementary estimates I. The revised estimates consist of **Kshs. 16.34 billion** and **Kshs.32.01 billion** for Current and Capital expenditures respectively.

17. The recurrent expenditure declines by **Kshs. 61 million** on account of reductions touching on operations and maintenance mainly on travel, training and Hospitality, supplies and services among others.

18. The development expenditure decreases by **Kshs. 3.23 billion** mainly on account of budget rationalization affecting 23 projects. However, the review of the target are not commensurate with the revision of the approved budget against each project.

2.1.3 State Department for Shipping and Maritime Affairs

19. The approved budget for the State Department for shipping and Maritime is proposed to reduce by **Kshs. 621 million** from the gross approved budget of **Kshs. 3.59 billion** to **Kshs.2.97 billion**. The recurrent budget reduces by **Kshs. 47 million** whereas the development budget reduces by **Kshs.574 million**.
20. The reduction in recurrent budget affects operations and maintenance whereas the reduction from the development budget affects only one project called Survival Training Centre whose target has been reduced from the expected 50% to zero.

PART III
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

21. The Committee held meetings with all the State Departments under its purview, on Wednesday, 17th July, 2024 with regards to the Supplementary I for the FY 2024/25. The Submissions are as follows:

3.1 STATE DEPARTMENT FOR ROADS

22. The Principal Secretary for the **State Department for Roads, Eng. Joseph Mbugua CBS** while appearing before the Committee submitted a detailed project implementation Matrix (Annex 7 Column-P, Q & R) indicating 1st Revised Budget Project expenditure allocation per project including priority Bottom-Up Economic Transformation Agenda (BETA).

23. On the Overall Variation to the MDA approved 2024/2025 Estimates, the Principal Secretary submitted that the State Department has received an allocation of **Kshs.184.8 billion** in the Supplementary Estimates No.1 for Financial Year 2024/25 from the Printed Budget of **Kshs.198.9 billion** resulting to **Kshs.14.1 billion** reduction as detailed below;

Description	Printed Budget 2024/2025	1st Revised Budget 2024/2025	Change	% of Change
Recurrent	72,086,891,250	72,072,170,790	-14,720,460	0%
Development	126,875,096,825	112,769,779,946	-14,105,316,879	-11%
Gross	**198,961,988,075**	**184,841,950,736**	**-14,120,037,339**	-7%

24. He noted that the reduction on the Operations and Maintenance item for the Headquarters will negatively affect the State Departments role in coordination, Monitoring and Evaluation of projects as well as impact negatively in the small and medium size Enterprises.

25. On the expected impact of the Budget revisions on programme and project targets; the Principal Secretary submitted that the State Department Net GoK Exchequer Budget rationalization is **Kshs. 14.105 billion** in the Supplementary Estimates No.1 2024/25 reflecting a reduction of 21%.

26. The Principal Secretary stated that the reduction will negatively impact projected implementation into the following ways among others: continued accumulation of pending bills and resultant nugatory costs of interest charges and other claims; delayed Project Implementation leading to expensive projects than originally conceived owing to passage of time; commitment fee charges on Foreign Loans caused by Inadequate Counterpart provisions which impact negatively on loan component drawdown and loss of confidence in Government meeting its obligations.

27. The Principal Secretary also informed the Committee that the State Department in the FY 2023/24 received a total exchequer funding of **Kshs.37.2 billion** against a 2nd revised budget of **Kshs.59.6 billion** resulting to a 62% Funding. A total of **Kshs.22.4 billion** exchequer was not received. **This affected the State Department in the achievement of its program performance targets.**

28. The Committee was also informed that Road Agencies had a pending bills portfolio of **Kshs.166.76 billion** as at 30th June, 2024 chargeable to the Development Budget.

29. Notably, Land Compensation and relocation of services accounts for approximately 23% **(38.7 billion**) of the pending bills. The pending bills have resulted to slowed progress of works resulting into delayed project completion, interest and other claims, abandoned projects, expensive projects, reduced confidence in Government contracts among other negative issues.

30. In his Concluding remarks, the Principal Secretary appealed for additional Net GoK Budget allocation of **Kshs.150 billion** to the State Department within the Financial Year 2024/25.

3.2 STATE DEPARTMENT OF TRANSPORT

31. **The Principal Secretary for the State Department for Transport, Mr. Mohamed Daghar while appearing before the Committee** submitted that the FY2024/25 Supplementary No. I Budget Estimates for the State Department is **Kshs. 48,363 million** against the Printed Estimates of Kshs. **51,631 million.**

32. The proposed recurrent allocation is **Kshs. 16,356 million** which is a reduction from an approved recurrent budget of **Kshs. 16,398 million.** This allocation includes grants and transfers to SAGAs of **Kshs. 15,965 million.** The reduction is on account of operations and maintenance expenditures by **Kshs.42 million** for the State Department Headquarters.

33. **The Principal Secretary noted that** this reduction will affect the implementation of critical activities for achieving the mandate of the State Department including the BETA Agenda. He specifically noted that the State Department cannot attend to any international obligations including Air accident investigation missions which are very critical to the safety of the Country's airspace. Further, to open up the Country to the rest of the world, negotiations of transport instruments require reciprocal visits to Partner States.

34. Under the Development Budget, the FY2024/25 proposed Supplementary I Budget allocation is **Kshs. 32,007 million**, against the approved Budget Estimate of **Kshs. 35,234 million**, translating into a net reduction of **Kshs. 3,227 million**. This budgetary cut is entirely GoK and on projects fully funded by exchequer.

35. The Principal Secretary noted that with these cuts, the State Department will be unable to implement the ongoing projects which may lead to accrual of ligation costs.

36. On the expected impact of the budget revisions on programmes and projects, the Principal Secretary reiterated that following the huge budget cuts, the State Department cannot implement its mandate effectively.

37. He noted that the State Department investigates aircraft accidents and serious incidents in Kenya involving local and foreign aircraft. Additionally, the State Department participates in overseas investigations of accidents and serious incidents involving Kenyan-registered aircraft products, operators, or citizens. To meet international requirements, the State Department must establish a database compatible with the ICAO Accident/Incident Data Reporting (ADREP) system or the European Co-ordination Centre for Accident and Incident Reporting Systems (ECCAIRS), as well as the Air Accident Investigation Department Policy and Procedure Manual.

38. The reduction of **Kshs. 115 million** will therefore impact the implementation of the Air Accident Investigation system. Furthermore, the department cannot conduct international accident/incident air accident investigations due to a lack of allocation for foreign travel. Additionally, to open up the country to the rest of the world, negotiations of transport instruments require reciprocal visits to partner states which will be hindered by the lack of budgetary provision.

39. Mr. Daghar added that development of policies, legislation, and oversight activities will be affected, which will impact the effective implementation of critical programs and projects, including the Bottom-Up Transformation Agenda projects. Further, with a reduction of **Ksh. 3.2 billion** under development vote, the State Department will not be able to implement the ongoing projects to achieve the BETA.

40. The Principal Secretary while acknowledging the tough fiscal challenges facing the country at the moment however noted there is a minimum delivery level of services that that the State Department needs to maintain to continue being relevant to the country. To achieve this level of service he appealed for consideration of financing to the following areas: -

(1) Reinstatement and additional recurrent budget funding of **Ksh. 42.8 million** and **Ksh. 32.8 million** respectively to cater for operations and maintenance;

(2) Additional allocation of **Ksh. 15 million** for foreign travel to ensure that the Department of Air Accident Investigation continues to perform its mandate and to facilitate negotiations of regional and international transport instruments with Partner States;

(3) Reinstatement of **Kshs. 115 million** under development to continue implementing automation of Air Accident Investigation services to meet ICAO Accident/Incident Data

Reporting (ADREP) or The European Co-ordination Centre for Accident and Incident Reporting Systems (ECCAIRS) and Air Accident Investigation Department Policy and Procedure Manual requirements;

(4) Reinstatement of **Ksh. 90 million** under development budget for the refurbishment of the Transcom Building to replace the lifts that have reached their end of life and refurbishment of offices that are not in good condition;

(5) Budgetary provision of **Ksh. 35.3 million** and **Kshs.4.3 million** under recurrent and development budgets respectively to cater for carry overs from FY2023/24.

(6) Reinstatement of **Kshs.520.5 million** to facilitate implementation of the various ongoing development and rehabilitation of aerodromes across the country.

3.3 STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

41. **The Principal Secretary for the State Department for Shipping and Maritime Affairs, Mr. Geoffrey Kaituko** appeared before the Committee on Wednesday, 17th July, 2024.

42. The Principal Secretary submitted that the FY 2024/25 Supplementary Estimates I totals to **Kshs.2,973million** comprising of **KSh.2,223 million** for Recurrent Estimates and **KSh.750 million** under Development Estimates. This is against the printed Estimates of Kshs. **3,594 million and therefore the State Department is facing a reduction of Kshs. 621 million.**

43. On the expected impact of the revisions, the Principal Secretary submitted that the State Department's operations and maintenance will be greatly affected as the State Department is the chair of Maritime Security Committee as well as the Chair for the Sub-Committee on Strategy Development and Review. Budget revisions would affect the coordination of Committee meetings as well the development and finalization of the National Maritime Security Strategy which is a critical document meant to provide guidance on key maritime threats affecting Kenya's Maritime space.

44. Further, he State Department acquired additional office space at NSSF building. The place has been partitioned and ready for occupation. However, the allocation for the works has been revised to zero and therefore this will lead to a pending bill of about **Kshs. 17 million.**

45. Mr. Kaituko added that the total removal of the budgetary allocation of **Kshs. 574 million** to the construction of the Survival Training Centre at Bandari Maritime Academy will negatively affect the Academy's capacity to train human capacity for the blue economy in Kenya. Further the Bandari Maritime Academy will not be able to meet minimum International Standards of Training as set by the International Maritime Organization (IMO). It will also derail the State Department's efforts to take advantage of training opportunities that can further enhance its AiA/Revenue collection.

46. The Principal Secretary also informed the Committee that an allocation of **Kshs 178 million** for salaries for Bandari Maritime Academy staff was reduced to zero by The National Treasury. This will negatively affect the operations of the academy given that government has also effected fee reduction for courses offered. This will further lead to under collection of AIA/revenue necessary for provision of quality maritime education and training.

PART IV

4.0 COMMITTEE OBSERVATIONS

47. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

a) State Department for Roads

i. The Approved estimates for the State Department for Roads for the Financial Year 2024/25 have been revised downwards to **Ksh.184.84 billion** from the gross approved estimates of **Kshs.198.96 billion** reflecting an overall decrease of **Kshs. 14.12 billion**. The reductions account for 11.5% of the **Kshs.122.35 billion** overall ministerial development budget reduction.

ii. The recurrent expenditure decreases by **Kshs. 15 million** from the approved allocation of **Kshs. 72,087million** to **Kshs. 72,072 million** proposed through Supplementary Estimates I. The reductions are on the Operations and Maintenance item for the Headquarters which will negatively affect the State Department's role in coordination, Monitoring and Evaluation of projects. The reductions will also negatively impact the Small and Medium Size Enterprises.

iii. The reduction of **Kshs.14.105 billion** from the Net GoK component of the development budget will impact negatively on project implementation by, among others; Continued Accumulation of pending bills as well as delayed Project Implementation leading to escalation of projects cost than originally conceived owing to passage of time.

iv. That the State Department for Roads has accumulated pending bills amounting to **Kshs. 166. 76 billion** as at 30th June,2024 chargeable on its development budget. This leads to slowed progress of works resulting into delayed project completion, interest charges and other claims, among other negative issues on project implementation.

b) State Department for Transport

i. The approved Estimates for the State Department for Transport for the Financial Year 2025/25 have been revised downwards to **Kshs. 48.36 billion** in the Supplementary Estimates I from the gross approved Estimates of **Kshs. 51.63 billion**. The revised Estimates comprise of **Kshs. 16.356 billion** for recurrent expenditure and **Kshs. 32.007 billion** for Development expenditure.

(c) State Department for Shipping and Maritime Affairs

i. **The** approved allocations to the State Department for Shipping and Maritime Affairs has decreased by **Kshs. 621 million** from gross approved of **Kshs. 3. 594 billion** to **Kshs. 2.973 billion** in the FY 2024/25 Supplementary Estimates I on account of a reduction of Kshs. **574 million** from construction of Survival Training Centre under the Government Clearing Agency and a reduction of **Kshs. 47 million** from Operations and Maintenance.

ii. That an allocation of **Kshs 178 million** for salaries for Bandari Maritime Academy staff was reduced to zero by The National Treasury during the formulation of the annual Estimates for the Financial year 2024/25. This will negatively affect the operations of the Academy given that government has also effected fee reduction for courses offered leading to further under collection of AIA necessary for provision of quality maritime education and training as well as payment of salaries.

PART V

5.0 COMMITTEE RECOMMENDATIONS

56. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following recommendations:

(a) State Department for Roads

i. The Committee approves the revised Estimates of **Kshs. 184,841,950,736;** subject to the following reallocations;

1) Proposed reductions

i. Reduce **Kshs. 2.5 billion** from the projects listed in **Annex I** for rationalization of the development budget

2) Proposed Increases

i. Increase **Kshs. 2.5 billion** for critical roads interventions and low volume seal roads in urban areas.

(b) State Department for Transport

i. The Committee approves the revised Estimates of **Kshs. 48,363 million;**

(c) State Department for Shipping and Maritime Affairs

i. The Committee approves the revised estimates of **Kshs. 2,973 million.**

SIGNED _____ **DATE** 19.02.2024

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

Annex 1: Schedule of Reductions

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
1	E1091168259	Upgrading to bitumen Roads - E. Africa Portland Housing Scheme	195,000,000	- 20,000,000	175,000,000
2	E1091165001	Mombasa Road (DEVKI) - Kinanie Park/ Kinanie Leather Park	500,000,000	- 200,000,000	300,000,000
3	E1091169518	Land Comp: NUTRIP: James Gichuru junct-Rironi (Uhuru Highway) (26 km)	400,000,000	- 50,000,000	350,000,000
4	E1091169540	Land Compensation: Nairobi Western Bypass	170,000,000	- 10,000,000	160,000,000
5	E1091156701	Construction of Mau Mau Road Lot 1A (Kiambu)	145,000,000	- 10,000,000	135,000,000
6	E1091156801	Construction of Mau Mau Road Lot 1B (Kiambu)	145,000,000	- 10,000,000	135,000,000
7	E1091156901	Construction of Mau Mau Road Lot 2 (Muranga)	145,000,000	- 10,000,000	135,000,000
8	E1091157001	Construction of Mau Mau Road Lot 3 (Nyeri)	145,000,000	- 10,000,000	135,000,000
9	E1091126398	Habaswein Township Roads	140,000,000	- 10,000,000	130,000,000
10	E1091159401	Kigumo Town Roads	135,000,000	- 10,000,000	125,000,000
11	E1091161501	Nairobi ITS Establishment & Junctions Improvement Project II	125,000,000	- 10,000,000	115,000,000
12	E1091101306	NUTRIP- James Gichuru junction - Rironi (Uhuru Highway) (26 km)	120,000,000	- 10,000,000	110,000,000
13	E1091101204	KTSSP- Construction of Kisumu Boys - Mambo Leo Road	115,000,000	- 10,000,000	105,000,000
14	E1091101211	KTSSP- Interchange at Kericho Jn B1/C23	115,000,000	- 10,000,000	105,000,000
15	E1091120901	Garissa Municipality Roads	110,000,000	- 10,000,000	100,000,000
16	E1091163803	Lot 3:Chemilil-Muhoroni (Kipsitet) Road	107,639,466	- 10,000,000	97,639,466
17	E1091133996	Mau Mau Road Lot 2B	95,000,000	- 10,000,000	85,000,000
18	E1091169552	Land Comp: Mombasa - Mtwapa	95,000,000	- 10,000,000	85,000,000
19	E1091101207	KTSSP- Dualling Athi River - Machakos Turnoff Road	94,752,745	- 10,000,000	84,752,745
20	E1091152828	Kapenguria Township Roads	90,000,000	- 10,000,000	80,000,000
21	E1091121901	Waiyaki Way -Redhill Link Road	85,000,000	- 10,000,000	75,000,000
22	E1091123301	Nairobi Outering Roads	85,000,000	- 10,000,000	75,000,000
23	E1091124401	Suneka - Kiogoro By Pass, Kiogoro - Kegati By Pass, Nyakoe - Kegati	85,000,000	- 10,000,000	75,000,000
24	E1091152601	Kirinyaga Town Roads	85,000,000	- 10,000,000	75,000,000
25	E1091100301	Nuno-Modogashi Road.	80,000,000	- 7,000,000	73,000,000
26	E1091101206	KTSSP- Rehabilitation Webuye - Kitale Road	80,000,000	- 5,000,000	75,000,000

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
27	E1091150201	Lot 1: Moru Barpello-Tot Junction	80,000,000	- 5,000,000	75,000,000
28	E1091150202	Lot 2: Tot Junction-Chesogon-Kopasi River	80,000,000	- 5,000,000	75,000,000
29	E1091152901	Marsabit - Shegel (B7)	80,000,000	- 5,000,000	75,000,000
30	E1091164001	Shegel - Maikona and Maikona Spur Roads and Town Roads	80,000,000	- 5,000,000	75,000,000
31	E1091169521	Land Compensation: Kibwezi - Mutomo - Kitui Road (B7)	80,000,000	- 5,000,000	75,000,000
32	E1091169554	Land Comp: HoAGDP:Isiolo-Kula Mawe	80,000,000	- 5,000,000	75,000,000
33	E1091154901	Lungalunga-Kinango-Kwale (B92) DESIGN	78,042,593	- 5,000,000	73,042,593
34	E1091125601	Nyahururu By-Pass	75,000,000	- 5,000,000	70,000,000
35	E1091125901	Eastlands Roads Phase II	75,000,000	- 5,000,000	70,000,000
36	E1091126318	Mukowe Township roads - Lamu	75,000,000	- 5,000,000	70,000,000
37	E1091126397	Eldas Township Roads	75,000,000	- 5,000,000	70,000,000
38	E1091133798	Mandera Town Roads Phase II	75,000,000	- 5,000,000	70,000,000
39	E1091133852	Nakuru CBD Roads	75,000,000	- 5,000,000	70,000,000
40	E1091135467	SANKURI - BULLA - MADINA ROAD - GARISSA	75,000,000	- 5,000,000	70,000,000
41	E1091135487	Jomvu Kuu - Jitoni - Rabai	75,000,000	- 5,000,000	70,000,000
42	E1091135907	Upgrading of Tom-Mboya Road Kisumu	75,000,000	- 5,000,000	70,000,000
43	E1091143801	CONSTRUCTION OF VALLEY/NGONG/ NYERERE Rds INTERCHANGE & U-HILL/ H-SEL	75,000,000	- 5,000,000	70,000,000
44	E1091144101	KAJIADO ACCESS ROADS	75,000,000	- 5,000,000	70,000,000
45	E1091144501	NAROK TOWN ROADS	75,000,000	- 5,000,000	70,000,000
46	E1091146207	Rhino Park Access	75,000,000	- 5,000,000	70,000,000
47	E1091151701	Mlolongo - Athi river - Joska	75,000,000	- 5,000,000	70,000,000
48	E1091152101	Upgrading of Inner Core Estate Access Roads	75,000,000	- 5,000,000	70,000,000
49	E1091152853	Bute Township Road	75,000,000	- 5,000,000	70,000,000
50	E1091152854	Banisa Township Road	75,000,000	- 5,000,000	70,000,000
51	E1091152858	Marsabit Town Roads Phase I	75,000,000	- 5,000,000	70,000,000
52	E1091153225	Jnct B4 Berkley-Kwa Gitau-Moi Gate Loop	75,000,000	- 5,000,000	70,000,000

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
53	E1091153301	Construction of Meru Link Roads	75,000,000	- 5,000,000	70,000,000
54	E1091156001	Tartar Junction - Kamuino	75,000,000	- 5,000,000	70,000,000
55	E1091159801	Isiolo Town Roads	75,000,000	- 5,000,000	70,000,000
56	E1091164903	Access Roads to Ruai Housing Project	75,000,000	- 5,000,000	70,000,000
57	E1091164904	Access Roads to Mariguini Housing Project	75,000,000	- 5,000,000	70,000,000
58	E1091164908	Access Roads to East Africa Portland Cement Housing Project	75,000,000	- 5,000,000	70,000,000
59	E1091165001	Mombasa Road (DEVKI) - Kinanie Park/ Kinanie Leather Park	500,000,000	- 5,000,000	495,000,000
60	E1091124805	Land Compensation Eastern Bypass (NLC 2021)	70,384,258	- 5,000,000	65,384,258
61	E1091160901	Wikililye-Kathukini-Kwa Muli-Nzukini-mbumbuni	70,000,000	- 5,000,000	65,000,000
62	E1091135460	WAJIR BYPASS	65,000,000	- 5,000,000	60,000,000
63	E1091152001	Njabini - Kinyona	65,000,000	- 5,000,000	60,000,000
64	E1091101213	KTSSP- HQ Complex for Road subsector Institutions (Barbara Plaza)	60,000,000	- 5,000,000	55,000,000
65	E1091102603	Dualling of Mombasa - Mariakani Road (Lot 2: Kwa Jomvu - Mariakani)	60,000,000	- 5,000,000	55,000,000
66	E1091118202	Land Compensation: Lanet- Njoro Turn Off	60,000,000	- 5,000,000	55,000,000
67	E1091124801	Dualling of Nairobi Eastern Bypass	60,000,000	- 5,000,000	55,000,000
68	E1091125001	Nairobi Roads Rapid De-congestion Programme (Phase II) - Annex Of Jun	60,000,000	- 5,000,000	55,000,000
69	E1091134142	Nanyuki Town Roads/Likii Nturukuma	60,000,000	- 5,000,000	55,000,000
70	E1091140101	MPARD Package 2 - Mwache – Tsunza – Mteza	60,000,000	- 5,000,000	55,000,000
71	E1091140301	Ugunja-Ukwala-Ruambwa (C92)	60,000,000	- 5,000,000	55,000,000
72	E1091163701	Construction of Garissa-Isiolo(A10) Road to Gravel Standards	60,000,000	- 5,000,000	55,000,000
73	E1091163801	Lot 1: Mamboleo Junction(A1)-Miwani Road	65,000,000	- 5,000,000	60,000,000
74	E1091163802	Lot 2:Miwani-Chemilil Road	60,000,000	- 5,000,000	55,000,000
75	E1091115402	Lot 2 :Kisii-Ahero Section	58,051,577	- 5,000,000	53,051,577
76	E1091114501	Kibwezi - Mutomo - Kitui Road (B7)	57,000,000	- 5,000,000	52,000,000
77	E1091111801	Rangala-Siaya-Bondo Road	56,444,951	- 5,000,000	51,444,951
78	E1091117701	Stand Khisa-Khumsalaba Road	56,040,341	- 5,000,000	51,040,341

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
79	E1091125101	Dualing of Ngong Road Phase II (Adams Arcade - Ngong Town- Kiserian,	52,469,946	- 5,000,000	47,469,946
80	E1091101006	NCTIP- Rehabilitation of Kericho - Nyamasaria Road	52,000,000	- 5,000,000	47,000,000
81	E1091135902	Improvement of roads in Nyeri town	52,000,000	- 5,000,000	47,000,000
82	E1091152841	Improvement of Kenyatta Road and Thika Road Junction	52,000,000	- 5,000,000	47,000,000
83	E1091159501	Informal Settlements Road Programme	52,000,000	- 5,000,000	47,000,000
84	E1091161601	Establishment of Bus Rapid Transit Line 5 Project-Nairobi	52,000,000	- 5,000,000	47,000,000
85	E1091169538	Land Compensation: Garsen - Witu - Lamu Road(C112)	52,000,000	- 5,000,000	47,000,000
86	E1091169539	Land Compensation: Enjinja - Bumala Road	52,000,000	- 5,000,000	47,000,000
87	E1091164906	Access Roads to Kibera Housing Project	50,000,000	- 3,000,000	47,000,000
88	E1091151601	Homabay Town Roads Phase 1	140,000,000	- 20,000,000	120,000,000
89	E1091135461	OLD MALINDI ROAD	162,000,000	- 10,000,000	152,000,000
90	E1091146277	Sagana - Kathaka-Thiguku/Mururi-Mahigaini -Nyamindi- Kiumbuni/Ndind	195,000,000	- 10,000,000	185,000,000
91	E1091134107	C23 Premier-C25 Taplotin, Cheborge-Kiburget, Kericho Bypass RWC 109	189,466,054	- 10,000,000	179,466,054
92	E1091133844	Naiberi- Sergoit - Moiben/Marura - Jnc E326	165,342,983	- 10,000,000	155,342,983
93	E1091146209	Bugar -Chebiemit/Jnct D329 (Kaplolo)-Kaplamai-Jnct C50	163,140,582	- 10,000,000	153,140,582
94	E1091134121	Chiakariga - Marimanti Gatunga RWC 097	161,002,188	- 10,000,000	151,002,188
95	E1091172313	Muchungucha - Gacharu - Mbombo	160,000,000	- 10,000,000	150,000,000
96	E1091146254	Chapararia - Chepkopegh- Chepnyal	155,750,695	- 10,000,000	145,750,695
97	E1091134114	Muigai Inn-Kang'oo- Kibichoi -Mataara Mau Mau rd-A3 Broadway RWC 125	154,288,942	- 10,000,000	144,288,942
98	E1091132201	Malindi -Sagale	153,484,364	- 10,000,000	143,484,364
99	E1091134117	Jcn A104-Ainabkoi(Jn C53)-Kapchorwa Jn C53-Jn C54(Naiberi) Rd RWC135	153,388,198	- 10,000,000	143,388,198
100	E1091133828	Embu Hosp-Kathangariri-Kianjokoma-Runyenjes-Mbui-Njeru-Kanja-Siakago	152,085,661	- 10,000,000	142,085,661
101	E1091133705	Isebania -Ikerege -Kehancha -Gwitembe - Ntimaru (15 Km) - Migori	145,937,680	- 10,000,000	135,937,680
102	E1091133913	Kijauri - Nyansiongo - Raitigo - Metamaywa	145,583,929	- 10,000,000	135,583,929
103	E1091133941	Miti Mingi- Bagaria- Naishi- Store Mbili	145,254,020	- 10,000,000	135,254,020
104	E1091133936	Kibichoi - Kigongo - Kiganjo /Mudoro-Flyover/Gachika Flyover/ Kigaa	142,579,170	- 10,000,000	132,579,170
105	E1091135475	Kapkatembo - Kipkarenseria - Lemok - Simat - Rivertex / Kabiemit - Ka	141,906,631	- 10,000,000	131,906,631

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
106	E1091133882	Keboko - Nyangoso - Nyamache	140,532,655	- 10,000,000	130,532,655
107	E1091133948	Nyamira - Igonga - Gesonso - Nyabioto ; 2. Nyamatutu-Mogumo–Igonga	135,440,615	- 10,000,000	125,440,615
108	E1091172601	Phase 2:Kadel◆Alara◆Pala◆Kanyadhiang /Centre◆Kilusi◆Opanga◆Ramba Road	180,000,000	- 10,000,000	170,000,000
109	E1091133899	Moiben -Cheborwa- Kapcherop - Kachibora	130,421,921	- 10,000,000	120,421,921
110	E1091135488	Kipsigirai Tenden/Access to schools	126,982,439	- 10,000,000	116,982,439
111	E1091133930	Jn A104 (Lungalunga) - Vanga - Jego - Majoreni - Jn A109 (Ramisi)-Bo	126,596,961	- 10,000,000	116,596,961
112	E1091103401	Sigalagala -Musoli-Sabatia- Butere Road	118,429,203	- 10,000,000	108,429,203
113	E1091107401	Molo - Olenguruone	117,230,299	- 10,000,000	107,230,299
114	E1091133909	Maili Kumi-Lower Solai-Sukia Phase 1: Maili Kumi-Lower Solai Section	117,072,723	- 10,000,000	107,072,723
115	E1091133946	Ngong-Suswa	115,455,838	- 10,000,000	105,455,838
116	E1091146273	Hohwe Dam-Karogoto-Ndimaini-JnE560 Gathagara-Karunduku-D4340 Mungetho	115,000,000	- 10,000,000	105,000,000
117	E1091104401	St. Mary's-Kinooro, Igoji Teachers College & Kanyakine Access Roads	114,186,754	- 10,000,000	104,186,754
118	E1091104801	Mairi - Makomboki	113,899,086	- 10,000,000	103,899,086
119	E1091128101	Gilgil - Machinery	111,689,162	- 10,000,000	101,689,162
120	E1091133831	Makutano - Kacheliba - Konyao	107,377,571	- 10,000,000	97,377,571
121	E1091133841	Danger - Kimondi - Chemuswa	106,283,756	- 10,000,000	96,283,756
122	E1091135407	Kina - Garbatura	104,368,592	- 10,000,000	94,368,592
123	E1091135421	Gati Iguru-Ithanga-Mithiini-Gakungu, Gakungu-Makuyu-Kamahuha-Mbobo	104,190,632	- 10,000,000	94,190,632
124	E1091132004	EU Eastern Province PH 3	97,767,374	- 10,000,000	87,767,374
125	E1091105801	Keroka-Kebirigo (D224)	102,449,759	- 10,000,000	92,449,759
126	E1091164501	Upgrade to Bitumen of Eronge-Kebuse-Borabu TCC-Makara-Prince Dan Sch	101,326,001	- 10,000,000	91,326,001
127	E1091105301	Giakanja -Tetu Mission Road(D4340	101,109,208	- 10,000,000	91,109,208
128	E1091105701	A2 Mathaithi - C70 Munaini	101,086,789	- 10,000,000	91,086,789
129	E1091133950	Omoringamu - Kenyenya - Motonto / Parainye - Mesesi- Tabaka/Bonyanch	100,568,203	- 10,000,000	90,568,203
130	E1091146256	Mavakari-Kamwambia-C2 Kanyuambora	100,500,000	- 10,000,000	90,500,000
131	E1091133945	Ngecha-Zambezi-Kahuho-Kingeero/Kahuho-Kanjeru/Zambezi-Kamuguga-Kiamba	99,667,358	- 10,000,000	89,667,358

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
132	E1091133857	Tengecha-Koiwa-Kaptenget/Koiwa-Cheptelal Kaptengwet-Kimulot- Changoi	99,645,223	- 10,000,000	89,645,223
133	E1091133939	Mandera- Fino	99,605,615	- 10,000,000	89,605,615
134	E1091133925	Gatundu - Mukinye - Juja / Gatundu - Gitati Ini - Karinga / Gatundu -	99,227,866	- 10,000,000	89,227,866
135	E1091146101	Rural Roads in Arid and Semi Arid Lands (AFD)	99,050,699	- 10,000,000	89,050,699
136	E1091135410	Kwa Vonza-Kenyatta Univ.-Mikuyuni Primary-South Eastern Kenya Univ.	98,914,040	- 10,000,000	88,914,040
137	E1091133910	Lessos - Namanjalala - Kobos	98,790,133	- 10,000,000	88,790,133
138	E1091133935	Kerwa - Thigio/Thigio - Kikuyu/Thigio - Kamangu /Keroe - Makutano	97,188,282	- 10,000,000	87,188,282
139	E1091133961	O/Rongai–Gataka–Embul Bul, Co Op(Karen)-Matasia-Nkoroi–Rimpa & Jn (C5	96,727,080	- 10,000,000	86,727,080
140	E1091133954	Silibwet - Merigi - Kapkimolwa - Jnc B3 / Longisa - kembu - Hemaner	96,558,253	- 10,000,000	86,558,253
141	E1091133947	Nguuni - Nuu	96,442,193	- 10,000,000	86,442,193
142	E1091161916	Makutano-konyao-kiwawa-Alale	96,052,759	- 10,000,000	86,052,759
143	E1091146201	Maragi-Gatheru	95,664,916	- 10,000,000	85,664,916
144	E1091133923	Emurua Dikirr - Murkan - Soiti - Shartuka - Kilgoris	95,395,407	- 10,000,000	85,395,407
145	E1091135472	Sabasaba-Kamahuha-Kaharati/Ichagaki-Irembu	95,350,379	- 10,000,000	85,350,379
146	E1091133911	Phase 1:Timboroa-Meteitei&#65533;Songhor&#65533;Kopere Roads &&#65533;Kaiboi-Kurgum-Chepte	95,000,000	- 10,000,000	85,000,000
147	E1091133921	Captain - Ndemi - Wanjohi-Ndunyu Njeru (459)	95,000,000	- 10,000,000	85,000,000
148	E1091135485	Marua-Mahigaini-Rui Ruiru-Gatungaga-Chieni-Kiamariga-State Lodge-Ngai	95,000,000	- 10,000,000	85,000,000
149	E1091146262	Jnct C513 Kwa Meja - Gathaithi - C515 Muthinga	95,000,000	- 10,000,000	85,000,000
150	E1091168477	Rehabilitation/Construction of Rhamu Town - Mandera Road (B9 Roads)	95,000,000	- 10,000,000	85,000,000
151	E1091172673	Kionyo- Kanyakine- Kithino- Mitunguu Road	95,000,000	- 10,000,000	85,000,000
152	E1091175202	Kiritiri - Kiambere	95,000,000	- 10,000,000	85,000,000
153	E1091135480	Kerugoya - Kiaritha - Kangaita &Baricho - Njegas - Ngaru - Gakoigo -	94,529,539	- 10,000,000	84,529,539
154	E1091135426	Soy - Kipsangui - Kabenes & Eldoret - Kiplombe - Soy	94,503,775	- 10,000,000	84,503,775
155	E1091134105	Kamatira - Cheptongei(D327/D329) RWC 104	94,338,728	- 10,000,000	84,338,728
156	E1091146337	Oinobmoi-Kapkelelwa- Kipsaos	94,291,694	- 10,000,000	84,291,694
157	E1091146276	Kimbimbi-Kutus/KTI- Ithareini-Kianguenyi/Kirigu- Kianyaga/Mugumo-K	93,026,420	- 10,000,000	83,026,420

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
158	E1091133815	Kenol-Ngoleni-Kaani / Mutituni - Kaseve	92,181,931	- 10,000,000	82,181,931
159	E1091135441	Lamuria - Ngobit - Withare -Jnct B5 (C501/C501a)	92,088,949	- 10,000,000	82,088,949
160	E1091134113	Improvement to Bitumen Standard of Mbita Sindo - Kiabuya - Karungu	91,002,148	- 10,000,000	81,002,148
161	E1091133818	Kali - Kikima -Kilyungi - Kitundu	90,487,324	- 10,000,000	80,487,324
162	E1091109201	Ruaka-Banana-Limuru & Thogoto-Gikambura-Mutarakwa Phase III RWC 126	89,820,430	- 10,000,000	79,820,430
163	E1091133926	Githagara - Mairoini / Gachami - Kihomi /Gaturuturu - Kirangi / Gathu	89,496,296	- 10,000,000	79,496,296
164	E1091135470	Sabaki-Marafa	89,381,901	- 10,000,000	79,381,901
165	E1091135411	Kamuongo - Kandwia - Gai - Kyuso	89,085,763	- 10,000,000	79,085,763
166	E1091133716	Kapsokwony - Kopsiro - Namwela	88,970,497	- 10,000,000	78,970,497
167	E1091133773	Emergency Construction of Kasikeu & Mikuyu Bridges & Approach Rds-RW	88,900,000	- 10,000,000	78,900,000
168	E1091135429	Marigat-Muchongoi-Karandi, Ol Ngarua-Muhotetu, Muhotetu-Sipili Rd	88,223,764	- 10,000,000	78,223,764
169	E1091152834	Kamukunji - Kisanana-Kapkitur- Mugurin - Lake Bogoria/ Kapkitur- Mogo	88,065,884	- 10,000,000	78,065,884
170	E1091135430	Oinamoi - Barwesa	88,059,425	- 10,000,000	78,059,425
171	E1091152894	Chepareria-Centre Kwanza-Chepkobegh-Kabombo-Tamugh-Chepnyal Road	87,478,037	- 10,000,000	77,478,037
172	E1091135418	Kutus - Kianyaga - Kiamutugu - Githure - Kibugu	87,357,252	- 10,000,000	77,357,252
173	E1091152840	Bamburi - Mwakirunge - Kaloleni	86,763,980	- 10,000,000	76,763,980
174	E1091152845	Taqwa - Mbiriri - Kimahuri - Warazo Jet-Munyu	85,726,951	- 10,000,000	75,726,951
175	E1091133797	Adiedo-Border -Pala/Oriwo - Njeri	55,000,000	- 10,000,000	45,000,000
176	E1091135433	Moisbridge-Moiben River-Kaplamai-Sibanga-Maili Saba-Maili Kumi-Moja	85,000,000	- 10,000,000	75,000,000
177	E1091172234	Itaru Bridge	85,000,000	- 10,000,000	75,000,000
178	E1091109501	Mauche - Bombo - Olenguruone-Kiptagich-Silibwet(D319)-RWC 136	84,572,019	- 10,000,000	74,572,019
179	E1091134123	Kisima - Kibirichia - Kima - Ruiri	83,954,288	- 10,000,000	73,954,288
180	E1091133959	U-G29664 Kamunyu A/ U-G29671 Kamunyu B/U-G29572 Gathiaka-Gathuya/ Ma	83,351,392	- 10,000,000	73,351,392
181	E1091139701	Kapsait - Kapsangar - Tapash - Sondany	83,272,192	- 10,000,000	73,272,192
182	E1091133717	Malaba - Aungurai -Moding - Kakamer - Busia	82,943,432	- 10,000,000	72,943,432
183	E1091103701	Ngorongo - Githunguri	82,771,328	- 10,000,000	72,771,328

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
184	E1091135419	Mutithi-Kagio, Kiamaina-Gatwe, Kiamaina-Ndiriti-Kiaruhiu, Kagio-Kiang	82,162,149	- 10,000,000	72,162,149
185	E1091135427	Todonyang - Lokitaung - Kalokol	81,788,058	- 10,000,000	71,788,058
186	E1091133711	Rumuruti -Sipili -Ndindika	81,755,688	- 10,000,000	71,755,688
187	E1091133721	Kiambu-Raini,Nduota-Gathanga,Gachie-Gacharagae,Kabukuand loop road	81,642,528	- 10,000,000	71,642,528
188	E1091152855	Konyu-Kairuthi Kinu-Ruruguti Kagicha-Kiriani Gura Rr Giathenge-Kagumo	81,595,291	- 10,000,000	71,595,291
189	E1091152839	Bamba - Ganze - Kilifi	81,576,568	- 10,000,000	71,576,568
190	E1091135479	Kanyagia ⊕ Muyogo ⊕ Endarasha ⊕ Charity - Gakanga	81,226,693	- 10,000,000	71,226,693
191	E1091133744	Mau Mau(Meru)	80,000,000	- 10,000,000	70,000,000
192	E1091169990	Ndalat - Lelmokwo - Ngechek - Lessos Road	80,000,000	- 5,000,000	75,000,000
193	E1091133704	Kiria -Kagaa -Kiruri/Kiruri -Githambio - Murarandia	79,690,888	- 5,000,000	74,690,888
194	E1091105901	Gatundu - Karinga - Flyover	79,372,959	- 5,000,000	74,372,959
195	E1091152838	Kasoiya - Riwo - Seretunin - Talai - Kasisit - Kampi Samaki (Phase 1)	77,599,078	- 5,000,000	72,599,078
196	E1091135401	Samburu - Kinango	77,154,397	- 5,000,000	72,154,397
197	E1091133703	Athi-Ogoti/Kinja-Kimwongoro; Auki-Thi Gaiti;Acess To Meru University	76,874,164	- 5,000,000	71,874,164
198	E1091133713	Masaara - Sori	76,682,199	- 5,000,000	71,682,199
199	E1091133817	Sultan HamudA109- Kasikeu - Wautu - Kyambeke - Kikoko	76,648,351	- 5,000,000	71,648,351
200	E1091134111	Kodiaga - Nyangweso - Wagai - Onyinyore/Akala - RWC 118	76,376,786	- 5,000,000	71,376,786
201	E1091135486	Ihwa - Ihururu / Gachatha - Ndugamano - Gura	76,359,392	- 5,000,000	71,359,392
202	E1091146265	Lukusi - Sango - Mawe Tatu	76,214,489	- 5,000,000	71,214,489
203	E1091133858	Butere(Bukolwe) -Musanda-Bungasi-Sigomere-Ugunja/ Butere - Sidindi	76,197,813	- 5,000,000	71,197,813
204	E1091133722	Karugia - Chui - Gitugi - Kagumoini-Kanjama Road	75,600,000	- 5,000,000	70,600,000
205	E1091152846	Msau-Mbale-Werugha-Mghange-Bura	74,663,056	- 5,000,000	69,663,056
206	E1091106201	Gortu Bridge	74,255,361	- 5,000,000	69,255,361
207	E1091161918	Sigor-Tamkal	74,101,244	- 5,000,000	69,101,244
208	E1091133851	Lilloch - Fort Tenan - Sigowet	73,943,767	- 5,000,000	68,943,767
209	E1091133933	Karai - Nairutia/ Muringa - Kiawara/ Narumoru - Babito	73,780,729	- 5,000,000	68,780,729
210	E1091134110	Musikoma - Buyofu - Mungatsi - RWC 115	73,766,802	- 5,000,000	68,766,802

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			Allocation		
211	E1091135478	Kiawara - Mugunda - Nairutia	73,722,102	- 5,000,000	68,722,102
212	E1091146279	PIAI - Murinduko - Mumbuni - Kiumbuni	73,306,975	- 5,000,000	68,306,975
213	E1091146601	Emergency Culverts and Bridges	72,911,669	- 5,000,000	67,911,669
214	E1091146278	PIAI- Mbiri - Ngiriambo/Kiamutugu-Muchagara- Karumandi- Gatugura/Muc	72,684,827	- 5,000,000	67,684,827
215	E1091152831	Njoro - Nessuit	72,283,181	- 5,000,000	67,283,181
216	E1091133826	Karima(A2) - Kianjege-Mukangu-Ndimaini-Karatina(A2) & Kiburu Kabonge	72,159,088	- 5,000,000	67,159,088
217	E1091152870	Jnct C540 -Kangari - Gichagini - Jnct B23 Gacharage	72,129,627	- 5,000,000	67,129,627
218	E1091133804	Milalani - Mivumoni - Kilulu	71,171,391	- 5,000,000	66,171,391
219	E1091133712	Gatukuyu -Mataara University	70,874,374	- 5,000,000	65,874,374
220	E1091169941	Improvement of Cess-Rekeke-Lake Jipe C908	70,755,000	- 5,000,000	65,755,000
221	E1091146259	Kerwa-Acre Tano Hill-Pst Maina-KirozKen Academy-Karumbi-Mindo-Gikira	70,657,520	- 5,000,000	65,657,520
222	E1091102901	Naro Moru - Munyu - Karisheni	70,260,447	- 5,000,000	65,260,447
223	E1091146249	Gisambai - Shamakhokho	70,099,306	- 5,000,000	65,099,306
224	E1091133944	Ndaragwa - Maili Kumi /Ndaragwa - Kanyagia - Subuku/ Ndaragwa-Ngamini	70,000,000	- 5,000,000	65,000,000
225	E1091134141	Mitarakwa - Ha Paulo	70,000,000	- 5,000,000	65,000,000
226	E1091135451	Tawa - Nguluni - Itangini Road -	70,000,000	- 5,000,000	65,000,000
227	E1091137249	RWC567 Maili Kumi-Subuku-Sipala-Shamata-Kaka-Kariamu-Warukira-Shamata	70,000,000	- 5,000,000	65,000,000
228	E1091146223	Mumias - Imanga - Musanda/ Mudhiero-Elukongo-Ugana Bridge	70,000,000	- 5,000,000	65,000,000
229	E1091146230	Thangathi-Rutune (Extension of Ichamara-Rutune 5.2km under Roads 2000	70,000,000	- 5,000,000	65,000,000
230	E1091156111	Engineer-Mbiginano-Gathara/Turaga-Gathara-Kianguyu-Gwa Chem-Jct C69	70,000,000	- 5,000,000	65,000,000
231	E1091161942	Karundas ◆ Gatei ◆ Kirichu	70,000,000	- 5,000,000	65,000,000
232	E1091161949	Malava - Ikoli - Kimaeti	70,000,000	- 5,000,000	65,000,000
233	E1091163477	Upgrade of C488 Murungaru-Turasha-Kibau Road To Bitumen Standards	70,000,000	- 5,000,000	65,000,000
234	E1091172672	Phase 2 Mworoga- Maraa- Mitungu Road	70,000,000	- 5,000,000	65,000,000
235	E1091172676	Kipkundul-Makutano-Kaptalamwa-Segut road	70,000,000	- 5,000,000	65,000,000
236	E1091174460	Loruk - Churo - Muge Road	70,000,000	- 5,000,000	65,000,000

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
237	E1091146203	Kenya Loma-Kiranze	69,884,191	- 5,000,000	64,884,191
238	E1091146242	Mugeka - Kiriani - Kairo(Muranga-Kiriaini Phase 11)	68,367,668	- 5,000,000	63,367,668
239	E1091152836	Lunza - Shika - Ikolomani/Manyunza - Dido/Harambee-Shitsisori/Malaba	68,354,241	- 5,000,000	63,354,241
240	E1091146270	Maralal-Loosuk	67,753,439	- 5,000,000	62,753,439
241	E1091133962	Slaughter House-Gaikuyu-Gitunduti-Kagochi (rwc 419)	67,365,004	- 5,000,000	62,365,004
242	E1091133976	Jua Kali-Umande-Akorino	67,012,475	- 5,000,000	62,012,475
243	E1091172605	Phase 2:Odda -Bute-Danaba Road	66,472,707	- 5,000,000	61,472,707
244	E1091107001	Baricho Bridge	66,244,454	- 5,000,000	61,244,454
245	E1091133902	Access to Chuka university	66,000,967	- 5,000,000	61,000,967
246	E1091133793	Naitiri - Misikhu/Nzoia Bridge -Matunda	65,761,998	- 5,000,000	60,761,998
247	E1091133956	Soy - Serekea - Kilimani - Turbo	65,672,753	- 5,000,000	60,672,753
248	E1091104701	Muranga - Gitugi	65,028,101	- 5,000,000	60,028,101
249	E1091133748	Mau Mau(Embu)	65,000,000	- 5,000,000	60,000,000
250	E1091134112	Maseno - Kombewa - Kalandini(D245) & Maseno Town Roads RWC 119	64,975,670	- 5,000,000	59,975,670
251	E1091152442	Jn A2 (Ndarugo)-Bob Harris-Mangu Road	64,908,496	- 5,000,000	59,908,496
252	E1091133825	Access to Karatina University	64,623,146	- 5,000,000	59,623,146
253	E1091133829	Kiritiri - Siakago	64,618,638	- 5,000,000	59,618,638
254	E1091152842	Kithangathini - Kavumbu	64,598,218	- 5,000,000	59,598,218
255	E1091146258	Kiambiriria - Murinduko - Githima - Chepsir	64,587,934	- 5,000,000	59,587,934
256	E1091146231	Itumbe - Motonto- Baraine - Sameta - Igare/Riakemoni -Mosoro - Ogembo	64,587,835	- 5,000,000	59,587,835
257	E1091133884	Metembe-Owalo-Rioma-Marani-Ng'enyi-Nyankanda-Nyakoora-Marani-Nyakoe	64,209,958	- 5,000,000	59,209,958
258	E1091134130	Meru - Mikinduri	64,000,000	- 5,000,000	59,000,000
259	E1091169901	Mahiga Primary School-Ol Moran Centre Road	63,698,679	- 5,000,000	58,698,679
260	E1091133881	Mogonga-Kenyenya-Riokindo-Nyabitunwa/Mariba-Nyagancha-Eberege-Daraja	63,344,237	- 5,000,000	58,344,237
261	E1091133915	Soimet - Kapletundo - Mogogosiek	62,694,091	- 5,000,000	57,694,091
262	E1091152843	Galana Kulalu Bridge/ Access Roads & Internal Netwoks	62,648,042	- 5,000,000	57,648,042

		SCHEDULE OF REDUCTION (FROM)	Revised I 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
263	E1091133879	Riosiri-Moi University (Rongo Campus)-Toku Bridge - Cham Gi Wadu	62,211,435	- 5,000,000	57,211,435
264	E1091146280	Kwa Mumero- Kithina Pry-Rugirando-Ngusichi Jnct - Makutano - Lewa	62,155,804	- 5,000,000	57,155,804
265	E1091152835	A2 Juja-Juja Farm-Munyu-Jcn A3 Garissa Road	62,114,684	- 5,000,000	57,114,684
266	E1091134108	Brooke Bond - Maili Nne - Kipkelion - Londiani - RWC 110	62,110,225	- 5,000,000	57,110,225
267	E1091133788	Bondo - Uyawi- Kibanga - Liunda Beach (C843)	61,949,923	- 5,000,000	56,949,923
268	E1091132401	Kamagambo-Nyasembe-Mogonga Phase II	61,892,624	- 5,000,000	56,892,624
269	E1091137419	Axle Load Monitoring, Traffic Census and Road Safety	61,639,914	- 5,000,000	56,639,914
270	E1091172674	Mtangawanda- Faza-Kizingitini & Access Roads	61,421,059	- 5,000,000	56,421,059
271	E1091146272	Milalani-Munje-Funzi island	61,278,128	- 5,000,000	56,278,128
272	E1091134102	Improvement of Bitumen Standard of Tala - Ol Donyo - Sabuk(RWC 098)	60,985,550	- 5,000,000	55,985,550
273	E1091148392	Tenden - kibigos - Makutano	60,335,188	- 5,000,000	55,335,188
274	E1091134103	Narumoru - Ngaringiru - Nairutia-Ngobit (D444) - RWC 101	60,264,216	- 5,000,000	55,264,216
275	E1091135456	Thaara - Gakindu - RWC 420	60,162,496	- 5,000,000	55,162,496
276	E1091146218	Manga - Motemomwamu	60,046,875	- 5,000,000	55,046,875
277	E1091148583	Boiman - Pacenga - Siranga - Gachwe - Kwamumbi	60,000,000	- 5,000,000	55,000,000
278	E1091169914	Stendkisa-Luanda Road	60,000,000	- 5,000,000	55,000,000
279	E1091169931	Chobe - Kambi George- Weru - Matundura & Muti-ini - Thindi	60,000,000	- 5,000,000	55,000,000
280	E1091169945	Kahatia - Theri - Nduruini	60,000,000	- 5,000,000	55,000,000
281	E1091171688	Kapsurer - Sosiot - Kiplamat	60,000,000	- 5,000,000	55,000,000
282	E1091146248	Kyongong - Chebunyo& Sigor - Longisa	59,922,825	- 5,000,000	54,922,825
283	E1091133827	Njegas - Mutito - Kagumo - Gatwe - Kangaita/ Kiaga-Kianjege-Mukindori	59,639,285	- 5,000,000	54,639,285
284	E1091135437	Motemorabu - Suba Kuria Nyangoge - Nyankore - Getonyanga - Masaba	59,515,890	- 5,000,000	54,515,890
285	E1091169981	Lot 2 :Timboroa Jnc A104-Miteitei-Kopere (Kaiboi-Kapkatembo Section)	59,399,532	- 5,000,000	54,399,532
286	E1091172611	Lot 1 : Timboroa-Meteitei&#65533;Songhor&#65533;Kopere Roads &&#65533;Kaiboi-Kurgum-Chepte	59,399,532	- 5,000,000	54,399,532
287	E1091172677	Bondo - Misori	58,742,500	- 5,000,000	53,742,500

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			Allocation		
288	E1091133822	Kirima-Ndinda & Kirima-Engineer/ To North Kinangop Catholic Hospital	58,413,794	- 5,000,000	53,413,794
289	E1091146244	Mulot Bridge	58,259,618	- 5,000,000	53,259,618
290	E1091146217	Gekano - Amabuko	58,205,317	- 5,000,000	53,205,317
291	E1091135422	Karugia - Ngurweini - Gathimaina - Turuturu - Mathareini - Jnc C70	58,104,420	- 5,000,000	53,104,420
292	E1091134101	Mariakani - Bamba (RWC 096)	58,079,855	- 5,000,000	53,079,855
293	E1091146206	Kamiti Corner Road	57,839,927	- 5,000,000	52,839,927
294	E1091161936	Tumaini - Gwa Kiongo Gituamba Kabazi Road	57,443,055	- 5,000,000	52,443,055
295	E1091169912	Hara - Korisa (C-255) Road	57,406,706	- 5,000,000	52,406,706
296	E1091135409	Lare - Ndumuru	56,350,532	- 5,000,000	51,350,532
297	E1091133943	Mulot - Sogoo - Tenduet - Saptet/ Sogoo - Ololunga	56,198,642	- 5,000,000	51,198,642
298	E1091135412	Matuu - Ekalakal - Kangulu	55,968,406	- 5,000,000	50,968,406
299	E1091135499	Kilgoris-Lolgorian	55,924,326	- 5,000,000	50,924,326
300	E1091133927	Indian Bazaar - Ndumberi	55,831,213	- 5,000,000	50,831,213
301	E1091137458	Environmental Sustainability	55,526,111	- 5,000,000	50,526,111
302	E1091146260	Alliance - Green Garden - Ha Itiyo - Musa Gitau - Hathiru	55,385,219	- 5,000,000	50,385,219
303	E1091134144	Maina Village Roads	55,000,000	- 5,000,000	50,000,000
304	E1091167757	Ondiri - Makeresha - Thigio - Acre imwe - Kanyajara - Kerwa	55,000,000	- 5,000,000	50,000,000
305	E1091168223	Kibugua - Magenka - Itugururu	55,000,000	- 5,000,000	50,000,000
306	E1091168245	Rukuriri - Kathageri - Kanyuambora	55,000,000	- 5,000,000	50,000,000
307	E1091133949	Olchobesei - Kabolecho - Mogondo/ Mogondo - Changina - Emurua Dikirr	54,027,950	- 5,000,000	49,027,950
308	E1091146239	Nyabisabo - Mkt -Nyakwana - Amariba	53,513,375	- 5,000,000	48,513,375
309	E1091169929	Makutano - Kapcherop - Kapyego	52,897,322	- 5,000,000	47,897,322
310	E1091169930	Kapsaos - Kipkenyo- Aturei -Tuiyo	52,897,322	- 5,000,000	47,897,322
311	E1091133924	Gatanga - Kionyo - Nyaga	52,687,620	- 5,000,000	47,687,620
312	E1091137403	Mayanja - Bisunu - Sirisia	52,614,480	- 5,000,000	47,614,480
313	E1091146228	Rwegetha-Mabae-Kirwara-Ithangarari-Gatunyu/Gituamba-Kiawaihiga-Murake	51,698,668	- 5,000,000	46,698,668
314	E1091132001	Improvement of Roads In Western Province(R2000)	46,509,552	- 5,000,000	41,509,552

		SCHEDULE OF REDUCTION (FROM)	Revised 1 2024/25	committee Reductions	Amended Revised Allocations
			Allocation		
315	E1091133960	Nyaburu (Jnc C20) – Oboke – Rangwe Road	50,870,601	- 5,000,000	45,870,601
316	E1091135439	Keria - Makutano - Kathwana	50,492,656	- 5,000,000	45,492,656
317	E1091146222	Mbale - Mbihi - Magada - Wemilabi - Luanda	50,375,230	- 5,000,000	45,375,230
318	E1091134120	Ibokolo-Indangalasia-Shianda-Malaha RWC 113	50,231,964	- 5,000,000	45,231,964
319	E1091169915	Jct E2222 Kiunyu - Muteria Primary School - Chania Frontiers Jct B20	50,000,000	- 5,000,000	45,000,000
320	E1091169944	Githambo Junction - Githiga Road	50,000,000	- 5,000,000	45,000,000
321	E1091169946	Gaithega - Gituri Road	50,000,000	- 5,000,000	45,000,000
322	E1091169989	Ossen loop - Kabartonjo	50,000,000	- 5,000,000	45,000,000
		Total	**27,860,326,522**	**- 2,500,000,000**	**25,360,326,522**

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

.....

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I FOR FY 2024/25

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

Published by:

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CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The Supplementary Estimates I for the financial year 2024/25 were submitted to the National Assembly for approval on 12th July 2024. According to the National Treasury, the supplementary budget is aimed at among other things:
    i. Rationalization of the budget estimates to align to the revised fiscal framework
    ii. Realignment of the budget to cater for the FY 2023/24 carryovers.

2. The report contains the Committee consideration of Supplementary Estimates I for FY 2024/2025 which was tabled in the National Assembly on 12th July 2024. The processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
3. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen, for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies/emergency Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit a supplementary budget to parliament for approval, Likewise, Standing Orders No. 243 indicates that the National Government shall submit to the National Assembly for approval a supplementary budget in support of money spent under Article 223 of the Constitution.
4. The PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide sufficient detail on the purpose of the supplementary estimates as well as the format for the revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. The Regulations outline the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including expenditure that, although known when finalizing the estimates of the original budget (in this case, the annual estimates of 2023/24) could not be accommodated within the allocations and tariff adjustments or price increases.
5. Approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage.
6. The report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: the State Department for Broadcasting and Telecommunications and the State Department for ICT and Digital Economy.

1.1.2 Establishment and Mandate of the Committee

7. The Departmental Committee on Communication, Information and Innovation is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:
    i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
    ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*

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

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

v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

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

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

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

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

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

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

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

1.1.3 Committee Membership

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

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

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

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

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

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

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

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

Hon. Geoffrey Wandeto Mwangi, MP
Tetu Constituency
UDA Party

Hon. Gideon Kipkoech Kimaiyo MP
Keiyo South Constituency
UDA Party

Hon. Flowrence Jematiah Sergon, MP
Baringo County
UDA Party

Hon. Irene Nyakerario Mayaka, MP
Nominated Member
ODM Party

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

Hon. Khalif Ali Abdisirat MP
Nominated Member
UDA Party

Hon. Mumina Gollo Bonaya, MP
Isiolo County
Jubilee Party

Hon. Umulkher Harun Mohamed, MP
Nominated Member
ODM Party

1.1.4 Committee Secretariat

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

Ms. Nuri Kitel Nataan
Clerk Assistant I

Mr. Sakana Saoli
Clerk Assistant III

Mr. Thomas Ogwel
Fiscal Analyst I

Ms Marlene Ayiro
Principal Legal Counsel

Mr. Githinji Wanjohi
Research Officer III

Mr. Boaz Chebiego
Research Officer III

Ms. Lillian Mburugu
Media Relations Officer III

Mr. Paul Shana
Sergeant At Arms

Mr. Kelvin Lengasi
Audio Officer

Ms. Florence Wanja
Protocol Officer III

1.1.5 Overview of the Examination of the Supplementary Estimates No. II for FY 2023/24

12. The Supplementary Estimates No. I for FY 2024/25 was submitted to the National Assembly on 12th July 2024 and subsequently referred to Departmental Committees for consideration.
13. Parliament is required to scrutinize the Supplementary Estimates and the programmes with a view to establishing whether the reallocation is necessary and in accordance with the law.
14. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministry and its agencies to consider their Supplementary Estimates I for FY 2024/25. The Committee held a total of three sittings to consider Supplementary Estimates I for FY 2024/25.

1.1.6 Acknowledgement

15. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates I for FY 2024/25.
16. I also wish to express my appreciation to the Honourable Members of the Committee, the Committee Secretariat, the Ministry of Information, Communication and the Digital Economy and its agencies for the useful contributions they made towards the preparation and production of this report.
17. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

CHAPTER TWO

2.1 Broad Summary of the 2024/25 Supplementary Estimates I

18. The Fiscal Analyst appeared before the Committee on 17th July 2024 and made a presentation on the analytical brief of the proposed Supplementary Estimates I for the Financial Year 2024/25.
19. In global terms, the total gross change of the entire budget amounts to a reduction of KSh 121.9 billion which represents a decrease by 1.9 percent. Table 1 provides details of the proposed variations.

Table 1: Overall Change in the FY 2024/25 Budget Estimates I (Amount in Kshs. Million)

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation
			Ksh. Million	Ksh. Million	Ksh. Million
1	National Government O/W	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*-34,047.53*
		Development	*746,335.91*	*623,984.67*	*-122,351.24*
		Total	***2,378,432.51***	***2,222,033.75***	***-156,398.76***
	Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*-30,604.74*
		Development	*742,670.91*	*622,152.17*	*-120,518.74*
		Total	***2,309,194.21***	***2,158,070.73***	***-151,123.48***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*-2,700.00*
		Development	*2,065.00*	*1,032.50*	*-1,032.50*
		Total	***44,598.00***	***40,865.50***	***-3,732.50***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*-742.78*
		Development	*1,600.00*	*800*	*-800*
		Total	***24,640.30***	***23,097.52***	***-1,542.78***
2	**Consolidated Fund Services**		**1,213,453.00**	**1,237,233.80**	**23,780.80**
3	**County Equitable Share**		**400,117.00**	**410,951.00**	**10,834.00**
Total (1+2+3)			**3,992,002.51**	**3,870,218.55**	**-121,783.96**

Source: The Budget Books (The National Treasury)

20. The gross Approved Estimates for the State Department for ICT and Digital Economy for FY 2024/25 is KShs.22.4 billion. This comprises of KShs.3.5 billion and KShs.18.8 billion for Current and Capital expenditures respectively. The Estimates have been revised from KShs.22.4 billion to KShs.20.0 billion under Supplementary Estimates No. I. This consists of KShs.3.5 billion and KShs.16.5 billion for Current and Capital expenditures respectively. This reflects **a net decrease of KSh 2.4 billion** representing a reduction of by 10.7% on account of rationalization of expenditures.
21. The gross Approved Estimates for the State Department for Broadcasting and Telecommunications in the FY 2024/25 is KSh.6.1 billion comprising of KSh.5.4 billion and KSh.651.9 million for Current and Capital expenditures respectively. The Estimates have been revised from KSh.6.1 billion to KSh.5.4 billion under Supplementary Estimates No.I. This consists of KSh.5.4 billion for Current expenditure, reflecting a net decrease

of KSh.700.8 million on account of rationalization of both the Current and Capital expenditures.

2.2 Issues of concern

22. **Need to reprioritize expenditure plans:** The proposed budget cuts calls for reprioritization of the expenditure within the sector. The implementers of the various programs and projects need to work within the limited fiscal space to optimize the public service delivery.
23. **Delay in Completion of capital projects:** The proposed budgets cuts are on some projects whose planned completion timelines have already been missed. Such include: a reduction of KSh 389.5 million in the construction of Konza Phase 1B and a reduction of KSh 82 million in the Streetscape and wastewater reclamation facility (both were planned to be completed by end of June 2023) ,Medium Wave to FM Broadcast Migration, among others.
24. **Accumulation of pending bills:** The initial approved Gok funding totaling to KSh 622.4 million in maintenance and rehabilitation of the existing fibre optic cable networks is proposed to be entirely wiped out in the Supplementary I estimates. Given that there are existing contracts in these maintenance and rehabilitation works, the reduction shall lead to accumulation of the pending bills which as at 1st June 2024 stood at KSh 523 million. Besides, reduction of allocations to development expenditures in vote 1123 has the risks of worsening the pending bills which amounted to KSh 103 billion as at 1st June 2024.
25. **Adverse impact on sectorial policies:** The budget cuts in the sector shall impair the attainment of the envisaged benefits and positive impacts that in the recent past have been targeted and pursued through the expansionary policies for universal digital and telecommunication access. On account that the proposed budget revision wipes out the entire approved allocations to the BETA projects of the Constituency Innovation Hubs (KSh 377.2 million), Connectivity to Government Priority Projects (KSh 322 million), KBC Rollout of Studio Mashinani (KSh 41 million) and the digital superhighway that targeted to connect public institutions (KSh 704 million), the scale down in resource allocation shall decelerate the realization of the targets in the sector.
26. **Austerity measures on Domestic Travels and Communications:** The blanket prescriptive budget cuts in resources in the two expenditure items adversely affect the two state departments (1122 and 1123) from effectively executing their mandates since the core mandates include information gathering and dissemination. The blanket categorization of the same as non-core expenditures as a basis for budget cuts unfairly disadvantages this sector given that performance on strategic objectives within this sector, relies largely on activities of communication and information dissemination.

CHAPTER THREE

3.1 SUBMISSIONS BY STATE DEPARTMENTS

28. The Principal Secretaries for the State Departments for Broadcasting and Telecommunication and the State Department for ICT and Digital Economy accompanied by the respective top management of the agencies under the Ministry appeared before the Committee on 17th July 2024 and made the following submissions:

3.1.1 The State Department for Broadcasting and Telecommunication

29. The Principal Secretary reminded the Committee about the core mandate of the State Department as outlined in Executive Order No. 2 of 2023.
30. The State Department is supported by five (5) Semi-Autonomous Government Agencies (SAGAs), one (1) Autonomous Government Agencies, one (1) Advisory Council, one (1) Secretariat, one (1) Commission and one (1) Tribunal to deliver on its mandate.

On the FY 2024/25 & Medium-Term Priority Areas

31. The Committee was informed of the following key priority projects and programs that will be implemented in the 2024/25 Financial Year and the Medium-Term period:
    i. Policy, Legal and Institutional reforms.
    ii. Implementation of the new structure already approved by PSC.
    iii. Revamping of Kenya News Agency (KNA).
    iv. Revitalization of Postal Corporation of Kenya (PCK) and Kenya Broadcasting Corporation (KBC) to ensure the two entities operate at optimal levels given current trends in the market and technology.
    v. Rollout of broadcasting and telecommunications infrastructure in un-served and underserved areas.
    vi. Mass media skills development through the Kenya Institute of Mass Communication (KIMC)
    vii. Establishment of KIMC Eldoret Campus.
    viii. Strengthen Government Communication through surveys, media monitoring and evaluation to ensure the quality of Information.
    ix. Strengthen Government Communication through surveys, media monitoring and evaluation to ensure the quality of Information.
    x. Establishment of Studio Mashinani in the remaining 41 Counties.
    xi. Establishment of digital content production centers by MCK.
    xii. Training and accreditation of media practitioners.
    xiii. Operationalization of National Addressing System countrywide to ease access to information and promote e-commerce.
    xiv. Digitization of Government Advertising services.
    xv. Enhance Government Communication by KYEB.
    xvi. Upgrade of Cyber Security Management Tools by CA
    xvii. Upgrade of Broadcaster loggers by CA.
    xviii. Voice Infrastructure Project Phase II by CA

On the overall variation to the MDAs approved 2024/2025 recurrent and development budget;

32. The Committee was informed that the State Department's budgetary allocation for Supplementary Budget No. 1 has been reduced to Kshs. 5,360,480,260, compared to an approved budget of Kshs. 6,061,310,364. This represents a reduction of Kshs. 699,005,104, comprising Kshs. 48,930,104 under the recurrent budget and Kshs. 651,900,000 under the development budget.

Highlights of the most affected programmes, projects and spending items;

33. The total net reduction in Recurrent Expenditure is Kshs. 48.9 million, decreasing from Kshs. 90,391,458 to Kshs. 43,286,354. The affected spending items under the recurrent vote against the percentage reduction were tabulated below;

Table 2:Proposed changes in Recurrent Expenditure (Amounts KSh Million)							
Expenditure Head	Approved Gross Estimates			Proposed Revised Gross Estimates			Proposed Net Change
	Gross	AIA	Net	Gross	AIA	Net	
Headquarters Admin Services	194.2	0.0	194.2	177.3	0.0	177.3	-16.9
Directorate of Public Communication	233.9	222.0	11.9	229.9	222.0	7.9	-4.0
Central Planning and Project Monitoring Unit	14.8	0.0	14.8	13.5	0.0	13.5	-1.4
Government Advertising Agency	1,237.5	1,000.0	237.5	1,225.9	1,000.0	225.9	-11.6
Financial Management and Procurement Services	22.9	0.0	22.9	19.1	0.0	19.1	-3.7
Directorate of Information	122.8	0.0	122.8	118.8	0.0	118.8	-4.0
News and Information Services	199.6	5.0	194.6	195.9	0.0	190.9	-3.7
Regional Publications	7.9	0.0	7.9	7.0	0.0	7.0	-0.9
Kenya Institute of Mass Communication	216.2	30.0	186.2	216.2	30.0	186.2	0.0
Public Communications office unit HQs	74.3	0.0	74.3	71.6	0.0	71.6	-2.7
Kenya Year Book Board	162.8	62.0	100.7	162.8	62.0	162.8	0.0
Media Council of Kenya	721.9	15.0	706.9	721.9	15.0	706.9	0.0
Kenya Broadcasting Corporation	2,190.5	1,331.0	859.5	2,190.5	1,331.0	859.5	0.0
Media Complaints Commission	10.0	0.0	10.0	10.0	0.0	10.0	0.0
Total	**5,409.3**	**2,665.0**	**2,744.2**	**5,360.4**	**2,660.0**	**2,757.4**	**-48.9**

34. The attention of the Committee was drawn to the fact that the proposed variations reveals a systematic and uniform budget cut across expenditure items. The reduction has been effected based on prescribed percentage cuts. Key among the cuts include a 20% budget cut in Communication, Supplies and Services, a 50% cut in domestic travel and subsistence and other transport costs, a 20% cut in training expenses, a 100% cut in the purchase of office furniture and other general equipment and 50% budget cut in hospitality supplies and services.

On the Proposed Changes in Development Expenditure

35. The Committee was informed that the projects and priorities for the financial Year 2024/25 had been revised from the approved budget of Ksh. 651,900,000.00 to Zero as tabulated below;

Table 3: Proposed Reduction in Devt Expenditures (Amounts in KSh Millions)

Project	Approved Estimates	Proposed Reduction	Revised Estimates
Modernization of KIMC Film	82.0	-82.0	0.0
KBC Analogue to Digital TV Migration -BETA	55.8	-55.8	0.0
KBC Rollout of Studio Mashinani-BETA	41.0	-41.0	0.0
Modernization of KNA National desk and Press Centre -BETA	147.6	-147.6	0.0
Construction of KIMC Eldoret Campus	123.0	-123.0	0.0
Medium Wave to FM Broadcast Migration	82.0	-82.0	0.0
Kenya Year Book Editorial Board Offices Automation	38.5	-38.5	0.0
Installation of Solar Power Stations at various KBC Stations	82.0	-82.0	0.0
Total	**651.9**	**-651.9**	**0.0**

36. The Committee was informed that the removal of the development budget would not only cause the suspension of ongoing capital projects but also escalate project costs and pending bills. As a result, the Government will most certainly face legal action for breach of several contractual agreements signed with several firms.

37. The Committee was informed of the following projects by the Kenya Broadcasting Corporation (KBC);

    i. The Analogue to Digital TV Migration project has a total cost of Ksh. 6,000 million, with a cumulative expenditure of Ksh. 5,816 million. The approved budget for the 2024/25 fiscal year was Ksh. 41 million, but the revised budget is now Ksh. 0. It was noted that the digitization initiative aims to enhance broadcasting pluralism, connect remote areas globally, and improve sound and picture quality, thereby enabling the hosting of more channels. The funds received have facilitated the establishment of 39 transmitting sites and a Head-end facility at Broadcasting House. The project is 98% complete.

    ii. The Studio Mashinani project, with a total cost of Ksh. 619 million and a cumulative expenditure of Ksh. 209 million, had an approved budget of Ksh. 55.76 million for the 2024/25 fiscal year, which has been revised to Ksh. 0. It involves constructing fabricated studios and providing studio recording equipment across

47 counties. The project is anticipated to create employment opportunities for unemployed youth and is currently 15% complete.

iii. Medium Wave to FM Broadcast Migration project has a total cost of Ksh. 2,720 million, with a cumulative expenditure of Ksh. 12.5 million. The approved budget for the 2024/25 fiscal year was Ksh. 82 million, which has been revised to Ksh. 0. Due to the inefficiency of medium wave transmission, including high costs and poor audio signals, FM transmission is now preferred. The migration to FM radio transmission is expected to contribute to sector development and growth, increased access to information, and improved education and health services while promoting local cultural heritage. This initiative represents the second phase of the Analogue to Digital TV rollout and is currently 1% complete.

iv. Solar Power for KBC With a project cost of Ksh. 220 million and no cumulative expenditure so far, this project initially had an approved budget of Ksh. 82 million for the 2024/25 fiscal year, which has also been revised to Ksh. 0. The objective of this project is to reduce electricity bills, which is part of KBC's revitalization efforts. Currently, the monthly electricity bill for all 42 stations is estimated at Ksh. 15 million, translating to about Ksh. 180 million annually. These high electricity costs are hindering the expansion of both FM and TV transmission signals from the current 46% and 66% respectively to reach 98% coverage for both by 2025.

38. The Committee was informed that the Kenya Institute of Mass Communication (KIMC), Eldoret Campus has been served with eviction orders from the County Government to vacate the County building where they are currently housed. The impact of the budget cuts was given as follows;

i. KIMC Eldoret Campus (Construction of Classrooms) project, with a total cost of Ksh. 1,690 million and cumulative expenditure of Ksh. 102.5 million, initially had an approved budget of Ksh. 123 million for the 2024/25 fiscal year, which has been revised to Ksh. 0. The project aims to establish a KIMC campus in Eldoret as a Centre of Excellence in Performance Arts, enhancing capacities in counties and for Basic Education institutions implementing the CBC curriculum. It will be executed in four phases: Phase 1 (Tuition Block), Phase 2 (Production Studios), Phase 3 (Administration Block), and Phase 4 (Multipurpose Complex). The perimeter wall and gatehouse are complete, and structural designs, BQs, and approvals for vertical infrastructure are ready. Currently, students are hosted by a County Government facility. The project is 10% complete.

ii. Modernization of the KIMC project, costing Ksh. 276.5 million with a cumulative expenditure of Ksh. 67.25 million, also had an approved budget of Ksh. 82 million for the 2024/25 fiscal year, which has been revised to Ksh. 0. The project involves constructing a four-floor tuition block at the South B campus, deploying physical and e-facilities for PWDs, establishing a media technology museum, creating KIMC TV, and modernizing studio equipment. Partial modernization of studio equipment has been done, but the current equipment cannot support the revised curriculum. The project is 25% complete.

39. Regarding the projects undertaken by the Kenya Yearbook Editorial Board (KYEB), the committee was informed that the KYEB Office & Service Automation project, with a total cost of Ksh. 146 million and a cumulative expenditure of Ksh. 43.5 million, had an approved budget of Ksh. 38.54 million for the 2024/25 fiscal year, which has now been revised to Ksh. 0. Currently, 40% of the project is complete, including office renovations

and the installation of an ERP system. The next phase (phase 2) involves implementing automated publishing equipment to enhance publishing capacity, increase production, and improve efficiency.

40. The Committee was informed that the Modernization of the KNA National Desk and Press Centre project has a total cost of Ksh. 791 million, with cumulative expenditure at Ksh. 216.8 million. Initially, the project had an approved budget of Ksh. 147.6 million for the 2024/25 fiscal year, which has since been revised to Ksh. 0. The project encompasses the procurement of modern equipment, the construction/refurbishment of field offices, and capacity building. Currently, it is 25% complete, with 35 field offices refurbished and some modern equipment acquired for content development, management, and transmission of news and information.

Impact of the Proposed Reduction of FY 2024/25 Budget Estimates

41. The state department presented the following impacts of the proposed budget cuts to the committee:

a) **Headquarters Impact**
   i. Policy, Legal and Institutional Reforms.
   ii. Implementation of the new structure approved by PSC may be hindered.
   iii. Revamping of Kenya News Agency (KNA).
   iv. Strengthen Government Communication through surveys, media monitoring, and evaluation to ensure quality of information.

b) **Impact on Media Council of Kenya (MCK) Performance Targets**
   i. Job losses for media monitors and discontinuation of Media Monitoring will expose minors to harmful content and result in the consumption of non-professional media content, potentially causing tensions and conflicts.
   ii. Training of Journalists on professional ethics will be scaled down.
   iii. Operationalization of Established Hubs will be discontinued.

c) **Impact on Kenya Yearbook Editorial Board (KYEB) Performance Targets**
   i. Inability to Pay Critical Expenses: Rent, board expenses, insurance, contracted services, utilities, and the core mandate will be adversely affected.
   ii. The ability to generate the projected Appropriation-in-Aid (AIA) will be adversely affected.

d) **Impact on Kenya Institute of Mass Communication (KIMC) Performance Targets**
   i. Stalling of Academic Programs: Curriculum review and development, skill-based enrollment, library and academic services automation, and content creation conferences will be stalled.
   ii. Core Mandate Projects: The KIMC Eldoret campus project and the Modernization of the KIMC Film project will be stalled, affecting studio equipment upgrades, media technology museum establishment, infrastructure for PWD training, and KIMC TV.
   iii. AIA Collection: The AIA collection will be reduced by 30%.
   iv. Quality of Training: The quality of training will be adversely affected.
   v. Project Costs: Project costs will escalate.
   vi. Youth Capacity Building: There will be delays in building youth capacity in communication, performance, creative arts training, and entrepreneurship.

e) **Impact on Kenya Broadcasting Corporation (KBC) Performance Targets**

i. Delayed up-grading of broadcast infrastructure and technology projects such as; Analogue to digital migration, Medium wave to FM migration, Modern Outside Broadcasting Van, Procurement of Solar system and Studio Mashinani Programme
ii. Reduced national coverage due to old infrastructure resulting in low audience
iii. Inability to revamp broadcast content across TV, Radio and online platforms.
iv. Interruptions of service delivery due to power and satellite switch off by suppliers.
v. Increased pending bills

f) **Impact on Postal Corporation of Kenya (PCK) Performance Targets**

i. Marketing of New Products and Services: Efforts to market new PCK products and services, such as Posta Pay and clearing and warehousing services, will be affected.
ii. Recruitment Freeze: Recruitment will be frozen due to the proposed merger with KNSL.
iii. Operational Challenges: Operations will be affected as PCK is not yet fully automated.
iv. Training Programs: Crucial training programs, including mandatory training for postal officers, will be curtailed.

g) **Impact on Communication Authority (CA) Performance Targets**

i. Voice Infrastructure Projects: Failure to implement this project will delay Kenya's digital transformation agenda, affecting the availability, accessibility, and affordability of ICT services.
ii. Digital Superhighway Project: Delays in this project will hinder closing the broadband access gap in identified counties and improving digital services access for MCDAs.
iii. National Addressing System for Kenya (NASK): Failure to roll out NASK will slow e-commerce growth and reduce revenue generation, impacting online purchase security and location identity.
iv. Device Management System (DMS): The influx of counterfeit and substandard devices will present socio-economic challenges.
v. Centers of Excellence: Skill development and economic growth will be reduced.
vi. Cyber Security Projects: Increased vulnerability to cyber threats will be a significant risk.

On Revised Key Performance Indicators and Targets

42. The committee was presented with the Revised Key Performance Indicators and Targets based on the supplementary estimates I of F/Y 2024/25. The targets were varied in line with budget cuts.

Request for the reinstatement of Kshs. 878,300,000 in the Revised Budget No. I for FY 2024/25

43. The state department urged the committee to reconsider and reinstate a total of Kshs. 878,300,000 in the revised budget to finance core priority activities across various institutions. The breakdown was submitted as follows:

a. Recurrent vote

Table 5: Reinstatement for the recurrent vote

S/No	Institution	Amount (Kshs)	Remarks
1.	KNA Field Offices	31,000,000	To facilitate the KNA field offices towards propagating government policies and agenda, community mobilization, and sensitization.
2.	MCK	225,000,000	To sustain media monitoring and content regulatory services in the Coast, Rift Valley, Nyanza, and Central regions, and sustain ICT media hubs and regulatory functions in 15 constituencies.
3.	Kenya Yearbook Editorial Board	140,000,000	To support core publication, recruit technical staff to avoid outsourcing, and create visibility and awareness to enable wider coverage in communicating government achievements to the grassroots level and increase AIA potential.
4.	KIMC	21,000,000	To help transition KIMC Order, Legal Notice 197 of 2011, to an Act of Parliament, and implement SRC-approved salary for KIMC staff.

b. Development vote

Table 6: Reinstatement for the development vote

S/No	Institution	Amount (Kshs)	Remarks
1.	Modernization of KIMC Film	82,000,000	To enable the institution to increase AIA by Kshs. 30 million annually upon project completion.
2.	Eldoret Campus (Construction of Admin Block)	123,000,000	To address the eviction order from the County Government and continue operations at the new campus.
3.	KBC Analogue to Digital Migration	55,760,000	To complete the project, which is at 98% completion.
4.	Modernization of KNA National Desk and Press Center	80,000,000	To modernize selected field stations with modern equipment.
5.	KYEB Offices and Services Automation	38,540,000	To complete the project and increase AIA collection from the current Kshs. 62 million to Kshs. 100 million.
6.	Investment in Solar Power Systems at Various KBC Stations.	82,000,000	To save the corporation Kshs. 170 million annually, which will be reinvested in KBC and ease pressure on the exchequer.

3.1.2 The State Department for ICT and Digital Economy (vote 1122)

44. The Committee met with the State Department for ICT and Digital Economy delegation on 17th July 2024. The State Department submitted to the Committee that it executes its mandate through four(4) Directorates and five (5) Semi-Autonomous Government Agencies.

Proposed Allocations

45. The Principal Secretary presented the summary of the FY 2023/2024 Proposed Supplementary II Recurrent and Development Budget Estimates allocation as contained in the table.
46. The gross Approved Estimates for the State Department for ICT and Digital Economy for FY 2024/25 is KShs.22.4 billion. This comprises of KShs.3.5 billion and KShs.18.8 billion for Current and Capital expenditures respectively. The Estimates have been revised from KShs.22.4 billion to KShs.20.0 billion under Supplementary Estimates No. I. This consists of KShs.3.5 billion and KShs.16.5 billion for Current and Capital expenditures respectively. This reflects a net decrease of KSh 2.4 billion representing a reduction of by 10.7% on account of rationalization of expenditures
47. As reflected in the table 7, the Programme of E-Government Services is proposed to have a budget cut of 23.9% which is way above the prescribed 10% thresh-hold under normal variations.

Analysis of Proposed Changes in Recurrent Expenditure

48. The proposed net change is a decrease amounting to Kshs 17 million across the expenditure heads as provided in the table 8.

Table 8: Proposed changes in Recurrent Expenditure (Amounts KSh Million)

Expenditure Head	Approved Gross Estimates			Proposed Revised Gross Estimates			Proposed Net Change
	Gross	AIA	Net	Gross	AIA	Net	
Headquarters Admin. Services	349.2	0.0	349.2	342.3	0.0	342.3	6.9
Central Planning and Project Monitoring Unit	15.4	0.0	15.4	13.3	0.0	13.3	2.1
Financial Management and Procurement Services	25.9	0.0	25.9	24.1	0.0	24.1	1.9
ICT Technical Services	403.3	0.0	403.3	398.7	0.0	398.7	4.6
Business Process Outsourcing	156.0	0.0	156.0	154.5	0.0	154.0	1.5
Information, Communication Technology Authority (ICTA)	1,210.0	1,210.0	0.0	1,210.0	1,210.0	0.0	0.0
Konza Technopolis Devt Authority(KoTDA)	547.0	200.0	347.0	547.0	200.0	347.0	0.0
Office of Data Protection Commissioner (ODPC)	818.3	50.0	768.3	818.3	50.0	768.3	0.0
Total	**3,525.2**	**1,460.0**	**2,065.2**	**3,508.3**	**1,460.0**	**2,048.3**	**17.0**

49. An analysis of the proposed variations reveals a systematic and uniform budget cut across expenditures items. The reductions have been effected on the basis of a prescribed percentage cuts. Key among the cuts include: 20% budget cut in the Communication, Supplies and Services, 50% cut in domestic travel and subsistence and other transport costs, 20% cut in training expenses, 100% cut in purchase of office furniture and other general equipment and 50% budget cut in hospitality supplies and services.

Analysis of Proposed Changes in Development Expenditure Head

50. The proposed Development expenditures revision results to a decrease in a net expenditures (GoK funding) of KSh 2.4 billion. The proposed budget cut translates to a decrease by 13% of the gross allocation and a reduction of by 34% in Gok funding. The table 9 provides the details of capital projects whose allocations are proposed for revisions.

Table 9: Allocations to various Capital Projects (Amounts KSh Million)

Expenditure Head	Approved Estimates			Proposed Revised Estimates			Change in Net
	Gross	AIA	Net	Gross	AIA	Net	
Rehabilitation of Last Connectivity Mile County Connectivity BETA	2,766.5	2,500.0	266.5	2,528.7	2,500.0	28.7	-237.8
Installation and Commissioning of Eldoret-Nadapal Fibre Optic Cable	41.0	0.0	41.0	0.0	0.0	0.0	-41.0
Maintenance & Rehabilitation of NOFBI II Cable-BETA	617.0	330.0	287.0	330.0	330.0	0.0	-287.0
Maintenance & Rehabilitation of NOFBI II Expansion Cable-BETA	98.4	0.0	98.4	0.0	0.0	0.0	-98.4
Government Shared Services	1,030.8	330.0	700.8	990.8	330.0	660.8	-40.0
Construction of Konza Complex Phase IB-BETA	389.5	0.0	389.5	0.0	0.0	0.0	-389.5
Supervision of Streetscape & Waste water Reclamation Facility	82.0	0.0	82.0	0.0	0.0	0.0	-82.0
Constituency Innovation Hub-BETA	377.2	0.0	377.2	0.0	0.0	0.0	-377.2
Horizontal Infrastructure Phase I-EPCF-BETA	1,490.0	1,408.0	82.0	1,490.0	1,408.0	82.0	0.0
Konza data Center & Smart City Facilities-BETA	5,759.0	4,954.0	205.0	5,759.0	4,954.0	205.0	0.0
Connectivity to Govt Priority projects-BETA	362.5	0.0	362.5	40.0	0.0	40.0	-322.5
Horn of Africa Gateway Development Project -BETA	491.0	0.0	491.0	491.0	0.0	491.0	0.0
Redundant Undersea Cable-BETA	24.6	0.0	24.6	0.0	0.0	0.0	-24.6
Construction of KAIST at Konza Technopolis-BETA	2,349.0	2,300.0	49.2	2,349.0	2,300.0	49.2	0.0
Kenya Digital Economy Acceleration Project	2,800.0	0.0	2,800.0	3,084.0	0.0	3,084.0	284.0
Digital Superhighway	704.0	0.0	704.0	0.0	0.0	0.0	-704.0
Public Participation Projects	47.0	0.0	47.0	0.0	0.0	0.0	-47.0
Total	**18,829.7**	**11,822.0**	**7,007.6**	**16,462.7**	**11,822.0**	**4,640.7**	**-2,367.0**

Source: The National Treasury

51. The Committee were reminded that in the initial approved budget, the development expenditures in the vote were to rely on external funding to the tune of 63% which with the proposed cuts in GoK funding shall increase to 75%.

52. It was noted that only proposed increase which is in GoK funding as indicated in the table is in the Kenya Digital Economy Acceleration Project. The additional resource is a matching fund ostensibly to unlock the World Bank funding component.

Impacts of the proposed budget revision on projects and programmes

The State Department presented to the Committee indicative impacts of Supplementary I Estimates on the Performance Targets as follows:

53. **Maintenance and Rehabilitation of NOFBI II Cable-BETA-HQS** - Inevitable collapse of the entire telecommunication infrastructure due to failure by the State department to honor its contractual obligations for maintenance of NOFBI under the ongoing and active contracts totaling to Kshs.368Million per year since the entire budget has been revised to Zero.

54. **Maintenance and Rehabilitation of Last Mile County Connectivity Network Phase I-III-HQS** - The State Department may end up into legal suits arising from failure to honor contractual obligations arising from the ongoing and active contracts amounting to Kshs.155,680,865 per annum has been revised to zero. Additionally, the entire telecommunication infrastructure between the National Government ministries, Counties and Sub counties is going to collapse.

55. **Connectivity to Konza Data Center-HQS** - Internet connectivity to the rest of the world through undersea cable will be severely affected since the State Department will not be in a position to honor its annual contractual obligation amounting to Kshs. 134,480,000 with Kenya Power and lightning Company (KPLC) for leasing of the Dark fiber cable from Mombasa to Nairobi and Teams active devices.

56. **Cyber Security-HQS** - As the Government continues with its digitalization agenda, a safe cyberspace is crucial for efficient service delivery. Cyber-attacks in the form of disruption, data breaches, reputational damage, and financial losses, abuse and illegal exploitation may be eminent and as a result all the gains already made will be eroded with significant losses and loss of trust by the citizenry. The project had an approved budget of Kshs.704, 000,000 which has been revised to zero in Supplementary Estimates No.1 FY 2024/25.

57. **International Association of science Parks (IASP) 2024 World Conference-KOTDA** - Kenya through Konza Technopolis Development Authority (KOTDA) was awarded the bid to host the 41st IASP World Conference scheduled for September 2024 in Nairobi. The Cabinet, in its meeting held on 31st January 2023 considered and approved a budget of Ksh.50,000,000 to support the hosting of the conference. The funds are required in this FY 2024/25 for prompt payment of EUR 200,000 to IASP Global office, to initiate procurement of various requirements, marketing, branding and promotional activities. The request was made last FY but has neither been allocated in FY2023/24 nor FY2024/25. The Authority's therefore seeks a one-off additional recurrent budget of Ksh.50 million to facilitate hosting of the 41st IASP World Conference in Nairobi in September 2024.

58. **Construction of Konza Complex Phase 1B-KOTDA** - The funds are requested for the completion of construction of Konza Conference facility. The project had been allocated Ksh.389.5 Million which has been revised to Zero. The budget cut will delay completion of the project thus a likelihood to attract penalties and interests. The contractor has already submitted a claim for delayed payments, interests and penalties.

The conference facility is also earmarked to host the 2024 IASP world conference scheduled on 24th September.

59. **Supervision of Streetscape & Wastewater Reclamation Facility-KOTDA** - The project had been allocated Ksh.82 Million which has been revised to Zero. The funds are used for supervision of the Horizontal infrastructure which is currently at the testing and commissioning stage. The Authority has pending bills of Ksh. 230 million owed to the consultant. The consultants serve as the Employer Representative and have already indicated withdrawal of services which shall adversely impact the project handover and commissioning. This will affect the Financing Availability period thereby interfering with the bilateral arrangements between GOK and the Lenders. Further, failure to pay Consultant could affect quality of works, risk of not getting value for money and demand for penalties and interests.

60. **Shared Services-ICTA (Provision on Internet to all MDA)** - This budget line has been reduced significantly over the last three years thus greatly impacting on the level of services being offered as well as increase in pending bills payable to vendors. The current contract obligations are at **Ksh 401,498,025** for this financial year against the proposed supplementary budget reviewed at **Ksh 328,000.000**. in addition to previous year pending bills.

On Revised Key Performance Indicators and Targets

61. The Committee was presented with the revised Key Performance Indicators and Targets for the financial year.

List of Pending Bills as at 30th June 2024

62. The State Department crossed over with pending bills of **Kshs.432, 488,282.77** which will form the first charge in the Financial Year 2024/2025. However, there is no budgetary allocation to fund the pending bills.
63. Pending bills were occasioned by budget reviews in the FY2023/24 supplementary budget that did not allocate any funding, yet there were running contracts under Maintenance of NOFBI II cable, LMCCP and for Digital Hubs. Hence the Department could not pay the running contract costs.

CHAPTER FOUR

4.1 COMMITTEE OBSERVATIONS

65. After considering the Supplementary Estimates No. I for FY 2024/25, the Committee made the following observations:

4.1.1 Cross-cutting issues

66. **Need to reprioritize expenditure plans:** The National Treasury needs to reassess the budgeting process to ensure that priority areas of the government receive adequate attention. Resource allocation should be premised on expected program impact and return on investment. ICT projects such as the digital hubs should be prioritized in resource allocations. The positive multiplier effects of investing in the ICT Sector such as quick returns on investments is bound to accelerate growth and development of the economy.

67. **Consultation between the National Treasury and the State Departments on budget Cuts**: There is a weak collaborative framework between the National Treasury and the respective Ministries, Departments and Agencies during the revision of the budget estimates. Lack of adequate consultative engagements with the implementers of policies and programmes in a sector poses the risks of making cuts on critical areas.

68. **Application of prescriptive blanket cuts in expenditure items considered as non-core:** The reduction in allocations to Communication expenditures by 20% and domestic travels by 50% pursuant to the guideline by the National Treasury derails the execution of the main mandate of the Ministry which is premised on gathering and dissemination of information. These reductions in recurrent expenditures amount to KSh 17 million and KSh 48.9 in votes 1122 and 1123 respectively.

4.1.2 State Department for ICT and Digital Economy

69. The allocation to the State department for ICT and digital Economy is proposed to be reduced by 10.7 % (KSh 2.4 billion) of which recurrent faces a cut of Ksh 17 million and KSh 2.366 billion cut in development on account of budget rationalization. The reduction are all in GoK components and consequently this worsens the reliance of the sector's development budget on external funding from 63% to 75%.

70. **Reduction in allocation to expenditure heads with running contractual obligations:** The maintenance and rehabilitation of the various National Fibre Optic Backbone Infrastructures (NOFBI) and the last mile fibre optic networks which are facing budget cuts are being implemented through running contracts. The proposed reduction totalling to KSh 623.2 million in these networks shall therefore result into accumulation of pending bills.

71. **Impact of the budget cuts on Constituency Innovation Hubs:** Despite the reduction of the allocation to CIHs from KSh 377 million to zero, the construction of the hubs shall continue through the new World Bank project (Kenya Digital Economy Acceleration Project) which is allocated KSh 3.1 billion in this financial year. Key among the envisaged targets for the project is to establish 290 Digital Village Smart Hubs and Studios in this financial year and in the long term have one hub per ward across the country. The reduction though shall decelerate the pace of establishment of the hubs at this critical period when unemployment among the youth is a national concern.

72. **Need to enhance ICTA's internally generated revenue (Appropriation-in-Aid) and institute a supportive framework on utilization of AiA:** Despite ICTA's ability to generate KSh 750 million as AiA, it has only been allocated KSh 350 million for the same. This could imply that the National Treasury applies implausible assumptions in forecasts. Such under allocation do not encourage agencies to improve in the performance of their

own source revenues. Besides, going forward ICTA will not be receiving money from exchequer whereas the existing policy bars in its current form restricts it from defraying some expenditures from AiA. Such include employees' compensation.

73. **Need for the State Department to enhance its role in Cyber security**: Lack of allocation of funds for cyber security has prevented the State department from playing the needful complementary role in cyber security. The allocation of KSh 704 million that was approved for cyber security has been reduced to zero in this Supplementary I. With the expansionary interventions in digitization and E-Government services, there is need to enhance the security and resilience in our national ICT infrastructures and processes.

4.1.3 State Department for Broadcasting and Telecommunication

74. The allocation to the State department for Broadcasting and Telecommunication is proposed to be reduced by 11.6% (KSh 701 million) of which recurrent faces a cut of Ksh 48.9 million and the entire development expenditure of KSh 652 million reduced to zero on account of budget rationalization. The resultant nil allocation for development shall stagnate projects implementation and delay the envisaged public service delivery.
75. **Lack of a substantive government communication strategy**: Public Communication from the MDAs are sometimes discordant, un-coordinated and ineffective. This leads to misinformation and distortion of information on government agenda. There is need for the State department and the related agencies such as Kenya Yearbook Editorial Board to enhance their activities and programs in dissemination of information on government policies.

CHAPTER FIVE

5.1 RECOMMENDATIONS

5.1.1 Non-Financial Recommandations

Cross cutting recommendations

76. In the formulation of the next supplementary estimates, the National Treasury should enhance the quality of consultative engagements it has with the Ministries, Departments and Agencies to prevent incidences of proposing budget cuts in critical areas.

77. Before formulation of the next supplementary estimates, the National Treasury to institute a guideline and a strategy to protect from the blanket budget cuts expenditures related to communication and information dissemination within the sector. This is in recognition that these are critical activities within the sector that should not be considered as non-core activities.

State Department for ICT and Digital Economy

78. By 30th September 2024, the State department in collaboration with the Nation Treasury to institute a framework that allows ICTA to defray all its expenditures from the own source revenue.

5.1.2 Financial Recommendations

79. Following the consideration of the submissions and deliberations thereof, the Committee made the following financial recommendations:

PROPOSED DECREASES (Amounting to Kshs 170 million)							
Proposed Committee's Financial Changes (Amounts in Kshs Millions)							
Vote	**Programme**	**Project /Head**	**Draft Revised Estimates**	**Recur**	**Devt**	**Proposed Committee's Estimates**	**Justification**
1122(ICT & Digital Economy	E-Government Services	Government Shared Services	990.8	-	(170)	820.8	Rationalization of expenditures- The tot reductions of KSh 170 million is made u reductions from purchase of softwa (KSh149.2 million) and KSh 21.8 million fro purchase of computers, printers and other I Equipment. The funding for expenditures c these can be considered in future when the fisc performance improves.
Total decreases					**(170)**		

PROPOSED INCREASES (KSH 170 million)							
Proposed Committee's Financial Changes(Amounts in Kshs Millions)							
Vote	**Programme**	**Project /Head**	**Draft Revised**	**Recur**	**Devt**	**Proposed Committee's Estimates**	**Justification**
1122(ICT & Digital Economy)	E-Government Services	1122100600 Digital Superhighway (Cybersecurity)	0	-	150	150	This is to kickstart the critical interventions the cyber-security project to ensure that o national ICT Infrastructure is secure a resilient as digitization in E-Governme services is enhanced.
1123(Broadcasting & Telecommunication)	Information and Communicatio n Services	1123001400 Kenya Yearbook Editorial Board	162.8	20	-	182.8	This is to facilitate periodic publications a create visibility and awareness to enable wid coverage in communicating governme achievements to the grassroots level.
Proposed Total Increases				**20**	**150**		

5.1.3 Unfunded requests for additional resource allocation (KSh 426 million)

80. Reinstate KSh 48.0 million to Vote 1123 to cater for expenditures related to communication and domestic travels. (Recurrent Expenditure)
81. Reinstate KSh 377 million to vote 1122 to cater for the Constituency Innovation Hubs (Development Expenditure)

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

HON. JOHN WAWERU KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON HEALTH



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE PROPOSED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25

Vote 1082: State Department for Medical Services

Vote 1083: State Department for Public Health and Professional Standards

Published by: **JULY, 2024**

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

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2,09757

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National Referral Services &Specialized Services 57

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1,09857

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ACRONYMS

A-in-A	-	Appropriations in Aid
BETA	-	Bottom-up Economic Transformation Agenda
CHV	-	Community Health Volunteer
FY	-	Financial or Fiscal Year
GDP	-	Gross Domestic Product
GOK	-	Government of Kenya
HCWs	-	Health Care Workers
ICT	-	Information, Communication and Technologies
KEMRI-		Kenya Medical Research Institute
KEMSA	-	Kenya Medical Supplies Agency
KMTC	-	Kenya Medical Training College
KNH	-	Kenyatta National Hospital
Kshs.	-	Kenya Shilling
MDAs	-	Ministries, Departments and Agencies
MES	-	Managed Equipment Services
MOH	-	Ministry of Health
MTEF	-	Medium-Term Expenditure Framework
MTP	-	Medium Term Plan
MTRH -		Moi Teaching and Referral Hospital
NCD	-	Non- Communicable Diseases
NHDC	-	National Health Data Centre
NHIF	-	National Health Insurance Fund
NQCL	-	National Quality Control Laboratories
PPB	-	Pharmacy and Poisons Board
RMNCAH	-	Reproductive Maternal New Born Child Adolescent Health
SAGAs -		Semi-Autonomous Government Agencies
SDGs	-	Sustainable Development Goals
STI	-	Sexually Transmitted Infections
TB	-	Tuberculosis
UHC	-	Universal Health Coverage
WHO	-	World Health Organization

CHAPTER ONE

1.0 PREFACE

1.1 INTRODUCTION

1. Article 223 of the Constitution provides room to spend monies that have not been appropriated under the appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

2. Regulations 40 of the PFM Act (2012), provide for the details and format of the Supplementary Budget and ensures that it includes a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

3. The National Assembly Standing Orders assigns the Departmental Committee on Health the mandate to consider matters in relation to *health, medical care and health insurance including Universal Health Coverage (UHC).*

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

    i. Vote 1081: State Department for Medical Services
    ii. Vote 1083: State Department for Public Health and Professional Standards

1.2 MANDATE OF THE COMMITTEE

5. Article 124 of the Constitution of Kenya, 2010 provides for the establishment of Committees by Parliament. The Committee on Health is a Departmental Committee in the National Assembly established pursuant to Standing Order 216. The mandate and functions of the Committee include:
    a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
    b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
    ba) on a quarterly basis, tO monitor and report on the implementation of the national budget in respect of its mandate;
    c) *To study and review all legislation referred to it;*
    d) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    e) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    f) *Vet and report on all appointments where the constitution or any other law requires the national Assembly to approve, except those understanding Order 204 (Committee on appointments);*
    g) *To examine treaties, agreements and conventions;*
    h) *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
    i) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    j) *To examine any questions raised by Members on a matter within its mandate.*

6. In executing its mandate, the Committee on Health oversights the following State Departments in the Ministry of Health as delineated in Executive order No. 2 of 2023:
    a. The State Department for Medical Services
    b. The State Department for Public Health and Professional Standards.

7. Accordingly, in terms of budget oversight, the Committee focuses on the Ministry of Health, its two State Departments and the SAGAs falling under the purview of the two State Departments.

1.3 COMMITTEE MEMBERSHIP

8. The Committee comprises of the following Members: -

Chairperson
Hon. (Dr.) Robert Pukose, MP
Endebes Constituency
UDA Party

Vice-Chairperson
Hon. Ntwiga, Patrick Munene MP
Chuka/Igambang'ombe Constituency
UDA Party

Members

Hon. Owino Martin Peters, MP
Ndthiwa Constituency
ODM Party

Hon. Muge Cynthia Jepkosgei, MP
Nandi (CWR)
UDA Party

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
Ford Kenya Party

Hon. Kipngok Reuben Kiborek , MP
Mogotio Constituency
UDA Party

Hon. Nyikal James Wambura , MP
Seme Constituency
ODM Party

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency
ODM Party

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency
KANU

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency
UDA Party

Hon. Lenguris Pauline, MP
Samburu (CWR)
UDA Party

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency
ODM Party

Hon. (Prof.) Jaldesa GuyoWaqo, MP
Moyale Constituency
UPIA Party

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ANC Party

1.4 COMMITTEE SECRETARIAT

9. The Committee is facilitated by the following secretariat:

Mr. Hassan Abdullahi Arale
Clerk Assistant I/Head of Secretariat

Ms. Gladys Jepkoech Kiprotich
Clerk Assistant III

Mr. Timothy Kimathi
Clerk Assistant III

Ms. Abigael Muinde
Research Officer III

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Hiram Kimuhu
Fiscal Analyst III

Ms. Angela Cheror
Public Communication Officer III

Mr. Hillary Mageka
Media Relations Officer III

Ms. Sheila Chebotim
Serjeant-At-Arms III

Ms. Rahab Chepkilim
Audio Recording Officer II

CHAPTER ONE

1.5 OVERVIEW ON THE EXAMINATION OF THE PROPOSED SUPPLEMENTARY NO.1 ESTIMATES FOR FY 2024/25

10. The first Supplementary Estimates No.1 for FY 2024/2025 was tabled in the National Assembly on the 12th July, 2024 and thereafter referred to the Departmental Committees for consideration. The Committee held meetings with the Ministry of Health, State Department for Medical Services, State Department for Public Health and Professional Standards and the SAGAs within the respective State Departments on 17th July 2024.

11. In considering the Supplementary Estimates No.1 for FY 2024/2025. The departmental Committee on Health has considered the Supplementary Estimates No. I for the year ending 30th June 2025 and makes the following observations; that,

12. **Under Supplementary Estimates No. I, the Approved Estimates for the Health Sector have been revised from Kshs 127.1 billion to KShs.118.2 billion**. The revised estimates for the financial year 2024/25 comprise of KShs.86.6 billion in current expenditures and KShs.31.6 billion in capital expenditures. This reflects a decrease of Kshs122million and KShs 8.8 billion in Recurrent and Development expenditures, respectively, owing to budget rationalization in the two state departments. Notably, the development budget for the state departments for medical services will reduce by Kshs 6.99 billion.

STATE DEPARTMENT FOR MEDICAL SERVICES

13. The State Department will be implementing 4 programmes (vote 1082) as shown in the table. The programmes include National Referral & Specialized Services, Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH, Health Research and Innovations and General Administration.
14. The State Department for Medical Services (Vote 1081) is a reduction of **Kshs 6.99 billion**. The changes in the Financial Year 2024/25 Supplementary Estimates No. I are within the National Referral & Specialized Services, Curative & Reproductive Maternal New Born Child Adolescent Health.
15. The resultant change to the recurrent budget adjustments is a reduction of Kshs 55 million. The proposed budget rationalization affects non-core areas of expenditure i.e.; domestic travels, other operating expenses, purchase of vehicles, routine maintenance among others.
16. The resultant effect of adjustments made to development expenditure is a reduction of Kshs 6.9 billion. This therefore revises the allocation to development for the State Department from Kshs. 34.9 billion to Kshs 27.9billion. Notably, Kshs 5.3 billion and Kshs 787 million is a reduction from National Referral & Specialized Services and Health Research and Innovations and programmes respectively.
17. Supplementary no.1 for the financial year 2024/25 proposes to reduce a total of 17 projects budget to zero. The justification/rationale used by the National Treasury and the Ministry of Health to affect this rationalization has not been provided. For instance,

local manufacturing of human vaccine is a BETA priority, however the allocation has been rationalized to zero. This reduction will negatively impact the local manufacturing of commodities.

18. The supplementary budget proposes to reduce the budget for the Procurement of Family Planning & Reproductive Health Commodities by Kshs 500 million. This reduction may affect the supply chain and stock levels at KEMSA. Notably, the target to have 55% women population accessing family planning commodities has been reduced to zero (0%)
19. KNH is currently equipped with one LINAC despite the high demand for cancer services at the national referral hospital. Notably, in the proposed FY 2024/25 supplementary no. 1 budget propose to reduce to zero the allocation for procurement of Linear Accelerator (LINAC) at Kenyatta National Hospital.
20. The proposed Kshs 260 million reduction to Kenya National Blood Transfusion Services will revise the number of Kenya Blood Transfusion and Transplant establishments with capacity to collect blood from 65 to 45.
21. The reduction in allocation (Kshs 400million) to KEMRI Research and Development will compromise the manufacturing of diagnostic kits at KEMRI.

STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL SERVICES

22. Under Supplementary Estimates No. I, the Approved Estimates have been revised from Kshs. 28.2 billion to Kshs. 26.2 billion. The revised estimates for the state department comprises of Kshs. 22.6 billion for recurrent expenditures and Kshs. 3.7 billion for development expenditure. This shows a decrease in recurrent and development expenditures of Kshs 68 million and Kshs 1.9 billion respectively.
23. Impact on set targets. The proposed reduction on recurrent budget will lead to revision of set targets. For instance, the number of medical drugs tested for quality and safety of citizens by National Quality Control Laboratories has been revised from 85 to 75. Further, the number surveys done on manufacturers of drugs and medical devices will be revised from 85 to 75.
24. The total reductions to development expenditure in the State Department for Public Health and Professional Standards amount to Kshs Kshs.1.9 billion. The proposed adjustments are on the following projects.
25. The Financial Year 2024/25 supplementary no 1 proposes to reduce the development budget for the State Department for Public Health by Kshs 1.9 billion. All the 10 affected projects budget will be rationalized to zero for the financial year 2024/25.
26. The supplementary budget proposes to reduce the public participation budget by Kshs 111 million for the financial year 2024/25. However, the list of the affected projects is the provided.
27. The Central Radioactive Waste Processing Facility is a new project for Kenya Nuclear Regulatory Authority (KENRA). Once complete, the facility will generate AIA for the authority through safe treatment and storage of radioactive waste. The goal may not be achieved with the proposed budget rationalization.
28. The supplementary budget proposes to revise to zero the KMTC budget for earmarked for construction and equipping of 23 and 17 campuses respectively. Its critical for the committee to ascertain the status in terms of completion rate for the affected campuses under construction and equipping.

29. Declining domestic Gok support to procurement of Anti TB drugs not covered under Global Fund. The supplementary no I of FY 2024/25 proposes to decrease the allocations procurement of TB drugs by Kshs 300 million (This budget has been reduced to zero). This is a risk to the sustainability of this strategic programmes since domestic allocation is expected to bridge the financing gap left by donors by the year 2027.

ACKNOWLEDGEMENT

30. The Committee is grateful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its Sittings. On behalf of the Committee, it is therefore my pleasant duty and privilege, to present this report on scrutiny of the Supplementary Estimates No.1 for FY 2024/2025 for the Ministry of Health, State Department for Medical Services Vote 1082 and State Department for Public Health and Professional Standards Vote 1083, to the Budget and Appropriation Committee pursuant to the provisions of Section 39(2) of the Public Finance Management Act, No. 18 of 2012 as read with Standing Order 235(4) of the National Assembly Standing Orders.

HON. DR. ROBERT PUKOSE, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

CHAPTER TWO

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO.1 OF FY2024/25

2.0 INTRODUCTION

31. This analysis of the Supplementary Estimates No. I for FY 2024/2025 which was submitted to the National Assembly on the 12th July, 2024. The supplementary estimates aim to rationalize the budget estimates to align with revenue shortfall occasioned by withdrawal of Finance Bill 2024 by H.E The President.

32. The analysis seeks to apprise the Committee on the impact of the proposed changes to absorption capacity of the ministry, completion of ongoing projects.

1.2 Legal framework underpinning processing of supplementary estimates

33. The legal framework is provided under the Constitution. The Constitution provides room to spend monies that have not been appropriated under the appropriation Act on account of insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

34. Regulations 40 of the PFM Act (2012), provide for the details and format of the Supplementary Budget and ensures that it includes a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

1.3 MDAs under the Committee's purview

35. The departmental Committee on Health oversights two state departments i.e.
    i. **Vote 1082:** State Department for Medical Services
    ii. **Vote 1083:** State Department for Public Health and Professional Standards.

1.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO. I OF FY 2024/25

A summary of the changes is shown in Table 1.

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation	Percentage Deviation
			Kshs. Million	**Kshs. Million**	**Kshs. Million**	**%**
1	**National Government**	*Recurrent*	*1,632,096.60*	*1,598,049.07*	*(34,047.53)*	*(2.1%)*
		Development	*746,335.91*	*623,984.67*	*(122,351.24)*	*(16.4%)*
		Total	***2,378,432.51***	***2,222,033.75***	***(156,398.76)***	***(6.6%)***
	o/w Executive	*Recurrent*	*1,566,523.30*	*1,535,918.56*	*(30,604.74)*	*-2.0%*

S/No.			FY 2024/25 Approved Budget	FY 2024/25 Revised Budget I (Submitted)	Deviation	Percentage Deviation
			Kshs. Million	**Kshs. Million**	**Kshs. Million**	**%**
		Development	*742,670.91*	*622,152.17*	*(120,518.74)*	*-16.2%*
		Total	***2,309,194.21***	***2,158,070.73***	***(151,123.48)***	***-6.5%***
	Parliament	*Recurrent*	*42,533.00*	*39,833.00*	*(2,700.00)*	*-6.3%*
		Development	*2,065.00*	*1,032.50*	*(1,032.50)*	*-50.0%*
		Total	***44,598.00***	***40,865.50***	***(3,732.50)***	***-8.4%***
	Judiciary	*Recurrent*	*23,040.30*	*22,297.52*	*(742.78)*	*-3.2%*
		Development	*1,600.00*	*800.00*	*(800.00)*	*-50.0%*
		Total	***24,640.30***	***23,097.52***	***(1,542.78)***	***-6.3%***
2	**Consolidated Fund Services**		**1,213,453.00**	**1,237,233.80**	**23,780.80**	**2.0%**
3	**County Equitable Share**		**400,117.00**	**410,951.00**	**10,834.00**	**2.7%**
Total (1+2+3)			**3,992,002.51**	**3,870,218.55**	**(121,783.96)**	**-3.1%**

Source: National Treasury

36. The allocation to the National Government as submitted in the FY 2024/25 Revised Budget is Kshs. 2,222.03 billion which comprises Kshs. 2,158.07 billion for the Executive, Kshs. 40.86 billion for Parliament, and Kshs. 23.10 billion for the Judiciary, with allocations to the three arms of government having been revised downwards from the approved estimates by 6.50%,8.40%, and 6.30% for the executive, parliament, and judiciary respectively. The total change of Ministerial Estimates, County Sharable Transfer Allocation and CFS (Interest, Pension, Salaries for State Officers and Net lending amounts to reduction of Kshs 121.8 billion. The increase in allocation to County allocation is to cater for 2023/24 carry overs.

2.0 PROPOSED SUPPLEMENTARY ESTIMATES No. I FOR HEALTH SECTOR

2.1 Overall changes

37. The two state departments in the Ministry of Health I.e. State Department for Medical Services and State department for Public Health and Professional Standards have been budget have been adjusted by supplementary no 1. Table 2 below shows the overall allocation adjustments made to the Ministry of Health budget.

Table 2: Proposed changes in the Supplementary Estimates No.I of FY 2024/25(in Kshs millions)

State Department	Approved 2024/25			Revised Estimates			Proposed Change			% change Total
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	
State Department for Medical Services	64,097	34,887	**98,983**	64,042	27,949	**91,991**	(55)	(6,938)	**(6,992)**	(7.06)
State Department for Public Health and Professional Standards	22,624	5,564	**28,188**	22,556	3,688	**26,244**	(68)	(1,876)	**(1,944)**	(6.90)
Total Health Sector	**86,720**	**40,451**	**127,171**	**86,598**	**31,637**	**118,235**	**(122)**	**(8,814)**	**(8,936)**	**(7.03)**

Source: National Treasury

38. **Under Supplementary Estimates No. I, the Approved Estimates for the Health Sector have been revised from Kshs 127.1 billion to KShs.118.2 billion**. The revised estimates for the financial year 2024/25 comprise of KShs.86.6 billion in current expenditures and KShs.31.6 billion in capital expenditures. This reflects a decrease of Kshs122million and KShs 8.8 billion in Recurrent and Development expenditures, respectively, owing to budget rationalization in the two state departments. Notably, the development budget for the state departments for medical services will reduce by Kshs 6.99 billion.

3.0 VOTE 1082 STATE DEPARTMENT FOR MEDICAL SERVICES SUPPLEMENTARY ESTIMATES No. I

39. The State Department will be implementing 4 programmes (vote 1082) as shown in the table. The programmes include National Referral & Specialized Services, Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH, Health Research and Innovations and General Administration.

Table 3: Changes in Approved Estimates for the State Department for Medical Services (Vote 1082) Programmes(in Kshs Millions)

Programmes	Approved Estimates			Revised Estimates			Changes in Estimates			%Change
	Rec.	Dev	Total	Rec.	Dev	Total	Rec.	Dev	Total	
National Referral & Specialized Services	45,012	16,516	61,528	44,995	10,895	55,890	(18)	(5,621)	(5,638)	(9.2)

Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	1,479	15,435	16,914	1,473	14,905	16,378	(6)	(530)	(536)	(3.2)
Health Research and Innovations	3,125	887	4,012	3,125	100	3,225	-	(787)	(787)	(19.6)
General Administration	14,480	2,049	16,529	14,449	2,049	16,498	(31)	-	(31)	(0.2)
Total	**64,097**	**34,887**	**98,983**	**64,042**	**27,949**	**91,991**	(55)	**(6,938)**	**(6,992)**	(7.1)

Source: National Treasury

40. As shown in the table above, the changes made to the State Department for Medical Services (Vote 1081) is a reduction of **Kshs 6.99 billion**. The changes in the Financial Year 2024/25 Supplementary Estimates No. I are within the National Referral & Specialized Services, Curative & Reproductive Maternal New Born Child Adolescent Health.

3.1 Adjustment to recurrent vote

41. As illustrated in the table above, the resultant change to the recurrent budget adjustments is a reduction of Kshs 55 million.

Table 4: Major changes in recurrent expenditures (in Kshs millions)

Item	Approved	Net Change	Revised	Key areas of revision
Headquarters Administrative and Technical Services	1,274	(10)	1,264	travels(2.9m),hospitality(1.8m),maintenance(1.1) ,communication(Kshs174thousand) ,training(541thousand),furniture(963thousand)
Headquarters & Administrative Services-Finance Management Services	33	(9)	25	operating expenses(5m), domestic travel(2.8m),hospitality(575thousand), communication(13thousand)
Spinal Injury Hospital	643	(7)	636	purchase of vehicles(7m), maintenance (255thousand),domestic travel(41thousand),communication(4thousand)

Item	Approved	Net Change	Revised	Key areas of revision
Pathology and Forensic Services (Government Pathology)	59	(2)	57	domestic travel(1.1m), operating expenses(797thousand)
Kenya Tissue andTransplant Authority	271	(7)	263	domestic travel(7.5m), communication and maintenance(14thousand)
Central Planning and Project Monitoring Unit	38	(6)	32	domestic travel(3.6m), other operating expenses(1.5m), communication and hospitality (670thousand)
Universal Health Coverage Coordination& Management Unit	4,165	(6)	4,159	Training Expenses(2.9m) and other operating expenses (2.8m)

Source: National Treasury

3.2 The following are the key issues regarding the adjustments to the recurrent budget.

42. The proposed budget rationalization affects non-core areas of expenditure ie; domestic travels, other operating expenses, purchase of vehicles, routine maintenance among others

3.3 Adjustment to Development Expenditure

43. The resultant effect of adjustments made to development expenditure is a reduction of Kshs 6.9 billion. This therefore revises the allocation to development for the State Department from Kshs. 34.9 billion to Kshs 27.9billion. Notably, Kshs 5.3 billion and Kshs 787 million is a reduction from National Referral & Specialized Services and Health Research and Innovations and programmes respectively.
44. The Key items affected by the adjustments are shown in table 5.

Table 5: Major Adjustments to Development Expenditure (in Kshs Millions)

Head	Approved FY2024/25	Change (Gok)	Revised 2024/25	Remarks
KNH Burns and Pediatrics Centre	2,637	(500)	2,137	Gok reduction (500m)
National Commodities Storage Center (KEMSA)	50	(50)	-	Reductions affects the completion of the storage centre
Managed Equipment Service-Hire of Medical Equipment for 98 Hospital	3562	(2,462)	1,100	reduction to routine maintenance
Renovation/Equipping Buildings-Mathari Teaching & Referral Hospital	300	(300)	-	Reduction affects renovation and equipping of the hospital
Renovation & equipping of National Spinal Injury Hospital	100	(100)	-	This reduction affects renovations at the hospital

Head	Approved FY2024/25	Change (Gok)	Revised 2024/25	Remarks
Procurement of Equipment at the National Blood Transfusion Services	760	(260)	500	The reduction impacts procurement of blood transfusion commodities
Construction and Equipping Children Hospital- MTRH	100	(100)	-	project's budget reduced to zero
Equipping Maternity Unit (Mother & Baby Hospital)	75	(75)	-	project's budget reduced to zero
Expansion and Equipping of ICU-MTRH	75	(75)	-	project's budget reduced to zero
Construction and upgrading of KEMRI Laboratories	87	(87)	-	project's budget reduced to zero
Strengthening of Cancer Management at KNH	500	(308)	192	Reduction to capital grants to KNH
Research and Development - KEMRI	400	(400)	-	Reduction to Research, Feasibility Studies, Project Preparation and Design, Project
Expansion of Comprehensive Cancer Centre - KUTRRH	235	(85)	150	Reduction to capital grants
Construction and Equipping of Children Hospital at KUTRRH	100	(100)	-	Infrastructure modernization of the project revised from 43% to 30%
Integrated Health Management Information System - BETA	200	(100)	100	Reduction affects purchase of equipment
Procurement of Family Planning & Reproductive Health Commodities	1000	(500)	500	Gok reduction to procurement of reproductive health commodities
Human Vaccine Production - **BETA**	200	(200)	-	budget for local production reduced to zero
Construction of Private Wing Inpatient Complex - MTRH	50	(50)	-	Reduction affects construction of the wing
Construction of Ugenya Hospital	30	(30)	-	Presidential directive project
Procurement of Specialized Equipment	450	(450)	-	This reduction affects procurement of LINAC at KNH

Head	Approved FY2024/25	Change (Gok)	Revised 2024/25	Remarks
Construction and Equiping of Health Centres	450	(450)	-	Completion rate of the projects revised to zero

Source: National Treasury

3.4 The following are the Key issues arising from adjustments in development expenditure.

i. Supplementary no.1 for the financial year 2024/25 proposes to reduce a total of 17 projects budget to zero. The justification/rationale used by the National Treasury and the Ministry of Health to affect this rationalization has not been provided. For instance, local manufacturing of human vaccine is a BETA priority, however the allocation has been rationalized to zero. This reduction will negatively impact the local manufacturing of commodities.

ii. The supplementary budget proposes to reduce the budget for the Procurement of Family Planning & Reproductive Health Commodities by Kshs 500 million. This reduction may affect the supply chain and stock levels at KEMSA. Notably, the target to have 55% women population accessing family planning commodities has been reduced to zero (0%)

iii. KNH is currently equipped with one LINAC despite the high demand for cancer services at the national referral hospital. Notably, in the proposed FY 2024/25 supplementary no. 1 budget propose to reduce to zero the allocation for procurement of Linear Accelerator (LINAC) at Kenyatta National Hospital.

iv. The proposed Kshs 260 million reduction to Kenya National Blood Transfusion Services will revise the number of Kenya Blood Transfusion and Transplant establishments with capacity to collect blood from 65 to 45.

v. The reduction in allocation(Kshs 400million) to KEMRI Research and Development will compromise the manufacturing of diagnostic kits at KEMRI.

4.0 VOTE 1083: STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

4.1 Proposed Revised Allocations to State Department for Public Health and Professional Standards

45. The State department is charged with the role of developing policy on public health and sanitation; human resource development for health care workers; provide preventive and promotive health services; health education management; food quality, hygiene and nutrition; reproductive health; management of immunization policy; and HIV/Aids management.

Table 6: State Department for Public Health and Professional Standards Supplementary No I estimates.

Programmes	Approved Estimates 2024/25			Revised Estimates			Changes in Estimates			
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	%change
Preventive and Promotive Health Service	4,780	4,228	9,008	4,774	3,688	8,462	(5)	(540)	(545)	(6)
Health resources development and Innovation	13,166	1,295	14,461	13,165	-	13,165	(2)	(1,295)	(1,297)	(9)
Health Policy, Standards and Regulations	4,026	41	4,068	4,021	-	4,021	(5)	(41)	(47)	(1)
General Administration	651	-	651	596	-	596	(55)	-	(55)	(8)
Total	**22,624**	**5,564**	**28,188**	**22,556**	**3,688**	**26,244**	**(68)**	**(1,876)**	**(1,944)**	**(7)**

Source National Treasury

46. Under Supplementary Estimates No. I, the Approved Estimates have been revised from Kshs. 28.2 billion to Kshs. 26.2 billion. The revised estimates for the state department comprises of Kshs. 22.6 billion for recurrent expenditures and Kshs. 3.7 billion for development expenditure. This shows a decrease in recurrent and development expenditures of Kshs 68 million and Kshs 1.9 billion respectively.

Table 7: Adjustments to recurrent estimates in the State Department for Public Health and Professional Standards (in Kshs millions)

Item	Approved 2024/25	Net Change	Revised	Key areas for revision
Physiotherapy Services	80	(2)	78	domestic travel(kshs 645thousand),hospitality(827thousand),routine maintenance(734thousand)
National Quality Control Laboratories	173	(1)	172	domestic travel(702 thousand),maintenance(673thousand),communication (60 thousand)
Health Standards and Regulatory Services	40	(1)	39	domestic travel(Kshs578thousand),hospitality(174thousand),operating expenses(kshs259)
Environmental Health Services	19	(1)	17	domestic travel(1.1m) and hospitality(199thousand)
Control of Malaria	100	(1)	99	domestic travel(388) and hospitality(210)
Headquarters Administrative Services	607	(46)	560	communication (1.6m),domestic travel(12m),foreign travel(1.95m), hospitality(9m),operating expenses(9.5m),refurbishment and purchase of furniture(9.2m)

Item	Approved 2024/25	Net Change	Revised	Key areas for revision
Finance Management Services	28	(5)	23	Domestic travel(1.2m),hospitality(1.3m),operating expenses(2.1m),furniture(500) and communication(232)
Central Planning and Project Monitoring Unit (CPPMU)	16	(3)	13	Domestic travel(1.5m), hospitality(732),furnitures(812),operating expenses(119),communication(118)

Source: National Treasury

4.2 The following are the key issues regarding the adjustments to the recurrent budget.

47. Impact on set targets. The proposed reduction on recurrent budget will lead to revision of set targets. For instance, the number of medical drugs tested for quality and safety of citizens by National Quality Control Laboratories has been revised from 85 to 75. Further, the number surveys done on manufacturers of drugs and medical devices will be revised from 85 to 75.

4.3 Adjustment to Development

48. The total reductions to development expenditure in the State Department for Public Health and Professional Standards amount to Kshs Kshs.1.9 billion. The proposed adjustments are on the following projects.

Table 8: Adjustment to development expenditure

Project	Approved Estimates	Change (Gok)	Revised Estimates	Remarks
Dietetics Services Improvement	70	(70)	-	Reductions to capital grants(Kshs 70m).Proportion of children receiving Vitamin A Supplementation revised from 86 to 70
Clinical Waste Disposal System	30	(30)	-	Reductions to operating expenses(Kshs 10M) and construction of building(Kshs 20m)
Procurement of Anti TB Drugs Not covered under Global fund TB Progr	300	(300)	-	Reductions to capital grants for procurement of Anti TB drugs(Kshs 300M)
Construction of Tuition Blocks and Laboratories at KMTC	615	(615)	-	Reduction to capital grants to KMTC for construction of 23 KMTC labs and classrooms
Equipping of Laboratories and Classrooms at KMTC	500	(500)	-	Equipping of 17 KMTC budget reduced to zero
Public Participation Projects	50	(50)	-	completion rate of Ziwa KMTC (completion rate revised to zero)
Public Participation Projects	111	(111)	-	completion of public participation projects target revised to zero
Infrastructure upgrade at Kenya Institute of Primate Research	60	(60)	-	Reductions on GoK capital grants to the Institute

Construction of Examination Centre - KMPDC	41	(41)	-	Targeted 20% completion rate revised to zero
Central Radioactive Waste Processing Facilities	100	(100)	-	Targeted 40% completion rate revised to zero

Source: National Treasury

4.4 The following are the key issues regarding the adjustments to the development budget.

i. The Financial Year 2024/25 supplementary no 1 proposes to reduce the development budget for the State Department for Public Health by Kshs 1.9 billion. All the 10 affected projects budget will be rationalized to zero for the financial year 2024/25.

ii. The supplementary budget proposes to reduce the public participation budget by Kshs 111 million for the financial year 2024/25. However, the list of the affected projects is the provided.

iii. The Central Radioactive Waste Processing Facility is a new project for Kenya Nuclear Regulatory Authority (KENRA). Once complete, the facility will generate AIA for the authority through safe treatment and storage of radioactive waste. The goal may not be achieved with the proposed budget rationalization.

iv. The supplementary budget proposes to revise to zero the KMTC budget for earmarked for construction and equipping of 23 and 17 campuses respectively. Its critical for the committee to ascertain the status in terms of completion rate for the affected campuses under construction and equipping.

v. Declining domestic Gok support to procurement of anti TB drugs not covered under Global Fund. The supplementary no I of FY 2024/25 proposes to decrease the allocations procurement of TB drugs by Kshs 300 million (This budget has been reduced to zero). This is a risk to the sustainability of this strategic programmes since domestic allocation is expected to bridge the financing gap left by donors by the year 2027.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRY OF HEALTH STATE DEPARTMENTS AND AGENCIES (MDAs)

The MDAs submitted as follows when they appeared before the Committee:

3.1 STATE DEPARTMENT OF MEDICAL SERVICES

49. Mr. Harry Kimutai, CBS, Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for medical services to present their Supplementary Estimates No. 1 for FY 2024/2025 on Wednesday, 17th July 2024. The Principal Secretary submitted as follows:

1.0 INTRODUCTION

50. The Principal Secretary thanked you for inviting the State Department to present our Supplementary I budget for FY 2024/25. The Budget has been prepared in accordance with the guidelines issued by the National Treasury and has also taken into account the Government's development agenda with more emphasis on achieving the Bottom-Up Economic Transformation Agenda (BETA).

51. Good health is a pre-requisite for socio-economic development of the country. The health sector is alive to this fact and is keen to ensure highest attainable standard of health through efficient and effective implementation of its budget. The Constitution guarantees Kenyan citizens the right to life, quality health care services, reproductive health and emergency medical care among other rights. We wish to reiterate that the State Department remains committed to working with the National Assembly and other stakeholders to ensure provision of quality, accessible and affordable healthcare services to Kenyans is realized.

52. In the current financial year, the State Department will continue implementation of Universal Health Coverage to the vulnerable persons, provision of health products and technologies, strategic health programmes, health infrastructural development, and enhancing capacity of human resources for health, among others.

53. Rationalization of the budget estimates to align to the revised fiscal framework and realignment of the budget to cater for the FY 2023/24 carry overs, the State Department still requests for an increase in the budgetary ceiling if we are to deal with the funding challenges. The perennial underfunding of personnel emoluments budget in some key SAGAs particularly in referral hospitals coupled with establishment of new specialized hospitals like KUTTR&H, means that there is need to increase funding to employ and retain health workers to ensure optimal provision of specialized health services so that Kenyans can realize value for money. Moreso, with the increased infrastructural developments under the State Department. In many instances, continued use of internally generated revenues (AIA) to pay salaries and waivers has affected ability to provide quality services to patients.

54. The Constitution guarantees Kenyans the right to the highest standards of health. For this reason, the Kenya Kwanza Administration identified healthcare delivery as one of the core pillars of the Bottom-Up Economic Transformation Agenda. In order to deliver Universal Health Coverage, the Government embarked on various interventions to;

    a) Provide a fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans

b) Installation of a digital health management information system

c) Set up a Fund for improving health facilities

d) Training and Capacity Building

55. To strengthen the legal basis for health financing, health service provision and achievement of UHC, five new health laws have been enacted. These are:

a) Social Health Insurance Act, 2023;

b) Primary Health Care Act, 2023;

c) Facility Improvement Financing Act, 2023; and

d) Digital Health Act, 2023.

e) Emergency and Critical Illness Fund

56. These laws will usher in and guarantee a new era in the provision of healthcare, covering all essential services from preventive, promotive, curative, palliative and rehabilitative services, guaranteeing every Kenyan access to comprehensive and quality care.

57. The right to the highest quality of health is enshrined in the Constitution of Kenya and legislated in the Health Act 2017, Kenya Vision 2030, the Medium-Term Plan IV which recognizes provision of equitable, accessible and affordable healthcare. Kenya Health Policy (KHP 2014 -2030) – commits the sector to realign new emerging issues toward achieving the SDGs focusing on SDG 2&3. Priorities for the Medium-Term period focuses on all aspects of the health care systems aimed to prevent, treat and control diseases, including the non-communicable diseases, as well as revitalize UHC aspirations through increasing the financial protection of the citizens.

The Sector Mandate

58. The mandate of the Sector is derived from Schedule 4 of the Constitution of Kenya that assigns the following functions to the Ministry of Health:

a) Health Policy
b) Health regulations
c) National referral health facilities
d) Capacity building
e) Technical assistance to counties

Health Sector Vision, Mission and Goal

59. The vision, mission, core values and strategic objectives have been developed in the framework of the mandate and strategic plans.

60. The vision of the Sector is "A healthy, productive and globally competitive nation." The sector mission is "To build a progressive, responsive and sustainable Health care system for accelerated attainment of the highest standard of health to all Kenyans".

61. The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all."

Sector Strategic Objectives

i. To eliminate communicable diseases until they are not of major public health concern;

ii. To halt and reverse the rising burden of non-communicable diseases by setting clear strategies for implementation to address all the identified non-communicable diseases in the country;

iii. To reduce the burden of violence and injuries through directly putting in place strategies that address each of the causes of injuries and violence at the time;

iv. To provide essential health care that is affordable, equitable, accessible and responsive to client needs;

v. To minimize exposure to health risk factors by strengthening the health prevention and promotion interventions, which address risk factors to health, plus facilitating use of products and services that lead to healthy behaviour in the population; and

vi. To strengthen collaboration with private and other sectors that have an impact on health.

Programmes and Objectives

62. The State Department for medical services has four programmes within which budget implementation is undertaken. The tables below indicate the programmes for the State department that are geared towards achievement of its core mandate.

Table 1. Programmes and Objectives

Programme	Programme objectives	Outcomes
Program 1. National Referral and Specialized Health Service	To increase access and range of quality specialized healthcare services	Increased access, Quality and range of specialized health services
Program 2. Curative and RMNCAH	To increase access to quality Curative and family health care services.	Reduced morbidity and mortality due to preventable and curable causes
Program 3. Health Research and Innovation	To provide evidence for policy formulation and adoption of eHealth innovations and Research.	Increased knowledge and innovation through research, value chain investment
Program 4. General Administration Planning and Support Services.	To strengthen Governance and leadership, in the sector	Effective governance and leadership mechanisms strengthened.

63. The Sub Programmes under the programmes are as shown below;

Programme 1: National Referral & Specialized Services

a) National Referral Health Services

b) Health Infrastructure and Equipment

c) Health Products and Technologies

d) National Transfusion Services

Programme 2: Curative and Reproductive Maternal New Born Child Adolescent Health (RMNCAH)

a) Communicable Disease Control

b) Non-Communicable Diseases Prevention

c) Reproductive Maternal New Born Child Adolescent Health (RMNCAH)

d) Immunization

Programme 3: Health Research and Innovation

Health Innovations and Medical Research

Programme 4: General Administration

a) General Administration and Human Resource Management and Development

b) Finance and Planning and

c) Social Protection in Health

Composition and Mandate of the State Department

64. The Government has also outlined the core mandates of the State Department for Medical Services as indicated below;

Table 2. State Department for Medical Services Functions and Institution

Functions	Institutions
• Medical Services Policy; • Medical Research • Curative Health Services; • Health Policy and Management; • Pharmacy and Medicines Control; • National Health Referral Services; • Cancer Management Policy; • E-Health • Immunization Policy and Management • Reproductive Health Policy and Management • Non-Communicable (NCD) Control and Management • Control and Protection against HIV/AIDs and STIs and	• National Health Insurance Fund (NHIF) • Kenya Medical Research Institute (KEMRI) • Kenya Medical Supplies Authority (KEMSA) • Kenya Biovax Institute Limited • Kenyatta National Hospital • Moi Teaching and Referral Hospital • Kenyatta University Teaching, Referral and Research Hospital • Mathari National Teaching and Referral Mental Hospital • Spinal Injury Hospital • The National Cancer Institute of Kenya • Kenya Tissue and Transplant Authority • National Aids Control Council • Digital Health Authority • Social Health Authority

3 FINANCIAL YEAR 2024/25 PRIORITIES AND BUDGET ESTIMATES

3.1 Health Sector Priorities

65. In FY 2024/25, the State Department will focus on the following priorities;

1. Prioritization of UHC in the Bottom-Up Economic Transformation Agenda (BETA)

66. Increase Health Insurance coverage for the poor and vulnerable groups, from the current 1.5 million households to 5.2 million households during the MTP IV period and Ensure that at least 10 million informal workers are covered under social health insurance.

2. Primary Health Care;

a) Reduce by a third the premature mortality due to NCDs by 2025, in line with the global NCDs target by equipping primary health facilities with essential NCD Health Products and Technologies
b) Enhance provision of comprehensive rehabilitative services (orthopaedic technology, physiotherapy and occupational therapy) and assistive technology
c) Ensure commodity security for family health and strategic Health programmes (Malaria, Family Planning, HIV/AIDS,)

3. Local Manufacture of Life-Saving, Essential drugs, Health Products and Technologies

67. To achieve sustainable access and affordability of quality essential health products and technologies (HPT) toward Universal Health Coverage and to Expand and diversify production of essential HPT for domestic and export markets through the attraction of both local and foreign investments.

4. Digitization of Health Care Services

a) Digitization of health facilities
b) Enhancement of National Health Data Centre (NHDC) and
c) Enhance Telemedicine.

5. Reforms

a) KEMSA reforms is in a bid to improve its services and operational efficiency
b) NHIF is under transformation to Social Health Authority and alignment to deliver Universal Health Coverage (UHC) and
c) The Mathari Teaching & Referral Hospital is also in the process of revamping into a modernised Level VI Hospital offering specialized psychiatric and mental healthcare and affordable outpatient services to the under-privileged communities residing in the neighbouring localities.

3.2 Overview of Financial Year 2024/2025 Budget Proposals

68. The State Department prepared the budget for FY 2024/25 as per the guidelines for preparation of FY 2024-2025/2026-27 medium-term budget and FY 2024/25 budget finalization issued by the National Treasury
69. The State Department was allocated a total budget of **Kshs 91,991.4 Million** for the FY 2024/2025 Supplementary Estimates I. Below is a breakdown of Recurrent and Development Estimates.

S/No	Vote	Approved Budget FY2024/25 (Kshs Millions)	Supplementary Estimates FY2024/25 (Kshs Millions)	Variance (Kshs Millions)
1	Recurrent Vote	64,096.90	64,042.40	-54.50
2	Development Vote	34,886.50	27,949	-6,937.50
	Total	**98,983.40**	**91,991.40**	**-6,992.00**

A. Recurrent Vote

70. The National Treasury has effected the following changes in the recurrent budget;

Economic Classification	Baseline Estimates FY 2023/24	Estimates FY2024/25	Supplementary Estimates FY2024/25	Variance from Approved FY 2024/25
		(Kshs. Millions)		
Gross Budget	**65,894.3**	**64,096.9**	**64,042.4**	**(54.5)**
A-I-A	20,627.0	22,377.0	22,377.0	0.0
NET Budget	**45,267.3**	**41,719.9**	**41,665.4**	**(54.5)**
Compensation to employees	8,715.8	7,940.1	7,940.1	0.0
Grants and Transfers	55,337.0	55,322.2	55,322.2	0.0
Other Recurrent	1,754.5	834.6	780.1	(54.5)

I. Key observation on the Recurrent Vote

71. The Recurrent budget has been rationalized by **Kshs.54.5Million** with the budget cuts being affected in the following budget areas;

S/No	Budget Item	Baseline Estimates FY 2023/24	Estimates FY 2024/25	Revised Budget FY 2024/25	Variance from Approved Budget FY 2024/25	% Decrease
1.	Communication, Supplies and Services	7,064,246	1,316,184	1,052,946	(263,238)	20%
2.	Domestic Travel and Subsistence, and Other Transportation Costs	63,182,268	52,675,097	26,337,552	(26,337,545)	50%
3.	Training Expenses	371,144,295	18,797,599	15,038,078	(3,759,521)	20%

4.	Hospitality Supplies and Services	21,868,069	9,149,962	4,604,555	(4,545,407)	50%
5.	Other Operating Expenses	169,058,822	150,120,088	139,857,889	(10,262,199)	7%
6.	Routine Maintenance - Other Assets	17,336,780	5,230,930	3,838,036	(1,392,894)	27%
7.	Purchase of Vehicles and Other Transport Equipment	4,105,870	7,000,000	-	(7,000,000)	100%
8.	Purchase of Office Furniture and General Equipment	8,830,000	963,426	0	(963,426)	100%
	Total	**662,590,350**	**245,253,286**	**190,729,056**	**(54,524,230)**	

72. These budget cuts will adversely affect implementation of various activities at the State Department as the areas affected are central to the operations and maintenance. The State Department is requesting the **Kshs. 54,524,230** be reinstated and channeled to Forensic and pathology to support the operations in Shakahola and Kware body dumping site.

B. Development Vote

73. The National Treasury has effected the following changes in the Development budget;

Economic Classification	Approved Estimates FY2023/24	Approved Estimates FY2024/25	Supplementary Estimates FY2024/25	Variance	% Variance
	Kshs Millions				
Gross	**53,539.06**	**34,886.5**	**27,949.0**	**6,937.5**	**-20%**
GOK	35,980.00	20,355.0	13,417.5	6,937.5	-34%
Loans	12,091.56	9,281.3	9,281.3	0.0	0%
Grants	5,467.50	5,250.2	5,250.2	0.0	0%

II. Observation on the Development Vote

74. The budget allocation under the Development Vote has been proposed to be rationalized by **Kshs 6.9Billion** from a Net of **Kshs 23.5Billion** to **Kshs.16.5Billion**. It is important to note that the budget cut of **Kshs.6.9Billion** is fully on the **GoK** Allocation, while the Grants and Loans remain unaffected. The Rationalization in the Development Budget has affected the following Projects:

S/No	Project	Approved Budget FY 2023/24	Approved Budget FY2024/25	Supplementary Estimates FY2024/25	Variance	% of Reduction
		GoK	**GoK**	**GoK**	**GoK**	
1.	KNH Burns and Paediatrics Centre.	700,999,999	925,000,000	425,000,000	(500,000,000)	54%
2.	National Commodities Storage Centre (KEMSA)	319,240,000	50,000,000	0	(50,000,000)	100%
3.	East Africa's Centre of Excellence for Skills & Tertiary Education	205,000,000	200,000,000	200,000,000	-	-
4.	Managed Equipment Service-Hire of	1,000,000,000	3,562,000,000	1,100,000,000	(2,462,000,000)	-69%

S/No	Project	Approved Budget FY 2023/24	Approved Budget FY2024/25	Supplementary Estimates FY2024/25	Variance	% of Reduction
	Medical Equipment for 98 Hospital					
5.	Free Maternity Program (Strategic Intervention)	4,098,000,000	2,049,000,000	2,049,000,000	-	-
6.	Renovation/Equipping Buildings-Mathari Teaching & Referral	500,000,000	300,000,000	-	(300,000,000)	100%
7.	Renovation & Equipping of National Spinal Injury	103,000,000	100,000,000	-	(100,000,000)	100
8.	Procurement of Equipment at the National Blood Transfusion Services	1,000,000,000	760,000,000	500,000,000	(260,000,000)	34
9.	Establishing of Regional Cancer Centres	155,000,001	80,000,000	50,000,000	(30,000,000)	38
10.	Cancer & Chronic Disease Management Centre MTRH	102,000,000	102,000,000	102,000,000	-	-
11.	Construction and Equipping Children Hospital- MTRH	150,000,000	100,000,000	-	(100,000,000)	100
12.	Equipping Maternity Unit (Mother & Baby Hospital)	139,000,000	75,000,000	-	(75,000,000)	100
13.	Expansion and Equipping of ICU-MTRH	70,000,000	75,000,000	-	(75,000,000)	100
14.	Construction and upgrading of KEMRI Laboratories (NBI, Kwale,Busia)	100,000,000	87,000,000	-	(87,000,000)	100
15.	Construction of a Cancer Centre at Kisii Level 5 Hospital	50,000,000	50,000,000	50,000,000	-	-
16.	Strengthening of Cancer Management at KNH	300,000,000	500,000,000	191,500,000	(308,500,000)	62
17.	Research and Development - KEMRI	400,000,000	400,000,000	-	(400,000,000)	100
18.	Refurbishment/Renovation and Replacement of Obsolete Equipment-KNH	1,100,000,000	1,000,000,000	1,000,000,000	-	-
19.	Expansion of Comprehensive Cancer Centre - KUTRRH	100,000,000	235,000,000	150,000,000	(85,000,000)	36
20.	Construction and Equipping of Children Hospital-KUTRRH	0	100,000,000	-	(100,000,000)	100

S/No	Project	Approved Budget FY 2023/24	Approved Budget FY2024/25	Supplementary Estimates FY2024/25	Variance	% of Reduction
21.	Integrated Health Management Information System - BETA	180,000,000	200,000,000	100,000,000	(100,000,000)	50
22.	Procurement of Family Planning & Reproductive Health Commodities	500,000,000	1,000,000,000	500,000,000	(500,000,000)	50
23.	Kenya COVID-19 Emergency Response Project	2,490,000,000	2,300,000,000	2,300,000,000	-	-
24.	Vaccines Programme	2,000,000,000	2,000,000,000	2,000,000,000	-	-
25.	Special Global Fund HIV Grant NFM3.	4,670,948,786	3,000,000,000	3,000,000,000	-	-
26.	Human Vaccine Production	400,000,000	200,000,000	-	(200,000,000)	100
27.	Upgrading of Children Ward - Kibugua Level 3 Hospital	150,000,000	50,000,000	-	(50,000,000)	100
28.	Upgrading & Equipping of Maternal & New Born Ward - Endebess Hospital	100,000,000	100,000,000	-	(100,000,000)	100
29.	Construction of Private Wing Inpatient Complex - MTRH	100,000,000	50,000,000	-	(50,000,000)	100
30.	Procurement of Specialized Medical Equipment - MTRH	75,000,000	75,000,000	-	(75,000,000)	100
31.	Construction of Ugenya Hospital	100,000,000	30,000,000		(30,000,000)	100
32.	Acquisition of Specialized Medical Equipment CHP	0	2,000,000,000	2,000,000,000	-	-
33.	Procurement of Specialized Equipment - KNH	0	450,000,000	-	(450,000,000)	100
34.	Construction and Equipping of Health Centres.	0	450,000,000	-	(450,000,000)	100
35.	Health Emergency Preparedness, Response & Resilience Program	0	1,000,000,000	0	1,000,000,000	-

75. In the Development Vote, The National Treasury has rationalized to almost **Zero** majority of the **GoK** funded development projects being implemented by State Agencies under the State Department except for Projects that are purely donor funded and those Projects that require counter-part funding.

76. In view of the budget reduction of up to **100%** of **GoK Grants** to State Agencies, and up to **100%** rationalization of budgeted funds to critical projects such as the Procurement of Family Planning & Reproductive Health Commodities project, Renovation/Equipping Buildings- Mathari Referral Hospital and Spinal Injury Hospital, Procurement of Equipment at the National Blood Transfusion Services; and the Digital Health Platform Project among others, the State Department seeks your intervention to reinstate both the Recurrent and Development budgets to its Approved FY2024/25 Budget.

77. In this regard, The State Department requests the Committee as follows;

B. RECURRENT BUDGET

78. Following the signing of Return-to-Work Formula between The Ministry of Health and the Kenya Medical Practitioners Pharmacists and Dentists Union (KMPDU) it was agreed with recommendation of H.E. that **Kshs. 3,500,000,000** is provided as conditional grant for implementation of the agreement within 2 years. The state Department therefore requests allocation of **Kshs. 3,500,000,000,** to meet this requirement.

79. The State department has made several pleas to The National Treasury for funding of training for the Doctors enrolled in universities across the country. We therefore request for additional **Kshs. 203,000,000** to cater for Training of these Doctors.

80. One of the key objectives of the State Department is to operationalize the **Digital Health Authority**. However, the Authority has not been allocated any budget in the FY2024/25. Being that it is a priority for the State Department and the Ministry in general, we have reviewed the State Departments' budget and propose that **Kshs 50Million** be obtained from the Kenyatta National Hospital Recurrent Budget allocation and **Kshs 50Million** from Moi Teaching & Referral Hospital Recurrent Budget allocation and the funds be allocated to the Digital Health Authority Recurrent budget -**Kshs 100Million**. This will enable for operationalization of the Authority.

81. The State Department has in the past paid for health insurance premiums for 1 million households (4million individuals) unable to afford health care. These 4 million Kenyans will be left exposed since they will be unable to afford healthcare. The primary healthcare fund is fully Government supported, but limits access to services to the dispensaries and health centers, with the more advanced management of medical conditions happening in higher hospitals only upon referral form dispensaries and health centers. Access to services at this level will call for a member to be fully paid up, failure to pay for indigents will be going against the spirit of Universal Health Coverage, where equity is a main component. This will limit their access to much needed services offered in hospitals. In the FY 2023/24 the indigents were allocated **Kshs.6Billion** and the budget allocation for FY 2024/25 has entirely been reduced to zero. This goes completely against the Government's agenda to make health care accessible to all regardless of their social or economic background. It is in this regards that the state department is requesting for **Kshs.6Billion** to be channeled towards this critical National Project.

82. As you are aware, the Courts recently made a judgment on implementation of the Social Health Authority and gave the Government 120 Days to carry-out public and stakeholders' sensitization on the relevant Laws. In compliance with the court judgement, and to enable the State Department undertake the various directives by the Court, we are requesting for a budget allocation of **Kshs 100Million** to be used to undertake sensitization on the UHC Laws in accordance with the Court Judgement.

C. REQUESTS FROM STATE AGENCIES

83. As earlier stated there are various State Agencies under the purview of the State Department for Medical Services and they are facing a myriad of challenges especially with regards to funding their personnel emoluments budgets after the 30% budget reduction they were subjected to during finalization of the FY2024/25 Budget.

84. It is in view of the foregoing that we are requesting the Committee to consider the following funding gaps in these Institutions:

1. **Kenyatta National Hospital** has a shortfall of **Kshs. 1,797,956,009** under its personnel emoluments to cater for its PE Costs and staff pension deficit. We are further requesting the Committee to merge the budget allocation for Mama Margaret Uhuru Hospital to the main Kenyatta National Hospital vote head.

2. **Moi Teaching & Referral Hospital** was allocated **Kshs. 7,162,141,500** against a budget requirement of **Kshs. 9,258,668,970.** This leaves a shortfall **Kshs. 2,096,527,470** for personnel emoluments. We are therefore requesting the Committee to provide an additional **Kshs. 2,096,527,470** to cater for personnel emoluments for FY 2024/25.

3. **Kenyatta University Teaching and Referral Hospital** was allocated **Kshs. 2,366,596,000** against a requirement of **Kshs. 3,768,000,000** leaving a shortfall **Kshs. 1,402,000,000** for personnel emoluments. We are requesting the Committee to provide an additional **Kshs. 1,402,000,000** to cater fully for personnel emoluments.

4. **The National Syndemic Diseases Control Council** is requesting the Committee for **Kshs. 186,000,000** being a carryover of quarter 4 exchequer from the FY 2022/23 due to non-disbursement of exchequer.

5. Further, **The National Syndemic Diseases Control Council**, is requesting for an additional funding of **Kshs. 54,000,000** for Kenya to host the 55th United Nations Joint Programme on HIV and AIDS meeting to be held on 10 – 12 December, 2024.

6. Kenya Medical Research Institute was allocated **Kshs. 2,623,950,000** in the FY 2024/25 against a requirement of **Kshs. 2,914,950,000** resulting to a shortfall of Kshs. 151,000,000 for personnel emoluments. We are therefore requesting this Committee to consider this request of **Kshs. 151,000,000.**

D. REQUEST FOR REVISION OF AIA COLLECTION IN RECURRENT BUDGET FY 2024/25

85. Kenyatta University Teaching and Referral Hospital is requesting for adjustment of its AIA by **Kshs. 661,000,000** from **Kshs. 3,139,000,000** to **Kshs. 3,800,000,000** in the FY 2024/25. These is to cater for the Pharmaceuticals, Non-Pharms, food for the patients, laboratory consumables among other critical equipment for smooth operations of the hospital.

E. DEVELOPMENT BUDGET

86. **The Kenya Medical Supplies Authority** is requesting for reinstatement of **Kshs. 50,000,000** in its development budget to be expended towards completion of its Commodities Storage Centre at Embakasi. This allocation will be the final payment towards completion of this critical project.

87. Under the **Kenyatta National Hospital**, **Chair and honourable members**, the Hospital has been implementing the Strengthening of Cancer Management. The project had a budget allocation of **Kshs.500Million** which had already been committed for making the final payment to the contractor in procurement on a LINAC Equipment. This allocation has since been reduced to **Kshs. 191,500,000**. This allocation is insufficient to finalize the payment to the contractor to allow for installation and operationalization of the LINAC equipment which is meant to ease the long waiting time in cancer treatment. We request that the budget be reinstated back to **Kshs.500M.**

88. The **Moi Teaching and Referral Hospital** is requesting for your intervention to reinstate **Kshs. 75,000,000** for its critical ICU unit project which will enable the Hospital be able to undertake specialized surgeries, such as kidney transplants and corneal transplants. We also request that the Hospitals allocation of **Kshs. 100,000,000** for the children Hospital project under MTRH that offers specialized services for paediatric oncology, burns and dialysis be reinstated.

89. As you may be aware, **Mathari Referral Hospital** is the governments' premier Level VI Referral Hospital offering specialized psychiatric and mental health care as well as affordable outpatient services to the underprivileged populations living in the neighbouring areas. The 100% reduction of the Hospitals'

development allocation from **Kshs.100M** to **zero** will adversely impact on the Hospital's Modernization Agenda to refurbish its dilapidated colonial era infrastructure and buildings and improve its healthcare provision mandate. We therefore request that the Hospital's Budget of **Kshs.100M** be reinstated. We further invite the Committee to pay the Hospital a visit to get a feel of the dire situation at the Hospital both in terms of its infrastructure and human resource.

90. The **Kenya Medical Research Institute** is requesting for your intervention to reinstate **Kshs. 100,000,000** for its Research and Development project. The funds had been budgeted by KEMRI to undertake various research in the cancer spectrum in support of the country's objective to address the growing cancer burden in the country and other non-communicable diseases.

91. The **Kenyatta University Teaching & Referral Hospital** is implementing the Comprehensive Cancer Centre project. The project budget has been reduced by **Kshs 85Million** despite the project being at the forefront in the treatment and fight against cancer in the Country. It is in this regard that the State Department is requesting for your intervention to reinstate the projects' budget by **Kshs 85Million** to **Kshs 235Million**. These funds are to finalize the construction and to start installation & equipping of the expanded Cancer Centres to ensure its operationalization. Further, His Excellency has been invited to launch the Centre and it is critical that it is ready in earnest.

92. The **National Spinal Injury Hospital** has been subjected to a 100% budget cut of its Development Budget which was to be channelled towards the renovation and equipping being undertaken at the Hospital. the State Department is requesting for your intervention to reinstate the projects' budget by **Kshs.100Million** it being the only facility in the country offering specialized spinal injury services.

93. The **Kenya Bio-Vax Institute** has been implementing the Human Vaccine Production BETA project that seeks to make Kenya a regional human vaccines production hub. This project has been subjected to a 100% budget cut from **Kshs.200M**. we request that this budget allocation be reinstated.

94. They requested for reinstatement **Kshs. 260,000,000** reduced from the Procurement of Equipment at the National Blood Transfusion Services. The reduction will hamper the critical services of blood collection and donation in the country as the funds are utilized to purchase items such as blood bags and other laboratory supplies and reagents.

95. The principal Secretary requested for reinstatement of Digital Health Platform Project reduced by **Kshs. 200,000,000**. The funds will be utilized to pay for the pending bill that the State Department owes Safaricom Limited for the purchase of the Community Health Promoters are currently using in the communities.

96. The Principal Secretary requested for reinstatement of **Kshs. 500,000,000** reduced from the procurement of Family Planning & Reproductive Health Commodities Project. The reduction will have far reaching negative effects on the population and will erode the gains the program has achieved this far.
97. The principal Secretary requested for reinstatement of the **Kshs.3.5 Billion** under the Medical Equipment Services that is consonance with the resolution of the summit which agreed to pay the pending bills up to 30th of March, 2024. Further the principal Secretary proposed to the Committee the following variations in the State Departments' Budget:

98. Rationalize **Kshs.500M** from the Project *"Refurbishment/Renovation and Replacement of Obsolete Equipment-KNH"* to be channelled towards implementation of various presidential directives as indicated below;

S/No	Ref No	County	Facility	Project	Estimated Cost

1.	OP/CAB.26/1/3A of 11th July 2024	Muranga	Makenji health centre	Upgrade of facility	10 M
2.			Bildad kaggia memorial hospital	Upgrade of the facility	10 M
3.	OP/CAB26/1/3A of 20th January 2024	Kiambu	Ruiru level 4 hospital	Construction of a male ward	20 M
4.	OP/CAB.26/1/3A of 14th march 2024	Tharaka Nthi	Chuka level 5 hospital	Upgrade of facility to a level 5 status	50 M
5.	OP/CAB.26/1/3A of 17th july 2024	Nakuru	Mai Mahiu Health centre	Equipping of health centre	10 M
6.			Kinamba health centre	Upgrade of the dispensary	10 M
7.	OP/CAB.26/1/3A	Nyandarua	Mama mukami level 3 (formerly Njambini health centre)	Equipping of the facility	10 M
8.	OP/CAB.26/1/3A of 21st march 2023	Nandi	Kapsabet county referral hospital	Equipping of the facility	50 M
9.			Chepterwai health centre	Upgrade of the facility	10 M
10.			Mosop-kabiemit dispensary	Upgrade of the facility	10 M
11.	OP/CAB.26/1/3A of 24th April 2023 and 10th may 2023 2023	Meru	Nyambene level 4 hospital	Upgrade of the facility	5 0 M
12.	SH/GM/17/VOL/1/(34)	Bomet	Irwaga health centre	Upgrade of the facility	20 M
13.	SH/GM/17/VOL/1/(34)	Uasin gishu	Chepkemel dispensary	Upgrade of the facility	10 M
14.			Murgusi dispensary	Upgrade of the facility	10 M
15.	OP/CAB.26/1/3A of 6th September 2024	Vihiga	Emuhaya sub county hospital	Equipping of the facility	20 M

16.			Hamisi sub county hospital	Upgrade of the facility	10 M
17.	SH/GM/17VOL .1 of 2nd august 2023	Marsabit	Kargi health centre	Equipping of the facility	10 M
18.	OP/CAB.26/1/3A of 15th November 2023	Kwale	Kinango level 4 hospital	Construction of ICU unit	50 M
19.	OP/CAB.26/1/3A of 29th January 2023	Busia	Lukolis health centre	Upgrade of the facility	10 M
20.		Wajir	Kutulo health centre	Upgrade of the facility	20 M
21.	OP/CAB26/1/3A	Kirinyaga	Kabare level 3 hospital	Construction of a level 3 hospital	20 M
22.	OP/CAB.26/1/3A of 6th September 2023	Kakamega	Iguhu health centre	Equipping of the facility	20 M
23.	OP/CAB.26/1/3A of 7th February 2023	Bungoma	Sinoko level 4 hospital	Equipping of the facility	10 M

99. Rationalize **Kshs.500M** from the Project *"Acquisition of Specialized Medical Equipment CHP"* to be channelled towards implementation of the *"Construction and Equipping of Health Centres Project"*;

S/No	Facility	Allocations
1	Mogotio Health Centre	40,000,000
2	Iftin Level IV Hospital	20,000,000
3	Mt. Elgon Hospital	100,000,000
4	Sikhendu Hospital	20,000,000
5	Kilgoris Level IV Hospital	20,000,000
6.	Lukusi Health Centre	20,000,000
8.	Kegonga Level IV Hospital	20,000,000
9.	Bugembe Health Centre	30,000,000
10.	Chebirir Health Centre	20,000,000
11.	Wamba Health Centre	20,000,000
12.	Khwisero Level IV Hospital	50,000,000
13.	Upgrading Chuka Igamba Ngombe Hospital	70,000,000
14.	Upgrading and Equipping of Maternal and New Born Wards - Endebess Hospital	70,000,000

100. Rationalize **Kshs.80Million** from the Project *"Acquisition of Specialized Medical Equipment CHP"* to be channelled towards implementation of the *"Construction and upgrading of KEMRI Laboratories project"* proposed to be equally shared between the Kirinyaga and Kombewa Laboratories at **Kshs 40Million**.

101. Under *Establishment of Regional Cancer Centres – NCI*

a. Remove the initials NCI at the end and to reinstate the project to its original name.

b. Introduce the item *"Procurement of Chemotherapy Drugs"* **Kshs. 50,000,000** (which has traditionally been procured and distributed through KEMSA)

c. Creation of a Sub Head under Head 10821010 – 02 Construction of Non- Residential Buildings Item 3110201 and allocate **Kshs. 114,000,000** which the State Department already has to pay the ongoing contracts for construction of bunkers at Nakuru, Garissa and Mombasa.

F. EXTERNALLY FUNDED PROJECTS

I. Primary Health Care in the Devolved Context Realignment-Kshs. 8,000,000

102. The Primary Healthcare project funded by DANIDA was allocated **Kshs. 577,000,000** in the FY 2024/25 to support operations to level II and III health facilities across the country. However, the project requires a realignment/reduction of **Kshs. 8,000,000** to be captured as Grant AIA to be redacted from the **Kshs. 577,000,000**. These funds are meant to cater for project management activities as approved by the Danish Embassy.

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

103. Ms. Mary Muthoni Muriuki, CBS, the Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for Public Health and Professional Standards to present their Supplementary Estimates No. 1 for FY 2024/2025 on Wednesday 17th July 2024 and submitted as follows:

1.0 INTRODUCTION

104. The principal Secretary acknowledged and appreciated the invitation to appear before the Committee to discuss the FY 2024/25 Supplementary Estimates No. 1 for the State department for Public Health and Professional Standards and recognized the Committee Constitutional mandate in budget making and authority the Parliament in general has in making sure budgetary resources are allocated equitably and sustainably towards National development. This is part of your mandate as enumerated both in the Constitution of Kenya 2010 and the Public Financial Management Act 2012.

105. The Health Sector has made tremendous improvement in health systems strengthening. One notable thing is that the focus has been mainly on curative health and less investments continues to be made in preventive health. This is contrary to the public views during the budget making consultations, the public insists that the Government should invest more in prevention. It is a matter of fact that "prevention is better than cure", it is also important to note that 1 USD used in preventive health saves 9 USD in curative health.

106. To this end and to ensure sustainability in health service delivery, I wish to appreciate the decision by H.E. the President in creating the State Department that focuses on preventive health and enhancing profession standards of healthcare workers. It is therefore incumbent upon the Health Sector to re-focus and change bias from curative to preventive health care as envisaged in Kenya Vision 2030. This Committee and Parliament in general also has a critical role to play in budgetary allocation to ensure the State Department is able to deliver on critical mandate of preventive healthcare.

107. In this current budget period FY2024/2025, the State department is focusing on implementation of programmes/projects under the umbrella of Bottom-up Economic Transformation Agenda (BETA) to ensure quality health provision. This includes: public health management; disease surveillance and emergency response; preventive and promotive healthcare; management of health professions and enhancing capacity of the human resources for health and allied health professionals to bridge the gap of core healthcare workers per population, health policy formulation; regulation for quality assurance and provision of strategic interventions that include malaria, TB and nutrition services among other priorities.

108. The budgetary allocations in regards to the FY 2024/25, the Health sector has a total allocation of Kshs.126.1 billion out of which Kshs. 28.19 billion has been allocated to the State department for Public Health and Professional Standards which translates to **22.36%** of the Sector allocation. We acknowledge the need to invest in curative health but we believe investments in preventive health needs to be increased because by reducing preventable diseases and empowering the people to take control of their health. We shall ensure a sustainable financing model of health care in this Country.

109. Having recognized this Committee as an important stakeholder in achieving our mandate and being cognizant of the current economic situation in the Country, I will later in my presentation make a request for your consideration to allocate an additional **Kshs. 14,405,056,826** to finance some key areas that are under/not funded in this current financial year's budget. These include: additional resource allocation to the stipends payable to Community Health Promoters(CHPs), Coordination of the establishment of the Primary Health Care(PCNs),Port Health Services; National Emergency & Preparedness; Disease Surveillance; Kenya Health Professions Oversight Authority; Kenya National Public Health Institute; National Quality Control Laboratories; National Laboratories Services; Health Sector Research and Development; Neglected Tropical Diseases; Clinical Waste Disposal Systems; Health Promotion and Education Management; Health Sector Coordination & Intergovernmental Relations; Dietetics Services Improvement; and Radiation Protection Project.

110. The State Department comprises of five (5) Directorates namely: Public Health and Sanitation; Primary Health Care; Health Standards, Regulations and Quality Assurance; Health Sector Coordination and Research; and the Administration Services. The State Department also have Twenty Semi-Autonomous Government Agencies under it. The State Department's Vision, Mission, core values and Strategic Objectives are highlighted below;

111. A nation free from preventable diseases and ill health to build a resilient, responsive and sustainable health system for accelerated achievement of Universal Health Coverage with its **Core Values:**

a) People first
b) Result oriented
c) Professionalism
d) Integrity
e) Inclusiveness
f) Teamwork
g) Equity and Equality
h) Accountability

112. The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all." and its Strategic Objectives for public health and professional Standards Sector. The Sub-Sector objectives are as stated in the health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. They include;

a) To strengthen the institutional framework for effective delivery of Primary Health Care Services
b) To eliminate communicable diseases
c) To reduce and reverse the rising burden of non-communicable conditions Mental health and substance use disorders

d) To Strengthen health promotion, education and advocacy at all levels
e) To Improve health and wellbeing of the population Maternal Infant and Young Child Nutrition
f) To Improve nutrition management in diseases and conditions
g) To strengthen standards in the health sector.
h) To promote continuous quality improvement in delivery of healthcare services.
i) To strengthen policy, regulation and legislation
j) To foster partnerships and health sector coordination.
k) To ensure an available competent, responsive, and productive health workforce.

The Mandate/Functions of The State Department for Public Health and Professional Standards

113. The following is a brief on the functions/mandate for the State Department for Public Health and Professional Standards, its Directorates and Agencies based on the Executive Order No. 2 of November 2023:

a) Public Health and Sanitation Policy;
b) Preventive and Promotive Health Services;
c) Policy on Human Resource Development for Health Care Workers;
d) Health Education Management;
e) Food Quality, Hygiene and Nutrition Policy;
f) Quarantine Administration;
g) Radiation Policy;
h) Administration of the legal and institutional framework for the control of the production, manufacture, sale, labeling, advertising, promotion, sponsorship and use of tobacco products;
i) Control and Management of Tuberculosis (TB) and other lung diseases; and Malaria Control and Management; and
j) Control and Management of Leprosy

DIRECTORATES

Public health and sanitation

114. The mandate of the Directorate of Public Health and Sanitation is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks pertaining to provision of Public Health and Sanitation services in collaboration with other relevant stakeholders. This is composed of five (5) Divisions namely: Disease surveillance, National Emergency and preparedness, Environmental Health & Sanitation, National laboratory services, and Port health.

Primary Health Care

115. The mandate of the Directorate is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks on preventive and promotive health services, prevention of communicable and non-communicable diseases, Mental health and wellness, accidents and injuries; health education and promotion in collaboration with other relevant stakeholders. This is composed of nine (9) divisions namely: Malaria Control & Management, Drug Control and Substance Abuse, TB& Other Lung Diseases, Health Promotion and Education Management, Health & Wellness, Community Health, Primary Care Networks, School Health and Nutrition & Dietetics.

Health Standards, Regulation and Quality Assurance

116. The mandate of the Directorate is to formulate, review and oversee implementation of policies on health standards, quality assurance and regulatory health services.This is composed of four (4) Divisions namely: Health Policy &Regulation, Health Standards & Compliance, Human Resource for Health & Professional Standards and Health Sector Monitoring & Quality Assurance

Health Sector coordination and Research

117. The mandate of the Directorate is to coordination, engagement and involvement of Government Ministries, Agencies, Departments; County Governments; Foreign governments, non-state actors and stakeholders in the formulation, review, implementation and monitoring of health-related policies, programs and projects. This is composed of three (3) Divisions namely: Health Sector Coordination and Intergovernmental Relations, International Health Relations and Health Sector Research & Development

Administration Services

118. The functions of Administration involve the development and maintenance of internal monitoring systems and procedures, as well as the creation and implementation of annual administrative work plans and programs. Additionally, administration oversees the planning and budgeting for administrative functions, coordinates national government functions and policies, and provides strategic leadership and policy direction for effective implementation of government policies. Furthermore, administration is responsible for providing general guidance on national security coordination, coordinating the provision of agency services to other government departments and institutions, and ensuring the security of government property, assets, facilities, and inventory. This is composed of eight (8) Divisions namely: Human Resource Management and Development, Central Planning and Project Management Unit, Finance, Accounts, Public Communication, ICT, Legal and Supply Chain Management.

1.1 Semi-Autonomous Government Agencies (SAGAs) & Mandates

S/No.	SAGA's	Mandate
1.	Kenya Medical Training College (KMTC)	Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya as amended by Act No.5 of 2019). The College is mandated with the role of training of the various health disciplines, to serve Kenya and beyond. The College has a population of over 62,807 students in 74 campuses spread across 44 counties in the country. The College contributes 85% of the local mid-level healthcare workforce.
2.	Kenya Nuclear Regulatory Authority (KENRA)	The Kenya Nuclear Regulatory Authority (KENRA) is a State Corporation, established on 10th January 2020, by the Nuclear Regulatory Act, 29 of 2019.It is mandated to ensure the safe, secure and peaceful use of nuclear science and technology and provide for the protection of persons, property and the environment against the harmful effects of ionizing radiation through the establishment of a system of regulatory control.
3.	Kenya Medical Practitioners & Dentists' Council	The Kenya Medical Practitioners and Dentists Council is established under Section 3 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. The mandate of the Council is to regulate the practice of medicine, dentistry and health institutions in the country. This Act was enacted by Parliament in 1977 and came into operation on 1st January 1978.
4.	Kenya Health Human Resource Advisory Council (KHHRAC)	The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country.
5.	Kenya Health Professions Oversight Authority (KHPOA)	The Kenya Health Professions Oversight Authority is a corporate body created by part VI of the Health Act no. 21 of 2017 with the mandate of providing oversight in training, registration and licensing of health professionals; coordinating joint health inspections; receiving and facilitating resolution of complaints and arbitrating disputes and conflicts; and monitoring execution of respective mandates and functions of health regulatory bodies. It has been categorized by the State Corporation Advisory Council (SCAC) as a Regulatory Corporation category PC 6.
6.	Nursing Council of Kenya (NCK)	The Nursing Council of Kenya (NCK) is a regulatory body under the Ministry of Health established on 10th June 1983 by an Act of Parliament under the Nurses Act Chapter 257 of the Laws of Kenya. It

		is mandated to make provision for the training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes
7.	Clinical Officers Council (COC)	The Clinical Officers Council was established under the Clinical Officers Act, Cap 260. The Act was assented on August 24, 1988 and repealed in 2017 and replaced by Act No 20 of 2017. The mandate of the Council is to make provision for the training, registration, and licensing of clinical officers, regulate their practice, and for connected purposes.
8.	Kenya Medical Laboratory Technicians & Technologist Board (KMLTTB)	The Medical Laboratory Technicians and Technologists Act was assented on January 6, 2000, and commenced on December 22, 2000. The mandate of KMLTTB is to provide for training, registration and licensing of medical laboratory technicians and technologists.
9.	Kenya Nutritionist & Dieticians Institute (KNDI)	The Kenya Nutritionists & Dieticians Institute (KNDI) was established to provide for training, registration, and licensing of nutritionists and dieticians; to provide for the registration of the standards and practice of the profession; to ensure their effective participation in matters relating to nutrition, dietetics; and for related purposes under the Nutritionists & Dieticians Act No. 18 of 2007.
10.	Public Health Officer & Technicians' Council	The Public Health Officers and Technician's Council is a statutory body established under the Public Health Officers (training, registration and licensing) act no. 12 0f 2013 to regulate training registration and licensing of public health officers in Kenya. The mandate of the council is to; exercise general supervision and control over training, practice and employment of public health officers and technicians in Kenya and to advise the government to all aspects thereof.
11.	Pharmacy & Poisons Board (PPB)	The Pharmacy and Poisons Board (PPB) was established under Cap 244, of the Pharmacy and Poisons Act 1957 and last revised in 2009. The mandate of the Board is to: make provision for the control of the profession of pharmacy and the trade in drugs and poisons; regulate and register pharmacists Authorizing pharmacists to sell medicines and related products, as well as for remedial measures in cases of violation of professional conduct and discipline.
12.	Tobacco Control Board (TCB)	Tobacco Control Board is established under Section 5 of Tobacco Control Act 2007. Its mandate includes advising the Minister on the national policy to be adopted with regard to the production, manufacture, sale, advertising, promotion, sponsorship and use of tobacco and tobacco products.
13.	National Quality Control Laboratory (NQCL)	The National Quality Control Laboratory was established in 1992 as a body corporate, under the Pharmacy and Poisons (Amendment) Act of 1992 (Cap 244, Laws of Kenya). It was prequalified by World Health Organization (WHO) in 2008. NQCL is mandated to carry out the examination and testing of drugs and any material or substance from or with which and the manner in which drugs may be manufactured, processed or treated and ensuring the safety and quality control of drugs and medicinal substances; (b) performing chemical, biological, bio-chemical, physiological and pharmacological analysis and other pharmaceutical evaluation; and (c) testing, at the request of the Board and on behalf of the Government, of locally manufactured and imported drugs or medicinal substances with a view to determining whether such drugs or medicinal substances comply with this Act or rules made thereunder.
14.	Physiotherapist Council of Kenya	The Physiotherapist Council of Kenya is established under the Physiotherapist Act no. 20 of 2014 to regulate the Training, Registration, and Licensing of physiotherapists in Kenya.
15.	Health Records & Information Managers Board	Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, 2016 (No. 15 of 2016) and amendments provided for in the Health Laws (Amendment) Act, 2019. The Board is mandated to regulate training,

		registration, licensing and practice of Health Records and Information Managers.
16.	Counsellors & Psychologist Board	The Counsellors and Psychologist Board is established under part 2 of the Counsellors and Psychologist Board Act, 2014 (No. 14 of 2014). The Act provides for the training, registration, licensing, practice and standards of Counsellors and Psychologists
17.	The Kenya National Public Health Institute	The Kenya National Public Health Institute was established under CAP 446 Laws of Kenya and came into operation under Legal Notice no.14 on 21st Jan 2022. It is mandated to establish mechanisms to facilitate quick detection of outbreaks and emergencies; Conduct vulnerability and risk assessment, and mitigate various health-threatening issues in collaboration with non-health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations.
18.	Kenya Hospital Authority Trust Fund	The Kenya Hospital Authority Trust Fund (KHATF) was established in 1968 by the then, Minister of Health through a Trust Deed in exercise of the powers conferred upon the Minister by National Hospital Insurance Fund Act of 1966 Section 42(3). The objective of the fund as spelt out in section 1 of the Trust Deed was the "furtherance of medical education in association with the University College of Nairobi".
19.	Occupation Therapy Council of Kenya	The Occupational Therapy Council is established under the Occupational Therapists (Training, Registration and Licensing) Act No. 31 of 2017. The mandate of the Council is to regulate the training, registration, licensing and the practice of occupational therapists.
20.	Kenya Institute of Primate Research (KIPRE)	The Kenya Institute of Primate Research (KIPRE; formally, Institute of Primate Research) is a biomedical research facility which has existed since 1958. KIPRE ethically utilizes non-human primates and other experimental animals for research resulting in the production and commercialization of vaccines, drugs, therapies, medical interventions and services to improve human health. It is located in Karen with research focusing on Tropical and infectious diseases, Reproductive Health and Biology; Non-communicable diseases; Phage therapy for microbial resistance, Snake bite research and intervention and One-Health research on emerging pathogens and diseases that involve Human, Wildlife, Livestock and the Environment. KIPRE is established vide Legal Notice no. 273 (ST& Act no. 28 of 2013). Furthermore, KIPRE's research capacity and compliance with international best practices has enabled it gain recognition by United States National Institutes of Health Office of Laboratory Animal Welfare, accredited by African Network for Drug and Diagnostics Initiative (ANDI) as center for drug development and testing, recognized as a World Health Organization (WHO) Collaborating Centre and the facility is accredited by the American Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC). KIPRE was recently certified for Good Financial Grant Practices (Silver Medal) and it's the first in the entire African Continent to achieve this compliance. The research capacity at KIPRE and its international acclaim offers the institution a solid foundation to operate as a premier biomedical research facility in Kenya and Africa.

STATE DEPARTMENT PROGRAMMES' AND OBJECTIVES

119. The State department has four programmes that will be used to implement its budget.

Table 1: Budget Programmes

Programme	Objectives	Outcome
Programme 1: Preventive and Promotive Health Services	To increase provision of quality Promotive and Preventive Health Care	Reduced disease burden due to preventable causes
Programme 2: Health Resource Development and Innovation	To enhance health human capacity for quality health services delivery	Enhanced health human resources for quality healthcare
Programme 3: Health Policy, Standards and Regulations	To strengthen policy and regulatory environment in healthcare	Strengthened quality health standards and regulations
Programme 4: General Administration and Human Resource Management	To offer governance and enabling services for service delivery	Effective governance and administration strengthened

Financial Year 2024/25 Priorities and Budget Estimates

State Department Priorities

120. Under the umbrella of Bottom-Up Economic Transformation Agenda (BETA), the Health sector is tasked with the following four result areas;

a) Health Commodities Security including local manufacturing
b) Human Resources for Health
c) Health Financing
d) Integrated Health Management Information System

121. The priorities to implement BETA are as follows;

a) Prioritization of UHC in line with BETA
b) Public health disease surveillance and emergency response
c) Communicable diseases prevention and control-e.g. TB and Malaria
d) Preventive and Promotive Healthcare
e) Health professions regulation and management
f) Community High Impact intervention
g) Enhance infrastructural capacity of KMTC campuses
h) Conduct health research and dissemination of the findings to inform decision making
i) Maturity Level 3 Standards for NQCL/ PPB for quality of locally manufactured commodities to the WHO standards
j) Expand internship, training, and centers of excellence.
k) Operationalization of the Kenya National Public Health Institute.
l) Health system strengthening, use of technology, effective communication and collaboration with multiple stakeholders.

122. The requested documents are responded on as shown below and will be found on the specified Annexes which are attached to this report as follows:

a) Overall variation to the MDAs approved 2024/25 recurrent and development budget
b) Highlights of the most affected programmes, projects and spending items;
c) Information on changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformative Agenda (BETA);
d) Expected impact of the Budget revisions on programme and project targets; and
e) Revised schedule of key performance indicators and performance targets

Overall variation to the MDAs approved 2024/25 recurrent and development budget

123. In the FY2024/25 Printed Estimates the State Department was appropriated a total budget estimate of Kshs. 28,187,735,123 where Kshs. 22,623,555,123 and Kshs. 5,564,180,000 for recurrent and development votes respectively. Meanwhile, the National Treasury has submitted the FY2024/25 Supplementary Estimates No. 1 before the Committee for Consideration and approval amounting to Kshs. 26,252,106,035 where Kshs. 22,564,106,035 and Kshs. 3,688,000,000 for recurrent and development votes respectively. A summary of the allocations has been highlighted below as per Programmes and Sub-Programmes;

124. The summary of FY2024/25 Supplementary Estimates No. 1as well as our critical budgetary requests. Detailed reports in the format in which the Committee requested information from the State Department has been provided in the annexures attached within the folders provided.

125. The State Department's budgetary allocation in the FY2024/25 Supplementary Estimates No. 1has decreased from Kshs. 28,187,735,123 to Kshs. 26,252,106,035 thus reflecting a reduction in funding by Kshs. 1,935,629,088.

Highlights of the most affected programmes, projects and spending items;

126. Highlighted in the table below shows the programmes affected by the proposed budget cuts;

Table 2: Summary of Allocation by Programme, Sub-Programme (Kshs.)

Programme & Sub-Programmes	Printed Estimates	Supplementary Estimates I	Change in Estimates
	FY 2024/2025	FY 2024/2025	
Programme 1: **Preventive and Promotive Health Services**	**9,007,646,807**	**8,462,157,783**	**(545,489,024)**
Sub-Prog 1.1: Communicable Disease Prevention and Control	4,257,462,183	3,885,807,381	(371,654,802)
Sub-Prog 1.2: Disease Surveillance and Response	459,048,421	458,158,032	(890,389)
Sub-Prog 1.3: Public Health Services	1,347,934,481	1,275,312,290	(72,622,191)
Sub-Prog 1.4: Radiation Safety and Nuclear Security	298,810,000	198,810,000	(100,000,000)
Sub-Prog 1.5: Primary Health Care	2,664,391,722	2,644,070,080	(321,642)
Programme 2: **Health resources development and Innovation**	**14,461,217,004**	**13,164,709,304**	**(1,296,507,000)**
Sub-Prog 2.1: Capacity Building and Training	9,796,689,000	8,561,684,000	(1,235,000,000)
Sub-Prog 2.2: Research and Innovation on Health	435,520,000	375,520,000	(60,000,000)
Sub-Prog 2.3: Health Profession Services	4,229,008,004	4,227,500,304	(1,507,700)

Programme 3: **Health Policy, Standards and Regulations**	**4,067,504,378**	**4,020,834,194**	**(46,670,181)**
Health Standards and Quality Assurance	3,972,391,607	3,926,733,433	(45,658,174)
Health Policy and Regulations	95,112,771	94,100,764	(1,012,000)
Programme 4: **General Administration**	**651,366,934**	**604,404,757**	**(55,146,183)**
0412010 General Administration & Human Resource Management & Development	606,813,180	567,237,535	(34,575,645)
0412020 Finance and Planning	44,553,754	35,854,716	(8,699,038)
Total Expenditure for Vote 1083 State Department forPublic Health and Professional Standards	**28,187,735,123**	**26,243,922,035**	**(1,943,813,088)**

127. Information on changes to expenditure allocation to development projects, including changes to priority Bottom-Up Economic Transformative Agenda (BETA). Under the development Vote, the budgetary reduction particularly in the Government of Kenya (GoK) funded projects are shown in the table below;

Table Three (3)-Allocation to Development Projects

Project Name	Printed Estimates	Supplementary Estimates No. 1	Changes in the Estimates
Dietetics Services Improvement	70,000,000	-	(70,000,000)
Clinical Waste Disposal System	30,000,000	-	(30,000,000)
Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	300,000,000	-	(300,000,000)
Construction of Tuition Blocks and Laboratories at KMTC	614,500,000	-	(614,500,000)
Equipping of Laboratories & Classrooms at KMTC	500,000,000	-	(500,000,000)
Public Participation Project	49,500,000	-	(49,500,000)
Infrastructure upgrade at KIPRE	60,000,000	-	(60,000,000)
Construction of Examination Centre-KMPDC	41,180,000	-	(41,180,000)
Central Radioactive Waste Processing Facilities at KNRA	100,000,000	-	(100,000,000)
Public Participation Projects	111,000,000	-	(111,000,000)
Total	**1,876,180,000**	-	**(1,876,180,000)**

128. From the above table 3, I wish to bring to the attention of the Committee members that the National Treasury has proposed to remove all the budgetary allocations earlier appropriated for the Capital Projects which are funded by then Government of Kenya not taking into consideration that most of the capital projects are ongoing and majority are near completion.

129. Expected impact of the Budget revisions on programme and project targets; This proposed budget cuts on the capital projects will have a serious implication on the implementation of the projects. The most serious ones are;

a) The procurement of Anti TB Drugs Not covered under the Global Fund TB Programme;

b) The ongoing Construction of Tuition & Administrations blocks, Laboratories and equipping of the facilities at Kenya Medical Training College (KMTC);
c) The completion of the Central Radioactive Waste Processing Facilities at Kenya Nuclear Regulatory Authority. This is a world class regional facility in the Eastern and Central Africa for mitigating risks against chemical, biological radiological and nuclear waste, while enhancing security to persons, property and the environment against harmful effects of ionizing and non-ionizing radiation. This is a project that once completed, the Agency will be able to generate more Appropriation in Aid (AIA) thus becoming self-reliance.
d) The Ongoing Construction of Examination Centre at Kenya Medical Practitioners and Dentist Council (KMPDC). This committee appropriated Kshs. 250million to KMPDC to support the Agency in the construction of an ultra-modern Examination Centre. This is to provide a controlled and secure environment for individuals to take examinations. This will ensure fairness, integrity and adherence to exam regulations, allowing candidates to demonstrate their knowledge and skills under standardized conditions. The project is ongoing and with this proposed budget cuts, this project might stall midway;

Revised schedule of key performance indicators and performance targets

130. The increment/reduction in allocations will affect attainment of planned Programmes targets for the Financial Year. Details of the changes in Programme Targets are contained in the Programme Based Budget.

131. Summary of Critical Areas Which Require Additional Funding in The FY2024/25 Supplementary Estimates No.1.In the Approved budget for FY 2024/25, after taking care of Personnel Emoluments, and other mandatory expenditure, the State Department has an allocation of KShs. **891,107,496** left for operations and maintenance (O&M) expenditure as shown in Table 4 below.

Table 4: FY 2024/25 Approved Budget by Economic Classification

Vote Details	Economic Classification	Printed Estimates	Supplementary Estimates No. 1	Deviation
Vote-1083	**Current Expenditure**	**22,623,555,123**	**22,555,922,035**	**(67,633,088)**
	Compensation to Employees	5,299,816,880	5,299,816,880	-
	Use of Goods and Services	958,740,584	902,575,115	(56,165,469)
	Current Transfers to Govt. Agencies	16,341,504,990	16,341,504,990	-
	Other Recurrent	23,492,669	12,025,050	(11,467,619)
	Capital Expenditure	**5,564,180,000**	**3,688,000,000**	**(1,876,180,000)**
	Acquisition of Non-Financial Assets	531,000,000	-	(531,000,000)
	Capital Grants to Govt. Agencies	5,023,180,000	3,688,000,000	(1,876,180,000)
	Other Development	10,000,000	-	(10,000,000)
	Total	**28,187,735,123**	**26,243,922,035**	**(1,943,813,088)**

132. The Use of Goods and Services (O&M) Budget has decreased by a net of **KShs. 67,633,088** from the initial appropriation in the Printed Estimates which was **Kshs. 958,740,584.** This leaves a balance of **KShs. 891,107,496** for operations within the State Department taking into considerations of the emergencies and interventions which requires the State Department to mitigate and respond to.

133. It is worth noting that critical core programmes areas for the State Department are grossly underfunded. After taking care of Compensation to Employees and other mandatory expenditures, core mandate areas are only allocated **8.5%** and **17.02%** for headquarters and technical directorates respectively.

134. The total resource gap for the FY 2024/25 Supplementary Estimates No. 1 is **Kshs. 14,405,056,826** where **Kshs. 11,247,412,939** and **Kshs. 3,157,643,887** for recurrent and development votes respectively.

135. A summary of resource requirements against resource allocation by economic classification is shown in Table 5.

Table 5: Summary of Key Unfunded Areas: FY 2024/2025

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
1	Presidential Directive on payment of the outstanding Basic Salary arrears for County Governments Healthcare Workers	1,750,000,000
2	Personnel Emoluments Shortfall for Headquarter staff	405,948,722
3	Salary shortfall for Medical Interns	1,492,246,035
4	Shortfall in the resource allocation to the Payment of Stipends to Community Health Promoters (CHPs) including administrative costs	750,930,000
5	Presidential Taskforce on addressing Human Resource for Health Through a Gazette Notice Vol. CXXVI-No. 99 dated 5th, July 2024	250,000,000
6	Nursing Council of Kenya resource gap to cater for Personnel Emoluments and Operation expenses	105,000,000
7	Tobacco Control Board	40,000,000
8	Operationalization of the Kenya Health Human Resource Advisory Council (KHHRAC)	500,000,000
9	Additional resources to Pharmacy and Poisons Board to engage officers whose contract were supported by the world bank and has so far lapsed	206,000,000
10	School Health Programme	250,000,000
11	Support to Port Health Services	460,000,000
12	Health Promotion and Education	445,000,000
13	National Emergency and Preparedness	1,215,853,200
14	Disease Surveillance	340,782103
15	Health Sector Research and Development	205,670,842
16	Additional resources to Cater for Personnel Emoluments for the teaching staff at KMTC	400,000,000
17	Environmental Health & Sanitation	236,713,568
18	Coordination of the Establishment of 315 Primary Healthcare Networks	500,620,000
19	Scaling Up of Integrated Management of acute Malnutrition (IMAM) Program	500,000,000
20	Support to the State Department Administration Directorate	156,165,469
21	National Laboratories Services	235,000,000
22	National Quality Control Laboratories	218,000,000
23	Neglected Diseases	50,000,000
24	Coordination of Intergovernmental Consultations	70,000,000
25	Outstanding payments to Kenya School of Government on Hosting of Cuban Doctors	130,000,000
26	Support to Clinical Officers Council-Government of Kenya	50,000,000
27	Support to Counsellors and Psychologists Board	30,000,000
28	Scaling Up of High Impact Nutrition Interventions at Primary Health Care Level	40,000,000
29	Domestic Financing of Vitamin A Supplementation Program	33,483,000
30	Legal Fees to cater for the ongoing Court Cases on the issues surrounding the Medical Interns	180,000,000
	Sub-Total	**11,247,412,939**
	Development Vote	
1	Dietetics Services Improvement	70,000,000
2	Clinical Waste Disposal System	30,000,000
3	Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	300,000,000

4	Construction of Tuition Blocks and Laboratories at KMTC	614,500,000
5	Equipping of Laboratories & Classrooms at KMTC	500,000,000
6	Public Participation Project	49,500,000
7	Infrastructure upgrade at KIPRE	60,000,000
8	Construction of Examination Centre-KMPDC	41,180,000
9	Central Radioactive Waste Processing Facilities at KNRA	100,000,000
10	Public Participation Projects	111,000,000
11	Epuka Uchafu Linda Afya Nyumbani Project	481,463,887
12	Development of Human Vaccine at Kenya Institute of Primate Research	500,000,000
13	Establishment of Research Fund at Kenya Institute of Primate Research	300,000,000
	Sub-Total	**3,157,643,887**
Total		**14,405,056,826**

136. The return-to-work formula agreed upon between the National Government and the Kenya Medical Practitioners, Pharmacists, and Dentists Union (KMPDU) executed on the 8th May 2024, the National Government made a commitment that it shall, through a conditional grant, facilitate the settlement of the basic salary arrears accrued by the County Governments in the amount of Kshs. 3.5billion; The basic salary arrears accrued by doctors employed by County Governments as of 30th June, 2024, shall be settled over a period of five years, starting from 1st July, 2024. It is in this regard that the Ministry of Health, jointly with the National Treasury &Economic Planning, to facilitate the settlement of the basic salary arrears by allocating Kshs. 1,750,000,000 annually, starting from 1st July, 2024, as conditional grants to County Governments.

137. In addition, the salary shortfall includes a request for additional resources to bridge the gap for the Medical Interns where the National Treasury has allocated Kshs. 3,717,320,506 while the requirement is Kshs. 5,209,548,600 thus leaving a resource gap of Kshs. 1,492,246,035

138. The proposed budget cuts will therefore severely affect operations, planned programmes and project completion of the State Department for Public Health and Professional Standards. The State Department wishes to appeal to this Honorable Committee to favorably consider our request for additional funding on the critical underfunded areas.

CONCLUSION

139. The Principal Secretary passed a word of appreciation on the support the Committee has extended to the State Department for Public Health and Professional Standards in the just ended FY2023/2024. The State Department appreciates on the additional resources the Committee recommended and approved for the implementation of the various activities and programmes particularly on the Coordination of the establishment of Primary Care Networks (PCNs); stipends paid to the Community Health Promoters; Construction of Tuition Blocks, Laboratories and equipping the same at Kenya Medical Training College; resources for operationalization of various Agencies within the State Department and even funds for the construction of the Snake Antivenom Processing Plant Facility at Kenya Institute of Primate Research.

140. Some of the additional resources which were approved were not funded by the National Treasury that is the State Department was unable to secure exchequer from the National Treasury. These include;

a) Kshs. 100million additional resource allocation to Nursing Council of Kenya for operationalizing County offices;
b) Kshs. 10million to Clinical Officers Council of Kenya for personnel emoluments and operationalization;
c) Kshs. 70million to National Public Health Institute for operationalization, finalization of the Strategic Plan and implementation of the same;
d) Kshs. 200million to support the operations and maintenance within the administration directorate;
e) Kshs. 400million to support the Coordination of the establishment of Primary Care Networks (PCNs); and
f) Kshs. 230million to KMTC for construction of Tuition Blocks, Hostels and equipping.

141. The Tobacco Control Board was established under section 5 of the Tobacco Control Act. The Mandate of the board is to advise the Cabinet Secretary for Health on National Tobacco Control Policy, regulations and generally on implementation of the Act. She brought to the attention of the Committee that in the FY2023/24, the Committee approved a budgetary allocation of Kshs. 30million to support the operations of the Tobacco Control Board. In this proposed FY2024/25 Supplementary Estimates No. 1, the allocation to Tobacco Control Board has been completely removed. This will affect the operations of the Board since the Board Members are in place and normal operations may also stall since there will be no budgetary allocation support the Board which she requested the Committee to reinstate this budgetary allocation to Tobacco Control Board so that Board operations does not stall within the current financial year.

CHAPTER FOUR

COMMITTEE OBSERVATIONS ON SUPPLEMENTARY ESTIMATES No. I FOR THE FINANCIAL YEAR 2024/25

The above subject matter refers.

COMMITTEE OBSERVATIONS

STATE DEPARTMENT FOR MEDICAL SERVICES

142. Upon consideration of the Budget Estimates for FY 2024/25, the Committee observed that:

a) The Kenya National Tissue Transplant Authority is established as a SAGA under the State Department for Medical Services in August 2022. However, the budget for the Authority is budgeted under the Department's headquarters. This causes delays in execution of the Authority's mandate.

Non- Financial Recommendations

143. Upon consideration of the Supplementary Budget Estimates no 1 for financial year 2024/25, the Committee makes the following non-financial and financial recommendations, that:

STATE DEPARTMENT FOR MEDICAL SERVICES

b) In preparation of final supplementary no. 1budget estimates for financial year 2024/25, The National Treasury create a separate budget line for Kenya National Tissue Transplant Authority.

CHAPTER FIVE

Financial Recommendations

144. The Committee having reviewed the proposed 2024/25 FY Supplementary Estimates No. I for the two State Departments and having engaged with the Health Sector stakeholders recommends the following reallocations within the sector:

i) Proposed reductions (Kshs Millions)

Programme	Sub-programme	Head/Title	Proposed Sup 1 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402080 National Blood Transfusion Service	Procurement of Equipment at the National Blood Transfusion Services		500		200		300	Rationalization of the allocated amount due to low budget absorption rates recorded in previous financial years
0411000 Health Research and Innovations	0411010 Health Innovations	1082103000 Integrated Health Management Information System - BETA		100		50		50	The Social Health Authority and the counties will undertake digitization of all health facilities.

Programme	Sub-programme	Head/Title	Proposed Sup 1 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402010 National Referral Services	Expansion of Comprehensive Cancer Centre - KUTRRH		150		100		50	The expansion completion rate is at 80% and therefore the project may not absorb entire allocation
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082102400Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH		1,000		500		500	Renovations completion rate at 50% and therefore entire allocation may not be absorbed
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082100500 Managed Equipment Service-Hire of Medical Equipment for 98 Hospital		1,100		500		600	Reduction from MES pending bills budget
Total						**1,350**			

ii) **Proposed increments (Kshs Millions)**

Programme	Sub-programme	Head/Title	Proposed SUP 1 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
National Referral & Specialized Services	National Referral Services	1082105100 Upgrading & Equipping of Maternal & Newborn Ward - Endebess Hospital.		-		70		70	Funds for upgrading and equipping Maternal and newborn ward
National Referral & Specialized Services	National Referral Services	1082105000 Upgrading of Children Ward - Kibugua Level 3 Hosptal.		-		50		50	Funds for upgrading of children ward at Kibugua Hospital.

Programme	Sub-programme	Head/Title	Proposed SUP 1 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
National Referral & Specialized Services	National Referral Services	1082107400 Construction and Equipping of Health Centres	-	-		360			Funds for construction and equipping of Mt Elgon Hospital (Kshs 60m), Sikhendu hospital-20m, Mogotio Health Centre-30m, Iftin level IV Hospital(20m),Kilgoris Level IV Hospital(Kshs20M), Lukusi Health Centre(Kshs 30M),Jua Cali Health Centre(Kshs 20m) , Kegonga Level IV hospital(Kshs 20m) ,Bugumbe Health centre(Kshs 20M),Chebirir Health Centre(Kshs 20m),Wamba Health Centre(Kshs 30m),Kanyarkwat Health Centre(Kshs 20m) and Khwisero Level IV hospital(Kshs 50m)
National Referral & Specialized Services	National Referral Services	1082105700 Construction of Ugenya Hospital		-		30		30	Funds for construction of Ugenya Hospital

Programme	Sub-programme	Head/Title	Proposed SUP 1 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082101500 Construction and upgrading of KEMRI Laboratories (NBI,Kwale,Busia)				80		80	Funds for construction and equipping of KEMRI Kirinyaga (Kshs 40m) and KEMRI Kombewa(Kshs 40m)
0411000 Health Research and Innovations	0411010 Health Innovations	1082104400 Human Vaccine Production - BETA		-		150		150	Local Human Vaccine production is a BETA priority project
0402000 National Referral & Specialized Services	0402090 Health Products and Technologies	1082100200 National Commodities Storage Center (KEMSA)		-	50		5,257		Funds for completion of the commodities storage centre
0406030 Public Health Services	0406000 Preventive and Promotive Health Services	1083003900 Tobacco Control Board	-		30		30		Funds for operationalization of the Board
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	1083100800 Equipping ofLaboratories and Classrooms at KMTC		-		120		120	Funds for equipping of KMTC laboratories and classrooms at Ikolomani(Kshs20m), Marimanti(Kshs20m), Navakholo(20m),Mander

Programme	Sub-programme	Head/Title	Proposed SUP 1 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
									a(20m),Marsabit(Kshs20 m),Tot(Kshs 20m)
0407000 Health Resources Development and Innovation	0407020 Research and Innovation on Health	1083102200 Infrastructure upgrade at Kenya Institute of Primate Research		-		10		10	Funds for infrastructure upgrade at KIPRE in readiness for manufacturing of snake anti-venom
0406000 Preventive and Promotive Health Services	0406040 Radiation Safety and Nuclear Security	1083102700 Central Radioactive Waste Processing Facilities		-		100		100	The completion of the phase II of the project will generate AIA for Kenya Nuclear Regulatory Authority
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082100700 Renovation/Equip ping Buildings-Mathari Teaching & Referral Hospital		-		50		50	Funds for equipping the mental hospital. This is a Level 6 mental hospital.
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082100800 Renovation & Equipping of National Spinal Injury Hospital		-		50			
Curative & Reproductive Maternal New Born	Communica ble Disease Control	1082002800 National Aids Control Council	1,023		100		1,123		Funds to cater for pending bills for 4th quarter of FY 2022/23 occasioned by non-

Programme	Sub-programme	Head/Title	Proposed SUP 1 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Child Adolescent Health RMNCAH									disbursement of exchequer.
0412000 General Administration	0412030 Social Protection in Health	Digital Health Authority	-		100		100		Funds for operationalization of the Authority in line with Social Health Insurance Act 2023
Total					**280**	**1,070**			

5.2.1 Requests for additional funding

1. The Committee recommends that the Budget and Appropriations Committee consider allocating resources towards the following areas:
   i. State Department for Medical Services

a) Allocate funds to the following Presidential directives projects

S/No	Ref No	County	Facility	Project	Estimated Cost
24.	OP/CAB.26/1/3A of 11th July 2024	Muranga	Makenji health centre	Upgrade of facility	10 M
25.			Bildad kaggia memorial hospital	Upgrade of the facility	10 M
26.	OP/CAB26/1/3A of 20th January 2024	Kiambu	Ruiru level 4 hospital	Construction of a male ward	20 M
27.	OP/CAB.26/1/3A of 14th march 2024	Tharaka Nthi	Chuka level 5 hospital	Upgrade of facility to a level 5 status	50 M
28.	OP/CAB.26/1/3A of 17th July 2024	Nakuru	Mai Mahiu Health centre	Equipping of health centre	10 M

S/No	Ref No	County	Facility	Project	Estimated Cost
29.			Kinamba health centre	Upgrade of the dispensary	10 M
30.	OP/CAB.26/1/3A	Nyandarua	Mama mukami level 3 (formerly Njambini health centre)	Equipping of the facility	10 M
31.	OP/CAB.26/1/3A of 21st march 2023	Nandi	Kapsabet county referral hospital	Equipping of the facility	50 M
32.			Chepterwai health centre	Upgrade of the facility	10 M
33.			Mosop-kabiemit dispensary	Upgrade of the facility	10 M
34.	OP/CAB.26/1/3A of 24th April 2023 and 10th may 2023 2023	Meru	Nyambene level 4 hospital	Upgrade of the facility	5 0 M
35.	SH/GM/17/VOL/1/(34)	Bomet	Irwaga health centre	Upgrade of the facility	20 M
36.	SH/GM/17/VOL/1/(34)	Uasin gishu	Chepkemel dispensary	Upgrade of the facility	10 M
37.			Murgusi dispensary	Upgrade of the facility	10 M
38.	OP/CAB.26/1/3A of 6th September 2024	Vihiga	Emuhaya sub county hospital	Equipping of the facility	20 M
39.			Hamisi sub county hospital	Upgrade of the facility	10 M
40.	SH/GM/17VOL .1 of 2nd august 2023	Marsabit	Kargi health centre	Equipping of the facility	10 M
41.	OP/CAB.26/1/3A of 15th November 2023	Kwale	Kinango level 4 hospital	Construction of ICU unit	50 M
42.	OP/CAB.26/1/3A of 29th January 2023	Busia	Lukolis health centre	Upgrade of the facility	10 M

S/No	Ref No	County	Facility	Project	Estimated Cost
43.		Wajir	Kutulo health centre	Upgrade of the facility	20 M
44.	OP/CAB26/1/3A	Kirinyaga	Kabare level 3 hospital	Construction of a level 3 hospital	20 M
45.	OP/CAB.26/1/3A of 6th September 2023	Kakamega	Iguhu health centre	Equipping of the facility	20 M
46.	OP/CAB.26/1/3A of 7th February 2023	Bungoma	Sinoko level 4 hospital	Equipping of the facility	10 M

Programme	SAGA/HEAD	Additional request (Rec) (Millions)	Justification
0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	The National Syndemic Diseases Control Council	54	Additional Funds to host the 55th United Nations Joint Programme on HIV and AIDS meeting to be held on 10th -12th December 2024
National Referral Services &Specialized Services	Moi Teaching & Referral Hospital	2,097	To cater for unpaid salary obligation and MRTH Staff Pensions Scheme.
National Referral Services &Specialized Services	Kenya Medical Research Institute	1,098	To cater for Affordable housing Levy, Pension Benefit Scheme, and pending court order claims
Health Resource Development and Innovation	Kenya Medical Training College	2,000	PE shortfalls
National Referral Services &Specialized Services	Kenyatta National Hospital and Annex Mwai Kibaki Hospital	1,402	To cater for implementation of Affordable Housing Levy (AHL), NSSF reviewed contributions and Staff Mortgage Scheme.
National Referral Services &Specialized Services	Implementation of the Social Health Insurance Fund	94,900	These funds are earmarked for scaling up the Social Health Insurance Fund (SHIF) in implementation of the Social Health Insurance Act, 2023, Primary Health Care Act, 2023, and Digital Health Act, 2023. These three Acts which have been enacted established the Primary Health Care Fund and The Emergency, Chronic and Critical Illness Fund.

ii. State Department for Public Health and Professional Standards

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
1	Presidential Directive on payment of the outstanding Basic Salary arrears for County Governments Healthcare Workers	1,750,000,000
2	Personnel Emoluments Shortfall for Headquarter staff	405,948,722
3	Salary shortfall for Medical Interns	1,492,246,035

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
4	Shortfall in the resource allocation to the Payment of Stipends to Community Health Promoters (CHPs) including administrative costs	750,930,000
5	Presidential Taskforce on addressing Human Resource for Health Through a Gazette Notice Vol. CXXVI-No. 99 dated 5th, July 2024	250,000,000
6	Nursing Council of Kenya resource gap to cater for Personnel Emoluments and Operation expenses	105,000,000
7	Tobacco Control Board	40,000,000
8	Operationalization of the Kenya Health Human Resource Advisory Council (KHHRAC)	500,000,000
9	Additional resources to Pharmacy and Poisons Board to engage officers whose contract were supported by the world bank and has so far lapsed	206,000,000
10	School Health Programme	250,000,000
11	Support to Port Health Services	460,000,000
12	Health Promotion and Education	445,000,000
13	National Emergency and Preparedness	1,215,853,200
14	Disease Surveillance	340,782103
15	Health Sector Research and Development	205,670,842
16	Additional resources to Cater for Personnel Emoluments for the teaching staff at KMTC	400,000,000
17	Environmental Health & Sanitation	236,713,568
18	Coordination of the Establishment of 315 Primary Healthcare Networks	500,620,000
19	Scaling Up of Integrated Management of acute Malnutrition (IMAM) Program	500,000,000
20	Support to the State Department Administration Directorate	156,165,469
21	National Laboratories Services	235,000,000
22	National Quality Control Laboratories	218,000,000
23	Neglected Diseases	50,000,000
24	Coordination of Intergovernmental Consultations	70,000,000
25	Outstanding payments to Kenya School of Government on Hosting of Cuban Doctors	130,000,000
26	Support to Clinical Officers Council-Government of Kenya	50,000,000
27	Support to Counsellors and Psychologists Board	30,000,000
28	Scaling Up of High Impact Nutrition Interventions at Primary Health Care Level	40,000,000
29	Domestic Financing of Vitamin A Supplementation Program	33,483,000

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
30	Legal Fees to cater for the ongoing Court Cases on the issues surrounding the Medical Interns	180,000,000
	Sub-Total	**11,247,412,939**
	Development Vote	
1	Dietetics Services Improvement	70,000,000
2	Clinical Waste Disposal System	30,000,000
3	Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	300,000,000
4	Construction of Tuition Blocks and Laboratories at KMTC	614,500,000
5	Equipping of Laboratories & Classrooms at KMTC	500,000,000
6	Public Participation Project	49,500,000
7	Infrastructure upgrade at KIPRE	60,000,000
8	Construction of Examination Centre-KMPDC	41,180,000
9	Central Radioactive Waste Processing Facilities at KNRA	100,000,000
10	Public Participation Projects	111,000,000
11	Epuka Uchafu Linda Afya Nyumbani Project	481,463,887
12	Development of Human Vaccine at Kenya Institute of Primate Research	500,000,000
13	Establishment of Research Fund at Kenya Institute of Primate Research	300,000,000
	Sub-Total	**3,157,643,887**
Total		**14,405,056,826**

SIGNED: ..... **DATE**.....18-07-2024.....

HON. DR. ROBERT PUKOSE, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

Annexures

Annex 1: Adoption List

Annex 2: Submissions from Agencies

Annex 3: Minutes